NOTICE OF MEETING – MGT MINING LTD

Further to recent announcements regarding Niflheim Resources Pte Ltd entering into a $1.8m Conditional Secured Converting Note with MGT Mining Limited, please find attached the Notice of Meeting for MGT Mining Limited for the general meeting to be held on 28 June 2017, in relation to this.

Avira Energy Limited shareholders do not need to take any action. This announcement is for your information only.

ASX RELEASE

6 June 2017

ASX CODE

AVW

REGISTRY

Computershare

SHARES ON ISSUE

48,306,640

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ABN: 38 131 715 645

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

THE MATTERS RAISED IN THIS DOCUMENT WILL AFFECT YOUR SHAREHOLDING IN THE COMPANY. YOU ARE ADVISED TO READ THIS DOCUMENT IN ITS ENTIRETY BEFORE ATTENDING THE GENERAL MEETING WHICH HAS BEEN CONVENED BY AND IS REFERRED TO IN THIS DOCUMENT.

IF YOU ARE IN ANY DOUBT ABOUT THE ACTION YOU SHOULD TAKE, PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, ACCOUNTANT, FINANCIAL ADVISER OR OTHER APPROPRIATE PROFESSIONAL ADVISER.

MGT MINING LIMITED
ACN 120 236 142

NOTICE OF GENERAL MEETING
and Related Information including

INDEPENDENT EXPERT'S REPORT

and

EXPLANATORY MEMORANDUM

THE INDEPENDENT EXPERT HAS DETERMINED THE PROPOSED TRANSACTION IS FAIR AND REASONABLE TO THE NON-ASSOCIATED SHAREHOLDERS OF THE COMPANY. AS AVIRA RECEIVES A NET BENEFIT AT THE LOW VALUATION FOR THE COMPANY'S GOLD ASSETS, THE INDEPENDENT EXPERT IS OF THE VIEW THAT AVIRA WILL RECEIVE A NET BENEFIT FROM THE COLLATERAL BENEFIT.

THIS DOCUMENT COMPRISES A NOTICE OF GENERAL MEETING OF MGT MINING LIMITED TO BE HELD AT MAZARS AUSTRALIA OFFICES, LEVEL 12, 90 ARTHUR STREET, NORTH SYDNEY, NSW, 2060 AT 10.00AM (AEST) ON WEDNESDAY, 28 JUNE 2017. INCLUDED IN THIS DOCUMENTATION IS AN EXPLANATORY MEMORANDUM. NOTE THAT IN ORDER FOR ANY PROXIES TO BE VALID FOR USE AT THIS GENERAL MEETING THESE PROXIES MUST BE COMPLETED AND RETURNED TO THE SHARE REGISTRY, LINK MARKET SERVICES LIMITED NO LATER THAN 10AM (AEST) ON THE 26 JUNE 2017.

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PART 1 ABOUT THESE DOCUMENTS

Shareholders in MGT Mining Limited ACN 120 236 142 (the **Company**) are being asked to consider the Resolutions set out in this Notice and the Explanatory Memorandum contained in these documents in connection with the transaction referred to in the Explanatory Memorandum.

You can vote by:

(a) attending and voting at the Meeting; or

(b) appointing someone as your proxy to attend and vote at the Meeting on your behalf, by completing and returning the Proxy Form in the manner set out on the Proxy Form. Part 7 of this document package comprises the Proxy Form and the manner in which the Proxy Form are to be completed is specified in Part 7. For the Proxy Form to be valid and therefore used at the meeting in accordance with your directions it is important that you properly follow the directions set out in the Proxy Form.

Please read the whole of the document carefully and determine how you wish to vote. Once you have decided how you wish to cast your vote complete the Proxy Form and forward it to the share registry, Link Market Services Limited as required or attend in person to vote on the resolutions.

PART 2 LETTER FROM THE COMPANY

6 June 2017

Dear Shareholder

On behalf of the Board, I am inviting you to attend the General Meeting of MGT Mining Limited (**Company**) which has been convened on 28 June 2017 to obtain the approval of Shareholders in relation to the resolutions summarised below.

- **Resolution 1:** To approve the issue of 320,659,900 Shares and 70 million Options (and up to 70 million Shares if those Options are exercised) to Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R) (**Niflheim**), upon conversion of a Secured Converting Note, in accordance with the Secured Converting Note and Option Agreement with Niflheim dated 24 March 2017 and the variation to the Secured Converting Note and Option Agreement dated 17 May 2017.
- **Resolution 2:** To appoint Eugene Loy as a Director of the Company.
- **Resolution 3:** To appoint Jason Ng as a Director of the Company.

A complete explanation of all resolutions can be found the Explanatory Memorandum in Part 5 of this document.

Your vote is important and as a Board we encourage you to either attend the Meeting in person or complete the Proxy Form accompanying the Notice of General Meeting and return it in accordance with the directions provided.

Yours sincerely

Jonathan Back
Executive Chairman

PART 3 NOTICE OF GENERAL MEETING

Notice is hereby given that the General Meeting of MGT Mining Limited ACN 120 236 142 (the **Company**) will be held at Mazars Australia Offices, Level 12, 90 Arthur Street, North Sydney, NSW, 2060 on Wednesday, 28 June 2017 at 10.00AM (AEST).

Definitions

Unless expressly otherwise provided, each capitalised term used in this Notice has the same meaning as is ascribed to it in Part 6 - Glossary of Terms.

ORDINARY BUSINESS

1. **Resolution 1: Approval of the issue of Shares and Options to Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R)**

To consider and, if thought fit, to pass the following ordinary resolution:

> "*In accordance with section 611, item 7 of the Corporations Act and for all other purposes, the Company be permitted and authorised to:*
>
> *(i) issue 320,659,900 Shares to Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R); and*
>
> *(ii) issue 70 million Options (and up to 70 million Shares if those Options are exercised) to Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R)*
>
> *in accordance with the Secured Converting Note and Option Agreement between the Company and Niflheim Resources Pte. Ltd dated 24 March 2017 and the variation to the Secured Converting Note and Option Agreement dated 17 May 2017, as described in the Explanatory Memorandum."*

Note: Shareholders should carefully consider the Independent Expert's Report prepared by Nexia Sydney Corporate Advisory Pty Ltd for the purposes of the Shareholder approval required under section 611, item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the Proposed Transaction to the non-associated Shareholders. The Independent Expert has determined the Proposed Transaction is fair and reasonable to the non-associated Shareholders of the Company.

2. **Resolution 2: Appointment of Eugene Loy as a Director of the Company**

To consider and, if thought fit, to pass the following ordinary resolution:

> *"That, Eugene Loy, having consented to act, be appointed as a Director of the Company."*

3. **Resolution 3: Appointment of Jason Ng as a Director of the Company**

To consider and, if thought fit, to pass the following ordinary Resolution:

"That, Jason Ng, having consented to act, be appointed as a Director of the Company."

VOTING EXCLUSIONS

In accordance with the voting restrictions of item 7 section 611 of the Corporations Act, the Company will disregard any votes on Resolution 1 cast by or on behalf of Niflheim, and any associate of Niflheim.

Since Avira has entered into an initial and amended agreement with Niflheim in relation to the affairs of the Company, Avira and Niflheim are associates as defined in section 12(2)(b) of the Corporations Act. In these circumstances, Avira is excluded from voting on Resolution 1 as required by paragraph (a)(i) of item 7 of section 611 of the Corporations Act.

However, the Company need not disregard a vote if:

(a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

There are no voting exclusions applicable to Resolutions 2 and 3.

Dated: 6 June 2017

By order of the Board

Company Secretary

PART 4 NOTICE REQUIREMENTS FOR RESOLUTIONS

Resolutions being put to shareholders require at least 21 days prior notice to shareholders to be given in this Notice of General Meeting and such notice constitutes sufficient notice for the purposes of the *Corporations Act* and rule 32 of the Company constitution.

PART 5 EXPLANATORY MEMORANDUM

Section 1: Introduction

1.1 Background

The information in this Explanatory Memorandum is provided to Shareholders in respect of the various matters, including corporate actions, transactions and requirements of the *Corporations Act* that are submitted to shareholders for their approval in compliance with various regulatory and statutory requirements.

1.2 Action required by Shareholders

The information contained in this documentation is important in deciding how shareholders should vote on the Resolutions. Shareholders should read all of the documents carefully and in their entirety. If you do not understand any part of the documentation or are in any doubt as to the course of action you should follow you should contact your legal, financial or other professional adviser immediately.

1.3 Vote on Resolutions

You are encouraged to attend and vote at the Meeting. If you are unable to do so or do not wish to attend the Directors urge you to use your vote by completing and returning the enclosed Proxy Form as directed - see Part 7.

Section 2: Explanation of Proposed Resolutions

Resolution 1 - Approval of the issue of 320,659,900 Shares and 70 million Options (and up to 70 million Shares if those Options are exercised), upon conversion of a Secured Converting Note, pursuant to the conditional Secured Converting Note and Option Agreement with Niflheim Resources Pte. Ltd

2.1 Background

Resolution 1 seeks Shareholder approval for the issue of 320,659,900 Shares and 70 million options (with an exercise price of $0.00561 per option) to Niflheim Resources Pte Ltd (Singapore Company Number 201417253R) (**Niflheim**), upon conversion of a Secured Converting Note, pursuant to the Secured Converting Note and option agreement with Niflheim dated 24 March 2017 (**Secured Converting Note and Option Agreement**) and the variation to the Secured Converting Note and Option Agreement dated 17 May 2017, for the purposes of item 7 section 611 of the Corporations Act and for all other purposes.

On 24 March 2017, the Company signed a Secured Converting Note and Option Agreement with Niflheim, whereby Niflheim agreed to advance $1.8 million to the Company for one (1) Secured Converting Note issued by the Company with a face value of $1.8 million (converting into 320,659,900 Shares), and 70 million options to be issued by the Company with an exercise price of $0.00561 per ordinary share (for no additional consideration). The use of the funds is as follows:

- repayment of a secured loan in the amount of $1,500,000 plus interest of 6.5% per annum, payable at the time of redemption owing to Taimetco International Co., Limited that was due and payable on 31 March 2017. Taimetco International Co., Limited subsequently extended the due date of the secured loan so that $945,000 was payable on 31 March 2017, and the remaining $750,534 was due and payable on 30 April 2017, and was repaid in full on 6 April 2017; and

- part repayment of an existing intercompany loan in the amount of $100,000 to Avira Energy Limited ACN 131 715 645 (**Avira**) dated 21 March 2012 (**Intercompany Loan**).

Under the terms of the Secured Converting Note and Option Agreement, the Secured Converting Note held by Niflheim would automatically convert, on the satisfaction or waiver of the following conditions precedents:

(a) the Company must use its best endeavours to obtain all regulatory, shareholder and other approvals as may be required in relation to the conversion of the Secured Converting Note into Shares and the issue of 70 million Options (and the issue of the underlying Shares upon exercise of some or all of those Options), such approval(s) including but not limited to seeking and recommending shareholder approval pursuant to section 611 item 7 of the Corporations Act; and

(b) the Company must pay $100,000 to Avira under the Intercompany Loan and subsequently procure forgiveness of the substantial majority of the Intercompany Loan, with only $850,000 remaining, which is due and payable within 90 days. The $850,000 remaining Intercompany Loan can be repaid in cash or through the transfer of the Company's gold assets to Avira following any necessary shareholder approval, if required. No interest is payable on the residual Intercompany Loan of $850,000..

This General Meeting is being convened for the purposes of obtaining Shareholder approval and for the purposes of satisfying the condition precedent in paragraph (a) above. Avira has advised the Company that it will forgive the substantial majority of the Intercompany Loan with only $850,000 which will remain outstanding and due and payable within 90 days, immediately upon the condition precedent in (a) being satisfied. Accordingly, if Shareholders approve Resolution 1, the Secured Converting Note will effectively automatically convert into 320,659,900 Shares, 70 million Options will be issued and the assets of the Company will no longer be secured in favour of Niflheim.

A summary of the key principal features of the Note Terms (Schedule 1 of the Secured Converting Note and Option Agreement) and the clauses in the Secured Converting Note and Option Agreement which relate to the Secured Converting Note, is attached as Annexure 1 of this Notice.

A summary of the key principal features of the Option Terms (Schedule 5 of the Secured Converting Note and Option Agreement) and clauses in the Secured Converting Note and Option Agreement which relate to the issue of the Options, is attached as Annexure 2 of this Notice.

2.2 Item 7 of section 611 of the Corporations Act

(a) Relevant interests

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(i) from 20% or below to more than 20%; or

(ii) from a starting point that is above 20% to below 90%.

The voting power of a person in a company is determined in accordance with section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person has a relevant interest in securities if they:

(i) are the holder of the securities;

(ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(iii) have the power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

(b) Exception to the section 606 prohibition

Item 7 of section 611 of the Corporations Act provides an exception to the prohibition under section 606 of the Corporations Act. This exception provides that a person may acquire a relevant interest in a company's voting shares with shareholder approval.

In order for the exemption of item 7 of section 611 of the Corporations Act to apply, shareholders must be given all information known to the person making the acquisition and their Associates or the Company, that was material to the decision on how to vote on the resolution, including:

(i) the identity of the person proposing to make the acquisition and their Associates;

(ii) the maximum extent of the increase in that person's voting power in the company that would result from the acquisition;

(iii) the voting power that person would have as a result of the acquisition;

(iv) the maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition; and

(v) the voting power that each of that person's Associates would have as a result of the acquisition.

For responses on these matters, see paragraphs 2.3 and 2.4 below.

(c) Why Shareholder approval is required

As at the date of this Notice of General Meeting, Niflheim does not hold any Shares in the Company. At the date of this Notice, the total issued share capital of the Company is 106,886,708 Shares, nil options and a $1.8 million secured converting note.

If Shareholder approval is given for Resolution 1:

- the Secured Converting Note will automatically convert into 320,659,900 ordinary shares (being 75% of the ordinary shares on issue on the Conversion Date on a post money basis), subject to the satisfaction or waiver of the conditions precedent set out in the Secured Converting Note and Option Agreement;
- 70 million Options will be issued to Niflheim; and
- Niflheim will release the security it holds over all the assets of the Company.

This increase in Niflheim's relevant interest in the Company from less than 20% to more than 20% is prohibited under section 606 of the Corporations Act unless Shareholder approval is granted for Resolution 1.

2.3 Information for Shareholders under item 7 of section 611 of the Corporations Act

The following information is provided to Shareholders for the purposes of the requirements under the Corporations Act in respect of obtaining Shareholder approval for item 7 of section 611 of the Corporations Act:

(a) Niflheim is the person proposing to make the acquisition (that is, the person who will be issued with the Shares and Options); and

(b) the maximum extent of the increase in voting power of Niflheim in its own right is 78.5%, assuming the 70 million Options are exercised and no other equity securities are issued.

2.4 Dilution as a result of the Resolution 1

The effect of the Resolution 1 on the capital structure of the Company is as follows:

Niflheim Resources Pte. Ltd (Niflheim)	Number of Shares to be held by Niflheim	Voting power held by Niflheim as a %	Total Shares on issue in the Company
Number of share held by Niflheim as at the date of General Meeting	nil	0%	106,886,708
Shares that will be held by Niflheim on conversion of the Secured Converting Note and exercise of Options, with Resolution 1 passed	320,659,900 + 70,000,000 390,659,900	78.5%	497,546,608

2.5 Information for Shareholders required by ASIC Regulatory Guide 74 (RG 74)

Further information required by ASIC Regulatory Guide 74 (**RG 74**) is set out in the following paragraphs.

(a) *an explanation of the reasons for the proposed acquisition*

The Secured Converting Note and Option Agreement was entered into by the Company for the purposes of:

- repaying the secured loan arrangement with Taimetco International Co., Limited in the amount of $1,500,000 plus interest and other costs pursuant to the loan agreement dated 6 February 2015 between the Company and Taimetco International Co., Limited; and
- partially repaying an existing Intercompany Loan in the amount of $100,000 to Avira, and subsequently procuring forgiveness of the substantial majority of the Intercompany Loan, with only $850,000 remaining, which is due and payable within 90 days.

(b) *when the proposed acquisition is to occur*

The Company intends to immediately issue the Shares and Options if Shareholder approval is obtained.

(c) *the material terms of the proposed acquisition*

This information is set out in Annexure 1 and Annexure 2.

(d) *details of the terms of any other relevant agreement between the acquirer and the target entity or vendor (or any of their associates) that is conditional on (or directly or indirectly depends on) members' approval of the proposed acquisition*

(i). Management Fee and Capital Raising Fee

The Company will pay Niflheim's nominees a 1% management fee and 5% capital raising fee on funds raised. Niflheim will appoint two executive Directors to the Company's board and all but one of the existing Directors of the Company will resign.

(ii). Secured loan between Niflheim and Avira Energy Limited (**Avira**)

Niflheim has agreed to extend a $200,000 loan to Avira, secured against the 95,638,256 shares that Avira holds in the Company. The secured loan expires within 3 months of issue. There is no interest payable on the secured loan.

If Avira defaults on the secured loan, Niflheim will be able to enforce their security interest over Avira's shares in the Company and thus increase their percentage interest in the Company.

However, Niflheim will not be able to enforce their security over Avira's shares in the Company without first complying with all applicable laws, including without limitation, the requirement to obtain shareholder approval under section 611 item 7 of the Corporations Act, if the Company is subject to the Australian takeovers laws at the time that the security is enforced.

If Niflheim seeks to enforce its security interest over Avira's shares in the Company and convenes a shareholder meeting under section 611 item 7 of the Corporations Act in order to obtain shareholder approval to do so, Avira would be excluded from voting under section 611 item 7 because Avira is a person from whom the acquisition is to be made.

(e) *a statement of the acquirer's intentions regarding the future of the target entity if members approve the acquisition and, in particular:*

(a) *any intention to change the business of the entity*

Niflheim has no present intention to change the business of the Company.

(b) *any intention to inject further capital into the entity*

Niflheim has no present intention to inject any further capital into the Company as at the date of this Notice.

(c) *the future employment of present employees of the entity*

Niflheim has no present intention to make any changes to the employment arrangements of the present employees of the Company.

(d) *any proposal where assets will be transferred between the entity and the acquirer or vendor or their associates*

Niflheim has no present intention to transfer any assets between the Company and Niflheim or any person associated with it.

(e) *any intention to otherwise redeploy the fixed assets of the entity*

Niflheim has no present intention to redeploy the fixed assets of the Company.

(f) *any intention of the acquirer to significantly change the financial or dividend distribution policies of the entity*

Niflheim has no present intention to significantly change the financial or dividend policies of the Company.

(g) *the interests that any director has in the acquisition or any relevant agreement disclosed under RG 74.25(d)*

None of the Directors are a related party or associate of either Niflheim or have an interest in Resolutions 1 to 2 (other than an interest as non-associated Shareholders).

(h) *the following details about any person who is intended to become a director if members approve the acquisition:*

Eugene Loy and Jason Ng are intended to become Directors of the Company if Resolution 1 is approved.

2.6 Independent Expert's Report

In accordance with the requirements of RG 74, the Directors engaged the Independent Expert to prepare and provide the Independent Expert Report which contains an analysis of whether the Proposed Transaction is fair and reasonable for non-associated Shareholders.

The Independent Expert has concluded that the Proposed Transaction is fair and reasonable for non-associated Shareholders. For a summary of the Independent Expert's findings please refer to pages 2 to 5 of the Independent Expert's Report.

The Independent Expert has given, and not before the date of the Notice withdrawn, its consent to the inclusion of the Independent Expert's Report in Annexure 3 of this document and to the references to the Independent Expert Report in this Explanatory Memorandum being made in the form and context in which each such reference is included.

2.7 Advantages and disadvantages

Advantages of the issue of the Shares and Options to Niflheim

The Board is of the opinion that the benefits of issuing the 320,659,900 Shares and the 70 million Options to Niflheim may include the part repayment of the Intercompany Loan between the Company and Avira Energy Limited dated 21 March 2012, the forgiveness of the substantial majority of the Intercompany Loan by Avira with only $850,000 remaining, together with the repayment of the secured loan arrangement between the Company and Taimetco International Co., Limited. This significantly reduces the Company's net liability position and significantly improves the balance sheet of the Company. If Shareholders do not approve Resolution 1, the Company would need to repay $1.8 million plus interest to Niflheim. The Company currently does not have $1.8 million and would need to raise capital or obtain debt finance on an urgent basis on terms that may not be favourable to the Company or its Shareholders. If it was unable to raise the necessary funds, the Company may need to consider going into voluntary administration.

Potential disadvantages of the issue of the Shares and Options to Niflheim

Some of the Company's existing tax losses may have to be utilised on the forgiveness of the debt. The Company had tax losses of $20.7 million at 30 June 2016. As part of the Proposed Transaction, the Company will have approximately $8.3 million (based on balances at 31 March 2017) of debt forgiven that may utilise these losses.

Furthermore, if Niflheim converts their Secured Converting Note to Shares and exercises their Options, Niflheim would hold 78.5% voting power, which would exert significant influence. However, the Directors consider that any dilution of Shareholders' interests will be offset by the immediate benefits of the debts to Avira and Taimetco International Co., Limited being repaid and/or forgiven.

2.8 Collateral Benefit

At 31 March 2017, the Company owed Avira $8.34 million under the Intercompany Loan. The remaining $850,000 after the debt forgiveness is due and payable within 90 days either through repayment in cash or the transfer of the Company's gold assets to Avira as full settlement (**Collateral Benefit**).

The Independent Expert's Report in Annexure 3 considers any net collateral benefit to Avira through the part repayment of the loan either in cash or by the transfer of the Company's gold assets. In determining the fairness of the Collateral Benefit, the Independent Expert considered Avira's position regarding the recoverability of amounts owed from the Company prior to the Proposed Transaction to its position after the provision of the Collateral Benefit. The Independent Expert's Report opines that at the low valuation for the Company's gold assets, Avira receives a net benefit from the Collateral Benefit. At the mid and high valuations of the Company's gold assets, Avira does not receive a net benefit from the Collateral Benefit. As Avira receives a net benefit at the low valuation for the Company's gold assets, the Independent Expert is of the view that Avira will receive a net benefit from the Collateral Benefit. For a summary of the Independent Expert's findings please refer to pages 2 to 5 of the Independent Expert's Report in Annexure 3.

2.9 Recommendation of the Directors

The Directors unanimously approved the proposal to put Resolution 1 Shareholders for their approval.

The Board has carefully considered the advantages and disadvantages and evaluated their relative weight in the circumstances of the Company. The Board unanimously believes that the sum of the advantages outweighs the sum of the disadvantages and that the issue of the Shares and Options to Niflheim are in the best interests of existing Shareholders as a whole for the reasons set out in this Explanatory Memorandum and the Independent Expert's Report.

All the Directors intend to vote in favour of Resolution 1, and recommend Shareholders to vote in favour of Resolution 1.

Resolutions 2 and 3 - Appointment of Directors

Resolutions 2 and 3 are put to the Shareholders to consider the appointment of each of Eugene Loy and Jason Ng as Directors of the Company.

3.1 Resolution 2 - Appointment of Eugene Loy as a Director of the Company

A brief summary of Eugene Loy's qualifications and experience is set out below:

Eugene Loy is the principal of Orca Capital Pte Ltd, a boutique corporate advisory firm. He has over 12 years experience in commercial banking, capital markets and corporate advisory. He currently serves as Chief Operations Officer of Raiiden Pte Ltd . Eugene previously served as a director of ASX Listed Ziptel Limited (ASX:ZIP) and director of ASX listed LWP Technologies Limited (ASX:LWP). Eugene is a member of the Australian Institute of Company Directors.

3.2 Resolution 3 - Appointment of Jason Ng as a Director of the Company

A brief summary of Jason Ng's qualifications and experience is set out below:

Jason Ng is the Professional Field Engineer with DXC Technology (a recent merger of Computer Sciences Corporation and Hewlett Packard Enterprise Services). He has over 15 years experience in the Information Technology space within the mining and manufacturing industries. He has worked extensively with Fuji Xerox Australia, WMC Resources Ltd, BHP Billiton, and Bluescope Steel.

3.3 Recommendation of the Directors

All the Directors intend to vote in favour of Resolutions 2 and 3, and recommend Shareholders to vote in favour of Resolutions 2 and 3. In order to maintain an efficient and cost-effective board comprised of 3 Directors, if Resolutions 2 and 3 are approved by Shareholders, both Jonathan Back and Christopher Chen have indicated they will resign at the conclusion of the General Meeting.

PART 6 GLOSSARY OF TERMS

Defined Terms

The following definitions are used in the Notice of General Meeting and the Explanatory Memorandum.

General Meeting means the general meeting of the Company to be held on 28 June 2017 pursuant to the Notice of General Meeting.

ASIC means the Australia Securities & Investments Commission.

ASX means ASX Limited ACN 008 624 691.

Avira or Avira Energy means Avira Energy Limited ACN 131 715 645

Board means the Board of Directors.

Chairman means the chairman of the Board at the relevant time.

Company means MGT Mining Limited ACN 120 236 142.

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act means the *Corporations Act* 2001 (Cth).

Director means a member of the Board of Directors of the Company.

Explanatory Memorandum means the explanatory memorandum set out in Part 5 of this document.

Intercompany Loan means the intercompany loan provided by Avira Energy Limited ACN 131 715 645 to the Company pursuant to an intercompany loan agreement dated 21 March 2012 which as at 31 March 2017 had a balance of $8.34 million.

Member means a person who is recorded on the Company Register pursuant to s169(1) of the Corporations Act.

Niflheim means Niflheim Resources Pte Ltd (Singapore Company Number 201417253R).

Notice of General Meeting or **Notice** means the notice of General Meeting set out in Part 3 of this document.

Proposed Transaction means the issue of 320,659,900 Shares and 70 million Options to Niflheim, and other arrangements between the Company and Niflheim as set out in Section 2 Part 5 of this Notice.

Proxy Form means the proxy form set out in Part 7 which forms part of these Documents.

Option means an option to subscribe for one ordinary share in the Company, having a nil issue price, an exercise price of $0.00561 per Share and issued in accordance with the provisions in the Secured Converting Note and Option Agreement between the Company and Niflheim Resources Pte Ltd dated 24 March 2017 and the option terms in Schedule 5 of that agreement. **Options** means any two or more of them.

Resolutions means the resolutions set out in the Notice.

Secured Converting Note means the secured redeemable converting note issued by the Company, having:

(i) a face value of $1.8 million; and

(ii) the rights attached to it and being subject to the conditions contained in the Secured Converting Note and Option Agreement between the Company and Niflheim Resources Pte Ltd dated 24 March 2017, the note terms in Schedule 1 of that agreement and the variation to the Secured Converting Note and Option Agreement dated 17 May 2017.

Secured Converting Note and Option Agreement means the Secured Converting Note and Option Agreement between the Company and Niflheim Resources Pte. Ltd dated 24 March 2017.

Share means a fully paid ordinary share in the issued capital of the Company and **Shares** means any two or more of them.

Shareholder means a holder of a Share.

Taimetco International Co., Limited means Taimetco International Co., Limited of 306 Victoria House, Victoria, Mahe, Seychelles.

Interpretation

In these documents, unless the context requires otherwise:

(a) A reference to a word includes the singular and the plural of the word and vice versa;

(b) A reference to a gender includes any gender;

(c) If a word or phrase is defined, then other parts of speech and grammatical forms of that word or phrase have a corresponding meaning;

(d) A term which refers to a natural person includes a company, a partnership, an association, a corporation, a body corporate, a joint venture or a governmental agency;

(e) Headings are included for convenience only and do not affect interpretation;

(f) A reference to a document includes a reference to that document as amended, novated, supplemented, varied or replaced;

(g) A reference to a thing includes a part of that thing and includes but is not limited to a right;

(h) The terms "included", "including" and similar expressions when introducing a list of items do not exclude a reference to other items of the same class or genus;

(i) A reference to a statute or statutory provision includes but is not limited to:

    (i) a statute or statutory provision which amends, extends, consolidates or replaces the statute or statutory provision;

    (ii) a statute or statutory provision which has been amended, extended, consolidated or replaced by the statute or statutory provision; and

    (iii) subordinate legislation made under the statute or statutory provision including but not limited to an order, regulation or instrument;

(j) Reference to "$", "A$", "Australian Dollars" , "dollars" or “cents” is a reference to the lawful tender for the time being and from time to time of the Commonwealth of Australia;

(k) A reference to an asset includes all property or title of any nature including but not limited to a business, a right, a revenue and a benefit, whether beneficial, legal or otherwise.

PART 7 PROXIES AND PROXY FORM

(a) **Right to appoint**: Each member entitled to vote at the meeting has the right to appoint a proxy to attend and vote for the member at the meeting. To appoint a proxy, use the Proxy Form sent out with this Notice.

(b) A proxy or attorney is not entitled to vote while the member appointing them is present at the meeting.

(c) **Who may be a proxy**: A member can appoint anyone to be their proxy. A proxy need not be a member of the Company. The proxy appointed can be described in the Proxy Form by an office held, eg "Chair of the Meeting".

(d) **Two proxies**: A member who is entitled to two or more votes at the meeting, may appoint two proxies. Where two proxies are appointed:

(i) a separate Proxy Form should be used to appoint each proxy; and

(ii) the Proxy Form may specify the proportion, or the number, of votes that each proxy may exercise, and if it does not do so each proxy may exercise half of the votes.

(e) **Signature(s) of individuals**: In the case of members who are individuals, the Proxy Form must be signed if the shares are held:

(i) by one person, by that member; or

(ii) in joint names, by any one of them.

(f) **Signatures on behalf of companies**: In the case of members which are companies, the Proxy Form must be signed:

(i) if it has a sole director who is also sole secretary, by that director (and stating that fact next to or under the signature on the Proxy Form); or

(ii) in the case of any other company, by two directors or by a director and secretary.

The use of the common seal of the company on the Proxy Form is optional.

(g) **Lodgement place and deadline**: Proxy forms must be received by the share registry, Link Market Services Limited with the original or a certified copy of the authority under which the Proxy Form is signed (if the Proxy Form is signed by an attorney or other representative):

BY MAIL: MGT Mining Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

ONLINE: www.linkmarketservices.com.au
BY FACSIMILE: 9287 0309 (Within Australia) - +61 2 9287 0309 (Outside Australia)

by no later than 10AM (AEST) on 26 June 2017.

CORPORATE REPRESENTATIVES

A body corporate may appoint an individual to act as its representative to exercise any of the powers the body may exercise at meetings of a company's members. Unless otherwise stated, the corporate representative may exercise all of the powers the appointing body can exercise. The certificate evidencing the appointment of a corporate representative (or a photocopy or facsimile of it) shall be sufficient evidence of the authority of the representative. The certificate evidencing the appointment of a corporate representative (or a photocopy or facsimile of it) must be received by the share registry, Link Market Services Limited as outlined on the proxy form by no later than 10AM (AEST) on 26 June 2017.

MEMBERS WHO ARE ENTITLED TO VOTE

The Directors have determined that a person's entitlement to vote at the meeting will be the entitlement of that person set out in the register of members as at 7PM (AEST) on 26 June 2017.

Annexure 1 Summary of the Note Terms and the clauses in the Secured Converting Note and Option Agreement which relate to the Secured Converting Note

This is a summary of the key principal features of the Note Terms (Schedule 1 of the Secured Converting Note and Option Agreement) and the clauses in the Secured Converting Note and Option Agreement which relate to the Secured Converting Note.

Issuer	MGT Mining Limited (**Company**)
Subscriber	Niflheim Resources Pte Ltd (Singapore Company Number 201417253R) (**Noteholder**)
Subscription amount	AUD$1.8 million
Face Value	AUD$1.8 million
Maturity Date	Upon both cconditions in clause 3 being fulfilled, the Secured Converting Note will automatically convert into the Conversion Shares.
Coupon	<u>Clause 2 of the Note Terms (Schedule 1 of the Secured Converting Note and Option Agreement)</u> (a) Subject to clause 2(d) of these Note Terms, the Note bears interest from the Issue Date at the rates of: (i) 10% per annum for the first two calendar months from the Issue Date; and (ii) 15% per annum on and from the third calendar month from the Issue Date. (b) Simple interest will be calculated from and including the Issue Date until and including the Conversion Date or Redemption Date. The interest will be payable rounded to the nearest cent to the Noteholder. (c) The Company will pay interest to the Noteholder in a lump sum on the earlier of the Conversion Date or Redemption Date. Unpaid interest will be paid to the Noteholder on the Redemption Date or Conversion Date at the Company's discretion. (d) Interest is only payable at the discretion of the board of directors of the Company and is not due until the board of directors of the Company resolves to pay interest on the Note. (e) The Company must procure that its board of directors resolve to pay interest on the Note if the Note converts into Conversion Shares or the Company otherwise has sufficient surplus funds available to pay all accrued interest. Definitions: **Conversion Date** means the date of issue of Ordinary Shares upon conversion of the Note.

	Conversion Shares means the number of Ordinary Shares issuable on conversion of the Note being 320,659,900 Ordinary Shares being 75% of the Ordinary Shares on issue on the Conversion Date on a post money basis. **Issue Date** means the date of issue of the Note. **Redemption Date** means the date on which the Note is redeemed in accordance with the Note Terms. **Note** means the secured redeemable converting note issued by the Company, having: a) a face value of $1.8 million; and b) the rights attached to it and being subject to the conditions contained in this agreement and the Note Terms.
Conditions Precedent and Approvals	<u>Clause 3.1 of the Secured Converting Note and Option Agreement</u> The obligation on the Company to convert the Secured Converting Note and issue the Options does not become binding, and the issue of the Shares and Options must not take place, until each of the conditions listed below have been either satisfied or waived in accordance with clause 3.3: (a) pay $100,000 to Avira Energy Limited under the Intercompany Loan and subsequently the Company must use its best endeavours to obtain all regulatory, shareholder and other approvals as may be required in relation to the conversion of the Secured Converting Note into the conversion Shares and the issue of 70 million Options (and the issue of the underlying Shares upon exercise of some or all of those Options), such approval(s) including but not limited to seeking and recommending shareholder approval pursuant to section 611 item 7 of the Corporations Act; and (b) the Company must procure forgiveness of the substantial majority of the Intercompany Loan, with only $850,000 remaining, which is due and payable within 90 days. The $850,000 remaining Intercompany Loan can be repaid in cash or through the transfer of the Company's gold assets to Avira following any necessary shareholder approval, if required. No interest is payable on the residual Intercompany Loan of $850,000. <u>Clause 3.3 of the Secured Converting Note and Option Agreement</u> The conditions above may only be waived in writing by the party that is named as being able to waive that condition.
Security	The Secured Converting Note is a secured obligation of the Company.
Quotation	No application has been or will be made for the Secured Converting Note or Shares to be admitted to quotation on any recognised securities exchange (Section 8)
Conversion	The Company must issue a Conversion Notice within five Business Days of the Conversion Date. **Method of conversion** (a) On satisfaction of both conditions:

	(i) the Company will automatically convert the Secured Converting Note into the conversion Shares and must pay any interest accrued in accordance with clause 2(d) of the Note Terms to the Noteholder; (ii) the Noteholder irrevocably and unconditionally directs the Company to apply the whole of the principal amount ($1.8 million) to subscribe for the conversion Shares; and (iii) the Noteholder consents to being a member of the Company and being bound by the Company's constitution on and from the conversion date. (b) The issue of ordinary shares as a result of the conversion of the Secured Converting Note will be treated for all purposes as full repayment of the amount outstanding with respect to the Note and the obligations of the Company in relation thereto will thereupon cease, except in respect of any obligation or liability which has arisen on or before the conversion date.
Redemption by Noteholder	<u>Clause 3 of the Note Terms (Schedule 1 of the Secured Converting Note and Option Agreement)</u> The Secured Converting Note the subject of redemption is redeemable for an amount in cash equal to the principal amount ($1.8 million) of the Secured Converting Note the subject of redemption and all other amounts outstanding on the Secured Converting Note including any interest and the Company must pay to the Noteholder this amount on the Redemption Date. The Secured Converting Note held by the Noteholder is redeemable, at the election of the Noteholder, on the occurrence of an Event of Default. Definitions: **Event of Default** The occurrence of any one or more of the following will be an Event of Default: (a) the Company fails to pay on its due date for payment any amount payable by the Company under this agreement, the Note Terms or the Note; (b) the Company is in breach of any covenant, undertaking or warranty contained in this agreement or the Note Terms and the breach is not rectified within five business days after the Noteholder gives notice requesting the Company to do so; (c) any Insolvency Event occurs in respect of the Company; (d) any security interest over any property of the Company is enforced, or steps are taken to enforce any such Security Interest; (e) the Company fails to procure forgiveness of the substantial majority of the Intercompany Loan (with a residual $850,000 remaining, which is due and payable within 90 days) and repay the $850,000 remaining Intercompany Loan in cash or through

	the transfer of the Company's gold assets to Avira following any necessary shareholder approval, if required in accordance with clause 3.1(b) by the Sunset Date; (f) any representation, warranty or statement made or repeated in or in connection with this agreement, the Note Terms, the Note, the Option Terms or the Options is or becomes untrue or misleading (or, in the case of financial forecasts, unfair or unreasonable) when taken as a whole; and (g) the Company fails to obtain the shareholder and/or other regulatory approvals required for the issue of the Note, Options and/or ordinary shares in accordance with clause 3 by the Sunset Date. **Redemption date** means the date on which the Note is redeemed in accordance with the Note Terms. **Sunset Date** means 30 June 2017
Conversion price	N/A The Noteholder irrevocably and unconditionally directs the Company to apply the whole of the principal amount ($1.8 million) to subscribe for the conversion Shares
Transferability	The Secured Converting Note is not transferable. However, for the avoidance of doubt, the ordinary shares issued on conversion of the Note are transferable.
Voting rights	N/A
Ranking	Clause 10 (e): Ordinary Shares to be issued to the Noteholder on conversion of the Secured Converting Note and exercise of the Options will rank equally, from their date of issue, with all other issued and fully paid ordinary shares in the capital of the Company. On a winding up of the Company, or in relation to any arrangement between the Company and its creditors, all amounts outstanding on the Secured Converting Note must be paid: (a) in accordance with any applicable statutory regime for the distribution of the assets of the Company or, failing such a statutory regime being applicable, on a pari passu basis with all amounts owing by the Company to its secured creditors; and (b) to the Noteholder before any amount is paid to the Company's shareholders in their capacity as shareholders of the Company.
Release	The Company is immediately discharged and released from its Liabilities, obligations and covenants under this agreement and the General Security Agreement in respect of the Note on the first to occur of the date on which: (a) the Secured Converting Note is redeemed and paid (including the principal amount of $1.8 million and any interest) in accordance with the Note Terms; or (b) the Secured Converting Note is converted in accordance with the Note Terms.

Annexure 2 Summary of the Option Terms and the Secured Converting Note and Option Agreement

This is a summary of the key principal features of the Option Terms (Schedule 5 of the Secured Converting Note and Option Agreement) and clauses in the Secured Converting Note and Option Agreement which relate to the issue of the Options.

Issuer	MGT Mining Limited (**Company**)
Subscriber	Niflheim Resources Pte. Ltd (Singapore Company Number 201417253R) (**Option Holder**)
Subscription amount	Subject to receipt of the principal amount (AUD$1.8 million) and satisfaction or waiver of the conditions in accordance with clause 3, the Company agrees to issue 70 million Options to the Noteholder on the Option Terms for <u>no additional consideration.</u>
Entitlement	Each Option will entitle the Option Holder to apply for and be issued one fully paid ordinary share in the Company.
Option Period and lapsing	Each Option is exercisable at any time after the date on which the Option is issued up to and including the Exercise Date (**Option Period**) and if the Option is not exercised on or prior to the expiry of the Option Period, the Option will automatically and immediately lapse. **Exercise Date** means <u>five years</u> from the date of issue of the Options. If an Option lapses, all rights of the Option Holder in respect of the Option immediately cease.
Conditions Precedent and Approvals	Clause 3 The obligation on the Company to convert the Secured Converting Note and issue the Options does not become binding, and the issue of the Shares and Options must not take place, until each of the conditions listed below have been either satisfied or waived in accordance with clause 3.3: (a) pay $100,000 to Avira Energy Limited under the Intercompany Loan and subsequently the Company must use its best endeavours to obtain all regulatory, shareholder and other approvals as may be required in relation to the conversion of the Secured Converting Note into the conversion Shares and the issue of 70 million Options (and the issue of the underlying Shares upon exercise of some or all of those Options), such approval(s) including but not limited to seeking and recommending shareholder approval pursuant to section 611 item 7 of the Corporations Act; and (b) the Company must procure forgiveness of the substantial majority of the Intercompany Loan, with only $850,000 remaining, which is due and payable within 90 days. The $850,000 remaining Intercompany Loan can be repaid in cash or through the transfer of the Company's gold assets to Avira following any necessary shareholder approval, if required. No interest is payable on the residual Intercompany Loan of $850,000. .

Security	N/A
Quotation	N/A
Reorganisation of Company's share capital	If the Company reorganises its share capital, the number of options or the exercise price, or both, must be reorganised so that the Option Holder will not receive a benefit that holders of Shares do not receive. In particular, the Company must comply with the following rules in relation to the way the Options are treated under a reorganisation: (i) *in a consolidation of capital* - the number of Options must be consolidated in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio; (ii) *in a sub-division of capital* - the number of Options must be sub-divided in the same ratio as the ordinary capital and the exercise price must be amended in inverse proportion to that ratio; (iii) *in a return of capital* - the number of Options must remain the same, and the exercise price of each Option must be reduced by the same amount as the amount returned in relation to each ordinary security; (iv) *in a reduction of capital by a cancellation of paid up capital that is lost or not represented by available assets where no securities are cancelled* - the number of Options and the exercise price of each option must remain unaltered; and (v) *in a pro rata cancellation of capital* - the number of Options must be reduced in the same ratio as the ordinary capital and the exercise price of each option must be amended in inverse proportion to that ratio.
Exercise price	The exercise price for each Option is \$0.00561 per Option and is payable immediately on exercise.
Notice of Exercise	The Option Holder may exercise some or all of the Options by giving notice in writing to the Company at any time during the Option Period (**Notice of Exercise**). On receipt by the Company of the Notice of Exercise and payment of the Exercise Price in immediately available funds, the Company must, within five days, issue to the Option Holder the number of Shares corresponding to the number of options exercised and despatch the relevant Share certificate or other appropriate acknowledgment as soon as reasonably practicable thereafter.
Transferability	The Options are transferable by the Option Holder and any such transfer will require the prior written approval of the Company.
Voting rights	An Option does not confer rights to participate in new issues of securities of the Company, unless the Option Holder has first exercised the Option.
Notices given by the Company	Notices may be given by the Company to the Option Holder in the manner prescribed by the constitution of the Company for the giving of notices to the Shareholders of the Company and the relevant provisions of the constitution of the Company will apply with all necessary modification to notices to be given to Option Holders. If during the currency of any Options and prior to their exercise, a takeover bid

	(within the meaning of the Corporations Act) is made to holders of Shares, then within 10 Business Days after the Company becomes aware of the offer, the Company must forward a notice notifying each Option Holder of the offer.
Ranking	Clause 10 (e) of the Secured Converting Note and Option Agreement: Ordinary Shares to be issued to the Noteholder on conversion of the Secured Converting Note and exercise of the Options will rank equally, from their date of issue, with all other issued and fully paid ordinary shares in the capital of the Company. Option Terms: Shares issued on the exercise of any Options will rank equally in all respects with the then existing issued ordinary fully paid Shares in the Company except that they will not be entitled to any dividend that has been declared or determined but not paid as at the Conversion Date and are subject to the provisions of the constitution of the Company.

Annexure 3 Independent Expert's Report and Independent Expert's Consent

MGT Mining Limited

The issue of ordinary shares and options to Niflheim Resources Pte Ltd in satisfaction of conditional secured convertible note and part repayment of loan to controlling shareholder

Independent Expert's Report
and Financial Services Guide

1 June 2017

In our opinion:

- **the Proposed Transaction is fair and reasonable to the non-associated shareholders.**
- **AVW will receive a net benefit from the Collateral Benefit**

Nexia Australia

FINANCIAL SERVICES GUIDE

Dated: 1 June 2017

What is a Financial Services Guide ("FSG")?

This FSG is designed to help you decide whether to use any of the general financial product advice provided by Nexia Sydney Corporate Advisory Pty Ltd ABN 68 114 696 945 ("NSCA"), a corporate authorised representative of Nexia Sydney Financial Solutions Pty Ltd ("NSFS"), Australian Financial Services Licence Number 247300 ("AFSL").

This FSG includes information about:

- NSCA and how they can be contacted
- the services NSCA is authorised to provide
- how NSCA are paid
- any relevant associations or relationships of NSCA
- how complaints are dealt with as well as information about internal and external dispute resolution systems, and how you can access them; and
- the compensation arrangements that NSCA has in place.

Where you have engaged NSCA we act on your behalf when providing financial services. Where you have not engaged NSCA, NSCA acts on behalf of our client when providing these financial services and are required to provide you with a FSG because you receive a report or other financial services from NSCA.

Financial Services that NSCA is authorised to provide

NSCA is a corporate authorised representative of NSFS, which holds an AFSL authorising it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products.

NSCA's responsibility to you

NSCA has been engaged by the independent directors of MGT Mining Ltd ("MGTM" or the "Client") to provide general financial product advice in the form of an independent expert's report to be included in the Notice of Shareholder's Meeting ("Document") sent to MGTM's shareholders dated on or about 31 May 2017 ("Report").

You have not engaged NSCA directly but have received a copy of the Report because you have been provided with a copy of the Document. NSCA or the employees of NSCA are not acting for any person other than the Client.

NSCA is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As NSCA has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.
You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Scheme.

Fees NSCA may receive

NSCA charges fees for preparing Reports. These fees will usually be agreed with, and paid by the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay NSCA $11,000 (excluding GST and out of pocket expenses) for preparing the Report. NSCA and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

Referrals

NSCA does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and Relationships

Through a variety of corporate and trust structures NSCA is controlled by and operates as part of the Nexia Sydney Partnership. NSCA's directors and authorised representative may be partners in the Nexia Sydney Partnership. Mr Brent Goldman, authorised representative of NSFS and partner in the Nexia Sydney Partnership, has prepared this Report. The financial product advice in the Report is provided by NSCA and not by the Nexia Sydney Partnership.

From time to time NSCA, the Nexia Sydney Partnership and related entities ("Nexia entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Over the past two years $43,000 (excluding GST) in professional fees has been received from the Client or its related entities for the preparation of independent expert reports.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the Proposed Transaction.

Complaints Resolution

If you have a complaint, please let NSFS know. Formal complaints should be sent in writing to:

Nexia Sydney Financial Solutions Pty Ltd
Head of Compliance
PO Box H195
Australia Square NSW 1215

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Craig Wilford, on +61 2 9251 4600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External Complaints Resolution Process

If NSFS cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001

Telephone:	1300 56 55 62
Facsimile	(03) 9613 6399
Email:	info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation Arrangements

NSCA has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact NSCA at:

Nexia Sydney Corporate Advisory Pty Ltd
PO Box H195
Australia Square NSW 1215

1 June 2017

The Directors
MGT Mining Limited
Suite 13.05, Level 13
109 Pitt St,
Sydney NSW 2000

Dear Sirs / Madams,

Independent Expert's Report on the issue of ordinary shares and options to Niflheim Resources Pte Ltd in satisfaction of conditional secured convertible note and part repayment of loan to controlling shareholder

1. INTRODUCTION

1.1 Outline of transaction

On 24 March 2017, Avira Energy Ltd ("AVW") announced that its subsidiary, MGT Mining Ltd ("MGTM"), had entered into a $1,800,000 conditional secured converting note and option agreement ("Agreement") with Niflheim Resources Pte Ltd ("Niflheim").

Under the terms of the Agreement, the note will automatically be converted into 320,659,900 fully paid ordinary shares in MGTM upon shareholder approval. The note incurs interest at 10% per annum for the first two months and then 15% per annum thereafter.

Niflheim will also receive 70 million options. No consideration is payable for the options and the options are exercisable at $0.00561 a share, and have a five year term.

The Agreement is conditional upon:

- shareholder and regulatory approvals; and
- MGTM paying $100,000 to AVW and subsequently procuring forgiveness of the intercompany loan between MGTM and AVW to a balance of $850,000.

(The above represents the "Proposed Transaction")

At 31 March 2017, MGTM owed AVW $8.34 million. The remaining $850,000 after the debt forgiveness is due and payable within 90 days either through repayment in cash or the transfer of MGTM's gold assets to AVW as full settlement (the "Collateral Benefit").

The proceeds raised under the Agreement will be used to repay the $1.5 million secured loan from Taimetco International Co., Limited ("Taimetco"). On 30 March 2017 MGTM announced a variation to the agreement with Taimetco, whereby MGTM will pay $945,000 on or before 31 March 2017 and $750,000 and all other moneys payable on or before 30 April 2017 (inclusive of interest). Interest will continue to accrue at 6.5% on the amount outstanding. On 6 April 2017 the Taimetco loan was repaid in full from the proceeds of the note issued to Niflheim.

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f +61 2 9251 7138
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w nexia.com.au

In addition to the above MGTM will pay Niflheim's nominees a 1% management fee and 5% capital raising fee on funds raised and Niflheim will appoint two executive directors to MGTM's board and all but one of the existing directors of MGTM will resign.

After the Proposed Transaction Niflheim will hold a 75% interest in MGTM (78.52% on a fully diluted basis).

1.2 Purpose of Report

The purpose of this Report is to advise the shareholders of MGTM on the fairness and reasonableness of the Proposed Transaction.

Under s606 of the Corporations Act, a transaction that would result in an entity and its associates increasing their voting power in an entity from:

- 20% or below to greater than 20%; or
- a position above 20% and below 90%

is prohibited without making a takeover offer to all shareholders, unless an exemption applies.

On conversion of the notes, Niflheim's voting power in MGTM will be 75% and if the options are exercised 78.52%. This transaction would typically fall under the prohibitions of s606 of the Corporations Act, however item 7 of s611 provides an exemption from the above if the transaction is approved by shareholders at a general meeting.

The Australian Securities and Investments Commission ("ASIC") has issued Regulatory Guide 74: Acquisitions approved by members ("RG74") that sets out the material disclosure requirements to shareholders when seeking their approval under item 7 of s611 of the Corporations Act. As part of the disclosure requirements, ASIC requires a detailed analysis of the transaction that complies with Regulatory Guide 111: Content of experts Report ("RG111"). This can either be undertaken by the directors if they believe they have sufficient skill and expertise or an independent expert.

Our report also considers any net benefit to AVW through the part repayment of the loan either in cash or by the transfer of MGTM's gold assets.

Under s602(c) of the Corporations Act, requires holders of the relevant class of voting shares or interests all to have a reasonable and equal opportunity to participate in any benefits accruing to the holders through any proposal under which a person would acquire a substantial interest in the company.

Takeovers Panel Guidance Note 21 – Collateral Benefits ("GN21") notes that a collateral benefit will not necessarily offend the equity principle outlined in s602(c) but that, *prima facie*, a benefit offends the equity principle if it is a net benefit. GN21 further sets out a number of ways in which it can be established that there is no net benefit including an expert's opinion about whether there is no net benefit. GN21 also notes that an expert's opinion about whether there is a net benefit should meet the standards of RG111.

The Directors have appointed Nexia Sydney Corporate Advisory Pty Ltd as independent expert for the purposed of the Proposed Transaction.

2. SUMMARY IN RELATION TO THE PROPOSED TRANSACTION

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion is based solely on information available as at the date of this Report.

The principal factors that we have considered in forming our opinion are summarised below.

2.1 Assessment of fairness of the Proposed Transaction

As discussed in section 3, in determining whether the Proposed Transaction is fair to the non-associated shareholders of MGTM, we have compared the fair value of a share in MGTM on a control basis prior to the Proposed Transaction to the fair value of a share in MGTM on a minority basis after the Proposed Transactions. This is summarised below:

$	Low	Preferred	High
Fair value of a share in MGTM on a control basis prior to the Proposed Transaction	$0.0000	$0.0000	$0.0000
Fair value of a share in MGTM on a minority basis after the Proposed Transaction	$0.0005	$0.0036	$0.0066

As the fair value of a single MGTM share on a minority basis after the Proposed Transaction is greater than the fair value of a single MGTM share on a control basis prior to the Proposed Transaction, **we have concluded that the Proposed Transaction is fair**.

2.2 Assessment of reasonableness of the Proposed Transaction

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

In forming our opinion we have considered the following relevant factors (see section 8).

Advantages	Disadvantages
• Funding will be received to repay maturing debt • The majority of debt payable to AVW will be forgiven significantly reducing MGTM's net liability position • Funding will potentially be available to develop MGTM's exploration assets	• Niflheim will have a 75% interest (78.52% on exercise of the options) and the right to appoint the majority of directors giving Niflheim control of MGTM • Some of the existing tax losses may be utilised on the forgiveness of the debt

The Directors have advised us that there are currently no other alternatives to the Proposed Transaction. If the Proposed Transaction is not approved, this would trigger a default event on the funds drawn down under the Agreement. In the event of default, Niflheim are able to demand payment under the note. If this occurs, the Directors have advised that MGTM would be required to enter voluntary administration.

As the Proposed Transaction is fair, and taking into consideration the matters above, **we have concluded that the Proposed Transaction is reasonable**.

Nexia Australia

2.3 Opinion on Proposed Transaction

In our opinion, the Proposed Transaction is fair and reasonable to the non-associated shareholders of MGTM.

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Shareholders Meeting, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

3. SUMMARY IN RELATION TO THE COLLATERAL BENEFIT

This section is a summary of our opinion and cannot substitute for a complete reading of this Report. Our opinion is based solely on information available as at the date of this Report.

The principal factors that we have considered in forming our opinion are summarised below.

3.1 Assessment of the Collateral Benefit

In determining whether or not AVW will receive a net benefit from the Collateral Benefit we have considered AVW's position regarding the recoverability of amounts owed from MGTM prior to the Proposed Transaction to its position after the provision of the Collateral Benefit.

We summarise the position below:

	Low	Mid	High
AVW position prior to the Collateral Benefit	-	1,556,686	3,287,307
Position after the Collateral Benefit	450,000	950,000	1,450,000
Net benefit	**450,000**	**-**	**-**

The analysis above identifies that at the low valuation for the gold assets, AVW receives a net benefit but that under the mid and high valuations of the gold assets, no benefit is received.

In forming our opinion we have considered the following relevant factors (see section 10).

Advantages	Disadvantages
• MGTM will no longer have a significant loan payable on demand outstanding • Following the forgiveness of the debt and Collateral Benefit AVW will only hold ordinary shares and will not have any preferential rights to ordinary shareholders • The Proposed Transaction is fair and reasonable to the non-associated shareholders	• MGTM may no longer hold gold assets with future exploration opportunity

3.2 Opinion on the Collateral Benefit

As AVW receive a net benefit at the low valuation for the tenements, **in our opinion AVW will receive a net benefit from the Collateral Benefit.**

The ultimate decision on whether to approve the Collateral Benefit should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Shareholders Meeting, and consider their own specific circumstances before voting in favour of or against the Collateral Benefit.

Yours faithfully
Nexia Sydney Corporate Advisory Pty Ltd

Brent Goldman
(Authorised Representative of Nexia Sydney Financial Solutions, AFSL 247300)
Director

STRUCTURE OF REPORT

Our Report is set out under the following headings:

APPENDICES

4. BASIS OF EVALUATION

4.1 Evaluation of the Proposed Transaction

RG74 and RG111 provide guidance as to matters that should be considered in determining whether a transaction is fair and reasonable in a range of circumstances.

RG74 and RG111 state that in deciding an appropriate form of analysis, the expert needs to consider that the main purpose of the Report is to deal with the concerns that could reasonably be anticipated by those persons affected by the transaction. An expert should focus on the purpose and outcome of the transaction; that is the substance of the transaction, rather than the legal mechanism used to effect the transaction.

RG111 requires analysis of a transaction under two distinct criteria being:

- is the offer 'fair'?; and
- is it reasonable?

That is the opinion of fair and reasonable is not considered as a compound phrase.

In determining what is fair and reasonable for a control transaction, RG111 states that:

- an offer is fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer, assuming a 100% interest of the target and irrespective of whether consideration is cash or scrip; and

- an offer is reasonable if it is fair, or if the offer is not fair, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of a higher bid before the close of an offer.

In determining whether the transaction is fair, the fair value is assumed to be based on a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

For the purpose of considering whether or not the Proposed Transaction is fair we have compared the fair value of a share in MGTM on a control basis prior to the Proposed Transaction to the fair value of a share in MGTM on a minority basis after the Proposed Transaction.

In our assessment of the reasonableness of the Proposed Transaction, our consideration has included the following matters:

- Niflheim's pre-existing voting power in securities in MGTM;
- other significant security holding blocks in MGTM;
- the liquidity of the market in MGTM's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of MGTM;
- any special value to Niflheim, such as technology, the potential to write-off outstanding loans from MGTM, etc;
- the likely market price if the Proposed Transaction does not proceed;
- the value to an alternate bidder and the likelihood of an alternative bid being made;
- other significant matters set out in section 9.3.

4.2 Evaluation of the Collateral Benefit

GN21 sets considerations as to whether or not there is a net benefit. It notes that the net benefit is assessed by reference to the commercial balance of advantages flowing to and from the security holder. It assessed as a 'holistic' rather than 'atomistic' approach.

GN21 further notes factors to consider include:

- the substance and commercial reality of the transaction
- the context in which the benefit is given or the consideration is given up
- the overall effect of the transaction
- an objective assessment of the transaction (rather than the parties intentions)

We have further considered the guidance in respect of collateral benefits in Regulatory Guide 9 Takeover bids ("RG9").

4.3 Individual shareholders' circumstances

The ultimate decision whether to approve the Proposed Transaction should be based on each shareholder's assessment of the Proposed Transaction, including their own risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt about the Proposed Transaction or matters dealt with in this Report, shareholders should seek independent professional advice.

4.4 Limitations on reliance on information

The documents and information relied on for the purposes of this Report are set out in Appendix B. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that documents and material facts have been withheld. The information provided was evaluated through analysis, enquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable to the shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit or extensive examination might disclose.

We understand the accounting and other financial information that was provided to us has been prepared in accordance with generally accepted accounting principles.

An important part of the information used in forming an opinion of the kind expressed in this Report is the opinions and judgement of Directors and management. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

NSCA are not the auditors of MGTM. We have analysed and reviewed information provided by the Directors and management of MGTM and made further enquiries where appropriate. Preparation of this Report does not imply that we have in any way audited the accounts or records of MGTM.

In forming our opinion we have assumed:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Notice of Shareholder's Meeting to be sent to shareholders is complete, accurate and fairly represented in all material respects; and
- the publicly available information relied upon by NSCA in its analysis was accurate and not misleading.

This Report has been prepared after taking into consideration the current economic and market climate. We take no responsibility for events occurring after the date of this Report which may impact upon this Report or which may impact upon the assumptions referred to in the Report.

5. OVERVIEW OF MGTM

5.1 Corporate History

MGTM is an unlisted public company, headquartered in Sydney, Australia. The company was incorporated on 16 June 2006 under the name of Xtreme Resources Limited, and on 20 September 2010 the company changed its name to MGT Mining Ltd.

In April 2009, AVW acquired a 73.76% interest in MGTM. From FY2012 through FY2013 AVW acquired a further 15.72% interest in MGTM, increasing its total interest to 89.48%. As of 4 April 2017, MGTM had 106,886,708 ordinary shares on issue, with AVW being its largest shareholder.

MGTM has one subsidiary Garimperos Pty Ltd, which is dormant.

5.2 Business Activities

MGTM owns tin mining leases and explorations permits and gold exploration permits, as set out below. Further details of the tenements are set out in Veronica Webster Pty Ltd's geologist reports which are included in appendices E and F.

5.2.1 Mt Garnet Tin Project

The Mt Garnet Project is situated in far North Queensland. The Mt Garnet Projects' primary focus is on tin exploration and mining. The project includes the following tenements:

Summer Hills (ML 20547)

The Summer Hills mining lease is the main tenement of the Mt Garnet Project covering 1,163.4 Ha. The mining lease was granted in late January 2013 for a period of 21 years. Within the Summer Hills Mining Lease sits the Mt Veteran Tin Processing Plant, on its own mining lease, along with numerous tin mining and exploration targets, including the Dalcouth and Extended Prospects.

In 2013 a drilling program focused on the Dalcouth Prospect confirmed tin mineralisation which is suitable for mining and processing at the Mount Veteran Mill. A resource estimation updated was finalised 2016. MGTM announced that 80% of the resource is now classified as Measured Resource and the remainder classified as Indicated Resource in accordance with the 2012 edition of the JORC Code.

The Extended Prospect has a tin mineralised zone that is 5m wide though further exploration is to be completed to better define areas of mineralisation.

During the six months to 31 December 2016, field work was conducted to determine whether a similar model as the Dalcouth Prospect could be applied to the Summer Hill Prospect. This work is still in the preliminary stages.

The Mount Veteran Mill (ML 4349)

The Mount Veteran Mill tenement covers an area of 17.85Ha and includes within it a mill constructed in 1984 with the initial purpose of treating hard rock tin ores from deposits in the area. The lease was granted on 1 April 1985 and expires on 31 March 2027. However, mill operations ceased shortly after the lease was granted due to tin prices declining dramatically during the period from 1984 – 2003. The plant has since been refurbished to process hard rock tin ore. Although not in current operation, the plant is in a reasonable condition and could be brought back into operation quickly, should it be needed.

Nymbool (EPM 16948), including Heads or Tails (ML 20655)

The Nymbool tenement is located north-east of Mount Garnet and within 20km of the Mount Veteran tin processing plant, covering 20 sub-blocks. The major area within the tenement is The Smiths Creek Mine which is a historical tin mine consisting of an open pit and an extensive underground workings. The tin mineralisation is associated with copper sulphide mineralisation. The tenement was renewed on 17 February 2014 for a term of five years.

Heads or Tails lies within Nymbool and was granted on 1 December 2011. The mining lease holds fine tin tailings from the historical tin processing in the Smiths Creek area, however these tailings are considered immaterial to valuations performed on the tenement.

Nanyetta (EPM 25433)

The Nanyetta exploration permit was granted for a period of 5 years on 25 June 2014 and covers 3 sub-blocks.

Nymbool West (EPM 25690)

The Nymbool West exploration permit was granted for a period of 5 years from 30 March 2015 and covers 11 sub-blocks.

Nymbool Extended (EPM 25347)

The Nymbool Extended exploration permit was granted for a period of 5 years from 5 May 2015 and covers 2 sub-blocks.

Fuzzy Hill (EPM 25716)

The Fuzzy Hill exploration permit was granted for a period of 5 years on 30 April 2015 and covers 9 sub-blocks.

5.2.2 The Pyramid Project

The Pyramid Project is located in the Drummond Basin, North Queensland and includes the following tenements:

Pyramid (EPM 12887)

Pyramid covers 12 sub-blocks lying in a major north-east trending belt of mineralisation developed over a strike length of 20km. The Pyramid tenement contains several prospects, including the Gettysburg prospect, where gold is located in epithermal-style quartz veins.

Drilling by MGTM in 2012 and 2015 confirmed that the Pyramid Project has the potential to become a large, low grade gold resource. Further drilling is required to explore extensions to mineralisation, including diamond drill core, which will help develop the geological model and enhance understanding of the controls on mineralisation. Other exploration targets along strike have been identified by soil sampling and require follow-up.

Pyramid 2 (EPM25154)

The Pyramid 2 exploration permit was granted for a period of 5 years from 23 February 2015 and covers 49 sub-blocks.

Pyramid 3 (EPM 19554)

The Pyramid 3 exploration permit was granted for a period of 5 years from 16 December 2014 and covers 14 sub-blocks.

5.2.3 Southern Queensland Project

MGTM has three separate gold prospect areas in Southeast Queensland and it aims to advance these projects with further drilling. Further details regarding these tenements are below:

Yarrol (EPM 8402)

The Yarrol tenement covers 4 sub-blocks and was renewed for a period of three years, expiring on 12 November 2018. The deposits have been extensively drilled over a number of years; however, the resources have been considered too small to be economically viable. It is likely that a gold price of plus USD$1,500/ounce would be required to make this economical, subject to exchange rates.

Mt Steadman (EPM 12834)

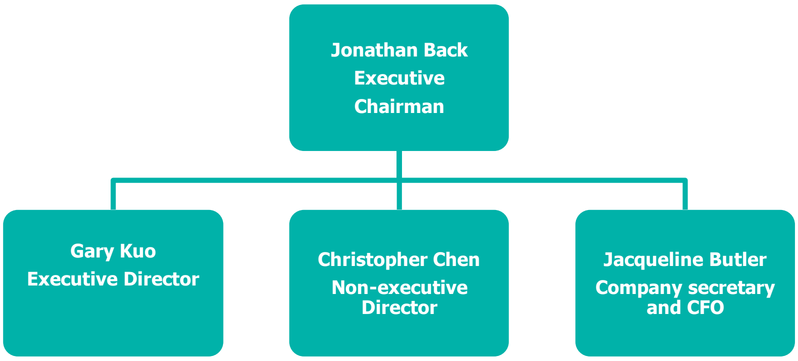
The Mount Steadman prospect covers 4 sub-blocks and was renewed for a period of three years, expiring on 16 December 2018. It belongs to a class of bulk style mineralisation known as intrusion-related gold deposits, which are economically important due to their distinct chemical characteristics. The current estimated resource has been found to be uneconomical under the current gold prices, if trucked to the nearest processing plants.

Gooroolba (EPM 15426)

The Gooroolba prospect covers 30 sub-blocks and is considered prospective for intrusive-related gold and copper mineralisation. MGTM is currently considering further exploration drilling of this area to confirm prospective resources.

5.3 Directors and Key Management

Following is a diagram of the board and management structure of MGTM:



- Anthony Meacham King was appointed as non-executive director on 8 June 2011, and resigned on 31 March 2016.
- Christopher Chen was appointed non-executive director on 30 June 2016

Following the Proposed Transaction, Niflheim will appoint two executive directors and Jonathon Back and Christopher Chen will resign from the MGTM board.

5.4 Financial Information

The audit report for the years ended 30 June 2014 and 2016 were unmodified, however they contained an emphasis of matter for both financial years regarding the company's ability to continue as a going concern. In both financial years, MGTM had realised net losses and net liabilities and MGTM's ability to continue as a going concern was heavily dependent on continuing financial support from AVW and AVW's ability to raise additional funds.

A disclaimer of opinion was given for the year ended 30 June 2015 and on AVW's consolidated half-year report for the six months to 31 December 2016 as MGTM had a number of immediate financial commitments, including the secured loan from Taimetco, and although negotiations were ongoing, the auditors were unable to obtain sufficient appropriate audit evidence that MGTM would be able to obtain sufficient funding to continue as going concern.

5.4.1 Financial Performance

Set out below are the consolidated profit and loss accounts of MGTM for the years ended 30 June 2014, 2015 and 2016 and the company profit and loss account of MGTM for the six months to 31 December 2016:

$	Note	FY2014 Consolidated	FY2015 Consolidated	FY2016 Consolidated	1H2017 Company
Revenue		-	-	-	-
Cost of Sales		-	-	-	-
Gross Loss		**-**	**-**	**-**	**-**
Investment income	1	2,486	3,711	1,534	743
Other gains and losses	2	11,182	10,958	21,070	-
Employee benefits expense		(470,032)	(114,222)	(40,657)	(19,262)
Depreciation and amortisation expense		(335,014)	(259,838)	(219,151)	(89,391)
Impairment losses	3	(1,336,116)	(5,237,828)	(2,324,374)	(719,373)
Interest expense	4	(293,448)	(465,474)	(575,551)	(319,682)
Administration expense		(202,103)	(159,453)	(129,650)	(58,909)
Assets written off	5	(70,158)	(38,166)	-	-
Other expenses		(471,632)	(472,991)	(288,294)	(140,199)
Loss before tax		**(3,164,835)**	**(6,733,303)**	**(3,555,073)**	**(1,346,074)**
Tax Expense		-	-	-	-
Loss for the period		**(3,164,835)**	**(6,733,303)**	**(3,555,073)**	**(1,346,074)**
Other comprehensive income/(expense)	6	(2,454)	1,132	(1,433)	-
Total comprehensive loss for the period		**(3,167,289)**	**(6,732,171)**	**(3,556,506)**	**(1,346,074)**

Source: MGTM's financial statements for the years ended 30 June 2014, 2015 and 2016 and management accounts for the six months to 31 December 2016.

1. Investment income relates to interest revenue from cash accounts.
2. Other gains and losses relate to fuel rebates and the gain on sale of the disposal of property.
3. The impairment loss recognised in FY2015 was due to an independent valuation of the tin and gold properties carried out by Veronica Webster Pty Ltd in October 2014. An updated valuation performed in February 2016 resulted in further impairment which is reflected in FY2016. As market conditions for tin assets appear to be improving, management considers there to be limited evidence of further impairment in relation to these assets. However, further impairment was recognised on gold assets and property, plant and equipment in December 2016.
4. Interest expense relates to interest charged on both secured and unsecured borrowings.
5. Assets written off relates to exploration and evaluation expenditure incurred on abandoned tenements.
6. Other comprehensive income relates to the movement in fair value of financial assets available for sale.

5.4.2 Financial Position

Set out below are the consolidated balance sheets of MGTM as at 30 June 2014, 2015 and 2016 and the company balance sheet of MGTM as at 31 December 2016:

$	Note	FY2014 Consolidated	FY2015 Consolidated	FY2016 Consolidated	1H2017 Company
Current assets					
Cash and cash equivalents		99,454	106,170	83,441	83,430
Other assets		89,403	68,856	35,822	92,814
Inventories		38,167	-	-	-
Investment in subsidiary	1	-	-	-	1
		227,024	**175,026**	**119,263**	**176,245**
Non-current assets					
Other financial assets		1,909	3,043	1,609	2,832
Exploration and evaluation expenditure	2	8,219,748	3,566,444	1,821,431	1,650,649
Plant & Equipment	2	2,076,487	1,761,486	1,524,995	990,039
		10,298,144	**5,330,973**	**3,348,035**	**2,643,521**
Total assets		**10,525,168**	**5,505,999**	**3,467,298**	**2,819,766**
Current liabilities					
Trade and other payables	3	(1,090,692)	(1,015,266)	(1,198,856)	(1,403,908)
Unsecured borrowings	4	(4,838,709)	(5,071,004)	(6,421,021)	(6,913,186)
Secured borrowings	5	-	-	(1,500,000)	(1,500,000)
Provisions	6	(27,498)	(100,000)	(77,626)	(77,727)
		(5,956,899)	**(6,186,270)**	**(9,197,503)**	**(9,894,821)**
Non-current liabilities					
Secured borrowings	5	-	(1,500,000)	-	-
Provisions	6	(92,502)	(76,132)	(76,132)	(76,132)
		(92,502)	**(1,576,132)**	**(76,132)**	**(76,132)**
Total liabilities		**(6,049,401)**	**(7,762,402)**	**(9,273,635)**	**(9,970,953)**
Net assets		**4,475,767**	**(2,256,403)**	**(5,806,337)**	**(7,151,187)**
Equity					
Contributed equity		14,917,849	14,917,849	14,917,849	14,917,849
Contributions from parent		2,212	1,924	8,497	-
Reserves		(10,863)	(9,731)	(11,165)	(9,941)
Retained earnings/(losses)	7	(10,433,431)	(17,166,445)	(20,721,518)	(22,059,094)
Total equity		**4,475,767**	**(2,256,403)**	**(5,806,337)**	**(7,151,187)**

Source: MGTM's financial statements for the years ended 30 June 2014, 2015 and 2016 and management accounts for the six months to 31 December 2016.

1. The investment in subsidiary represents MGTM's investment in Garimperos Pty Ltd, which is only shown in MGTM's company accounts as it is eliminated in the consolidated financial statements.
2. Exploration assets have been independently valued by Veronica Webster Pty Ltd as at October 2014, February 2016, and 11 April 2017 (see appendix E and F). A review of assets in December 2016 led to the impairment of the tenements and property, plant and equipment.
3. Included within trade creditors is $1.13 million payable to AVW and accrued interest of $170,558 at 1H2017 in respect of the Taimetco loan. The amount payable to AVW primarily relates to management fees payable.
4. MGTM entered into an intercompany loan with AVW on 21 March 2012. Interest is payable at 8% p.a. As at 31 March 2017 the balance of the loan was $7.14 million.
5. On 6 February 2015 MGTM entered into a secured loan agreement with Taimetco. The loan was for a two year term maturing on 31 March 2017. Management has advised that loan (inclusive of interest) was repaid in full through two payment totalling $1,695,534 one on 31 March 2017 for $945,000 and the remainder paid on 6 April 2017.
6. A provision has been made for the repair and maintenance of the tailings storage facility in order to ensure it is compliant with environmental laws. MGTM also recognises that is has an obligation to restore its mine sites to their original condition at the end of the life of the mine. Therefore, a

provision for rehabilitation and restoration has been made. Provisions also includes a provision for employee benefits.

7. As at 30 June 2016, MGTM had brought forward tax losses of $20.7 million.

5.5 Capital Structure and Ownership

MGTM's issued capital as at 4 April 2017 comprised 106,886,708 fully paid ordinary shares. The top 10 shareholders, as at this date held 92.47% of the issued capital of MGTM, as set out below:

Shareholder	Shareholding	% Total
Avira Energy Ltd	95,638,256	89.48%
John Stacpoole	599,426	0.56%
David Hugh Hall	547,302	0.51%
Anthony John Fawdon	505,603	0.47%
Huntley Custodians Ltd	348,229	0.33%
Weir River Consulting	260,620	0.24%
Chetan Enterprises Pty Ltd	250,000	0.23%
Est Darcy Owen	250,000	0.23%
Terra Search Pty Ltd	227,020	0.21%
KJ Harvey & Associates Pty Ltd	211,821	0.20%
Top ten shareholders	**98,838,277**	**92.47%**
Other	8,048,431	7.53%
Total shareholders	**106,886,708**	**100.00%**

Source: Share registry at 4 April 2017

The table below summarises shareholders by size of shareholding at 4 April 2017:

Range	No. of holders	Shares	% of Total
1 – 1,000	1,209	293,886	0.27%
1,001 – 5,000	447	973,191	0.91%
5,001 – 10,000	96	656,376	0.61%
10,001 – 100,000	125	3,636,280	3.40%
100,001 and over	27	101,326,975	94.80%
Total shareholding	**1,904**	**106,886,708**	**100.00%**

Source: Share registry at 4 April 2017

6. INDUSTRY ANALYSIS

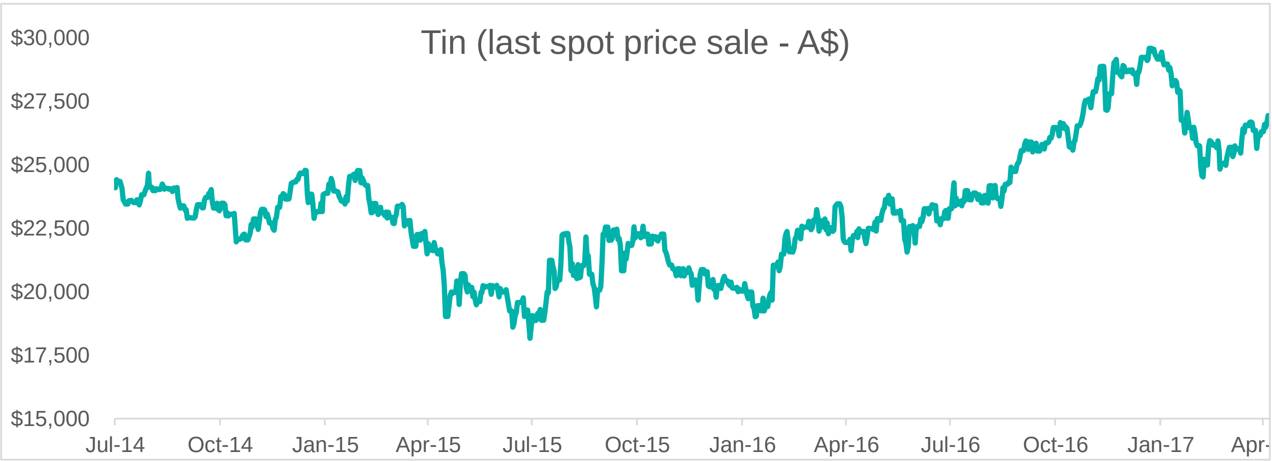
6.1 Tin[1]

Tin is a soft, durable and lightweight metal that is mainly used as an alloying agent with other metals, and as a coating or plating material. It is used to produce tinplate, solder, roofing materials, flashing, gutters and for other building and industrial purposes. Tin use in Australia consists of exports, domestic iron smelters, metal ore processors, steel processors, and battery manufacturers.

Tin falls within the manganese and other mineral mining industry. The industry as a whole is expected to generate revenue of $1.5 billion in 2016-17, declining at an annualised 5.8% over the five years through 2016-17, largely due to falls in world prices of other metals within the industry. This includes a decline of 7.9% in 2016-17 due to lower industry production volumes and weaker export revenues. Tin prices are expected to weaken slightly in 2016-17 also constraining industry revenue growth. Over the next five years, manganese and other mineral mining revenue is forecast to increase at an annualised 3.1% through to 2021-22 to $1.7 billion. Tin will account for 9.2% of industry revenue in 2016-17. This has increased as a proportion of industry revenue in the past five years due to higher output and demand, and more stable pricing compared to manganese.

China is Australia's largest export recipient of manganese and tin, and is expected to account for 46.3% of industry revenue in 2016-17 due to an increase in steel manufacturing levels in China. This upward trend from China is expected to continue to increase over the next five years.

The historical tin price movement from 1 July 2014 is set out below:



[1] IBISWorld Industry Report B0809, Manganese and Other Mineral Mining in Australia, July 2016

6.2 Gold[2][3]

Gold is both a commodity and an international store of monetary value. During periods of weak economic growth and political turbulence, the demand for gold increases as it is seen to be a safe haven investment. This is particularly evident in financial markets since gold is viewed as more resilient and less risky than world currencies. Demand for gold has an inverse relationship with global economic performance, as when the global economy improves, demand for gold and its value decreases. As a result, the onset of the global financial crisis and the recessionary environment that ensued provided a boost for the industry.

Although world gold prices declined significantly from 2013 through 2015, easing off slightly in 2016, the weak Australian dollar limited the industry's decline. As gold is traded in US dollars, the low dollar also benefitted the industry from 2014 through 2015, and will contribute to price increases in Australian dollars in 2016. Overall, in the five years through 2017, industry revenue is expected to increase at an annualised 2.6% through 2017 bringing revenue to $15.5 billion. The value of the Australian dollar will continue to influence the industry over the next five years through 2022. However, rising production costs due for lower ore quality and higher transportation costs will continue to contribute to profit declines over the coming years.

Total global gold production increased in 2016, as an increase in recycled output offset a decline in mine production. World mine production is forecast to increase by 1.7% to just over 3,318 tonnes in 2017, then decline to 3,109 tonnes in 2018. Recycled output increased by 12% year on year, contributing to the overall tonnage each year. Total gold consumption was down 18% during the first half of 2016 compared to the same period in 2011 when consumption was at its peak. World consumption is forecast to increase by 2% a year through 2018.

Australia's gold exploration expenditure increased 19% year on year to $160 million in Q1 of 2016. Exploration expenditure in Australia has been rising steadily since March 2014, motivated by higher profit margins relative to other resources and a strong Australian dollar over most of the last three years. During the back end of 2016, WA remained the largest centre of gold exploration activity, attracting 70% of total national gold exploration activity. Exploration expenditure rose by 51% in NSW. Expenditure in Queensland remained steady, while the Northern Territory declined 28%.

The historical gold price movement from 1 July 2014 is set out below:

[2] IBISWorld Industry Report B0804, Gold Ore Mining in Australia, August 2016
[3] Resources and Energy Quarterly update, December 2016

Nexia Australia

7. VALUATION METHODOLOGIES

7.1 Definition of market value

In forming our opinion as to whether or not the Proposed Transaction is fair and reasonable to the MGTM shareholders, we have assessed the value of the issued shares of MGTM on a fair value basis. RG 111 defines fair value as the amount:

"assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length..."

7.2 Selection of Methodology

RG 111 provides guidance on the valuation methods that an independent expert should consider. These methods include:

- the discounted cash flow method and the estimated realisable value of any surplus assets;
- the application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets;
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale;
- any recent genuine offers received by the target for the entire business, or any business units or assets as a basis for valuation of those business units or assets; and
- the amount that an alternative bidder might be willing to offer if all the securities in the target were available for purchase.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly applied in valuing such an asset and the availability of appropriate information.

In determining the fair value of MGTM, we have applied the realisation of assets methodology. We have determined this to be the most appropriate methodology as:

- Exploration companies generally have no history of sustainable profitability. Therefore a capitalisation of earnings approach would not be applicable to MGTM.
- The underlying value of MGTM is found in the mining and exploration tenements, which makes up a significant portion of the company's balance sheet. Therefore the realisation of assets approach is appropriate to MGTM.
- MGTM is an unlisted public company, whose shares are not traded on an exchange. Therefore we cannot consider its traded share price as an available methodology.

8. FAIR VALUE OF A SHARE IN MGTM PRIOR TO THE PROPOSED TRANSACTION

As discussed in section 4, in evaluating the transaction we have considered the fair value of MGTM on a control basis prior to the Proposed Transaction, in accordance with RG 111.

8.1 Realisation of assets of MGTM shares

The realisation of assets value reflects the value of a single MGTM share on a control basis. The concept of control reflects a shareholder's interest in a company, where that shareholder has, amongst other things, advantages such as the ability to exert influence over the strategic direction and cash flow of a company.

The fair value of a share in MGTM based on the realisation of assets methodology is set out below:

$	Note	Low	Preferred	High
Net liabilities at 31 December 2016		(7,151,187)	(7,151,187)	(7,151,187)
Adjustments:				
Adjustment to tenement value:				
Carrying value of tenements		(1,650,649)	(1,650,649)	(1,650,649)
Fair value of tenements	1	350,000	2,100,000	3,850,000
		(1,300,649)	449,351	2,199,351
Adjustment to amounts owed to AVW:				
Amount owed at 31 Dec 2016		8,046,186	8,046,186	8,046,186
Amount owed at 31 Mar 2017	2	(8,343,679)	(8,343,679)	(8,343,679)
		(297,493)	(297,493)	(297,493)
Adjusted Net Liabilities		**(8,683,329)**	**(6,933,329)**	**(5,183,329)**
Shares on issue		106,886,708	106,886,708	106,886,708
Value per share	**3**	**$0.0000**	**$0.0000**	**$0.0000**

1. Veronica Webster Pty Ltd conducted an independent valuation of the tenements as at 11 April 2017. A copy of the valuations are attached in appendix E and F. The tenement values are summarised below:

Projects:	Low	Preferred	High
Mt Garnet Tin Project	-	1,250,000	2,500,000
Pyramid Project and South Queensland Project	350,000	850,000	1,350,000
	350,000	**2,100,000**	**3,850,000**

2. At 31 March 2017, the amounts MGTM's owed to AVW under the intercompany loan agreement and through trade creditors had increased to $8.34 million.
3. As MGTM has net liabilities, no value can be attributed to MGTM's shares.

8.2 Conclusion on fair value of a controlling interest in MGTM prior to the Proposed Transaction

In determining the fair value of a controlling interest in MGTM before the Proposed Transaction by using the realisation of assets method, we have concluded that no value can be attributed to a MGTM share.

9. ASSESSMENT OF THE PROPOSED TRANSACTION

9.1 Fair value assessment of a minority interest in MGTM after the Proposed Transaction

To determine the fair value of a minority interest per share after the Proposed Transaction we have considered the fair value determined above, adjusted by the Proposed Transaction. Based on this, we have determined the fair value of a single share in MGTM after the Proposed Transaction as follows:

$	Note	Low	Preferred	High
Adjusted net liabilities as at 31 December 2016 (see above)		(8,749,329)	(6,999,329)	(5,249,329)
Adjustments:				
Cash received under the Proposed Transaction	1	1,800,000	1,800,000	1,800,000
Interest payable on Taimetco loan since 31 December 2016	2	(24,976)	(24,976)	(24,976)
Forgiveness of amounts owed to AVW	3	7,393,679	7,393,679	7,393,679
Fair value of options	4	-	-	-
Transaction costs in relation to capital raising	5	(108,000)	(108,000)	(108,000)
Interest payable on Niflheim notes to conversion	6	(28,250)	(28,250)	(28,250)
Adjusted Net Assets		**283,124**	**2,033,124**	**3,783,124**
Minority discount	7	25%	25%	25%
Fair value of MGTM on a minority basis		**212,343**	**1,524,843**	**2,837,343**
Shares on issue		106,886,708	106,886,708	106,886,708
Shares issued to Niflheim	8	320,659,900	320,659,900	320,659,900
Total shares on issue after the Proposed Transaction		**427,546,608**	**427,546,608**	**427,546,608**
Value per share on a minority basis		**$0.0005**	**$0.0036**	**$0.0066**

1. Under the Proposed Transaction, MGTM will receive $1.8 million from Niflheim in accordance with the convertible note and option agreement. The cash received will be used to repay the Taimetco loan of $1.5 million plus accrued interest of $195,534 and $100,000 paid towards settlement of the loan with AVW.
2. Since 31 December 2016, a further $24,976 of interest was incurred on the Taimetco loan. Interest was charged at the rate of 6.5% over 2 years.
3. From the $1.8 million received, $100,000 was transferred to AVW to reduce the intercompany loan on 4 April 2017. The Proposed Transaction is conditional upon the loan to AVW being forgiven to a remaining balance of $850,000. As at 31 March 2017, MGTM owed AVW $7.14 million under the loan and owed approximately $1.2 million in trade creditors, which we understand will also be forgiven. A total loan forgiveness of approximately $7.39 million, after the repayment of $100,000. MGTM has received advice that there will be no tax consequences to MGTM of the debt forgiveness due to available tax losses.
4. The value of the 70 million options provided to Niflheim as part of the Proposed Transaction has been determined using the Black-Scholes pricing model. The key assumptions applied are set out below:
   - Fair value of a share in MTGM $0.0000
   - 5 year volatility 137.3%
   - Australian Government 5 year debt 2.01%
   - Exercise price $0.00561

5. MGTM will pay Niflheim's nominees a 1% management fee and 5% capital raising fee on funds raised.
6. In order to repay the Taimetco loan, funds have been drawn down under the Agreement. Interest is payable on the amounts drawn down at 10% for the first two months from the note drawdown date, then 15% thereafter. The interest above is based on a drawdown of $950,000 in March 2017 and a further drawdown of $750,000 as the beginning of April 2017, with the conversion of the note to shares occurring at the beginning of June 2017.
7. As the net asset valuation reflects the fair value on a control basis, a minority discount has been applied to determine the value of MGTM on a minority basis.
8. Under the Proposed Transaction, MGTM will issue 320,659,900 ordinary shares to satisfy the convertible note.

9.2 Conclusion as to fairness of the Proposed Transaction

As discussed in section 4, in determining whether the Proposed Transaction is fair to the MGTM shareholders, we have compared the fair value of a single MGTM share on a control basis prior to the Proposed Transaction to the fair value of a single MGTM share on a minority basis after the Proposed Transaction. This is summarised below:

$	Low	Preferred	High
Fair value of a share in MGTM on a control basis prior to the Proposed Transaction	$0.0000	$0.0000	$0.0000
Fair value of a share in MGTM on a minority basis after the Proposed Transaction	$0.0005	$0.0036	$0.0066

As the fair value of a single MGTM share on a minority basis after the Proposed Transaction is greater than the fair value of a single MGTM share on a control basis prior to the Proposed Transaction, **we have concluded that the Proposed Transaction is fair**.

9.3 Assessment of reasonableness of the Proposed Transaction

9.3.1 Approach to assessing Reasonableness

In forming our conclusions in this Report, we have compared the advantages and disadvantages to shareholders if the Proposed Transaction proceeds.

9.3.2 Advantages of the transaction

We outline below potential advantages of the Proposed Transaction:

Advantage	Explanation
Funding will be received to repay maturing debt	Niflheim has invested $1.8 million cash into MGTM which has been used to repay the Taimetco secured loan of $1.5 million plus interest of $195,534. The Taimetco secured loan was due and payable on 31 March 2017.
The majority of debt payable to AVW will be forgiven significantly reducing MGTM's net liability position	As at 31 March 2017, MGTM owed $7.14 million to AVW in accordance with an intercompany loan agreement, plus approximately $1.2 million of trade creditors. As part of the Proposed Transaction, AVW has agreed to forgive a significant portion of this debt, to the point that only $850,000 remains. This, plus the conversion of Niflheim's note or ordinary shares, will eliminate MGTM's debt completely and significantly reduce MGTM's net liability position.
Funding will potentially be available to develop MGTM's exploration assets	Through having Niflheim as a major shareholder, MGTM will have access to further investment to carry out exploration activity on its assets.

9.3.3 Disadvantages of the transaction

We outline following the potential disadvantages of the Proposed Transaction:

Disadvantage	Explanation
Niflheim will have a 75% interest (78.53% on exercise of the options) and the right to appoint the majority of directors giving Niflheim control of MGTM	The effect of the Proposed Transaction would be that AVW's interest in MGTM would decrease from 89.48% to 19.22% and Niflheim's interest would increase from 0% to 78.52%, on a fully diluted basis. In addition to this, Niflheim will also be appointing two executive directors to the board of MGTM, and will be running the day to day operations.
Some of the existing tax losses may be utilised on the forgiveness of the debt	MGTM had tax losses of $20.7 million at 30 June 2016. As part of the Proposed Transaction, MGTM will have approximately $8.3 million (based on balances at 31 March 2017) of debt forgiven that may utilise these losses.

9.3.4 Alternative to the Proposed Transaction

The Directors have advised us that there are currently no other alternatives to the Proposed Transaction.

9.3.5 Implications of the Proposed Transaction not proceeding

If the Proposed Transaction is not approved, the conditional converting note will not convert into MGTM ordinary shares and the $1.8 million will become due and payable. The Directors have advised us that if this occurred, MGTM would be required to enter voluntary administration.

9.4 Conclusion as to Reasonableness of Proposed Transaction

In accordance with RG 111, a transaction is reasonable if:

- the transaction is fair; or
- despite not being fair, but considering other significant factors, shareholders should obtain an overall benefit if the transaction proceeds.

As the Proposed Transaction is fair and, taking into account other significant factors, **we have concluded that the Proposed Transaction is reasonable.**

9.5 Opinion on Proposed Transaction

Accordingly, in our opinion, the Proposed Transaction is fair and reasonable to the non-associated shareholders of MGTM.

The ultimate decision on whether to approve the Proposed Transaction should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Shareholder Meeting, and consider their own specific circumstances before voting in favour of or against the Proposed Transaction.

10. ASSESSMENT OF THE COLLATERAL BENEFIT

10.1 Description of the Collateral Benefit

The Proposed Transaction is conditional upon MGTM paying $100,000 to AVW and AVW subsequently procuring forgiveness of the inter-company loan between to MGTM and AVW to a balance of $850,000. The balance of $850,000 is due and payable within 90 days either through the repayment of cash or through the transfer of MGTM's gold assets to AVW as full settlement.

As at 31 March 2017, MGTM owed AVW $8.34 million. Of this amount $7.1 million was owed under a loan agreement, which is varied under the conditions of the Proposed Transaction, and the remaining $1.2 million was included within trade creditors.

Key terms in respect of the original loan agreement dated 21 March 2012 are:

- interest is accrued on the outstanding principal daily and is payable quarterly unless AVW agrees to capitalise the amount to the loan
- all amounts under the loan agreement are due and payable on demand unless otherwise specified
- all loan repayments are required to be made in cash
- AVW's loan to MGTM is unsecured
- all amounts become due and payable on demand in the event that AVW is unable to pay debts when they fall due

The original agreement was amended on 11 May 2017 such that the repayment of the loan can be made in cash or through the transfer of MGTM's gold assets. It further notes that no further interest is payable on the $850,000 and that the transfer of MGTM's gold assets will constitute a full settlement of the outstanding loan.

10.2 Assessment of the Collateral Benefit

10.2.1 AVW's position prior to the Collateral Benefit

In determining whether or not AVW has received a net benefit we have considered the position of AVW before entering into the agreement with Niflheim to AVW's position after entering the agreement with Niflheim on which the amendments in the loan agreement between AVW and MGTM were conditional.

We have considered the position as follows:

	Note	Low	Mid	High
Total assets of MGTM at 31 December 2016	**1**	**2,819,766**	**2,819,766**	**2,819,766**
Adjust for market value of tenements				
- carrying value	2	(1,650,649)	(1,650,649)	(1,650,649)
- fair value of tenements	2	350,000	2,100,000	3,850,000
Available to creditors		**1,519,116**	**3,269,116**	**5,019,116**
Secured creditor				
Taimetco	3	(1,695,000)	(1,695,000)	(1,695,000)
Amount available to unsecured creditors	**4**	**-**	**1,574,116**	**3,324,116**
Unsecured dividend allocation				
AVW – 98.9% pro rata	5	-	1,556,686	3,287,307
Other creditors – 1.1% pro rata	5	-	17,431	36,809
		-	1,574,116	3,324,116

Notes:

1. This reflects the total assets of MGTM as set out in section 5.4.2
2. Veronica Webster Pty Ltd conducted an independent valuation of the tenements as at 11 April 2017. A copy of the valuations are attached in appendix E and F. The tenement values are summarised below:

Projects:	Low	Preferred	High
Mt Garnet Tin Project	-	1,250,000	2,500,000
Pyramid Project and South Queensland Project	350,000	850,000	1,350,000
	350,000	**2,100,000**	**3,850,000**

3. A total of $1,695,000 was paid in settlement of the Taimetco loan. This loan was secured over the assets of MGTM and immediately prior to the Proposed Transaction would have ranked in payment ahead of any returns to AVW on its unsecured lending.
4. MGTM has no employees therefore, the residual amount is considered payable to the unsecured creditors on a pro rata basis.
5. As at 31 March 2017, MGTM had the following unsecured creditors:

	%	$
AVW loan agreement		7,144,922
AVW trade creditors		1,199,000
Total owed to AVW	**98.9%**	**8,343,922**
Other unsecured creditors	1.1%	93,430
		8,437,352

Source: MGTM's unaudited management accounts

10.2.2 Conclusion as to net benefit

We summarise the position in relation to the collateral benefit to AVW below:

		Low	Mid	High
AVW position prior to the Collateral Benefit		-	1,556,686	3,287,307
Position after the Collateral Benefit				
Initial repayment	1	100,000	100,000	100,000
Repayment of loan or transfer of gold assets	2	350,000	850,000	1,350,000
		450,000	950,000	1,450,000
Net benefit	**3**	**450,000**	**-**	**-**

Notes

1. As part of the Proposed Transaction, AVW received $100,000 of the loan repaid in cash.
2. In considering the potential benefit received by AVW we have considered the low, mid and high valuation of the gold assets under the Veronica Webster valuation.

The analysis above identifies that at the low valuation for the gold assets, AVW receives a net benefit but that under the mid and high valuations of the gold assets, no benefit is received.

10.3 Other matters relevant to the Collateral Benefit

In forming our conclusions in this Report, we have compared the advantages and disadvantages to shareholders if the Collateral Benefit is provided.

10.3.1 Advantages of the provision

We outline below potential advantages of the Collateral Benefit:

Advantage	Explanation
MGTM will no longer have a significant loan payable on demand outstanding	The loan from AVW is repayment on demand from AVW. As such AVW is in a position to place MGTM under financial pressure to recover its loan. After the forgiveness of the loan and trade creditors, AVW will no longer be in a position to do this.
Following the forgiveness of the debt and Collateral Benefit AVW will only hold ordinary shares and will not have any preferential rights to ordinary shareholders	With the trade creditor and loan in place, AVW is in a preferential position to other shareholders on any return of capital. Following the debt forgives and the Collateral Benefit, AVW will be in the same position as other shareholders.
The Proposed Transaction is fair and reasonable to the non-associated shareholders	As set out in section 9 we have concluded that the Proposed Transaction is fair and reasonable to the non-associated shareholders taking into account the impact of the Collateral Benefit.

10.3.2 Disadvantages of the provision

We outline following the potential disadvantages of the Collateral Benefit:

Disadvantage	Explanation
MGTM may no longer hold gold assets with future exploration opportunity	If the Collateral Benefit is satisfied through the transfer of MGTM's gold assets, then MGMT will lose the opportunity to further explore and develop these assets in the future.

10.4 Opinion on Collateral Benefit

As AVW receive a net benefit at the low valuation for the tenements, **in our opinion AVW will receive a net benefit from the Collateral Benefit.**

The ultimate decision on whether to approve the Collateral Benefit should be based on shareholders' own assessment of their circumstances. We strongly recommend that shareholders consult their own professional advisers, carefully read all relevant documentation provided, including the Notice of Shareholders Meeting, and consider their own specific circumstances before voting in favour of or against the Collateral Benefit.

APPENDIX A – GLOSSARY

Term	Definition
1H2016	six months to 31 December 2016
AFSL	Australian Financial Services Licence Number 247300
Agreement	Converting Note and Option Agreement between MGTM and Niflheim
APES 225	Accounting Professional and Ethical Standards 225 for valuation engagements
ASIC	Australia Securities and Investment Commission
ASX	Australian Securities Exchange
AVW	Avira Energy Ltd (ACN 131 715 645)
Client	MGTM
Collateral Benefit	The repayment of $100,000 in cash and $850,000 owed by MGTM to AVW as a condition of the Proposed Transaction either in cash or through the transfer of MGTM's
Company or MGTM	MGT Mining Ltd (ACN 120 236 142)
Corporations Act	Corporations Act 2001 (Cth)
Document	Notice of Shareholders Meeting
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FY2014	the financial year ended or as at 30 June 2014
FY2015	the financial year ended or as at 30 June 2015
FY2016	the financial year ended or as at 30 June 2016
GN21	Takeover Panel Guide Guidance Note 21 Collateral Benefits
Nexia Entities	NSCA, Nexia Sydney Partnership, and related entities
Niflheim	Niflheim Resources Pte Ltd (Singapore company number 201417253R)
Notice of Shareholder Meeting	Document to be sent to shareholders on or about the date of this Report in which this Report is included
NSCA	Nexia Sydney Corporate Advisory Pty Ltd
NSFS	Nexia Sydney Financial Solutions Pty Ltd (AFSL 247300)
Proposed Transaction	The issue of ordinary shares and options to Niflheim Resources Pte Ltd in satisfaction of the convertible note
Report	Independent Expert's Report
RG111	ASIC Regulatory Guide 111: Content of expert Reports
RG74	ASIC Regulatory Guide 74: Acquisitions approved by members
RG9	ASIC Regulatory Guide 9: Takeover Bids
Taimetco	Taimetco International Co., Limited

APPENDIX B – SOURCES OF INFORMATION

- APES 225 – Valuation Services
- Australia Securities and Investment Commission's (ASIC) database
- Audited consolidated financial statements of MGTM for the years ended 30 June 2014 and 2016
- Consolidated financial statements of MGTM for the year ended 30 June 2015
- Consolidation schedule of AVW for the six months to December 2016
- Draft Notice of Meeting and Explanatory Memorandum prepared by MGTM
- General Security Deed between MGTM and Niflheim
- Half year Report of AVW for the six months to 31 December 2016
- Independent Geologist's Valuation of MGT Mining Limited's Gold Assets in Queensland as at 11 April 2017
- Independent Valuation of the Tin Properties of MGT Mining Limited as at 11 April 2017
- Management Accounts of MGTM at 31 March 2016
- MGTM's share register as at 4 April 2017
- ASIC Regulatory Guide 74: Acquisitions approved by members
- ASIC Regulatory Guide 111: Content of expert Reports
- ASIC Regulatory Guide 112: Independence of expert's Reports
- S&P Capital IQ
- Secured Converting Note & Option Agreement between MGTM and Niflheim
- Takeover Panel Guidance Note 21: Collateral Benefit
- Loan agreement between MGTM and AVW dated 21 March 2012
- Variation to the loan agreement between MGTM and AVW dated 11 May 2017

APPENDIX C – STATEMENT OF DECLARATION & QUALIFICATIONS

Confirmation of Independence

Prior to accepting this engagement Nexia Sydney Corporate Advisory Pty Ltd ("NSCA") determined its independence with respect to MGTM with reference to ASIC Regulatory Guide 112: Independence of expert's Reports ("RG 112"). NSCA considers that it meets the requirements of RG 112 and that it is independent of MGTM.

Also, in accordance with s648(2) of the Corporations Act we confirm we are not aware of any business relationship or financial interest of a material nature with MGTM its related parties or associates that would compromise our impartiality.

Mr Brent Goldman, authorised representative of NSCA, has prepared this Report. Neither he nor any related entities of NSCA have any interest in the promotion of the Proposed Transaction nor will NSCA receive any benefits, other than normal professional fees, directly or indirectly, for or in connection with the preparation of this Report. Our fee is not contingent upon the success or failure of the Proposed Transaction, and has been calculated with reference to time spent on the engagement at normal professional fee rates for work of this type. Accordingly, NSCA does not have any pecuniary interests that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion under this engagement.

NSCA provided a draft copy of this Report to the Directors and management of MGTM for their comment as to factual accuracy, as opposed to opinions, which are the responsibility of NSCA alone. Changes made to this Report, as a result of the review by the Directors and management of MGTM, have not changed the methodology or conclusions reached by NSCA.

Reliance on Information

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report NSCA has relied upon information provided on the basis it was reliable and accurate. NSCA has no reason to believe that any information supplied to it was false or that any material information (that a reasonable person would expect to be disclosed) has been withheld from it. NSCA evaluated the information provided to it by MGTM as well as other parties, through enquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base its Report. Accordingly, we have taken no further steps to verify the accuracy, completeness or fairness of the data provided.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards. NSCA does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its enquiries could have verified any matter which a more extensive examination might disclose.

The sources of information that we relied upon are outlined in Appendix B of this Report.

Qualifications

NSCA carries on business at Level 16, 1 Market Street, Sydney NSW 2000. NSCA is an authorised corporate representative of Nexia Sydney Financial Solutions Pty Ltd, which holds Australian Financial Services Licence No 247300 authorising it to provide financial product advice on securities to retail clients. NSCA's representatives are therefore qualified to provide this Report.

Brent Goldman specifically was involved in the preparing and reviewing this Report. Brent Goldman is a Fellow of Chartered Accountants in Australia and New Zealand, a Business Valuation Specialist of Chartered

Accountants in Australia and New Zealand and a Fellow of the Financial Services Institute of Australasia. He has over 15 years of corporate finance experience in both Australia and the UK.

Consent and Disclaimers

The preparation of this Report has been undertaken at the request of the Directors of MGTM. It also has regard to relevant ASIC Regulatory Guides. It is not intended that the Report should be used for any other purpose than to accompany the Notice of Shareholder Meeting to be sent to MGTM shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of NSCA's opinion as to whether or not the Proposed Transaction is fair and reasonable to MGTM shareholders.

NSCA consent to the issue of this Report in the form and context in which it is included in the Notice of Shareholder Meeting to be sent to MGTM shareholders.

Shareholders should read all documents issued by MGTM that consider the issue of options in their entirety, prior to proceeding with a decision. NSCA had no involvement in the preparation of these documents, with the exception of our Report.

This Report has been prepared specifically for the non-associated shareholders of MGTM. Neither NSCA, nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of MGTM, in respect of this Report, including any errors or omissions howsoever caused. This Report is "General Advice" and does not take into account any person's particular investment objectives, financial situation and particular needs. Before making an investment decision based on this advice, you should consider, with or without the assistance of a securities advisor, whether it is appropriate to your particular investment needs, objectives and financial circumstances.

Our procedures and enquiries do not include verification work, nor constitute an audit or review in accordance with Australian Auditing Standards.

Our opinions are based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Furthermore, financial markets have been particularly volatile in recent times. Accordingly, if circumstances change significantly, subsequent to the issue of this Report, our conclusions and opinions may differ from those stated herein. There is no requirement for NSCA to update this Report for information that may become available subsequent to its date.

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APPENDIX D – VALUATION METHODOLOGIES

In preparing this Report we have considered valuation methods commonly used in practice and those recommended by RG 111. These methods include:

- the discounted cash flow method;
- the capitalisation of earnings method;
- asset based methods; and
- analysis of share market trading.

Discounted Cash Flow Method

Description

Of the various methods noted above, the discounted cash flow method has the strongest theoretical standing. It is also widely used in practice by corporate acquirers and company analysts. The discounted cash flow method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A discounted cash flow valuation requires:

- a forecast of expected future cash flows;
- an appropriate discount rate; and
- an estimate of terminal value.

It is necessary to project cash flows over a suitable period of time (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue growth, future margins, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under capitalisation of future maintainable earnings below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows.

The discounted cash flow method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All of these assumptions can be highly subjective sometimes leading to a valuation conclusion presented as a range that is too wide to be useful.

Use of the Discounted Cash Flow Method

A discounted cash flow approach is usually preferred when valuing:

- early stage companies or projects;
- limited life assets such as a mine or toll concession;
- companies where significant growth is expected in future cash flows; or
- projects with volatile earnings.

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support a capitalisation of earnings approach. However, it may not be appropriate if reliable forecasts of cash flow are not available and cannot be determined.

Capitalisation of Earnings Method

Description

The capitalisation of earnings method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a discounted cash flow, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The capitalisation of earnings methodology involves the determination of:

- a level of future maintainable earnings; and
- an appropriate capitalisation rate or multiple.

A multiple can be applied to any of the following measures of earnings:

Revenue – most commonly used for companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

EBITDA - most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

EBIT - in most cases EBIT will be more reliable than EBITDA as it takes account of the capital intensity of the business.

NPAT - relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g. financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT value the whole businesses, or its enterprise value irrespective of the gearing structure. NPAT (or P/E) values the equity of a business

The multiple selected to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money all wrapped up in a single number. Multiples can be derived from three main sources.

Using the guideline public company method, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business and that are actively traded on a free and open market, such as the ASX or the NSX. The merger and acquisition method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business. In Australia this has been called the comparable transaction methodology.

Use of the Capitalisation of Earnings Method

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. This method is less appropriate for valuing companies or assets if:

- there are no suitable listed company or transaction benchmarks for comparison;
- the asset has a limited life;
- future earnings or cash flows are expected to be volatile; or
- there are negative earnings or the earnings of a business are insufficient to justify a value exceeding the value of the underlying net assets.

Asset Based Methods

Description

Asset based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset based methods including:

- orderly realisation;
- liquidation value;
- net assets on a going concern basis;
- replacement cost; and
- reproduction cost.

The orderly realisation of assets method estimates Fair Market Value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame.

Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimate the market values of the net assets of a company but do not take account of realisation costs.

The asset / cost approach is generally used when the value of the business's assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than an economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset approach would be the most appropriate method.

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Use of Asset Based Methods

An asset-based approach is a suitable valuation method when:

- an enterprise is loss making and is not expected to become profitable in the foreseeable future;
- assets are employed profitably but earn less than the cost of capital;
- a significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments); or
- it is relatively easy to enter the industry (for example, small machine shops and retail establishments).

Asset based methods are not appropriate if:

- the ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets; or
- a business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets.

Analysis of Share Trading

The most recent share trading history provides evidence of the Fair Market Value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

Nexia Australia

APPENDIX E – INDEPENDENT GEOLOGIST'S VALUATION OF MGTM'S GOLD ASSETS

VERONICA WEBSTER PTY. LIMITED
(Incorporated in Queensland; ACN 010 299 224)
Consultants to the Mining Industry
Les W Davis - Minerals Exploration Consultant

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POSTAL ADDRESS: P O Box 619, Hamilton QLD 4007

11th April 2017

The Directors
MGT Mining Limited
Suite 13.05, Level 13,
109 Pitt St., Sydney,
NSW 2000, Australia.

Dear Directors,

RE: INDEPENDENT GEOLOGIST'S VALUATION OF MGT MINING LIMITED'S GOLD ASSETS IN QUEENSLAND.

MGT Mining Limited ("MGTM") requested Veronica Webster Pty. Limited ("VWPL") to update an Independent Geologist's Valuation Report ("Valuation") on nominated gold assets in Queensland prepared by VWPL for MGTM in September 2014. The Valuation will be included in a notice of meeting within an Independent Expert Report, prepared by the Nexia accountancy group and by MGTM's auditors for the June 2017 audit.

Tenements

The gold tenements nominated for the Valuation update are the properties of Yarrol, Mount Steadman and Gooroolba, in south-east Queensland and Pyramid in central Queensland.

At the properties of Yarrol, Gooroolba and Mount Steadman, MGTM has carried out reviews with very minor surface sampling at Mount Steadman and is attempting to farm-out the projects. Modest exploration programs and budgets have been submitted to support renewal of the tenements and MGTM reports that they have all been granted.

At the Pyramid project, exploration programs and budgets were submitted to support renewal of the tenement EPM 12887 and renewal was successful. There are 63 granted sub blocks that have been added to the EPM holding at Pyramid, since September 2014, see Figure 1.

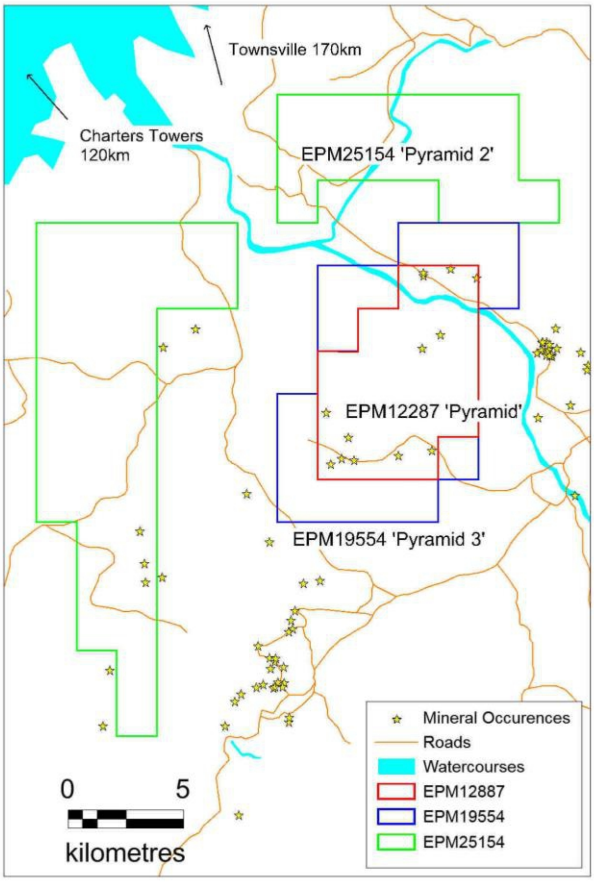

Figure 1. Pyramid projects – updated tenure.

MGTM decided to strengthen the EPM holding in the area, based on positive results at the Pyramid project. In particular Pyramid 3 was of interest, given its location along strike, to the northeast and southwest) of the zone of interest within EPM12887. We note that this was partially made up of ground that was previously relinquished by MGTM. Part of Pyramid 2 is also along strike of this area, and part covers the prospective intersection between Anakie metamorphics and the Saint Anns formation sediments.

MGTM has relinquished five of the 30 sub-blocks from Gooroolba, EPM15426.

These are the only changes to tenements since the Valuation in 2014.

Pyramid exploration

At Pyramid, in 2015, a 23-hole program mainly investigated the Gettysberg prospect, targeting highest priority gold mineralised zones with the strongest potential to lift the volume and grade of gold resources along the West Pyramid Fault Zone. Surface geochemistry and geological prospecting carried out in 2014 and 2015 was used to identify the highest quality targets. Although, the mineralisation remains prospective, where drilled it is low-grade with scattered high-grade intersections.

At Gettysburg mineralisation, Terra Search carried out a modelling exercise to give very similar results to a theoretical grade/tonnes estimation for a resource of some 5 million tonnes grading 0.4 g/t gold. This produced ~7600 ounces and a grade of 1.6 g/t gold using a

1.0 g/t gold lower cut-off (compare Yarrol: about 60,000 ounces at 1.6 g/t gold mean grade using 0.5 g/t gold arbitrary bottom cut-off). The key word here is theoretical as the high-grade at Gettysberg would be impossible to mine profitably, but it confirms the visual perception of numerous uncorrelatable intersections, too far apart to be mined in bulk. MGTM still need to discover a mineable resource, either high-grade or low-grade and the ultimate target, a substantial high-grade component remains elusive.

Valuation

The EPMs have been valued separately, by Expected Value methods, refer Valuation of Gold Assets, September 2014. In February 2016, VWPL updated the Valuation and considered the technical aspects discussed above. Since February 2016, MGTM advises that no field work has taken place and there has been no additional interpretation of past results that would alter conclusions reached at that time.

VWPL concludes that in terms of technical prospectiveness, there has been insignificant change to the properties, since 2014, apart from the new EPM acquisition.

From the economical viewpoint; when we compare gold prices and exchange rates in September 2014 with February 2016 and April 2017, the A$-gold prices for 2016 and 2017 are quite similar. The results are in the following Table.

Date	Gold US$ per ounce	A$/US$	Gold A$ per ounce
Sep 2014	1220	0.90	1356
Feb 2016	1227	0.72	1680
Apr 2017	1256	0.76	1652

In January 2016, 32 Resource Companies enjoyed a share price rise of greater than 50% of which nearly half were gold companies that were producing. This is in response to the surge in gold price. However, this has not flowed through to those companies which are only explorers for gold.

The industry emerged from a downturn in prices that began in about 2011 and from early 2016 to 2017, the gold price has ranged from around US$1100 to around US$1300, averaging around US$1250 per ounce, see Figure 2.

Figure 2. Gold prices 2008 to 2017; source *www.macrotrends.net/1333/historical-gold-prices*

VWPL does not believe that in 2017 there have been enough changes in material information and industry and financial sentiment to adjust the Valuation of gold assets from that of September 2014 and the update in early 2016 for the drilling at Pyramid (Gettysburg and associated prospects). Also, it would imply a level of precision that we do not have in this speculative exercise. The value for Yarrol has been adjusted upwards slightly as the recoverable contained gold is more valuable but we are disinclined to do the same for the low-grade Mount Steadman.

We have noted that since the end of 2016, there has been slightly more confidence in the exploration sector of the mining industry but explorers and investors are far more interested in projects containing resources.

Summary Valuation Table as at April 2017

Project/Prospect	**HIGH**	**LOW**	**PREFERRED**
South-east Queensland			
Yarrol	0.70	0.15	0.40
Mount Steadman	0.20	0.05	0.10
Gooroolba	0.10	0.05	0.05
Central Queensland			
Pyramid (Gettysberg EPM 12887)	0.20	0.05	0.20
Pyramid (New EPMs)	0.15	0.05	0.10
TOTAL	**1.35**	**0.35**	**0.85**

If this Valuation is included in any document it must include the September 2014 Valuation as an Appendix.

Yours sincerely,

For and on behalf of **Veronica Webster Pty Limited.**

Les Davis

Patrick Scott

VERONICA WEBSTER PTY. LIMITED
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Consultants to the Mining Industry
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POSTAL ADDRESS: P O Box 619, Hamilton QLD 4007

25th September 2014

Dr Verity Borthwick, Operations Geologist
MGT Resources Limited
Suite 2.05B, Level 2,
68 York St., Sydney,
NSW 2000, Australia.

Dear Verity

RE: INDEPENDENT GEOLOGIST'S VALUATION OF MGT RESOURCES LIMITED GOLD ASSETS IN QUEENSLAND.

1.0 INTRODUCTION

1.1 Outline of commission

MGT Resources Limited ("MGTR") commissioned Veronica Webster Pty. Limited ("VWPL") to provide an Independent Geologist's Valuation Report ("Valuation") on nominated gold assets of in Queensland. The tenements are held in the name of MGTR's 89.48%-owned subsidiary MGT Mining Limited, and those nominated for Valuation are the Mineral Properties of Yarrol, Mount Steadman and Gooroolba, in south-east Queensland and Pyramid in central Queensland.

These properties were previously assessed by VWPL in 08 March 2010 (updated 21 October 2010) for DMR Corporate Pty Limited of Melbourne: report entitled, **Independent Valuation of the Mineral Properties of Xtreme Resources Limited.** MGTR has carried out limited exploration activity on the relevant Mineral Properties since that report was completed.

VWPL understands that MGTR may use the Valuation of gold assets to transfer those assets to another related company. Mr. L Davis of VWPL has prepared the Valuation Report and consulted with Mr. P N Scott, mining engineer. The views and conclusions expressed in this report are solely those of VWPL, L W Davis and associate Mr P N Scott.

1.2 Personnel

Mr. L W Davis who is a duly authorised representative and director of VWPL will supervise the Reporting. VWPL will engage Mr P N Scott, mining engineer, of P S Associates Pty Limited to assist in the valuation and the Resource reviews. Mr Scott assisted Mr Davis with the valuations of these tenements in 2010. Mr Scott is a duly authorised representative of VWPL and therefore has the ability to sign off on reporting.

Mr. Davis has had 40-years experience in the minerals industry, particularly exploration for precious metals and base metals, mining geology, ore resource/reserve estimation and property evaluation. He held senior positions with Electrolytic Zinc Co of Australasia Limited, Freeport Minerals Corporation of Australia, Tenneco Oil & Minerals and Amad NL before joining Veronica Webster Pty Limited in 1985. Mr. Davis is a registered Chartered Professional (Geology) and is affiliated with The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

His principle qualification is Bachelor of Science (Special Geology) Leics., UK. His professional affiliations are as follows:-

Fellow - The Australasian Institute of Mining & Metallurgy:103477
Chartered Professional Geology CPGeo
Fellow - Australian Institute of Geoscientists
Member -Geological Society of Australia

Mr P N Scott of PS Associates Pty Limited assisted in the Valuation Report. Mr Scott has over 30-years experience in the minerals industry, particularly mining for precious metals and base metals; has held senior positions with Mungana Goldmines Ltd, Ivernia Inc, Otter Gold Mines Group, Normandy Group, Aztec Mining and a number of overseas mining companies. His responsibilities have frequently included the evaluation and subsequent development of open pit and underground ore bodies.

Mr Scott holds an honours degree in mining engineering from the Royal School of Mines London (UK), is an Associate of the Royal School of Mines (UK), is a Fellow of the Australian Institute of Mining and Metallurgy, a member of the Institute of Materials (UK), and is a Chartered Engineer (UK).

Mr Scott holds first class mine manager certificates for both the Northern Territory and Western Australia for the management of open pit and underground metalliferous mines.

1.3 Tenements

The tenement areas have changed for some Mineral Properties since 2010, but MGTR has ensured that all the known prospective ground is secure. Therefore VWPL considers that tenement changes have a bearing on this current Valuation.

Mount Steadman gold prospect is located south of the township of Mt Perry. It is subject to a 5% net proceeds royalty, originally to Probe Resources NL, now with Equatorial Coal Limited. The existence of this royalty significantly detracts from the value of the property, together with the statutory state royalty, and any settlement reached with aboriginal land claimants, makes the future development of this property highly unlikely.

1.4 Information and data perusal

The majority of information was available in 2010 and perused for the Valuation of that year. This has been reassessed along with the results of ground inspections, geochemical sampling work and drilling carried out by MGTR. More extensive information is contained in the 2010 Valuation Report, which has been appendiced.

Since 2010, at Yarrol and Mount Steadman, MGTR only visited the sites for orientation and carried out some sampling at Mount Steadman.

Yarrol

At Yarrol, mineralisation is associated with a sodic-altered tonalite in diorite-gabbro terrane but dissimilar to classic porphyry copper systems elsewhere in Australia or overseas. The deposits have been extensively drilled over a number of years and Indicated Resources have been defined (reference Gallo 1996 and 2006; Murray 2007); too small to be economic.
877,000 t @ **1.6** g/t Gold Yarrol North
273,000 t @ **1.5** g/t Gold Central Ridge

VWPL considers that it is possible a small scale heap leach operation could be considered for Yarrol North, subject to metallurgical testing of the amenability of the unweathered material to heap leach extraction. A key issue with Yarrol North is the fact that 86% of the ore identified is primary; with only 14% oxide (any further down dip drilling will increase the primary ore tonnage). It is likely a gold price of plus USD$1500/ounce would be required to make this economic (subject to exchange rate).

Mount Steadman

Mount Steadman is considered to belong to a class of bulk-style mineralisation known as intrusion-related gold deposits ("IRGS"), which was under-recognized until around a decade ago. IRGS are an economically important class of intrusion-related gold deposits that are hosted primarily within or in the immediate wall rocks to intrusions and show distinct chemical characteristics different to other bulk systems such as porphyry copper systems.

IGRS are now sought eagerly because they do form rich gold deposits in their own right. Copper-molybdenum porphyry deposits on the other hand often have gold as a bi-product but it is generally very low-grade gold. Therefore it is important to recognize the IGRS environment. The most commonly discussed IGRS is that of Fort Knox (>5 million ounces gold) in Alaska. The Pogo gold deposit (~9 million tonnes at an average grade of 17.7 g/t gold; >5.0 million ounces) also in Alaska is a high grade example of an intrusion-hosted IGRS and extremely valuable.

The Mount Steadman resources are defined by some 50 drill holes, drilled by various companies since the mid 1970's. Historic mining on the lease dates back to the late 1800's, with a number of small high grade mines being worked intermittently until the 1940's. An uneconomic Indicated Resource 1,200,000 tonnes grading 0.9 g/t gold has been estimated (Gallo 1996). At current gold prices the economics of trucking this material to the nearby Mount Rawdon processing plant are unfavourable (a grade of plus 2 g/t gold would be required to justify examining this option). A small scale heap leach operation could be considered if test work shows the resource is amenable to heap leach, if gold prices improve from current levels. The 5% NSR royalty, mentioned previously, will be a major impediment to any future development at Mount Steadman.

At Mount Steadman, in an effort to generate another exploration target, MGTR collected six samples situated within a previously defined 0.5 - 1.0 ppm gold in soils anomaly at a site known as Fitzroy North. Grab and rock chip samples were collected with a deliberate bias for either granite or quartz in an area of quartz veined granite outcrop and float, within the gold anomaly. A shallow prospecting shaft situated at the southern end of the Fitzroy Prospect was dump sampled and a 0.5m-wide pale grey quartz vein was channel sampled. All gold assay results were less than 1 ppm.

Gooroolba

The geology within Gooroolba (EPM15426) is dominated by acid to intermediate volcanics and minor sediments of the Triassic volcaniclastics which has been intruded by late Triassic dacitic and rhyolitic phases. The area covered by the tenement was considered prospective for intrusive related gold and copper mineralization (including “porphyry” styles).

The area is considered prospective for intrusive related gold-copper mineralisation (including “porphyry” styles) but there are no resources.

MGTR field investigations were focused on areas considered to be prospective for gold and base metals, particularly those with recorded mineral occurrences or in catchments containing reported stream sediment gold anomalies. The investigations did not establish definitive explanations for the reported catchment gold anomalies. A total of 21 rock chip samples at old workings gave elevated assay results.

Pyramid

The Drummond Basin region is important for economic gold deposits such as Pajingo, Yandan and Wirralie - high-grade gold mineralisation of the low-sulphidation, epithermal style.

The Pyramid tenement contains several prospects showing gold bearing epithermal style quartz veins and a low-grade gold zone containing patchy higher-grade intersections has been discovered at Gettysberg prospect in several older drill campaigns.

MGTR carried out a reverse circulation percussion drilling (“RC”) program at Gettysberg prospect in 2012. The 11 hole (1265m program) was completed and intersected significant gold mineralisation over sizeable downhole widths in holes drilled over a 350m strike length. The aim of the program was to target mineralisation underneath and along strike from previous drilling. Preliminary modelling of drill sections shows that mineralisation is open at depth on some sections, and probably plunging to the north east. Gold mineralisation appears to be associated with fine sulphide-graphite-chlorite network veining and quartz-sericite-pyrite alteration within sediments.

Table 7. Significant drill intercepts from 2012 drilling campaign

Hole ID	Northing MGA55	Easting MGA55	Total depth (m)	Azimuth Regional	Dip	From (m)	To (m)	Interval (m)	Au (g/t)
MGTRC01	508073.2	7690916.2	109	116.1	-60	34	104	**70**	**0.25**
MGTRC02	508163.5	7690879.9	153	295.6	-60	86	153	**67**	**0.59**
Including						130	152	**22**	**1.03**
MGTRC03	508039.7	7690935.8	150	116.1	-60	48	148	**100**	**0.47**
MGTRC04	508109.2	7690774.8	171	296.1	-60	80	82	**2**	**4.98**
MGTRC05	508039.2	7690804.9	75	116.6	-60	0	74	**74**	**0.34**
Including						44	62	**18**	**0.72**
MGTRC06	507992.3	7690805.8	151	116.1	-60	No	Significant	Intercepts	
MGTRC07	508072.3	7690761.8	84	296.1	-60	36	76	**40**	**0.51**
MGTRC08	507928.3	7690676.2	75	180.1	-60	0	18	**18**	**1.73**
Including						16	18	**2**	**8.08**
MGTRC09	508064.3	7690865.6	99	116.1	-60	0	18	**18**	**0.46**
And						28	94	**66**	**0.65**
Including						30	50	**20**	**1.42**
Including						48	50	**2**	**4.58**
MGTRC10	508090.2	7690849.8	48	116.1	-60	4	48	**44**	**0.53**
MGTRC11	508068.9	7690979.6	150	116.1	-60	74	132	**58**	**0.24**

Drill hole reporting criteria: Au is reported to two significant figures. A 0.1 g/t cut off was used to calculate interval grades. Sample were all collected as 2m composites from a 4 inch diameter reverse circulation drill hole. Collar position of holes surveyed with DGPS and down hole surveys with down hole digital camera. Representative 1m samples of all metres have been retained for any follow up sampling and reanalysis. Each sample batch was submitted to ALS laboratories in Townsville and analysed for Au by Method AuAA-26 (50g Fire assay) with duplicates, blanks and certified reference materials to

Higher grades are contained within a broadly continuous, low grade gold envelope which is in the order of 100 m of 0.5 g/t gold (all thicknesses expressed as down hole intersections). The mineralisation envelope is open to the north and, in some sections, at depth: more drilling is required to determine its extent.

A soil sampling programme was conducted at Pyramid prosects having similar geology and style of gold mineralisation occur in the same structural position as Gettysberg Prospect. MGTR collected 450 samples at 200 m line spacing with 50 m spaced samples, over a strike length of ~5km. The results are incomplete.

2.0 VALUATION SUMMARY

In central and south-east Queensland the Yarrol and Mount Steadman gold prospects contain Indicated Resources (JORC Code 2004), which are currently sub-economic. At Gooroolba and Pyramid, there are no resources and the value lies in exploration potential and the ability to generate appealing targets for drilling. Extra work by MGTR has not changed the exploration data base very except that at Pyramid drilling failed to find economic mineralisation underneath and along strike from previous drilling, but instead produced zones of low-grade gold assays containing sporadic high-grade gold assays.

Therefore we have used Expected Value techniques similar to the 2010 Valuation and have borne in mind the following circumstances:-

- Examination of the all-important gold price showed that in October 2010 the gold price was around US$1340 compared with US$1220 in September 2014. It is worth noting that the past three years have seen a declining gold price, with many commentators forecasting further falls in the price (Goldman Sachs long term gold price forecast is US$1200/ounce (real)).

- The exchange rate AU/US was ~0.97 in October 2010 compared to ~0.90 in September 2014. A decline in the A$/USD$ exchange rate will assist the various project economics. (Goldman Sachs forecast a long term exchange rate of USD$0.74.)

- Therefore the AUD gold prices for each Valuation are very similar; A$1381/ounce in October 2010 compared to ~A$1372/ounce in September 2014.
- The CPI has risen from 96.5-96.9 in October 2010 to 105.9 in June 2014 (September figure not yet available).
- Mining costs have increased at least by the CPI.
- As far as market sentiment is concerned we know from geological and mining underemployment figures and the general difficulty junior miners are having rising capital for high-risk ventures that 2014 is worse than 2010 for operators.
- During 2009 and later, Xtreme Limited held discussions with companies exploring for and mining gold on adjacent tenements with a view of arranging a farm-out Joint Venture but they failed to do so.
- VWPL considers that the changes in tenements; reductions and additions do not affect the Valuation when comparing previous valuations.
- Costs of holding these tenements are increasing, particularly in terms of meeting the minimum work requirements necessary to maintain the tenements in good standing.

2.1 Summary Valuation Table

Project/Prospect	**HIGH**	**LOW**	**PREFERRED**
South-east Queensland			
Yarrol	0.60	0.15	0.30
Mount Steadman	0.20	0.05	0.10
Gooroolba	0.10	0.05	0.05
Central Queensland			
Pyramid	0.20	0.05	0.15
TOTAL	**1.10**	**0.30**	**0.60**

Table 1 Valuation of Xtreme Resources Limited Mineral Properties.

In the absence of scoping studies the resources and exploration projects were valued by “Expected Value” methods and the “Multiples of exploration expenditure method, considered occasionally for comparison but not reported. With Expected Value, a NPV target is assumed. For each of the Mineral Properties of has assigned probabilities (the cumulative probability for the NPV, less the discounted exploration expenditure) for discovering deposits for which NPVs or cash values have been estimated. Methods are described in Appendix I.

The valuations are only valid at the date of this Valuation Report and conditional on the granting of applications for new tenements and the granting of renewal applications for existing tenements.

All estimates are in Australian dollars and rounded to the nearest and A$0.05 million.

Comparison with 2010 Valuation

For the reasons stated above, the preferred Value in 2014 has been reduced from $0.9 million to $0.6 million; the high Value in 2014 has been reduced from $1.8 million to $1.1 million and the low Value in 2014 has been reduced from $0.9 million to $0.3 million.

Comparison with recent transactions

The sub economic grade and the small size of the resources subject to this valuation makes comparisons with most recent transactions of limited relevance. The total in ground resources (indicated plus inferred) subject to this valuation is 93,000 ounces, at the preferred valuation of A$0.6 million this equates to A$6.4/per resource ounce.

Yours sincerely,

For and on behalf of **Veronica Webster Pty Limited.**

Les Davis

Patrick Scott

APPENDIX –

INDEPENDENT VALUATION OF THE MINERAL PROPERTIES OF XTREME RESOURCES LIMITED IN 2010

VERONICA WEBSTER PTY. LIMITED

(Incorporated in Queensland; ACN 010 299 224)
Consultants to the Mining Industry
Les W Davis - Minerals Exploration Consultant

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Email lesdavis@ozemail.com.au
POSTAL ADDRESS: P O Box 619, Hamilton QLD 4007

08 March 2010

Mr D M Ryan
DMR Corporate Pty Limited
470 Collins Street
Melbourne Victoria 3000

Dear Sir

RE: INDEPENDENT VALUATION OF THE MINERAL PROPERTIES OF XTREME RESOURCES LIMITED

3.0 INTRODUCTION

1.1 Outline of commission

DMR Corporate Pty Limited ("DMR") commissioned Veronica Webster Pty Limited ("VWPL") to prepare an Independent Valuation ("Valuation" or "Valuation Report") for the mineral properties of Xtreme Resources Limited ("XRL"), a subsidiary of Mono Resources Limited ("MNX") in Queensland.

The Valuation Report is an update of a similar Valuation carried out in early 2009 which was included in an independent expert's report to accompany an Information Memorandum to XRL shareholders. The updated Valuation of 2010 will be included in an independent expert's report in relation to a Scheme of Arrangement[1] between MNX which is listed on the National Stock Exchange of Australia and XRL shareholders.

1.2 Information

Mr. L Davis of VWPL has prepared the Valuation Report and consulted with Mr. P N Scott, mining engineer. He was supplied exploration data by XRL and has been instructed to rely on the information being accurate and complete. Mr Davis has relied at his own discretion on the observations and interpretations of previous explorers, exploration consultants and XRL geological staff. However, the views and conclusions expressed in this report are solely those of VWPL, L W Davis and associate Mr P N Scott.

In 2009 and subsequently in March 2010, VWPL engaged Mr P N Scott, mining engineer, of PS Associates Pty Limited to assist in the valuation of those properties containing resources and mining plans. L Davis and P Scott

[1] MNX has announced that it has agreed with its 73.76% owned subsidiary, XRL, to acquire all of the shares in XRL which it does not presently own. The proposed acquisition is to take place by way of a Scheme of Arrangement which needs to be approved by ASIC and the Federal Court of Australia pursuant to the provisions of Section 411 of the *Corporations Act* and an Originating Process has been filed in the Federal Court of Australia and served on ASIC in relation to the proposed Scheme of Arrangement. Under the Scheme of Arrangement it is proposed that MNX will pay shareholders in XRL holding less than 40,000 shares 5¢ cash for each share that they presently own in XRL and in respect of shareholders in XRL holding more than 40,000 shares it is proposed to allot one (1) MNX share for every six (6) shares held by those shareholders.

visited the mineral property of Mount Veteran in March 2007 and inspected the tin lodes and treatment plants of the Mount Veteran Mining Lease No 4349 “Summer Hills”. Mr Davis had visited most of the other properties of XRL in 1994, 1998, 2002, 2004 and 2006. All the properties have been examined in the field except the Pyramid Project.

An appraisal of all the above mentioned information forms the basis of this report.

4.0 VALUATION SUMMARY

Xtreme Resources Limited has an advanced tin project, the Mount Veteran project, in far north Queensland under Mining Lease and Mining Lease application plus exploration areas where there is opportunity for tin and gold discovery.

In central and south-east Queensland, four gold projects are available and two of these, Yarrol and Mount Steadman gold prospects, contain Indicated Resources which are currently marginal to sub-economic.

The Mount Veteran project contains a treatment plant which needs about $1.2 million to make it fully operational and upgrade it to 150 000 tonne-per-annum ("tpa") capacity. Nearby tin resources are available sometimes as Indicated Resources and Inferred Resources but most have to be proved with further exploration. The valuation is based on a 150 000 tpa (tonnes per annum) operation, lasting a minimum of seven years.

2.1 Summary Valuation Table

Project/Prospect	HIGH	LOW	PREFERRED
	$ million	$ million	$ million
Far north Queensland			
Mount Veteran	7.50	1.50	4.00
Mount Garnet	0.25	0.10	0.10
South-east Queensland			
Yarrol	0.80	0.40	0.40
Mount Steadman	0.40	0.20	0.20
Gooroolba	0.20	0.10	0.10
Central Queensland			
Pyramid	0.40	0.20	0.20
TOTAL	**9.55**	**2.50**	**5.00**

Table 1 Valuation of Xtreme Resources Limited Mineral Properties.

The Mount Veteran Project has been valued by referring to modified discounted-cash-flow-rate-of-return financial models, with net-present-value ("NPV") reported after tax. The essential differences between the 2009 and 2010 Valuations are as follows:

1) Major changes of price and exchange rates. There has been a strong increase in the tin price since the 2009 Valuation. This is part of strong growth since circa 2006-2007 only marred by the "global financial crisis" in 2008.
2) Exploration carried out in 2009 at the Dalcouth, Viking and Smiths Creek tin deposits.
3) Recognition of the extra costs and difficulties in obtaining ML grants and mining approvals.

These factors have caused modification of the financial model assumptions of the 2009 Valuation.

2.2 Mount Veteran Tin Project - Valuation 2009 versus Valuation 2010

Valuation	High	low	Preferred
2009	10.50	1.00	4.25
2010	7.50	1.50	4.00

We believe that the better tin price is sustainable in the mid term and has a marked positive affect on the project.

Negative aspects are mainly:

- From recent drilling it is considered less likely that tin head grades of average 0.7% Sn for 150 000 tonnes per annum can be achieved.
- Likely increased costs and delays in obtaining granted mining title and permitting and approvals for operations.

- Forecast changes in Queenland State royalty

The lower estimate is higher in 2010, influenced by tin price. For the preferred and high cases we have used discount rates of not less than 20%; this been seen as appropriate given the current status of the projects. In 2009 a 15% discount was applied more frequently.

In 2009, exploration projects were valued by “Expected Value” methods and the “Multiples of exploration expenditure method, considered occasionally for comparison but not reported. With Expected Value, a NPV target is assumed. For the exploration mineral properties of Xtreme Resources Limited, VWPL has assigned probabilities (the cumulative probability for the NPV, less the discounted exploration expenditure) for discovering deposits for which NPVs or cash values have been estimated. Methods are described in Appendix I.

The valuations are only valid at the date of this Valuation Report and conditional on the granting of applications for new tenements and the granting of renewal applications for existing tenements.

All estimates are in Australian dollars and rounded to the nearest A$0.25 million for Mount Veteran Tin Projects and A$0.05 million for other projects.

5.0 TENEMENTS

The following Table lists the tenements relevant to this Report, all of which are warranted by XRL to be in good standing.

State	Tenement Name	Tenement ID	Area Km^2	Holder	%	Comments
QLD	Mount Veteran	ML 4349	17.85Ha	Garimperos Limited	100	
QLD	Summer Hill	MLA 20547	1200Ha	Garimperos Limited	100	
QLD	Yarrol	EPM 8402	12	XRL	100	
QLD	Mount Steadman	EPM 12834	12	XRL	100	
QLD	Gooroolba	EPM 15426	155	XRL	100	
QLD	Pyramid	EPM 12887	189	XRL	100	
QLD	Mount Garnet	EPM 16948	77	XRL	100	Covers former EPM's 8994 & 8998

3.1 MLA 20547

XRL expects to have the MLA approved by the end of April because EPA (Environmental Protection Agency) Level 2 approval has been obtained and only the land owner's consent is now required. EPA Level 2 allows an annual mill feed up to 100 000 metric tonnes. If XRL desires to process more than that quantity, EPA Level 1 approval is necessary.

Concerns are raised as to the rapid granting of the MLA 20547 which is crucial to the tin project because it contains the majority of the resources. Approvals and Licences have now to be obtained from the Department of Environmental and Resource Management ("DERM") as well as the Department of Queensland Mines and Energy ("QME") within the Department of Employment, Economic Development and Innovation ("DEEDI").

On 27 January 2009, Queensland Mines and Energy, at the direction of the Premier, established arrangements to control Queensland's mining and petroleum exploration and development approval processes. DEEDI was assigned as lead agency for guiding projects, other than State significant projects, through all parts of the regulatory approvals process across relevant agencies, including the DERM and the Department of Infrastructure and Planning ("DIP"). This also involves co-ordinating the assessments of Environmental Impact Statements ("EIS"). Particular attention has been given to mapping the EIS process for mining projects under the Environmental Protection Act 1994 (EP Act) managed by DERM.

Once MLA 20547 has been granted XRL will still need an approved environmental management plan (EMP), and Plan of Operations (POOP) from DERM.

3.2 Mount Steadman royalty

Equatorial Coal Limited holds a royalty over the Mount Steadman Prospect amounting to 5% of the value of gold produced after deducting mining and treatment expenses.

4.0 BRIEF OVERVIEW OF XRL PROJECTS

XRL has several advanced exploration areas for tin and gold in Queensland which are now cotrolled by MNX. XRL has decided to farm-out joint venture or sell all projects except those containing tin prospects; that is all apart from the Mount Veteran lease areas and the surrounding EPM 16948, Mount Garnet. Discussions with companies exploring for and mining gold on adjacent tenements have been initiated. The main reason for farming out or divesting gold projects is that the effort of XRL will be focused on tin in the Mount Garnet district.

Consequently, we have discussed the tin projects in similar detail to that of 2009, adding the new exploration organised by XRL. This Valuation update in 2010 does not provide the details of other projects, gold mainly, as in the 2009 Valuation.

4.1 Mount Veteran (Mount Veteran ML 4349 and Summer Hill MLA 20547).

The Mount Veteran tin project is situated in the Mount Garnet district of Far North Queensland. The area is recognised as one of Australia's major tin provinces where tin mining has been carried out over a period of more than 100 years. Mining has been conducted from this area at times of favourable tin demand and prices. The district has a history of small tonnage operations based on very rich mineralisation.

The Mount Veteran project contains a treatment plant which in 2009 was considered to require about $1.2 million to make it fully operational and upgrade it to 150 000 tpa capacity. Nearby tin resources are available as Indicated Resources and Inferred Resources but most have to be proved with further exploration. The valuation is based on a 150 000 tonne-per-annum ("tpa") operation, lasting a minimum of seven years.

The 17 ha mining lease contains a 20 tonne per hour Processing Mill and a Smelter (the smelter has only a licence for 3.5 tonnes of metal per year), 300 mega litres of dam capacity, three phase power and camp and offices. In 2009, VWPL was instructed to rely on the previous (1999) on "going operation" valuation by Ellis Hughes of $1 088 000. In April 2007, R & L Atkinson estimated a current indicative "replacement value" of $5 000 000 to $6 000 000.

The Annual Report 2009 states that XRL has commenced upgrade and refurbishment work at the Mount Veteran Mill and premises. XRL purchased and re-installed the Hazmag crusher, which was originally part of the plant in mid 2009. Apart from general cleaning and maintenance of the mill, XRL spent around $500 000 and purchased a Falcon Concentrator, triple deck Derreck screen, FM1 spirals, new tables and a new 20 m conveyor belt, all of which are expected to be installed by end the of June 2010.

4.1.1 Summer Hill tin lodes

No systematic exploration of the whole potential of the Summer Hill tin field has been carried out but rather ad hoc searching for high-grade patches to fulfil the immediate requirements of the treatment facilities for cash-flow generation.

In 1985, Greg Kater and Associates Pty Ltd ("Kater") estimated the tonnes for the principle lodes in the vicinity of the treatment plant, see Figure 1.

	Tonnes
Dalcouth	500 000
Summer Hill	6 000 000
Tom Hood	4 000 000
Mt Veteran	700 000
Viking	2 000 000
Divide	800 000
Extended	250 000
May Day	600 000
TOTAL	14 850 000

Kater also estimated other mineralisation, not yet investigated by XRL and produced a total estimate of 15 100 000 tonnes.

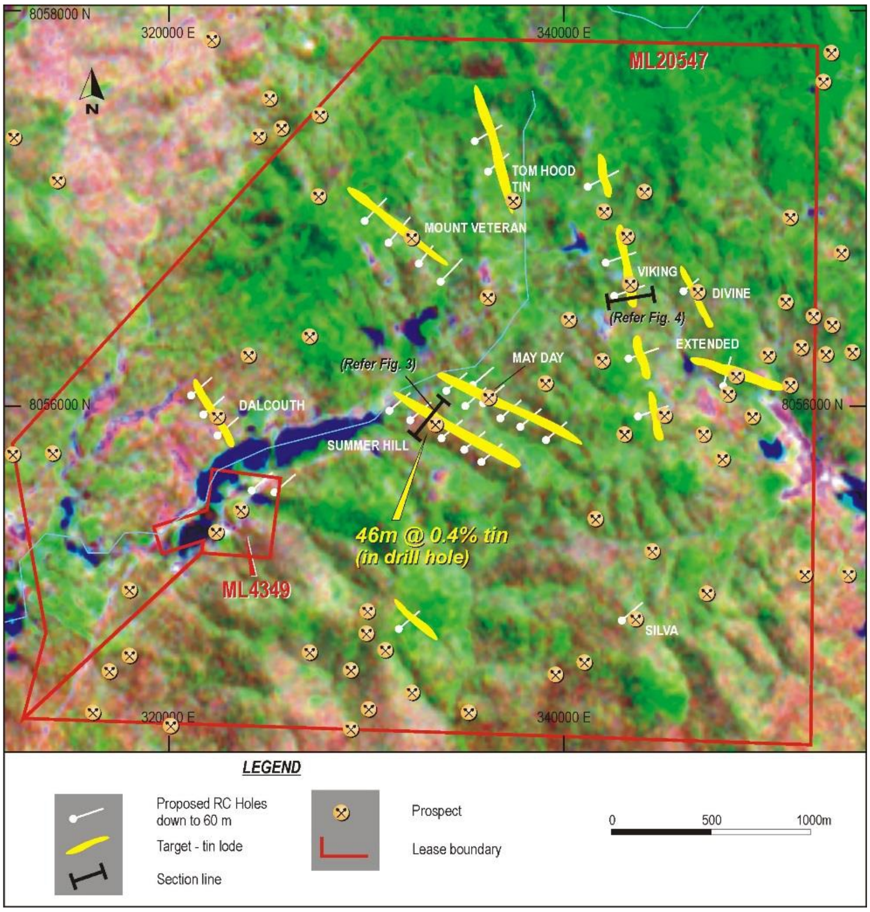

Figure 1 Summer Hill lodes (after XRL)

Kater classified these tonnes as inferred and stated:-

> "Recent bulk testing and past mining experience indicates head grade tenor varies between 0.15% and 1% tin overall, whilst observation of numerous exposures indicates patches of higher grades (several percentages) of tin can be easily selected for quality control of head grade.
>
> Based on the large quantity of mineralised Lode available, there is a high probability that at least 500,000 to 1,000,000 tonnes could be produced, using careful quality control and blending, to maintain a head grade of 0.6% to 0.7% Sn.
>
> On current exposure and development, there is sufficient; resource to easily achieve this head grade by quality control at a rate of 30,000 to 60,000 tonnes per year for at least 10 years."

In 2009, VWPL believed that if XRL explored systematically (trenching and drilling) with a budget of $300 000 per annum then it is possible to discover resources sufficient to provide a feed of 150 000 tonnes grading 0.7% tin, each year for several years. The Valuation is accordingly based on a 150 000 tpa operation, but recent exploration drilling has shown that it might be more difficult to achieve this outcome than was first thought.

4.1.2 Exploration by XRL in 2009.

Drill testing of targets defined by study of old reports and surface exploration of tenements has commenced. In EPM 16948, the Smith Creek Tin prospect area (in immediate vicinity of the historic Smith Creek underground tin mine). Six inclined drill holes have been completed with an average depth of holes approximately 50 m. XRL reports that the results are disappointing but in our view there is ample scope for testing other targets at the prospect. XRL were testing for shallow open pittable resources but some of the interpreted targets are much deeper and along strike from the XRL drilling.

In MLA 20547, at the Dalcouth and Tom Hood prospect areas, inclined drill holes have been completed (average depth of holes approximately 30 m); tin mineralisation was intersected in some of the holes.

At Dalcouth the recent drilling campaign completed a total of forty 30m-drill holes for a total of 1200 m. All holes were inclined scissor holes, intersecting the mineralised zone from both sides. Drill holes were relatively short because the weathered oxidised zone is being tested. Mineralisation was intersected in most holes and assay results identified high-grade zones of mineralisation, see Figure 2.

The weighted mean grade of 18 intersections seen on Figure 2 is 0.54% Sn.

Openpitting of the mineralisation was investigated but XRL decided that it would not be economical due to high percentage of waste rock and moderate grade of tin.

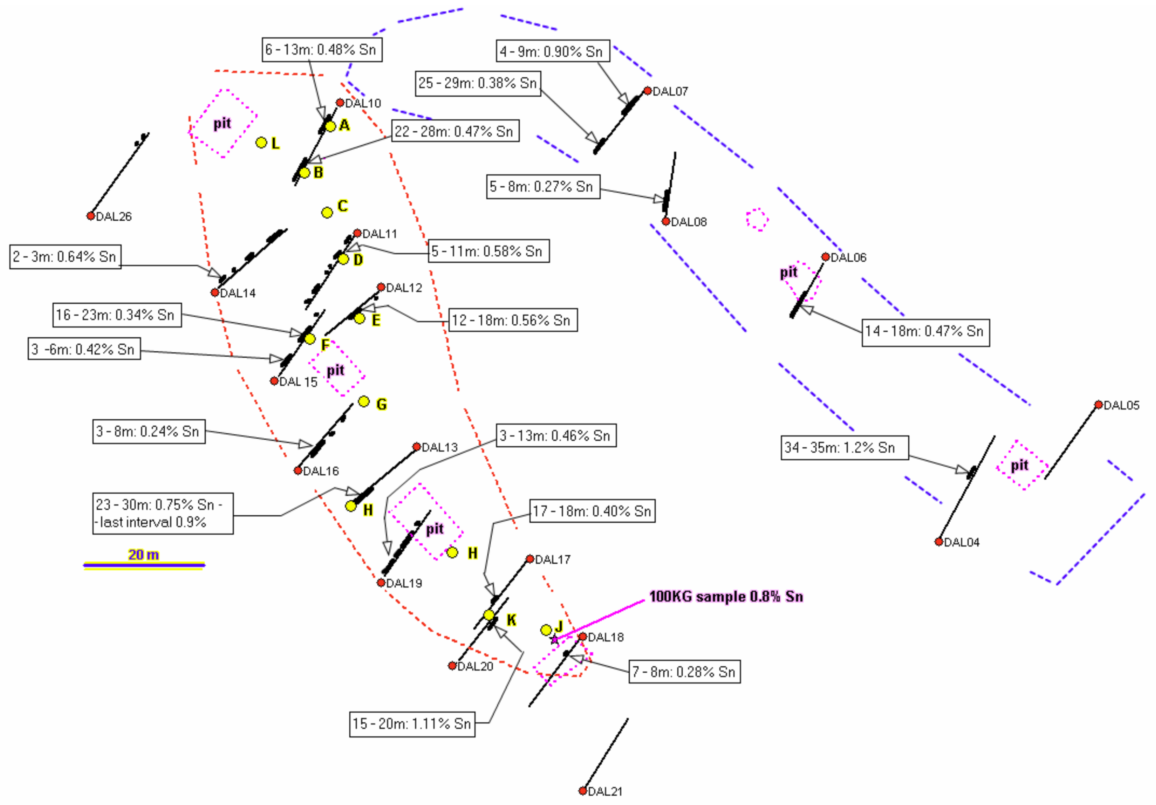

Figure 2- Dalcouth tin deposit -selected drill Intervals and new drill hole locations (after XRL)

Samples for preliminary metallurgical tests have been collected from the Dalcouth Prospect.

XRL reports that "A 100 kg sample representing weathered oxidised ore obtained from Dalcouth open cut, has been processed by consultant Mr. Tony King at his laboratory at Wandecla (near Herberton). Average grade (determined on the basis of tin recovered in concentrates and tin in tailings) is 0.86% Sn. The grain size of cassiterite (tin oxide mineral) is in 10 – 350 micron range, with the bulk in 75 – 180 micron range (relatively coarse grain size). Clean liberation of cassiterite is obtained at top grind size of 260 microns (a relatively favourable outcome). Recovery of tin to rougher concentrate was 67.2% and recovery to middlings concentrate was 9% for a total recovery of 76.3%."

XRL reports that the results from Tom Hood deposit are disappointing.

Assays from seven inclined 30 m-drill holes are all negative – the best 1 m interval gave only 0.081% SnO2 and there are broad zones of about 0.01% SnO2. The mineralised zone contains quartz veining and limonite and is up to 40 m wide and at least 800 m long. The drilling is therefore considered to be a light test of the zone but it has shown that a visual assessment of grade from surface exposure is difficult.

4.1.3 Conclusions – tin exploration in Summer Hill MLA 20547.

The Dalcouth drilling has shown that vein tin mineralisation is patchy and difficult to outline. Close spaced drilling and trial mining will be required to assess resources.

Only the Dalcouth deposit has been tested sufficiently so that high-grade intersections can be investigated further

4.1.4 Mount Veteran tin plant refurbishment

XRL considers that the Mount. Veteran Plant could be upgraded to process in the order of 250 000 tonnes of ore per annum; however in the first stage the focus will be on mining and processing relatively high grade ore so that the initial production will be based on processing approximately 125 000 tonnes of ore per annum (based on assumption that the mill will operate 16 hours a day, 312 days a year (5000 hours per year); to process 125 000 tonnes per annum, the plant would process about 25 tonnes per hour). The current environmental approval is for up to 100 000 per annum.

4.2 Mount Garnet (Mt Garnet EPM 16948)

EPM 16948 was granted on 17 February 2009 for a term of five years covers the Nymbool gold-copper prospect and the Smiths Creek Tin mine.

4.2.1 Nymbool gold-copper prospect

The Nymbool gold-copper prospect is situated immediately north-west of the township of Mount Garnet in Northern Queensland. XRL plans extra drilling at the Nymbool Gold Prospect and the Ambrose Gully Gold Prospect where bulk low-grade gold mineralisation has been discovered and low-grade sub-economic resources have been outlined.

4.2.3 Smiths Creek Tin Mine

The Smiths Creek Tin Mine was discovered in 1901 and produced tin from both open cut and underground workings between 1903 and 1909. When the mine closed in 1909, the underground operation was estimated to have produced about 60 000 tonnes of ore at an average grade of about 4% tin per tonne. An additional 23 800 tonnes were won by open-cutting mineralisation estimated to have graded approximately 0.7% tin.

Short hole drilling (six inclined 50 m-holes) by XRL in 2009 was disappointing but interpreted deep targets were not tested.

4.3 Yarrol Gold Prospect

In the Yarrol gold district of SE Queensland (25kms south east of Monto), small gold resources have been defined and they may be of interest to owners of the nearby operating gold mine at Mt. Rawdon. Divestment of these tenementsis planned.

At Central Ridge Prospect an in-situ (geological) Indicated resource of 273 000 tonnes grading 1.5 g/t gold was estimated using a bottom cut-off grade of 0.5 g/t gold and a top cut of 20.0 g/t gold. With no top cut the grade becomes 3.1 g/t gold.

At “Yarrol North” Prospect an Indicated Resource of 877 000 tonnes grading 1.5 g/t gold (cut-off grade of 0.5 g/t gold) was estimated. With a higher bottom cut-off (1.2 g/t gold) the resource becomes 431 000 tonnes grading 2.1 g/t gold

4.4 Mount Steadman

Mount Steadman gold prospect is located south of the township of Mt Perry.

Recent exploration has focused on the Fitzroy Prospect, 1 km to the east of the old Mount Steadman Mine, where approximately 1.2 million tonnes grading 0.9 g/t is quoted as an Indicated Resource (contained gold, 35 000 ounces).

4.5 Gooroolba

EPM 15426 (of approximately 325 square kilometres) is located some 30 km south of Mount Perry in South-east Queensland.

The area is considered prospective for intrusive related gold-copper mineralisation (including "porphyry" styles) but there are no resources.

4.6 Pyramid

The Drummond Basin region is important for economic gold deposits such as Pajingo, Yandan and Wirralie - high-grade gold mineralisation of the low-sulphidation, epithermal style.

The tenement contains several prospects showing gold bearing epithermal style quartz veins and a low-grade gold zone containing patchy higher-grade intersections has been discovered at Gettysberg in several older drill campaigns.

Discussions with companies exploring for and mining gold on adjacent tenements have been initiated with a view of arranging a farm-out Joint Venture. The main reason for farming out or divesting gold projects is that the effort of the Xtreme Resources team will be focused 100% on tin in Mt. Garnet district.

5.0 VALUATION OF XRL PROJECTS

5.1 Methods of valuation

The Mount Veteran Tin and is valued by referring to modified discounted-cash-flow-rate-of-return ("DCFROR") procedures (Appendix I), to obtain a net present value ("NPV") for the mining project. This involves designing a mine plan and making the necessary estimates and assumptions to mine and treat the mineralisation.

All other prospects are treated as straightforward exploration using Expected Value methods (Appendix I).

Expected Value methods and the "Multiples of exploration expenditure method" is considered occasionally for comparison but has not been reported. With Expected Value, a NPV target is assumed. For the mineral properties of XRL, VWPL has assigned probabilities (the cumulative probability for the NPV, less the discounted exploration expenditure) for discovering deposits for which NPVs or cash values have been estimated. Methods are described in Appendix I.

5.2 Mount Veteran Valuation

VWPL stresses that a detailed mining and financial model has not been derived from classified resources under the JORC Code: it is a likely scenario based on the outcomes of previous mining ventures and the current geological information. The target tonnes of contained tin are considered probable but the exact distribution of tonnage and tenor of mineralisation has to be established by evaluation drilling and trenching. The project is an advanced exploration scenario.

The essential differences between the 2009 and 2010 Valuations are as follows:

1 Major changes of price and exchange rates. The following graphs show a strong increase in the tin price since the 2009 Valuation. This is part of strong growth since circa 2006-2007 only marred by the "global financial crisis in 2008 (see Figures 3 and 4).

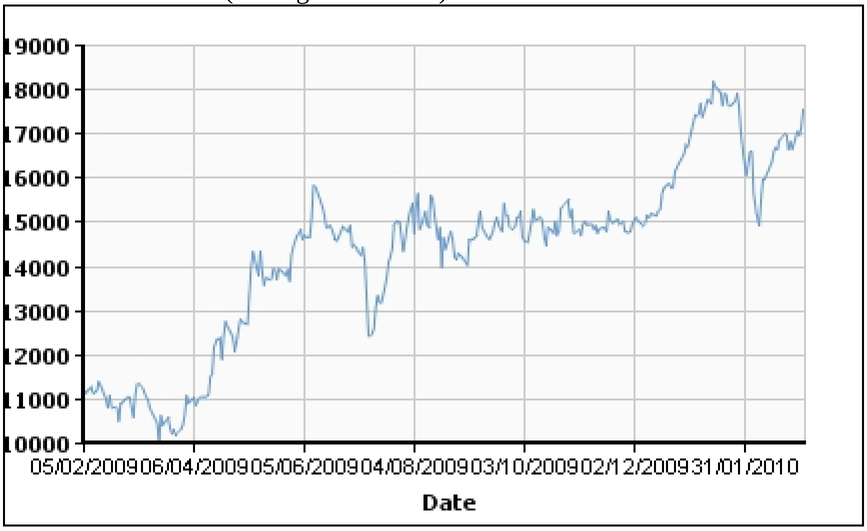

Figure 3. Tin price from early 2009 to present

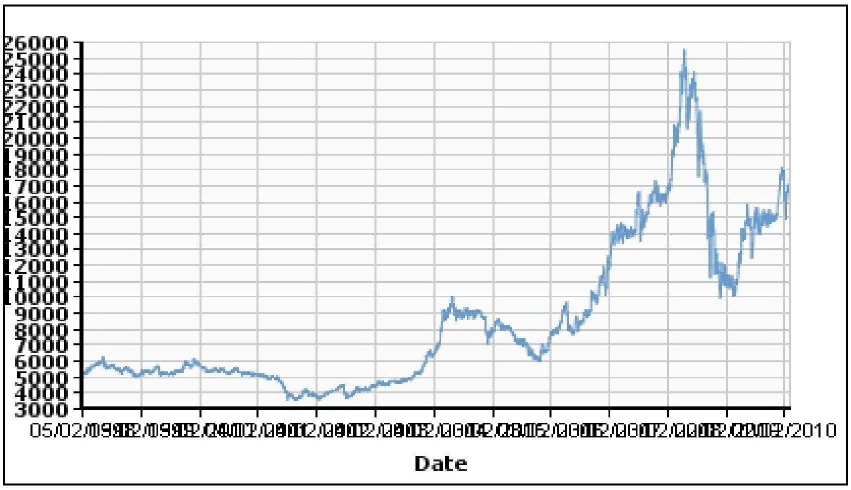

Figure 4. Tin price change since 1998 – vertical lines represent one year

The long term tin price outlook estimated by polling leading resource analysis by Reuters is between US$7600 and US$18 000, with an average of US$14 600.

2. Exploration carried out in 2009 at the Dalcouth, Viking and Smiths Creek tin deposits.

3. Recognition of the extra costs and difficulties in obtaining ML grants and mining approvals.

4. The probable introduction of a higher Queensland State royalty depending on average quarterly metal price.

5. Improvements and planned improvements to the Mount Veteran treatment plant.

This has resulted in modification of the financial model assumptions of 2009.

5.2.1 Assumptions

The following case studies (with sensitivities) were examined:

- Mined grade – 0.5 to 0.7% Sn (recent exploration at the Dalcouth deposit apparently indicates that 0.7% Sn head-grade is optimistic for this deposit as far as significant tonnes are concerned).
- Metal prices observed: current tin prices are around ~US$17 000 spot and on 05th March 2010 was US$ 17 179. A nominal US$15 000 for 15 months was used as a base case. Current exchange rates are US$/A$, ~0.9. A nominal 0.8 was used within a range of 0.7 to 1.0.
- Reserve - 1 000 000 tonnes ore mined in seven years; 150 000 tonnes per year.
- Pre-start capital costs of $2.0 million to $4.0 million.
- Exploration costs of $300 000 in the first year and $150 000 per annum.
- Mine recovery of 95%.
- Mining cost per tonne $3.25: opencut mining to 30 m.
- Smelter returns 90%
- Tin plant recovery of 70%.
- Tin concentrate grade of 60%.
- Treatment cost per tonne $18.
- Rehabilitation of nil to $50 000 to $150 000.
- Tax rate 30%.

While the mill and other facilities are on the existing ML 4349, the bulk of the resources are located on MLA 20547. The timing for granting and approval conditions of this MLA is uncertain and this has been considered in the valuation provided.

The resultant after-tax NPVs from a variety of scenarios range from:

$1.5 million to $7.5 million
preferred range of NPV value of $3 to $5 million

The Valuation takes into account a high level of risk for changes in tin prices and the grade of mineralisation treated. Estimates have been rounded to the nearest $0.25 million. VWPL believes that in current economic conditions the valuation provided is a fair and reasonable estimate.

The financial exposure to treatment plant upgrade and exploration is an acceptable risk. The valuation of the Mount Veteran tin property provided by VWPL in all cases assumes that the current infrastructure is upgraded and utilised. As such, only a low estimated value of this infrastructure after project completion and environmental rehabilitation is considered. This value is not comparable to the current “going concern” and sale values available for the project.

5.3 Yarrol, Mount Steadman, Gooroolba, Mount Garnet and Pyramid project valuations.

The value ranges estimated in 2009 have not been changed but in the absence of positive exploration programs and XRL’s stated desire to divest or farm-out these projects we have adopted the low value in the range as the preferred value.

5.4 Summary Valuation Table

Exploration Project	Exploration risk to continue in %	Target NPV $millions	Chance given to target NPV in %	Cumulative probability for discovery (preferred case)	Value $ million		
					High	low	Preferred
Mount Veteran					7.5	1.5	4.0
Yarrol	40 to 80	1	95	0.22 (1 in 5)	0.8	0.4	0.4
		5	4	0.01 (1 in 90)			
		150	1	0.002 (1 in 450)			
Mount Steadman	20 to 70	1	95	0.10 (1 in 10)	0.4	0.2	0.2
		5	4	0.004 (1 in 250)			
		150	1	0.001 (1 in 1000)			
Pyramid	20 to 70	1	95	0.10 (1 in 10)	0.4	0.2	0.2
		5	4	0.004 (1 in 250)			
		150	1	0.001 (1 in 1000)			
Mount Garnet	20 to 70	1	95	0.05 (1 in 20)	0.25	0.1	0.1
		5	4	0.002 (1 in 450)			
		150	1	0.0006 (1 in 1800)			
Gooroolba	30 to 70	1	95	0.1 (1 in 15)	0.2	0.1	0.1
		5	4	0.004 (1 in 300)			
		150	1	0.001 (1 in 1250)			
TOTALS					**9.55**	**2.5**	**5.0**

Table 2. Valuation of Xtreme properties.

3.0 COMPARISON WITH PREVIOUS VALUATIONS

3.1 Mount Veteran Tin Project - Valuation 2009 versus Valuation 2010

Valuation	High	low	Preferred
2009	10.50	1.00	4.25
2010	7.50	1.50	4.00

We believe that the better tin price is sustainable in the mid term and has a marked positive affect on the project.

Negative aspects are mainly:

- Questionable as to whether tin head grades of average 0.7% Sn for 150 000 tonnes per annum could be sustained.
- Likely increased costs and delays in obtaining granted mining title and permitting and approvals for operations.

The lower estimate is higher in 2010, influenced by tin price. For the preferred cases we have used discount rates of not less than 20% because of the negative aspects.

3.1.1 MNX Market Capitalisation

The National Stock Exchange of Australia has recently shown a market capitalisation of between ~$14.6 million and ~$19.5 million based on $0.30 to $0.4 per share but we think that the shares are too thinly traded for this to be reliable information.

3.2 Historical valuations

In 1984, Terrence Willstead and Associates valued Mount Veteran Minerals Pty Limited at about $4 million which included $3 million (replacement value) for the plant and equipment (included earthworks, dams and reservoirs) and $590 000 for the MLs (includes tin resources assumed as 100 000 tonnes grading 0.5% tin).

In August 2007, VWPL placed a preferred value on Mount Veteran of between 3.1 and 4.1 million when the tin price was about $10 000 and the AUD$/US$ was 0.75. Since that time the tin price has moved to higher than US$20 000, then back to US$11 350 (16 February 2008), closer to current and 15 month forward prices at the date of this Report.

VWPL valued some of the other XRL mineral properties in 1994, 2000 and 2004 at times when the gold price was considerably less and when exploration investment was very poor. Direct comparison is often meaningless. Exploration work has change the character of the properties.

On 01 April 2007 (updated on 03 August 2007), VWPL prepared an Independent Valuation for the mineral properties of Garimperos Limited (properties now owned by XRL) in north Queensland. The exploration status of the mineral properties has changed for commodity prices and exploration/mining environment with severe downward pressure on these. Consequently, our current valuation for the same properties is lower. Gold is trading very high currently and this means that gold resources justify revaluation. However, in the case of Mount Steadman and Yarrol the affect of a poor investment environment, higher costs and the absence of sufficient tonnages of readily treatable mineralisation has offset this trend in gold price.

4.0 SOURCES OF INFORMATION

Abundant technical information of XRL is mainly unpublished.

4.1 Reports of Mono Resources Limited and its Controlled Entities

Stream Sediment Sampling Results – Summer Hill MLA 20547
Jacob Rebek – 3 December 2009

Brief Review of Drilling Results and Plan for New Drill Holes – Dalcouth Jacob Rebek – 3 Dec 09

NSX Announcement 29th April 2009 - progress report on Xtreme'sactivities.

Annual Report 2009 and Preliminary Financial Report for the period ended 30 June 2009

NSX Announcement 10 February 2010 –Results From Drilling, Dalcouth (MLA - 20547**)**

4.2 Other

Queensland Mines and Energy - Department of Employment, Economic Development and Innovation - Streamlining Approvals Project Mining and Petroleum Tenure Approval Process November 2009

Reuters survey of base metal price forecasts. www.forbes.com

5.0 DECLARATION

5.1 Qualifications and Experience

This report has been prepared by Veronica Webster Pty Limited which has operated in Australia serving the mining industry since 1980.

Mr. L W Davis who is a duly authorised representative and director of VWPL has prepared the opinion report, which includes an assessment of fair market value of the mineral tenements of XRL. Mr Davis has had over 40 years experience in the minerals industry, is a registered Chartered Professional (Geology), and is affiliated with the Aus. I.M.M., and the A.I.G. He specialises in mineral resource/reserve estimations, advanced project assessment and exploration management.

Mr. Davis has had 40 years experience in the minerals industry, particularly exploration for precious metals and base metals, mining geology, ore resource/reserve estimation and property evaluation. He held senior positions with Electrolytic Zinc Co of Australasia Limited, Freeport Minerals Corporation of Australia, Tenneco Oil & Minerals and Amad NL before joining Veronica Webster Pty Limited in 1985. Mr. Davis is a registered Chartered Professional (Geology) and is affiliated with The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists.

His principle qualification is Bachelor of Science (Special Geology) Leics., UK. His professional affiliations are as follows:-

Fellow - The Australasian Institute of Mining & Metallurgy:103477
Chartered Professional Geology CPGeo
Fellow - Australian Institute of Geoscientists
Member -Geological Society of Australia

Mr P N Scott of PS Associates Pty Limited assisted in the Valuation Report. Mr Scott has over 30 years experience in the minerals industry, particularly mining for precious metals and base metals; has held senior positions with Otter Gold Mines Group, Normandy Group, Aztec Mining and a number of overseas mining companies. His responsibilities have frequently included the evaluation and subsequent development of open pit and underground ore bodies.

Mr Scott holds an honours degree in mining engineering from the Royal School of Mines London (UK), is an Associate of the Royal School of Mines (UK), is a Fellow of the Australian Institute of Mining and Metallurgy, a member of the Institute of Materials (UK), and is a Chartered Engineer (UK).

Mr Scott holds first class mine manager certificates for both the Northern Territory and Western Australia for the management of open pit and underground metalliferous mines.

5.2 Independence

Veronica Webster Pty Limited L W Davis and P N Scott have no conflict of interest in preparing this report. The report has been commissioned by DMR with payment to be made for services rendered solely on a standard time-fee basis. The companies and consultants preparing this report have no association with MNX or XRL nor have they any financial interest in or entitlement to MNX or XRL or any associates of MNX or XRL.

5.3 Limitations and requirements

The views expressed in this report are solely those of Veronica Webster Pty Limited, and L W Davis. When conclusions and interpretations credited specifically to other parties are discussed within the report, then these are not necessarily the views of Veronica Webster Pty Limited or L W Davis.

L Davis observes Section 947B of the Corporations Act 2001. In accordance with Corporations Regulation 7.6.01 (1) (u) and Corporations Amendment Regulations 2003 (No. 7) 2003 No. 202, the Valuation Report is not financial product advice but is intended to provide expert opinion on matters relevant to the mineral properties of XRL. L Davis and VWPL are not operating under an Australian financial services licence and the advice in the Valuation is an opinion on matters other than financial products and does not include advice on a financial product.

All references to mineral resources are consistent with the most recent Australasian Code (and Guidelines to the Code) for Reporting of Identified Mineral Resources and Ore Reserves: Reports prepared by the Joint Committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia (JORC).

In preparing the Report, VWPL will observe Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports (The Valmin Code), which is referred to by the Australian Securities and Investment Commission (“ASIC”) and the Australian Securities Exchange (“ASX”). As well, ASIC Practice Notes 43, ASIC Practice Note 55; former NCSC Release 149, will also be observed.

5.4 Consents

Veronica Webster Pty Limited has consented to the inclusion of the Valuation Report in the Independent Expert’s Report by DMR for an Information Memorandum to XRL shareholders.

For and on behalf of

VERONICA WEBSTER PTY LIMITED

L W DAVIS
BSc (Special Geology), Leics. UK, FAusIMM, FAIG, CPGeo

APPENDIX I

VALUATION PROCEDURES

1.0 Valuation Methodology

Projects, which contain indicated or measured resources from which mining reserves can be defined may then be the subject of feasibility studies based on estimations for amounts, rates and the costs of production together with the revenue defined from sales. The discounted cash-flow-rate-of-return ("DCFROR") method may then be applied to express the value of the project in terms of present day money, often called the Net Present Value ("NPV") using a variety of interest rates. For selected cases the return on invested funds or internal rate of return ("IRR") expressed as a percentage is estimated.

DCFROR is obviously the more accurate when the assumptions for the financial models are known with confidence; contracts for work and sales, etc. The more reliable the assessment of the resources/reserves, costs of mining and treatment, capital costs of mining and treatment, recovery in the mining and treatment processes, metal prices, exchange rates and all the associated operation issues, the more accurate the DCFROR method becomes. But it is always subject to assumptions and uncertainties of the estimations of a current nature and also for those in the future life of the project. The DCFROR technique cannot take into account abrupt and radical changes to market conditions.

For long-life projects where operations are expected to continue to some time in the future with only rough estimates for costs and sales and based on resources which may not be Indicated or Measured resources, a modified DCFROR can be applied. The NPV derived from such models may be discounted to obtain an Expected value or an Expected NPV ("ENPV"). This is a probabalistic approach and the probability factors are judged by and are the responsibility of the valuer.

Valuation of exploration tenements, which have geological prospectiveness but no defined resources, is more subjective and therefore contentious. Methods which can be applied include, when appropriate, expected value probability, multiples of past relevant and future committed expenditure, joint venture terms and points rating methods.

A brief description and commentary on some inherent advantages and disadvantages of subjective valuation technique follows.

1.1 Expected Value of Discovery (probabilistic method)

In phased exploration, a programme of work is planned to increase the value of the property. At the completion of the programme, the results are assessed and a decision is made whether or not to engage in a further programme. This process continues, ideally until there arrives a point of withdrawal or commercial discovery. At any stage, the probability of continuing or withdrawing may be forecast and also the probability of discovering various sizes and styles of mineral deposits and their NPV. The probability factors are judged by and are the responsibility of the valuer.

A simple example of the procedure is as follows. The probability factors for continuing each stage of work are multiplied together, steps 1 to 5, and then multiplied by the value of the predicted discovery. In the example, the probability for any discovery has been estimated to have a probability of 0.013 (step 5). This is about one chance in 80. The value of the overall discovery is a notional NPV, which may be a product of several possible discoveries (A, B and C, in the example). In that case each possible discovery must be considered to be a percentage of the NPV.

Activity	Probability of proceeding	Cumulative probability
1 Early exploration (committed expenditure)	100% or 1.0	1
2 Follow up activity	70% or 0.7	0.7

Activity	Probability of proceeding	Cumulative probability
3 Drill testing	30% or 0.3	0.21
4 Evaluation drilling	20% or 0.2	0.04
5 Feasibility study	30% or 0.3	0.013
A Discovery NPV = $2.0 million	80% or 0.8	0.010
B Discovery NPV = $5.0 million	19% or 0.19	0.002
C Discovery NPV = $20 million	1% or 0.01	0.0001

The chance of discovery of a deposit with a NPV of $20 million has been estimated as one in 10,000 (probability 0.0001); the chance of a discovery of a deposit with a NPV of $5 million has been estimated as one in 500 (probability 0.002); and the chance for a discovery of a deposit with a NPV of $2 million has been estimated as one in a 100 (probability 0.01). The values of these individual chances are $2,000, $10,000 and $20,000, respectively. When added the chance is $32,000. Exploration expenditures should be accounted for.

The method is extremely sensitive to the selected probability factors and a number of cases need to be compared. It is a useful method when there is enough geological evidence to limit the potential size of the discovery giving credibility to the relative probability for the value of a potential discovery. Other methods cannot account directly for these aspects.

1.2 Multiples of Cost of Valid Work

The present value of previous work (past expenditure method) and committed work, when it is relevant to enhancing the value of the Project and therefore warranting an objective future programme is often the first considered method for exploration projects.

Expenditure that has been assessed as relevant generally is multiplied by a factor of between 0.5 and 3.0 (the prospectivity enhancement multiplier or “PEM”) to value the property at a particular stage of development. This range of PEM is common in Australia. (For higher- and lower-cost countries the factors would be different). Factors of less than 0.5 may be selected, depending on the considered potential. In our opinion factors of above 2.0 should not be used, unless strong indications of potential for economic mineralisation have been identified. This usually means that there are encouraging intersections and perhaps estimated resources.

It is common to include committed expenditure as part of that already incurred.

High levels of past expenditure are indicative usually of historical prospectiveness but at some point in time further exploration will not be justifiable. Future discoveries in properties with modest expenditure levels will be undervalued by the method. Often, when applying the method of " multiple cost of valid work" there is potential bias towards higher valuations for older projects.

1.3 Points Rating System

In this method, points are awarded for various forms of geological prospectiveness, presence of mineralisation, anomalism and structures. In addition factors are applied to account for the current financial, commodity and stock market climate. Other methods do this indirectly. This method instils a regimen so that these parameters and issues must be considered specifically and it is a useful method for comparative purposes.

1.4 Joint Venture Terms, Capitalisation of Earnings, Yardstick and Real Estate Approaches

Joint Venture Terms

The minimum commitment by a joint venture partner establishes a minimum base value for the property. In most joint ventures the incomer agrees to expend a certain sum over a specified time period to earn equity, for example:

$2 million over a four year period to earn 60% interest

This arrangement can be used to value the property by time-discounting the money and suggesting the probability for the deal to be completed, thus:

$2 million x 0.88 (time discount) x 0.4-0.8 (probability range) x 60%
= $0.42 - $0.84 million

The method does not place any upside potential on the asset. It often gives a good value estimate for situations where the vendor is under some pressure to dispose of the asset.

Real Estate Methods

The simple face value of transactions that have taken place at similar properties and projects may be compared. Clearly current transactions are more useful as they reflect the trends and mood of the time, while older transactions require factoring for CPI, price changes, etc. The real estate approach is seldom simple to apply because, apart from all projects being unique:

- Deals are affected onerously when either the vendor or purchaser has special reasons to sell or buy such as financial pressures or needing the funds for a different project.
- The criteria of "knowledgeable and willing" parties may not apply.
- The value may not relate to the value of making the project successful and may not be a technical valuation.
- The parties are not always completely independent of each other.

In short, the sum that some party might be willing to pay is not necessarily the true value.

Yardstick Values

This method assigns a value per unit of commodity, which has been estimated to be contained on the project. This must vary greatly to account for the resource or reserve classification and the assumed costs for extraction and treatment. The availability and ownership of useful plant and facilities will alter cases radically.

For gold operations a range of from $10 per ounce - for inferred underground resources - to $40 per ounce - for open pit probable reserves - was recognised by some valuers (circa 1990s).

APPENDIX F – INDEPENDENT GEOLOGIST'S VALUATION OF MGTM'S TIN ASSETS

INDEPENDENT VALUATION OF CERTAIN MINERAL PROPERTIES OF MGT MINING LIMITED 11th April 2017

VERONICA WEBSTER PTY. LIMITED
(Incorporated in Queensland; ACN 010 299 224)
Consultants to the Mining Industry
Les W Davis - Minerals Exploration Consultant

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POSTAL ADDRESS: P O Box 619, Hamilton QLD 4007

11 April 2017

The Directors,
MGT Mining Limited
Suite 13.05, Level 13,
109 Pitt St., Sydney,
NSW 2000, Australia.

Dear Directors,

RE: INDEPENDENT VALUATION OF THE TIN PROPERTIES OF MGT MINING LIMITED

THE MOUNT GARNET PROJECT

1.0 INTRODUCTION

Outline of commission

MGT Mining Limited ("MGTM") commissioned Veronica Webster Pty. Limited ("VWPL") to provide an Independent Valuation Report ("Valuation") on nominated tin assets in Queensland. The tenements are held in the name of MGTM are collectively known as the "Mount Garnet Project".

The Mount Garnet Project includes the following tenements:-

Mount Veteran/Summer Hill

ML 4349 "Mount Veteran"
ML 20547 "Summer Hill"

Smith's Creek

ML 20655 "Heads or Tails"
EPM 16948 "Nymbool"
EPM 25433 "Nanyetta"
EPM25690 "Nymbool West"

Smith's Creek continued

EPM25716 "Fuzzy Hill"
EPM25347 "Nymbool Extended"

These properties have been previously assessed by VWPL on 20th February 2016 and on 18th October 2014 for MGTM. VWPL also provided a valuation on 8th March 2010 (updated 21st October 2010) for DMR Corporate Pty Limited of Melbourne: report entitled, Independent Valuation of the Mineral Properties of Xtreme Resources Limited.

VWPL understands that MGTM may use the Valuation of these tin assets to support a corporate transaction. Mr. P.N Scott (mining engineer) of VWPL has prepared the Valuation Report and consulted with Mr. L W Davis (geologist). The views and conclusions expressed in this report are solely those of VWPL, Mr Scott and Mr Davis.

This Valuation may be included in an Independent Expert's Report (as per VALMIN Code 2015) if deemed appropriate by MGTM.

Information

Mr P.N Scott of VWPL has prepared this Valuation Report and consulted with Mr L.W. Davis. He was supplied with mining, exploration and other information by MGTM and has been instructed to rely on the information being accurate and complete. Mr Scott has relied, at his own discretion, on the observations and interpretations of previous explorers, exploration consultants and MGTM geological staff. However, the views and conclusions expressed in this report are solely those of VWPL, P.N. Scott and Mr L.W. Davis.

Mr Scott conducted a site inspection of the properties on the 14th/15th October 2014. This included a detailed inspection of the tenements, available exploration information, a review of the treatment plant, and discussions with the various North Queensland based MGTM staff and consultants that have worked on the project. VWPL understands that no significant site activities (with the exception of ongoing care and maintenance) have occurred since this inspection.

An appraisal of all the above mentioned information forms the basis of this report.

2.0 VALUATION SUMMARY

MGTM has an advanced tin project, the Mount Garnet Project, in far north Queensland under Mining Lease plus exploration areas where there is opportunity for tin (and gold) discovery.

The Mount Garnet project contains a treatment plant currently under care and maintenance, which has an annual throughput capacity of 50,000 - 70,000 tpa (tonnes per annum). MGTM has plans to upgrade the plant to 250,000 tpa capacity at a cost of approximately $7M (including expansion of the tailings dam).

Tin mineralisation within the Mount Garnet Project consists of:-

- **Smiths Creek** -

  Exploration Target 250,000 tonnes – 300,000 tonnes grading between 1% and 2% tin. JORC 2012 (Davis 2014). The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource

- **Summer Hills (excludes Dalcouth and Extended)** -

  Exploration Target 250,000 tonnes – 450,000 tonnes grading between 0.3% - 0.7% tin JORC 2012 (Davis 2014). The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

  Remodelling of the Summer Hills resource (to JORC 2012 standard) and include drilling information from 2014 is in progress.

- **Dalcouth and Extended**

  The combined Dalcouth Measured and Indicated Mineral Resource stands at 495,000t grading 0.31% tin, JORC 2012 Code Compliant (2016 Callaghan).

This valuation considers MGTM's suggested development of the project to process 250,000 tpa over a 10 year mine life. It should be noted that currently the Mount Garnet Project has no Ore Reserves (as defined by the JORC Code), and currently very limited sub economic resources at Dalcouth and Extended. The project relies on successful exploration defining sufficient Ore Resources and Reserves to support the planned plant throughput in both tonnage and grade terms.

VWPL considers a tin price of plus USD$ 20,000/t will be required to support future development of the Mount Garnet Project. (At an exchange rate of USD; AUD of 0.7). The current tin price is close to this level.

Summary Valuation

In valuing the Mount Garnet Project, VWPL has considered the recent market for tin, and the available projections of future tin supply, and likely tin prices. VWPL has adopted a modified discounted-cash-flow-rate-of-return ("DCFROR") approach to valuation, which takes into account the current status of the project (particularly with respect to the Exploration Targets on both Summer Hills and Smiths Creek).

In VWPL's opinion the current market would pay a range of between $1.5 million and $4.0 million for the Mount Garnet Project, with a preferred value of $2.75 million.

It should be noted that while not economic at current tin prices the Mount Garnet Project offers potentially excellent returns at higher tin prices (essentially providing a level of "optionality" on the tin price).

In April 2009, Mono Resources obtained control of Xtreme Resources (then holder of the assets that now constitute the Mount Garnet Project) by payment of $1.86M to purchase 73.76% Allowing for other assets held by Xtreme VWPL considers that at that time an implied price of approximately $2M was placed on the Mount Garnet Tin Project. At the time Independent Expert DMR Corporate described the transaction as "not fair" but "is considered reasonable".

Since April 2009, MGTM has spent approximately $2.6M on capital upgrade works to bring the treatment plant to an operable condition, and more than $8M on exploration on the Mount Garnet Project leases. Mining licences have also been granted for ML 20547 "Summer Hill" and ML 20655 "Heads or Tails".

Tin price is the prime driver in the valuation of the Mount Garnet Tin Project, tin prices in the past 6 years have ranged from a low of US$13,200 /tonne (January 2016), to a high of USD$32,500 /tonne (May 2011) At the time of this valuation the price is USD$20,374/tonne (7th April 2017).

The geology of the area is complex, with closely spaced drilling likely to be required to allow mineralising structures to be defined. Historically hard rock tin deposits exploited in the Mount Garnet area have been small high grade structures; the success of the Mount Garnet Project will require sufficient number of these structures being identified to meet the mill throughput requirements. While individual drilling results from the key tenements are encouraging, VWPL considers that a major drilling program(s) will be required to properly define the required resources, this is likely to take a minimum of two years, and will require significant funding ($3 million-$4 million).

This valuation is only valid at the date of this Valuation Report

All estimates are in Australian dollars and rounded to the nearest A$0.25 million.

3.0 TENEMENTS

The following Table lists the tenements relevant to this Report (collectively known as the Mount Garnet Project), all of which are warranted by MGTM to be in good standing. VWPL has sighted correspondence from MGTM's tenement managers (AMETS Pty Ltd) confirming the veracity of the tables below.

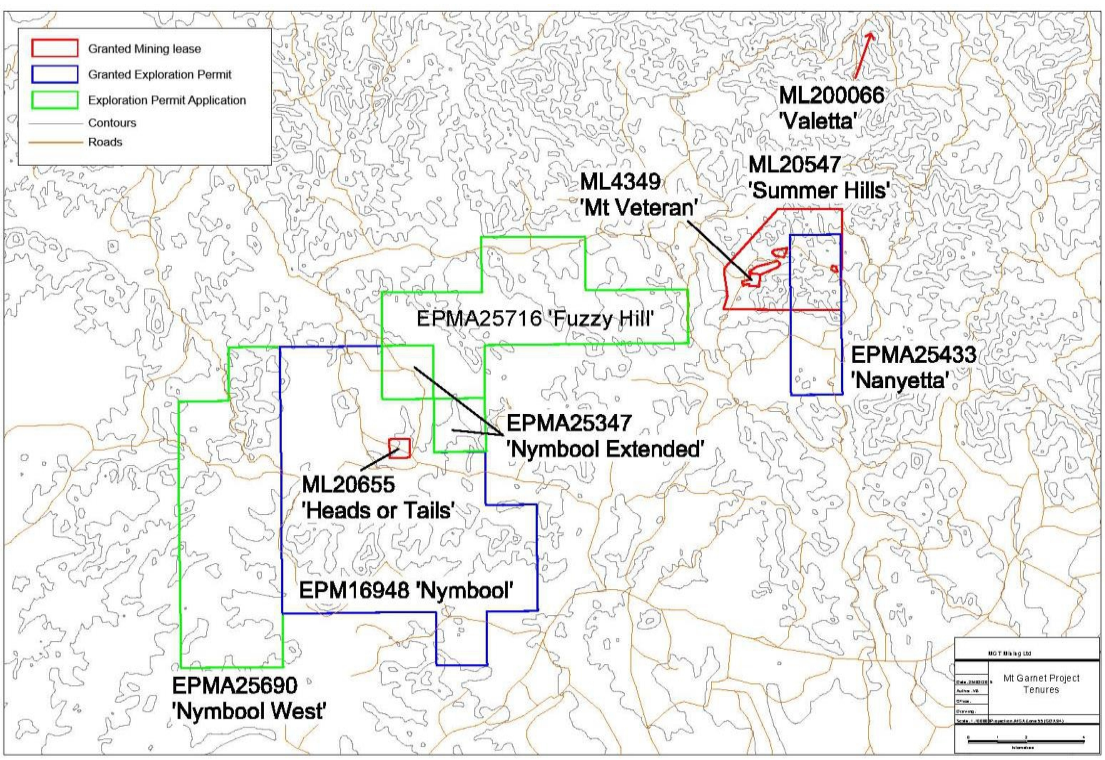
It should be noted that MGTM has native title agreements in place for the tenements (where appropriate), and accesses the tenements using the expedited procedures legislation. Future mining at Smiths Creek will require negotiation of a native title agreement prior to commencement.

Mining Leases

Tenure	Holder	Share	Project	Status	Grant date	Expiry Date	Area	Document	Obligations	Indirect Interest	Native Title	Financial Assurance
Mining Leases												
ML20547 - "Summer Hills"	MGT Mining Ltd	100%	Mt Garnet	Granted	1st February 2013	31st January 2034	1163.40 Ha	Grant letter	$20/Ha Landholder compensation		RTN with Bar Barrum People	$76,132
ML4349 - "Mt Veteran"	MGT Mining Ltd	100%	Mt Garnet	Granted	1st April 1985	31st March 2027	18.1848 Ha	Grant documen	Landholder compensation		Granted prior to 23d Dec 1996	$5,698
ML20655 - "Heads or Tails"	MGT Mining Ltd	100%	Mt Garnet	Granted	1st December 2011	31st December 2016	45.5 Ha	Grant letter	$20/Ha Landholder compensation		RTN with Bar Barrum People	$1,620

Exploration Permits for Minerals

Tenure	Holder	Share	Project	Status	Grant date	Expiry Date	Area	Document	Obligat	Indirect Interests	Native Title	Financial Assurance
Exploration Permits												
EPM16948 - "Nymbool"	MGT Mining Ltd	100%	Mt Garnet	Granted	17th February 2009	16th February 2019	Sub-blocks - 20	Grant documen	None		Expedited procedures	$2,500
EPM25433 - "Nanyetta"	MGT Mining Ltd	100%	Mt Garnet	Granted	25th June 2014	24th June 2019	Sub-blocks - 3	Grant documen	None		Expedited procedures	$2,500

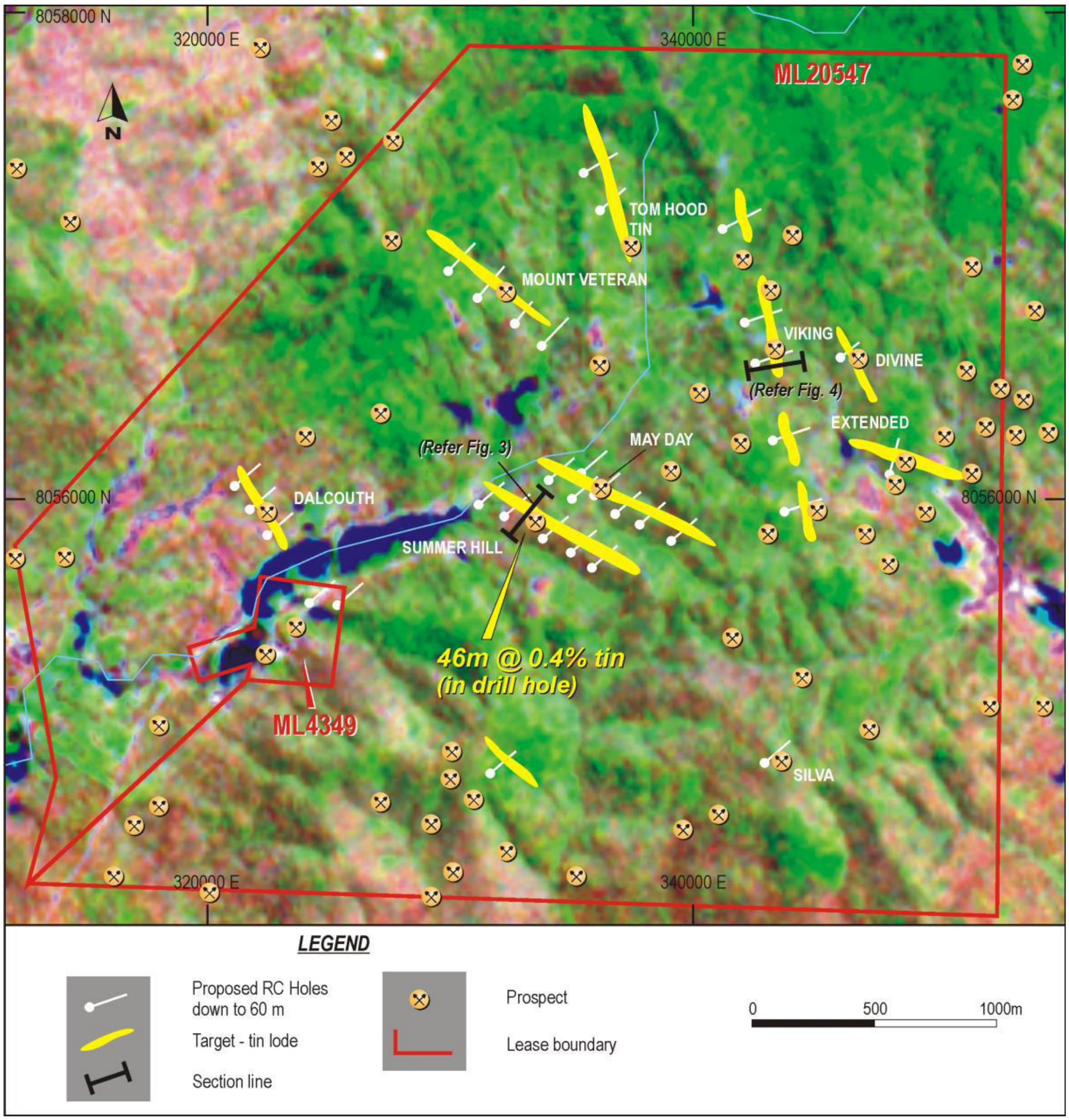


Map showing MGTM's Mount Garnet Project - MLs and EPMs.

4.0 MOUNT GARNET TIN PROJECT

The Mount Garnet Project is situated in the Mount Garnet district of Far North Queensland. The area is recognised as one of Australia's major tin provinces where tin mining has been carried out over a period of more than 100 years. Mining has been conducted from this area at times of favourable tin demand and prices. The district has a history of small tonnage operations based on very rich mineralisation. Two groups of tenements are considered to make up MGTM's Mount Garnet Project: the Mount Veteran/Summer Hill area, and the Smiths Creek area.

4.1 Mount Veteran ML 4349 and Summer Hill ML 20547



Mount Veteran/Summer Hills granted MLs 4349 and 20547 and lode systems.

Current Status - Dalcouth ML 4349 and Extended ML20547

In mid-2011 and in 2016, Tim Callaghan – Resource and Exploration Geology, provided a three dimensional digital interpretation and resource estimation of the Dalcouth, Extended and Summer Hill deposits in the Veteran Mill locality of the Mount Garnet Tin Field. Insufficient data was available to estimate the Summer Hill deposit, therefore only the Dalcouth and Extended resources were estimated. The estimate was carried out by geostatistical methods.

The combined Dalcouth Measured and Indicated Mineral Resource stands at 495,000t grading 0.31% tin, JORC 2012 Code Compliant (2016 Callaghan). A cut-off to grade domains of 0.1% tin and a top-cut at 97.5th percentile of the assay population was used.

VWPL has reviewed and agrees with the findings of the report, noting that MGTM will have to selectively mine within the 495 000 tonnes, raising the cut-off above 0.1% tin to achieve a satisfactory mill feed.

Current Status - Summer Hills ML 20547

In the absence of critical intersection data, plans and sections, etc, VWPL considers that the mineralisation on the Summer Hills ML constitutes an Exploration Target of 250,000 to 450,000 tonnes grading between 0.3% and 0.7% tin) in accordance with the JORC 2012 Code (note we have excluded the Dalcouth and Extended mineralisation which is located on ML 20547 now subject to a separate estimate); there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

Historical Estimates

G Kater in 1985, wrote that the mineralisation within the current ML 4349 and ML 20547:-

"Recent bulk testing and past mining experience indicates head grade tenor varies between 0.15% and 1% tin overall, whilst observation of numerous exposures indicates patches of higher grades (several percentages) of tin can be easily selected for quality control of head grade. Based on the large quantity of mineralised Lode available, there is a high probability that at least 500,000 to 1,000,000 tonnes could be produced, using careful quality control and blending, to maintain a head grade of 0.6% to 0.7% Sn. On current exposure and development, there is sufficient; resource to easily achieve this head grade by quality control at a rate of 30,000 to 60,000 tonnes per year for at least 10 years."

This was clarified by Davis in February 2008 who wrote:-

"In the opinion of VWPL (Davis) later workers have confirmed Kater's findings. In the last 30 years small parcels of measured and indicated resources have been estimated and some of these have been exploited. In 1998, with surface sampling only, John Sainsbury Associates estimated a combined Indicated and Inferred resource of 491 000 tonnes grading 0.5% tin within the larger previously identified lode zones.

Sainsbury's 491 000 tonnes of 0.5% tin (classified by Sainsbury in 1998 as Indicated and Inferred JORC Resource) is made up of many smaller parcels.

MGTM now has an independent Resource estimate (JORC 2012 Code Compliant Resource) for Dalcouth, see above and will provide another estimate (JORC 2012) for the Summer Hill prospect in due course when MGTM complete drilling and geological interpretation work.

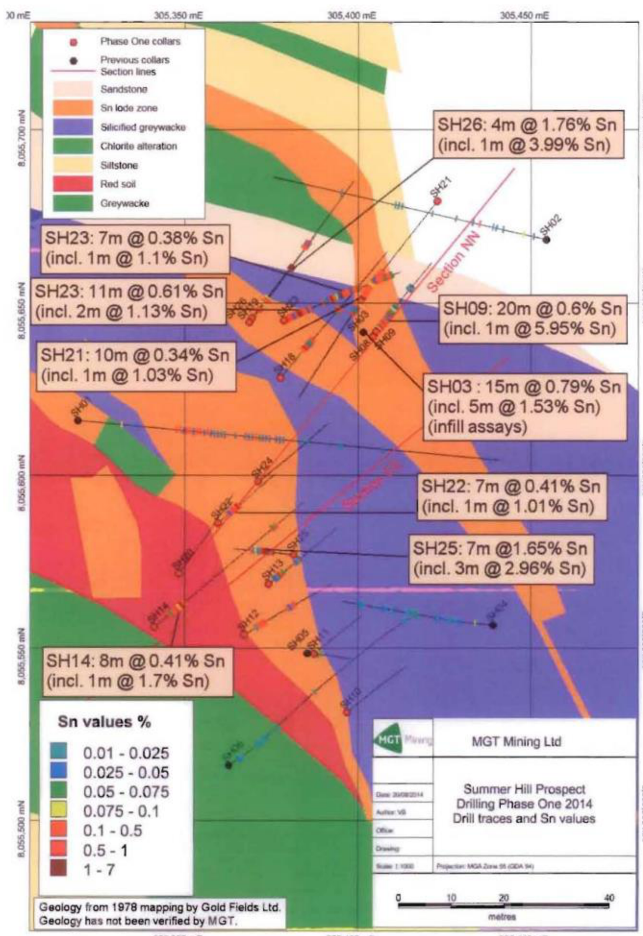
MGTM carried out evaluation drilling in 2010 and 2011, mainly on the Dalcouth and Extended vein systems. A fewer number of holes were drilled into the prospects of Summer Hill, May Day and Veteran but there is insufficient information to estimate resources.

Summer Hill Tin Lodes…2014 drilling

Recent drilling by MGTM was announced in August 2014

"Summer Hill Prospect:

- 8m @ 0.41% tin from 10m (including 1m @ 1.7% tin) (SH14)
- 7m @ 0.41% tin from 5m (includinq 1m @ 1.01% tin) (SH22)
- 11m @ 0.61% tin from 1m (including 2m @ 1.13% tin) (SH23)
- 7m @ 1.65% tin from 10m (including 1m @ 1.66% and 3m @ 2.96% tin) (SH25)
- 4m @ 1.76% tin from 37m (including 1m @ 3.99% tin) (SH26)
- 15m @ 0.79% from 32m (includinq 5m @ 1.53%) (SH03 infill samples from previously-drilled hole)



Recent Summer Hill Drilling by MGTM

Viking Prospect:
- 1m @ 1.14% tin from 25m (VK07)
- 1m @ 1.18% tin from 12m (VK08)
- 2m @ 1.72% tin from 27m (including 1m @ 3.05% tin), (VK15)

The geometry of mineralisation at parts of the Summer Hill and Viking prospects is uncertain. It is probable that true widths are less than the reported downhole intercepts for a number of holes".

Photo 14/10/14 showing old open pit workings at the Viking prospect

A Plan with drill traces and intersections shows that information is increasing to the extent that resource estimation may soon be possible.

Mount Veteran tin plant

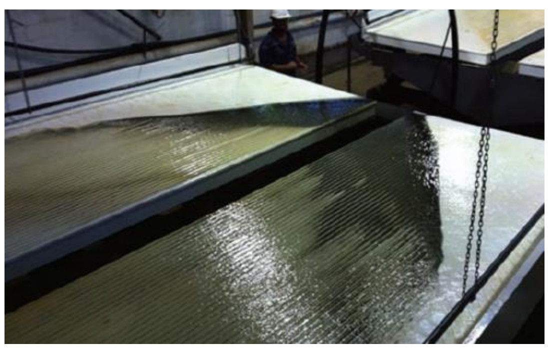
Photo 14/10/14 showing treatment plant at Mount Veteran

The Mount Veteran plant was built in 1984, it reportedly operated for about six months before being closed due to low tin prices at the time.

MGTM has refurbished and briefly operated the plant at Mount Veteran. The refurbishment cost was approximately $ 2.6 million, after refurbishment the plant produced a small quality of tin concentrates from old stockpiles, prior to being placed on 'care and maintenance', pending environmental approval of the larger project. Current capacity of the plant is in the range 50,000 tpa to 70,000 tpa. The plant from inspection in 2014 appeared to be in reasonable condition, and reportedly could be quickly brought back into operation if desired.

Photo 14/10/14 Mount Veteran Plant from crusher

MGTM has received estimates that an upgrade to the plant to a 250,000 tpa capacity would cost approximately $7 million (Nov 2014) (This includes replacing the existing ball mill and upgrading the tailings storage facilities). The plant is currently connected to the Queensland State grid power, an upgrade of the power line will be necessary if the plant is upgraded to 250,000 tpa capacity.



Tabling tin at Mount Veteran in 2009 (Photo MGTM)

Potential project economics could be enhanced by arranging the toll treatment of future production off site. The proposed construction of a large tin (1 million tpa) processing facility at the town of Mount Garnet by previously owned Consolidated Tin Mines (which MGTM reports has gone into voluntary administration), may provide an opportunity to explore this alternative further.

Environmental Issues

MGTM has been working towards site specific environmental approval for ML4349 and ML20547 (same Environmental Authority). MGT has engaged to environmental consultants Biotropica Australia to assist with this work.

The current status is that MGT is engaged in collecting further baseline data, and will proceed with a site-specific application once a mining plan is finalised.

Discussions with Biotropica (October 2014 and more recently in April 2017) have identified a number of areas that need to be addressed in order for production to proceed. It is possible that an Environmental Impact Statement (EIS) may be necessary and this will require public approval (an EIS is usually required for large-scale impacts associated with resource projects (dependent on trigger assessment). In addition, a decision may be made to require an EIS application, even if no EIS criteria are triggered, if DEHP or the Minister determines that the project applied for would involve a significant environmental impact, or a high level of uncertainty about potential impacts, or involve a high level of public interest. It is estimated that to progress the EIS process through to approval will take some 18 months and cost an additional $750,000.

Areas to be further addressed by MGTM ahead of environmental approval include:-

Air, dust and particulates monitoring programme
Waste Management Plan
Waste Rock / Soil / Tailings Management Plan
Noise Management Plan
Groundwater modelling
Surface water modelling
Receiving Environment Monitoring Plan (REMP)
Water Management Plan
Erosion and Sediment Control Plan
Rehabilitation Plan
Flora and Fauna impact and mitigation strategy
Biodiversity Offset Strategy (if applicable)
Environmental Management Plan

It should be noted that MGTM has made significant progress on some of the above, exact requirements will be addressed once the mining plans have been finalised.

Tailings Storage Facility

MGTM has been addressing issues of non-compliance regarding the historical Tailings Storage Facility (TSF) on site. The TSF overflowed during Cyclone Ita (February 2011) and had been experiencing seepage at both the toe of the TSF, and from the Freshwater dam located above the TSF (into the TSF). MGT successfully addressed this problem by using polymer based sealants, however additional measures are likely to be required if the site is to be brought back into operation.

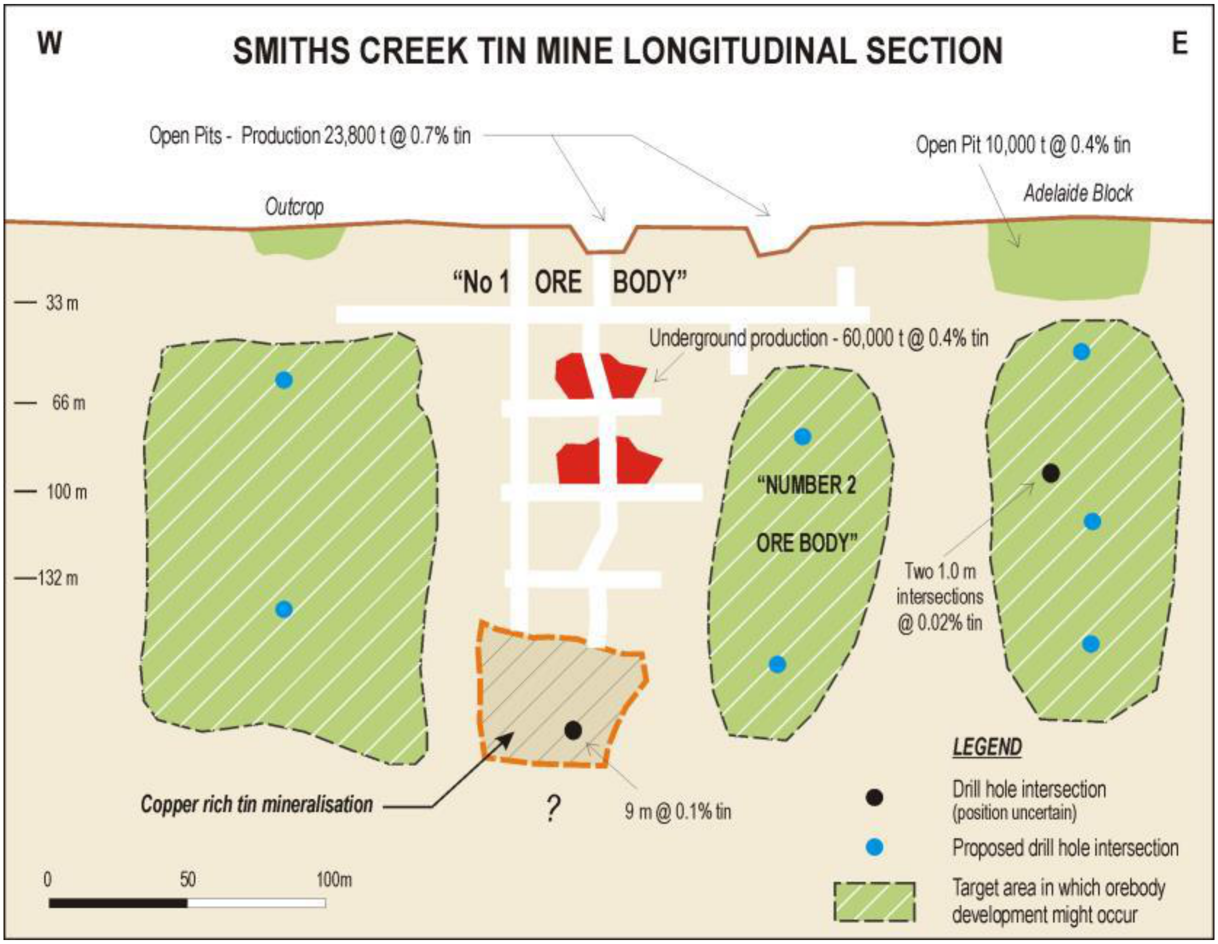
4.2 Smiths Creek Tin Mine ML 20655 “Heads or Tails”, EPM 16948 “Nymbool” and EPM 25433 “Nanyetta, EPM25690 “Nymbool West”, EPM25716 “Fuzzy Hill”, EPM25347 “Nymbool Extended”.

Photo showing recent diamond drill hole at Smiths Creek, with old mine dump and buildings in the back ground.

Historical information

The Smiths Creek Tin Mine was discovered in 1901 and produced tin from both open cut and underground workings between 1903 and 1909. When the mine closed in 1909, the underground operation was estimated to have produced about 60,000 tonnes of ore at an average grade of about 4% tin per tonne. An additional 23,800 tonnes were won by open-cutting mineralisation estimated to have graded approximately 0.7% tin.

After closure, drilling by the Goldfields Drilling Company intersected grades ranging from trace to 10.4% tin (widths not reported) at the 92 m level. The Geological Survey of Queensland drilled three diamond holes between 1955 and 1966 targeting possible tabular extensions with negative and non-conclusive results. Past records suggest there is possibly a second body to the east (see figure).



Smiths Creek Longitudinal Section and Exploration Targets

In 1980, Robinson conducted an economic evaluation for Otter Exploration NL ("Otter") based on an inferred resource of 250,000 tonnes grading 1.68% tin. In 1981, Otter drilled three diamond drill holes (260 m total) to test magnetic features. Core recovery was poor. Chloritic shear zones were intersected and the grades were less than 0.1% tin.

In 1996, Ford undertook a feasibility study for Strike Mining NL ("Strike") for the exploitation of mineral deposits that Strike controlled in the Mount Garnet district. This included mining the Smiths Creek Tin Mine and the Adelaide block with processing proposed at the Mount Veteran Plant. The study was based on the estimate by Otter of 250,000 tonnes grading 1.68% tin left in remnants and extensions and another 10,000 tonnes down to 30 m depth in the Adelaide block. The projects were considered unattractive at this time of relatively weak metal prices.

The ML 20655 "Heads or Tails" was granted on 1st December 2011, MGTM planned to mine a quantity of tailings (from the old Smith Creek Mine workings) and process through the Mount Veteran plant. This plan has been suspended and the probable grade and volume of these tailings makes them immaterial in the context of this valuation.

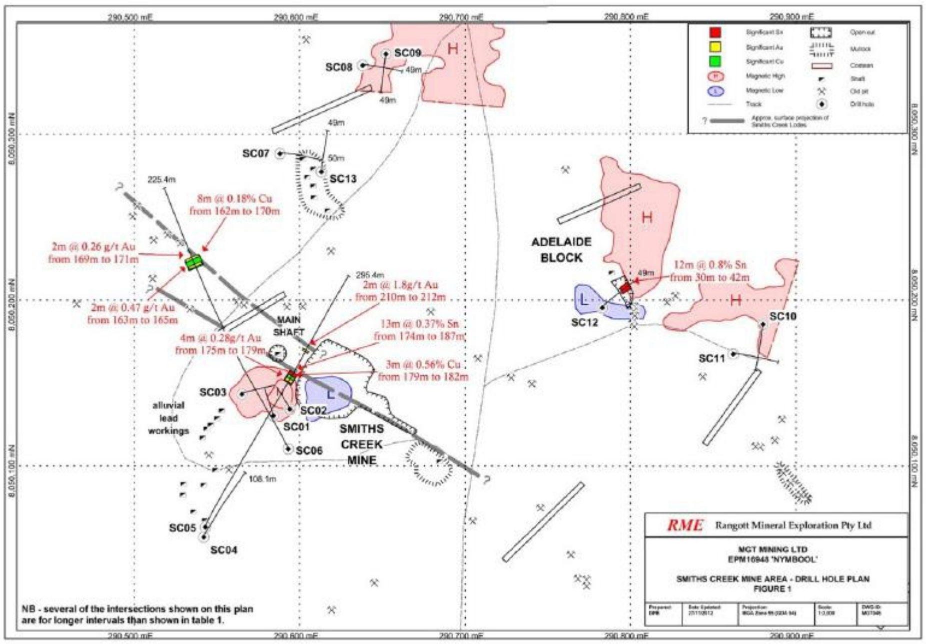
Recent Exploration by MGTM

In 2012 MGTM conducted a drilling program at Smiths Creek, drilling at both the Smiths Creek Mine area, and the Adelaide Block immediately to the east.

Two combination RC percussion/diamond drill holes (total depth 520.8m) and eight RC percussion holes (total depth 441m) were drilled, (see figure 2a), results strongly support the prospectivity of the area. Best results for tin mineralisation were:-

9.5m @ 0.39% (DDH SC05) between 174 and 183.5m, including 0.75m @ 0.76%

12m @ 0.8% (PDH SC12) between 30 and 42m (includes two 1m voids – assumed to be old workings), including 2m @ 1.25%



Plan showing MGTM's 2012 Smiths Creek Drilling

Smiths Creek Exploration Target

VWPL considers Smiths Creek to be an Exploration Target (200,000 to 250,000 tonnes between 1% and 2% tin. Target Mineralisation (target tonnes and target grades) are not precise figures, being based on projections of mineralisation in drill holes and workings. The potential quantity and grade is conceptual in nature as there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

5.0 VALUATION OF MGTM PROJECTS

Methods of valuation

In 2014 VWPL provided a valuation of the Mount Garnet Tin Project using a modified discounted-cash-flow-rate-of-return ("DCFROR") procedures (Appendix I), to obtain a net present value ("NPV") for the mining project. This involved designing a basic mine plan and making the necessary estimates and assumptions to mine and treat the mineralisation.

Comparison with relevant tin asset transactions was made to check on the reasonableness of the DCFROR. Given the tin price currently prevailing (and general market sentiment on long term tin prices) offset to a degree by a more favourable exchange rate. VWPL considers it appropriate to adjust the valuation to reflect current conditions.

VWPL also notes the considerable drop in value of listed tin explorer/development companies in the period.

Mount Garnet Tin Project Valuation

VWPL stresses that a detailed mining and financial model has not been derived from classified resources under the JORC Code: the valuation is based on a likely scenario based on the outcomes of previous mining ventures and the current geological information. The target tonnes of contained tin are considered likely but the exact distribution of tonnage and tenor of mineralisation has to be established by evaluation drilling and trenching. The project is an advanced exploration scenario.

Assumptions

The following base case study (with sensitivities) was examined:

- Mined grade – 0.5% Sn
- Metal prices: Potential project economics were examined at a range of tin prices from USD$15,000 to USD$25,000
- A$/USD$ exchange rate of 0.70 was used
- Mine Life-10 years at 250,000 tpa, assuming ongoing exploration to support future ore supply.
- Pre-start capital costs of $7.2M primarily to upgrade the plant to 250,000 tpa and to construct a new tailings dam.
- Exploration costs of $3.0 M ahead of commencement of production, thereafter $1M per annum for the life of the operation.
- Mining strip ratio of 6:1.
- Mining cost of $26/tonne of ore mined
- Processing cost of $25/tonne milled
- Smelter return of 82% (includes charge for impurities).
- Tin plant recovery of 70%.
- Tin concentrate grade of 55%.
- Tax rate 30% (assume current tax losses within MGT result in nil tax payable)

While the mill and other facilities are on ML 4349, the bulk of the expected future resources are located on ML 20547. An allowance A$750,000 over 18 months has been made for conducting environmental studies and obtaining the requisite environmental approvals to allow the operation to commence.

The base case value of A$3.24 M at a discount rate of 20% was calculated using the above data. VWPL considers that the base case plus 25% (A$4.05m) reflects the top of the valuation range. In the case of the low valuation VWPL has adopted the sale value of plant and equipment on site of $1.5M (see below).

Preferred Valuation

Our valuation range is accordingly:

$1.5 million to $4.0 million
Preferred value of $2.75 million

Note this valuation is for 100% of the Mount Garnet Tin Project it includes both the Mount Veteran/Summer Hill and Smiths Creek projects. The Valuation takes into account a high level of risk for changes in tin prices and the grade of mineralisation treated. Estimates have been rounded to the nearest $0.25 million. VWPL believes that in current economic conditions the valuation provided is a fair and reasonable estimate.

The financial exposure to treatment plant upgrade and exploration is considered an acceptable risk. The valuation of the Mount Veteran tin property provided by VWPL in all cases assumes that the current infrastructure is upgraded and utilised.

VWPL notes that an independent valuation of the plant and equipment on site has quoted a replacement (with new) cost of $5.9 million and a “fair” (an expected sale value) of $2.5 million. (Andrew Nock Pty Ltd 10th July 2014).

VWPL considers that the value of plant and equipment on site should be adjusted to $1.5 million as at April 2017.

Comparison with Previous Valuations

Mount Garnet Tin Project

Prior VWPL valuations

VWPL’s valuation in February 2016 was A$3.25 million (range of high A$4.0 million - low A$2.25 million)

VWPL valued the Mount Garnet Tin project at A$6.25 million in November 2014, (range of high A$10.25 million and low of A$2. 5 million)

VWPL also provided valuations for the Mount Veteran Tin Project in April 2009, and in March 2010. Preferred values were $4.25 million (2009) and $4.00 million (2010).

In August 2007, VWPL placed a preferred value on Mount Veteran of between $3.1 million and $4.1 million

Historical valuations

In 1984, Terrence Willstead and Associates valued Mount Veteran Minerals Pty Limited at about $4 million which included $3 million (replacement value) for the plant and equipment (included earthworks, dams and reservoirs) and $590 000 for the MLs (includes tin resources assumed as 100 000 tonnes grading 0.5% tin).

Mono Resources/Xtreme Resources transaction

In April 2009, Mono Resources obtained control of Xtreme Resources (then holder of the assets that now constitute the Mount Garnet Project) by payment of $1.86 million to purchase 73.76% of the equity in Xtreme. Allowing for other assets held by Xtreme VWPL considers that at that time an implied price of approximately $2 million was placed on the Mount Garnet Tin Project. At the time Independent Expert DMR Corporate described the transaction as "*not fair*" but "*is considered reasonable*".

Since April 2009, MGTM has spent approximately $2.6 million on capital upgrade works to bring the treatment plant to an operable condition, and more than $8 million on exploration on the Mount Garnet Project leases. Mining licences have also been granted for ML 20547 "Summer Hill", ML 20655 "Heads or Tails"and ML 20066 "Valetta". It should also be noted that the tin price has increased from USD$ 12,000/t to USD$ 20,000/t in the period April 2009 to October 2014.

Other tin transactions

On examination of available public information VWPL believes that the market is likely to pay in the range of A$75/tonne to A$150/tonne for in situ tin contained within Exploration Targets, with up to A$550/t paid for JORC Code Compliant resources in the vicinity of an existing treatment facility. The relevance of these transactions is limited, given the relatively advanced state of the Mount Garnet Project, particularly the granted mining licences, and existing treatment plant.

However utilising A$150/t of contained tin for the Exploration target material, and A$550/t for the resource a valuation of the tin resource at Mount Garnet of A$1.1 million is derived, which plus the value of the treatment plant of $1.5 million giving a total of A$2.5 million fits well within the value range suggested.

Transactions examined include Stella Resources Ltd/Gippsland (November 2011), Malachite Resources/Mancala Resources Pty Ltd (June 2012), Monto Minerals Baal Gammon Mine, purchase from Conquest Mining Ltd (February 2011).

Key Risks and Opportunities

Risks specific to the Mount Garnet Project include

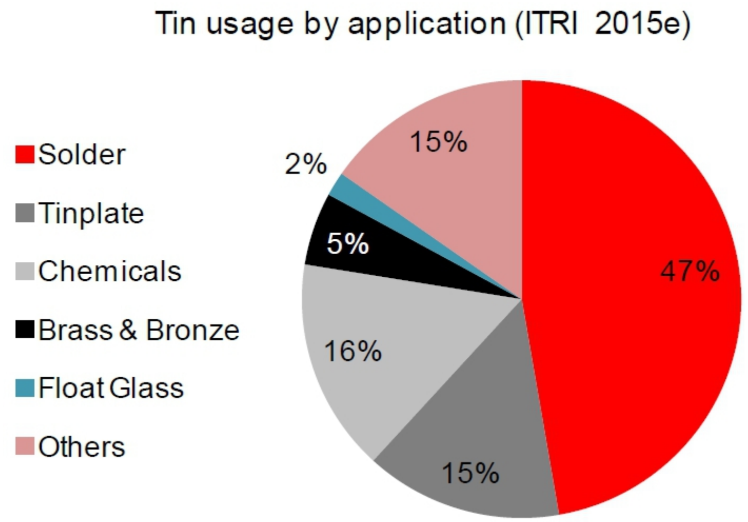
- The requirement to delineate a resource of sufficient tonnes and grade to support an economic mining operation. In VWPL's opinion the Mount Garnet area has historically been the source of numerous small scale higher grade tin occurrences, finding larger ore bodies with reasonable grades will be necessary to support a mining operation. MGTM needs to establish at least a 2 year Ore Reserve base (backed up by an inventory of Inferred Resources that can be converted to Reserves as mining progresses) prior to commencing any mining operations, there is no certainty as to when or at what cost this can be achieved.

- While Mount Veteran and Summer Hills are granted Mining Leases, specific environmental approval will be necessary prior to the commencement of mining.
- There are a number of highly prospective drill targets on both the Summer Hills, and Smiths Creek areas, these should be followed by MGTM.
- Tin price volatility increases the risk associated with future mining operations

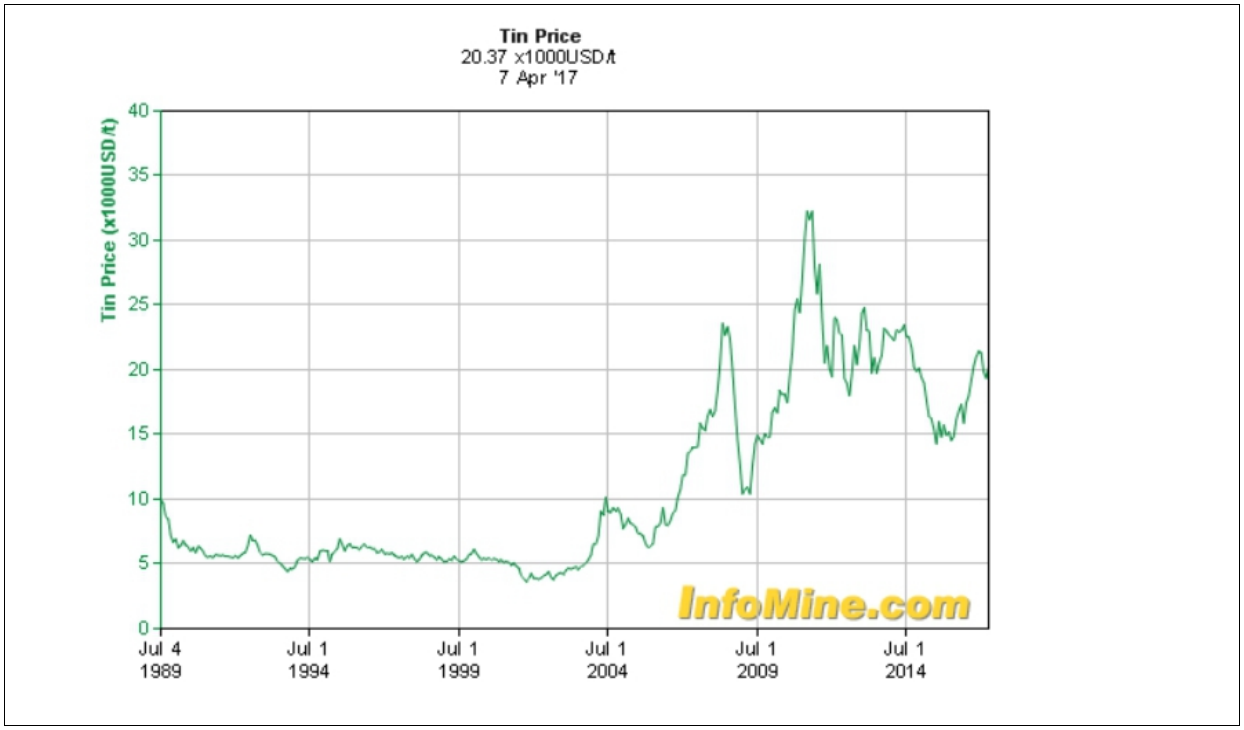
6.0 THE TIN MARKET

Tin is primarily used for solder in electrical equipment, given tin's non-toxic nature it has largely replaced lead in this regard. Other uses of tin are for tin plate, chemical production and glass manufacture.

Demand for tin is primarily driven by the requirements of the Chinese electrical industry.



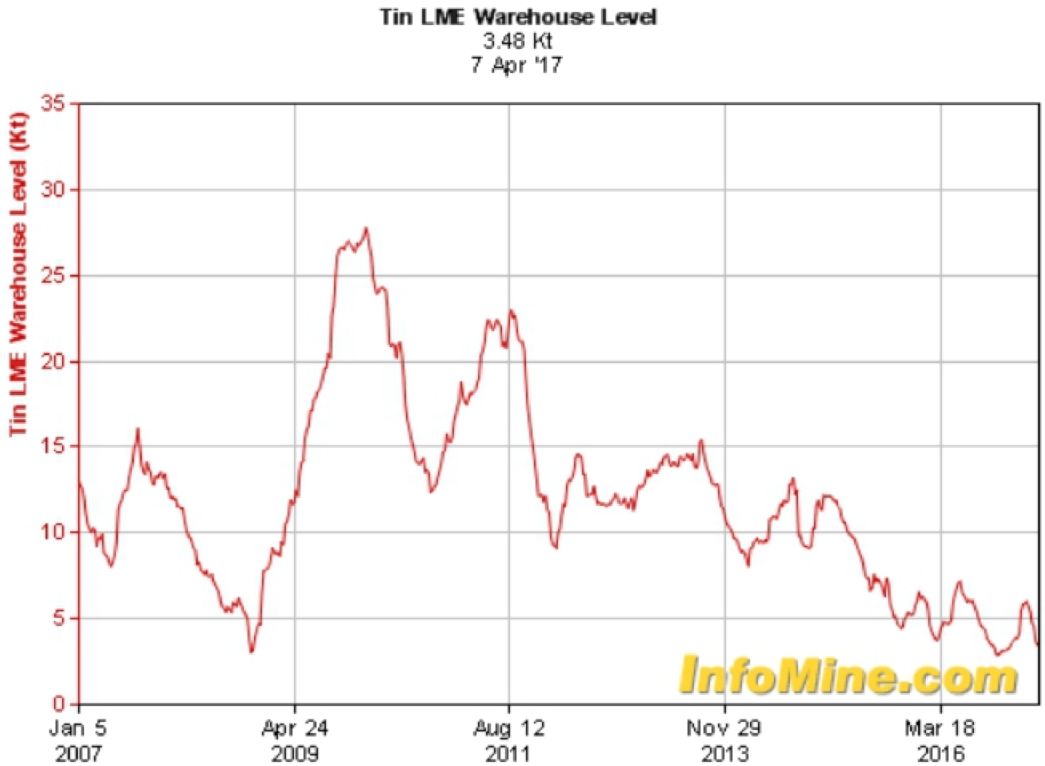
Tin prices over the past five years have been very volatile, between a high of USD$32,500/t and a low of USD$13,250/t.



Significant tin supply from Myanmar over the past five years has disrupted the tin market, (where previously commentators were predicting a shortfall) Longer term tin prices are currently forecast to be in the range US$15,000 to US$25,000 per tonne.

Many commentators are forecasting higher future tin prices, citing a tightening in future supply in traditional alluvial tin mining counties, particularly Indonesia and Malaysia, however the continued supply from Myanmar is a counterbalance. With alluvially mined tin supply being replaced by hard rock sources, higher price levels are anticipated in the longer term to support future mine development. Longer term demand is expected to be driven by rising demand for consumer electronic goods. Substitution and miniaturisation are considered to be possible threats to future tin demand.

It should be noted that tin stocks have declined over the past seven years; this would normally support an upward price movement.



VWPL has chosen to examine the potential project economics, focussing on a range of tin prices, with a mid-point long term price of USD$ 20,000/t.

7.0 SOURCES OF INFORMATION

Abundant technical information from MGTM has been made available to VWPL and this is mainly unpublished.

Key internal reports referred to in this valuation are listed below

Smiths Creek High Grade Ore Test	Tableland Analytical Pty Ltd	12 January 2010
Smiths Creek Ore Characterisation.	Tableland Analytical Pty Ltd	2 August 2009
Dalcouth Tin Recovery Test	Tableland Analytical Pty Ltd	7 July 2014
Dalcouth Ore Characterisation	Tableland Analytical Pty Ltd	1 August 2009
Viking Ore Characterisation	Tableland Analytical Pty Ltd	1 August 2009
Concentrate production Target	Tableland Analytical Pty Ltd	13 November 2011
Scoping Study For Mount Veteran Mill		
Throughput Upgrade	Tableland Analytical Pty Ltd	28 July 2011
Heads & Tail Tabling Test Work	Tableland Analytical Pty Ltd	5 May 2014
Tailing Volume for Dalcouth Pit Design	AMC Consultants Pty Ltd	26 August 2013
ML20547 & ML4393		
Baseline Environmental Report	Garimperos Pty Ltd	9 September 2013
Plant and Equipment Valuation	Andrew Nock Valuers	10 July 2014
Summer Hills Review of 2014 Phase 1 Drilling	Rangott Mineral Exploration Pty Ltd	4 September 2014

MGTM Reports

MGT Resources Limited Annual Report 2016 – Operations Report.

MGT's various ASX market releases for period 2012- 2016

MGT Mining Prospectus 7th January 2013

Xtreme Reources Ltd's Notice of Annual General Meeting dated 9th April 2009
(Contains details of transaction with Mono Resources – and Independent Expert Report by DMR Corporate 31/3/09 relating to the transaction)

Callaghan T. – Resource and Exploration Geology, July 2011. Mount Garnet Project

Dalcouth and Extended Mineral Resource Estimate, 2011 and 2016.

External References

Foord G., 1996. Strategic Review of The Mount Garnet Projects. Prospector Enterprises PTY LTD for Strike Mining NL.

Gallo J., 1996 ; Various Notes and Files . Strike Mining NL

McLean, D.S., 1985: Summary of Drilling and Results of Drilling Program for Mount Veteran Minerals.

McLean D., 1984 Mount Veteran Tin Mine North Queensland

Robinson H. A., 1980. Smiths Creek Tin Mine Mount. Garnet. Otter Exploration NL.

Sainsbury J., 1998: Mount Veteran Hard Rock Tin Potential Mls 4071 & 4349

Sainsbury J., 2007 : Summer Hill summary of Previous Work. John Sainsbury Consultants Pty Ltd

Sainsbury J., 2007 : Hardrock Tin Deposits Within EPM 14185., John Sainsbury Consultants Pty Ltd

8.0 DECLARATION

Qualifications and Experience

This report has been prepared by Veronica Webster Pty Limited which has operated in Australia serving the mining industry since 1980.

Mr. P.N. Scott who is a duly authorised representative of VWPL has prepared the opinion report, which includes an assessment of fair market value of MGTM's Mount Garnet Project. Mr Scott has over 30 years' experience in the minerals industry, particularly mining for precious metals and base metals; has held senior positions with Mungana Goldmines Ltd, Foxleigh Mining Pty Ltd, Otter Gold Mines Group, Normandy Group, Aztec Mining and a number of overseas mining companies. His responsibilities have frequently included the evaluation and subsequent development of open pit and underground ore bodies.

Mr Scott holds an honours degree in mining engineering from the Royal School of Mines London (UK), is an Associate of the Royal School of Mines (UK), is a Fellow of the Australian Institute of Mining and Metallurgy, a member of the Institute of Materials (UK), and is a Chartered Engineer (UK).

Mr Scott holds first class mine manager certificates for both the Northern Territory and Western Australia for the management of open pit and underground metalliferous mines.

Mr L.W. Davis (a Director of VWPL) assisted in the Valuation Report Mr Davis has had over 40 years' experience in the minerals industry, is a registered Chartered Professional (Geology), and is affiliated with the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He specialises in mineral resource/reserve estimations, advanced project assessment and exploration management.

Mr Davis has held senior positions with Electrolytic Zinc Co of Australasia Limited, Freeport Minerals Corporation of Australia, Tenneco Oil & Minerals and Amad NL before joining Veronica Webster Pty Limited in 1985.

His principle qualification is Bachelor of Science (Special Geology) Leics., UK. His professional affiliations are as follows:-

Fellow - The Australasian Institute of Mining & Metallurgy No 103477
Chartered Professional Geology CPGeo
Fellow - Australian Institute of Geoscientists
Member - Geological Society of Australia

Independence

Veronica Webster Pty Limited L.W. Davis and P.N. Scott have no conflict of interest in preparing this report. The report has been commissioned by MGTM with payment to be made for services on a fixed fee basis. The companies and consultants preparing this report have no association with MGTM nor have they any financial interest in or entitlement to MGTM or any associates of MGTM.

It is noted that VWPL separately conducted a valuation report of MGTM's gold assets in September 2014, together with an independent review of MGTM's resources. VWPL has received payment for both these reports on a standard fee basis.

Limitations and requirements

The views expressed in this report are solely those of Veronica Webster Pty Limited, P.N. Scott and L W Davis. When conclusions and interpretations credited specifically to other parties are discussed within the report, then these are not necessarily the views of Veronica Webster Pty Limited, P. N. Scott or L W Davis.

VWPL observes Section 947B of the Corporations Act 2001. In accordance with Corporations Regulation 7.6.01 (1) (u) and Corporations Amendment Regulations 2003 (No. 7) 2003 No. 202, the Valuation Report is not financial product advice but is intended to provide expert opinion on matters relevant to the mineral properties of MGTM. P Scott, L Davis and VWPL are not operating under an Australian financial services licence and the advice in the Valuation is an opinion on matters other than financial products and does not include advice on a financial product.

All references to mineral resources are consistent with the most recent Australasian Code (and Guidelines to the Code) for Reporting of Identified Mineral Resources and Ore Reserves: Reports prepared by the Joint Committee of The Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia (JORC).

In preparing the Report, VWPL has observed Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports (The Valmin Code), which is referred to by the Australian Securities and Investment Commission ("ASIC") and the Australian Securities Exchange ("ASX"). As well, ASIC Practice Notes 43, ASIC Practice Note 55; former NCSC Release 149, has also been observed.

Consents

Veronica Webster Pty Limited has consented to the use of this report by MGTM to support a corporate transaction if appropriate

For and on behalf of

VERONICA WEBSTER PTY LIMITED

P.N. Scott
BSc (Mining) ARSM MIMM FAIMM C Eng

L.W. Davis
BSc (Special Geology) FAIMM (CP) FAIG

APPENDIX I

VALUATION PROCEDURES

Valuation Methodology

Projects, which contain indicated or measured resources from which mining reserves can be defined may then be the subject of feasibility studies based on estimations for amounts, rates and the costs of production together with the revenue defined from sales. The discounted cash-flow-rate-of-return ("DCFROR") method may then be applied to express the value of the project in terms of present day money, often called the Net Present Value ("NPV") using a variety of interest rates. For selected cases the return on invested funds or internal rate of return ("IRR") expressed as a percentage is estimated.

DCFROR is obviously the more accurate when the assumptions for the financial models are known with confidence; contracts for work and sales, etc. The more reliable the assessment of the resources/reserves, costs of mining and treatment, capital costs of mining and treatment, recovery in the mining and treatment processes, metal prices, exchange rates and all the associated operation issues, the more accurate the DCFROR method becomes. But it is always subject to assumptions and uncertainties of the estimations of a current nature and also for those in the future life of the project. The DCFROR technique cannot take into account abrupt and radical changes to market conditions.

For long-life projects where operations are expected to continue to sometime in the future with only rough estimates for costs and sales and based on resources which may not be Indicated or Measured resources, a modified DCFROR can be applied. The NPV derived from such models may be discounted to obtain an Expected value or an Expected NPV (“ENPV”). This is a probabilistic approach and the probability factors are judged by and are the responsibility of the valuer.