

ACN 009 161 522 Limited
(to be renamed
'Raiden Resources Limited')
ACN 009 161 522



PROSPECTUS

FOR AN OFFER OF 250,000,000 SHARES AT AN ISSUE PRICE OF \$0.02 EACH TO RAISE A TOTAL OF \$5,000,000 (PUBLIC OFFER) (BEFORE COSTS).

This Prospectus also contains the following Secondary Offers:

1. an offer of 75,000,000 Shares and 200,000,000 Performance Shares in consideration for the acquisition of all shares in Timok Resources Pty Ltd (**Consideration Offer**);
2. an offer of up to 40,000,000 Shares and 13,000,000 Options to Otsana (or its nominee) in lieu of facilitator fees for services rendered to the Company (**Facilitator Offer**);
3. an offer of up to 32,000,000 Attaching Options for no consideration to investors who participated in the Interim Capital Raising (**Attaching Options Offer**); and
4. an offer of 5,000,000 Shares and 5,000,000 Options on conversion of convertible notes (**Convertible Notes Offer**).

(together, the Offers).

Lead Managers to the Public Offer:



IMPORTANT NOTICE

This is an important document and investors should read the document in its entirety and are advised to consult with their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

Any investment in the Company under this Prospectus should be considered **highly speculative** in nature and prospective investors should be aware that they may lose some or all of their investment.



It is proposed that the Offers will close at 5.00pm (WST) on 9 January 2018. The Directors reserve the right to close the Offers earlier or to extend this date without notice. Applications must be received before that time.

RE-COMPLIANCE WITH CHAPTERS 1 AND 2

In addition to the purpose of raising funds under the Offers, this Prospectus is issued for the purpose of re-complying with the admission requirements under Chapters 1 and 2 of the ASX Listing Rules following a change to the nature and scale of the Company's activities.

CONDITIONAL OFFERS

The Offers are conditional upon certain events occurring. Please refer to Section 2.4 for further information.

The Offers are not underwritten.

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IMPORTANT INFORMATION

Prospectus

This Prospectus is dated 13 December 2017, and was lodged with ASIC on that date. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Shares will be issued on the basis of this Prospectus after that expiry date.

Application will be made to ASX within 7 days of the date of this Prospectus for Official Quotation of the Shares the subject of the Offer.

Persons wishing to apply for Securities pursuant to the Offers must do so using the applicable Application Form attached to or accompanying this Prospectus. Before applying for Securities potential investors should carefully read the Prospectus so that they can make an informed assessment of:

- the rights and liabilities attaching to the Securities;
- the assets and liabilities of the Company; and
- the Company's financial position and performance, profits and losses, and prospects.

Investors should carefully consider these factors in light of their own personal financial and taxation circumstances.

No person is authorised to give any information or to make any representation in relation to the Offers which is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by the Company or the Directors in relation to the Offers.

Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to applying for Securities. This examination may result in the identification of deficiencies in this Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act. Applications for Securities under the Offers set out in this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on applications lodged prior to the expiry of the Exposure Period.

Re-compliance with Chapters 1 and 2 of the Listing Rules

The Acquisition will constitute a change to the nature and scale of the Company's activities. Pursuant to Listing Rule 11.1.3, the Company must re-comply with the admission requirements of Chapters 1 and 2 of the Listing Rules, as if applying for admission to the official list of ASX. Accordingly, this Prospectus is issued for the purpose of satisfying Chapters 1 and 2 of the Listing Rules, as well as for the purpose of raising funds under the Public Offer.

The Company's Securities are currently suspended from trading on the ASX and will not be reinstated until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-admission to the Official List. In the event the Conditions are not satisfied or the Company does not receive conditional approval for re-admission to the Official List (on conditions satisfactory to the Company) then the Company will not proceed with the Offers and will repay all application monies received. Further, the Company will be removed from the Official List by ASX in accordance with ASX's long term suspended entities policy.

Conditional Offers

The Offers contained in this Prospectus are conditional on certain events occurring. If these events do not occur, the Offers will not proceed and investors will be refunded their application monies without interest. Please refer to Section 2.4 for further details on the conditions attaching to the Offers.

Electronic Prospectus and Application Form

This Prospectus will generally be made available in electronic form by being posted on the Company's website at www.acn009161522LIMITED.com. Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Application Form (free of charge) from the Company's registered office by contacting the Company as detailed in the Corporate Directory. The Offers constituted by this Prospectus in electronic form is only available to persons receiving an electronic version of this Prospectus and the Application Form within Australia.

Applications will only be accepted on the Application Form attached to, or accompanying, this Prospectus or in its paper copy form as downloaded in its entirety from www.acn009161522LIMITED.com. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is accompanied by or attached to a complete and unaltered copy of this Prospectus.

Prospective investors wishing to subscribe for Securities under the Offers should complete an Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

No document or information included on the Company's website is incorporated by reference into this Prospectus.

Offers outside Australia

The offers of Securities made pursuant to this Prospectus is not made to persons to whom, or places in which, it would not be lawful to make such an offer of Securities. No action has been taken to register the Offers under this Prospectus or otherwise permit the Offers to be made in any jurisdiction outside Australia. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. See Section 2.14 for further information.

Serbia

An offer to the public of Securities has not been made, and may not be made, in Serbia. This document is issued on a confidential basis to fewer than 100 persons or legal entities in Serbia and may not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in Serbia.

Neither this document nor any other offering or marketing material relating to the Securitas the subject of the Offers have been or will be filed with or approved by any Serbian regulatory authority.

Speculative Investment

The Securities offered pursuant to this Prospectus should be considered **highly speculative**. There is no guarantee that the Securities offered pursuant to this Prospectus will make a return on the capital invested, that dividends will be paid or that there will be an increase in the value of the Securities in the future.

Prospective investors should carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Refer to Section 4 for details relating to the key risks applicable to an investment in the Company.

Cooling off rights

Cooling off rights do not apply to an investment in Securities pursuant to the Offers. This means that, in most circumstances you cannot withdraw your Application once it has been accepted.

Using this Prospectus

Persons wishing to subscribe for Securities offered by this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus.

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice.

If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

Forward-Looking Statements

This Prospectus contains forward-looking statements which are identified by words such as "believes", "estimates", "expects", "targets", "intends", "may", "will", "would", "could", or "should" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company. Key risk factors associated with an investment

in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

The Company cannot and does not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

Photographs and Diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Competent Person's Statement

The information in this Prospectus that relates to geological data, historical data, exploration data, maps and diagrams is based on information compiled by Mr Martin Pawlitschek, a Competent Person who is a Fellow of the Australian Institute of Geoscientists.

Mr Pawlitschek is currently a consultant vendor to the Company and, post re-admission will be appointed as a non-executive director of the Company. Mr Pawlitschek is a shareholder of Timok Resources Pty Ltd and will receive securities in the Company as consideration under the acquisition if it proceeds.

Mr Pawlitschek has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralization and types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets', and as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this Prospectus that relates to Technical Assessment of the Mineral Assets, Exploration Targets, or Exploration Results is based on information compiled and conclusions derived by Dr Travis Murphy, a Competent Person who is a member of the Australian Institute of Geoscientists; and by Ms Ivy Chen a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy.

The information in this Prospectus that relates to the field visit in Serbia is based on information compiled and conclusions derived by Dr Belinda van Lente, a Competent Person who is a Pri.Sci.Nat SACNASP (South African Council for Natural Scientific Professions).

Dr Murphy and van Lente, and Ms Chen are all fulltime employees of CSA Global.

Dr Murphy and van Lente, and Ms Chen have sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralization and types of deposit under consideration and

to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets', and as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The information in this Prospectus that relates to geological data, historical data, exploration data, maps and diagrams, Technical Assessment of the Mineral Assets, Exploration Targets, Exploration Results and the field visit in Serbia is extracted from the Notice of Meeting (including the independent geologist's report that is schedule 6 to the Notice of Meeting) and is available to view on the Company's ASX announcement platform on www.asx.com.au and the Company's website www.acn009161522LIMITED.com. The Company confirms that is not aware of any new information or data that materially affects the information included in the original market announcement. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Miscellaneous

All financial amounts contained in this Prospectus are expressed as Australian currency unless otherwise stated. Conversions may not reconcile due to rounding. All references to "\$" or "A\$" are references to Australian dollars.

All references to time in this Prospectus are references to WST, being the time in Perth, Western Australia, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in Section 13.

CORPORATE DIRECTORY

Existing Board of Directors

Ms Kyla Garic
Mr Nicholas Young
Mr Michael Davy

Proposed Board of Directors

Mr Nicholas Young
Mr Michael Davy
Mr Dusko Ljubojevic
Mr Martin Pawlitschek

Company Secretary

Ms Kyla Garic

Registered Office

108 Outram Street
West Perth, WA 6005

Telephone: +61 8 9486 7244

Facsimile: +61 8 9463 6373

Share Registry*

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Telephone: +61 8 9211 6670

Facsimile: +61 2 9287 0303

www.linkmarketservices.com.au

ASX Code

Current: SZG

Proposed: RDN

Website

www.acn009161522LIMITED.com

Auditor*

RSM Australia Partners
8 St Georges Terrace
Perth, WA 6000

Investigating Accountant

RSM Corporate Australia Pty Ltd
8 St Georges Terrace
Perth, WA 6000

Australian Legal Adviser

Bellanhouse
Level 19, Alluvion
58 Mounts Bay Road
PERTH WA 6000

Serbian Legal Adviser

Janković Popović Mitić
Vladimira Popovića 6, NBGP Apartments
11070 BELGRADE SERBIA

Serbian Auditors

RSM Serbia d.o.o
Bul. Mihajla Pupina 10 b/l
11070 BELGRADE SERBIA

Joint Corporate Advisor and Lead Manager

Otsana Capital
108 Outram Street
West Perth, WA 6005

Joint Corporate Advisor

Discovery Capital Partners Pty Ltd
Level 1
50 Ord Street
West Perth, WA 6000

Independent Geologist

CSA Global Pty Ltd
Level 2, 3 Ord Street
West Perth, WA 6005

* These entities or persons are included for information purposes only. They have not been involved in the preparation of this Prospectus.

LETTER FROM THE DIRECTORS

Dear Investor

On behalf of the Board of Directors of ACN 009 161 522 Limited (to be renamed 'Raiden Resources Limited'), I am pleased to present you with this opportunity to become a shareholder in the Company.

This Prospectus has been issued by the Company primarily to enable it to raise \$5 million through the Public Offer of 250,000,000 Shares at an offer price of 2 cents each.

The Company was incorporated on 7 January 1986 and was admitted to the Official List of ASX on 12 March 1987. Following completion of a Deed of Company Arrangement on 24 October 2017, the Company has been actively seeking to identify and evaluate new opportunities both in related or non-related industries that may increase Shareholder value.

As announced on 24 November 2017, the Company has entered into a conditional binding agreement with Timok Resources Pty Ltd pursuant to which the Company will acquire 100% of the issued capital of Timok. Timok has entered into two option deeds to acquire 100% of two Serbian entities, Skarnore Resources d.o.o. and Kingstown Resources d.o.o., which have an aggregate interest in 6 granted exploration licences and 4 pending applications for exploration licences in Serbia which are prospective for gold and copper. An Independent Geologist's Report is included at Section 8 of this Prospectus which describes the Licences in further detail. Following completion of the Acquisition, the Company intends to focus on exploration of the granted Licences as well as assess further complementary acquisitions.

Completion of the Acquisition will result in a material change in the nature and scale of the Company's activities. The purpose of this Prospectus is to ensure that the Company is able to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to provide the Company with funding to explore the Licences.

The Acquisition is subject to a number of conditions, including obtaining necessary Shareholder approvals, which are being sought at a Shareholder Meeting scheduled for 8 January 2018. This includes approval for the Company to be renamed "Raiden Resources Limited" (proposed ASX code: RDN).

This Prospectus contains detailed information about the Offers being made by the Company, the current and proposed operations of the Company, the Acquisition and associated transactions, as well as certain risks pertaining to an investment in the Company. Potential investors in the Company should carefully consider those risks as detailed in Section 4 of this Prospectus. We strongly encourage you to read this Prospectus carefully and in its entirety before deciding whether to invest in the Company and, where necessary, consult with your professional advisers.

On behalf of the Board of the Company, we recommend this opportunity to you and look forward to welcoming you as a shareholder.

Yours faithfully



MICHAEL DAVY
Director

KEY OFFER DETAILS

Key offer details ¹	
Offer Price per Share under the Public Offer	\$0.02 per Share
Shares to be offered under the Public Offer	250,000,000
Cash raised under the Public Offer (before expenses)	\$5,000,000
Shares to be offered under the Consideration Offer	75,000,000
Performance Shares to be offered under the Consideration Offer	200,000,000
Shares to be offered under the Convertible Notes Offer	5,000,000
Options to be offered under the Offers ²	50,000,000
Shares on issue prior to the Offers	40,430,796
Total approximate number of Shares on issue following the Offers	410,430,796
Ownership by Timok Vendors at ASX relisting	18.3%
Ownership by investors under Public Offer at relisting	60.9%

Note:

1. The figures shown above assume none of the Company's convertible securities have been exercised or converted. Please refer to Section 2.5 for further details relating to the proposed capital structure of the Company.
2. Comprising 13,000,000 Options under the Facilitator Offer, 32,000,000 Options under the Attaching Options Offer and 5,000,000 Options under the Convertible Notes Offer.

INDICATIVE TIMETABLE

Event	Date
Lodgement of this Prospectus with ASIC	13 December 2017
Opening Date for the Offers	21 December 2017
Shareholder Meeting	8 January 2018
Closing Date for the Offers	9 January 2018
Issue of Attaching Options	15 January 2018
Completion of the Acquisition	15 January 2018
Issue of Securities under the Offers	15 January 2018
Dispatch of holding statements	16 January 2018
Expected date for Shares to be reinstated to trading on ASX	1 February 2018

Note: The dates shown above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Dates and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their Application Form as soon as possible after the relevant Opening Date if they wish to invest in the Company. The Company also reserves the right not to proceed with any of the Offers at any time before the issue of Securities to Applicants.

IMPORTANT NOTE - ASX POLICY ON REMOVAL OF LONG TERM SUSPENDED ENTITIES

The Company reminds investors of ASX's policy for the removal of long term suspended entities detailed in ASX Guidance Note 33 *Removal of Entities from the ASX Official List* (Guidance Note 33).

Pursuant to Guidance Note 33, any entity that has been in continuous suspension, as the Company has been since 5 January 2015, for more than three years will be automatically delisted on the third anniversary of its suspension date if it is still suspended.

ASX may agree to a short extension of this deadline if the Company can demonstrate to ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities within a reasonable period. For these purposes, ASX considers "final stages" to mean:

1. having announced the transaction to market;
2. having signed definitive legal agreements for the transaction (including for any financing required in respect of the transaction);
3. if the transaction requires a prospectus or product disclosure statement to be lodged with ASIC, having lodged that document with ASIC; and
4. if the transaction requires security holder approval, having obtained that approval.

ASX has confirmed to the Company that it will not object to the Company holding its annual general meeting on 8 January 2018 (which is after the 5 January 2018 de-listing deadline) in

order to accommodate ASIC's policy in respect of listed companies holding general meetings during the Christmas holiday period.

With the lodgement of this Prospectus the Company has met the first three requirements. Providing Shareholders pass the resolutions the subject of the Notice of Meeting, the Company will have met all requirements to enable it to request a short extension from ASX to the de-listing deadline. The Company confirms it will make such a request at the appropriate time and keep the market updated in this regard.

The Company notes that any such extension of time may not be granted by the ASX and that the ASX has sole discretion on whether an extension of time is approved or not and for what period of time the extension is to be granted.

If the Company is unable to meet the conditions required by ASX to request an extension, or if ASX does not grant an extension, the Offers will be withdrawn and the Company will be removed from the Official List of ASX at opening of business on 9 January 2018.

INVESTMENT OVERVIEW

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered pursuant to this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

Topic	Summary	More information
Introduction		
Who is issuing this Prospectus?	ACN 009 161 522 Limited (to be renamed 'Raiden Resources Limited') (Company)	NA
Who is the Company and what does it do?	The Company was incorporated on 7 January 1986 and admitted to the Official List of ASX on 12 March 1987. The Company was the ultimate holding company of a group of mining services companies that serviced the NSW Hunter Valley's thermal coal mining industry. The Company's securities were suspended from official quotation on 5 January 2015 at the request of the Company, and have remained suspended since that date. This was due to the Company entering the process of recapitalising or selling all or parts of the business. The process was initially expected to be completed by 31 March 2015 however the suspension is still in place at the date of this Prospectus. Following completion of a deed of company arrangement on 24 October 2017, the Company has been actively seeking to identify and evaluate new opportunities both in related or non-related industries that may increase Shareholder value.	Section 2.1
What is the Acquisition?	The Company is proposing to acquire 100% of the issued capital of Timok Resources Pty Ltd (ACN 622 750 485) (Timok), (Acquisition). Following completion of the Acquisition, Timok will become a wholly owned subsidiary of the Company. The Acquisition will result in a material change in the nature and scale of the Company's activities, and requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.	Section 3.2
Who is Timok and what does it do?	Timok is a holding company incorporated in Western Australia which has options to acquire 100% of the issued capital of Skarnore Resources d.o.o. (Skarnore) and Kingstown Resources d.o.o. (Kingstown), which have an interest in various exploration licences located in Serbia (together, the Timok Group).	Section 3.3
What are the Timok Group's	The Timok Group has an interest in 6 granted exploration licences located in the Republic of Serbia	Section 3.4

Topic	Summary	More information
projects?	which cover a total of 306.46 square kilometres of the West Tethyan Metallogenic Belt of Eastern Europe. The Timok Group currently operates 4 projects (Donje Nevlje, Stara Planina, Majdanpek and Zupa), with 2 projects under application or partial application or partially under application (Piroć and Bor) (Projects). The Timok Group is currently waiting to hear the outcome of 4 pending licence applications (located in the Piroć and Bor projects) for which it is the registered applicant.	
Do the Projects have any defined resources?	No. The Projects cover regions that are considered prospective for copper and gold. Various levels of exploration work has been completed previously by other parties, though the projects are to date relatively unexplored using modern methods. There is no mine production on any of the project areas.	Sections 3.4 and 8
What is the Company's strategy?	Following reinstatement to quotation of the Company's Shares on ASX, the Company intends to focus on exploration of the Projects as well as assess further complementary acquisition opportunities.	Sections 1.1, 3.5 and 3.6
Summary of key risks		
Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. This Section summarises the key risks which apply to an investment in the Company and investors should refer to Section 4 for a more detailed summary of the risks.		
Reinstatement of Shares to quotation on ASX	The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the official list of ASX. There is a risk that the Company will not be able to satisfy one or more of those requirements. Should this occur the Company's listed securities will remain suspended from quotation until such time as the Company does re-comply with the Listing Rules. Further, pursuant to ASX's long term suspended entities policy in ASX Guidance Note 33, in the event the Company is unable to proceed with the Public Offer or meet the requirements of Chapters 1 and 2 of the Listing Rules it will be removed from the Official List by ASX (see the Important Note under the indicative timetable on page vii for further information).	Important Note under the indicative timetable on page vii and Section 4.1(a)

Topic	Summary	More information
Future Capital Requirements	The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Projects are successfully explored, evaluated, developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Public Offer should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Prospectus. In order to successfully evaluate and develop the Projects and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Public Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or offer price under the Public Offer) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities. Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the tenements being subject to forfeiture, and could affect the Company's ability to continue as a going concern. The Company may undertake additional offerings of Shares and of Securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.	Section 4.2(a)
Government regulation and political risk in the mining industry	Kingstown and Skarnore's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters.	Section 4.2(c)

Topic	Summary	More information
	While the Company believes that Kingstown and Skarnore are in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its subsidiaries or its properties, which could have a material adverse impact on the Company's current operations or planned development projects. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability. Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its subsidiaries from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.	
Exploration success	Mineral exploration and project development are high risk undertakings. There can be no assurance that further exploration on the Company's projects will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. Until the Company is able to realise value from its mineral projects, it is likely to incur ongoing operating losses.	Section 4.2(d)
Drilling and exploration programs	There are operational risks associated with the Company's planned drilling and exploration programs. The planned surface sampling, drilling and exploration programs at the Company's mineral projects may be affected by a range of factors, including (but not limited to): geological and ground access conditions; unanticipated operational and technical difficulties	Section 4.2(e)

Topic	Summary	More information
	encountered in sampling and drilling activities; adverse weather conditions, environmental accidents, and unexpected shortages or increases in the costs of consumables, spare parts, and labour; mechanical failure of operating plant and equipment; prevention of access by reason of political or civil unrest, outbreak of hostilities, outbreak of disease or inability to obtain regulatory consents or approvals; terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes; and risks of default or non-performance by third parties providing essential services. There is a particular risk that the non-regular (i.e. non-graticular) tenement shapes of the Bor project tenements may prove difficult for significant exploration campaigns. This may also limit the Company's capacity to develop appropriate infrastructure on those tenements in the event of successful discovery of mineralisation. No assurance can be given that planned and future exploration will be successful or that a commercial mining operation will eventuate at any of the Company's mineral projects.	
Tenure, access and grant of applications	The Company's operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities in Serbia. In particular, four of the Licences are currently in the application phase and one of the Licences is also in the process of being transferred to the Company. Although the Company is not aware of any reason why these Licences will not be granted or transferred to the Company, there is no assurance that the Licences will be granted or transferred, or that delays will not occur in connection with obtaining all necessary grant, renewals or transfers of licences/permits from the existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation. Prior to any development on any of its properties, subsidiaries of the Company must receive licences/permits from appropriate governmental authorities. There is no certainty that Kingstown or Skarnore will continue to hold all licences/permits necessary to develop or continue operating at any particular property. Tenements are subject to the applicable mining acts and regulations in Serbia. Following Completion, the Company will be required to comply with Serbian land access laws, water rights acts, and environmental and	Section 4.2(f)

Topic	Summary	More information
	cultural laws among others. Compliance with these requirements appear manageable with consultation with the respective parties and government officials however, there is a risk that for an unforeseen reason, the Company may not be granted the required licence or permits to carry out the proposed works, which could lead to unforeseen delays or changes to proposed work programs, thus having the ability to materially impact upon the Company's operations and financial circumstances. Under Serbian mining law, an exploration licence can be revoked upon the occurrence of specified events that are not remedied within prescribed periods. Such events include but are not limited to not conducting exploration activities in accordance with the approved programme, conducting exploration activities outside of the permit area, failing to submit annual reports, failing to undertake adequate rehabilitation works and failing to comply with occupational health and safety laws. The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Serbia and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of granted tenements for reasons beyond the control of the Company could be significant.	
Operational Risk	The operations of the Company may be affected by various factors, including: (i) failure to locate or identify mineral deposits; (ii) failure to achieve economic grades in exploration and forecast modelled grades, quantities and recoveries during mining; (iii) operational and technical difficulties encountered in mining; (iv) insufficient or unreliable infrastructure (such as power, water and transport); (v) difficulties in commissioning and operating plant and equipment; (vi) mechanical failure or plant breakdown; (vii) unanticipated metallurgical problems which may affect extraction costs; (viii) adverse weather conditions; and (ix) community and non-governmental organisation activities hindering operations. In the event that any of these potential risks eventuate, the Company's operational and financial performance	Section 4.2(b)

Topic	Summary	More information
	may be adversely affected.	
Stara Planina Joint Venture Risk	The Timok Group is not the holder of the Stara Planina Licence, which is held by Geo Consulting Studio doo. Skarnore is a party to the Geoconsulting Joint Venture Agreement with the holder in respect of the Stara Planina Licence. The Geoconsulting Joint Venture Agreement is summarised in Section 5. There are various risks in relation to the Geoconsulting Joint Venture Agreement as summarised below and explained in detail in the Solicitor's Report in Section 9. (i) Skarnore has made investments, whereby the joint venture company (JV Company) has not been incorporated nor the Licence transferred: Under the terms of the Geoconsulting Joint Venture Agreement the holder of the Stara Planina Licence was required to commence the legal procedure of transfer of the Stara Planina Licence to the JV Company following within 10 days of expiry of the due diligence period under the agreement. This date has passed, and as at the date of this Prospectus, the holder has not yet incorporated the JV Company nor initiated the transfer of the Stara Planina Licence. The understanding between the parties, which is common for agreements of this nature, is that the JV Company will be incorporated and the licence transferred, once the Timok Group has completed the expenditure for the earn-in of its initial interest. (ii) Skarnore has commenced expenditure on the Stara Planina Licence. If the JV Company is not formed and/or the Stara Planina Licence transferred to it, there is a risk that the Company will not be able to recover its investment on the Stara Planina Licence from the holder of the Stara Planina Licence. (iii) The risk of unenforceability of the obligation of the Licence holder to transfer the shares in the JV Company to Skarnore: The Geoconsulting Joint Venture Agreement provides that Skarnore may earn the right to shares in the JV Company through expenditure on the Stara Planina Licence. Serbian law requires that, for the transfer of shares in the JV Company to be enforceable, the Geoconsulting Joint Venture Agreement be verified by a public notary. As at the date of this Prospectus, the Geoconsulting Joint Venture Agreement has not been verified. There is a risk that, even if the JV Company is incorporated and the Stara Planina Licence is transferred to it, the Company will not be able to	Section 4.2(g) and Section 9

Topic	Summary	More information
	enforce its right to shares on the JV Company. (iv) No deadlock resolution provisions for the JV Company are stipulated in the Geoconsulting Joint Venture Agreement. (v) The Geoconsulting Joint Venture Agreement provides that Skarnore has an unconditional financial obligation in the amount of EUR 20,000 expenditure on the Licence annually. (vi) The Geoconsulting Joint Venture Agreement contains an unclear option in favour of the holder of the Licence to convert its shares in the joint venture to a royalty. (vii) The potential unenforceability of Skarnore's right to acquire all interests related to the Licence: The Geoconsulting Joint Venture Agreement contemplates certain rights and obligations in respect of the Stara Planina Licence that accrue after the date that the Stara Planina Licence is due to expire. For example, Skarnore has a right to purchase 100% of the shares in the JV Company, including all right related to the Stara Planina Licence, that continues after the date that the Stara Planina Licence is due to expire. There is a risk that such rights and obligations are not enforceable. (viii) The Geoconsulting Joint Venture Agreement contains a potentially inoperative right to manage the JV Company. (ix) A lack of clarity in the financial expenses provided under the Geoconsulting Joint Venture Agreement in the case of termination of the agreement and exiting the JV Company. (x) A lack of clarity in the Geoconsulting Joint Venture Agreement around the rights of Skarnore to buy the Licence. In light of the various issues identified in respect of the Geoconsulting Joint Venture Agreement, there is risk that the Company will be unable to realise its rights under the agreement, or to recover its expenditure on the Stara Planina Licence. In this case, the Company may be required to incur further expenditure seeking legal recourse which has no certainty of success. Furthermore, the Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party.	
Environmental and cultural	The operations and proposed activities of the Company are subject to laws and regulations concerning the	Section 4.2(h)

Topic	Summary	More information
	environment and cultural heritage protection. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations. The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive. Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities. In particular, approximately 66% the Stara Planina Licence is located in an area which comprises the Stara Planina nature park. The development of mining projects is permitted within areas in Serbia classified as "nature parks" subject to compliance with relevant environmental protections. The area of the Stara Planina nature park that overlaps the Company's licence is classified as under the third (lowest) degree of protection (the first degree being the highest level of protection). Nonetheless, the Company must conduct its exploration activities in compliance with certain environmental conditions and there is a risk that the relevant Serbian authorities may impose conditions on future mining development in the Stara Planina nature park which may result in delays or other difficulties to the Company's activities in that area. The Company considers this is a low risk in light of current and previous land use within the Stara Planina nature park and the Serbian government's past conduct.	

Topic	Summary	More information
	The Company's Projects comprising granted tenure are also affected by additional, relatively small areas of environmental and/or cultural protection (as detailed in Section 3.4(a)). Notwithstanding that these protected areas overlap only a small portion of the Company's Projects, if the land affected by a protected area is found to be prospective, any restrictions imposed in relation to that protected area may result in delays to or other difficulties with the Company's activities in that area.	
Acquisition of project data	The conduct of the Company's activities are affected by the Company's ability to acquire data in relation to its Projects. The Company's ability to acquire project data may be affected by various factors, including: (a) language; (b) a variety of grid projection systems; (c) verification of historical hard copy records; (d) digital capture of historical records; and (e) verification of historical quality control and quality assurance data. For the majority of the Company's Projects, project data is known to exist that is currently not available to the Company. There is a risk that an inability to access this information may have a negative impact on the Company's ability to realise the considered mineral potential of any or all of the Company's Projects.	Section 4.2(k)

Topic	Summary	More information
Insurance risks	There are significant exploration and operating risks associated with exploring for minerals, including adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction plant, equipment, production facilities and other property. In addition, the Company's subsidiaries will be subject to liability for environmental risks such as pollution and abuse of the environment. The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, such insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company effected. In addition, in the future some or all of the Company's insurance coverage may become unavailable or prohibitively expensive.	Section 4.2(l)
Directors, Key Management Personnel and Substantial Holders		
Who are the Directors and Proposed Directors of the Company?	On completion of the Acquisition and subject to shareholder approval at the Meeting it is intended the Board will comprise: (a) Mr Michael Davy as Non-Executive Chairman; (b) Mr Dusko Ljubojevic as Executive Director; (c) Mr Martin Pawlitschek as Non-Executive Director; and (d) Mr Nicholas Young as Non-Executive Director; Mr Nicholas Young will remain on the Board until such time as a suitable (Australian resident) replacement is identified, at which time Mr Young will retire and the replacement director be appointed. The profiles of each of these individuals are detailed in Section 10.2. Details of the personal interests in the Company of each of the above individuals are in Sections 10.3 and 10.4. It is intended that current Director, Ms Kyla Garic, will retire as a Director at the Meeting but will remain in the office of Company Secretary.	Sections 10.1, 10.2, 10.3 and 10.4

Topic	Summary	More information
What important contracts with related parties is the Company a party to?	Details of Director remuneration and interests in the Securities are provided in Sections 10.4 and 10.5. Details of related party transactions are provided in Section 10.6. The Company has entered the following related party transactions on arms' length terms: (a) letters of appointment or service agreements with each of its Directors and proposed Directors on standard terms (refer Sections 5.16 and 5.15 for details); (b) deeds of indemnity, insurance and access with each of its Directors and proposed Directors on standard terms (refer Section 5.17 for details); (c) the services agreement with Onyx Corporate to provide company secretarial services to the Company. Mr Nicholas Young (a Director as at the date of this Prospectus) is a director and minority shareholder of Onyx Corporate. Ms Kyla Garic (a Director and Company secretary as at the date of this Prospectus) is a director and major shareholder (50%) of Onyx Corporate. The services agreement with Onyx Corporate is considered to be on arms-length and commercial terms (refer to Section 5 for details); and (d) the Interim Capital Raise Mandate, Lead Manager Mandate and Joint Corporate Advisory Mandate with Otsana in connection with its role as Lead Manager and Joint Corporate Advisor to the Company. Mr Nicholas Young is an authorised representative of Otsana. The Lead Manager Mandate and the Joint Corporate Advisory Mandate are considered to be on arms-length and commercial terms (refer to Sections 5.11, 5.12 and 5.13 for details).	Sections 10.4, 10.5 and 10.6.
What interests do Directors have in the securities of the Company?	The interests of the Directors and Proposed Directors are detailed in Section 10.3. The security holdings of the Directors and Proposed Directors are set out in Section 10.4.	Sections 10.3 and 10.4
Who will be the substantial shareholders?	Following completion of the Acquisition and Offers, no Shareholder is expected to hold 5% or more of the total number of Shares on issue (assuming that no convertible Securities are exercised or converted into Shares or participation by existing shareholders in the Public Offer).	Section 11.4

Topic	Summary	More information
Financial information		
What is the Company's and Timok's financial prospects and position?	A summary of the financial history for the Company, Timok, Skarnore and Kingstown is set out in Section 6.	Section 6
What is the financial outlook for the Company following the Acquisition and completion of the Offers?	The long-term financial prospects of the Company is largely dependent upon the outcome of the Company's exploration activities. A pro-forma balance sheet for the Company showing the Company's financial position after completion of the Acquisition and Offers is set out in Section 6.	Section 6
Will the Company have sufficient funds for its activities?	The Board is satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to meet its stated objectives.	Section 3.6 and 4.2(a)
What is the proposed use of funds raised under the Public Offer?	A use of funds table for funds raised under the Public Offer is set out in Section 3.6. The funds raised under the Public Offer are proposed to be used over the 24 months following re-instatement to quotation of the Company's Securities to fund the following key business activities: • explore, progress and advance the Projects; • pay expenses associated with the DOCA; • pay the expenses associated with the Acquisition and Offers; and • provide working capital.	Section 3.6
What are the Offers?		
What is the Public Offer?	By this Prospectus, and pursuant to the Public Offer, the Company offers 250,000,000 Shares at an Offer Price of \$0.02 per Share to raise funds of \$5,000,000 (before costs). The Public Offer is open to the general public.	Section 2.1
What are the Secondary Offers?	The Company is also undertaking the Secondary Offers. The Secondary Offers are being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale of any Securities (or any Shares issued on conversion of any Securities into Shares) that are issued under the Secondary Offers. The Secondary Offers include the Consideration Offer,	Section 2.2

Topic	Summary	More information
	the Facilitator Offer, the Attaching Options Offer and the Convertible Notes Offer.	
What are the conditions of the Offers?	The Offers under this Prospectus are conditional upon the following events occurring: • the Acquisition Agreement becoming unconditional; • Shareholders approving the Acquisition Resolutions; • the Company raising funds pursuant to the Public Offer; and • ASX providing a reinstatement conditions letter to the Company. If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Public Offer in accordance with the Corporations Act. Further, the Company will be removed from the Official List of ASX in accordance with ASX's long term suspended entities policy	Section 2.4
What will the capital structure of the Company change to post-completion of the Acquisition and Offers?	The capital structure of the Company following completion of the Acquisition and Offers is detailed in Section 2.5.	Section 2.5

Topic	Summary	More information
Additional information		
What rights and liabilities attach to the Securities on issue post-Acquisition?	All Shares issued under the Offers will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares, Options and Performance Shares are described in Sections 11.1, 11.2 and 11.3, respectively.	Sections 11.1, 11.2 and 11.3
What is the minimum subscription for the Public Offer?	The minimum subscription under the Public Offer is \$5,000,000, being 250,000,000 Shares (Minimum Subscription). None of the Shares offered under the Public Offer will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).	Section 2.1(b)
Is the Public Offer underwritten?	No, the Public Offer is not underwritten.	Section 2.7
What is the minimum and maximum application size under the Public Offer?	Applications under the Public Offer must be for a minimum of 100,000 Shares (\$2,000) and then in increments of 5,000 Shares (\$100).	Section 2.8
Will the Securities issued under the Offers be quoted?	The Company will apply to ASX no later than seven days from the date of this Prospectus for official quotation of the Shares issued under this Prospectus on the ASX. The Shares will be quoted under the new code, "RDN". No application for quotation for the Options or Performance Shares will be made. If the Company is listed on the ASX at the time the Performance Shares convert into Shares or the Options are exercised, the Company will apply for those Shares to be quoted within seven days after the conversion.	"Important Information" and Section 1.2
Can the Offers be withdrawn?	The Company reserves the right not to proceed with the Offers at any time before the issue of Securities to successful applicants. If the Offers do not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offers.	"Indicative Timetable"

Topic	Summary	More information
What are the tax implications of investing in Securities under the Offers?	The tax consequences of any investment in Securities under the Offers will depend upon your particular circumstances. Prospective investors should obtain their own tax advice before deciding to invest.	Section 2.16
How do I apply for Shares under the Public Offer?	Applications under the Public Offer can be made by completing the Application Form, in accordance with the instructions accompanying the Application Form.	Section 2.8
When will I receive confirmation that my application has been successful?	It is expected that holding statements will be despatched to successful Applicants by standard post around or about the dispatch date noted in the indicative timetable	"Indicative Timetable" and Section 2.9
Will any Securities be subject to escrow?	Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, the Company understands that certain Securities (including the Securities issued under the Consideration Offer, Facilitator Offer, Attaching Options Offer and Convertible Notes Offer) will likely be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation. The Shares issued under the Public Offer will not be subject to escrow.	Sections 2.11 and 2.2
What is the Company's dividend policy?	It is anticipated that, post-settlement of the Acquisition, the Company will focus on exploring the Projects for which the underlying tenure is granted. The Company has no current intention to declare and pay any dividends in the near term as its focus will be primarily on using cash reserves to explore the Projects. Any future determination as to the payment of dividends by the Company will be at the discretion of the Board.	Section 3.7
How can I find out more about the Prospectus or the Offers?	Further information can be obtained by reading this Prospectus and consulting your professional advisors. You can also contact the Company Secretary on +61 8 9486 7244.	Section 2.17

1. Transaction overview

1.1 The Acquisition

On 24 November 2017, the Company entered into a conditional binding agreement (**Acquisition Agreement**) with Timok Resources Pty Ltd (ACN 622 750 485) (**Timok**) pursuant to which the Company will acquire 100% of the issued capital of Timok (**Acquisition**). A summary of the material terms of the Acquisition Agreement is set out in Section 5 below.

Timok has entered into two option deeds (**Option Deeds**) to acquire 100% of two Serbian entities, Skarnore Resources d.o.o. (**Skarnore**) and Kingstown Resources d.o.o. (**Kingstown**), which have an aggregate interest in 6 granted exploration licences and 4 pending applications for exploration licences in Serbia which are prospective for gold and copper (together, **Licences**). Completion of the Acquisition Agreement is conditional, inter alia, upon completion of the Option Deeds. A summary of the material terms of the Option Deeds is set out in Section 5.

Following Completion of the Acquisition the Company intends to focus on exploration of the Licences as well as assess further complementary acquisitions.

Completion of the Acquisition is subject to a number of conditions, including the following:

- (a) the Company completing a capital raising to raise \$5,000,000 under the Public Offer;
- (b) the Company obtaining all necessary Shareholder approvals required by the Corporations Act and Listing Rules in relation to the Acquisition; and
- (c) the Company receiving conditional approval from ASX to reinstate the securities of the Company to trading on conditions satisfactory to the Company (acting reasonably).

1.2 Suspension and reinstatement on ASX

The Acquisition, if successfully completed, will represent a significant change in the nature and scale of the Company's operations from a mining support services company to a copper and gold exploration company.

The change in the nature and scale of the Company's activities requires:

- (a) the approval of Shareholders; and
- (b) the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the Listing Rules.

The Company's Securities are currently suspended from trading on ASX and will not be reinstated unless:

- (a) each Acquisition Resolution is passed by Shareholders (see Section 1.3 below for further details); and
- (b) ASX is satisfied the Company has met the requirements of Chapters 1 and 2 of the Listing Rules.

Some of the key requirements of Chapters 1 and 2 of the Listing Rules are:

- (a) the Company must satisfy the shareholder spread requirements relating to the minimum number of Shareholders and the minimum value of the shareholdings of those Shareholders; and
- (b) the Company must satisfy the "assets test" as set out in Listing Rule 1.3.

It is expected that the conduct of the Public Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements.

Applicants should be aware that ASX will not re-admit or admit any Securities to Official Quotation until the Company re-complies with Chapters 1 and 2 of the Listing Rules and is re-admitted by ASX to the Official List. In the event that the Company does not receive conditional approval for re-admission to the Official List (on conditions satisfactory to the Company (acting reasonably)), the Company will not proceed with the Public Offer and will repay all Application Monies received by it in connection with this Prospectus (without interest). Further, pursuant to ASX's long term suspended entities policy in ASX Guidance Note 33, in the event the Company is unable to proceed with the Public Offer or meet the requirements of Chapters 1 and 2 of the Listing Rules it will be removed from the Official List by ASX (see the Important Note under the indicative timetable on page vii for further information).

The Company will apply to ASX no later than seven days from the date of this Prospectus for ASX to grant official quotation of the Shares issued pursuant to this Prospectus. If the Shares are not admitted to quotation within three months after the date of this Prospectus, no Securities offered under this Prospectus will be issued and Application Monies received under the Public Offer will be refunded in full without interest in accordance with the Corporations Act.

Neither ASX nor ASIC take responsibility for the contents of this Prospectus. The fact that ASX may grant official quotation to the Shares issued pursuant to this Prospectus is not to be taken in any way as an indication by ASX as to the merits of the Company or the Securities.

1.3 Shareholder Meeting

The Company has called the Shareholder Meeting primarily for the purpose of seeking the approval of Shareholders to a number of resolutions required to undertake the Acquisition.

It is a condition to completion of the Offers under this Prospectus, as well as the Acquisition, that each of the following resolutions is approved by Shareholders:

- (a) approval under Listing Rule 11.1.2 for a significant change in the nature or scale of the Company's operations;
- (b) create a new class of shares, being the Performance Shares, which are to be issued to the Vendors (or their respective nominees) as part-consideration for the Acquisition;
- (c) issue 75,000,000 Shares and 200,000,000 Performance Shares to the Vendors (or their respective nominees) at Completion in consideration for the Company's acquisition of 100% of the issued capital in Timok;
- (d) raise \$5,000,000 (before costs) via a public offer of 250,000,000 Shares at an issue price of \$0.02 each;

- (e) issue up to 40,000,000 Shares and 13,000,000 Options to Otsana (or its nominees) for facilitation services provided with respect to the Acquisition and the Public Offer;
- (f) issue up to 32,000,000 Options for no additional consideration to investors who participated in the Interim Capital Raising;
- (g) issue 5,000,000 Shares and 5,000,000 Options on conversion of the Convertible Notes;
- (h) elect 2 proposed Directors nominated by Timok to the Board, being Mr Dusko Ljubojevic and Mr Martin Pawlitschek;
- (i) approve the participation by certain related parties (being the Directors and Proposed Directors) in the Public Offer; and
- (j) change the Company's name to "Raiden Resources Limited" subject to Completion occurring and with effect from the date ASIC alters the details of the Company's registration,

(each, an **Acquisition Resolution**).

If any of the Acquisition Resolutions are not approved by Shareholders, the Acquisition (including the Public Offer, Consideration Offer, Facilitator Offer and Attaching Options Offer under this Prospectus) will not be completed.

2. Details of the Offers

2.1 Public Offer

(a) General

By this Prospectus, and pursuant to the Public Offer, the Company offers 250,000,000 Shares at an Offer Price of \$0.02 per Share to raise funds of \$5,000,000 (before costs).

The Public Offer is open to the general public.

The Shares issued under the Public Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. The rights and liabilities attaching to the Shares are further described in Section 11.1 of the Prospectus.

Applications for Shares under the Public Offer must be made on the Public Offer Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Shares under the Public Offer should refer to Section 2.8 for further details and instructions.

(b) Minimum Subscription

The minimum subscription under the Public Offer is \$5,000,000, being 250,000,000 Shares (**Minimum Subscription**). None of the Shares offered under the Public Offer will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).

(c) Purpose of the Public Offer

The purposes of the Public Offer are to:

- (i) provide funding for the proposed exploration programmes to be undertaken on the Licences and otherwise for the purposes outlined in Section 3.6;
- (ii) meet the requirement that the Company re-complies with the ASX's admission requirements in accordance with Chapters 1 and 2 of the Listing Rules;
- (iii) provide the Company with access to equity capital markets for future funding needs; and
- (iv) enhance the public and financial profile of the Company.

2.2 Secondary Offers

The Company is also undertaking the Secondary Offers (described below). The Secondary Offers are being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale of any Securities (or any Shares issued on conversion of any Securities into Shares) that are issued under the Secondary Offers.

(a) Consideration Offer

The Prospectus also includes the Consideration Offer under which the Company offers up to 75,000,000 Shares and 200,000,000 Performance Shares to the Vendors (or their nominees) for the acquisition of all the shares in Timok.

The Shares to be issued pursuant to the Consideration Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. A summary of the rights and liabilities attaching to the Shares is set out in Section 11.1 of the Prospectus.

The terms and conditions of the Performance Shares to be issued pursuant to the Consideration Offer are described in Section 11.3. If the Performance Shares convert into Shares upon the relevant milestones being achieved, then the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company.

Applications for Securities under the Consideration Offer may only be made by the Vendors (or their nominees) on the Consideration Offer Application Form issued to the Vendors (or their nominees) together with a copy of this Prospectus and must be completed and received by the Company on or before the Closing Date. The Company will only provide a Consideration Offer Application Form to the Vendors (or their nominees).

No Application Monies are payable under the Consideration Offer.

The Securities issued under the Consideration Offer will likely be held in escrow for 12 months from the date of Completion, or 24 months from the date the Company's Shares recommence trading on ASX in accordance with the Listing Rules (depending on the individual Vendor's relationship with the Company).

(b) Facilitator Offer

The Company has agreed to offer Shares and Options to Otsana (or its nominees) on Completion in partial consideration for facilitator services provided in connection with the Acquisition.

This Prospectus includes a separate offer of 40,000,000 Shares and 13,000,000 Options to Otsana (or its nominees).

The Shares to be issued pursuant to the Facilitator Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. A summary of the rights and liabilities attaching to the Shares is set out in Section 11.1.

The terms and conditions of the Options to be issued pursuant to the Facilitator Offer are described in Section 11.2. If the Options are exercised,

the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company.

Only Otsana (or its nominees) may accept the Facilitator Offer. An Application Form in relation to the Facilitator Offer will be issued to Otsana (or its nominees) together with a copy of this Prospectus.

The Securities issued under the Facilitator Offer will likely be held in escrow for 24 months from the date the Company's Shares recommence trading on ASX in accordance with the Listing Rules.

No application monies are payable under the Facilitator Offer, however the Company may elect to accept nominal application monies for the issue of the Options.

(c) Attaching Options Offer

The Company has agreed to offer Options to all investors who participated in the Interim Capital Raising, none of whom is a related party of the Company.

The Prospectus includes a separate offer of up to 32,000,000 Options to investors who participated in the Interim Capital Raising for no additional consideration.

The rights and liabilities attaching to the Attaching Options are described in Section 11.2. If the Attaching Options are exercised, the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company.

Only investors who participated in the Interim Capital Raising may accept the Attaching Options Offer. Personalised Application Forms in relation to the Attaching Options Offer will be issued to such persons and the Company will also provide those persons with a copy of this Prospectus.

No application monies are payable under the Attaching Options Offer.

The Company will not apply for quotation of the Attaching Options. Any funds raised from the conversion of Attaching Options will be applied towards working capital.

Details of the Interim Capital Raising are contained in Section 2.3.

The Attaching Options will likely be held in escrow for a period of 12 months from the date of Completion or 24 months from the date the Company's Shares recommence trading on ASX in accordance with the Listing Rules (depending on the individual investor's relationship with the Company).

(d) Convertible Notes Offer

The Company has agreed (subject to shareholder approval to be sought at the Meeting) to offer 5,000,000 Shares and 5,000,000 Options to unrelated third parties on conversion of Convertible Notes to the Noteholders (or their respective nominees).

The Prospectus includes a separate offer of 5,000,000 Shares and 5,000,000 Options to the Noteholders.

The Shares to be issued pursuant to the Convertible Notes Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. A summary of the rights and liabilities attaching to the Shares is set out in Section 11.1 of the Prospectus.

The rights and liabilities attaching to the Options issued under the Convertible Notes Offer are described in Section 11.2. If the Options issued under the Convertible Notes Offer are exercised, the resultant Shares will be of the same class and will rank equally in all respects with the existing Shares in the Company.

Only the Convertible Note holders (or their nominees) may accept the Convertible Notes Offer. An Application Form in relation to the Convertible Notes Offer will be issued to such persons and the Company will also provide those persons with a copy of this Prospectus.

No application monies are payable under the Convertible Notes Offer.

The Company will not apply for quotation of the Options under the Convertible Notes Offer. Any funds raised from the conversion of the Options under the Convertible Notes Offer will be applied towards working capital.

Details of the Convertible Notes are included in Section 5.9.

The Options (and any Shares issued on exercise) issued under the Convertible Notes Offer will likely be held in escrow for a period of 12 months from the date of Completion or 24 months from the date the Company's Shares recommence trading on ASX in accordance with the Listing Rules (depending on the individual investor's relationship with the Company).

2.3 Previous issues of Shares

The Company has undertaken a capital raising (**Interim Capital Raising**) by way of a placement of 32,000,000 Shares to raise approximately \$640,000 (before costs). The purpose of the Interim Capital Raising was to repay to Otsana the deposit and the recapitalisation payment made by Otsana in connection with the DOCA and to raise funds for general working capital.

The Shares to be issued under the Interim Capital Raising were issued without disclosure under Part 6D.2 of the Corporations Act to sophisticated and professional investors who are not related parties of the Company.

Generally, section 707(3) of the Corporations Act requires that a prospectus is issued in order for a person to whom securities were issued without disclosure under Part 6D of the Corporations Act to on-sell those securities within 12 months of the date of their issue.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities of the company that are already quoted on ASX;
- (b) a prospectus is lodged with ASIC either:
 - (i) on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; or

- (ii) before the day on which the relevant securities are issued and offers of securities that have been made under the prospectus are still open for acceptance on the day on which the relevant securities were issued, and
- (c) the prospectus is for an offer of securities issued by the company that are in the same class of securities as the relevant securities.

An ancillary purpose of this Prospectus is to comply with section 708A(11) of the Corporations Act to remove any trading restrictions that may have attached to Shares issued by the Company prior to the Closing Date, including the Placement Shares, so that the holders of those Shares, if they choose to, may sell those Shares within the next twelve months without the issue of a prospectus.

2.4 Conditional

The Offers under this Prospectus are conditional upon the following events occurring:

- (a) the Acquisition Agreement becoming unconditional;
- (b) Shareholders approving the Acquisition Resolutions;
- (c) the Company raising funds pursuant to the Public Offer; and
- (d) ASX granting conditional approval to reinstate the securities of the Company to trading on conditions satisfactory to the Company (acting reasonably).

If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Public Offer in accordance with the Corporations Act. Further, the Company will be removed from the Official List of ASX in accordance with ASX's long term suspended entities policy (see the Important Note under the indicative timetable on page viii for further information).

2.5 Capital structure

The proposed pro forma capital structure of the Company following completion of the Offers and the Acquisition is as follows:

	Shares	%	Options ²	Performance Shares ³
Existing Company Securities ¹	40,430,796	9.9	-	-
Consideration Securities	75,000,000	18.3	-	200,000,000
Public Offer Shares	250,000,000	60.9	-	-
Facilitator Securities	40,000,000	9.7	13,000,000	-
Attaching Options	-	-	32,000,000	-
Convertible Note Securities	5,000,000	1.2	5,000,000	-
TOTAL ⁴	410,430,796	100	50,000,000	200,000,000

Notes:

1. Includes 32,000,000 Shares issued under the Interim Capital Raising.
2. Unquoted Options exercisable at \$0.02 each and expiring 3 years from the date of issue and otherwise on the terms and conditions set out in Section 11.2.
3. Comprised of 62,500,000 Class A Performance Shares, 62,500,000 Class B Performance Shares and 75,000,000 Class C Performance Shares. See Section 11.3 for more details.
4. Assuming no further Securities are issued, no Options are exercised and no Performance Shares are converted.

2.6 Effect on Voting Power

Assuming completion of the Acquisition, the issue of the maximum number of Securities pursuant to the Offers, and that none of the Company's convertible securities are exercised or converted, existing Shareholders, the Vendors, Discovery, Otsana and investors under the Public Offer will each have the following voting power in the Company:

Shareholder	Number of Shares	% Shareholding
Existing Company Shareholders ¹	40,430,796	9.9
Vendors ²	75,000,000	18.3
Discovery ³	15,000,000	3.7
Otsana ⁴	40,000,000	9.7
Investors under the Public Offer ⁵	250,000,000	60.9

Notes:

1. Includes 32,000,000 Shares issued under the Interim Capital Raising.
2. Issued under the Consideration Offer. Includes 15,000,000 Shares issued to Discovery that are also separately identified in this table.
3. Issued under the Consideration Offer.
4. Issued under the Facilitator Offer. Otsana have advised the Company of its intention to allocate the Shares it is entitled to receive under the Facilitator Offer to various nominees such that neither Otsana nor any of its nominees and their respective associates will have voting power in the Company of 5% or above following Completion of the Acquisition.
5. Issued under the Public Offer.

2.7 No underwriting

None of the Offers is underwritten.

2.8 Applications

Applications for Securities under the Offers can only be made using the relevant Application Form accompanying this Prospectus or otherwise provided by the Company. The Application Form must be completed in accordance with the instructions set out on the form.

Applications under the Public Offer must be for a minimum of 100,000 Shares (\$2,000) and then in increments of 5,000 Shares (\$100). No brokerage, stamp duty or other costs are payable by applicants. Cheques must be made payable to "ACN 009 161 522 Limited" and should be crossed "Not Negotiable". All Application Monies will be paid into a trust account. Applicants wishing to provide Application Monies via electronic funds transfer should follow the instructions on the Application Form or contact the Lead Manager.

Completed Application Forms and accompanying payment cheques (for applications under the Public Offer) must be received by the Company before 5.00pm WST on the Closing Date by either being delivered to or posted to the address set out in the Application Form.

An original, completed and lodged Application Form together with payment for the Application Monies (for applications under the Public Offer), constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final; however an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the Application Monies.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

The Public Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Public Offer or accept late Applications.

2.9 Allocation and allotment of Securities

The Directors reserve the right to reject any Application or to allot a lesser number of Securities than that applied for. If the number of Securities allocated is less than that applied for, or no allotment is made, any surplus Application Monies (in the case of the Public Offer) will be promptly refunded without interest.

Subject to ASX granting approval for quotation of the Shares, the allotment of Securities to be issued under the Offers will occur as soon as practicable after the Public Offer closes and the conditions set out in Section 2.4 have been satisfied. Holding statements will be dispatched as required by ASX. It is the responsibility of applicants to determine their allocation prior to trading in the Securities.

Applicants who sell the Securities before they receive their holding statement will do so at their own risk.

2.10 Application Monies to be held in trust

The Application Monies for Shares to be issued pursuant to the Public Offer will be held in a separate bank account and held on trust on behalf of applicants until the Shares are allotted. If the Shares to be issued under this Prospectus are not admitted to quotation within a period of three months from the date of this Prospectus, the

Application Monies will be refunded in full without interest, and any Shares issued under the Public Offer will be deemed to be void. All interest earned on Application Monies (including those which do not result in the issue of Shares) will be retained by the Company.

2.11 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offers, the Company understands that certain Securities (including the Securities issued under the Consideration Offer, Attaching Options Offer, Facilitator Offer and the Options to be issued under the Convertible Notes Offer) will likely be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of his or her Shares in a timely manner.

The Company will announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

2.12 CHESS and issuer sponsorship

The Company participates in CHESS. All trading on the ASX in existing Shares is, and in new Securities will be, settled through CHESS. ASX Settlement, a wholly-owned subsidiary of the ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Operating Rules. On behalf of the Company, the Share Registry operates an electronic issuer sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company does not issue certificates to Shareholders. Rather, holding statements (similar to bank statements) will be sent to Shareholders as soon as practicable after allotment. Holding statements will be sent either by CHESS (for Shareholders who elect to hold Securities on the CHESS sub-register) or by the Company's Share Registry (for Shareholders who elect to hold their Securities on the issuer sponsored sub-register). The statements will set out the number of existing Shares (where applicable) and the number of new Securities allotted under this Prospectus and provide details of a Shareholder's holder identification number (for Shareholders who elect to hold Securities on the CHESS sub-register) or Shareholder reference number (for Shareholders who elect to hold their Securities on the issuer sponsored sub-register). Updated holding statements will also be sent to each Shareholder at the end of each month in which there is a transaction on their holding, as required by the Listing Rules.

2.13 Risks

As with any share investment, there are risks associated with investing in the Company. The principal risks that could affect the financial and market performance of the Company are detailed in Section 4 of this Prospectus. The Securities on offer under this Prospectus should be considered highly speculative. Accordingly, before deciding to invest in the Company, applicants should read this Prospectus in its entirety and should consider all factors in light of their individual circumstances and seek appropriate professional advice.

2.14 Overseas investors

An offer made pursuant to this Prospectus is not made to persons or in places which would not be lawful to make the offer. No action has been taken to register the Offers under this Prospectus or otherwise permit the Offers to be made to the general public in any jurisdiction outside Australia.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law in those jurisdictions and therefore persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Failure to comply with such restrictions may constitute a violation of applicable securities laws.

Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed in respect of the Offers.

Serbia

An offer to the public of Securities has not been made, and may not be made, in Serbia. This document is issued on a confidential basis to fewer than 100 persons or legal entities in Serbia and may not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in Serbia.

Neither this document nor any other offering or marketing material relating to the Securities the subject of the Offers have been or will be filed with or approved by any Serbian regulatory authority.

2.15 Privacy disclosure

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess applications for Securities, to provide facilities and services to Security holders, and to carry out various administrative functions.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your Securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

If the information requested is not supplied, applications for Securities will not be processed. By submitting an Application Form, you agree that the Company may use the information provided by you on the Application Form for the purposes set out herein and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

A Security holder has a right to gain access to, correct and update the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

2.16 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offers, by consulting their own professional tax advisers. Neither the Company nor any of its Directors or officers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

2.17 Enquiries

This is an important document and should be read in its entirety. Investors should consult with their professional advisers before deciding whether to apply for Securities under this Prospectus. Any investment in the Company under this Prospectus should be considered highly speculative.

Questions relating to the Offers and the completion of an Application Form can be directed to the Company on +61 8 9486 7244.

3. Company Overview

3.1 Company history

The Company was incorporated on 7 January 1986 and admitted to the Official List of ASX on 12 March 1987. The Company was the ultimate holding company of a group of mining services companies that serviced the NSW Hunter Valley's thermal coal mining industry.

The Company's securities were suspended from official quotation on 5 January 2015 at the request of the Company, and have remained suspended since that date. This was due to the Company entering the process of recapitalising or selling all or parts of the business. The process was initially expected to be completed by 31 March 2015 however the suspension is still in place at the date of this Prospectus.

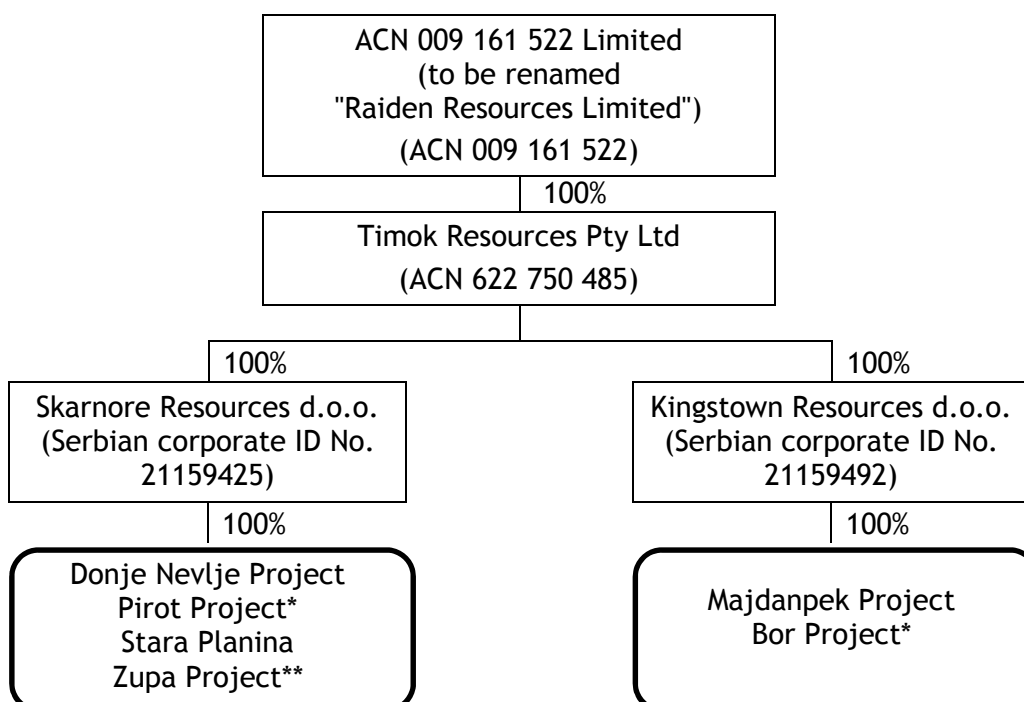
Following completion of a deed of company arrangement on 24 October 2017, the Company has been actively seeking to identify and evaluate new opportunities both in related or non-related industries that may increase Shareholder value.

3.2 Acquisition of Timok

The Company has entered into the Acquisition Agreement under which, subject to satisfaction of certain conditions precedent, the Company will acquire 100% of the issued capital of Timok.

A summary of the material terms of the Acquisition Agreement is set out in Section 5.2.

Pursuant to the terms of the Acquisition Agreement, Timok will become a wholly owned subsidiary of the Company. At Completion of the Acquisition Agreement and upon reinstatement, the Company's corporate structure will be as follows:



*These Projects include Licences that are currently under application.

** This Project comprises of a Licence that is currently in the process of transfer to Skarnore. Skarnore is party to an agreement with the current owner of the relevant licence pursuant to which Skarnore has right to explore on the Licence. See Section 5.5 for details.

3.3 Overview of Timok

Timok is a holding company incorporated in Western Australia which has options to acquire 100% of the issued capital of Skarnore and Kingstown, which hold various exploration licences located in Serbia (together, the **Timok Group**).

The Timok Group has an interest in 6 granted exploration licences located in the Republic of Serbia which cover a total of 306.46 square kilometres of the West Tethyan Metallogenic Belt of Eastern Europe. The Timok Group currently operates 4 projects (Donje Nevlje, Stara Planina, Majdanpek and Zupa), with 2 projects under application or partial application or partially under application (Piroć and Bor).

The Timok Group is currently waiting to hear the outcome of 4 pending licence applications for which it is the registered applicant.

3.4 Summary of the Licences and Projects

(a) Overview

The following table provides an overview of the Projects in which the Company holds an interest. The Company notes that each of its granted Projects overlap areas of environmental and/or cultural protection, details of which are included in the notes to the table below. It is not unusual for exploration and/or mining tenure in Serbia to overlap such areas. The Directors and Proposed Directors consider that the Company's exploration activities are unlikely to be materially impacted by the existence of these areas of protection. Any future mine development or mining operations on the Projects would be subject to conditions (if any) imposed by the governmental authorities in respect of these areas.

Project	Licence name	Registered holder (100%)	Size (km ²)	Grant Date	Expiry Date	Licence No.
Skarnore Licences						
Donje Nevlje Project ¹	Donje Nevlje	Skarnore Resources	73.89	22/06/16	13/07/19	310-02-1547/2015-02
Pirot Project	Pirot	Skarnore Resources	21.00	Application submitted - pending response from ministry		
Stara Planina Project ²	Stara Planina	Geo Consulting Studio doo (subject to Geoconsulting Joint Venture Agreement)	63.53	26/08/15	25/08/18	310-02-495/2015-02
Zupa Project ³	Velika Zupa	Balkan Mineral Corporation doo (in process of transfer to Skarnore Resources)	85.48	14/07/17	13/09/20	310-02-1656/2016-02
Kingstown Licences						
Majdanpek Project ⁴	Zapadni Majdanpek	Kingstown Resources	68.85	08/12/16	09/05/20	310-02-1096/2016-02
	Majdanpek pojas	Kingstown Resources	6.88	30.03.17	15/06/20	310-02-1510/2016-02
Bor Project ⁵	Tilva Njagra Istok	Kingstown Resources	5.83	27/03/17	17/05/20	310-02-1584/2016-02
	Bor	Kingstown Resources	15.84	Application submitted - pending		
	Južni Bor	Kingstown Resources	10.48	Application submitted - pending		
	Istočni Veliki Krivelj	Kingstown Resources	2.86	Application submitted - pending		

Notes:

1. A portion (totalling approximately 5%) of the Donje Nevlje Project is affected by a special nature reserve subject to a first and second degree of protection (one being the highest and three being the lowest).

2. A portion (totalling approximately 66%) of the Stara Planina Project is affected by a nature park subject to a third degree of protection (one being the highest and three being the lowest). Another portion (totalling approximately 2%) of the Stara Planina Project is affected by a protected area subject to a second degree of protection.
3. A portion (totalling approximately 1-2%) of the Zupa Project is affected by a memorial complex.
4. A portion (totalling approximately 5%) of the Majdanpek Project is affected by two protected natural heritage places and two strict nature reserve areas subject to a first (highest) degree of protection.
5. The Bor Project is affected by one cultural property (being and archaeological site) and also one natural monument.

The location of the Projects in Serbia is shown in Figure 1 below.

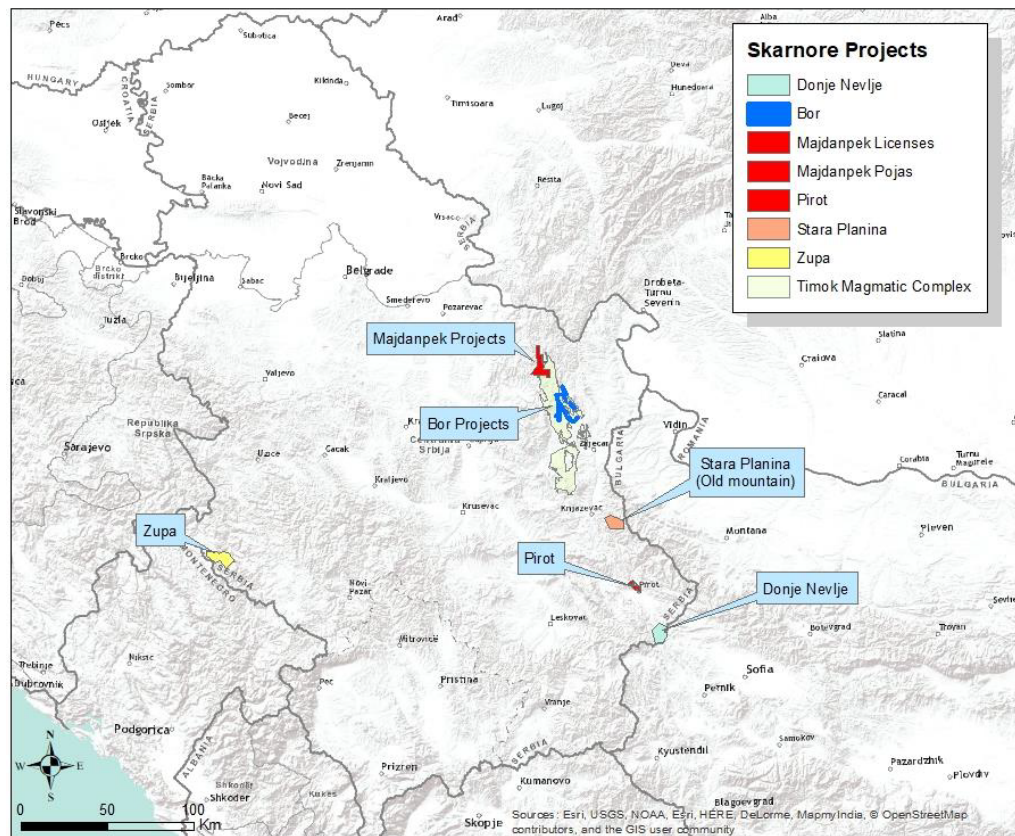


Figure 1 - Map of Projects in Serbia

(b) Ongoing joint venture negotiations

As at the date of this Prospectus, Skarnore and Kingstown are in advanced negotiations with a major international mining company (**Partner**) in respect of a potential earn in and joint venture agreement covering three of the Timok Group's Licences, being the Zapadni Majdanpek, Donje Nevlje and Majdanpek Pojas Licences (**JV Licences**).

There is no guarantee that these negotiations will result in a joint venture agreement being executed. The Company will keep the market informed of the progress of negotiations in accordance with its continuous disclosure obligations.

(c) The Majdanpek Project (100% Kingstown)

The Majdanpek project consists of 2 granted exploration licences, totalling approximately 76 km². The project is located on the northern extremity of the Timok Magmatic Complex. The project is in a highly mineral endowed part of the complex, with a number of defined deposits including past and current producers located immediately adjacent to the Licences.

On the eastern boundary, the project neighbours the Majdanpek porphyry deposit. On the South -Eastern boundary, the project is approximately 500m from the high grade Coka Marin epithermal deposit (State company Mining Lease). On the north western boundary the project is adjacent to the Blagojev Kamen project, which hosts a number of past producing bonanza grade gold mines. On the south western boundary the project is adjacent to Dundee Precious Metals' Zagubica license, which hosts the Bigar Hill, Korkan, and Korkan East deposits. The same gold bearing structures and stratigraphy continue from these deposits into the western part of the Majdanpek permit, whilst the eastern and central portion the permit covers Timok belt volcanics and intrusives prospective for copper porphyry and associated copper-gold epithermal deposits.

Despite its strategic location and a number of copper anomalies defined by the State Survey within the Timok volcano-sedimentary sequence on the project, the project area remains only lightly explored with no previous concerted efforts to target blind/buried copper porphyry or associated copper gold epithermal deposits.

Kingstown intends to focus its exploration program on two types of exploration models. Within the volcano-sedimentary Timok Magmatic Complex sequence. Kingstown will be targeting blind copper porphyry and copper-gold epithermal mineralisation, whilst on the South Western boundary the exploration will focus on the conglomerate sequences which host the Bigar Hill gold deposit, just to the south and the high grade vein deposits just adjacent to the north western boundary.

Due to its proximity to the operating Majdanpek mine and advanced Coka Marin and Bigar Hill deposits, the project is in a brown-fields setting, with potential synergies for smaller discoveries to be toll treated at nearby existing facilities.

For further information see the Independent Geologist's Report at Section 8.

(d) The Donje Nevlje Project (100% Skarnore)

The Donje Nevlje Licence covers an area of approximately 74 km² and is located about 125 km southeast of the productive Timok Magmatic Complex, which is host to the Bor and Majdanpek copper and gold mines. The mines at Bor have been producing gold and copper for over 100 years.

The project forms part of the regional Banat - Timok - Srednogorie zone of Cretaceous calc-alkaline volcanics associated with a distinctive arc extending from southern Romania, through eastern Serbia and extending into central Bulgaria

Geological mapping and exploration in the 1960's confirmed the compatibility of the stratigraphy and lithologies, primarily andesite volcanics and pyroclastics of Upper Cretaceous age, with those of the Timok Magmatic Complex. Three phases of volcanism have been recognised within the region

giving rise to lithologies that include andesitic flows and pyroclastics with younger Cretaceous sandstones, marlstones, and tuffs.

Mineralisation at the Donje Nevlje Licence includes disseminated copper mineralisation and hydrothermal rock alteration that are interpreted to be related to a porphyry copper system. Pyrite, chalcopyrite, magnetite and sphalerite are the main ore minerals, and a skarn assemblage of garnet, vesuvianite, epidote and chlorite have also been identified within and close to the intrusive complex. This project represents a substantially sized target with evidence of copper mineralisation, which has not seen a systematic evaluation by high-resolution geophysics and systematic drill testing. Skarnore plans to follow up with target definition programs and drill testing.

For further information see the Independent Geologist's Report at Section 8.

(e) **The Stara Planina (Joint Venture - Skarnore)**

Skarnore has an interest in the Stara Planina Licence under an earn-in and joint venture agreement with the registered holder of the Stara Planina Licence, Geo Consulting Studio doo (**GeoConsulting Joint Venture Agreement**). Under the GeoConsulting Joint Venture Agreement Skarnore has a right to earn in up to a 90% interest, and an option to acquire a 100% interest, in an incorporated joint venture to be set up in respect of the Stara Planina Licence. The terms of the GeoConsulting Joint Venture Agreement are summarised below in Section 5.4. There are various risks associated with the GeoConsulting Joint Venture Agreement, which are summarised in Section 4.2(g).

The Stara Planina Licence (approximately 63 km²), covers an inlier of Palaeozoic gabbros intruded by Permo-Carboniferous granodiorite. The Licence contains known vein-type bismuth-copper-gold-antimony mineralisation in the Gradiste area and at the Aljin Do mine, which was abandoned after the World War II. Subsequently former-Yugoslav state agencies undertook limited exploration. Rio Sava (Rio Tinto subsidiary in Serbia) investigated the area in 2003, followed by Reservoir Capital.

The geology is comparable to that at Deli Jovan, a past producing gold mine in eastern Serbia, and the Ogosta gold deposit in Bulgaria. The exploration target is a high-grade, intrusion-related gold-copper deposit, possibly associated with a deeper copper porphyry targets. In addition, the potential for additional high-grade gold-bearing epithermal vein mineralisation is significant.

The geology of the Stara Planina Licence area consists of an early Paleozoic gabbro that is intruded by Permo-Carboniferous granodiorite with associated quartz veining. The gabbro borders to the NE, at a major NNW-SSE trending fault, with basement gneiss, greenschist and marble. Throughout the Licence area mineralisation is controlled by the NW-SE trending penetrative structures, and is invariably associated with ductile deformation of the gabbros.

In the Gradiste area, the Stara Planina Licence contains several occurrences of gold-bearing quartz-carbonate vein mineralisation associated with chlorite-epidote-carbonate alteration of the gabbros. Some of these were investigated previously by underground exploration adits. In the Aldinac area there are several mapped occurrences of copper, gold, tungsten and

uranium mineralisation associated with quartz veining and quartz-sericite-pyrite alteration of granodiorite.

Previous modern explorers (Rio Tinto and Reservoir Capital), have defined two target zones which will be the focus of Skarnore's immediate exploration efforts. The anomalies are characterised by large (+3km strike) and coherent, copper soil anomalies.

Skarnore recently completed a preliminary induced polarisation (IP) program over the two geochemical anomalies. The results of the IP program are encouraging and indicate the presence of disseminated and possibly massive sulphides, extending over a significant area and underlying the surficial geochemical and alteration trends. Skarnore intends to complete additional geophysical mapping and geochemical work prior to testing targets with drilling.

For further information see the Independent Geologist's Report at Section 8.

(f) **The Zupa Project (in process of transfer to Kingstown)**

Balkan Mineral Corporation doo (**Balkan**) is the holder of the Velika Zupa Licence. Balkan and Skarnore commenced the procedure for transferring the Velika Zupa Licence to Skarnore with the Serbian Ministry of Mining and Energy on 27 September 2017. As at the date of this Prospectus the Company is not aware of any reason why the transfer of the Velika Zupa Licence to Skarnore will not be completed.

Velika Zupa Licence, covering an area of approximately 85 km² is located in the south west part of Serbia and within the Dinaric Alp zone within the Western Tethyan belt. The permit is currently in advanced stages of exploration by a local Serbian development company.

The licence has not seen previous systematic exploration work, but shows numerous occurrences of hydrothermal alteration and structural as well as geophysical indications of a buried intrusive. The area is targeted for polymetallic skarn and manto-type replacement deposits associated with a blind intrusion. An example schematic of a skarn style deposit is shown in Figure 3.

Kingstown intends to embark on a program of mapping, geochemistry and possibly geophysics to define targets for drill testing.

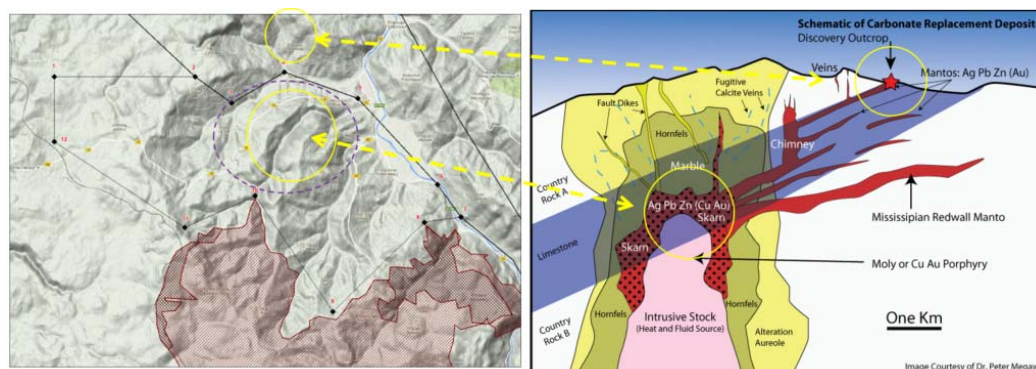


Figure 2 (left): Zupa Area Map & Example schematic skarn style deposit

Figure 3 (right): Example schematic skarn style deposit

For further information see the Independent Geologist's Report at Section 8.

(g) The Pirot Project (under application by Skarnore)

The Pirot project (approximately 21 km²) is located in South Eastern Serbia, approximately 20km from the northern periphery of the Donje Nevlje project. Skarnore is in the process of executing the application requirements for the Pirot Licence under a 90 day exclusivity period, granted by the Serbian Ministry of Mining and Energy.

A 1960's, State sponsored aeromagnetic survey defined the area as anomalous. Follow up mapping by state agencies, concluded that the volcano-sedimentary sequence, which are present within the permit are of the same age and within a similar setting as the lithology within the Timok Magmatic Complex, which hosts a number of Tier one porphyry deposits.

Regional geochemical sampling conducted by Yugoslav state agencies defined a number of anomalies, one of which is associated with a granodiorite intrusion, located on the southern segment of the permit. On the basis of this work, the State Geological Survey designated a 'porphyry target' within and on the contact of the granodiorite.

To date no drilling has been executed on the anomalies. Skarnore plans to follow up and advance the historical work with the objective of defining a drill target in the near future.

For further information see the Independent Geologist's Report at Section 8.

(h) The Bor Project (partially granted and partially under application by Kingstown)

The Bor project consists of 1 granted licence (approximately 6 km²) and 3 separate exploration licence applications (approximately 32 km²). The Ministry is currently in a litigation process with a third party in respect of a portion (covering 3.28 km²) of one of the licences application (the "**Bor Licence**"). This portion of the Bor Licence cannot be granted to Kingstown unless and until this litigation is resolved in favour of the Ministry.

The Bor project is located in the Timok Magmatic Complex, a world class mineral district which hosts the tier one Bor and Majdanpek deposits. These 2 mines, which are currently in operation, also account for the majority of Serbian Copper and Gold production over the last 100 years.

Kingstown's Bor project covers the areas which are adjacent to the Serbian state mining company's Bor complex. Much of the area covered by the Bor project has not had any significant modern exploration conducted over it to date. Skarnore plans to conduct mapping, geochemical sampling and geophysics on the granted licence, with the objective of defining a drill target in the near future.

For further information see the Independent Geologist's Report at Section 8.

3.5 Planned Exploration

A two-year staged exploration program, managed and operated by the Company's executive director, Dusko Ljubojevic and in-country team of geologists and field technician to be retained post-Acquisition, is proposed for the Licences.

The first year of exploration will involve advancing the current areas of focus, which have been defined by previous explorers and Skarnore or Kingstown (as applicable), towards target definition. The scope of work during the first year will vary, however the general sequence of work will initially involve regional mapping, outcrop and soil sampling on an appropriate scale. Subsequent exploration will involve infill soil surveys, more detailed mapping, trenching and geophysical evaluations in order to narrow areas of focus and define drill targets.

The Company anticipates that target definition on the Stara Planina Project will be achieved relatively quickly such that geophysical and preliminary drilling is proposed during the second quarter of 2018. On the Company's other projects, exploration will be directed towards defining further drill targets to be tested in 2019.

Investors are reminded that the Licenses are high speculative and that exploration on the Licenses has been limited and there is no guarantee of success. For further details on the risks see Section 4.

3.6 Proposed use of funds

The Company intends to apply the funds raised from the Public Offer in the 24 months following the reinstatement of the Company's Securities to quotation on the Official List of ASX as detailed in the below table. The amounts and timing of the actual expenditures and investments may vary significantly and will depend on numerous factors including the success of exploration activities, access conditions, weather and any changes in the business and economic environment.

Funds Available	Amount (\$)
Existing cash reserves of the Company	-
Funds raised by the Interim Capital Raising	640,000
Funds raised by the Convertible Notes	100,000
Funds to be raised from the Public Offer	5,000,000
TOTAL	5,740,000

Allocation of funds¹	Amount (\$)	%
Expenditure on Majdanpek Project	404,000	7
Expenditure on Donje Nevlje Project	663,506	12
Expenditure on Stara Planina	860,974	15
Expenditure on Zupa Project	465,974	8
Expenditure on Pirot Project	0	0
Expenditure on Bor Project	88,208	2
Sub-total Exploration	2,482,662	43

Costs associated with the Acquisition	240,095	4
Repayment of DOCA to Syndicate	440,000	8
Expenses of the Offers	446,695	8
General working capital ²	2,130,548	37
TOTAL	5,740,000	100

Notes:

1. The Company notes that the Licences for the Zupa Project and part of the Bor Project remain in the application phase. The Company has no reason to believe that the applications will not be granted. Funding allocated to the Bor Project in the table above is currently only allocated to the Company's granted tenure within that Project. If and when the Licence applications in the Bor Project are granted, funding currently allocated to the 1 granted Bor Licence will be reallocated on a pro-rata basis across all granted Licences in the Bor Project. If and when any of the applications making up the Pirot Project are granted, \$163,351 of the funding currently allocated to the Stara Planina Project will be reallocated to the granted Pirot Project Licences on a pro-rata basis.
2. The Company also notes that in the event that the negotiations referred to in Section 3.4(b) result in a joint venture being entered into over the Zapadni Majdanpek, Donje Nevlje and Majdanpek Pojas Licences, it is likely that the Partner will be responsible for sole funding those licences. If this is the case, the Company intends to reallocate the funding allocated to those Licences to exploration on its other granted Licences on a pro-rata basis.
3. General working capital will be utilised by the Company to pay for the corporate and administration costs of the Company generally and for cost overruns in forecast expenditures (if any).

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, the presentation of new opportunities and market and general economic conditions and other factors (including the risk factors outlines in Section 4 of this Prospectus). In light of this, the Board reserves the right to alter the way the funds are applied.

The Board is satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to meet its stated objectives.

The use of further equity funding or Share placements will be considered by the Board where it is appropriate to accelerate a specific project or strategy.

For the immediate future, the Company's focus will be on the continued development and expansion of the Company's operations, together with assessing further complementary acquisition opportunities. The Company is constantly reviewing a number of complementary additional resource opportunities. These opportunities are very preliminary in nature and no agreements have been reached in relation to such opportunities. The Company intends to keep the market informed as and when these opportunities materialise.

3.7 Dividend policy

It is anticipated that, post-settlement of the Acquisition, the Company will focus on exploring the Licences. The Company has no current intention to declare and pay any

dividends in the near term as its focus will be primarily on using cash reserves to explore the Licences.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend upon the Company's performance, exploration success, the availability of distributable earnings, future capital requirements, strategic objectives and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

4. Risk Factors

As with any investment in securities, there are risks involved. This Section identifies the major areas of risk associated with an investment in the Company, but should not be taken as an exhaustive list of the potential risk factors to which the Company and its Security holders are exposed. Potential investors should read the entire Prospectus and consult their professional advisers before deciding whether to apply for Securities.

Any investment in the Company under this Prospectus should be considered highly speculative.

4.1 Risks relating to the change in nature and scale of activities

(a) Reinstatement of Shares to quotation on ASX

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to re-comply with Chapters 1 and 2 of the Listing Rules as if it were seeking admission to the official list of ASX.

There is a risk that the Company will not be able to satisfy one or more of those requirements. Should this occur the Company's listed securities will remain suspended from quotation until such time as the Company does re-comply with the Listing Rules.

Further, pursuant to ASX's long term suspended entities policy in ASX Guidance Note 33, in the event the Company is unable to proceed with the Public Offer or meet the requirements of Chapters 1 and 2 of the Listing Rules it will be removed from the Official List by ASX (see the Important Note under the indicative timetable on page vii for further information).

(b) Dilution risk

The Company currently has 40,430,796 Shares on issue. On Completion, the Company proposes to issue Securities (being Shares, Options and Performance Shares) pursuant to the Acquisition Agreement and in connection with the Public Offer.

On Completion and assuming the Consideration Securities, Public Offer Shares, Facilitator Securities, Convertible Note Securities and Attaching Options have been issued (assuming full subscription under the Public Offer and no convertible Securities are exercised or converted), the existing Shareholders will retain approximately 9.9% of the issued capital of the Company, the Vendors (or their nominees) will hold an aggregate of 18.3%, Otsana (or its nominees) will hold an aggregate of 9.7%, the Noteholders (or their nominees) will hold an aggregate of 1.2% and the investors under the Public Offer will hold an aggregate of 60.9% of the issued capital in the Company.

The Company will issue Options under the Facilitator Offer and the Attaching Options Offer, and Performance Shares as part consideration to the Vendors. There is a risk that the interests of the Shareholders will be further diluted on conversion of these Options and Performance Shares into Shares.

There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company.

(c) Liquidity risk

On Completion, the Company proposes to issue the Securities under the Consideration Offer to the Vendors (or their respective nominees) and the Facilitator Securities to Otsana (or its nominees). These Securities will be subject to escrow restrictions in accordance with Chapter 9 of the Listing Rules. This could be considered an increased liquidity risk as the issued capital will not be able to be traded freely for a period of time.

(d) Contractual and Completion risk

Pursuant to the Acquisition Agreement the Company has agreed to acquire Timok subject to the fulfilment of certain conditions precedent including completion under the Option Deeds. If any of the conditions precedent are not satisfied or waived, or any of the counterparties do not comply with their obligations, completion of the Acquisition may be deferred or not occur. Failure to complete the Acquisition would mean the Company may not be able to meet the requirements of ASX for re-quotation of its Securities, and the Company's listed securities will remain suspended from quotation until such time as the Company does re-comply with the Listing Rules.

Further, pursuant to ASX's long term suspended entities policy in ASX Guidance Note 33, in the event the Company is unable to proceed with the Public Offer or meet the requirements of Chapters 1 and 2 of the Listing Rules it will be removed from the Official List by ASX (see the Important Note under the indicative timetable on page vii for further information).

The ability of the Company to achieve its stated objectives will depend on the performance by the parties of their obligations under the Acquisition Agreement. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.

(e) Integration risk of the Acquisition

The operating results of the Company will depend on the success of management in integrating the acquisition of Timok. There is no guarantee that the Company will be able to integrate this new acquisition into the Company successfully, or that any economic benefits will be able to be realised from the integration. There is a risk that the Company's future profitability and prospects could be adversely impacted if successful integration is not achieved in an orderly and timely fashion.

4.2 Specific risks to the Company's operations and the mining industry

There are a number of specific risks involved for the Company, and consequently its securityholders, in the acquisition of Timok, including risks specific to the business and assets of Timok, which include the following non-exhaustive list.

(a) Future capital requirements

The Company has no operating revenue and is unlikely to generate any operating revenue unless and until the Projects are successfully explored, evaluated, developed and production commences. The future capital requirements of the Company will depend on many factors including its business development activities. The Company believes its available cash and the net proceeds of the Public Offer should be adequate to fund its business development activities, exploration program and other Company objectives in the short term as stated in this Prospectus.

In order to successfully evaluate and develop the Projects and for production to commence, the Company will require further financing in the future, in addition to amounts raised pursuant to the Public Offer. Any additional equity financing may be dilutive to Shareholders, may be undertaken at lower prices than the then market price (or offer price under the Public Offer) or may involve restrictive covenants which limit the Company's operations and business strategy. Debt financing, if available, may involve restrictions on financing and operating activities.

Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its activities and this could have a material adverse effect on the Company's activities including resulting in the tenements being subject to forfeiture, and could affect the Company's ability to continue as a going concern.

The Company may undertake additional offerings of Shares and of Securities convertible into Shares in the future. The increase in the number of Shares issued and outstanding and the possibility of sales of such shares may have a depressive effect on the price of Shares. In addition, as a result of such additional Shares, the voting power of the Company's existing Shareholders will be diluted.

(b) Operational risks

The operations of the Company may be affected by various factors, including:

- (i) failure to locate or identify mineral deposits;
- (ii) failure to achieve economic grades in exploration and forecast modelled grades, quantities and recoveries during mining;
- (iii) operational and technical difficulties encountered in mining;
- (iv) insufficient or unreliable infrastructure (such as power, water and transport);
- (v) difficulties in commissioning and operating plant and equipment;
- (vi) mechanical failure or plant breakdown;
- (vii) unanticipated metallurgical problems which may affect extraction costs;

- (viii) adverse weather conditions; and
- (ix) community and non-governmental organisation activities hindering operations.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

(c) Government regulation and political risk in the mining industry

Kingstown and Skarnore's operating activities are subject to laws and regulations governing expropriation of property, health and worker safety, employment standards, waste disposal, protection of the environment, mine development, land and water use, prospecting, mineral production, exports, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters.

While the Company believes that Kingstown and Skarnore are in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the Company or its subsidiaries or its properties, which could have a material adverse impact on the Company's current operations or planned development projects.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right application and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

Where required, obtaining necessary permits and licences can be a complex, time consuming process and the Company cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company or its subsidiaries from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations or material fines, penalties or other liabilities.

(d) Exploration success

Mineral exploration and project development are high risk undertakings. There can be no assurance that further exploration on the Company's projects will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. Until the Company is able to realise value from its mineral projects, it is likely to incur ongoing operating losses.

(e) Drilling and exploration programs

There are operational risks associated with the Company's planned drilling and exploration programs. The planned surface sampling, drilling and exploration programs at the Company's mineral projects may be affected by a range of factors, including (but not limited to): geological and ground access conditions; unanticipated operational and technical difficulties encountered in sampling and drilling activities; adverse weather conditions, environmental accidents, and unexpected shortages or increases in the costs of consumables, spare parts, and labour; mechanical failure of operating plant and equipment; prevention of access by reason of political or civil unrest, outbreak of hostilities, outbreak of disease or inability to obtain regulatory consents or approvals; terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes; and risks of default or non-performance by third parties providing essential services.

There is a particular risk that the non-regular (i.e. non-graticular) tenement shapes of the Bor project tenements may prove difficult for significant exploration campaigns. This may also limit the Company's capacity to develop appropriate infrastructure on those tenements in the event of successful discovery of mineralisation.

No assurance can be given that planned and future exploration will be successful or that a commercial mining operation will eventuate at any of the Company's mineral projects.

(f) Tenure, access and grant of applications

The Company's operations are subject to receiving and maintaining licences and permits from appropriate governmental authorities in Serbia. In particular, four of the Licences are currently in the application phase and one of the Licences is also in the process of being transferred to the Company. Although the Company is not aware of any reason why these Licences will not be granted or transferred to the Company, there is no assurance that the Licences will be granted or transferred, or that delays will not occur in connection with obtaining all necessary grant, renewals or transfers of licences/permits from the existing operations, additional licences/permits for any possible future changes to operations, or additional permits associated with new legislation.

Prior to any development on any of its properties, subsidiaries of the Company must receive licences/permits from appropriate governmental authorities. There is no certainty that Kingstown or Skarnore will continue to hold all licences/permits necessary to develop or continue operating at any particular property.

Tenements are subject to the applicable mining acts and regulations in Serbia. Following Completion, the Company will be required to comply with Serbian land access laws, water rights acts, and environmental, and cultural laws among others. Compliance with these requirements appear manageable with consultation with the respective parties and government officials however, there is a risk that for an unforeseen reason, the Company may not be granted the required licence or permits to carry out the proposed works, which could lead to unforeseen delays or changes to proposed work programs, thus having the ability to materially impact upon the Company's operations and financial circumstances.

Under Serbian mining law, an exploration licence can be revoked upon the occurrence of specified events that are not remedied within prescribed periods. Such events include but are not limited to not conducting exploration activities in accordance with the approved programme, conducting exploration activities outside of the permit area, failing to submit annual reports, failing to undertake adequate rehabilitation works and failing to comply with occupational health and safety laws.

The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Serbia and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of granted tenements for reasons beyond the control of the Company could be significant.

(g) Stara Planina Joint venture risk

The Timok Group is not the holder of the Stara Planina Licence, which is held by Geo Consulting Studio doo. Skarnore is a party to the Geoconsulting Joint Venture Agreement with the holder in respect of the Stara Planina Licence. The Geoconsulting Joint Venture Agreement is summarised in Section 5. There are various risks in relation to the Geoconsulting Joint Venture Agreement as summarised below and explained in detail in the Solicitor's Report in Section 9.

- (i) Skarnore has made investments, whereby the joint venture company (**JV Company**) has not been incorporated nor the Licence transferred: Under the terms of the Geoconsulting Joint Venture Agreement the holder of the Stara Planina Licence was required to commence the legal procedure of transfer of the Stara Planina Licence to the JV Company following within 10 days of expiry of the due diligence period under the agreement. This date has passed, and as at the date of this Prospectus, the holder has not yet incorporated the JV Company nor initiated the transfer of the Stara Planina Licence. The understanding between the parties, which is common for agreements of this nature, is that the JV Company will be incorporated and the licence transferred, once the Timok Group has completed the expenditure for the earn-in of its initial interest.
- (ii) Skarnore has commenced expenditure on the Stara Planina Licence. If the JV Company is not formed and/or the Stara Planina Licence transferred to it, there is a risk that the Company will not be able to recover its investment on the Stara Planina Licence from the holder of the Stara Planina Licence.
- (iii) The risk of unenforceability of the obligation of the Licence holder to transfer the shares in the JV Company to Skarnore: The Geoconsulting Joint Venture Agreement provides that Skarnore may earn the right to shares in the JV Company through expenditure on the Stara Planina Licence. Serbian law requires that, for the transfer of shares in the JV Company to be enforceable, the Geoconsulting Joint Venture Agreement be verified by a public notary. As at the date of this Prospectus, the Geoconsulting Joint Venture Agreement has not been verified. There is a risk that, even if the JV Company is incorporated and the Stara Planina Licence is transferred to it, the Company will not be able to enforce its right to shares on the JV Company.

- (iv) No deadlock resolution provisions for the JV Company are stipulated in the Geoconsulting Joint Venture Agreement.
- (v) The Geoconsulting Joint Venture Agreement provides that Skarnore has an unconditional financial obligation in the amount of EUR 20,000 expenditure on the Licence annually.
- (vi) The Geoconsulting Joint Venture Agreement contains an unclear option in favour of the holder of the Licence to convert its shares in the joint venture to a royalty.
- (vii) The potential unenforceability of Skarnore's right to acquire all interests related to the Licence: The Geoconsulting Joint Venture Agreement contemplates certain rights and obligations in respect of the Stara Planina Licence that accrue after the date that the Stara Planina Licence is due to expire. For example, Skarnore has a right to purchase 100% of the shares in the JV Company, including all right related to the Stara Planina Licence, that continues after the date that the Stara Planina Licence is due to expire. There is a risk that such rights and obligations are not enforceable.
- (viii) The Geoconsulting Joint Venture Agreement contains a potentially inoperative right to manage the JV Company.
- (ix) A lack of clarity in the financial expenses provided under the Geoconsulting Joint Venture Agreement in the case of termination of the agreement and exiting the JV Company.
- (x) A lack of clarity in the Geoconsulting Joint Venture Agreement around the rights of Skarnore to buy the Licence.

In light of the various issues identified in respect of the Geoconsulting Joint Venture Agreement, there is risk that the Company will be unable to realise its rights under the agreement, or to recover its expenditure on the Stara Planina Licence. In this case, the Company may be required to incur further expenditure seeking legal recourse which has no certainty of success.

Furthermore, the Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party.

(h) Environmental and cultural protection

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment and cultural heritage protection. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may

impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or noncompliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

In particular, approximately 66% of the Stara Planina Licence is located in an area which comprises the Stara Planina nature park. The development of mining projects is permitted within areas in Serbia classified as "nature parks" subject to compliance with relevant environmental protections. The area of the Stara Planina nature park that overlaps the Company's licence is classified under the third (lowest) degree of protection (the first degree being the highest level of protection). Nonetheless, the Company must comply with certain environmental conditions in the conduct of exploration and there is a risk that the relevant Serbian authorities may impose conditions on future mining development in the Stara Planina nature park which may result in delays to or other difficulties with the Company's activities in that area. The Company considers this is a low risk in light of current and previous land use within the Stara Planina nature park and the Serbian government's past conduct.

The Company's Projects comprising granted tenure are also affected by other, relatively small areas of environmental and/or cultural protection (as detailed in Section 3.4(a)). Notwithstanding that these protected areas overlap only a small portion of the Company's Projects, if the land affected by a protected area is found to be prospective, any restrictions imposed in relation to that protected area may result in delays to or other difficulties with the Company's activities in that area.

(i) Mine development risk

Possible future development of a mining operation at any of the Company's future projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires,

explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of ore.

(j) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

(k) Acquisition of project data

The conduct of the Company's activities are affected by to the Company's ability to acquire data in relation to its Projects. The Company's ability to acquire project data may be affected by various factors, including:

- (i) language;
- (ii) a variety of grid projection systems;
- (iii) verification of historical hard copy records;
- (iv) digital capture of historical records; and
- (v) verification of historical quality control and quality assurance data.

For the majority of the Company's Projects, project data is known to exist that is currently not available to the Company. There is a risk that an inability to access this information may have a negative impact on the Company's ability to realise considered mineral potential of any or all of the Company's Projects.

(l) Insurance risks

There are significant exploration and operating risks associated with exploring for minerals, including adverse weather conditions, environmental risks and fire, all of which can result in injury to persons as well as damage to or destruction of the extraction plant, equipment, production facilities and other property. In addition, the Company's subsidiaries will be subject to liability for environmental risks such as pollution and abuse of the environment.

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, such insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company effected. In addition, in the future some or all of the Company's insurance coverage may become unavailable or prohibitively expensive.

(m) Commodity price volatility and exchange rate risk

The Company's ability to proceed with the development of its mineral projects and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. Consequently, any future earnings are likely to be closely related to the price of copper and gold commodities and the terms of any off-take agreements that the Company enters into.

The world market for minerals is subject to many variables and may fluctuate markedly. These variables include world demand for gold that may be mined commercially in the future from the Company's project areas, forward selling by producers and production cost levels in major mineral-producing regions. Minerals prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Metals are principally sold throughout the world in US dollars. The Company's cost base will be payable in various currencies including Serbian Dinar and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Serbian Dinar and the US dollar could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board, to mitigate such risks.

4.3 Market risks

(a) Regulatory risks

The Company will incur ongoing costs and obligations associated with compliance with necessary regulations. Regulatory areas which are of particular significance to the Company include environmental compliance and rehabilitation, mining, taxation, employee relations, worker health and safety, waste disposal, protection of the environment, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to exploration, development, production and rehabilitation activities. Any failure to comply with regulations may result in additional costs for corrective measures, penalties or in restrictions on the Company's proposed business operations. In addition, changes in regulations could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Company.

4.4 General risks

(a) Share Price

The price at which Shares are quoted on the ASX may increase or decrease due to a number of factors. There is no assurance that the price of the Shares will increase following quotation on the ASX, even if the Company's earnings increase.

Some of the factors which may affect the price of the Shares include fluctuations in the domestic and international market for listed stocks, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies, legislation or regulation, inclusion in or removal from market indices, the addition or departure of key personnel, actual or anticipated fluctuations in the Company's results and recommendations of analysts in relation to those results, fluctuations in the industry in which the Company operates and general operational and business risks.

Other factors which may negatively affect investor sentiment and influence the Company specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and mining and exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return to security holders arising from the transactions the subject of this Prospectus or otherwise.

(b) Bribery, corruption, or other improper acts

The Company may incur fines or penalties, damage to its reputation or suffer other adverse consequences if its Directors, officers, employees, consultants, agents, service providers or business partners violate, or are alleged to have violated, anti-bribery and corruption laws in Serbia, Australia or any future jurisdictions in which the Company may operate.

The Company cannot guarantee that its internal policies and controls will be effective in each case to ensure that it is protected from reckless or criminal acts committed by its Directors, officers, employees, consultants, agents, service providers or business partners that would violate Australian laws, Serbian laws or the laws of any other country in which the Company may operate in the future. Any such improper actions could subject the Company to civil or criminal investigations in Australia, Serbia or other countries that could lead to substantial civil or criminal monetary and non-monetary penalties against the Company, and could damage the Company's reputation. Even the allegation or appearance of improper or illegal actions could damage the Company's reputation and result in significant expenditures in investigating and responding to such actions and may in turn have an adverse effect on the Company's future financial performance and position.

(c) Economic

General economic conditions in Australia, Serbia and any other future jurisdictions that the Company may operate in may have an adverse effect on the Company's business activities and on their ability to fund those activities. Economic factors include, but are not limited to, the introduction of tax reform, new legislation, movements in investor interest, inflation rates currency exchange rates and terrorism or other hostilities.

(d) Force majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company, including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(e) Litigation risks

The Company is exposed to possible litigation risks including contractual disputes, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. Neither the Company, Timok, Skarnore nor Kingstown are currently engaged in any litigation.

(f) Enforcing liabilities against assets outside of Australia may be difficult

The majority of the Company's assets will be located outside of Australia. As a result, it may be difficult to enforce judgments obtained in Australian courts against those assets. In addition, there is uncertainty as to whether the courts of Serbia or any other jurisdictions in which the Company operates would recognise or enforce judgments of Australian courts obtained against the Company based on provisions of the laws of Australia. Furthermore, because the majority of the Company's assets are or will be located outside Australia, it may also be difficult to access those assets to satisfy an award entered against the Company in Australia. As a result of all of the above, Shareholders may have more difficulty in protecting their interests in the face of actions taken by management, the Board or controlling Shareholders than they would as shareholders of a company with assets in Australia.

(g) Acquisitions

As part of its business strategy, the Company may make acquisitions of, or significant investments in, companies, assets or projects complementary to the Company's existing operations. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, assets and projects, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving the short term operational goals and retaining key staff and customer and supplier relationships.

(h) Policies and legislation

Any material adverse changes in government policies or legislation of Australia, Serbia or any other country that the Company has economic interests in may affect the viability and profitability of the Company.

Serbia is a member of numerous organisations such as the United Nations, Council of Europe, Organisation for Security and Co-operation in Europe, Partnership for Peace, Organisation of the Black Sea Economic Cooperation, and Central Europe Free Trade Organisation. Serbia has been a European Union membership candidate since 2012 and has been negotiating its European Union accession since January 2014. The country is acceding to the World Trade Organisation and is a militarily neutral state.

4.5 No guarantee in respect of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above may, in the future, materially affect the financial performance of the Company and the value of the Company's securities.

4.6 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

5. Material Contracts

5.1 Introduction

The Directors consider that certain contracts entered into by the Company are material to the Company or are of such a nature that an investor may wish to have particulars of them when making an assessment of whether to apply for Securities under the Offers. The provisions of such material contracts are summarised in this Section.

5.2 Acquisition Agreement

As announced on 24 November 2017, the Company has entered into a conditional binding agreement with Timok pursuant to which the Company will acquire 100% of the issued capital of Timok.

In consideration for 100% of the issued capital of Timok, the Company will issue to the Vendors (or their respective nominees) a total of 75,000,000 Shares and 200,000,000 Performance Shares.

The Performance Shares will convert upon satisfaction of any one of the following milestones before the applicable Expiry Date and will otherwise be issued on the terms and conditions detailed in Section 11.3:

The Performance Shares will convert upon satisfaction of any one of the following milestones before the applicable Expiry Date:

- (a) 62,500,000 Performance Shares (**Class A Performance Shares**) will convert upon the announcement by the Company to ASX of the delineation of a Mineral Resource on the Company Licenses of at least 100Kt of contained copper equivalent (reported in accordance with clause 50 of the JORC Code) at or above 0.2% copper equivalent and which is prepared and reported in accordance with the JORC Code;
- (b) 62,500,000 Performance Shares (**Class B Performance Shares**) will convert upon the announcement by the Company to ASX of the results of a Scoping Study and that the Board has resolved to undertake a Pre-Feasibility Study on all or part of the Company Licenses; and
- (c) 75,000,000 Performance Shares (**Class C Performance Shares**) will convert upon the announcement of a Positive Pre-Feasibility Study in respect of a Company Project (or Company Projects).

Any copper equivalent Mineral Resource will be calculated using the following formula (including any other potentially economic minerals that may also be found):

$$\text{Copper equivalent Mineral Resource (CuEq tonne)} = ((\text{Ni contained tonnes} \times \text{Ni price/tonne}) + (\text{PGM contained ounces} \times \text{PGM price/ounce}) + (\text{Au contained ounces} \times \text{Au price/ounce}) + (\text{Ag contained ounces} \times \text{Ag price/ounces}) + (\text{Pb contained tonnes} \times \text{Pb price/tonne}) + (\text{Zn contained tonnes} \times \text{Zn price/tonne}) + (\text{Mo contained tonnes} \times \text{Mo price/tonne})) / (\text{Cu price/tonne}).$$

Capitalised terms used in this item have the meaning given to them in the JORC Code, unless expressly defined otherwise in Section 11.3.

Completion of the Acquisition remains conditional upon the satisfaction (or waiver) of the following material conditions precedent:

- (d) **Company due diligence:** completion of legal and technical due diligence by the Company on Timok's business and operations by 5 January 2018, to the sole satisfaction of the Company;
- (a) **Shareholder approvals:** the Company obtaining all necessary Shareholder approvals required by the Corporations Act and the Listing Rules in relation to the Acquisition including, without limitation, approval for:
 - (i) the change in the nature and scale of the Company's activities;
 - (ii) the creation of the Performance Shares as a new class of securities;
 - (iii) the issue of Securities pursuant to the Consideration Offer, Public Offer, Facilitator Offer, Attaching Options Offer and Convertible Notes Offer;
 - (iv) the election of Dusko Ljubojevic and Martin Pawlitschek as Directors; and
 - (v) the change of the Company's name to "Raiden Resources Limited";
- (b) **ASX waivers and confirmations:** the Company obtaining all requisite waivers and confirmations considered necessary to give effect to the Acquisition, including ASX confirming that the Company has satisfied Chapters 1 and 2 of the ASX Listing Rules and the Company receiving conditional approval from ASX to reinstate the securities of the Company to trading on conditions satisfactory to the Company (acting reasonably);
- (c) **Restriction agreements:** execution of all restriction agreements required by ASX or the Listing Rules;
- (d) **Public Offer:** the Company undertaking the Public Offer, with the closing of the Public Offer to occur contemporaneously with Completion; and
- (e) **Third party consents:** the Company and Timok obtaining any other necessary third party consents to allow the Company and Timok to lawfully complete the Acquisition, including but not limited to assignment of any relevant agreements in accordance with their terms.

If the Conditions Precedent are not satisfied (or waived) on or before 5.00pm (WST) on 22 February 2018, the Acquisition Agreement may be terminated by Timok or the Company.

Completion under the Acquisition Agreement is conditional upon the simultaneous occurrence (as nearly as possible) of completion under the Option Deeds. Completion of the Acquisition Agreement is taken to have occurred only when (inter alia):

- (a) completion occurs under the Option Deeds;
- (b) Skarnore and Kingstown become wholly owned subsidiaries of Timok; and
- (c) Timok acquires the legal and beneficial interests in the Licences as a result of its 100% ownership of Skarnore and Kingstown.

5.3 Option Deeds

Timok has entered into two separate Option Deeds with each of Skarnore and Kingstown on identical terms.

Pursuant to the Option Deeds, Timok is entitled to an exclusive 30 days period to conduct due diligence investigations on Skarnore and Kingstown, and the shareholders of Skarnore and Kingstown grant Timok an exclusive option to acquire 100% of the issued capital of Skarnore and Kingstown respectively.

The aggregate exclusivity fees payable by Timok for the exclusive due diligence period is \$2.00 and the aggregate consideration payable by Timok for the acquisition of 100% of the issued capital of Skarnore and Kingstown if the options are exercised is \$2.00.

5.4 Geoconsulting Joint Venture Agreement

Skarnore is party to an earn-in and joint venture agreement dated 28 September 2016 with Geo Consulting Studio doo (**Geo Consulting**), who is the registered holder of the Stara Planina Licence. Geo Consulting is not a related party of, or otherwise associated with, Skarnore or any of the Vendors.

There are various risks associated with the GeoConsulting Joint Venture Agreement, which are summarised in Section 4.2(g).

The Geoconsulting Joint Venture Agreement requires Geo Consulting to incorporate a joint venture company (**JV Company**), shares in which will initially be held 100% by Geo Consulting. The Stara Planina Licence will then be transferred to the JV Company. Skarnore will have control of management and administration of the JV Company.

As at the date of this Prospectus, the JV Company is yet to be incorporated.

Skarnore can earn up to a 90% shareholding in the JV Company as follows:

- (a) expenditure of 250,000 Euro on the Stara Planina Licence gives Skarnore the right to 25% of the shares in the JV Company;
- (b) expenditure of 500,000 Euro and performing at least 2000 metres of exploration drilling on the Stara Planina Licence gives Skarnore the right to 51% of the shares in the JV Company;
- (c) expenditure of 1,500,000 Euro on the Stara Planina Licence gives Skarnore the right to 70% of the shares in JV Company;
- (d) performance of a pre-feasibility study on the Stara Planina Licence and confirmation of that study by an independent body gives Skarnore the right to 80% of the shares in JV Company; and
- (e) securing conditions for a bankable feasibility study on the Stara Planina Licence or the approval of an "exploitation right" over the Stara Planina Licence by a competent state body gives Skarnore the right to 90% of the shares in JV Company.

If Skarnore earns 90% of the shares in the JV Company, Geo Consulting can elect to either convert its 10% shareholding into a 1% royalty in the JV Company or retain its

10% shareholding and contribute the JV Company funding requirements in proportion to its shareholding.

Skarnore has the option to acquire 100% of the JV Company shares by payment of:

- (a) 250,000 Euro, if paid later than 12 months but within 36 months of the date of the Geoconsulting Joint Venture Agreement; or
- (b) 300,000 Euro, if paid later than 36 months after the date of the Geoconsulting Joint Venture Agreement.

Skarnore is required to pay Geo Consulting an annual fee of 20,000 Euro in exchange for Geo Consulting offering its services for the performance of exploration work on the Stara Planina Licence. This fee is payable by Skarnore whether or not it actually engages Geo Consulting to perform any exploration work.

Both Skarnore and Geo Consulting may sell or transfer their shares in JV Company, subject to a right of first refusal (pre-emption right) in favour of the other party.

Skarnore can withdraw from the Geoconsulting Joint Venture Agreement subject to Skarnore paying Geo Consulting an amount equal to 75% of and unperformed projected work for the second and third years of exploration works.

5.5 Balkan Exploration Agreement

Skarnore and Balkan Mineral Corporation doo (**Balkan**) are party to an agreement dated 12 December 2017 pursuant to which Balkan engaged Skarnore to undertake exploration activities in respect of the Velika Zupa Licence area (**Balkan Exploration Agreement**). No fees are to be payable by Balkan to Skarnore for these exploration activities.

The Balkan Exploration Agreement terminates and replaces an agreement that Balkan and Skarnore entered into on 7 December 2017 on substantially the same terms as the Balkan Exploration Agreement.

Pursuant to the Balkan Exploration Agreement, Balkan grants Skarnore full access to the Velika Zupa Licence, and full discretion as to the exploration activities undertaken by Skarnore on the Velika Zupa Licence.

Skarnore is entitled to retain a copy of all information it develops by providing the exploration services on the Velika Zupa Licence.

The Balkan Exploration Agreement will remain in force until rendering of the decision by the Ministry approving the transfer of the Velika Zupa Licence to Skarnore.

The agreement may be terminated unilaterally by either party upon 15 days prior written notice.

5.6 Exploration Agreements

Skarnore and Kingstown have each entered into an agreement with Geo Consulting for the provision of geological exploration services on each of the granted licences of which they are the holder. These agreements are summarised in section 5(e) of the Solicitor's Report in Section 9.

5.7 Expert Monitoring Agreements

Skarnore and Kingstown have entered into agreements with Rudarski Institut Geograd doo Beograd for the provision of expert monitoring services on each of the granted licences of which they are the holder. Refer to section 5(g)(ii) of the Solicitor's Report in Section 9 for a summary of these agreements.

5.8 Interim Capital Raising Placement Applications

Each of the investors who participated in the Interim Capital Raising has provided the Company with a signed application form by which it has applied for Shares and Options under the Interim Capital Raising (**Interim Capital Raising Placement Applications**). Pursuant to the Interim Capital Raising Placement Applications, each investor whose participation in the Interim Capital Raising is less than \$500,000 has warranted that it is a person to which an offer of the Company's securities does not require disclosure under part 6D.2 of the Corporations Act.

5.9 Convertible Note Deeds

The Company has entered into four separate convertible note deeds (**Convertible Note Deeds**) with four unrelated third parties (together, the **Noteholders**) providing for the issue, on 27 November 2017, of convertible notes with an aggregate value of \$100,000 (**Convertible Notes**).

The Convertible Note Deeds contain the following terms and conditions:

- (a) the Convertible Notes are unsecured;
- (b) the Convertible Notes are repayable with interest within 2 business day of the maturity date, being 9 April 2018, (unless converted earlier);
- (c) the Convertible Notes will (subject to shareholder approval) be automatically redeemed on Completion by way of issue of Shares at a conversion price of \$0.02 with an additional 1 free attaching Option for each Share issued pursuant to the Convertible Notes Offer;
- (d) the Options issued on conversion of the Convertible Notes are expected to be subject to an escrow period of up to 24 months from the date of Official Quotation and the Noteholder agrees to enter into an escrow deed as required by ASX or the ASX Listing Rules;
- (e) the Convertible Notes are not redeemable at the election of the Noteholder; and
- (f) interest is payable by the Company in the amount of 10% of the principal amount only if the Convertible Notes do not convert prior to the Maturity Date.

The Convertible Note Deeds contain additional provisions considered standard for converting note agreements of this nature.

The funds raised pursuant to the Convertible Note Deeds have been used by the Company for working capital.

5.10 Technical Advisor Mandate

On 6 December 2017 the Company entered into a consultancy agreement (**Technical Advisor Mandate**) pursuant to which it has engaged Martin Pawlitschek, Srdjan Vlajkovic and Marko Curic as the nominated persons of the consultant, Horizon Capital Management LLC (**Consultant**). Each of Horizon Capital Management LLC, Martin Pawlitschek, Srdjan Vlajkovic and Marko Curic is also a Vendor. Mr Martin Pawlitschek is an incoming Director and is a related party to the Company only by reason of the Acquisition. Mr Dusko Ljubojevic is managing member and shareholder of Horizon Capital Management LLC. Mr Dusko Ljubojevic is an incoming Director and is a related party to the Company only by reason of the Acquisition.

The nature of the technical advisory services include but are not limited to providing technical assistance (including in-country assistance) and management services in respect of the Licences to the Company.

The Consultant will be entitled to receive an aggregate monthly cash fee of \$10,000 for a period of 10 months in consideration for the Consultant providing ongoing technical advisory services as set out above.

5.11 Interim Capital Raise Mandate

Otsana entered into an agreement with the Company dated 21 June 2017 to act as corporate advisor to the Company in connection with the Interim Capital Raising (**Interim Capital Raise Mandate**).

The material terms of the Interim Capital Raise Mandate have been superseded and replaced by the Lead Manager Mandate other than accrued rights and obligations.

In consideration for providing corporate advisory services Otsana was entitled to receive a 1-2% management fee on total monies raised during the term of the Interim Capital Raise Mandate and an additional 4-5% on any capital raised by Otsana or any other AFSL holders that Otsana introduces. Under the Joint Corporate Advisor Mandate, Otsana agreed to accept payment of \$44,400 in full and final satisfaction of all accrued obligations and liabilities of the Company under the Interim Capital Raise Mandate.

Mr Nicholas Young is an authorised representative of Otsana. The Board considers the Interim Capital Raise Mandate to be on arms' length and commercial terms.

5.12 Lead Manager Mandate

Otsana entered into an agreement with the Company dated 28 November 2017 to act as lead manager to the Company in connection with the Offers and the Acquisition (**Lead Manager Mandate**). In consideration for these services, the Company will upon the Company's re-listing on ASX:

- (a) pay to Otsana:
 - (i) a capital raising fee of 6% plus GST of the total capital raised under the Public Offer;
 - (ii) a \$100,000 plus GST success fee; and
- (b) issue to Otsana (or its nominees) 40,000,000 Shares and 13,000,000 Options under the Facilitator Offer.

The Lead Manager Mandate otherwise contains terms standard for a mandate of this nature.

Mr Nicholas Young is an authorised representative of Otsana. The Board considers the Lead Manager Mandate to be on arms' length and commercial terms.

5.13 Joint Corporate Advisor Mandate

Otsana and Discovery have entered into an agreement with the Company dated 28 November 2017 to act as joint corporate advisers to the Company in connection with the Offers and the Acquisition (**Joint Corporate Advisor Mandate**).

The Joint Corporate Advisor Mandate will take effect on and from the date of Admission and continue for a term of 12 months or such later date as agreed by the Company.

In consideration for these services, Otsana and Discovery (or their nominees) are entitled to receive a monthly cash corporate advisory fee of \$7,500 plus GST in consideration for Otsana and Discovery providing ongoing corporate advisory services. The monthly corporate advisory fee is payable by the Company as follows:

- (a) \$5,000 plus GST to Discovery (or its nominee); and
- (b) \$2,500 plus GST to Otsana (or its nominee).

As noted in Section 5.11, under the Interim Capital Raise Mandate Otsana has also agreed to accept payment by the Company of \$44,400 in full and final satisfaction of all accrued obligations and liabilities of the Company under the Interim Capital Raise Mandate.

The Joint Corporate Advisor Mandate otherwise contains terms standard for a mandate of this nature.

Mr Nicholas Young is an authorised representative of Otsana. The Board considers the Joint Corporate Advisor Mandate to be on arms' length and commercial terms.

5.14 Onyx Corporate Service Agreements

Onyx Corporate has entered into two agreements with the Company dated 23 November 2017 (**Onyx Service Agreements**).

One agreement requires Onyx Corporate to provide historical financial reporting and account reconstruction services to the Company for the period from 1 January 2017 to 30 June 2017. In consideration for these services Onyx is entitled to receive an amount of \$16,500 payable by the Company upon Admission.

The other agreement requires Onyx to provide chief financial officer and company secretarial services to the Company from the period commencing 1 October 2017. In consideration for these services, Onyx Corporate, is entitled to receive an ongoing monthly cash fee of \$6,750 in consideration for Onyx Corporate providing ongoing chief financial officer and company secretarial services. Should the Company require Onyx to provide additional services, additional agreed fees will apply.

The Onyx Corporate Service Agreements otherwise contain terms standard for service agreements of this nature.

Mr Nicholas Young is director and minority shareholder of Onyx Corporate. Ms Kyla Garic (a Director and Company secretary as at the date of this Prospectus) is a director and major shareholder (50%) of Onyx Corporate. The Board considers that the Onyx Corporate service agreements to be on arms' length and commercial terms.

5.15 Executive Services Agreement - Mr Dusko Ljubojevic

The Company has entered into an executive services agreement (**Executive Services Agreement**) with Mr Ljubojevic pursuant to which Mr Ljubojevic will provide the following services (among others) commencing from Admission:

- (a) serve the Company in the capacity as Executive Director responsible for the overall management and supervision of the activities, operations and affairs of the Company, subject to the overall control and direction of the Board;
- (b) devote such time and attention as is agreed between Mr Ljubojevic and the Company (which subject to the approval of the Board to the contrary, must be at least 50% of Mr Ljubojevic available time) to the business of the Company;
- (c) provide the Company with information and reports as to the business and affairs of the Company as reasonably requested by the Board, and generally so as to keep the Company fully informed of all material developments in or relevant to the Company's affairs within the scope of the Mr Ljubojevic's duties; and
- (d) in providing the services, comply with the Listing Rules, Corporations Act, Constitution and the Company's policies and procedures generally,

(Services).

The remuneration payable to Mr Ljubojevic for the Services is \$147,000 per annum (inclusive of superannuation). The Company will also reimburse Mr Ljubojevic for reasonable expenses necessarily incurred in the performance of the Services. The remuneration will be reviewed annually by the Board.

In the event of a change of control (which occurs (inter alia) when a person's voting power in the Company increases above 50%), Mr Ljubojevic will receive a bonus payment equal to 12 months' Base Salary. If, within 6 months after the change of control, either the Mr Ljubojevic or Company terminates the consultancy in accordance with the Executive Services Agreement, Mr Ljubojevic will not be entitled to any notice of termination or payment in lieu of notice.

Mr Ljubojevic' employment commences upon the Company gaining successful re-admission to the Official List and is for an indefinite term, continuing until terminated by either the Company or Mr Ljubojevic.

Mr Ljubojevic can terminate the Executive Services Agreement by giving not less than three months' written notice to the Company.

The Company can terminate the Executive Services Agreement for any reason by giving not less than three months' written notice, or making payment in lieu of notice. The Company is not required to give any notice or make any termination payment in the event the agreement is terminated summarily by the Company.

During the 12 month period immediately following termination of the Executive Services Agreement, Mr Ljubojevic must not, without the prior written consent of the

Company, anywhere in Serbia provide services to or be associated with any copper or gold exploration and/or mining project.

Mr Ljubojevic is also subject to standard obligations in relation to the protection of confidential information of the Company. The Executive Services Agreement contains additional provisions considered standard for agreements of this nature.

5.16 Non-Executive Director Agreements

The Company has entered into a non-executive director letter agreement with each of its Non-Executive Directors who will sit on the Board post Completion.

The Company has agreed to pay each of the Non-executive Directors a director's fee commencing on their date of appointment.

On 28 November 2017 the Board resolved to reduce the Non-Executive Directors' fees from \$3,000 to \$1,500 per month for each Non-Executive Director. This reduction only applies for the period up to the Company's admission to the Official List.

The Company has agreed to pay directors' fees of \$3,000 per month to each of its Non-Executive Directors for the period commencing from the Company's admission to the Official List.

Payments to the Non-Executive Directors will commence upon the Company gaining successful admission to the Official List.

5.17 Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Directors, proposed Directors and the Company Secretary. Under these deeds, the Company indemnifies each Director, proposed Director and the Company Secretary to the extent permitted by law against any liability arising as a result of the Director, proposed Director or Company Secretary acting as a director or company secretary of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director, proposed Director or Company Secretary and must allow the Directors, proposed Directors and Company Secretary to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

6. Financial Information

6.1 Financial information

The Investigating Accountant's Report contained in Section 7 sets out:

- (a) the notionally consolidated statement of financial performance and the statement of cash flows of Timok and its controlled entities following Completion (Skarnore and Kingstown) for the period from incorporation on 22 December 2015 to 30 June 2017; and
- (b) the nominally consolidated statement of financial position of Skarnore, Kingstown and the Company as at 30 June 2017.

Investors are urged to read the Investigating Accountant's Report in full.

The financial statements for the Company for its financial years ended 2017, 2016 and 2015 can be found at the Company's ASX announcements platform on www.asx.com.au.

6.2 Forecast financial information

There are significant uncertainties associated with forecasting future revenues and expenses of the Company. In light of uncertainty as to timing and outcome of the Company's growth strategies and the general nature of the industry in which the Company will operate, as well as uncertain macro market and economic conditions in the Company's markets, the Company's performance in any future period cannot be reliably estimated. On these bases and after considering ASIC Regulatory Guide 170, the Directors do not believe they have a reasonable basis to reliably forecast future earnings and accordingly forecast financials are not included in this Prospectus.

7. Investigating Accountant's Report

RSM Corporate Australia Pty Ltd

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11 December 2017

The Directors
ACN 009 161 522 Ltd
(to be renamed 'Raiden Resources Limited')
108 Outram Street
West Perth, WA 6005

Dear Directors

INVESTIGATING ACCOUNTANT'S REPORT

Independent Limited Assurance Report ("Report") on ACN 009 161 522 (to be renamed 'Raiden Resources Limited') Historical and Pro Forma Historical Financial Information

Introduction

We have been engaged by ACN 009 161 522 (to be renamed 'Raiden Resources Limited') ("Raiden" or the "Company") to report on the historical financial information of Skarnore Resources d.o.o. Belgrade ("Skarnore") and Kingstown Resources d.o.o. Belgrade ("Kingstown") for the period from incorporation until 30 June 2017 and pro forma financial information of the Skarnore, Kingstown and Company as at 30 June 2017 for inclusion in the prospectus ("Prospectus") of the Company dated on or about 11 December 2017 in connection with the Company's proposed capital raising and re-complying with Chapters 1 and 2 of the Listing Rules of the Australian Securities Exchange ("ASX"), pursuant to which the Company is offering up to 250,000,000 Shares at an issue price of \$0.02 per Share to raise up to \$5.0 million before costs (the "Public Offer").

Expressions and terms defined in the Prospectus have the same meaning in this Report.

The future prospects of the Company, other than the preparation of Pro Forma Historical Financial Information, assuming completion of the transactions summarised in Note 1 of the Appendix of this Report, are not addressed in this Report. This Report also does not address the rights attaching to the shares to be issued pursuant to this Prospectus, nor the risks associated with an investment in shares in the Company.

Background

The Company was incorporated on 7 January 1986 and admitted to the Official List of ASX on 12 March 1987. The Company has entered into the Acquisition Agreement under which, subject to the satisfaction of certain conditions precedent, the Company will acquire 100% of the issued capital of Timok Resources Pty Ltd ("Timok").

THE POWER OF BEING UNDERSTOOD **AUDIT | TAX | CONSULTING**

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

Timok is a holding company incorporated in Western Australia which has options to acquire 100% of the issued capital of Skarnore and Kingstown, which hold various exploration licences located in Serbia (together, the Timok Group).

The Timok Group has an interest in six granted exploration licences located in the Republic of Serbia which cover a total of 306.46 square kilometres of the West Tethyan Metallogenic Belt of Eastern Europe. The Timok Group currently operates 4 projects (Donje Nevlje, Majdanpek and Zupa), with 2 projects under application or partially under application (Piroć and Bor). Furthermore, the Timok Group is currently waiting to hear the outcome of four pending licence applications for which it is the registered applicant.

Scope

Historical financial information

You have requested RSM Corporate Australia Pty Ltd (“RSM”) to review the following historical financial information of the Company included in the Prospectus at the Appendix to this Report:

- The notionally consolidated statement of financial performance and the statement of cash flows of Timok and its controlled entities (Skarnore and Kingstown) for the period from incorporation on 22 December 2015 to 30 June 2017; and
- The consolidated statement of financial position of Skarnore, Kingstown and the Company as at 30 June 2017.

(together the “Historical Financial Information” attached at the Appendix to this Report for reference).

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles of the International Financial Reporting Standards and the Company’s adopted accounting policies.

The Historical Financial Information represents that of:

- Skarnore and Kingstown and has been extracted from the financial statements of the companies for the period from incorporation to 30 June 2017, which were audited by RSM Serbia d.o.o., Belgrade in accordance with International Auditing Standards. The audit reports issued for the periods were unqualified opinions.
- the Company and has been extracted from the financial statements of the Company for the year ended 30 June 2017, which was audited by RSM Australia Partners in accordance with Australian Auditing Standards and the *Corporations Act 2001*. The audit report issued for the period was a Disclaimer of Opinion. The Disclaimer of Opinion was issued as the Company was placed into voluntary administration and receivership on 11 February 2016. Due to these circumstances, the directors were unable to obtain all the necessary books and records pertaining to the Group and RSM was unable to determine whether adjustments might have been necessary in respect of the financial position as at 30 June 2017.

The Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by International Financial Reporting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro forma historical financial information

You have requested RSM to review the pro forma historical statement of financial position as at 30 June 2017, referred to as “the Pro Forma Historical Financial Information”.

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of the Company after adjusting for the effects of the subsequent events and pro forma adjustments described in Note 1 of the Appendix to this Report. The stated basis of preparation is the recognition and measurement principles of the International Financial Reporting Standards applied to the Historical Financial Information and the events or transactions to which the subsequent events and pro forma adjustments relate, as described in Note 1 of the Appendix to this Report, as if those events or transactions had occurred as at the date of the Historical Financial Information.

Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or statement of financial performance.

Directors' responsibility

The Directors of the Company are responsible for the preparation of the Historical Financial Information and Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information and Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making such enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. Our procedures included:

- A consistency check of the application of the stated basis of preparation, to the Historical and Pro Forma Historical Financial Information;
- A review of the Company's and its auditors' work papers, accounting records and other documents;
- Enquiry of directors, management personnel and advisors;
- Consideration of subsequent events and pro forma adjustments described in Note 1 of the Appendix to this Report; and
- Performance of analytical procedures applied to the Pro Forma Historical Financial Information.

A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions

Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in the Appendix to this Report, and comprising:

- The notionally consolidated statement of financial performance and the statement of cash flows of Timok and its controlled entities (Skarnore and Kingstown) for the period from incorporation on 22 December 2015 to 30 June 2017; and
- The consolidated statement of financial position of Skarnore, Kingstown and the Company as at 30 June 2017.

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 2 of the Appendix to this Report.

Pro Forma Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in the Appendix to this Report, and comprising the pro forma statement of financial position as at 30 June 2017 of the Company are not presented fairly in all material respects, in accordance with the stated basis of preparation, as described in Note 1 of the Appendix of this Report.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

Responsibility

RSM has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. RSM has not authorised the issue of the Prospectus. Accordingly, RSM makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Prospectus.

Disclosure of Interest

RSM does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. RSM will receive a professional fee for the preparation of this Report.

Yours faithfully

A handwritten signature in black ink that reads 'Andrew Gilmore'.

A J GILMOUR
Director

ACN 009 161 522 LIMITED
NOTIONALLY CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE
FOR THE PERIOD FROM INCORPORATION ON 22 DECEMBER 2015 TO 30 JUNE 2017

	Year ended 30-Jun-17 Audited \$	Period from 22-Dec-15 to 30-Jun-16 Audited \$
Services income	1,728	1,175
Other income	4,115	0
Expenses		
Cost of materials	-	(362)
Operating and motor vehicles	(49,429)	(3,513)
Loss before income tax	(43,586)	(2,699)
Income tax expense	-	-
Loss after income tax for the period	(43,586)	(2,699)
Other comprehensive income for the year, net of tax	(2,933)	(3)
Total comprehensive loss for the period	(46,520)	(2,703)

Investors should note that past results are not a guarantee of future performance.

The USD denominated results of Skarnore and Kingstown have been translated to Australian Dollars using average exchange rates in respect of each period ended.

ACN 009 161 522 LIMITED
NOTIONALLY CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM INCORPORATION ON 22 DECEMBER 2015 TO 30 JUNE 2017

	Year ended 30-Jun-17 Audited \$	Period from 22-Dec-15 to 30-Jun-16 Audited \$
Cash flows from operating activities		
Sale and received advances	2,074	1,410
Payments to suppliers and employees	(49,219)	(4,882)
Other inflows from operating activities	2,515	15
Net cash (outflow) from operating activities	<u>(44,630)</u>	<u>(3,457)</u>
Cash flows from investing activities		
Cash flows from investing activities	<u>-</u>	<u>25</u>
Net cash (outflow) from investing activities	<u>-</u>	<u>25</u>
Cash flows from financing activities		
Proceeds from borrowings	45,515	3,509
Net cash inflow from financing activities	<u>45,515</u>	<u>3,509</u>
Net increase in cash and cash equivalents	884	77
Cash and cash equivalents at the beginning of the period	76	-
Foreign exchange gains (losses) from conversion or cash	107	(1)
Cash and cash equivalents at the end of the period	<u>991</u>	<u>76</u>

Investors should note that past results are not a guarantee of future performance.

The USD denominated results of Skarnore and Kingstown have been translated to Australian Dollars using average exchange rates in respect of each period ended.

ACN 009 161 522 LIMITED
PRO FORMA STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

		Timok (consolidated) Unaudited 30-Jun-17 \$	Raiden Resources Limited Audited 30-Jun-17 \$	Subsequent events Unaudited 30-Jun-17 \$	Pro forma adjustments 30-Jun-17 \$	Pro forma Unaudited 30-Jun-17 \$
Assets						
Current assets						
Cash and cash equivalents	4	991	2,490,597	(1,750,597)	3,743,340	4,484,331
Trade and other receivables		308	-	-	-	308
Other assets		1,847	-	-	-	1,847
Total current assets		<u>3,146</u>	<u>2,490,597</u>	<u>(1,750,597)</u>	<u>3,743,340</u>	<u>4,486,486</u>
Total assets		<u>3,146</u>	<u>2,490,597</u>	<u>(1,750,597)</u>	<u>3,743,340</u>	<u>4,486,486</u>
Liabilities						
Current liabilities						
Trade and other payables	5	1,835	11,063,070	(11,063,070)	-	1,835
Borrowings	6	3,325	22,758,000	(22,218,000)	(540,000)	3,325
Total current liabilities		<u>5,160</u>	<u>33,821,070</u>	<u>(33,281,070)</u>	<u>(540,000)</u>	<u>5,160</u>
Non-current liabilities						
Borrowings	6	46,222	-	-	-	46,222
Total non-current liabilities		<u>46,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,222</u>
Total liabilities		<u>51,383</u>	<u>33,821,070</u>	<u>(33,281,070)</u>	<u>(540,000)</u>	<u>51,383</u>
Net assets		<u>(48,237)</u>	<u>(31,330,473)</u>	<u>31,530,473</u>	<u>4,283,340</u>	<u>4,435,103</u>
Equity						
Issued capital	7	2	18,382,865	640,000	(12,722,544)	6,300,323
Reserves	8	(2,894)	-	-	162,924	160,030
Accumulated losses	9	(45,345)	(49,713,338)	30,890,473	16,842,960	(2,025,250)
Total equity		<u>(48,237)</u>	<u>(31,330,473)</u>	<u>31,530,473</u>	<u>4,283,340</u>	<u>4,435,103</u>

The unaudited pro forma statement of financial position represents the audited statement of financial position of the Company as at 30 June 2017 adjusted for the subsequent events and pro forma transactions outlined in Note 1 of this Appendix. It should be read in conjunction with the notes to the historical and pro forma financial information.

The USD denominated results of Skarnore and Kingstown have been translated to Australian Dollars using a closing rate of 0.77:1 as at 30 June 2017.

1. Introduction

The financial information set out in this Appendix consists of the Historical Financial Information together with the Pro Forma Historical Financial Information.

The Pro Forma Historical Financial Information has been compiled by adjusting the statement of financial position of the Company and Timok and its controlled entities (Skarnore and Kingstown), reflecting the Directors' pro forma adjustments, for the impact of the following subsequent events and pro forma adjustments.

Adjustments adopted in compiling the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been prepared by adjusting the Historical Financial Information to reflect the financial effects of the following subsequent events which have occurred in the period since 30 June 2017 and the date of this Report:

- (i) On 22 September 2017, the Company completed a share consolidation at a ratio of one new shares for every 30 existing pre-consolidation shares ("Share Consolidation");
- (ii) On 24 October 2017, the Company effectuated a Deed of Company Arrangement ("DOCA"), extinguishing all existing liabilities and utilising existing cash reserves;
- (iii) On 10 November 2017, the Company issued 32,000,000 Shares and announced that it had agreed to issue, subject to shareholders approval 32,000,000 free-attaching options, with an exercise price of \$0.02 per share and expiring 3 years after their issue ("New Options") to sophisticated investors at an issue price of \$0.02 per share to raise \$640,000 before costs ("Placement"); and
- (iv) The Company completed the issue of convertible notes with a face value of \$100,000 ("Convertible Notes"). The Convertible Notes convert into 5,000,000 Shares and 5,000,000 New Options;

and the following pro forma transactions which are yet to occur, but are proposed to occur immediately before simultaneously with, or immediately following completion of the Acquisition:

- (v) Timok Resources Pty Ltd ("Timok"), a newly incorporated company in Australia acquiring 100% of the share capital of Skarnore and Kingstown for total consideration of \$2.00;
- (vi) The issue of up to 250,000,000 Shares at \$0.02 each to raise up to \$5,000,000 before costs pursuant to the Public Offer;
- (vii) The payment of cash costs related to the offers under the prospectus ("Offers") estimated to be \$446,695, costs associated with the acquisition of \$240,095 plus general working capital of \$129,870;
- (viii) The payment of \$440,000 in cash from proceeds of the Placement in full settlement of all outstanding loans under the DOCA;
- (ix) An offer of 75,000,000 Shares and 200,000,000 Performance Shares in consideration for the acquisition ("Acquisition") of all shares in Timok ("Consideration Offer");
- (x) Conversion of the Convertible Notes to equity through the issue of 5,000,000 Shares and 5,000,000 New Options;
- (xi) The issue of 40,000,000 Shares and 13,000,000 Options to Otsana Capital (or its nominee) in lieu of facilitator fees for services rendered to the Company ("Facilitator Offer"); and
- (xii) The issue of 32,000,000 New Options.

The Pro Forma Historical Financial Information has been presented in abbreviated form and does not contain all the disclosures usually provided in an Annual Report prepared in accordance with the *Corporations Act 2001*.

2. Statement of significant accounting policies

(a) Basis of preparation

The Historical Financial Information has been prepared in accordance with the recognition and measurement requirements of the International Financial Reporting Standards ("IFRS"), adopted by the International Accounting Standards Board and the Corporations Act 2001.

The Pro Forma Historical Financial Information presented in the Prospectus as at 30 June 2017 has been prepared to reflect the Directors' pro forma adjustments for the effects of the Offer and other transactions in Note 1 above. The unaudited financial position of Timok and its controlled entities included in the Pro Forma Historical Financial Information comprises the audited financial position of Skarnore and Kingstown as at 30 June 2017. Timok is a newly incorporated holding company with no substantial assets or liabilities as at 30 June 2017.

The significant accounting policies that have been adopted in the preparation and presentation of the historical and the Pro forma Historical Financial Information are:

(b) Basis of measurement

The Historical and Pro Forma Historical Financial Information has been prepared on the historical cost basis except for financial instruments classified at *fair value through profit or loss*, which are measured at fair value.

(c) Functional and presentation currency

The Historical and Pro Forma Historical Financial Information has been presented in Australian dollars which is the Company's functional currency. The historical and pro forma financial information of Skarnore and Kingstown have been translated from USD to Australian Dollars in accordance with international financial reporting standards.

(d) Use of estimates and judgements

The preparation of Financial Information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(e) Going concern

The Historical and Pro Forma Historical Financial Information has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

(f) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

(i) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Share-based payment transactions

The Company provides benefits to employees and other parties in the form of share based payments, whereby the employees and parties provide services in exchange for shares and other securities in the Company. The cost of the equity settled share based payment transactions is determined by reference to the fair value of the equity instruments granted.

The fair value of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance/ and or service conditions are fulfilled ("vesting period").

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) The grant date fair value;
- (ii) The extent to which the vesting period has expired; and
- (iii) The number of equity instruments that, in the opinion of the Directors of the Company, will ultimately vest.

This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for equity instruments that do not ultimately vest, except for equity instruments where vesting is conditional upon a market condition.

(l) Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

In addition to its own current and deferred tax amounts, the entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits.

(m) Goods and services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

3. Reverse acquisition

The proposed acquisition of Timok (the legal subsidiary) by the Company (the legal parent) is deemed to be a reverse acquisition as the substance of the transaction is such that the existing shareholders of Timok will obtain control of the Company. However, the Company is not considered to meet the definition of a business under AASB 3 *Business Combinations* (AASB 3) and, as such, it has been concluded that the Acquisition cannot be accounted for in accordance with the guidance set out in AASB 3. Therefore, consistent with the accepted practice for transactions similar in nature to the Acquisition, the Acquisition has been accounted for in the consolidated financial statements of the legal acquirer (the Company) as a continuation of the financial statements of the legal acquiree (Timok), together with a share based payment measured in accordance with AASB 2 *Share Based Payment* (AASB 2), which represents a deemed issue of shares by the legal acquiree (Timok), equivalent to current shareholders interest in the Company post the Acquisition. The excess of the assessed value of the share based payment over the net assets of the Company has been expensed to the income statement as a listing fee.

The Company (legal parent, accounting acquiree) will issue 75,000,000 ordinary shares to Timok's shareholders who, as a result, will own approximately 65%¹ of the combined entity at settlement of the Acquisition prior to the Public Offer. The remaining 35% will be owned by the current shareholders of the Company.

As there is no current market for Timok shares, the pro forma fair value of 100% of the Company is assessed as \$808,616 immediately prior to the Acquisition.

Consequently, a listing expense of \$647,016 has been expensed to the income statement which represents the excess of the deemed fair value of the share based payment less the pro forma net assets of the Company of \$161,600, immediately prior to settlement of the Acquisition, as set out below.

	Note	Unaudited Pro-forma 30-Jun-17 \$
Cash and cash equivalents	4	601,600
Borrowings	6	(440,000)
Net assets of the Company acquired on reverse acquisition		161,600
Assessed fair value of asset acquired:		
- Post-consolidation Company shares on issue		40,430,796
- Post-consolidation value per share under the Prospectus	1(ix)	\$ 0.02
Deemed fair value of share-based payment, assessed in accordance with AASB 2		808,616
Pro-forma listing expense recognised on reverse acquisition	3	647,016

¹ Calculations do not reflect the impact of the Public Offer or any options

4. Cash and cash equivalents

	Note	Audited 30-Jun-17 \$	Unaudited Pro-forma 30-Jun-17 \$
Cash and cash equivalents		991	4,484,331
Timok cash and cash equivalents as at 30 June 2017			991
<i>Subsequent events are summarised as follows:</i>			
Cash extinguished in the effectuation of the DOCA	1(ii)		(2,490,597)
Proceeds from share placement at \$0.02 per share	1(iii)		640,000
Proceeds from the issue of the Convertible Notes	1(iv)		100,000
			<u>(1,750,597)</u>
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Proceeds from the Public Offer pursuant to the Prospectus	1(vi)		5,000,000
Capital raising costs	1(vii)		(446,695)
Transaction costs	1(vii)		(240,095)
General working capital	1(vii)		(129,870)
Cash acquired in the Acquisition	1(ix)		2,490,597
Repayment of syndicate loan from proceeds of the Placement	1(viii)		(440,000)
			<u>6,233,937</u>
Pro-forma cash and cash equivalents			<u>4,484,331</u>

5. Trade and other payables

	Note	Audited 30-Jun-17 \$	Unaudited Pro-forma 30-Jun-17 \$
Trade and other payables		1,835	1,835
Timok payables as at 30 June 2017			1,835
<i>Subsequent events are summarised as follows:</i>			
Settlement of amounts payable upon effectuation of the DOCA	1(ii)		(11,063,070)
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Payables assumed in the Acquisition	1(ix)		11,063,070
Pro-forma trade and other payables			<u>1,835</u>

6. Borrowings

	Note	Audited 30-Jun-17 \$	Unaudited Pro-forma 30-Jun-17 \$
Borrowings – Current		3,325	3,325
Timok borrowings as at 30 June 2017			3,325
<i>Subsequent events are summarised as follows:</i>			
Settlement of borrowings upon effectuation of the DOCA	1(ii)		(22,318,000)
Issue of Convertible Notes	1(iv)		100,000
			(22,218,000)
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Borrowings assumed in the Acquisition	1(ix)		22,758,000
Payment of cash amount under the DOCA from proceeds of the Public Offer	1(viii)		(440,000)
Conversion of Convertible Notes to equity	1(x)		(100,000)
			22,218,000
Pro-forma borrowings – Current			3,325
Pro forma borrowings – Non-current		46,222	46,222

7. Issued capital

	Note	Number of shares	\$
Timok issued share capital as at 30 June 2017		252,915,402	2
<i>Subsequent events are summarised as follows:</i>			
Share consolidation at 1:30	1(i)	(244,484,606)	-
Share placement at \$0.02 per Share	1(iii)	32,000,000	640,000
		(212,484,606)	640,000
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Proceeds from the Public Offer pursuant to the Prospectus	1(vi)	250,000,000	5,000,000
Cash costs associated with the share issue pursuant to this Prospectus	1(vii)	-	(446,695)
Conversion of Convertible Notes to Shares	1(x)	5,000,000	100,000
Shares issued under the Facilitator Offer	1(xi)	40,000,000	800,000
Shares issued under the Consideration Offer	1(ix)	75,000,000	808,616
Consolidation of the Company on Acquisition	1(ix)	-	(601,600)
		370,000,000	5,660,321
Pro-forma issued share capital		410,430,796	6,300,323

8. Reserves

	Note	Audited 30-Jun-17 \$	Unaudited Pro-forma 30-Jun-17 \$
Reserves		(2,894)	160,030
Timok reserves as at 30 June 2017			(2,894)
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Cost of options issued under the Facilitator Offer	1(xi)		162,924
Pro-forma reserves			160,030

(a) Options

All Options have been valued using a standard binomial pricing model based on the fair value of a Company share at the grant date, using the following assumptions:

Assumptions	Options
Stock price	\$ 0.02
Exercise price	\$ 0.02
Expiry period	3.0 years
Expected future volatility	100%
Risk free rate	2.0%
Dividend yield	0%

The terms and conditions for each set of Options are set out in section 11.2 of the Prospectus.

(b) Performance Shares

The Performance Shares will convert into Shares on a one for one basis upon satisfaction of the following milestones:

- 62,500,000 Performance Shares (Class A Performance Shares) will convert upon the announcement by the Company to ASX of the delineation of a Mineral Resource on the Company Licences of at least:
 - 500,000 ounces of contained gold equivalent reported at or above 0.5 g/t gold equivalent; or
 - 100Kt of contained copper equivalent reported at or above 0.2g/t copper equivalent; or
 - 200Kt Zinc and/or associated metals (lead, silver, gold and/or copper), reported at or above 1% zinc for zinc, 3g/t silver for silver, 0.2g/t copper for copper, 0.8% lead for lead and 0.5g/t gold for gold, in which the associated metals may or may not be present in any combination;
 and which is prepared and reported in accordance with the JORC Code;
- 62,500,000 Performance Shares (Class B Performance Shares) will convert upon the announcement by the Company to ASX of the results of a Scoping Study and that the Board has resolved to undertake a Pre-Feasibility Study on all or part of the Company Licenses;
- 75,000,000 Performance Shares (Class C Performance Shares) will convert upon the announcement of a Positive Pre-Feasibility Study in respect of a Company Project (or Company Projects).

The Performance Shares will be recognised over the vesting periods to the extent they vest.

9. Accumulated Losses

	Note	Audited 30-Jun-17 \$	Unaudited Pro-forma 30-Jun-17 \$
Accumulated losses		(45,345)	(2,025,250)
Timok accumulated losses as at 30 June 2017			(45,345)
<i>Adjustments arising in the preparation of the pro forma statement of financial position are summarised as follows:</i>			
Cost of Shares issued under the Facilitator Offer	1(xi)		(800,000)
Transaction costs	1(vii)		(240,095)
Transaction costs	1(vii)		(129,870)
Cost of options issued under the Facilitator Offer	1(xi)		(162,924)
Listing fee recognised on reverse acquisition	3		(647,016)
			(1,979,905)
Pro-forma accumulated losses			(2,025,250)

10. Related party disclosure

Following completion of the Offer, the Directors of the Company will be Mr Nicholas Young, Mr Michael Davy, Mr Dusko Ljubojevic and Mr Martin Pawlitschek. Directors' holdings of Shares, directors' remuneration and other directors' interests are set out in section 10 of the Prospectus.

11. Commitments and contingent liabilities

Following completion of the Offer, the Company has no commitments, contingent assets or contingent liabilities as at 30 June 2017.

8. Independent Geologist's Report



CSA Global
Mining Industry Consultants



Independent Technical Assessment

Independent Technical Assessment Report for ACN 009 161 522 Ltd Serbian Projects

CSA Global Report N° R391.2017
30 November 2017

www.csaglobal.com

Report prepared for

Client Name	ACN 009 161 522 Limited
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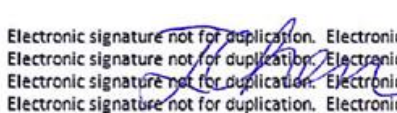
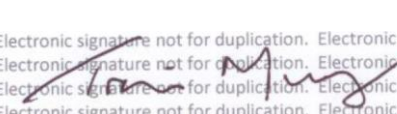
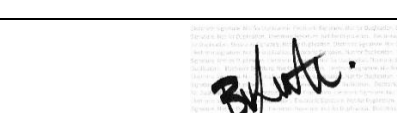
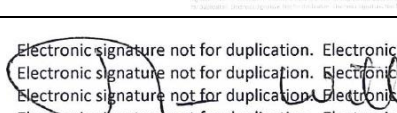
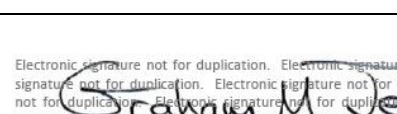
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Report information

File name	R391.2017 Raiden Resources ITAR (ACN 009 161 522 Ltd)
Last edited	1/12/2017 1:13:00 PM
Report Status	Final

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Executive Summary

The Company has assembled a portfolio of prospective tenements in eastern Serbia. These projects occur primarily in the Timok Magmatic Complex. This district is known to host porphyry copper-gold-molybdenum deposits. The known deposits, external to the Company's tenement package, have historically sustained large-scale open-cut, underground block-cave mines such as the copper-gold deposits and mines in the Bor metallogenic zone, and the recently discovered Cukaru Peki epithermal copper-gold deposit.

The Company is also awaiting transfer of the Velika Zupa tenement (comprising the Zupa project) in the far western region of Serbia. This region is dominated by an ophiolite Belt, manifest as outcropping serpentinite. The Zupa tenement is dominated by Carboniferous-age meta-sandstones in structural and unconformable contact with Triassic limestones and volcanics, with potentially to host significant economic skarn mineralisation.

This report describes the prospectivity of the Company's tenements to host copper-gold mineralization related to intrusive/volcanic activity, i.e. porphyry, epithermal, and associated skarn-type deposits.

The previous exploration work completed by other parties and a narrative discussion of the results obtained are discussed. A substantive amount of data, for which access is currently limited to determine materiality, pertains to the work done on the projects prior to the Company's involvement. This body of work comprises data ranging from the post WWII era, to contemporary exploration, and requires further verification and validation of the data quality and data collection methods, before the data is categorised and imported into digital format for use.

The planned activities of the Company are early-stage in nature and will facilitate prospect and target identification, with some preliminary testing of these as work progresses. The Company has commenced this data acquisition and categorisation process, and the quantity and quality of information discussed in this report has primarily been regarded as sufficient to be used for exploration prioritisation purposes only. No exploration results are reported in this assessment. Any results were treated as either positive or negative indications of potential for significant mineralisation only, which may require additional investigation.

An effort was made to summarise this body of data in order to contain the size and readability of the report. Maps of the areas are presented, and commentary on the significance of historical drilling, completed by parties other than the Company, where such information is available, are provided.

CSA Global have relied on a solicitors' report on tenure attached to this prospectus prepared on the 27th of October 2017, by Serbian law firm Janković, Popović & Mitić in Belgrade.

Stara Planina Project

The project hosts areas of geochemical anomalism which are defined by multi-element geochemistry, with significant Cu values. These areas form the basis of additional exploration to identify potential intrusion related / porphyry style mineralization. As part of this, the company has recently executed a short Induced-polarisation programme over the two geochemical anomalies, with results guiding potential drill-hole testing of targets.

The company plans to execute further IP survey lines in order to identify any anomalies as well as test targeted zones of potential massive sulphide mineralization. A drilling programme is proposed to commence as soon as the results are completed.

Further mineralization styles will be considered on completion of the initial work programme.

CSA Global recommends that the accessible adits from historical mining could potentially provide a good target for mapping and sampling. Multi-element geochemistry may enable differentiation of alteration domains by host-rock and assist in vectoring to the key areas of the system. Care should be taken when sampling the waste

dumps. This is due to the mixed rock types and minerals that could render the use of geochemical and geophysical sampling results problematic for use in the understanding of the underlying geology.

Donje Nevlje Project and Pirot Project

The Donje Nevlje project (comprised of the Donje Nevlje tenement) is an early stage exploration project for porphyry copper and related epithermal or skarn mineralization. The data which is available at this time indicates, that the work executed by previous explorers, has delineated a number of high priority areas that are compatible to the porphyry model, and associated mineralization styles. The work in these areas has defined target zones which will be the focus of the immediate exploration programmes.

The Company intends to target the following deposit types on the Donje Nevlje tenement:

- Blind porphyry deposits: analogous to those mined in the northern regions of this metallogenic belt, at Bor and Majdanpek.
- Epithermal deposits: located in close proximity, and/or above porphyry systems.
- The lease is characterised by extensive limestone units, which are host-rocks to skarn mineralization; and numerous faults and structural domains which may act as potential fluid conduits, implicit in deposit formation.

CSA Global considers the Donje Nevlje project to be prospective for porphyry and epithermal copper-gold mineralisation and skarn-type mineralization. The geology of the tenement is consistent with the Timok Magmatic Complex, 125km to the north-northwest; and the potential for analogous deposit styles is high. Proposed exploration recommended includes:

- The application of further ground-geophysics to increase knowledge around single-line IP anomalies.
- The tenement is structurally complex and will benefit from detailed geological and alteration mapping by the Company geologists.
- Airborne EM to detect near-surface (down to ca 200-400m below surface) high tenor epithermal and skarn mineralization.

The Company intends to target the following deposit types on the Pirot project (comprised of the Pirot tenement):

- Blind porphyry bodies
- Skarn mineralization
- Epithermal mineralization

The initial work programme proposed will include follow-up and infill geochemical sampling of the area considered prospective, followed by geophysical surveys (magnetic and IP) on any anomalous zones. Any prospective areas defined will be targeting by a drilling campaign. The objective on the Pirot project will be to define a drill target in a short time frame and in a cost-effective work programme.

CSA Global recognise the potential for intrusive-related copper-gold mineralisation on the Pirot project based on the limited data available and consider the proposed activities of the Company's work programme appropriate for early-stage target development and testing

Majdanpek Project

The Company intends to target the following deposit types on the Majdanpek Project (comprised of the Zapadni Majdanpek tenement and the Majdanpek Pojas tenement):

- The Leja prospects; located in the south-western segment of the permit, within the prospective, Cretaceous Volcano-sedimentary sequence which is part of the Timok Magmatic Complex. This target area is adjacent to the Coka Marin deposit – located approx. 500m from the tenement boundary.

-
- A trend defined by two NNE trending sedimentary units, which transgress the southern part of the Majdanpek project, and hosts the Bigar Hill Gold deposit located a short distance south of the Majdanpek project.
 - The northern part of the project, which is characterised by Gneiss and sedimentary geology are considered to be prospective for high grade Au, Ag, and W mineralization, as longer term exploration targets..

Planned work within the Majdanpek project includes soil sampling, IP surveys, and drill target testing.

CSA Global consider the use of airborne electromagnetic (EM) as an appropriate means to detect potential skarn and epithermal mineralization, both comprising zones of semi-massive sulphides. Disseminated sulphides in porphyry systems and dispersed sedimentary-hosted deposits may be more effectively detected using induced polarization (IP) surveys, following ground activities to identify areas of interest. IP has been effective in locating porphyry mineralization in other parts of this district, and globally as a key stage of porphyry-copper-gold deposit discovery.

Bor Project

The volcanic suite in this terrane is considered prospective for porphyry and epithermal Cu-Au. The carbonate-bearing lithologies in the north-east are prospective for skarn-type deposits.

Within the Bor project (comprised of the Bor application, Tilva Njagra Istok tenement, Juzni Bor application and Istocni Veliiki Krivelj application), the Company proposes to target high grade epithermal and skarn mineralization, which may be associated with the numerous porphyry deposits located directly adjacent to the ground holding. The primary target will be lower tonnage – high grade skarn and epithermal deposits. These potential ore bodies may be relatively small, but high grade, based on observations of the adjacent Bor Mine.

CSA Global considers the approach of targeting relatively small, but high-grade mineralization in the near-surface as a practical use of exploration expenditure. Employing geophysical methods, both airborne and ground based, could increase the likelihood of discovery of these deposits, particularly where the sulphide contents are high.

CSA Global recommends systematic multi-element analysis and short-wave infrared spectrographic analysis from which to carry out alteration mapping, potential providing a direct vector to potential mineralisation. Discovery of any epithermal mineralization may have the potential to lead to a porphyry-copper-gold system at depth.

The shape and narrow east-west dimension of the tenements limits the exploration potential; however, the significant mineral endowment of the area warrants thorough exploration, even under these spatial constraints.

Zupa Project

The Zupa project (comprised of the Velika Zupa tenement) is located in a distinct geological terrane from the previously discussed Company projects. The far western region of Serbia related to the tenure is dominated by an Ophiolite Belt, manifest as outcropping Serpentinite in the northeast of the project area. The Zupa tenement is dominated by Carboniferous-age meta-sandstones in structural and unconformable contact with Triassic limestones and volcanics.

The Company intends on embarking on a programme of early stage exploration activities including:

- Geological mapping and soil sampling.
- Ground geophysics.
- Trenching/rock-chip sampling, and
- Drilling to test known and developed targets during the campaign.

Based on the geology and observations made, CSA Global considers the exploration potential within the Zupa licence is two-fold:

- Assessment of skarn potential associated with volcanic/limestone contacts in proximity to major structures, and
- Investigation of the potential for a deeper Porphyry-system associated with the skarn mineralization and pyritic alteration, analogous with that observed in the Bor Metallogenic Province. This target-type is conceptual in nature.

The early-stage approach in terms of field activities is also considered appropriate to the level of current understanding of the tenement in terms of geology and potential endowment.

Overall Conclusions

CSA Global was largely unable to review or validate any data that would normally be considered material to an exploration programme. It is acknowledged that the Company is the early stage of assessing these projects and determining exploration priorities, at least partially as a result of a lack of information.

The mineral properties held by the Company are considered to be “exploration projects” that are intrinsically speculative in nature. CSA Global considers, however, that the projects identification and acquisition has been based on sound technical merit. The projects are also considered to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of their economic potential, consistent with the proposed programmes.

Acquisition of project data is considered a key technical risk. Data related issues to be considered include:

- language;
- a variety of grid projection systems;
- verification of historical hard copy records;
- digital capture of historical records; and,
- verification of historical quality control and quality assurance data.

For the majority of projects, additional data is known to exist but is currently not available as part of this review or to the Company. Access to this information may have a material impact on the considered mineral potential of any or all of the projects, either positive or negative.

There is a degree of tenure-related risk as several of the project areas and sub-project areas (Piroć, Zupa, Stara Planina, Jućni Bor, Bor, Istocni Veliki Krivelj) are pending approval from the State authorities, or subject to complex joint venture conditions (see Section 4.3). The Company anticipates that tenure security will be successfully resolved, however until grants of tenure can be confirmed, the risk to tenure remains.

Tenement geometry of the Bor project tenements is a technical risk in that non-regular (i.e. non-graticular) tenement shapes will prove difficult for significant exploration campaigns, and may provide limited opportunity to develop appropriate infrastructure in the event of successful discovery of mineralisation, thereby potentially impacting economic viability

CSA Global concludes that the Company’s portfolio of projects offers prospects for discoveries in an environment that has been relatively unexplored using modern methods to date. Significant hiatuses in the exploration and mineral development history of Serbia suggests that application of modern airborne geophysical methods (e.g. VTEM) may see new discoveries being made. The presence of existing and historical mines in the region support the proposed model of mineralisation and structural controls.

The following points highlight the potential of this portfolio:

- Well-endowed terrane with large historical deposits, and significant recent discoveries.
- Ground selection in proximity to deposits and mines of significance, in prospective host rocks to porphyry-epithermal and skarn mineralization.

- Opportunity exists to apply modern geophysical methods (e.g. VTEM) to previously under-explored areas.

Exploration and evaluation programmes summarised in the ITAR amount to a total expenditure of A\$2.5 million, of which the Company plans to spend A\$0.8 million on the Stara Planina Project, A\$0.7 million on the Donje Nevlje Project, \$0.5 million on the Zupa project, \$0.4 million on the Majdanpek and A\$0.09 million on the Bor Project. CSA Global notes that if and when any of the applications making up the Pirot Project are granted, \$163,351 of the funding currently allocated to the Stara Planina Project will be reallocated to the granted Pirot Project Licences on a pro-rata basis..

The total expenditure comprises approximately A\$1.3 million in the first year of activity, and a total of \$2.5 million in the first two years. The Company intends to raise total of \$5.0 million in this Public Offer.

And at least half of the liquid assets held, or funds proposed to be raised by the Company, are understood to be committed to the exploration, development and administration of the mineral properties, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b). CSA Global also understands that the Company has sufficient working capital; to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3(a).

The Company has prepared staged exploration and evaluation programmes, specific to the potential of the projects, which are consistent with the budget allocations. CSA Global considers that the relevant areas have sufficient technical merit to justify the proposed programmes and associated expenditure satisfying the requirements of ASX Listing 1.3.3(a)

The proposed exploration budgets also exceed the anticipated minimum annual statutory expenditure for work commitments on the various project tenements.

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1 Introduction

1.1 Context, Scope and Terms of Reference

CSA Global Pty Ltd (CSA Global) was requested by ACN 009 161 522 Ltd (“the Company”) to prepare an Independent Technical Assessment Report (ITAR) for use in a prospectus to support a reverse takeover involving the Company's acquisition of various projects located in Serbia (detailed below) via the acquisition by the Company of Timok Resources Pty Ltd (“Timok”) and the issue of 250,000,000 shares at an issue price of \$0.02 each to raise a total of \$5,000,000 for the Company to enable a listing on the Australian Securities Exchange (ASX). The funds raised will be used for the purpose of exploration and evaluation of the Project areas in Serbia.

In this ITAR, references to the Company's projects or tenements assumes that the acquisition of Timok has completed and the Company is the holder of or has an interest in the projects via its wholly owned subsidiaries Skarnore Resources d.o.o (“Skarnore”), or Kingstown Resources d.o.o (“Kingstown”).

This ITAR details 6 principal projects, reflecting tenements grouped spatially and by similar geology. The projects comprise early-stage exploration opportunities, with some targets approaching drill-ready status.

The ITAR is subject to the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2015 (“VALMIN1 Code”). In preparing this ITAR, CSA Global:

- Adhered to the VALMIN Code.
- Took due note of the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and the ASX, including ASIC Regulatory Guide 111 – Content of Expert Reports and ASIC Regulatory Guide 112 – Independence of Experts.
- Relied on the accuracy and completeness of the data provided to it by The Company, and that The Company made CSA Global aware of all material information in relation to the projects.
- Relied on the Company's representation, and the independent solicitors report in the prospectus, that it will hold adequate security of tenure for exploration and assessment of the projects to proceed.
- Required that The Company provide an indemnity to the effect that the Company would compensate CSA Global in respect of preparing the report against any and all losses, claims, damages and liabilities to which CSA Global or its Associates may become subject under any applicable law or otherwise arising from the preparation of the Report to the extent that such loss, claim, damage or liability is a direct result of the Company or any of its directors or officers knowingly providing CSA Global with any false or misleading information, or the Company, or its directors or officers knowingly withholding material information.
- Required an indemnity that the Company would compensate CSA Global for any liability relating to any consequential extension of workload through queries, questions, or public hearings arising from the reports.

1.2 Compliance with the VALMIN and JORC Codes

The report has been prepared in accordance with the VALMIN Code, which is binding upon Members of the Australian Institute of Geoscientists (AIG) and the Australasian Institute of Mining and Metallurgy (AusIMM),

¹ Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code), 2015 Edition, prepared by the VALMIN Committee of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. < <http://www.valmin.org> >

the JORC² Code and the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and ASX that pertain to Independent Expert Report's (IER).

1.3 Principal Sources of Information and Reliance on Other Experts

CSA Global has based its review of the Project on information made available to the principal authors by the Company, along with technical reports prepared by consultants, government agencies and previous tenements holders, and other relevant published and unpublished data. CSA Global has also relied upon discussions with the Company's management for information contained within this assessment. This report has been based upon information available up to and including 30th November 2017.

There is a paucity of data that can be easily validated and verified, given the early stages of all the project areas. Of necessity, the majority of the data has been gleaned from public domain sources, government data and old reports. CSA Global has endeavoured, by making enquiries as much as was possible, to confirm the authenticity, accuracy, and completeness of the technical data upon which this report is based. Unless otherwise stated, information and data contained in this technical report or used in its preparation has been provided by the Company in the form of documentation.

The Company was provided a final draft of this report and requested to identify any material errors or omissions prior to its lodgement.

Descriptions of the mineral tenure; tenure agreements, encumbrances and environmental liabilities were provided to CSA Global by the Company or its technical consultants. The Company has warranted to CSA Global that the information provided for preparation of this report correctly represents all material information relevant to the Project. Full details on the tenements is provided in the Independent Solicitor's Report elsewhere in the prospectus.

1.4 Authors of the Report

CSA Global is a privately owned, mining industry consulting company headquartered in Perth, Western Australia. CSA Global provides geological, resource, mining, management and corporate consulting services to the international resources sector and has done so for more than 30 years.

This Independent Technical Assessment (ITA) has been prepared by a team of consultants sourced principally from CSA Global's Perth, Western Australia office. The individuals who have provided input to the ITA have extensive experience in the mining industry and are members in good standing of appropriate professional institutions. The Consultant preparing this ITA is a specialist in the field of geology and exploration, in particular relating to gold and copper.

The following individuals, by virtue of their education, experience and professional association, are considered Competent Persons, as defined in the JORC Code (2012), for this report. The Competent Persons' individual areas of responsibility are presented below:

Principal author – Dr Travis Murphy (Principal Consultant - CSA Global in Brisbane Queensland) is responsible for the entire report.

Dr Murphy is a geologist with over 22 years' experience across multiple sectors of the resource industry; including exploration, mine operations, planning and production as well as technical research roles.

Travis has proven leadership skills and successes in exploration (lead team to discovery), mining (application of geoscience to mining and minerals processing), and applied research (project lead in significant DNRM-GSQ funded Cloncurry Cu-Au prospectivity analysis).

² Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. (The JORC Code), 2012 Edition. Prepared by: The Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC). < <http://www.jorc.org> >

He specialises in structural geology, exploration and mine geology, and targeted geometallurgy/deposit-knowledge

Author - Dr Belinda van Lente (Senior Resource Geologist - with CSA Global in Horsham United Kingdom) completed the field visit to Serbia between the 3rd to the 9th of November 2017.

DR van Lente is a resource geologist with nine years of industry experience, in the consulting and production environment. Experience includes Mineral Resource Estimates and audits on various commodities, specialising in Archaean and epithermal gold deposits in Mali, South Africa, Ghana, USA and Tanzania. Clear understanding of the methods, standards and procedures used in the estimation and declaration of Mineral Resource estimates with further experience covering areas of grade control, database management and QAQC.

Author – Ivy Chen (Principal Consultant - with CSA Global in Perth, Western Australia) is responsible for the entire report.

Ms Chen is a corporate governance specialist, with 28 years' experience in mining and resource estimation. She served as the national geology and mining adviser for the Australian Securities and Investments Commission (ASIC) from 2009–2015. Ivy's experience in the mining industry in Australia and China, as an operations and consulting geologist includes open pit and underground mines for gold, manganese and chromite, and as a consulting geologist she has conducted mineral project evaluation, strategy development and implementation, through to senior corporate management roles. Ivy joined the VALMIN committee in 2015

Peer reviewer – Mr Marcus Willson (Manager Exploration and Evaluation of CSA Global in Perth, Western Australia) is responsible for the entire report.

Mr Willson has approximately 30 years of minerals industry experience. He is widely experienced in all aspects of gold exploration from regional generative studies through to resources delineation and feasibility programmes. Marcus has worked on diverse deposit styles including orogenic, porphyry, and epithermal mineral system in diverse geological districts located in Canada, USA, Chile, Venezuela, Suriname, Guyana, China, and Indonesia. Marcus has specialist skills in the tectono-stratigraphic evaluation of mineral belts. Past roles include senior technical and management roles ranging from junior to major international mining companies including Placer Dome Inc and Lihir Gold Ltd. Marcus has written and supervised the completion of many independent technical reports and valuation reports under JORC, VALMIN, CIMVal and NI43-101 codes.

1.5 Independence

Neither CSA Global, nor the authors of this report, has or has had previously, any material interest in the Company or the mineral properties in which the Company has an interest. CSA Global's relationship with the Company is solely one of professional association between client and independent consultant.

CSA Global is an independent geological consultancy. Fees are being charged to the Company at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. The fee for the preparation of this report is approximately A\$47,000

No member or employee of CSA Global is, or is intended to be, a director, officer or other direct employee of the Company. No member or employee of CSA Global has, or has had, any shareholding in the Company.

There is no formal agreement between CSA Global and the Company as to the Company providing further work for CSA Global.

1.6 Declarations

1.6.1 Purpose of this document

This report has been prepared by CSA Global at the request of, and for the sole benefit of the Company. Its purpose is to provide an ITA of the Company's Serbian Projects.

The report is to be included in its entirety or in summary form within a prospectus to be prepared by the Company in connection with an IPO. It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 30th November 2017 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

1.6.2 Competent Person's Statement

The information in this report that relates to geological data, historical data, exploration data, maps and diagrams is based on information compiled by Mr Martin Pawlitschek, a Competent Person who is a Fellow of the Australian Institute of Geoscientists.

Mr Pawlitschek is currently a consultant vendor to the Company and, post re-admission will be appointed as a non-executive director of the Company. Mr Pawlitschek is a shareholder of Timok Resources Pty Ltd and will receive securities in the Company as consideration under the acquisition if it proceeds.

Mr Pawlitschek has sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralization and types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets', and as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Pawlitschek consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Technical Assessment of the Mineral Assets, Exploration Targets, or Exploration Results is based on information compiled and conclusions derived by Dr Travis Murphy, a Competent Person who is a member of the Australian Institute of Geoscientists; and by Ms Ivy Chen a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy.

The information in this report that relates to the field visit in Serbia is based on information compiled and conclusions derived by Dr Belinda van Lente, a Competent Person who is a Pri.Sci.Nat SACNASP (South African Council for Natural Scientific Professions).

Drs Murphy and van Lente, and Ms Chen are all fulltime employees of CSA Global.

Drs Murphy and van Lente, and Ms Chen have sufficient experience that is relevant to the Technical Assessment of the Mineral Assets under consideration, the style of mineralization and types of deposit under consideration and to the activity being undertaken to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the public reporting of technical assessments and Valuations of Mineral Assets', and as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Drs Murphy and van Lente, and Ms Chen consent to the inclusion in the report of the matters based on their information in the form and context in which it appears

1.7 About this Report

This report describes the prospectivity of the Company's tenements, located dominantly within eastern Serbia, for copper-gold mineralization related to intrusive/volcanic activity, i.e. porphyry, epithermal, and associated skarn-type deposits.

The geology and mineralization for each tenement or project area is discussed, as well as the previous exploration work completed by other parties and a narrative discussion of the results obtained there from. A substantial amount of data from previous work done on the projects ranges in age from the post WWII era, to contemporary exploration; these data require further verification and validation of the data quality and data collection methods, before the data is categorised and digitally captured.

The Company has commenced this data acquisition and categorisation process.

The information discussed in this report can be regarded as indicative of priority areas for exploration targeting. No exploration results are reported in this assessment, any results were treated as either positive or negative indications to justify further investigation of potential for significant mineralisation only.

An effort was made to summarise this body of data, to contain the size and readability of the report. Maps of the areas are presented and indicative statistics on the historical drilling completed by parties other than the Company are provided.

The mineral properties held by the Company are considered to be “exploration projects” that are intrinsically speculative in nature. CSA Global considers, however, that the projects identification and acquisition has been based on sound technical merit. The projects are also considered to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of their economic potential, consistent with the proposed programmes.

Please note that all map coordinates are in WGS84 Zone 34N datum unless otherwise stipulated.

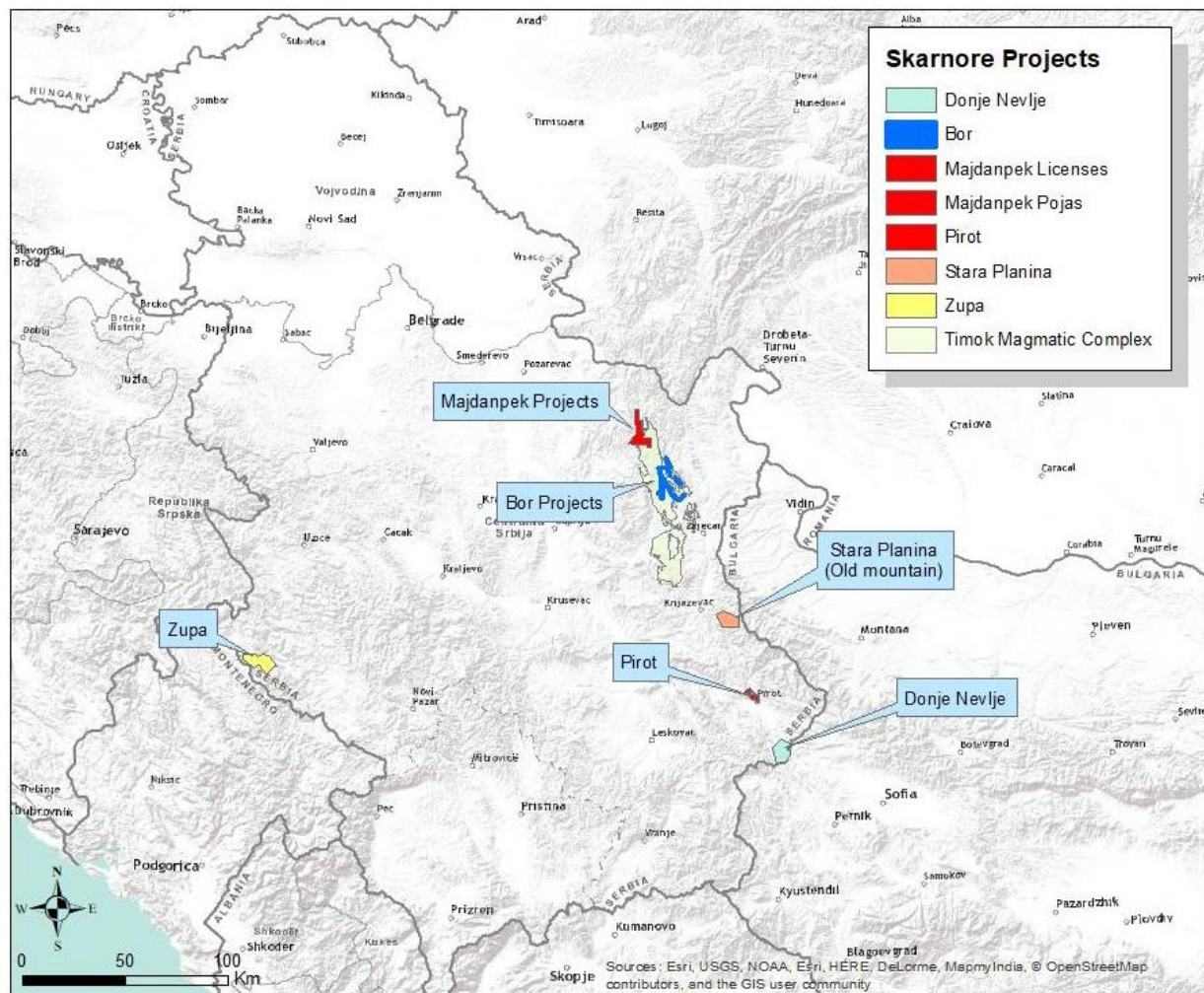


Figure 1: The Company's projects in Serbia

2 Regional Geology

2.1 Mineral Endowment of Serbia

The metallogenic endowment of Serbia is divided into three distinct NNW trending belts: the Dinaric, Serbo-Macedonian, and Carpatho-Balkan Mineral Provinces (Jelenkovic et al., 2008). These are demarcated on Figure 2 as DMP, SMMP and CBMP; respectively.

The DMP is dominated by a north-west trending Ophiolite Belt, separated from a domain of volcanic and sedimentary rocks by a tectonic margin, west of which the terrane is known as the East Bosnian-Dormitor Block. The structural corridor is host to skarn-type copper deposits in Triassic Limestones, while the area to the west comprises Triassic volcanics and limestones in structural contact with Permian metasedimentary rocks. A rift-setting is envisaged for this tectonostratigraphic domain (Jelenkovic et al, 2008).

The SMMP is dominated by crystalline schists, greenschist to amphibolite facies, and Palaeozoic granitoids; covered by shallow-marine Cretaceous and younger clastic sedimentary rocks (Jelenkovic et al., 2008). Mineral deposits associated with this province are dominated by lead-zinc and subordinate copper, related to intracontinental rifting (Jelenkovic et al., 2008). The project areas discussed in this report do not lie within the SMMP, and this metallogenic domain will not be discussed further.

The CBMP is situated in eastern Serbia (Figure 1) and comprises domains of clastic sedimentary rocks (Silurian to Triassic sandstones) and younger carbonate units overlying a Cambrian greenschist basement (Jelenkovic et al., 2008). Intrusive and volcanic activity has occurred in the Timok and Stara Planina areas (Figure 1). Mineral deposits associated with this province are dominated by intrusive/volcanic-related ore genesis and include porphyry copper-molybdenum-gold, and skarn zinc-lead-copper deposits (Zimmerman et al., 2008); related to a collisional tectonic regime

Known copper resources of eastern Serbia are predominantly located within the Bor Metallogenic Zone (Jelenkovic et al., 2008), (Figure 2).

2.2 Timok Magmatic Complex and Metallogenic Zone

The Timok Magmatic Complex (TMC) occurs within the Cretaceous Carpatho-Balkanides volcano-sedimentary belt, which extends for over 1,500km (70km wide) from Romania, through Eastern Serbia, and into Bulgaria; and this section of the Tethyan Eurasian Metallogenic Belt (Jankovic, 1997) is of significance in terms of mining activity in Europe.

The TMC (Figure 3) comprises three main phases of late-Cretaceous volcanic and intrusive activity (Zimmerman et al., 2008).

Stage 1: Occurring in the east of the TMC, this stage is characterised by andesitic stratovolcanos and contemporaneous sub-volcanic diorite and quartz-diorite intrusions (Zimmerman et al., 2008). Porphyry and epithermal copper-gold-molybdenum deposits, including Bor, are associated with this phase and the component dioritic intrusives.

Stage 2: This stage is characterised by andesitic basalts and sub-volcanic monzonite, granodiorite, and diorite intrusions. This is the most widespread and voluminous volcanic/intrusive event in the TMC. Porphyry copper deposits (e.g. Dumitru Potok) are associated with the monzonite complexes.

Stage 3: This stage is dominated by minor latite/Quartz-latite volcanic domains and quartz-diorite to tonalite dykes. No mineralization has been found to date associated with this phase of volcano-intrusive activity.

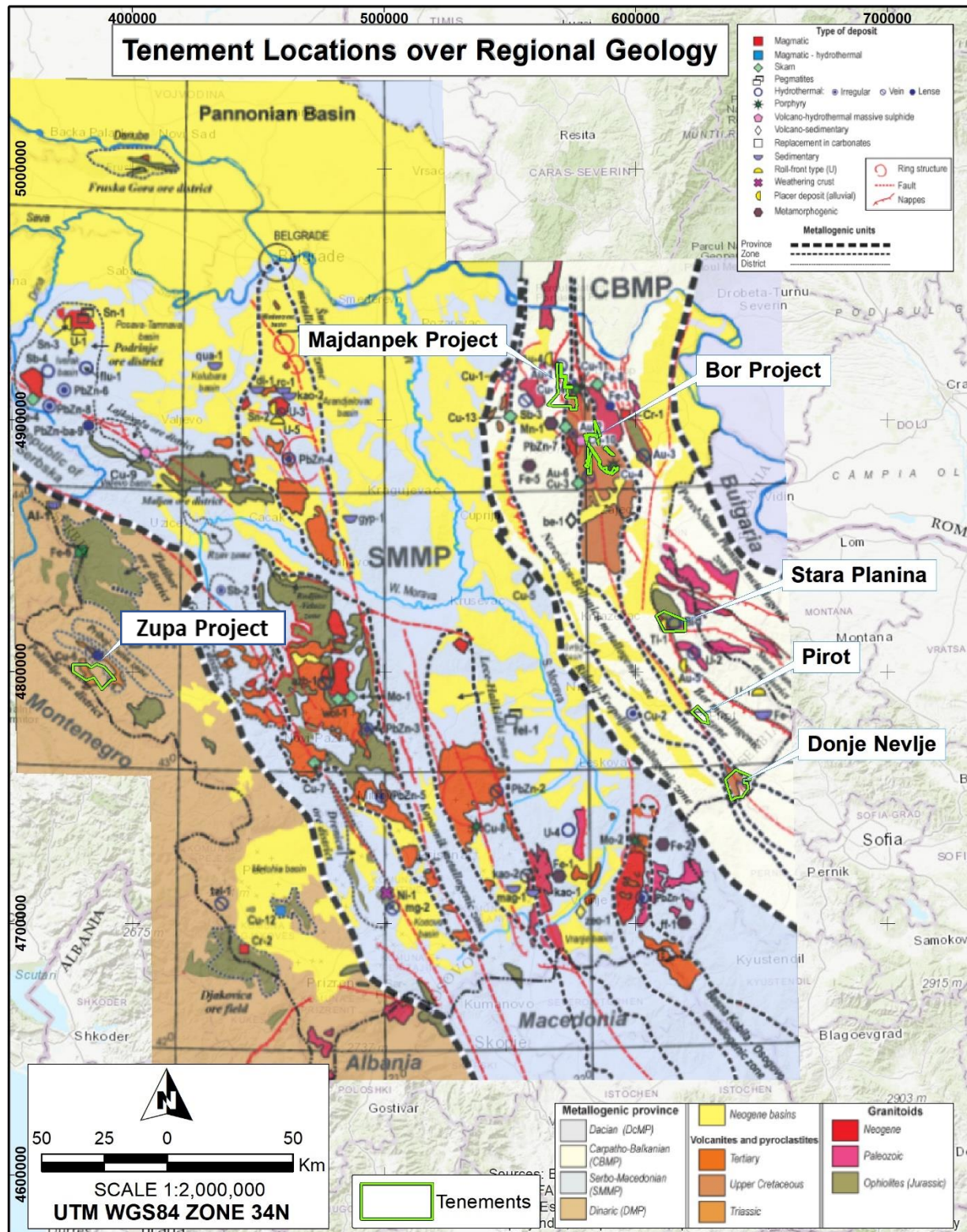


Figure 2. The Company's tenements and main metallogenic units and mineral deposits. Includes some important metallic and industrial mineral occurrences in Serbia (Jelenkovic et al., 2008), appended with the Company's tenements.

The episode of magmatism in the TMC spanned ca. 10 million years and migrated from east to west across the TMC (Banjesevic, 2010), evolving from the stage 1 andesitic lithologies through to Stage 3 latitic volcanics. High resolution Re-Os dating of ore from multiple sites within the broader southern Carpathian- Balkan region

indicate that mineralization occurs during 0.5 to 2.0m.y. volcano-hydrothermal episodes, within ca. 6 to 10m.y. district-scale events (Zimmerman et al., 2008).

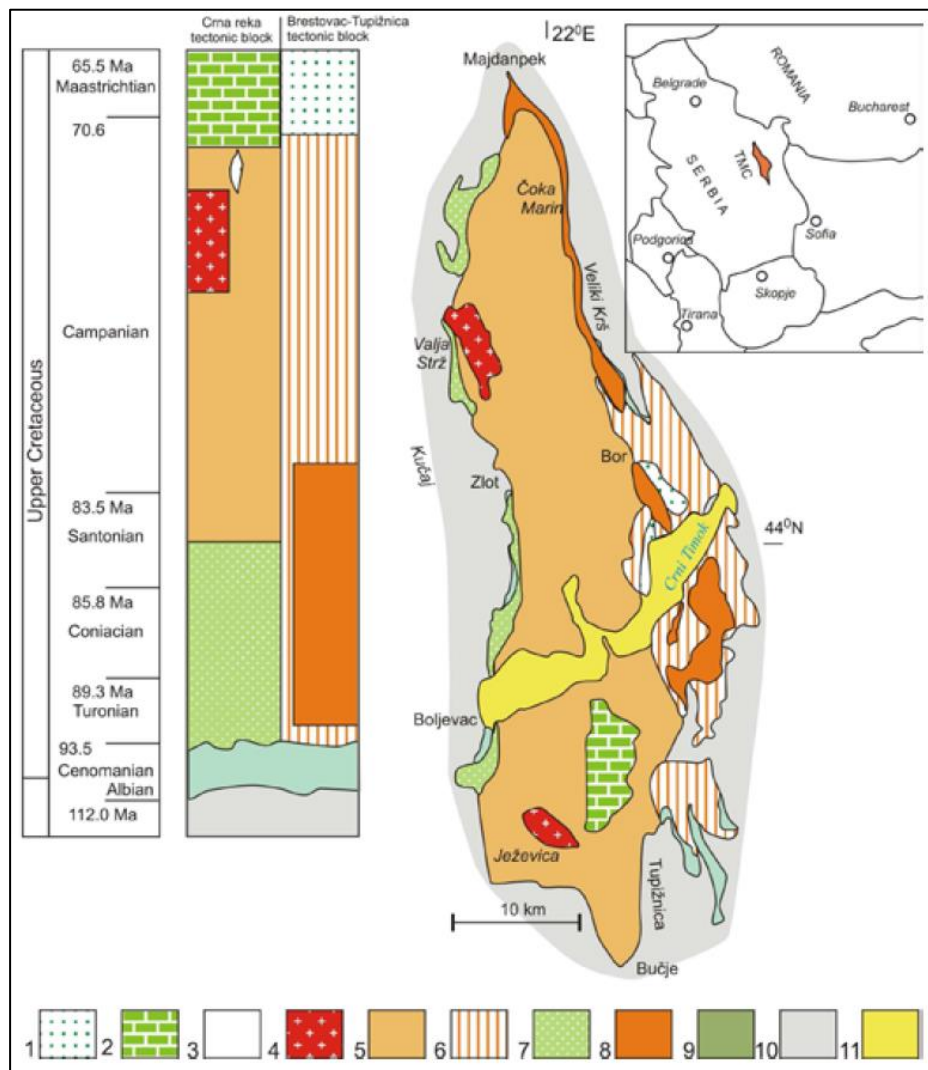


Figure 3. Geological Divisions of the Timok Magmatic Complex (Jelenkovic et al, 2016)
 Legend: 1. Bor clastites, 2. Vrbovac reef, 3. Boljevac latite, 4. Valja Strž plutonite, 5. Osnić basaltic andesite and Ježevica andesite, 6. Metovnica epiclastite, 7. Oštreli sediments, 8. Timok andesite, 9. Lenovac clastites, 10. TMC basement rock, 11. Neogene and Quaternary sediments.

2.3 Exploration Model

Structurally, the Timok Magmatic Complex is characterized by rift-like extensional features with major deposits positioned along deep normal faults which border Early Cretaceous thrust-nappe systems (Zimmerman et al., 2008). The schematic cross-section illustrated in Figure 4 demonstrates the interplay of district-scale structures and intrusive activity, culminating in focussing of hydrothermal activity and deposit formation. Descriptive deposit characteristics listed in Table 1 relate to the schematic porphyry, epithermal, and skarn positions illustrated in Figure 3, with known deposits identified for each category.

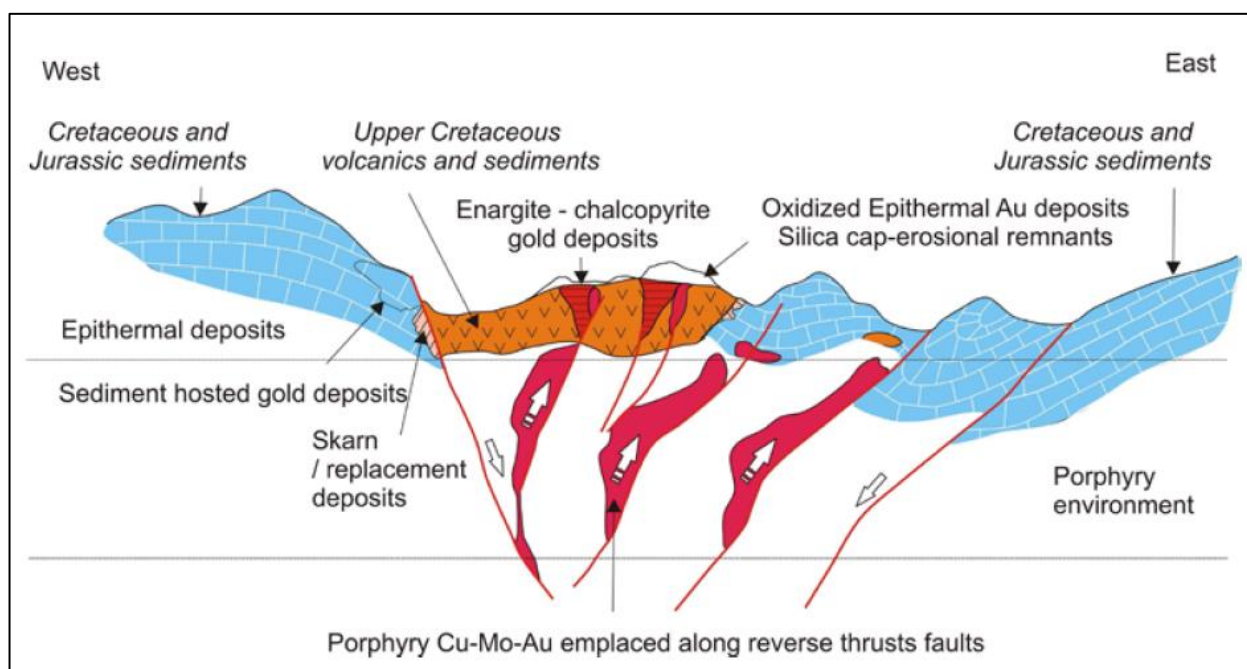


Figure 4. Schematic cross-section illustrating the setting of the main deposit-types in the TMC (Jelenkovic et al., 2016).

Commodity	Genetic type	Morphology	Structural-textural variety	Mineral paragenesis	Cu (%)	Au (g/t)	Examples
Cu-Au	Porphyry copper deposits	s, iel, vez	s-d	py, cpy, mg, mo	0.1–0.7	0.07–0.25 locally 1 g/t	Majdanpek
	Hydrothermal-volcanogenic deposits	s, l, i	m-s, v-i	py, en, chl, co, bo, cpy, sph, ga	1.0–7.0	0.8–3.0	Bor, Lipa
		v	m-s, i-c, i	py, en, te, bo, cpy	0.1–0.64	0.1–0.7	Kraku Bugar-esku
	Ore clasts	l	m-s	py, co, en, chl, bo, cpy	3.5	5.4	Novo Okno
Au	High sulphidation	l	d	el, nAu, Au-tl, en, lu, chl, co, sph, ga		0.84	Hydroquartzite
		s, c	m-s, d		2.1–3.3	2	Tilva Mika, M. N
		s, c	v, v-i		0.66–1.0		Kamenjar
		v, l	m-s			0.1–3.4	Čoka Kupjatra
		vez	m-s, v-i			0.1–2	Root parts of Tilva Roš
	Low sulphidation	v, i	m-s	el, nAu, py, sph, cpy		3–23	Zlaće
	Sediment-hosted	i, l, v	i, v	py		0.8–1.3	Bigar Hill
Pb-Zn, Ag	Skarn	i, l	m-s, s-d	ga, sph	0.21		Valja Saka
Cu, Au	Skarn	i, l	m-s, s-d	cpy, py	0.21		Beljevina
Fe	Skarn	i, l	m-s, s-d	mg	0.21		Potoj Čuka

Abbreviations: 1) Morphology: c: column, i: irregular, iel: irregularly elongated lenses, l: lense, s: stock, v: vein, vez: very elongated zones. 2) Structural-textural variety: i: impregnations, i-c: irregular clusters, m-s: massive sulphides, o-v: ore veins, s-d: stockwork-disseminate, v-i: veinlets-impregnation. 3) Minerals: Au-tl: Au-telluride, bo: bornite, chl: chalcocite, co: covellite, cpy: chalcopryite, el: electrum, en: enargite, ga: galena, lu: luzonite, mg: magnetite, mo: molybdenite, nAu: native gold, py: pyrite, sph: sphalerite, te: tetrahedrite.

Table 1. The main groups of metallic mineral deposits in the Bor metallogenic zone (Jelenkovic et al., 2016).

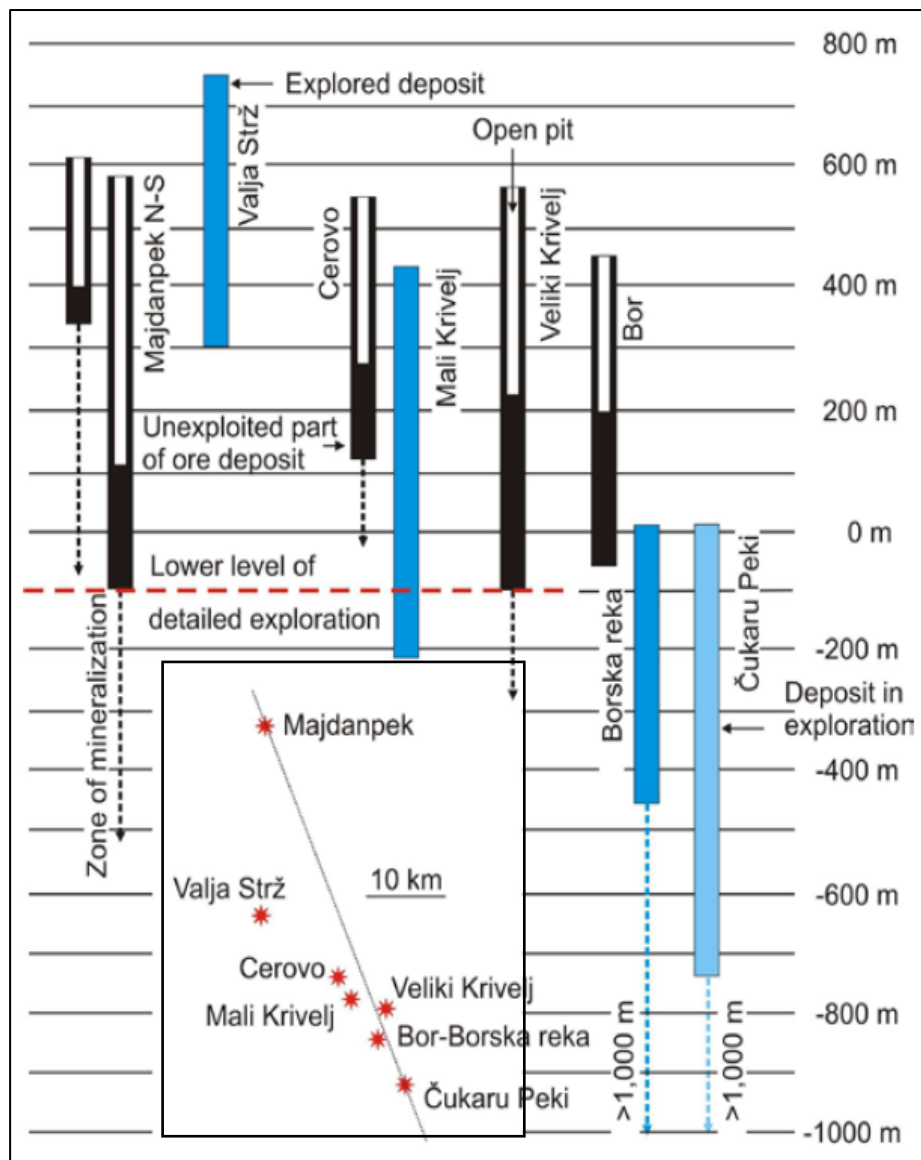


Figure 5. Representation of the vertical extent of selected copper deposits in the Bor Metallogenic Zone. Inset: Inset plan-view illustrating the spatial relationships of these deposits (Jelenkovic et al., 2016).

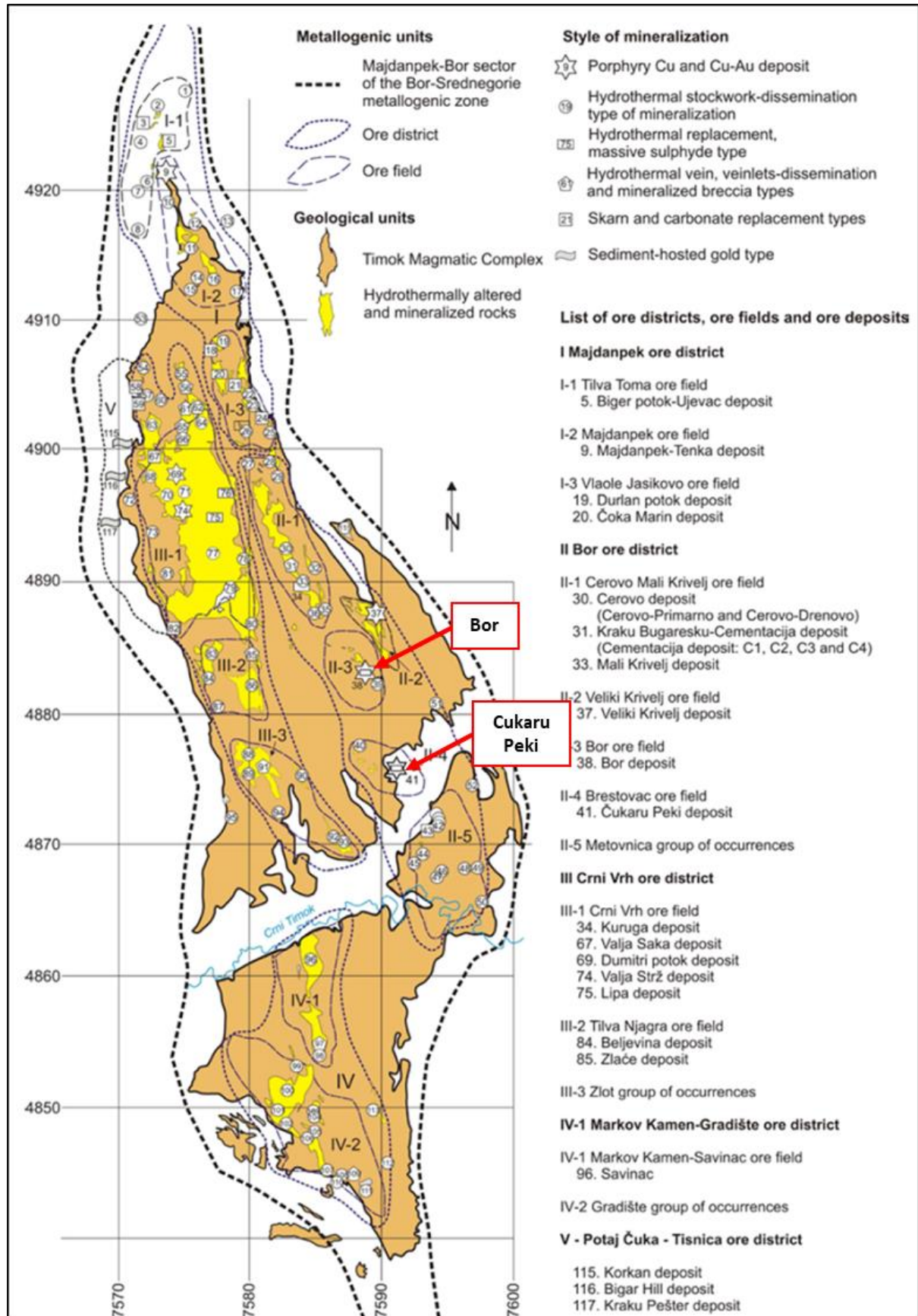


Figure 6. Metallogenic districts, ore-fields, and deposits of the Bor Metallogenic Zone. (dominated by the Timok Magmatic Complex) (after Jelenkovic, 2016). Locations of some of the major deposits, are highlighted for clarity.

3 Field Visit

Dr Belinda van Lente, an employee of CSA Global, visited the Bor, Majdanpek West, Stara Planina, Donje Nevlje, Pirot and Zupa projects, located in Serbia, over seven days from 3rd – 9th November 2017.

This visit was required for the purposes of inspection, ground truthing, review of activities, and collection of information and data.

Objectives included:

- Inspect the principal assets within the Bor, Majdanpek West, Stara Planina, Donje Nevlje, Pirot and Zupa projects.
- Complete initial geological assessment, including outcropping mineralization and, areas of historical exploration and mining.
- Review access in the tenement areas.
- Review geology within the tenements.

CSA Global was given full access to the relevant tenements and discussions were held with the Company personnel to obtain information on the planned exploration work.

The following conclusions were made from the site visit:

- Local Company geologists associated with the project are familiar with the geology, deposit type and mineralization within the tenements. These geologists have previous experience within the Stara Planina, Donje Nevlje and Zupa projects, respectively.
- The tenements include hydrothermal rock alteration and copper mineralization that could be related to porphyry copper systems.
- Selected historical exploration, sampling and mining locations, within relevant tenements, were confirmed with visual inspection and located by handheld GPS. However, some areas were overgrown since historic activities and could not be assessed.
- Historical workings provide a guide to the presence of elevated grades of mineralization, and overlaying these occurrences gives good immediate indication of whether identified structures are mineralised. As such, these provide an excellent targeting tool for further detailed exploration.

The method of exploration proposed by the Company is systematic and will include the following:

- Mapping, rock chip sampling and prospecting at multiple scales, testing historical mining sites and geology/alteration zones of interest.
- Soil geochemistry.
- Geophysics – ground magnetic and IP surveys to identify structural targets, alteration zones and/or sulphide-rich zones using IP. Alteration will be outlined using radiometric surveys (e.g. potassic zones).
- Drill testing - in future programmes are expected for appropriate targets with drill spacing and inclination appropriate to the target. The method of choice is diamond drilling.

CSA Global notes that, although the regolith at the tenements is variable (with limited outcrop for detailed mapping within some tenements), the combination of historical geophysical surveys and initial soil geochemistry, accompanied by historical mining occurrences, has already identified targets for early stage porphyry copper exploration and related epithermal or skarn mineralization.

4 Stara Planina Project

4.1 Location, Access and Infrastructure

The Stara Planina project is approximately 200km southeast of Belgrade, and 10km from the town of Knjaževac (Figure 7), with a municipal population of ca. 35,000.

Access is generally good throughout the project, with a tarred road runs through the middle of it. Several dirt roads, which includes forest tracks, are present and can be readily negotiated with a 4-wheel drive vehicle. A railway line is less than 30km away.



Figure 7. General location of the Stara Planina project.
Detailed tenement shapes are presented in following figures.

4.2 Climate, Topography and Vegetation

The Stara Planina project area experiences an annual range of temperatures from -3 to 33°C, peak monthly rainfall of ca. 130mm in May/June, and peak snowfall of ca. 35cm in December/January (www.worldweatheronline.com).

The Balkan mountain range (Latin Serbian Stara Planina, meaning "Old Mountain") is a mountain range in the eastern part of the Balkan Peninsula. The highest point in the region is Midžor on Stara Planina Mountain (2,169m), which is also the second highest peak in the Republic of Serbia. The lowest point is 176 m high and is situated in the Knjaževac valley (Wikipedia, 2017).

The topography in the Stara Planina project area ranges from ca. 200m to approximately 700m (www.floodmap.net), with rolling hills (Figure 8).



*Figure 8. Stara Planina project.
Photograph of the typical topography within the Stara Planina project area (locality 70, Appendix 2).*

The town of Knjaževac is located at the mouth of the Trgoviški Timok river and the Svrliški Timok river, which together form the Beli Timok river. The Beli Timok river flows towards Zaječar and together with the Crni Timok river forms the Timok river.

The Stara Planina mountain range within the Knjazevac municipality was proclaimed a conservation area in 1997 due to the diverse flora and fauna.

Enquiries by CSA Global of the Company have indicated that while the Stara Planina licence area is partially located on Stara Planina conservation area, the Company does not anticipate that the Company will be prohibited from exploring in the Company's licence area. The Company has informed CSA Global that it is

aware that application for permission to mine will subsequently be required, as with any other mining application in Serbia, should exploration be successful. Notably, companies' target areas are located, either outside of the boundaries of the nature park; or in areas within the park, where the relevant laws allow for mining and development, but with imposed conditions. The nature of these conditions is not known to the company at this time and the company plans to make further inquiries if the exploration efforts are successful. CSA Global cautions that this presents an additional risk to access for areas of the licence that fall within the conservation area.

4.3 Tenure

Current Stara Planina project tenement outline is displayed in Figure 9, and relevant tenement details listed in Table 2.

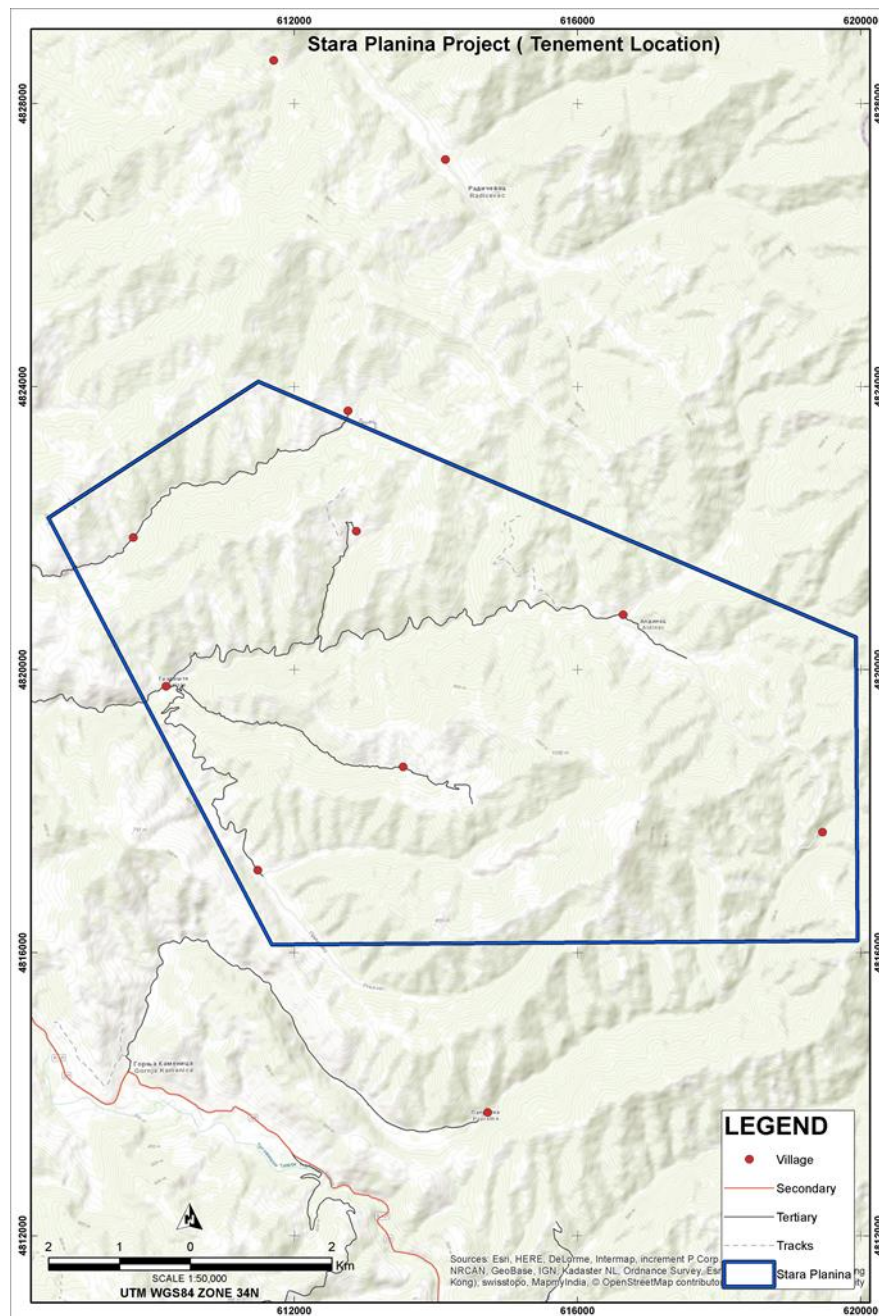


Figure 9. Stara Planina tenement boundary overlain on topography

Table 2. Stara Planina Tenement details

Project	Licence name	Registered holder (100%)	Size (km ²)	Grant Date	Expiry Date	Licence No.
Stara Planina Project	Stara Planina	Geo Consulting Studio doo (subject to Geoconsulting Joint Venture Agreement)	63.53	26/08/15	25/08/18	310-02-495/2015-02

CSA Global notes that the arrangement between the current holder of the Stara Planina licence, Geo Consulting Studio (GCS), and Skarnore (a subsidiary of the Company) is a complex joint venture arrangement and presents uncertainty in relation to the eventual successful transfer of the title from GCS to the Company. Full details are provided in the solicitors' report attached to the prospectus prepared by Serbian law firm Janković, Popović & Mitić in Belgrade. Eight risks are detailed in the report, which in summary are:

- Skarnore has made investments, whereby the Joint Company has not been incorporated nor the Approval for Conducting Exploration (ACE) has been transferred;
- The risk of unenforceability of the obligation of Holder of the ACE to transfer the shares in the Joint Company to Skarnore;
- Deadlock resolution provisions for the Joint Company are not stipulated;
- Skarnore's unconditional financial obligation in the amount of EUR 20,000 expenditure on the licence annually;
- Unclear option right of the Holder of the ACE to convert the Holder's share in the joint venture to a royalty;
- Unenforceability of Skarnore's right to acquire all interests related to the ACE;
- Inoperative right to manage the Joint Company;
- Lack of clarity in the financial expenses in case of termination of the agreement and exiting the Joint Company;
- Lack of clarity around the rights of Skarnore to buy the ACE.

The risks associated with this are also noted and discussed more fully in Section 4 of the prospectus.

CSA Global recommends that this uncertainty around tenure is also considered, when assessing the prospectivity of the Stara Planina project. **Geology**

4.3.1 Regional Geology

The Stara Planina project comprises part of a Palaeozoic inlier, and is situated east of the Bor metallogenic zone, the main corridor of copper-gold deposits (Figure 2). The region is characterised by NW trending structural domains which appear to influence the orientation of intrusive lithologies.

4.3.2 Stara Planina Local Geology

The Stara Planina Exploration Permit covers an inlier of Palaeozoic gabbros intruded by Permo-Carboniferous granodiorite. (Figure 10). The permit contains known vein-type bismuth copper-gold-antimony mineralization in the Gradiste area at the Aljin do mine, associated with altered (chlorite and sericite) gabbro, and which was abandoned after World War II. No production statistics for either gold or bismuth mining are available for reporting or verification.

In addition, the project contains a number of poly-metallic mineral occurrences (Figure 11). On the basis of the proximity of these occurrences to the margins of the felsic intrusions (Figure 10 and Figure 11), the geological setting and the element associations, it is reasonable that a number of these occurrences may be intrusion related. Table 3 lists the mineral occurrences by deposit style and age.

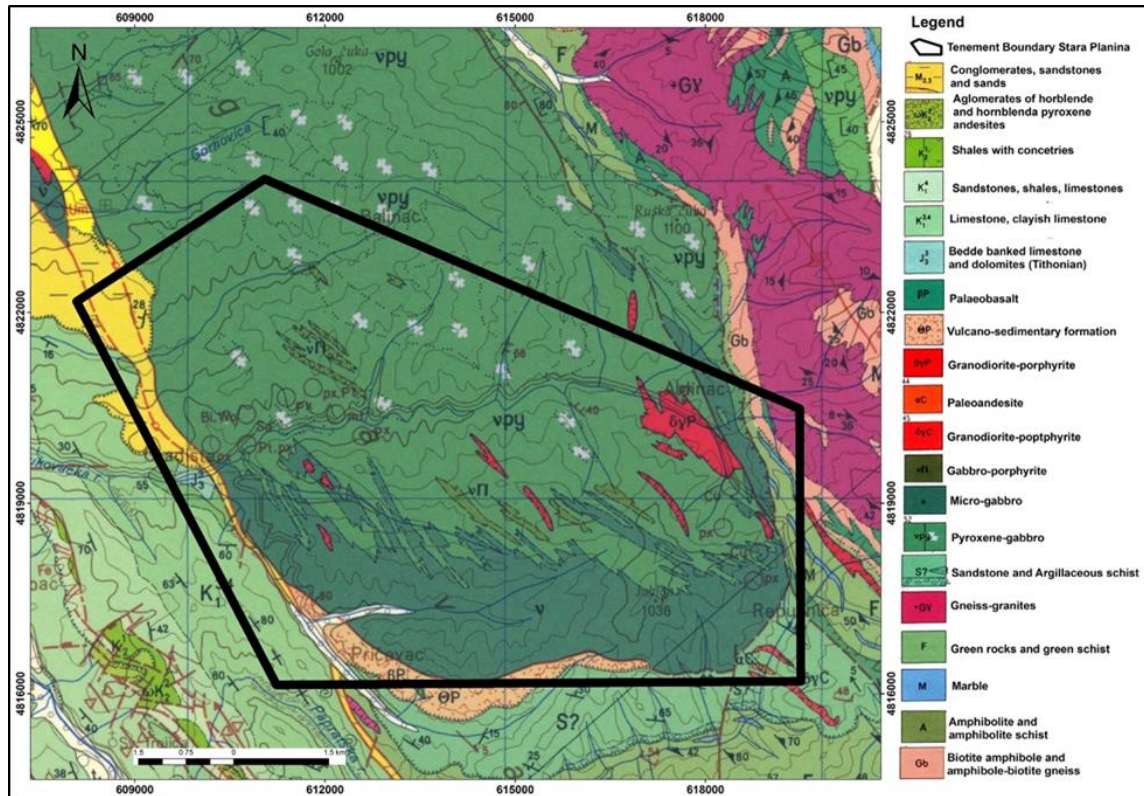


Figure 10. Geological map of the Stara Planina tenement area

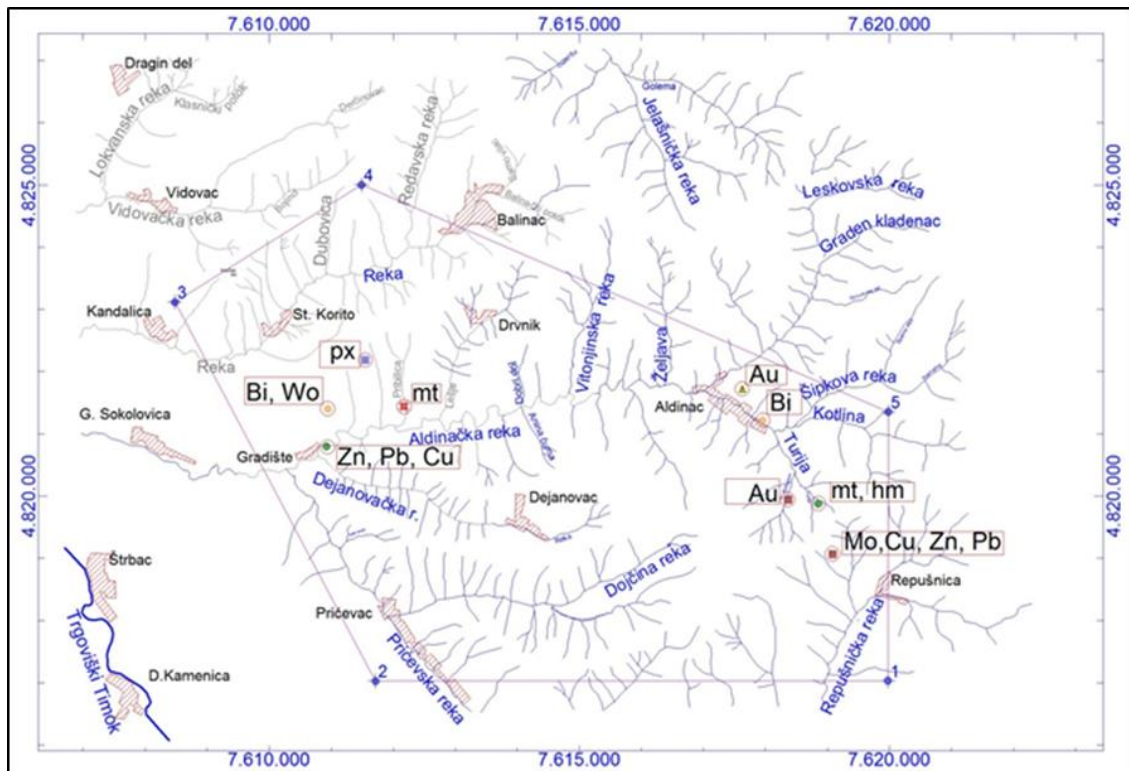


Figure 11. Mineral occurrences within the Stara Planina tenement area (GCS, 2014).

REGISTERED OCCURRENCE OF MINERAL RESOURCES				
Geochronological group	No.	Raw material	Type of deposits - appearances	Locality
Precambrian age	1.1	manganese (Mn)	undefined	Pisan Bukva border crossing (Stara Planina)
Paleozoic age	2.1	chromite (Cr)	magmatic differentials	serpentinite Aldinca and Papratne
	2.2	ilmenite (Ti-Fe)		gabbro: Aljin to-Zaglavak-the river "Lokvanska"-Žleburinska kosa
	2.3	magnetite (Fe ₃ O ₄) with hematite (Fe ₂ O ₃) and limonite (FeOH)		on contact crystalline shale And Aldinac granophyre
	2.4	Gold (Au)	pegmatite and hydrothermal quartz pyrite veins	Janj, Radičevo and Ravno Bučje granite massif
		gold-bearing quartz pyrite veins	crystalline shale and gabbro	Aldinac (Žleburine)
	2.5	Coal (carbon st)	stone coal (Ug)	Runkula -Tovarnica
	2.6	Graphite shales	metamorph. graphite	Inovo, Balta Berilovac and Pričevac
	3	Polymetal ore formation Stara Planina Paleozoic age		
radioactive mineral	3.1	uranium mineralization	Hydrothermal	Janje, Aldinca and Zaglavka granite
non-radioactive mineral.	3.2	pyrite-chalcopyrite		along the contact of granite's penetrating through gabbro and diabase (Gradište, Aldinac, Repušnica and Lokva)
	3.3	pyrite-chalcopyrite-molyb		
	3.4	galena-sphalerite		
	3.5	pyrite-galena-sphalerite-bismuth		
Mesozoic ages	4.1	oolite iron ore (Fe)	sediment	
Cenozoic age	5.1	coal (Ug), and lignite	sediment	Dobra sreća-Podvis and Soko
	5.2	copper (Cu) - chalcocite, bornite, chalcopyrite, pyrite, malachite, azurite and limonite	Hydrothermal	Grbavče (Gramada)

Table 3. Registered occurrences of mineral occurrences in the Stara Planina area (from GCS, 2014)

4.4 Previous Work – Stara Planina

The following compilation has been provided by the Company as an account of the previous work conducted on the Stara Planina project area. This information is sourced from internal reports Geo Consulting Studio, 2014, 2015) and memoranda from previous tenement holders (Reservoir Capital Corp, ca.2007). CSA Global's understanding that data associated with past exploration is available for purchase, this was not available for review at time of writing. This dataset is indicated as including regional geology mapping, petrology analyses, trench mapping, rock and soil sampling details, and drilling data (Pers. Comm. Mr. Branislav Radošević, Geo Consult Studio). This data was not, however, available for review at time of this review.

Prior to the mining during World War II, what exploration or mineral exploitation activities are unknown. After World War II and the termination of mining, the Stara Planina area was reportedly explored for uranium by former-Yugoslav state agencies undertook limited exploration. However, CSA Global has not been able to confirm this.

In the period 1987-1988 Irish company Kenmare Resources plc did minor exploration in the area. Exactly what work that was completed and for what element they were exploring is unknown. They were, however, forced to withdraw due to EU sanctions.

In the period 2003-2004 Rio Tinto performed minor copper exploration in the area, also of an unknown nature, but also decided to pull out due to sovereign instability. Although limited, this exploration activity was the first to document porphyry style potential of the area.

Reconnaissance drilling by Reservoir Capital Corp. (Reservoir) intercepted pyrite and chlorite alteration but did not identify significant mineralization. Notably, Reservoir conducted drilling activities on a limited part of the project, and not its entirety. Reservoir was the most recent tenement-holder (circa 2011, please see <http://www.reservoircapitalcorp.com/s/News.asp?ReportID=459137>). The work conducted by Reservoir based on data provided on their website:

<http://www.reservoircapitalcorp.com/s/QwikReport.asp?IsPopup=Y&printVersion=now&XB09=344027>

Which included geological mapping. A 200x200m spaced soil sampling survey was completed and detailed orientation lines were undertaken, using unknown sampling and analytical methods, across known mineralization occurrences (Gradiste) (Figure 11). The results confirm persistent Cu (at levels greater than 10x crustal abundance), and Mo anomalism covering an area of about 2.5 x 0.75km along a NNW structural trend. Within this zone, gold is inconsistent but anomalous. The geochemically anomalous area is characterised by alteration (silicification, carbonate), mineralization (quartz veining with sulphides), and ductile deformation. Stockwork quartz veining with malachite staining has been discovered in the granodiorite.

The company acquired access to the ground in August 2015, though a joint venture agreement with GCS. Work completed by the Company on the permit to date:

- Investigation of historical activities and compilation of results where possible.
- Field scouting - ground truthing of anomalous zones
- Mapping of areas of interest in preparation of follow up programme
- Induced polarisation programme - 2x IP lines with anomalous zones recorded on both lines.

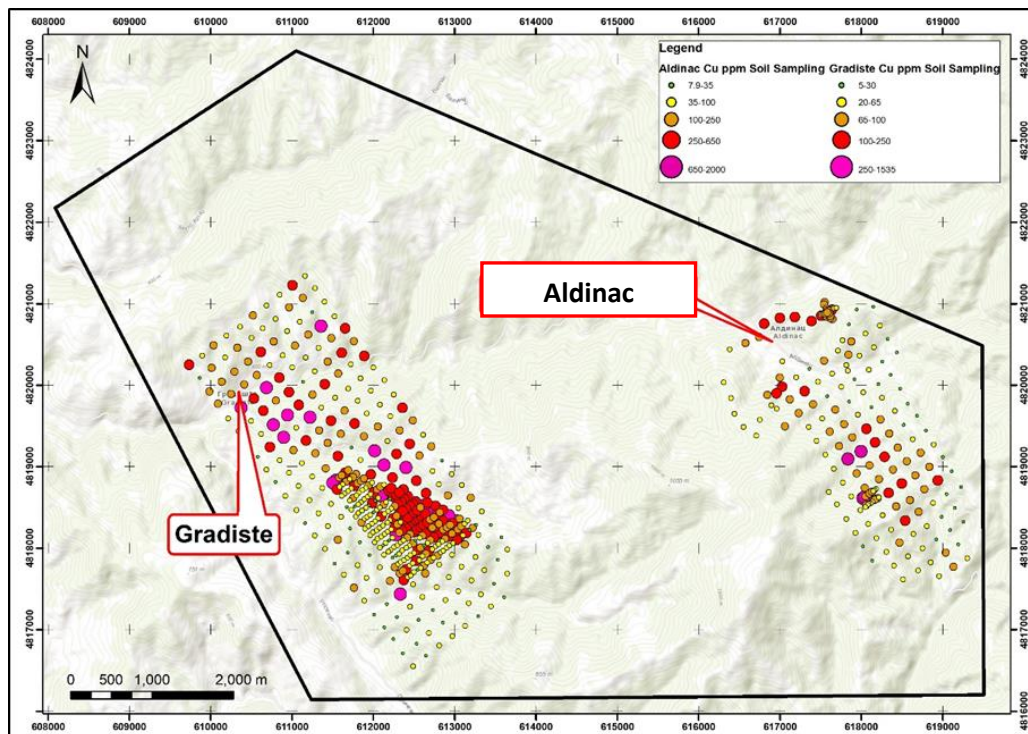


Figure 12. Copper in soil-samples in the Stara Planina tenement

Source:

<http://www.reservoircapitalcorp.com/s/QwikReport.asp?IsPopup=Y&printVersion=now&XB09=344027>.

Note that the ranges of copper occurrence are only illustrative of the presence of mineralisation, and should not be relied on.

4.5 Site Visit Observations

The main field observations made by CSA Global during their site visit at the Stara Planina project included:

- Generally good access throughout the permit.
- Thick zone of brecciated, altered and silicified gabbros, with chlorite, pyrite and chalcopyrite are at locality 65 (Appendix 2). These outcrops are reportedly associated with Au based on analyses completed by the former holding company (pers. comms. Mr. Branislav Radošević, Geo Consult Studio).
- Trenching and channelling related to historical exploration were observed. These are observed to be spatially related to shear zones, indicating that mineralisation is probably structurally controlled and follows the orientation of the granodiorite intrusions (pers. comms. Mr. Branislav Radošević, Geo Consult Studio). Results of the channelling and trenching could not be verified.
- Outcrops of granodiorite intruding into both granite and gabbro, with zones of oxidation and silicification were observed. Minerals as visually identified in this area include pyrite, malachite, chlorite and oxidised magnetite.
- Depth of oxidation increases to 200m above granodiorite intrusions, suggesting significant alteration zones that have been preferentially weathered.
- The historical mining operations completed by the Germans during World War II (WWII) were observed and included:
 - Three adit levels with gold production. These adits have been channel sampled during previous exploration activities and gave positive results (pers. comms. Mr. Branislav Radošević, Geo Consult Studio). These results could not be verified. The lower 2 levels have collapsed.
 - Two adit levels with bismuth production. Previous exploration (post-WWII) included collection of grab samples. The results from these exploration programmes have not been verified. Some rock samples show high oxidation and massive sulphides. Minerals visually identified include

pyrite, chalcopyrite, arsenopyrite, molybdenite and bismuth. The upper level adit has collapsed, but the lower adit extends 30 to 50m.

Observations made in the field are consistent with those that are associated with intrusion related mineral systems, and provide indicative evidence thereof.

4.6 Planned Exploration

The license hosts areas of geochemical anomalism which are defined by multi-element geochemistry, with significant Cu values. These areas form the basis of additional exploration to identify potential intrusion related / porphyry style mineralization. As part of this, the company has recently executed a short Induced-polarisation programme over the two geochemical anomalies, with results guiding potential drill-hole testing of targets.

The company plans to execute further IP survey lines in order to identify any anomalies as well as test targeted zones of potential massive sulphide mineralization. A drilling programme is intended to commence as soon as the results are completed.

Further mineralization styles will be considered on completion of the initial work programme.

CSA Global considers the Stara Planina project to be a prospective for intrusion-related copper-gold (+associated metals) mineralisation, including:

- Porphyry - / intrusion related Cu-Au
- High grade, vein hosted Au dominant mineralization
- Polymetallic, vein hosted mineralization.

Porphyry and epithermal deposits are usually hosted in the extrusive volcanic rocks equivalent to the causative intrusions. At Stara Planina, the host rocks are gabbroic and represent a distinct difference to volcanics as located elsewhere in the Bor Metallogenic zone and Timok Magmatic Complex. The expected alteration associated with, and used as vectors to mineralisation, may manifest differently in the mafic intrusives. Detailed mapping by the Company geologists will be required to 'calibrate' the alteration styles associated with mineralisation and apply this in target generation. The current programme of follow-up IP to build more knowledge around the single-line anomalies is appropriate. Multi-element geochemistry, incorporated into the Stara Planina Project budget, may enable differentiation of alteration domains by host-rock and assist in vectoring to the key areas of the system.

CSA Global recommends that the accessible adits from historical mining could potentially provide a good target for mapping and sampling. Care should be taken when sampling the waste dumps. This is due to the various rock types and minerals that could make the use of geochemical and geophysical sampling results problematic for use in the understanding of the underlying geology.

5 Donje Nevlje – Pirot Project

5.1 Location, Access and Infrastructure

The Donje Nevlje and Pirot projects are located in the southeast of Serbia (Figure 13), with the Donje Nevlje project bounded by the administrative border with Bulgaria.

Dimitrovgrad is the nearest town to Donje Nevlje project area, and it is about 360km from Belgrade by highway to Nis and main road to Dimitrovgrad. From Dimitrovgrad there are several small roads and forest tracks, into the project area, all of which can be readily negotiated with a 4-wheel drive vehicle (Csongradi, 2012). The main railway line from Serbia to Bulgaria (Nis to Sofia) passes through Dimitrovgrad, and is served by passenger as well as freight trains.



Figure 13. General location of the Pirot and Donje Nevlje projects.
Detailed tenement shapes are presented in following figures.

5.2 Climate, Topography and Vegetation

The Donje Nevlje and Pirot project areas experience an annual range of temperatures from -6 to 31°C, peak monthly rainfall of ca. 170mm in May/June, and peak snowfall of ca. 40cm in December/January (www.worldweatheronline.com).

The topography in the area ranges from ca. 350m to approximately 1,200m (www.floodmap.net), with rolling hills (Figure 14).



*Figure 14. Donje Nevlje project area
Photograph of the topography typical within the area (locality 81, Appendix 2).*

5.3 Tenure

Current Donje Nevlje project tenement shapes are displayed in Figure 15, and relevant tenement details listed in Table 4.

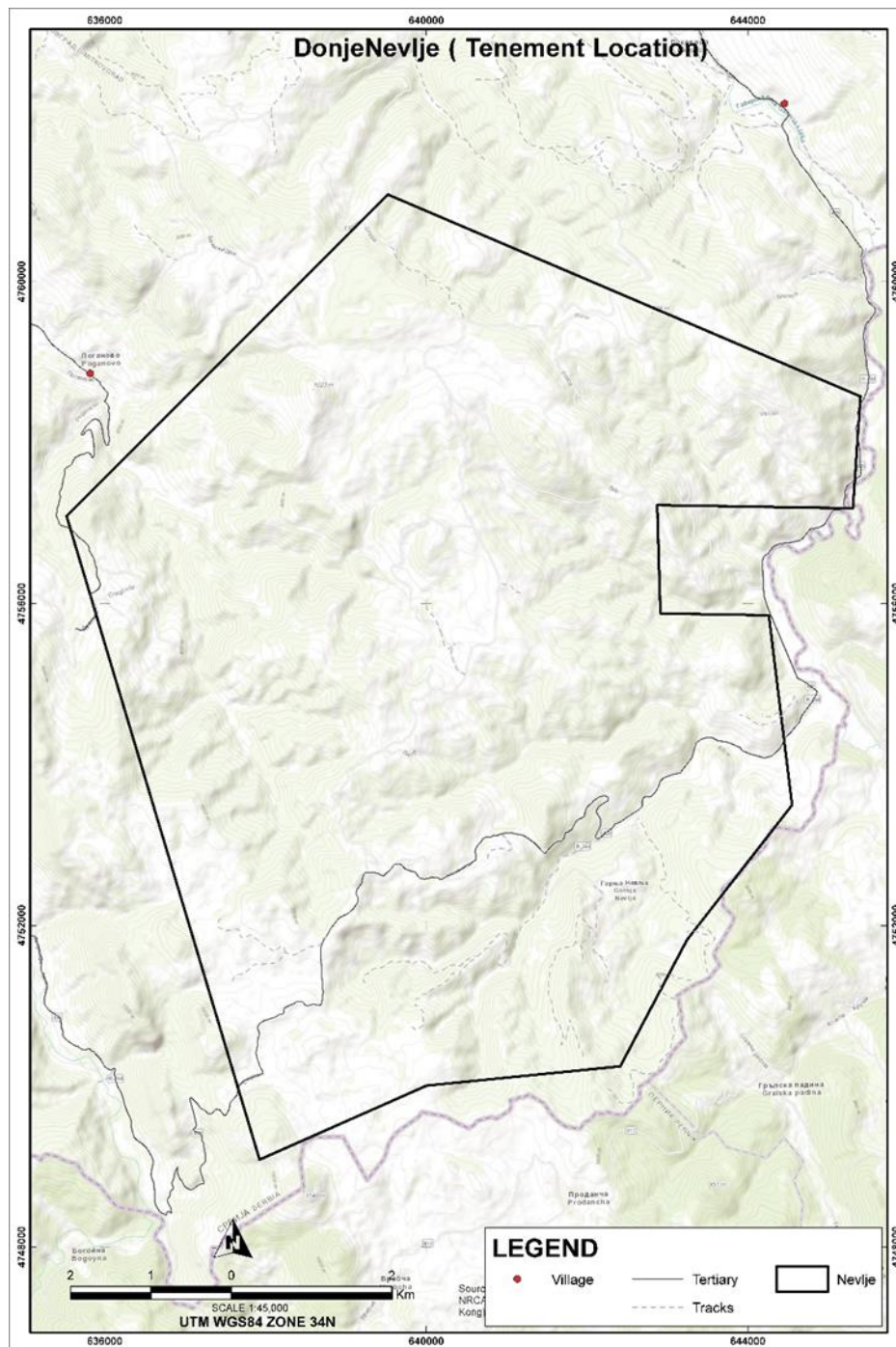


Figure 15. Donje Nevlje tenement boundary overlain on topography

Table 4. Donje Nevlje details.

Project	Licence name	Registered holder (100%)	Size (km ²)	Grant Date	Expiry Date	Licence No.
<i>Skarnore Licences</i>						
Donje Nevlje Project	Donje Nevlje	Skarnore Resources	73.89	22/06/16	13/07/19	310-02-1547/2015-02

The current Pirot project tenement outline is in Figure 16, and relevant tenement details listed in Table 5.

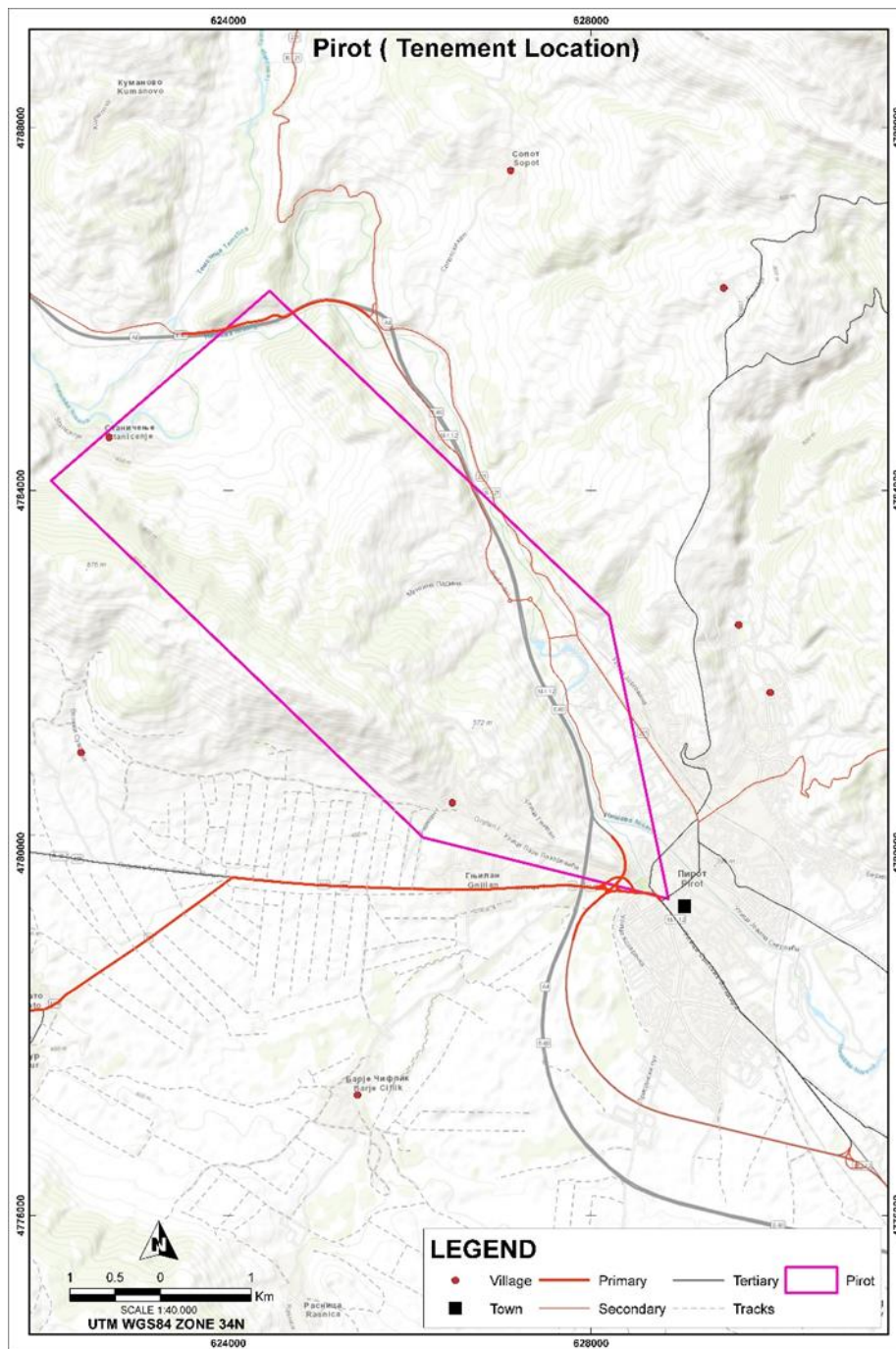


Figure 16. Pirot tenement boundary overlain on topography

Table 5. Pirot Tenement details.

Project	Licence name	Registered holder (100%)	Size (km ²)	Grant Date	Expiry Date	Licence No.
Pirot Project	Pirot	Skarnore Resources	21.00	Application submitted – pending response from ministry		

5.4 Geology

5.4.1 Regional Geology

The regional geology of the area in question is as discussed in Section 2 of this report. The Pirot and Donje Nevlje projects occur at the southern extent of the Bor Metallogenic Zone (Figure 2, Figure 3 and Figure 6).

5.4.2 Donje Nevlje Local Geology

The geology of the Donje Nevlje licence (Figure 17) represents the southern extension of the Bor Metallogenic Zone (Figure 2) and comprises similar Cretaceous volcanic and sub-volcanic lithologies, with younger Cretaceous clastic sedimentary rocks and limestones. The Donje Nevlje project is approximately 125km southeast of the productive Timok Magmatic Complex, which is host to the Bor and Majdanpek districts of copper – gold mineralization.

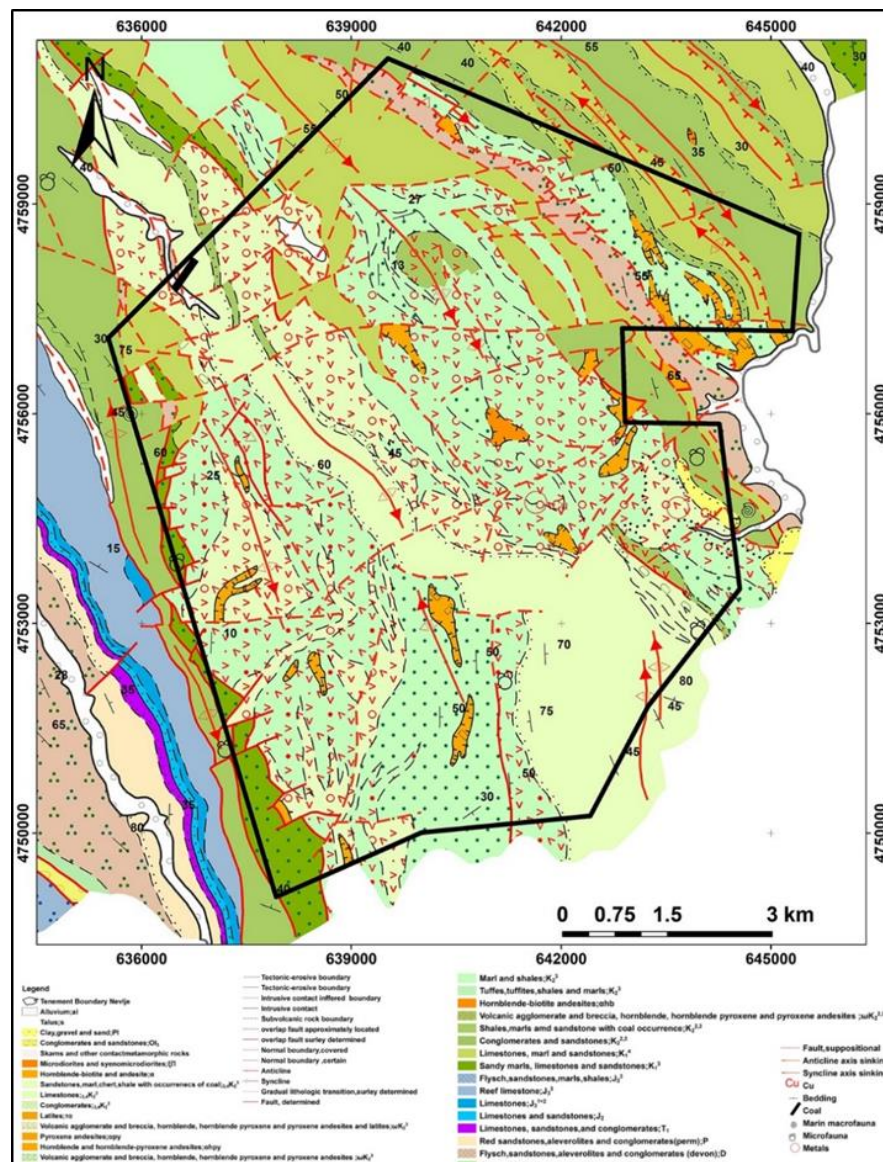


Figure 17. Geology of the Donje Nevlje tenement

Geological mapping and exploration in the 1960's confirmed the compatibility of the stratigraphy and lithologies, primarily andesite volcanics and pyroclastics of Upper Cretaceous age, with those of the Timok Magmatic Complex. The project was therefore considered perspective for porphyry, epithermal, and skarn copper-gold mineralization (Csongradi, 2012).

The Donje Nevlje mineralization is recorded in the Mineral Deposits of Serbia Ore Deposits database (Ministry of Mining and Energy, 2002) as a copper “deposit or prospect of unknown status” hosted by Upper Cretaceous andesites, pyroclastics and limestones. Pyrite, chalcopyrite, magnetite and sphalerite are listed as the main ore minerals, and a skarn assemblage of garnet, vesuvianite, epidote and chlorite are listed as the host rock mineralogy. The deposit is described as a replacement (skarn) type, as well as “unspecified deposits related to volcanic systems and shallow intrusives” (Ministry of Mining and Energy, 2002).

5.4.3 Pirot Local Geology

Similar to Donje Nevlje, the Pirot project comprises Cretaceous volcanics, clastic sedimentary rocks, and limestones (Figure 18). In the northwest of the project, a monzonite intrusion is largely obscured by recent sediments. This intrusive is projected to be in contact with calcareous sediments, in a setting conducive to skarn-type mineralisation. Similar to the Donje Nevlje project, the Pirot project is considered prospective for blind porphyry and epithermal copper-gold mineralization.

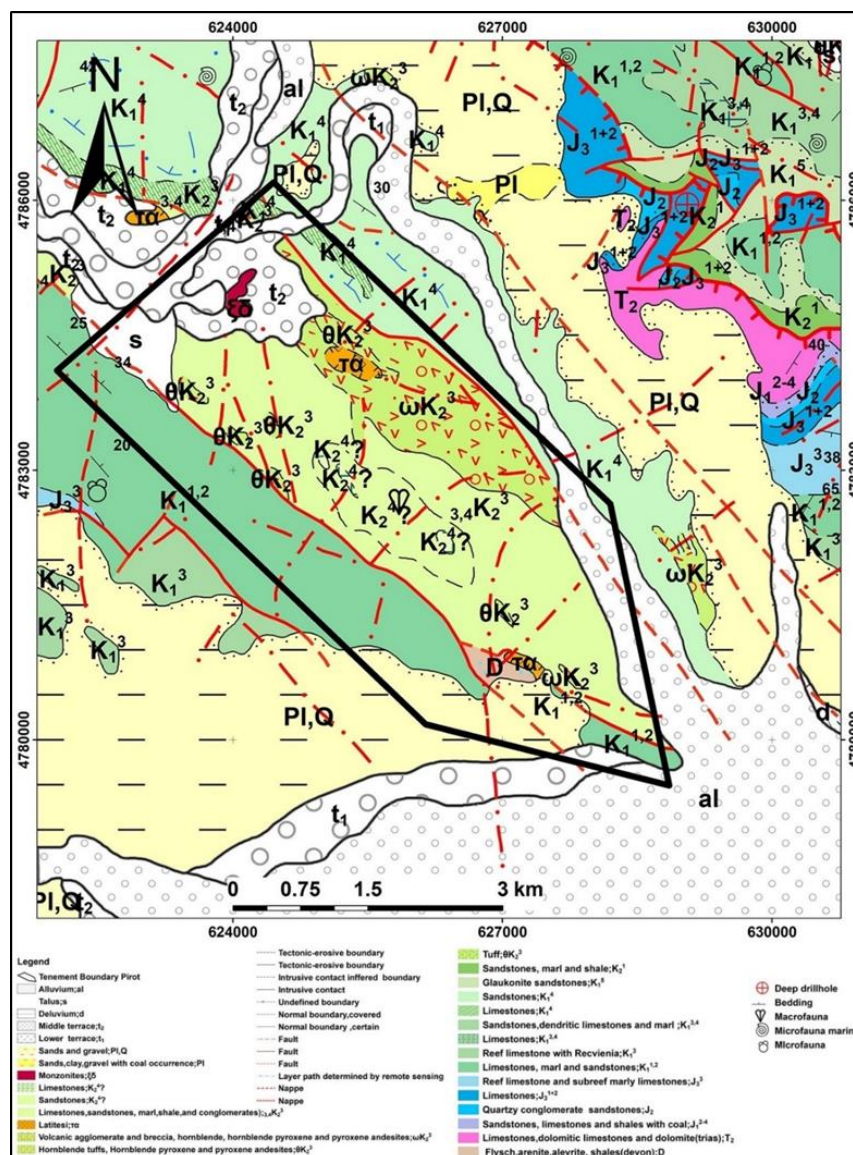


Figure 18. Geological map of the Pirot tenement

5.5 Previous Work

5.5.1 Previous Work – Donje Nevlje

No records were available for work undertaken before World War II. Based on a consulting report compiled for Empire minerals (Csongradi, 2012), in 1925 the first exploration work for copper mineralization in the Donje Nevlje area consisted of two short adits that were excavated near Borovo village. In 1936 another adit, only 30 m long, was excavated in Zelengrad area. In 1938/39, the French mining company that owned and operated Bor copper mines undertook further exploration in the Donje Nevlje area. This campaign included two shallow drill holes (120 m in total), but exploration was discontinued due to the disappointing results (Csongradi, 2012).

In the 1960's the Nis branch of Yugoslav Geological Survey, together with Geological Department of the Copper Institute in Bor, recommenced mineral exploration in the Donje Nevlje area. This work concluded that the lithologies and stratigraphical sequence are consistent with those in the Timok Magmatic Complex, which is located about 125km to the northwest and is the host to important copper and gold deposits at Bor and Majdanpek (Csongradi, 2012). An historic, unvalidated magnetic anomaly map (Figure 19) made available shows apparent magnetic anomalism similar to the southern part of the TMC.

Recent work by Empire Minerals (2008-2011) included ground magnetic surveys, as a follow-up to anomalies detected in airborne surveys, and soil geochemical sampling programmes. Both activities are indicated as having confirmed anomalies identified in exploration work ca 1960's (Csongradi, 2012).

Induced polarization surveys in 2011, across areas of coincident copper anomalism and magnetic anomalism' yielded domains of high chargeability considered to be targets for further exploration. These are yet to be tested with drilling (Csongradi, 2012).

The Company acquired the ground in June 2016. Work completed on the permit to date, by the Company include:

- Evaluation and digitisation of historical results as documented herein
- Field scouting and ground truthing of anomalous zones.
- Mapping of areas of interest in preparation for follow up work.

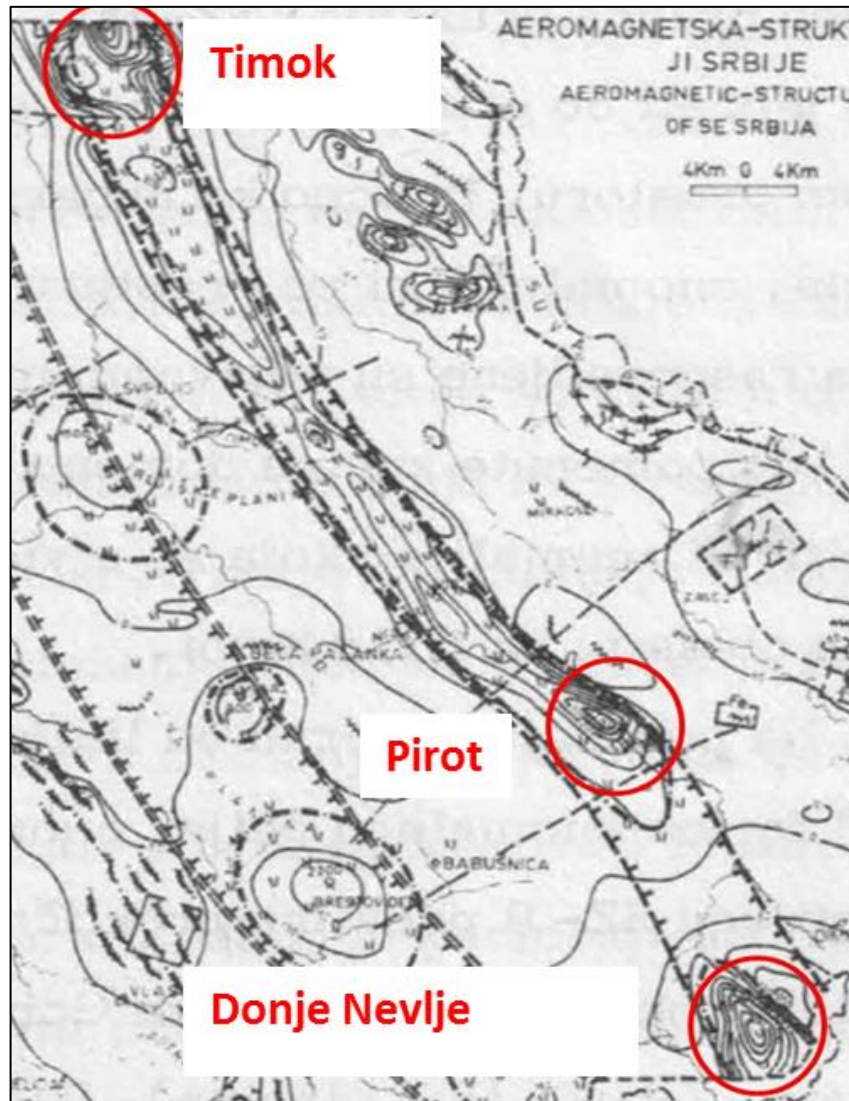


Figure 19. Historical aeromagnetic data (unvalidated, indicative only).

5.5.2 Previous Work – Piot

The only information regarding historic exploration activities in the Piot area is the provided aeromagnetic image of Figure 19, showing an apparent anomaly similar to one over the Timok deposit, and sited but not available regional maps indicating the (unvalidated) presence of surface anomalism determined by the state geological agency.

The magnetic anomalies correlate with reported geochemical anomalies; however, no information is available as to the detail of the mineral/s that defined the anomaly. At this time, it also is unclear how these anomalies were defined, as the sited regional maps do not provide adequate background information on the type and methodology of sample collection or analysis.

The Company has submitted an application for grant of tenure and is awaiting a response from the Serbian Ministry of Mining and Energy. Work completed on the permit to date include:

- Evaluation and digitisation of historical results.
- Field scouting and ground truthing of anomalous zones.
- Mapping of areas of interest in preparation for follow up programme.

5.6 Site Visit Observations

The main field observations made by CSA Global at the Donje Nevlje project included:

- The site is heavily vegetated which resulted in difficulty in accessing outcrops from which to make observations.
- Porphyritic andesite intrusions, showing alteration and fine-grained pyrite and chalcopyrite were visually verified.
- The location of a 282m hole that had been drilled historically, which had three intervals of Cu mineralization (pers. comms. Mr. Branislav Radošević, Geo Consult Studio), was visited. The results could not be verified.
- Areas of pyroclastics over the andesites, as well as areas that have been tectonically active, with a large percentage of quartz and calcite veins.
- Minerals visually identified include malachite, chlorite, epidote and azurite (Figure 20).
- Occurrence of a nodular porphyry, showing high silicification. The porphyry is magnetic (tested with swing magnetic pen), and no sulphides are present.



Figure 20. *Malachite and Azurite mineralization on fracture surfaces in porphyritic Andesite. Locality 80 (Appendix 2).*

Observations made in the field are consistent with those that are associated with intrusion related mineral systems, and provide indicative evidence thereof.

5.7 Planned Exploration

The Donje Nevlje project is an early stage exploration project for porphyry copper and related epithermal or skarn mineralization. The data which is available at this time indicates that the work executed by previous explorers has delineated a number of high priority areas that are compatible to the porphyry model, and

associated mineralization styles. The work in these areas has defined target zones which will be the focus of the immediate exploration programmes.

The Company intends to target the following deposit types on the Donje Nevlje project:

- Blind porphyry deposits: analogous to those mined in the northern regions of this metallogenic belt, at Bor and Majdanpek.
- Epithermal deposits: located in close proximity, and/or above porphyry systems. Historical trench sampling on the lease indicates that there is good potential for this style of mineralization.
- Potential for skarn mineralization: historical indications of skarn-type mineralization will be followed up in order to determine spatial extent and tenor. The lease is characterised with extensive limestone units, which are host-rocks to skarn mineralization; and numerous faults and structural domains as potential fluid conduits, implicit in deposit formation.

Although all work on this project will be dictated by a technical committee which will be formed between the Company and its potential JV partner, it has been indicated that the work will include:

- Scout mapping and sampling of the entire permit.
- Follow up geophysical exploration on the currently defined target zones in the southern sector. The exact nature of the geophysical exploration will also be decided by the committee.
- Further geophysics - possibly airborne EM/Magnetics to define further targets throughout the lease.

CSA Global considers the Donje Nevlje project to be prospective for porphyry and epithermal copper-gold mineralisation and skarn-type mineralization. The geology of the project is consistent with the Timok Magmatic Complex, 125km to the north-northwest; and the potential for analogous deposit styles is high. The application of further ground-geophysics to build more knowledge around single-line IP anomalies is a useful early-stage activity. The project is structurally complex and will benefit from detailed geological and alteration mapping by the Company geologists. Airborne EM would be useful in detecting near-surface (down to ca 200-400m below surface) high tenor epithermal and skarn mineralization.

5.8 Site Visit Observations

The main field observations made by CSA Global at the Piroć project included:

- The permit is heavily vegetated, which partially prevented access
- A single stop was made at a road cut, currently under construction and covering the contact zone where granodiorite porphyry intrudes into limestone (Figure 21).
 - Broken rocks next to the limestone outcrop contains silicified and altered porphyritic andesite, with chlorite and sericite (visually identified). No sulphides were evident.
 - Prior to road construction, malachite could be seen in the contact zone (pers. comms. Mr. Branislav Radošević, Geo Consulting Studio). None was seen in the current state of the outcrop.
 - The zone shows intense tectonic activity, with fractures and faulting and the presence of quartz veining.

Within the limited extent of available access, these observations, particularly the noted tectonic activity, can be consistent with mineralising processes.



Figure 21. Road cutting through granodiorite/limestone contact
Locality 83 (Appendix 2) on the north-western margin of the tenement.

5.9 Planned Exploration

The Company intends to target the following deposit types on the Pirot project:

- Blind porphyry bodies
- Skarn mineralization
- Epithermal mineralization

The limited historic data associated with Pirot project suggests the presence of a magnetic anomaly, which is potentially related to a number of intrusive bodies which have been mapped on the permit. Magnetic anomalies are known to be associated with intrusion related porphyry systems. In association with geochemical anomalies determined by the state geological agency, this provides early stage, indicative evidence only of potential for mineralisation. As such, the initial work programme will include follow-up and infill geochemical sampling of the area considered prospective, followed by geophysical surveys (magnetic and IP) on any anomalous zones.

Any target areas which are defined by the above-mentioned programmes will be targeting by a drilling campaign. The objective on the Pirot permit will be to define a drill target in a short time frame and in a cost-effective work programme.

CSA Global recognise the potential for intrusive-related copper-gold mineralisation on the Pirot project based on the limited data available and consider the proposed activities of the Company's work programme appropriate for early-stage target development and testing.

6 Majdanpek Project

6.1 Location, Access and Infrastructure

The Majdanpek project is located in eastern Serbia (Figure 22) in a long-lived mining district, with appropriate infrastructure to support large mining projects. The municipality, including Majdanpek town, comprises a population of approximately 19,000 (Wikipedia, 2017).

The population is predominantly involved in agriculture, farming and mining in Majdanpek mine.

Road traffic network is well developed within the exploration area. The most important road transport routes are Žagubica-Majdanpek and Kučevo –Majdanpek. Northward from the exploration area there is a regional road M-24 Požarevac-Kučevo-Majdanpek-Negotin. Railroad Bor-Majdanpek passes through the exploration area (GCS, 2014).

Ease of access varies throughout the permit. Many unsealed farm roads are present, but some of these have been overgrown. Most of the connectivity between rural environments is carried by dirt roads which are often impassable due to heavy rains or due to not being utilised.



Figure 22. General location of the Majdanpek Project projects.
Detailed tenement shapes are presented in following figures.

6.2 Climate, Topography and Vegetation (GCS, 2014)

Majdanpek experiences an annual range of temperatures from -3 to 29°C, peak monthly rainfall of ca. 180mm in May/June, and peak snowfall of ca. 75cm in December/January (www.worldweatheronline.com). There are significant temperature fluctuations during a year, summers are rather warm, and winters are cold with heavy snowfalls.

The topography in the area ranges from ca. 200m to approximately 800m (lowest point being the large open cut mine at Majdanpek) (www.floodmap.net). Figure 23 shows an example of the typical topography and vegetation of the project. The natural lowest point is ca. 300m in incised river valleys.

The Danube river flows for 54km along the Northern border of Majdanpek municipality. The project area is drained by the Pek river by numerous streams (constant and occasional). Of these streams, the significant ones are Todorova Reka, Crna Reka and Velika Leskova.

Lake basins at lower altitudes and slightly hilly relief are present in the northern and eastern part of the project. The central part of the project is more mountainous.



*Figure 23. Topography and vegetation of the Majdanpek project area.
Locality 56 (Appendix 2, east of the Bor project area).*

6.3 Tenure

The current Majdanpek project tenement outline is displayed in Figure 22, and relevant tenement details listed in Table 6. Figure 23 provides context of the tenement shape relative to adjacent tenement holders and proximity to known deposits and mines.

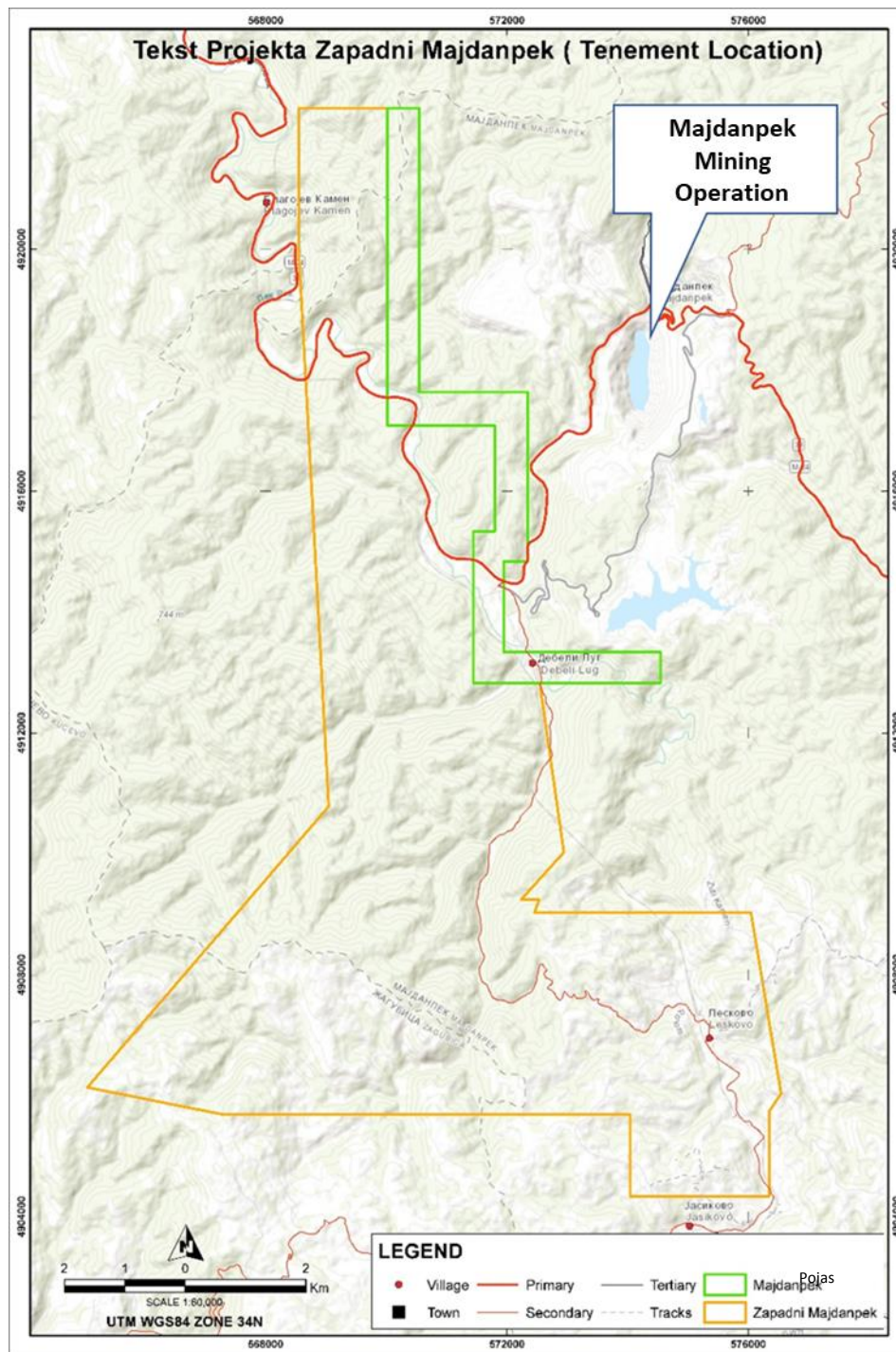


Figure 24. Tenement boundary for the Majdanpek Project

Table 6. Majdanpek Tenement details

Project	Licence name	Registered holder (100%)	Size (km ²)	Grant Date	Expiry Date	Licence No.
Majdanpek Project	Zapadni Majdanpek	Kingstown Resources	68.85	08/12/16	09/05/20	310-02-1096/2016-02
	Majdanpek pojas	Kingstown Resources	6.88	30.03.17	15/06/20	310-02-1510/2016-02

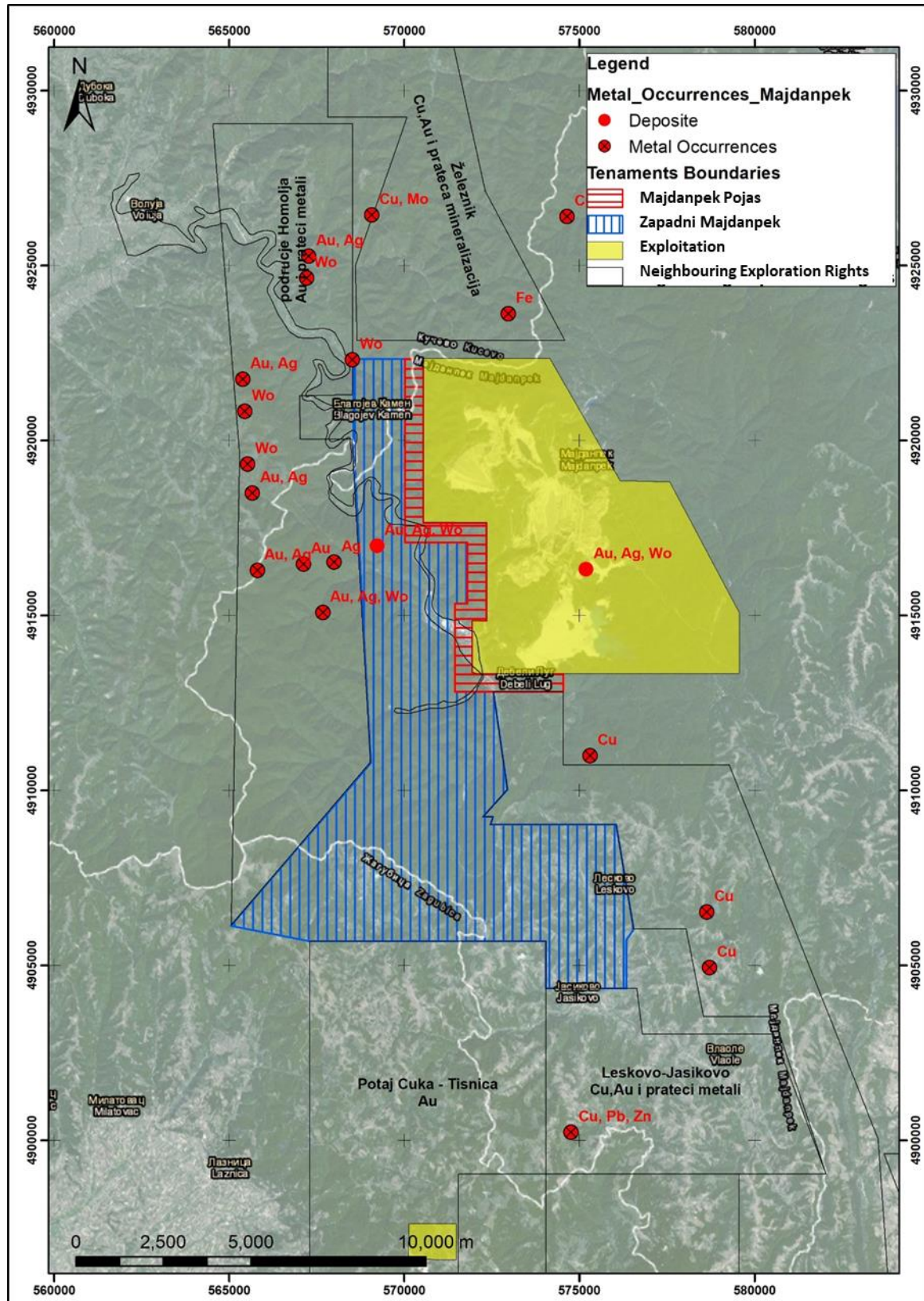


Figure 25. The Majdanpek project tenements in the context of surrounding tenement holdings and known deposits and mineral occurrences (the Company, 2017).

6.4 Geology

6.4.1 Regional Geology

The regional geology of the area in question is as discussed in Section 2 of this report. The Majdanpek project is located in the Timok Magmatic Complex, within the Bor Metallogenic Zone (Figure 2 and Figure 3, and Figure 6).

6.4.2 Local Geology and Deposits

The Majdanpek licence comprises volcanics of the Timok Complex overlying Jurassic limestones (Figure 27). This sequence is in faulted contact with Proterozoic Gneiss. Cretaceous andesitic sub-volcanic intrusives are located within the project and locally associated with copper occurrences. Jurassic limestones, as also found at the Majdanpek deposit approximately 4km from the project (Figure 24), occur within the project and are considered prospective for skarn-type mineralization.

The Majdanpek deposit and mine (Figure 27, Figure 26 and Figure 28) is regionally significant and comprises a complex of several types of mineralization formed in multistage processes: dominant porphyry copper-gold mineralization with molybdenite, massive sulphide (Figure 29), pyrite bodies, skarn magnetite and hydrothermal Pb-Zn sulphides in the form of massive-metasomatic bodies and ore veins (Jelenkovic et al., 2016).



Figure 26. Majdanpek Copper-Gold mine, Historical.

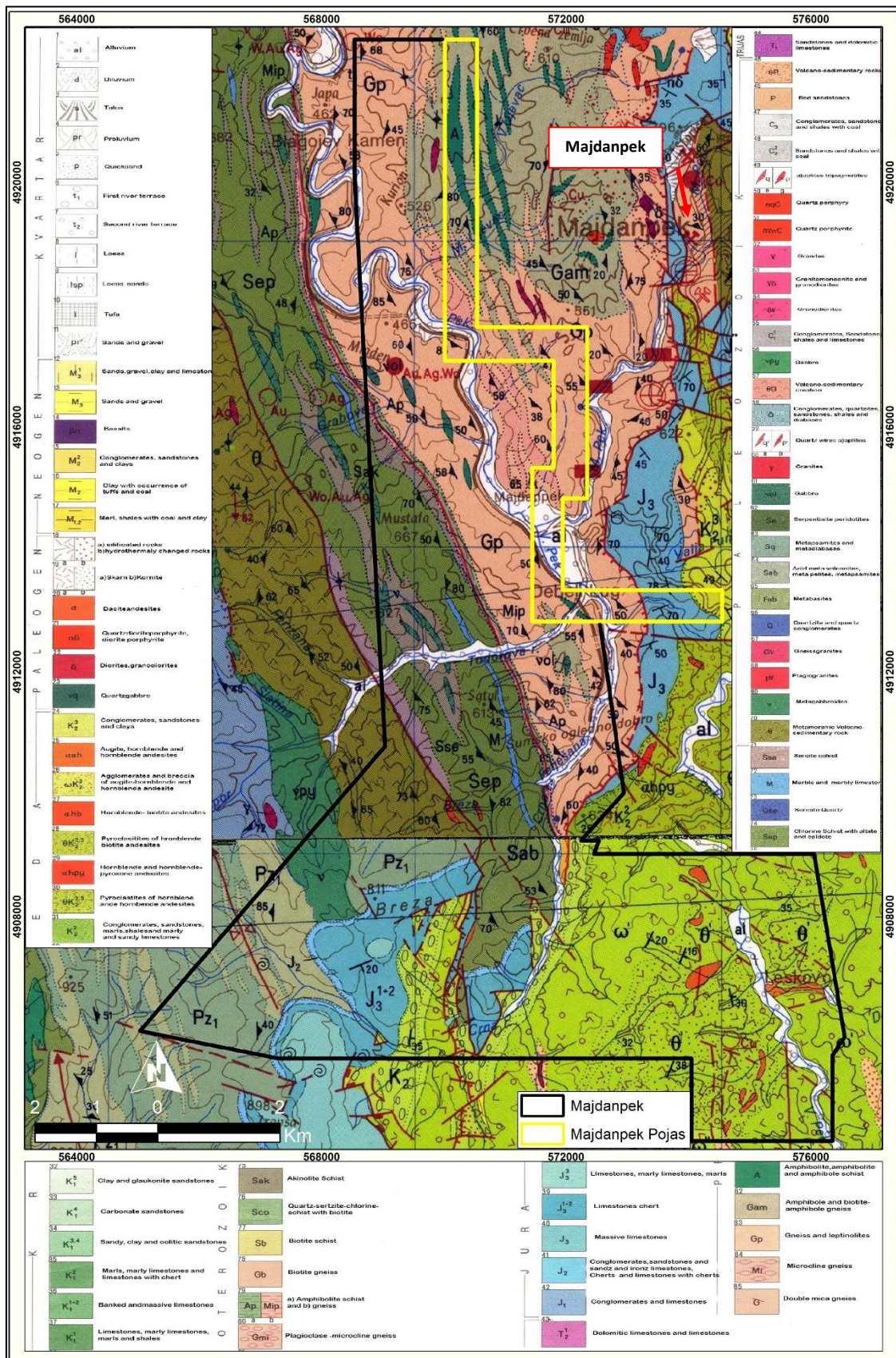


Figure 27. Geology of the Majdanpek tenement area.
Location of the Majdanpek mine is annotated.

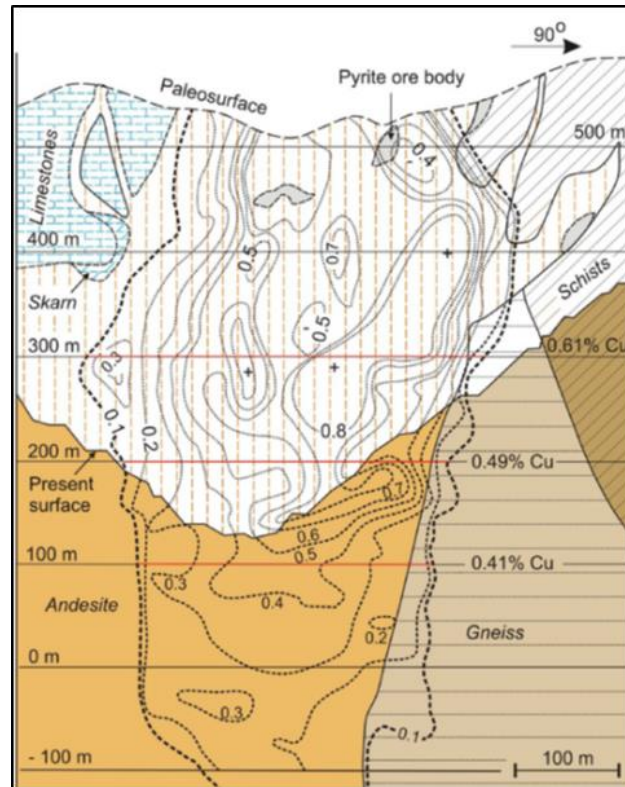


Figure 28. Cross-section through the Majdanpek porphyry copper deposit After (Vujic et al., 2005).



Figure 29. Massive pyrite with chalcopyrite. Locality 59 (Appendix 2) approximately 2km northeast of the Majdanpek tenement boundary.

6.5 Previous Work

At time of review, no data was made available to CSA Global in respect to past exploration for this project area. It is understood that this data may be available for purchase from Dundee Precious Metals. It has been indicated that this data comprises soil sampling results, stream sediment sampling results, trench sampling results, and drilling data. Such data may have a material impact on how the Company approaches exploration.

The Company gained access to the majority of the project in December 2016. Work completed on the permit to date includes:

- Investigation for historical results and data.
- Field scouting - ground truthing of anomalous zones.

6.6 Site Visit Observations

The main field observations made by CSA Global at the Majdanpek project included:

- The district is endowed with porphyry copper mineralization, as is evident from historical and current mining activities.
- Verified four locations of historical sampling and copper occurrences. The results of the sampling could not be verified.
- Quality of exposure varies, from poor exposure with soil cover, to good exposure in roadcuts.
- Porphyritic andesites varies from fresh to silicified to altered (visually identified chlorite and very fine-grained sericite).
- Instances of porphyry with phenocrysts of pyroxene were observed.
- Various contacts between andesite and limestone were observed.
- Visually identified occurrences of pyrite within limestone, which is considered as evidence of high temperature fluids.

The project is in close proximity to a significant porphyry-copper deposit, and contains the same broad host-rocks to mineralization (volcanics, sub-volcanic intrusives, carbonates). The carbonate-bearing lithologies are considered prospective for skarn-type deposits and the volcanics for porphyry and epithermal Cu-Au.

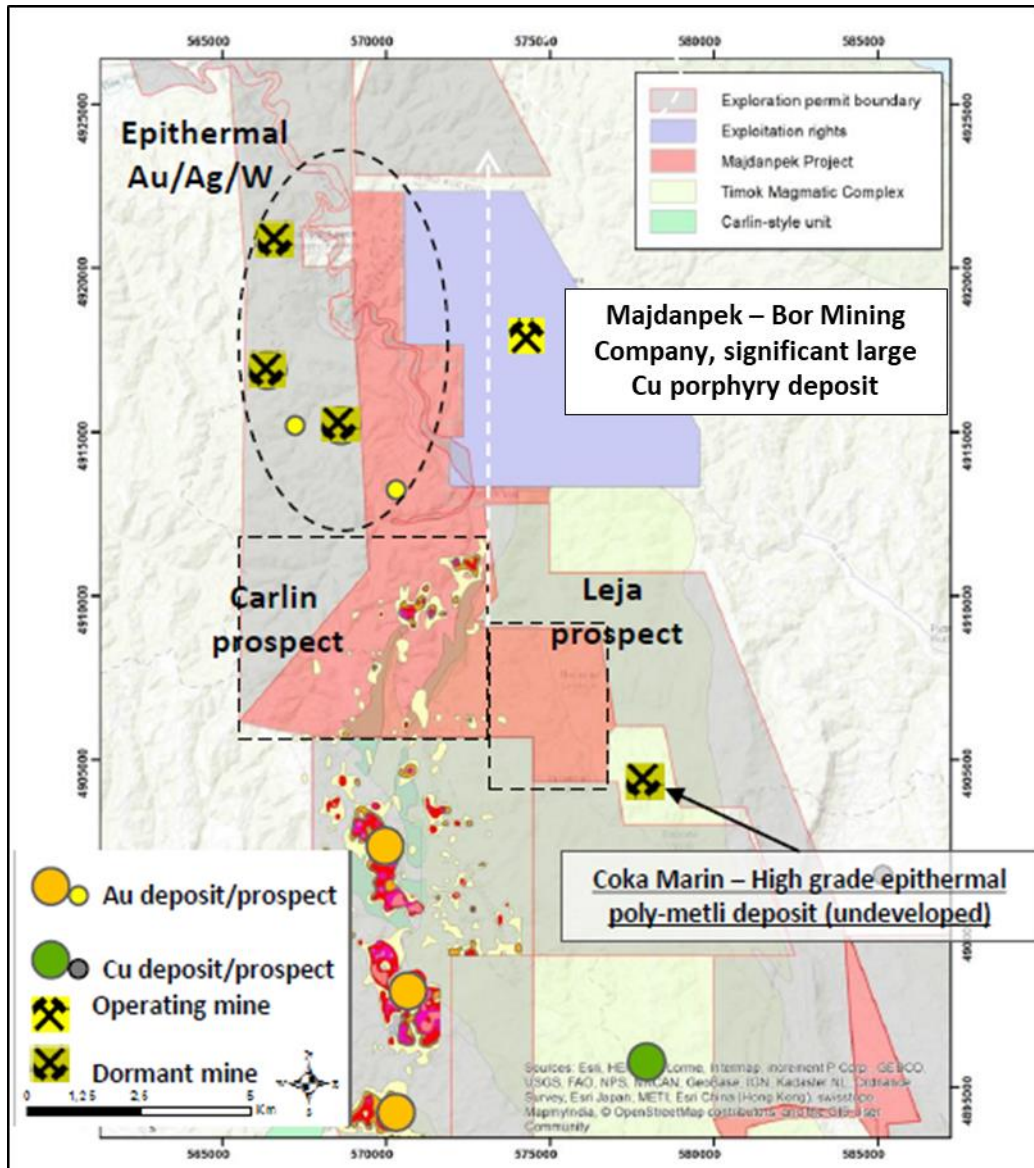


Figure 30: Majdanpek prospects- Leja and Carlin

Note: the Coka Marin deposit does not belong to the Company

6.7 Planned Exploration

The Company intends to target the following deposit types on the Majdanpek Project tenements:

1. The Leja prospects, located in the south-western segment of the permit, the prospects are located within the prospective, Cretaceous Volcano-sedimentary sequence which is part of the Timok Magmatic Complex. This target area is adjacent to the Coka Marin deposit – located approx. 500m from the permit boundary. This deposit is quoted as a VMS type in some government literature, however, the absence of other VMS deposits in the district suggest a different genesis. The likelihood is that the deposit is a medium sulphidation epithermal deposit (high Zn content/ lensoidal), being driven by a blind porphyry system at depth.
2. A trend is defined by two NNE trending sedimentary units, which transgress the southern part of the Majdanpek permit. These units host the well-endowed Bigar Hill Gold deposit (Figure 6) located a short distance south of the Majdanpek tenement. The Bigar Hill deposits are classed as a sedimentary-hosted style of gold deposit. Gold deposits of this nature are driven by high grade, structurally controlled 'feeder' units, with lower grade mineralization disseminated at higher levels.

-
3. The northern part of the permit, which is characterised by Gneiss and sedimentary geology is considered to be prospective for high grade Au, Ag and W mineralization. However, these types of narrow style deposits will not be the focus for the company in the near future, but will be followed up in the longer term.

Planned work within the Majdanpek project comprises:

- Soil sampling
- IP survey
- Target testing by drilling (method unspecified).

As this project will likely be subject to a joint venture with a 3rd party, where a joint technical committee will determine the work budget, the proposed target areas quoted here are subject to change and direction of the committee. It has, however been indicated that the like programme will target zones in the south and will likely be flown by a high resolution aero-magnetic / airborne EM survey. Any substantive anomalies detected will be followed up by a drill campaign.

CSA Global consider the use of airborne electromagnetic (EM) as the most appropriate means to detect potential skarn and epithermal mineralization, both comprising zones of semi-massive sulphides. Disseminated sulphides in porphyry systems and dispersed sedimentary-hosted deposits may be better suited to detection using induced polarization (IP) surveys once ground activities have identified areas of interest. IP has been effective in locating porphyry mineralization in other parts of this district, and globally as a key stage of porphyry-copper-gold deposit discovery.

7 Bor Project

7.1 Location, Access and Infrastructure

The Bor project is located in eastern Serbia (Figure 31). A well-developed road network exists within the project area with key transport routes between Bor-Majdanpek and Bor-Zaječar-Negotin. A regional road runs south of the exploration area, connecting Bor with Paraćin and the highway. The railway Bor-Majdanpek crosses through the exploration area. For the most part, the roadways between rural communities are unsealed, which may often be blocked, being impacted by heavy rain, or due to not being used (GCS, 2014). Access is generally good throughout the project.



Figure 31. General location of the Bor Project projects.
Detailed tenement shapes are presented in following figures.

7.2 Climate, Topography and Vegetation

Bor experiences an annual range of temperatures from -4 to 32°C, peak monthly rainfall of ca. 170mm in May/June, and peak snowfall of ca. 50cm in December/January (www.worldweatheronline.com). During the course of the year, temperatures vary significantly, with summers being quite hot, and winters cold with heavy snowfall.

The topography in the area is hilly to mountainous in relief and ranges from ca. 100m to approximately 815m (lowest point being the large open cut mine at Bor) (www.floodmap.net). The natural lowest point is ca. 250m in incised river valleys. Figure 32 shows an example of the typical topography, vegetation and access of the project.



*Figure 32. Topography and access in the Bor project area.
Locality 53 (Appendix 2).*

The project area is drained by permanent and occasional streams and rivers, the significant ones being Cerova, Ogašu Puira, Velja Latarica and Crvena reka, which all belong to the Danube basin.

7.3 Tenure

Current Bor project tenement outlines are displayed in Figure 33, and relevant tenement details listed in Table 7.

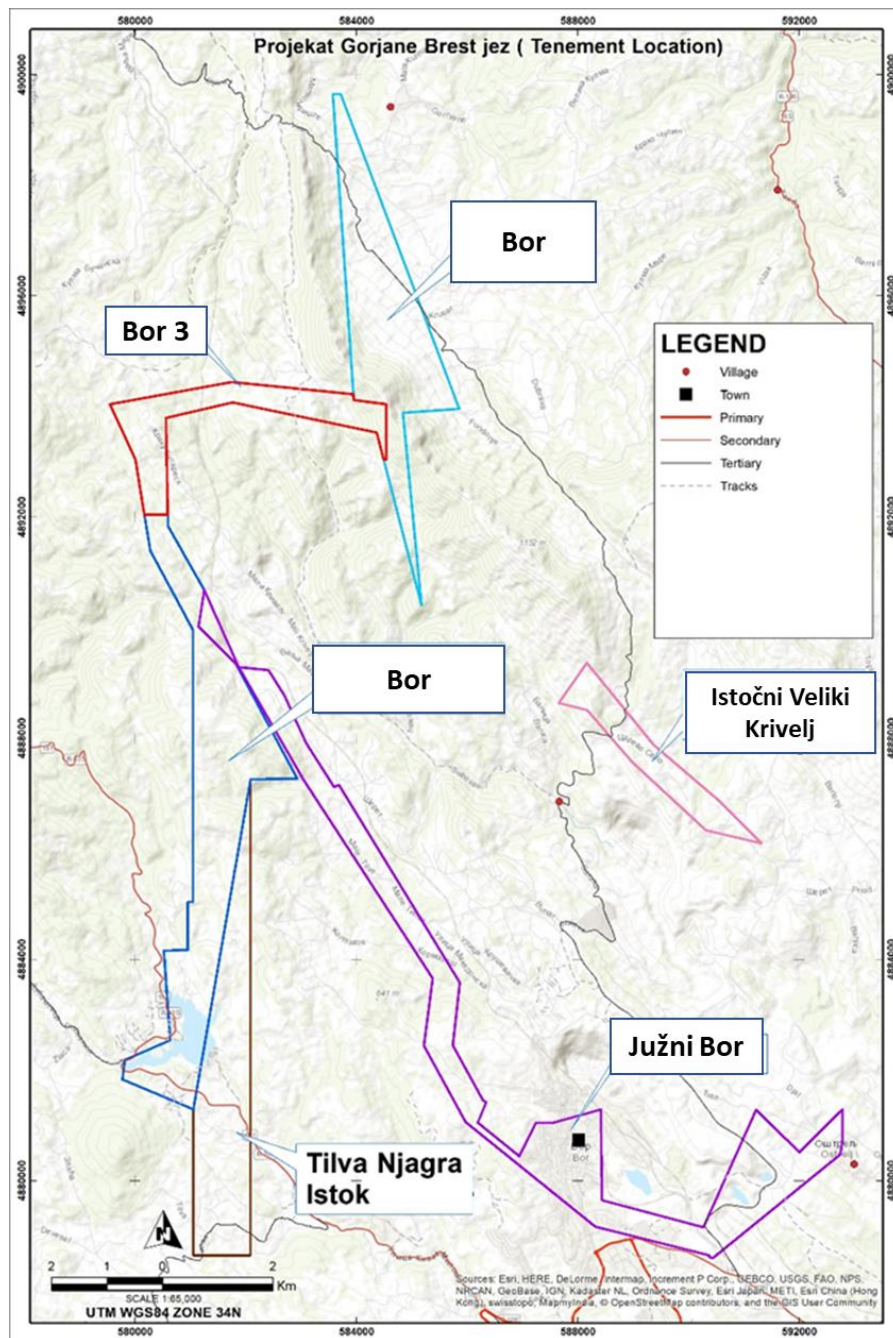


Figure 33. Bor project tenement areas overlain on topography

Note: The Bor 3 area application is on hold pending the outcome of litigation between the Ministry and a third party and does not form part of the “Bor Licence” as described in the report.

Table 7. Bor Project Tenement details

Project	Licence name	Registered holder (100%)	Size (km ²)	Grant Date	Expiry Date	Licence No.
Bor Project	Tilva Njagra Istok	Kingstown Resources	5.83	27/03/17	17/05/20	310-02-1584/2016-02
	Bor	Kingstown Resources	15.84	Application executed – pending final approval		
	Južni Bor	Kingstown Resources	10.48	Application submitted - pending		
	Istočni Veliki Krivelj	Kingstown Resources	2.86	Application submitted - pending		

The irregular tenement shapes are a function of the shape and distribution of existing Mining Leases (labelled 'Exploitation' areas on Figure 34) and exploration tenements held by other explorers.

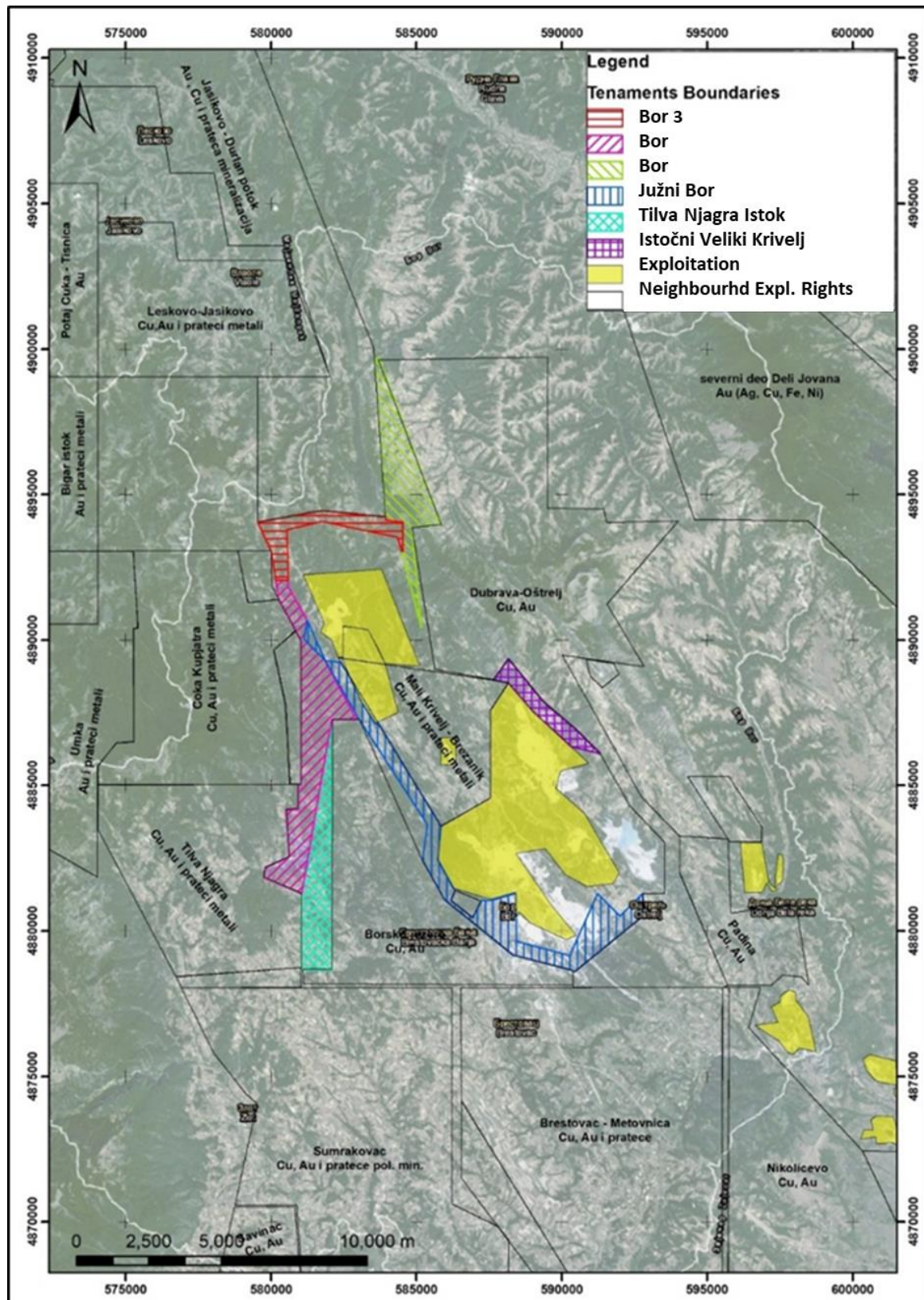


Figure 34. Bor project tenements in the context of other tenement holders in the district (the Company, 2017). Note: The Bor 3 area application is on hold pending the outcome of litigation between the Ministry and a third party and does not form part of the "Bor Licence" as described in the report

7.4 Geology

7.4.1 Regional Geology

The regional geology of the area in question is as discussed in Section 2 of this report. The Bor project tenements are located in the Timok Magmatic Complex, within the Bor Metallogenic Zone (Figure 3 and Figure 6).

7.4.2 Bor Project Local Geology

The Bor project tenements transgresses the prospective suite of andesitic volcanics and intrusives which host the regionally significant Bor mining complex (Figure 2 and Figure 6). The western tenements are almost wholly comprised of Cretaceous volcanics with lesser clastic sedimentary lithologies (Figure 35) and are considered prospective for porphyry and epithermal Cu-Au mineralization. The north-eastern tenement, 'Veliki Krivelj East' (Figure 34 to Figure 36), comprises limestone in structural contact with volcanics, indicative of potential prospectivity for skarn-type mineralization.

The copper-gold deposits of the Bor mining field are dominated by smaller high-grade deposits (high-sulphidation epithermal) in the near-surface, and deeper porphyry copper-gold deposits several magnitudes larger in tonnage but at significantly lower copper and gold grades. These two styles of deposit are represented by example cross sections from such deposits illustrated in Figure 37 and Figure 38.

The following compilation has been provided by the Company as an account of the previous work conducted on the Bor project area. This information is sourced from internal reports compiled by Geo Consulting Studio (2014).

The current tenement package is in close proximity to the Bor copper-gold mine which comprised 13 deposits, both epithermal and porphyry copper-gold, as illustrated on Figure 35. The Bor Mine peaked in production in the 1970's and 1980's when high-grade ore was still available, but suffered decreased activity in the 1990's (https://en.wikipedia.org/wiki/RTB_Bor) due to the change in ore tenor associated with transitioning from the epithermal to the porphyry system (Figure 36) with depth. At its peak in the 1980's, the Bor mine was operating at a rate of 4Mt/y of ore production, equivalent to 35,000t/y copper (Ministry of Mining, Serbia; 2002).

Three mines are active in the Bor Mining complex, two open cut mines, one producing at approximately 10-15Mt ore/y and the other on care-and-maintenance (RTB Bor, 2017). The underground mine at Bor, Jama Mine, accesses the Borska Reka porphyry deposit (Figure 36 and Figure 37), which has a length of approximately 1,000m and a width of 500m (Petrovic et al., 2012). The smaller, high-grade epithermal deposits were mined via open-cut and selective underground methods. However, the large Borska Reka Porphyry deposit requires larger-scale low-cost mining, and Petrovic et al (2012) conclude that block-caving is the most favourable extraction method (Figure 35). The presence of settlements, railroad, and the Bor River on the surface (Petrovic et al., 2012) and within the potential subsidence zone, is a limiting factor. The Bor open-cut mine is currently being back-filled with waste material (Figure 36) sourced from the two active mines in the complex.

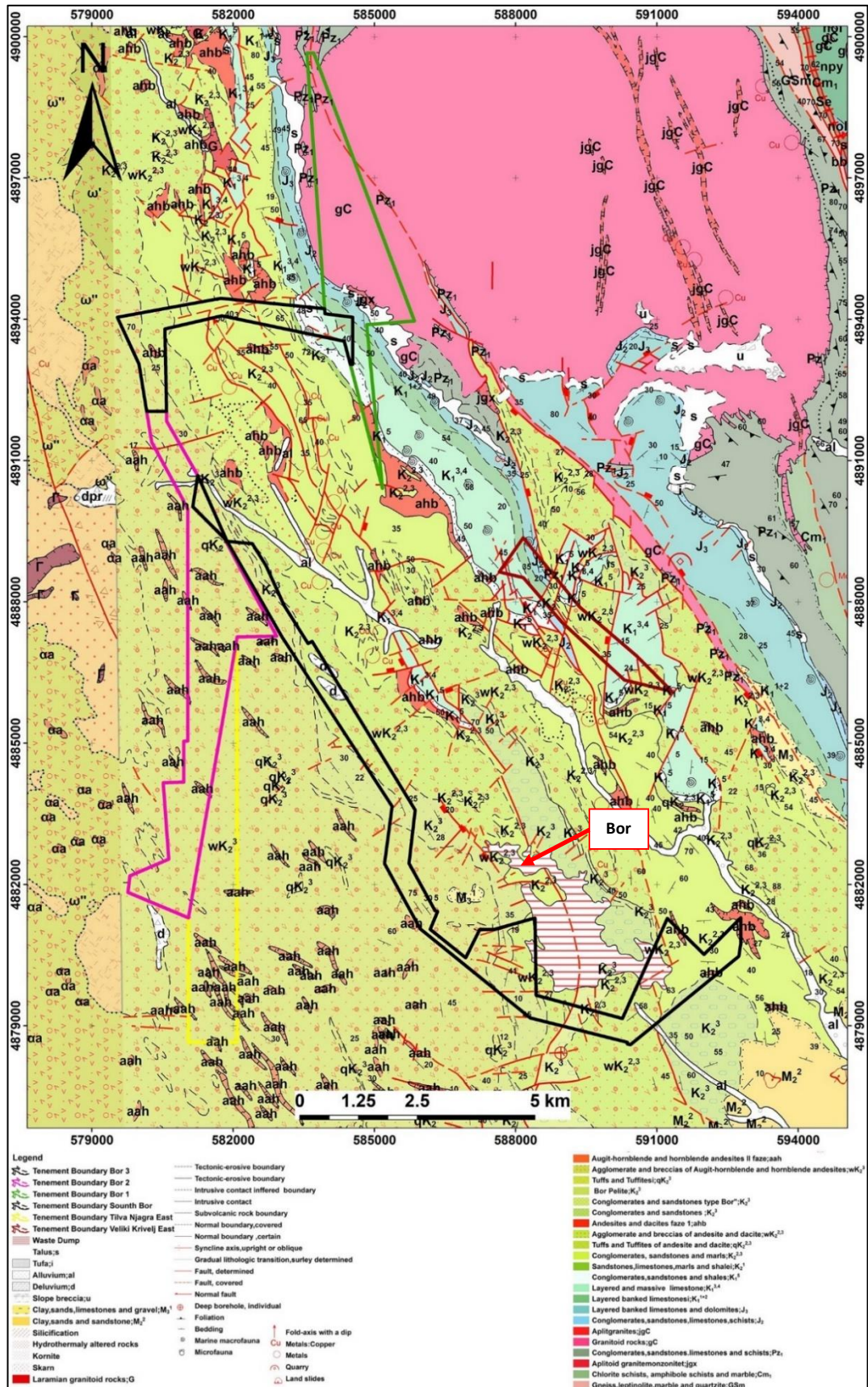


Figure 35. Geology of the Bor project area.

Location of the Bor mining complex is annotated. Note: The Bor 3 area application is on hold pending the outcome of litigation between the Ministry and a third party and does not form part of the “Bor Licence” as described in the report.

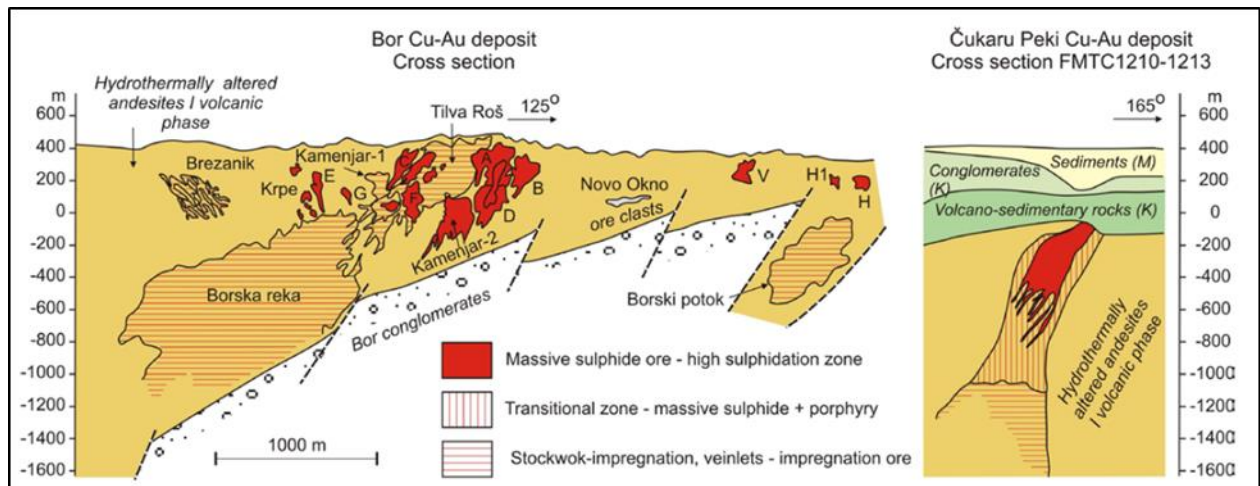


Figure 36. Longitudinal projection of the Bor Porphyry & Epithermal Cu-Au deposit and cross-section through the Čukaru Peki Epithermal deposit (Reservoir Minerals, 2014).

7.5 Previous Work

CSA Global was provided with no data in respect of previous exploration carried out within the existing tenements.

The area has been worked for both copper and gold since Roman times. In the 1960's, the Timok Magmatic Complex was evaluated for porphyry-copper-gold potential by the Serbian Geological Survey, which paved the way for many porphyry and epithermal copper-gold discoveries in the broader district.

The Company gained access to Tilva Njagra Istok in March 2017, and has achieved execution of applications for Bor, Južni Bor and Istočni Veliki Krivelj, which are all pending final approval. Work completed on the permit to date:

- Evaluation and digitisation of historical results
- Field scouting - ground truthing of anomalous zones

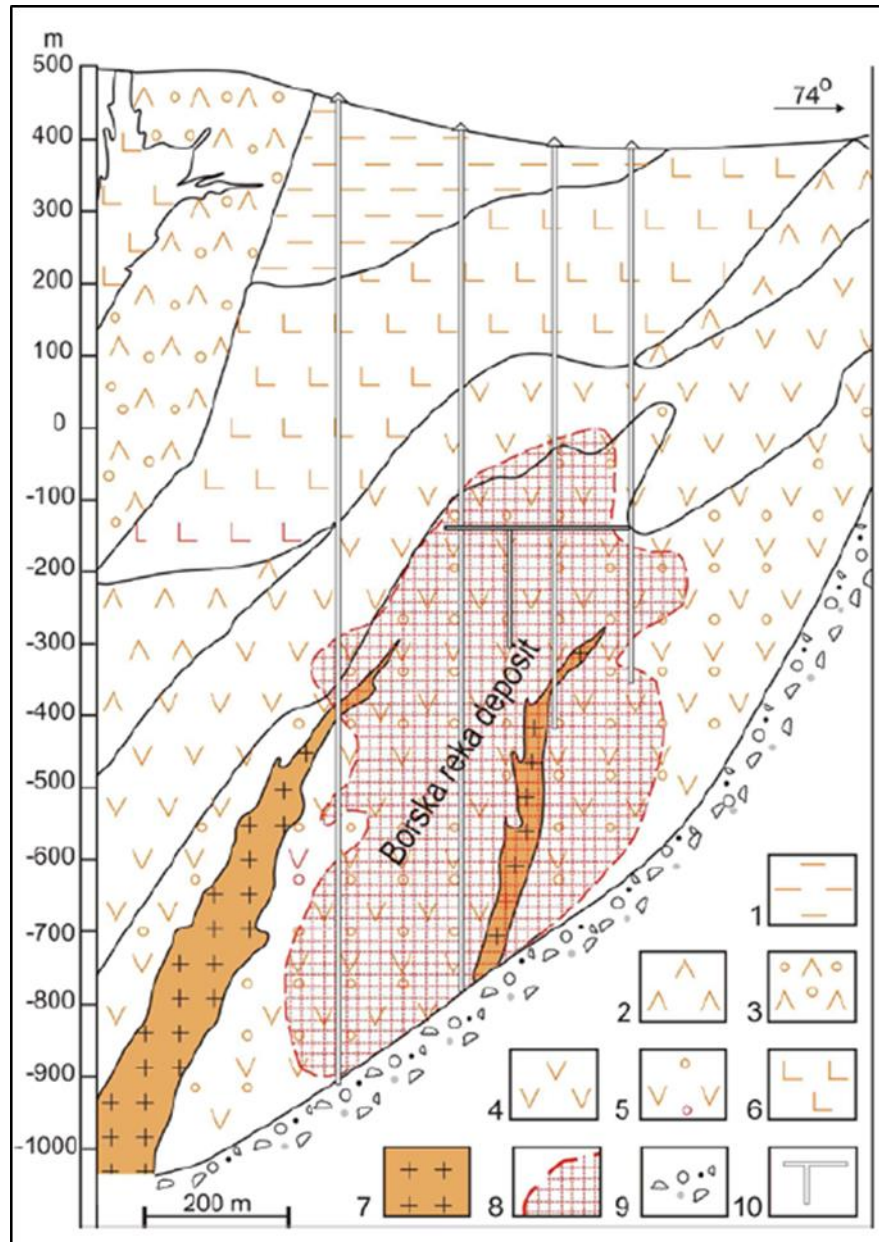


Figure 37. Cross-section through the Borska reka porphyry copper deposit (Simic & Mihajlovic, 2006), part of the Jama underground mine.

1) Pelite, 2) Hornblende augite andesite, 3) Hornblende-augite andesite pyroclasts, 4) Hornblende-biotite andesite, 5) Hydrothermally altered hornblende-biotite andesite, 6) Augite-hornblende andesite pyroclasts, 7) Quartz diorite porphyry, 8) Outline of the Borska reka mineral deposit, 9) Bor conglomerates, 10) Underground workings.

7.6 Site Visit Observations

- Generally, good access throughout the permit.
 - Some parts of the project have poor exposure with large amounts of soil cover.
- The district is endowed with porphyry copper mineralization, as is evident from historical and current mining activities.
- Porphyritic andesite at various phases of alteration was observed (Figure 39). Minor amounts of magnetite and epidote were also observed.
- Porphyry is weakly magnetic with finely dispersed magnetite (tested with swing magnetic pen).



Figure 39. Porphyritic andesite with prevalent chlorite alteration. Locality 49 (Appendix 2).

The project is in close proximity to significant porphyry-copper and epithermal copper-gold deposits, and comprises the same host-rocks to mineralization (volcanics, sub-volcanic intrusives, carbonates). The volcanic suite in this terrane is considered prospective for porphyry and epithermal Cu-Au. The carbonate-bearing lithologies in the north-east are considered prospective for skarn-type deposits.

7.7 Planned Work Programme

Within the Bor project, the Company will be targeting high grade epithermal and skarn mineralization, which may be associated with the numerous porphyry deposits located directly adjacent to the ground holding.

The primary target will be lower tonnage – high grade skarn and epithermal deposits. These potential ore bodies will be relatively small, but high grade; and due to the location of the project in the heart of Serbia's mining district, any potential discovery would have a very low threshold in terms of requirement for development.



Figure 40. Bor Copper-Gold open-cut mine, actively back-filled with waste material.

Initially, the Company plans to generate a detailed evaluation of the district to determine structural controls and trends defining the high grade epithermal deposits within the district. It is anticipated that the results of this programme will assist in guiding the follow up technical work, which may involve detailed geophysics in the first instance.

CSA Global considers the approach of targeting relatively small, but high-grade mineralization in the near-surface as a practical use of exploration expenditure. Employing geophysical methods, both airborne and ground based, would increase the likelihood of discovery of these deposits, particularly where the sulphide contents are high. The abundant occurrences and deposits that occur in the area provide an opportunity to develop enhanced understanding of the local controls on these epithermal deposits and develop robust exploration strategies to assist discovery. Alteration systems associated with this type of mineralisation are well understood and CSA Global recommends systematic multi-element analysis and short-wave infrared spectrographic analysis from which to carry out alteration mapping, potential providing a direct vector to potential mineralisation. Discovery of any epithermal mineralization may have the potential to lead to a porphyry-copper-gold system at depth.

The shape and narrow east-west dimension of the tenements limits the exploration potential; however, the significant mineral endowment of the area warrants thorough exploration, even under these spatial constraints.

8 Zupa Project

8.1 Location, Access and Infrastructure

The Zupa project is located in the far west of Serbia at the administrative border with Montenegro (Figure 41). The area has a well-developed road network, with key transport routes to the Serbian-Montenegrin border crossing. Forestry roads are unsealed and might be impacted by heavy rain. Generally, good access was noted throughout the project during the site-visit to the area (refer to Appendix 2).



Figure 41: General location of the Zupa project (red dashed ellipse). A detailed tenement shape is presented in following figures.

8.2 Climate, Topography and Vegetation

The Zupa project area experiences an annual range of temperatures from -4 to 29°C, peak monthly rainfall of ca. 160mm in May/June, and peak snowfall of ca. 80cm in December/January (www.worldweatheronline.com).

The topography in the area ranges from ca. 500m to approximately 1,100m (www.floodmap.net). Figure 43 shows an example of the typical topography and vegetation of the project.



Figure 42. View of Prijepolje Town, looking northeast from the Zupa licence. Waypoint 91 (Appendix 2)



Figure 43. Looking south-southeast in the Zupa licence. Waypoint 89 (Appendix 2).

8.3 Tenure

The current Zupa project tenement outline is displayed in Figure 44, and relevant tenement details are listed in Table 8.

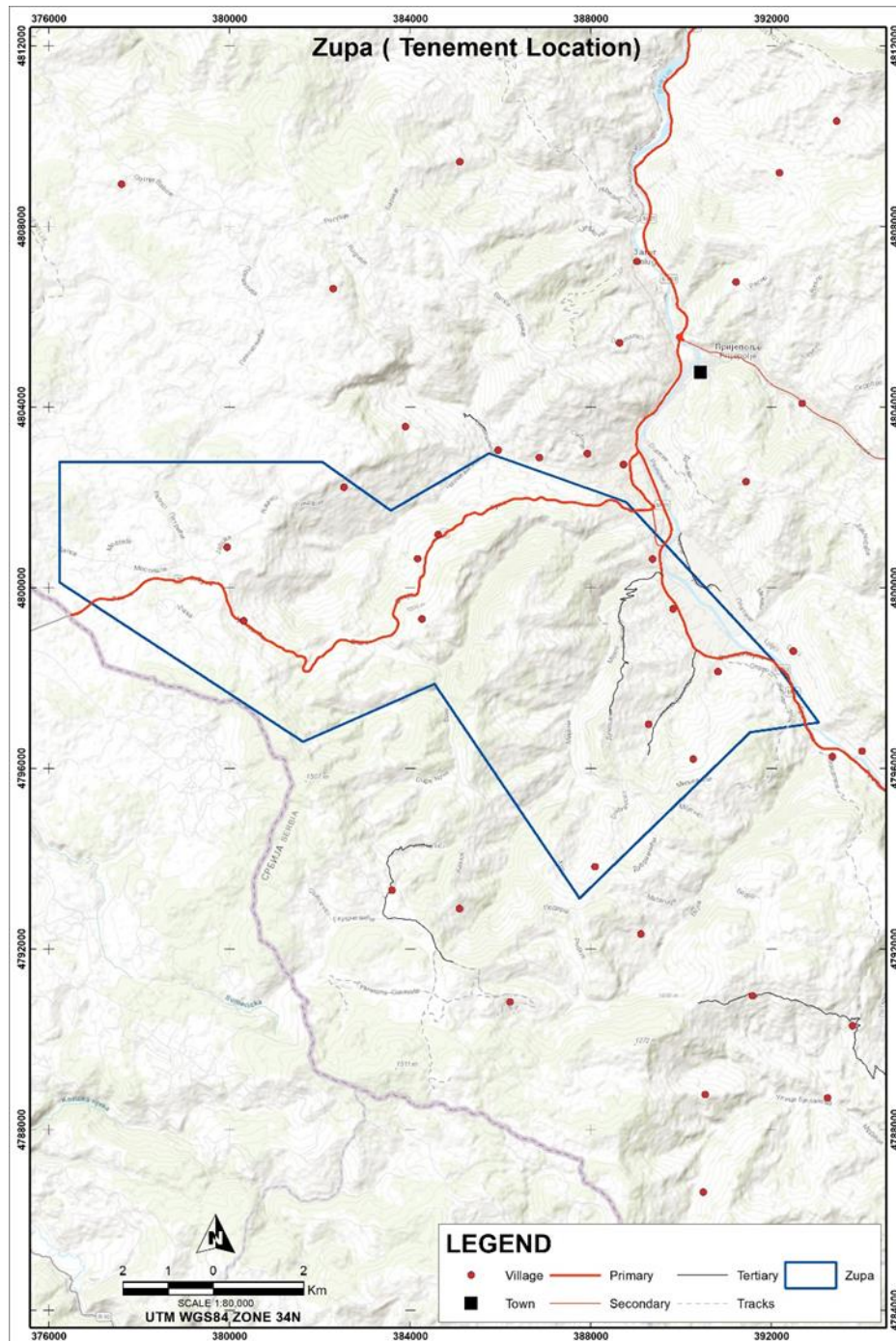


Figure 44. Velika Zupa tenement boundary overlain on topography.

Table 8. Zupa Tenement details

Project	Licence name	Registered holder (100%)	Size (km ²)	Grant Date	Expiry Date	Licence No.
Zupa Project	Velika Zupa	Balkan Mineral Corporation (in process of transfer to Skarnore Resources)	85.48	14/07/17	13/09/20	310-02-1656/2016-02

8.4 Geology

8.4.1 Regional Geology

The Zupa project is located in a distinct geological terrane from the previously discussed Company projects. The far western region of Serbia related to the tenure is dominated by an Ophiolite Belt, manifest as outcropping Serpentinite in the northeast of the map in Figure 46. A tectonic margin is represented by a buried structural corridor at A-A' (Figure 46) west of which the terrane is known as the East Bosnian-Dormitor Block (Jelenkovic et al., 2008). Together these two domains form the Dinaric Metallogenic Province (DMP) as annotated on Figure 1 and discussed in Section 2 of this report.

The East Bosnian-Dormitor Block comprises Triassic sedimentary rocks, limestones, and volcanics (Jelenkovic et al., 2008), and, although these differ in age to the Bor metallogenic Zone in the east, they are considered prospective for analogous deposit styles.

8.4.2 Zupa Project Local Geology

The Zupa project is dominated by Carboniferous-age meta-sandstones in structural and unconformable contact with Triassic limestones and volcanics Figure 46. ([Figure 42]). A NW striking structural corridor occurs in the western portion of the project, potentially analogous to the structure just outside the project to the northeast, and labelled as A-A' in Figure 46. The western structure occurs proximal to a mapped area of pyritic alteration, indicative of hydrothermal alteration. Note that this is also observed in the A-A' structure, which also controls skarn-type (Cu-Zn-Pb) mineralization at the Cadinje deposit to the north of the Company's Zupa project (Figure 47).



Figure 45: Massive sulphide (pyrite-chalcopyrite) from locality 91 (Appendix 2) to the northeast of the Zupa project near Cadinje (see Figure 47)

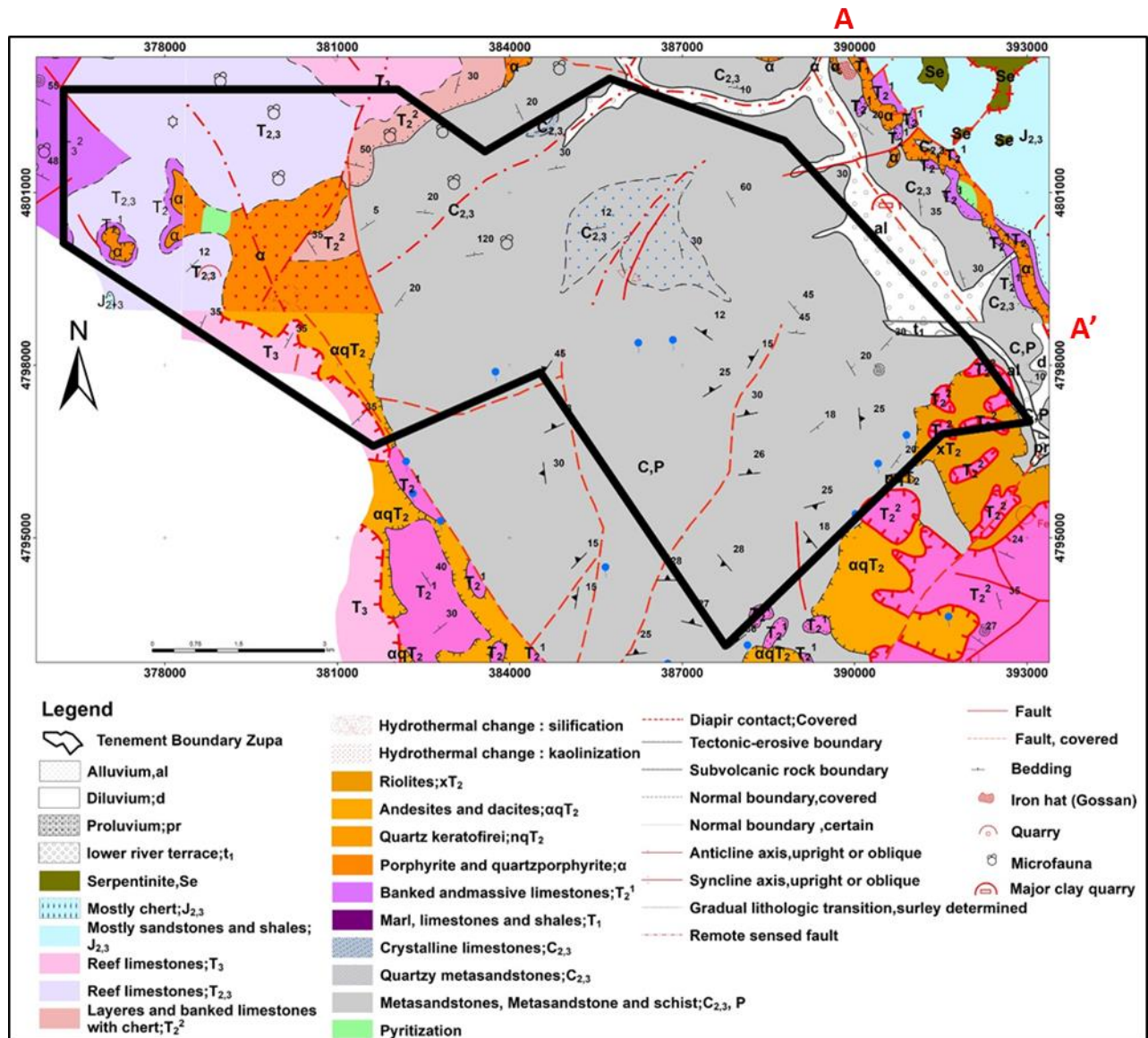


Figure 46: Geological map of the Zupa tenement

A-A' represents a structural feature juxtaposing Jurassic and Triassic geology. This structure is also related to mineralization in the district (see Figure 42).

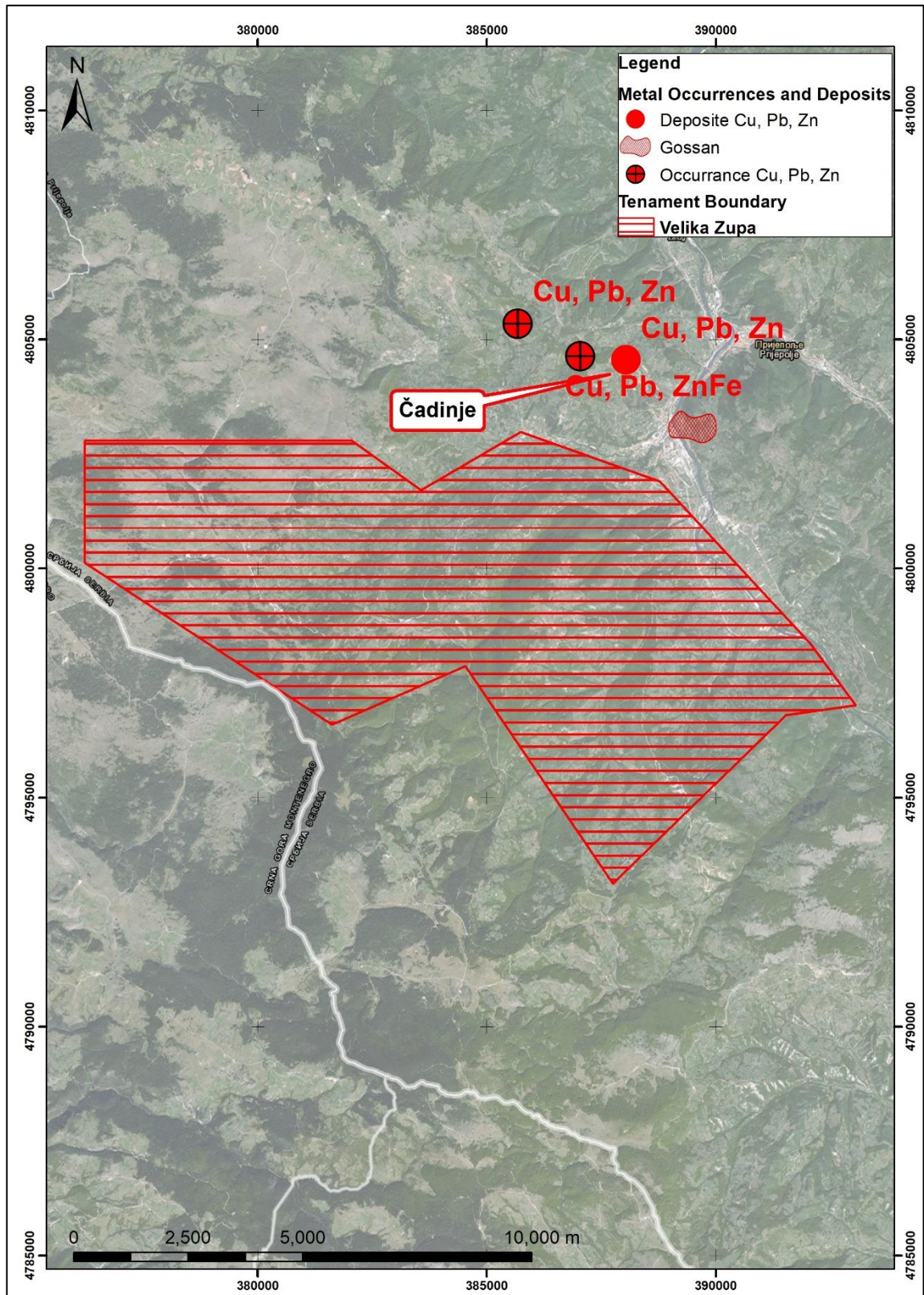


Figure 47. Zupa tenement overlain on satellite image.
Location of known mineral occurrences and deposits are shown.

8.5 Previous Work

No significant prior exploration, with the exception of development of the regional geological map and recording of mineral occurrences, has occurred within the project.

Tenure was granted in July 2017 and the licence is in the process of being transferred to the Company by the holder, Balkan Mineral Corporation. Work completed on the permit to date:

- Investigation of historical exploration activity
- Field scouting and ground truthing to attempt to identify reported anomalous alteration and mineral occurrences.
- Mapping of areas of interest.

8.6 Site Visit Observations

The main field observations made by CSA Global at the Zupa project included:

- Contact zones between porphyritic andesite and limestone, as well as between porphyritic andesite and schist.
 - The limestone and andesite have been highly silicified and brecciation and faulting are evident, with multiple quartz veins present.
- Porphyritic andesite was observed.
- No sulphides were visually observed.
- Also present on the permit, is a porphyritic andesite hill, with known copper mineralization (pers. comms. Mr. Branislav Radošević, Geo Consulting Studio). The degree/grade of the copper mineralisation could not be verified. Minerals visually identified include feldspar, quartz, pyrite and malachite.
- Of note is the presence of three historic exploration adits, just outside the Zupa permit (Cadinje). The exploration results could not be verified. The rock dumps contain limestone, porphyritic andesite, breccia and massive sulphides. Minerals visually identified include abundant pyrite, chalcopyrite, azurite and malachite.

Observed geology and alteration is consistent with the presence of an intrusive-related hydrothermal system with potential to host mineralization. No known Porphyry Copper-Gold mineralization occurs in the area and exploration for these styles of deposits at depth requires thorough examination of the alteration types and intensity preserved in the wall-rocks through mapping and geochemical sampling of soils and surface samples (Alteration mapping). A blind porphyry system at depth provides opportunities for discovery of higher-level epithermal and skarn mineralization associated with the mineral system. These are potentially higher grade, but characteristically of lower resource tonnage.

8.7 Planned Work Programme

The Company intends on embarking on a programme of early stage exploration activities including:

- Geological mapping and soil sampling.
- Ground geophysics.
- Trenching/rock-chip sampling, and
- Drilling to test known and developed targets during the campaign.

Based on the geology and observations made, CSA Global considers the exploration potential within the Zupa licence is considered two-fold:

- Assessment of skarn potential associated with volcanic/limestone contacts in proximity to major structures, and

-
- Investigation of the potential for a deeper Porphyry-system associated with the skarn mineralization and pyritic alteration, analogous with that observed in the Bor Metallogenic Province. This target-type is conceptual in nature.

The western portion of the project appears to have many of the characteristics required for discovery of an intrusive-related hydrothermal system in that the structure, host-rocks, and alteration are analogous with a known deposit/field to the northeast and outside of the project. The early-stage approach in terms of field activities is also considered appropriate to the level of current understanding of the project in terms of geology and potential endowment.

9 Technical Risks and Opportunities

Mineral exploration is intrinsically high risk. The statistical probability that economic mineralisation will be discovered is significantly low. Exploration in terranes with existing mineralisation endowments may slightly mitigate this risk.

CSA Global was largely unable to review or validate any data that would normally be considered material to an exploration programme. It is acknowledged that the Company is in the early stage of assessing these projects and determining exploration priorities, at least partially as a result of a lack of information.

Acquisition of project data is considered a key technical risk. Data related issues to be considered include:

- language,
- a variety of grid projection systems
- verification of historical hard copy records
- digital capture of historical records
- verification of historical quality control and quality assurance data

For the majority of projects, additional data is known to exist but is currently not available as part of this review or to the Company. Access to this information may have a material impact on the considered mineral potential of any or all of the projects, either positive or negative.

There is a degree of tenure-related risk as several of the project areas and sub-project areas (Piroć, Zupa, Stara Planina, Juzni Bor, Bor, Veliki Krivelj East) are pending approval from the State authorities, or complex JV earn-in conditions (see Section 4.3). The Company anticipates that tenure security will be successfully resolved, however until grants of tenure can be confirmed, the risk to tenure remains.

Tenement geometry of the Bor project is a technical risk in that non-regular (i.e. non-graticular) tenement shapes will prove difficult for significant exploration campaigns, and may provide limited opportunity to develop appropriate infrastructure in the event of successful discovery of mineralisation, thereby potentially impacting economic viability. Careful management by field personnel to ensure the tenement boundaries are respected during field activities is required and considered as work progresses. Both geochemical and geophysical surveys may be affected by the lack of sufficient east-west space in this tenement, particularly if airborne methods are employed.

In particular, the Bor group of tenements are limited in terms of east-west dimension, often only in the order of 1km wide. Porphyry alteration systems are often several kilometres in diameter and the spatially restrictive tenement space will likely impact on exploration vectoring to areas of interest. Smaller, higher grade epithermal and skarn deposits are more amenable to the narrow tenements. Definition of a discovered porphyry system at depth would require negotiation with adjoining tenement holders.

Potentially, some degree of risk mitigation may be derived from the location of the projects regionally within a well-endowed metallogenic belt which comprises several significant porphyry and epithermal copper-gold deposits. A major discovery in the Cukaru Peki epithermal, and associated porphyry, copper-gold deposit in the past five years indicates potential for the district to possibly yield further discoveries.

Significant hiatuses in the exploration and mineral development history of Serbia suggests that application of modern airborne geophysical methods (e.g. VTEM) may see new discoveries being made.

10 Use of Funds

The Company provided CSA Global with a copy of their exploration strategy, proposed work programmes and planned expenditure for the Serbian Projects for an initial two-year period following listing on the ASX.

Table 9 provides a summary of expenditure levels as an indication of use of funds related to each of the projects. The detail of the programmes proposed in each individual project area has been discussed above in in Sections 4 to 8.

The mineral properties held by the Company are considered to be “exploration projects” that are intrinsically speculative in nature. CSA Global considers, however, that the projects identification and acquisition has been based on sound technical merit. The projects are also considered to be sufficiently prospective, subject to varying degrees of exploration risk, to warrant further exploration and assessment of their economic potential, consistent with the proposed programmes.

CSA Global concludes that the Company’s portfolio of projects offers prospects for discoveries in an environment that has been relatively unexplored using modern methods to date. Significant hiatuses in the exploration and mineral development history of Serbia suggests that application of modern airborne geophysical methods (e.g. VTEM) may see new discoveries being made. The presence of existing and historical mines in the region support the proposed model of mineralisation and structural controls.

Table 9: Proposed Use of Funds Years 1 & 2

Project Expenditure	Year 1	Year 2	Total
Majdanpek Projects	193,000	211,000	404,000
Donje Nevlje Project	271,000	392,000	664,000
Stara Planina Project	506,000	355,000	861,000
Zupa Project	243,000	223,000	466,000
Pirot Project	0	0	0
Bor Projects	48,000	40,000	88,000
<i>Sub-total Exploration Costs</i>	<i>1,262,000</i>	<i>1,221,000</i>	<i>2,483,000</i>
Costs associated with the Acquisition	240,000	0	240,000
Repayment of DOCA to Syndicate	440,000	0	440,000
Expenses of the Offer	447,000	0	447,000
General working Capital	1,000,000	1,131,000	2,131,000
<i>Total (AUD)</i>			<i>5,740,000</i>

note: sums are rounded

The proposed exploration budget for Pirot project is not included as all of the tenements comprising this project are in application. CSA Global understand that exploration funds for this tenement, once granted, will be redistributed from the total budget as listed above.

CSA Global has been informed by the Company that the Total in Table 9 includes \$740,000 raised earlier, prior to the Public Offer associated with this report.

At least half of the liquid assets held, or funds proposed to be raised by the Company, are understood to be committed to the exploration, development and administration of the mineral properties, satisfying the requirements of ASX Listing Rules 1.3.2(b) and 1.3.3(b). CSA Global also understands that the Company has sufficient working capital; to carry out its stated objectives, satisfying the requirements of ASX Listing Rule 1.3.3(a).

The Company has prepared staged exploration and evaluation programmes, specific to the potential of the projects, which are consistent with the budget allocations, and warranted by the exploration potential of the

projects. CSA Global considers that the relevant areas have sufficient technical merit to justify the proposed programmes and associated expenditure satisfying the requirements of ASX Listing 1.3.3(a).

The proposed exploration budgets also exceed the anticipated minimum annual statutory expenditure for work commitments on the various project tenements.

11 Conclusions

CSA Global concludes that the Company's portfolio of projects offers prospects for discoveries in an environment that has been relatively unexplored using modern methods to date. The presence of existing and historical mines in the region and vicinity of projects support the proposed model of mineralisation and structural controls.

The following points highlight the potential of this portfolio:

- Well-endowed terrane with world-class deposits, within which recent discoveries have been made.
- Tenure occurs in proximity to deposits and mines of significance and encompasses prospective host rocks for porphyry, epithermal and skarn type mineralization.
- Field observations of alteration, minerals and structures that are indications of hydrothermal activity conducive to formation of mineralised systems have been identified. Field observations of alteration and minerals
- Opportunity exists whereby the prospective geology has not been subject to modern geophysical methods (e.g. VTEM).

Assessment by Individual project area has been previously discussed.

12 References

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13 Glossary

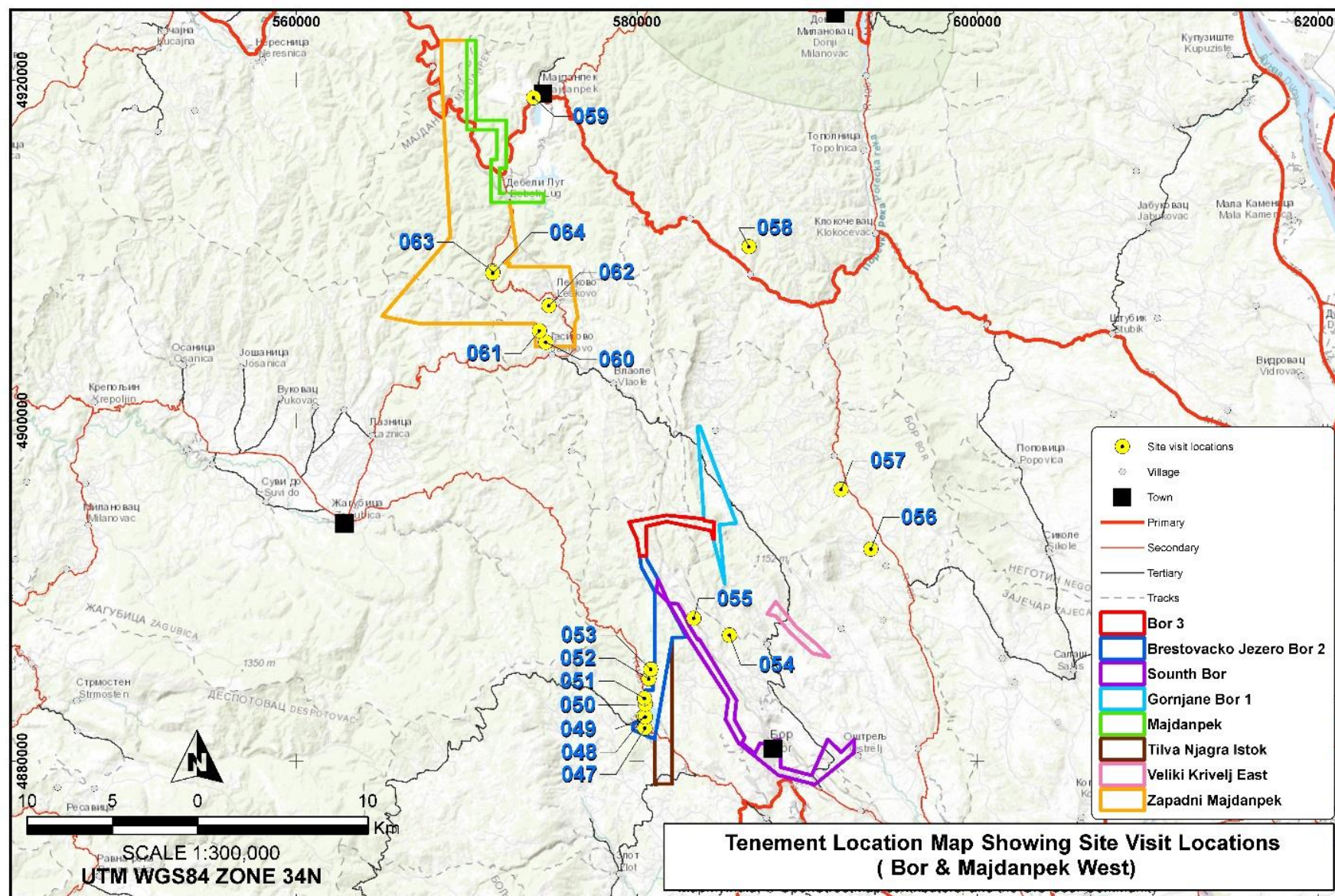
For brevity and conciseness in this prospectus, please refer to internet sources such as Wikipedia www.wikipedia.org for commonly used geological terms.

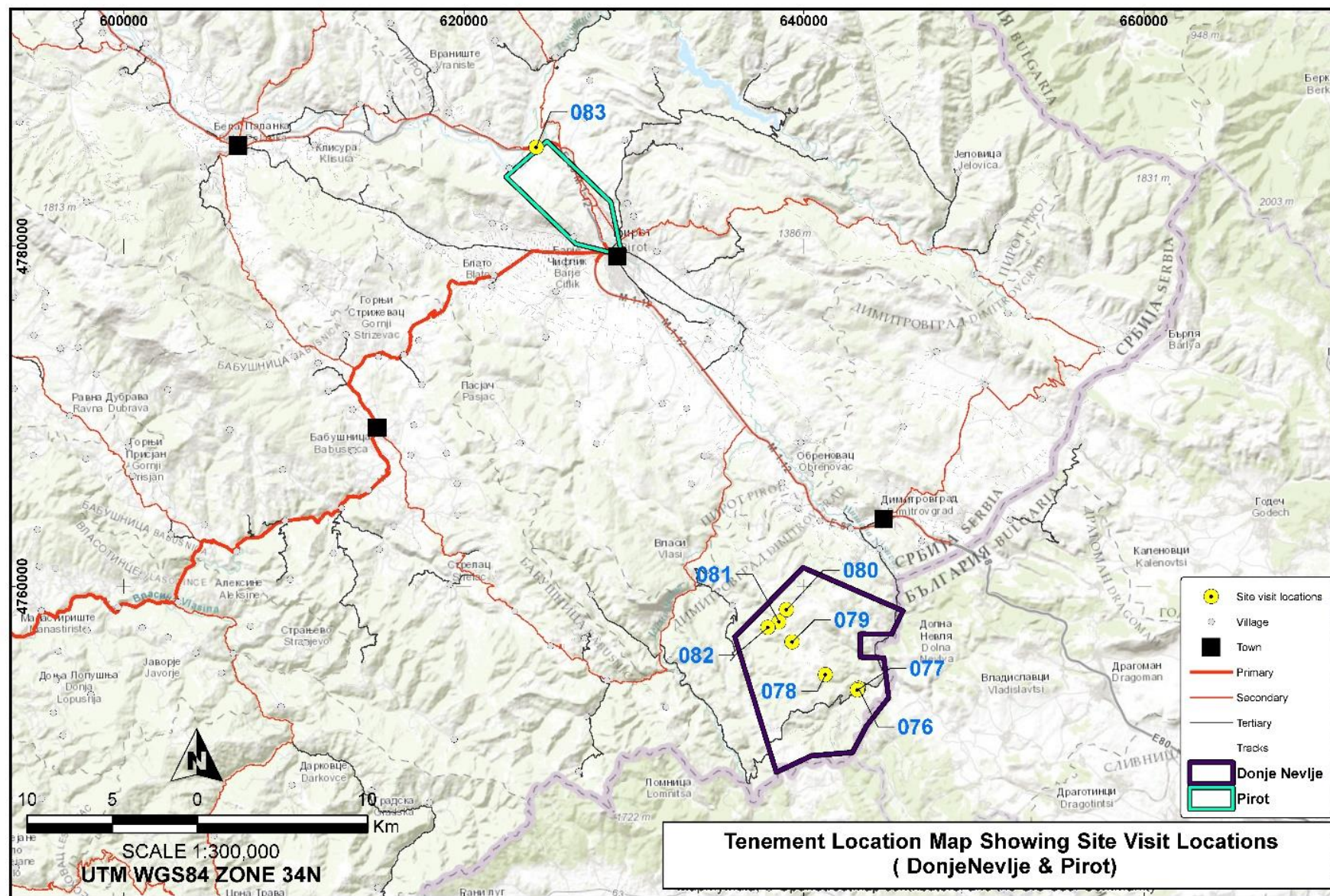
Appendix 1: Tenement Schedule

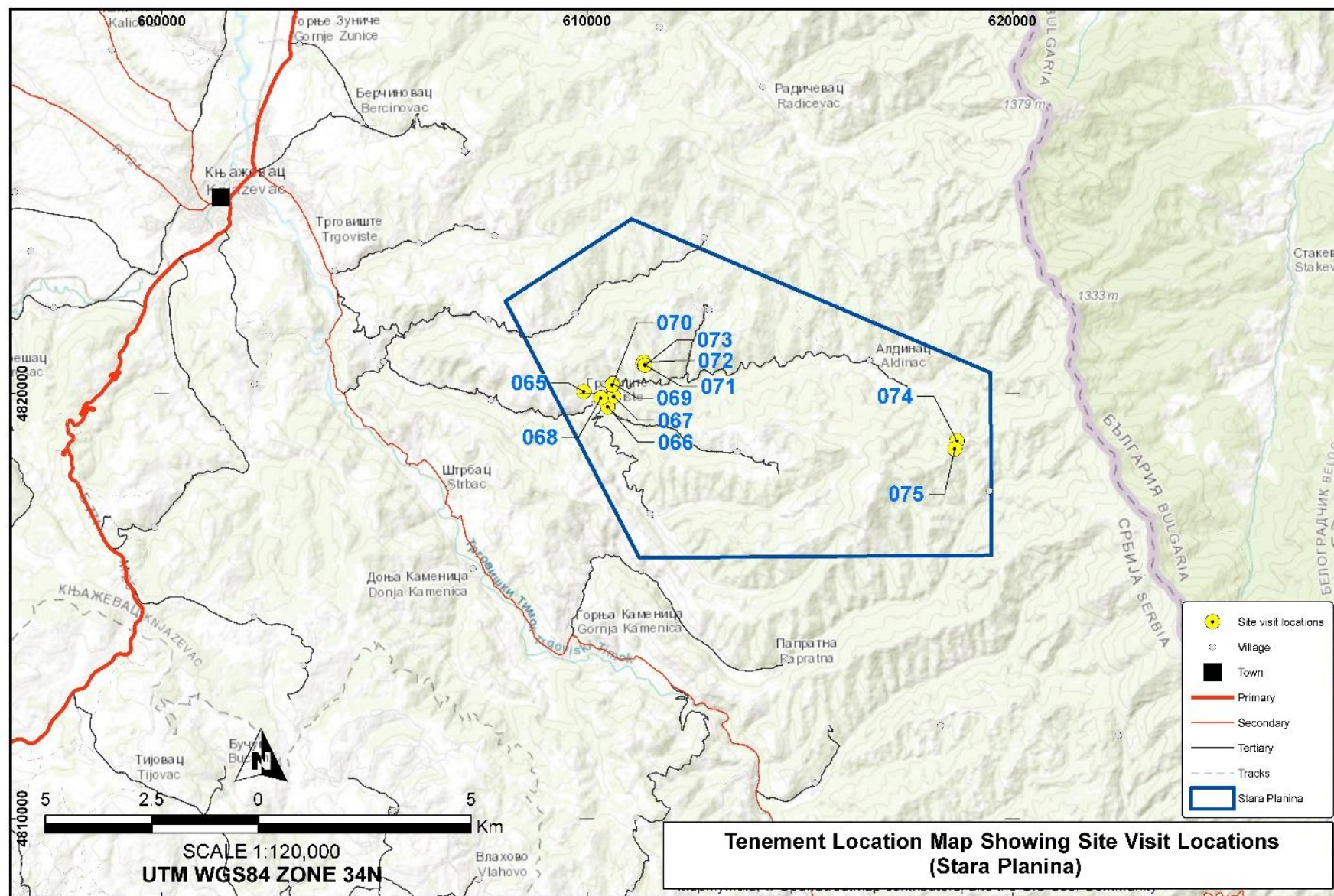
Please note that in this report, references to the Company's projects or tenements assumes that the acquisition of Timok has completed and the Company is the holder of or has an interest in the projects via its wholly owned subsidiaries Skarnore Resources or Kingstown Resources.

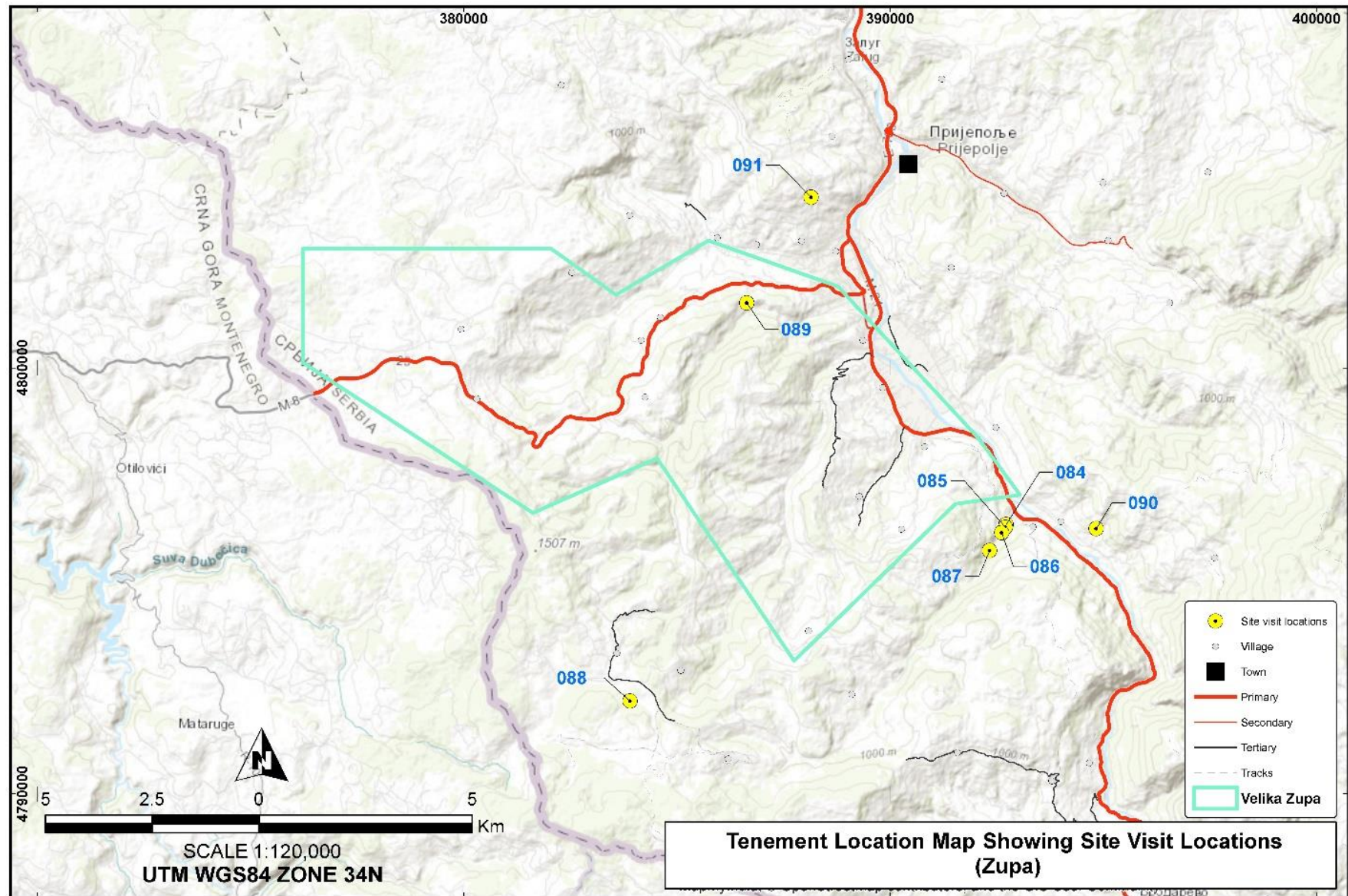
Project	Licence name	Registered holder (100%)	Size (km ²)	Grant Date	Expiry Date	Licence No.
<i>Skarnore Licences</i>						
Donje Nevlje Project	Donje Nevlje	Skarnore Resources	73.89	22/06/16	13/07/19	310-02-1547/2015-02
Pirot Project	Pirot	Skarnore Resources	21.00	Application submitted – pending response from ministry		
Stara Planina Project	Stara Planina	Geo Consulting Studio doo (subject to Geoconsulting Joint Venture Agreement)	63.53	26/08/15	25/08/18	310-02-495/2015-02
Zupa Project	Velika Zupa	Balkan Mineral Corporation doo (in process of transfer to Skarnore Resources)	85.48	14/07/17	13/09/20	310-02-1656/2016-02
<i>Kingstown Licences</i>						
Majdanpek Project	Zapadni Majdanpek	Kingstown Resources	68.85	08/12/16	09/05/20	310-02-1096/2016-02
	Majdanpek pojas	Kingstown Resources	6.88	30.03.17	15/06/20	310-02-1510/2016-02
Bor Project	Tilva Njagra Istok	Kingstown Resources	5.83	27/03/17	17/05/20	310-02-1584/2016-02
	Bor	Kingstown Resources	15.84	Application executed – pending final approval		
	Južni Bor	Kingstown Resources	10.48	Application executed – pending final approval		
	Istočni Veliki Krivelj	Kingstown Resources	2.86	Application executed – pending final approval		

Appendix 2: Site Visit Localities









Appendix 3: JORC Code Table 1

Section 1: Sampling Techniques and Data

Criteria	Commentary
<i>Sampling techniques</i>	Historical sampling has been documented in old reports and government records reviewed by the Competent Person and, for the purpose of this report, any results have been considered to be indicative of the presence or absence of mineralisation potential for the determination of exploration priority in the different project areas. Sampling methods employed in the projects assessed include stream sediment sampling, soil sampling and rock sampling, as well as drilling and mining. Based on a field visit completed by a CSA Global representative in 3rd – 9th November 2017, the Competent Person has been able to verify that sampling has occurred in some locations visited. Relict mining activity, as well as operating mines on adjoining leases not held by the Company were observed on this field visit. The results from these samples are considered to be valuable for indicating the presence or absence of significant mineralisation, but not sufficiently reliable to be reported. The Competent Person has not been able to verify the quality or reliability of sampling completed in the past and has elected not to report any quantum of mineralisation, until these results can be verified by the work programme proposed by the Company. The Competent Person believes that a narrative approach of this nature is the most objective and balanced way to present the information associated with these projects for now.
<i>Drilling techniques</i>	Drilling was reported to be primarily diamond drilling historically, and a minor amount of percussion drilling more recently. However, no drilling was observed, nor any samples examined. The Competent Person is not able to comment on the quality or details of drilling,
<i>Drill sample recovery</i>	Only a small amount of drill sample recovery information was available, which provided indicative information that recovery was acceptable for the time. No further information was available for the Competent Person to assess drill sample recovery and any results have been taken to provide only positive or negative indication as to the presence of significant mineralisation, warranting further investigation by the Company as it commences on its proposed programme of work.
<i>Logging</i>	Records available indicate that logging was completed by geologists, to a level sufficient to generate maps, plans and sections found in historical records. Similar conclusion could be made of the recent work completed by previous holders of the leases now held by the Company. However, as the quality and accuracy of this logging could not be verified, the Competent Person has elected to accept the logging to be only sufficient to indicate the presence or absence of significant occurrences of mineralisation, in order to determine the priorities of investigation.
<i>Sub-sampling techniques and sample preparation</i>	No records of sub-sampling have been found, and the Competent Person is not able to comment any further on the quality of sub-sample techniques or preparation.
<i>Quality of assay data and laboratory tests</i>	There is insufficient information available and it was not possible to verify or assess the quality of assay data and laboratory tests.

	The Competent Person is not able to comment any further on quality of assay data and laboratory tests.
<i>Verification of sampling and assaying</i>	There were no records found describing the verification of sampling and assaying. An assumption was made by the Competent Person that that the quality is acceptable, to the extent that any results may be considered sufficiently reliable to gauge the presence of significant mineralisation occurrences, warranting further investigation by the Company as it progresses its work programme
<i>Location of data points</i>	There were no records found describing the verification of data points such as drillhole collars or other surveyed points. The CSA Global representative was informed about drillholes in the vicinity of the sites visited, however none were actually sighted. There were no collar survey records to review, or compare GPS readings to. An assumption was made by the Competent Person that that the quality of data location points is acceptable; to the extent that any results may be considered sufficiently reliable to gauge the absence or presence of significant mineralisation occurrences, warranting further investigation by the Company as it progresses its work programme
<i>Data spacing and distribution</i>	The Competent Person has relied on historical maps, and plan and sections representing an interpretation of geological continuity and a geological model. The reliance is based on the assumption that the historical body of work underpinning these diagrams was of an acceptable standard. An assumption was made by the Competent Person that that the data spacing, and distribution is acceptable; to the extent that any results may be considered sufficiently reliable to gauge the absence or presence of significant mineralisation occurrences, warranting further investigation by the Company as it progresses its work programmes
<i>Orientation of data in relation to geological structure</i>	The Competent Person was not able to assess if the orientation of data in relation to geological structure was appropriately completed, as there was insufficient information to do so. Competent Person has assumed that that the orientation of data is acceptable; to the extent that any results may be considered sufficiently reliable to gauge the absence or presence of significant mineralisation occurrences, warranting further investigation by the Company as it progresses its work programmes
<i>Sample security</i>	The Competent Person cannot comment whether the adequate measures were adopted to ensure sample security as no information is available.
<i>Audits or reviews</i>	There were no records of any audits or reviews of any nature. The Competent Person is not able to comment any further on this matter.

Section 2: Reporting of Exploration Results

Criteria	Commentary
<i>Mineral tenement and land tenure status</i>	The Competent Person has relied on the assessment of tenure prepared by Jankovic, Popovic Mitic, a law firm in Belgrade, who have prepared an opinion on tenure for the Company. References to the Company's projects or tenements assumes that the acquisition of Timok has completed, and the Company is the holder of or has an interest in the projects via its wholly owned subsidiaries Skarnore Resources or Kingstown Resources. The table below summarises tenure.

	<table><tr><th>Project</th><th>Licence name</th><th>Registered holder (100%)</th><th>Size (km²)</th><th>Grant Date</th><th>Expiry Date</th><th>Licence No.</th></tr><tr><td colspan="7">Skarnore Licences</td></tr><tr><td>~~Donje Nevlie~~ Project</td><td>~~Donje Nevlie~~</td><td>Skarnore Resources</td><td>73.89</td><td>22/06/16</td><td>13/07/19</td><td>310-02-1547/2015-02</td></tr><tr><td>~~Pirot~~ Project</td><td>~~Pirot~~</td><td>Skarnore Resources</td><td>21.00</td><td colspan="3">Application submitted – pending response from ministry</td></tr><tr><td>~~Stara Planina~~ Project</td><td>~~Stara Planina~~</td><td>Geo Consulting Studio doo (subject to ~~Geoconsulting~~ Joint Venture Agreement)</td><td>63.53</td><td>26/08/15</td><td>25/08/18</td><td>310-02-495/2015-02</td></tr><tr><td>~~Zupa~~ Project</td><td>~~Velika Zupa~~</td><td>Balkan Mineral Corporation doo (in process of transfer to Skarnore Resources)</td><td>85.48</td><td>14/07/17</td><td>13/09/20</td><td>310-02-1656/2016-02</td></tr><tr><td colspan="7">Kingstown Licences</td></tr><tr><td rowspan="2">~~Majdanpek~~ Project</td><td>~~Zapadni Majdanpek~~</td><td>Kingstown Resources</td><td>68.85</td><td>08/12/16</td><td>09/05/20</td><td>310-02-1096/2016-02</td></tr><tr><td>~~Majdanpek pojas~~</td><td>Kingstown Resources</td><td>6.88</td><td>30.03.17</td><td>15/06/20</td><td>310-02-1510/2016-02</td></tr><tr><td rowspan="4">~~Bor~~ Project</td><td>~~Tilva Niagra Istok~~</td><td>Kingstown Resources</td><td>5.83</td><td>27/03/17</td><td>17/05/20</td><td>310-02-1584/2016-02</td></tr><tr><td>~~Bor~~</td><td>Kingstown Resources</td><td>15.84</td><td colspan="3">Application executed – pending final approval</td></tr><tr><td>~~Južni Bor~~</td><td>Kingstown Resources</td><td>10.48</td><td colspan="3">Application executed – pending final approval</td></tr><tr><td>~~Istočni Veliki Krivelj~~</td><td>Kingstown Resources</td><td>2.86</td><td colspan="3">Application executed – pending final approval</td></tr></table>	Project	Licence name	Registered holder (100%)	Size (km ²)	Grant Date	Expiry Date	Licence No.	Skarnore Licences							~~Donje Nevlie~~ Project	~~Donje Nevlie~~	Skarnore Resources	73.89	22/06/16	13/07/19	310-02-1547/2015-02	~~Pirot~~ Project	~~Pirot~~	Skarnore Resources	21.00	Application submitted – pending response from ministry			~~Stara Planina~~ Project	~~Stara Planina~~	Geo Consulting Studio doo (subject to ~~Geoconsulting~~ Joint Venture Agreement)	63.53	26/08/15	25/08/18	310-02-495/2015-02	~~Zupa~~ Project	~~Velika Zupa~~	Balkan Mineral Corporation doo (in process of transfer to Skarnore Resources)	85.48	14/07/17	13/09/20	310-02-1656/2016-02	Kingstown Licences							~~Majdanpek~~ Project	~~Zapadni Majdanpek~~	Kingstown Resources	68.85	08/12/16	09/05/20	310-02-1096/2016-02	~~Majdanpek pojas~~	Kingstown Resources	6.88	30.03.17	15/06/20	310-02-1510/2016-02	~~Bor~~ Project	~~Tilva Niagra Istok~~	Kingstown Resources	5.83	27/03/17	17/05/20	310-02-1584/2016-02	~~Bor~~	Kingstown Resources	15.84	Application executed – pending final approval			~~Južni Bor~~	Kingstown Resources	10.48	Application executed – pending final approval			~~Istočni Veliki Krivelj~~	Kingstown Resources	2.86	Application executed – pending final approval		
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Exploration done by other parties	There has been exploration work completed by Serbian and international entities over time since the cessation of the Second World War. This information is collated in reports that were evaluated by the Company, and used by the Company to determine areas of priority for exploration. However due to the paucity of meta data information, it was not possible for the Competent Person to validate or verify any of the exploration findings or results completed by other parties. All exploration findings were applied only to gauge the potential presence or absence of significant mineralisation warranting further investigation by the Company as it progresses its work programme.																																																																																							
Geology	The Timok Magmatic Complex hosting all except the Zupa project is characterized by rift-like extensional features with major deposits positioned along deep normal faults which border Early Cretaceous thrust-nappe systems (Zimmerman et al.,2008). The Complex hosts porphyry copper-gold-molybdenum deposits with significant vertical extent historically sustaining large-scale open-cut, underground block-cave mines. This is seen in the spatial distribution of hydrothermal alteration zones, mineral occurrences, and copper-gold deposits/ mines in the Bor Metallogenic Zone Recently, the large tonnage and high-grade Cukaru Peki epithermal Copper-Gold deposit was discovered in 2012. Zupa is in the far western region of Serbia; this region is dominated by an ophiolite Belt, manifest as outcropping serpentinite. The tenement is dominated by Carboniferous-age meta-sandstones in structural and unconformable contact with Triassic limestones and volcanics, with significant and potentially economic skarn mineralisation.																																																																																							
Drill hole Information	Drillhole information was not available for review in this report. The Competent Person has relied on maps, reports and diagrams to assess the geology and exploration potential. The Competent Person cannot comment any further on drill hole information.																																																																																							
Data aggregation methods	The Competent Person is not able to comment on data aggregation methods as none were available for review. The Competent Person cannot comment any further on drillhole aggregation methods.																																																																																							

<i>Relationship between mineralisation widths and intercept lengths</i>	All drillhole lengths in maps, plans and diagrams have been assumed to be downhole, and the true width is unknown. There is insufficient information to determine otherwise. The Competent Person cannot comment any further on the relationship between mineralisation widths and intercept lengths.
<i>Diagrams</i>	Please see the body of the report
<i>Balanced reporting</i>	Exploration results were considered to be only indicative, and provide positive or negative indication for mineralisation potential worth further investigation, as per the Company's proposed work programmes. The Competent Person believes that a narrative approach of this nature is the most objective and balanced way to present the information associated with these projects for now.
<i>Other substantive exploration data</i>	Limited regional scale geophysical and geochemical data has been reviewed by the Competent Person. Other substantive data is known to exist for these leases and will be purchased by the Company as the projects progress.
<i>Further work</i>	The Company proposes a reasonable programme of work, as detailed in the report.



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9. Solicitor's Report



A.C.N, 009 161 522 Limited
c/o Otsana Capital
108 Outram St
West Perth Western Australia 6005

Matter Number: 41009

12 December 2017

Dear Sirs,

A.C.N, 009 161 522 Limited

Legal Report – Serbian Exploration Licences

This report (**Report**) has been prepared for inclusion in a prospectus to be issued by A.C.N, 009 161 522 Limited (**Client or Company**) dated on or about 12 December 2017 (**Prospectus**).

1. Scope

The scope of this Report includes preparation of a legal report which verifies the ownership and the status of Kingstown Resources d.o.o. Beograd-Čukarica (**Kingstown**) and Skarnore Resources d.o.o. Beograd-Čukarica (**Skarnore**) (jointly referred to as “**the Companies**”) exploration licenses in Serbia and the status of the permits and the provision of an overview of the Law on Mining and Geological Explorations (Official Gazette of Republic of Serbia no. 101/2015) (**Law on Mining**) applicable to the exploration licenses.

2. Opinion

As a result of our review of the documents provided by the Companies, and subject to the assumptions, qualifications and exceptions set out in this Report, we are of the opinion that the Companies were issued with resolutions of the Ministry of Mining and Energy set out below in Section 3 in the procedures prescribed by the Law on Mining and that, based on the documentation provided by the Companies, there is nothing that has come to our attention that causes us to believe that the subject decisions are not in good standing.

3. Executive Summary

The main registered activity of Skarnore is 09.90 services related to the research and exploitation of other ores, while the main registered activity of Kingstown is 72.19 exploration and development in other natural and technical-technological sciences.

The numbers stated before the main registered activities represent the codes for every specific activity defined in the Regulation on the classification of activities of Republic of Serbia ("Official Gazette of RS" no. 54/2010). The mentioned Regulation prescribes classification of activities with their names, codes and description.

Skarnore license

Skarnore obtained one (1) Approval for Conducting Explorations for finding copper and accompanying associations of elements:

- (i) Resolution of the Ministry of Mining and Energy, 310-02-1547/2015-02 dated 22 June 2016 with a validity period until 13 July 2019, for the exploration area no. 2185 with the surface area of 73,89 square kilometres, located on an area of Nevlje on the territory of Dimitrovgrad Municipality ("**the Skarnore Resolution**").

Pursuant to the Skarnore Resolution, Skarnore is entitled to perform geological exploration works on the aforementioned areas for the maximum period of 3 years from receipt of the resolution, i.e. until 13 July 2019, with the possibility of prolonging the deadline, as explained below in this Report.

Kingstown licenses

Kingstown obtained three (3) Approvals for Conducting Explorations for finding gold, copper and accompanying associations of elements:

- (i) Resolution of the Ministry of Mining and Energy, 310-02-1510/2016-02 dated 30 March 2017 with a validity period until 15 June 2020, for the exploration area no. 2237 with the surface area of 6,88 square kilometers, located on an area of Majdanpek pojas on the territory of Majdanpek,
- (ii) Resolution of the Ministry of Mining and Energy, 310-02-1584/2016-02 dated 27 March 2017 with a validity period until 17 May 2020, for the exploration area no. 2235 with the surface area of 5,83 square kilometers, located on an area of Tilva Njagra-istok on the territory of Bor,
- (iii) Resolution of the Ministry of Mining and Energy, 310-02-1096/2016-02 dated 8 December 2016 with a validity period until 9 May 2020 for the exploration area no. 2216 with the surface area to be confirmed by the Ministry of Mining and Energy, located on an area of Zapadni Majdanpek on the territory of Majdanpek, as amended by resolution of the Ministry of Mining dated 15 March 2017 for the partial reduction of the exploration area.

(all of the above resolutions are hereinafter referred to as "**the Kingstown Resolutions**")

Pursuant to the Kingstown Resolutions, Kingstown is entitled to perform geological exploration works on the aforementioned areas for the maximum period of 3 years from receipt of the resolutions, with the validity periods specified above and with the possibility of prolonging the deadline, as explained below in the memo.

*(the “Skarnore Resolution” and the “Kingstown Resolutions” hereinafter jointly referred to as “**the Resolutions**”)*

4. Summary of approvals for exploration and exploitation of minerals in the Republic of Serbia

Pursuant to the Law on Mining, in order for the Companies to perform exploitation of raw materials as prescribed in the Law on Mining, it is necessary to fulfil certain steps and obtain other permits before commencing exploitation.

This procedure consists of two phases:

- (a) the exploration phase, in the course of which the Approval for Conducting Exploration (the **ACE**, as described above in Section 3) is obtained and exploration works are performed; and
- (b) the exploitation phase, in course of which the Approval for Conducting Exploitation is obtained and exploitation works are performed.

According to the provided documentation the Companies are currently in the exploration phase, which means that Skarnore has obtained one ACE and Kingstown has obtained three ACEs all issued by the Ministry of Mining and Energy for the specified exploration areas (the Resolutions, as defined above at Section 3), and summarised in Schedule 1.

5. Approval for Conducting Exploration

(a) Authority of the ACE holder

An ACE authorises its holder to perform the exploration works - the works which are performed with the aim of determining the mineral resources and reserves and geological conditions for their exploitation.

(b) Term and extension

The term of validity of an ACE is 3 years from the date of delivery of each of the ACEs to the holder.

Where an ACE holder cannot confirm when an ACE was delivered to it, it is safe to assume that the expiry date of the ACE will not fall before the expiry of 3 years from the date of its issuance, as stated in the respective decision for each ACE, unless the decision is revoked on the grounds stipulated by the Law on Mining and as explained below in Section 5 (d)(i) of this Report.

Pursuant to the Law on Mining, the exploration term can be extended two times in continuity, whereby the duration of the first exploration term could be up to 3 years and of the second duration period up to 2 years.

With respect to the second extension of the exploration period, where the ACE holder has undertaken a project study and due to a lack of data presents only mineral resources, the proof of mineral resources represents the basis for obtaining an approval for an additional extension of the exploration period for a further 2 years in order to permit the collection of the data necessary to determine and classify mineral reserves, or to convert mineral resources into ore reserves.

A request for extension must be submitted to the Ministry of Mining and Energy or the autonomous province, as the case may be depending on whether the exploration is to be conducted on the territory of an autonomous region/province (Remark: We note the division of competence between the Ministry of Mining and Energy and the autonomous province. For the purposes of this Report we emphasize that the Ministry of Mining and Energy has the exclusive competence and none of the five exploration areas approved in the ACEs are located in the autonomous province.) not later than 30 days before the expiration of the exploration term determined by the ACE, provided that at least 75% of the planned works under the Project for Geological Exploration (**PGE**) (i.e. the work programme for the ACE) is conducted.

In addition, the following documentation should be submitted with an extension request:

- (i) topographic map in a scale 1: 25,000, or an appropriate scale, with a drawn border and coordinates of the exploration area for continuation of exploration;
- (ii) PGE in two copies;
- (iii) reports and certificates on completed technical control of the project of the PGE;
- (iv) final report; and
- (v) proof of payment of the relevant administrative fee.

The exploration area for the extension shall be determined by the PGE. The exploration area may remain the same or it can be reduced having regard to the area determined by the ACE, in accordance with the request of the ACE holder.

The decision on extension of the ACE can be issued by the Ministry of Mining and Energy or the autonomous province, as the case may be depending on whether the exploration is to be conducted on the territory of an autonomous region/province. Where the extension of the ACE is within the competence of the Ministry of Mining and Energy the respective decision is final, however an ACE holder is entitled to file a lawsuit to the Administrative Court. Where the extension of the ACE is within the competence of the autonomous province, an ACE holder can submit an appeal against the decision to the Minister of the Ministry of Mining and Energy.

(c) **Transfer**

An ACE or exploitation permit may be transferred or assigned to another company or another legal entity or a sole trader (under the Serbian law: an entrepreneur), in accordance with the Law on Mining and its by-laws. By assigning the respective licenses, all the rights and obligations based on the respective license are transferred as well.

The request for an ACE transfer is submitted to the competent authority - the Ministry of Mining and Energy or the competent authority of the autonomous province when the exploration or exploitation is performed on the territory of the province, whichever competent authority renders a decision on the transfer of the ACE.

Pursuant to the Law on Mining, the transfer shall be approved in each case where the request for such transfer contains all the required legally prescribed prerequisites.

The decision on the transfer of the ACE can be issued by the Ministry of Mining and Energy or the autonomous province, as the case may be depending whether the exploration is to be conducted on the territory of an autonomous region/province. Where the transfer of the ACE is within the competence of the Ministry of Mining and Energy the respective decision is final, however an ACE holder is entitled to file a lawsuit to the Administrative Court. Where the transfer of the ACE is within the competence of the autonomous province, an ACE holder can submit an appeal against the decision to the Minister of the Ministry of Mining and Energy.

(d) **Revocation and suspension of an ACE**

(i) **Revocation of an ACE**

An ACE shall be revoked if one of the following events occurs and an ACE holder does not remedy the deficiency within the prescribed deadline:

- (A) exploration is not conducted as envisaged by the PGE;
- (B) expert monitoring is not organized on the performance of the exploration works;
- (C) exploration is conducted outside of the exploration area;
- (D) the annual exploration report is not submitted;
- (E) instead of exploration, the exploitation of mineral raw materials, ground water and geothermal resources is performed;
- (F) the land is not returned to its previous condition, i.e. recultivation is not performed;
- (G) if the prescribed occupational health and safety measures, measures necessary to protect property, people's health and environment and protection of cultural assets and assets that enjoyed previous protection are not implemented;

- (H) applicable exploration fees are not settled;
- (I) the documents on which the ACE was issued are determined to be false.

(ii) Suspension of the ACE validity

An ACE shall cease to be valid:

- (A) upon request of the holder;
- (B) by suspension of exploration based on the report of a geological inspector; or
- (C) by expiry of the exploration period.

In the case of the ACE's revocation or suspension, a holder shall remediate the area in which the exploration was performed.

(e) **Conducting exploration works**

In order for an ACE holder to conduct exploration works, it is necessary to fulfil other conditions prescribed in the Law on Mining, as follows.

Before the commencement of exploration works, an ACE holder is obliged to procure:

- (i) appropriate title to the land the subject of the exploration area (e.g. ownership, lease, right to use);
- (ii) a certificate from the environment/culture heritage protection bodies on measures of technical protection of the exploration; and
- (iii) information from the municipal urbanism authorities on the limitations of the exploration works due to urban planning provisions/documents.

Fifteen (15) days prior to the commencement of exploration works an ACE holder shall notify the following authorities:

- (i) the local municipal authorities;
- (ii) the entity which issued the ACE (Ministry of Mining and Energy or autonomous province);
- (iii) geological and/or mining inspection authorities;
- (iv) cultural heritage/environment protection authorities in case of exploration on protected areas.

With respect to obtaining appropriate title per Section 5(e)(i) above, in practice, this condition is generally met by obtaining the simple consent of the owner of the land. It is also common practice that ACE holders only consider the option of purchasing the land

the subject of the exploration area only after obtaining the results on the reserves and resources.

Where landowner consent is withheld, the Law on Mining provides for the possibility of expropriation in favour of exploration/exploitation rights holders of strategic raw materials, including: oil and natural gas, coal, copper and gold ore, lead and zinc ore, boron and lithium ore, and oil shales.

Pursuant to the Law on Mining an exploration/exploitation rights holder bears the cost of such expropriation i.e. it must compensate previous owners for expropriated land under market conditions and bear expenses of the expropriation procedure. As at the date of this Report this procedure is yet to be tested.

The Companies executed agreements for realization of geological exploration with GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) for all four exploration areas granted by the Resolutions:

1. Skarnore Resolution

Skarnore executed an agreement on the offering of services in the field of geological exploration with GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) on 16 March 2017.

The subject of the agreement executed between Skarnore and GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) is the provision of services in the area of geological explorations on the granted exploration area, which GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) is qualified to provide with the details explained in the table below:

		Execution date
Title	Agreement on offering of services in the field of geological exploration	16 March 2017
Subject	Performing of geological exploration works	
Exploration area	no. 2185 with the surface area of 73,89 square kilometers	
Company performing exploration works	GEO CONSULTING STUDIO DOO BEOGRAD (GRAD)	
Pricing	- The flat fee for office services amounts to RSD 10,000 per project-license + VAT, in total RSD 12,000 - Field works are priced at RSD 6,000 per day for an engineer, in addition to field expenses (travel expenses, cost of fuel, transport and accommodation) - In the case of using a field work vehicle for more than two days, the fee is calculated based on the fuel cost increased by 30% and multiplied by the amount of used fuel. (either on the basis of mileage and presented invoices or on the basis of vehicle cost per day	

	amounting to RSD 3,500)
Payment methods	• Office services are paid on a monthly basis, within 10 days as of the day when the Resolution by the Ministry of Mining and Energy was rendered, i.e. commencement of the exploration period. • Field works are paid on the basis of provided invoices for a previous month, including specification of performed field works.
Termination/termination costs	15 days termination notice prior to termination of the agreement.
Expiration date	N/A
Geo Consulting Studio d.o.o. Beograd duties	• informing and reporting on geological explorations • reporting on results and commencement of exploration works • providing expert information and preparing presentations of geological exploration projects • conducting field visits of exploration areas, as well as specific services not mentioned in the Agreement - on the basis of a written request by the Company that can be treated as services outside of the scope of participants in geological explorations • on behalf of the Company agreeing and being an intermediary in concluding agreements with third parties not directly connected to subject projects of geological explorations (as subcontractors, owners or users of land parcels on which exploration is conducted, including local government representatives

2. Kingstown Resolutions

Kingstown entered into an Agreement with GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) for the realization of geological exploration on 16 March 2017 on the following locations: Majdanpek-pojas and Tilva Njagra-istok.

Kingstown afterwards entered into an Agreement with GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) for the realization of geological exploration on 16 May 2017 on all three locations on which Kingstown obtained Resolutions: the Zapadni Majdanpek, Tilva Njagra-istok and Majdanpek-pojas.

Notwithstanding the fact that the second and/or later agreement does not explicitly stipulate that it supersedes the earlier agreement dated 16 March 2017, the actual result of the execution of the later agreement is substitution of the earlier agreement. Namely, the first agreement as of 16 March 2017 executed with GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) was an agreement that regulated everything in the same manner as the

one from 16 May 2017. The main difference is that at the time of executing the first agreement, the ACEs/ Resolutions for Majdanpek-pojas and Tilva Njagra-istok were still not rendered by the Ministry of Mining and Energy and the Zapadni Majdanpek location was not regulated by the earlier agreement.

The relevant elements of the agreement dated 16 May 2017 are presented in the table below:

		Execution date
Title	Agreement on offering of services in the field of geological exploration	16 May 2017
Subject	- Provision of services in area of geological explorations on the granted exploration area - Performing expert project management in the area of geological explorations	
Exploration areas	1. no. 2216 with the surface area of 68,85 square kilometers (Zapadni Majdanpek location) 2. no. 2237 with the surface area of 6,88 square kilometers (Majdanpek pojas location) 3. no. 2235 with the surface area of 5,83 square kilometers (Tilva Njagra location)	
Company performing exploration works	GEO CONSULTING STUDIO DOO BEOGRAD (GRAD)	
Pricing	The flat fee for office services amounts to RSD 12,500 per project-license + VAT, in total RSD 45,000 Field works are priced at RSD 6,000 per day for an engineer, in addition to field expenses (travel expenses, cost of fuel, transport and accommodation) In the case of using field work vehicle for more than two days, the fee is calculated based on the fuel cost increased by 30% and multiplied by amount of used fuel. (either on the basis of mileage and presented invoices or on the basis of vehicle cost per day amounting to RSD 3,500)	
Payment methods	• Office services are paid on a monthly basis, within 10 days as of the day when the Resolution by the Ministry of Mining and Energy was rendered, i.e. commencement of exploration period. • Field works are paid on the basis of provided invoice for a previous month, including specification of performed field works.	
Termination/termination costs	15 days termination notice prior to termination of the agreement.	
Expiration date	N/A	

Geo Consulting Studio d.o.o. Beograd duties	• informing and reporting on geological explorations • reporting on results and commencement of exploration works • providing expert information and preparing presentations of geological exploration projects • conducting field visits of exploration areas, as well as specific services not mentioned in the Agreement - on the basis of a written request by the Company that can be treated as services outside of the scope of participants in geological explorations • on behalf of the Company agreeing and being an intermediary in concluding agreements with third parties not directly connected to subject projects of geological explorations (as subcontractors, owners or users of land parcels on which exploration is conducted, including local government representatives
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(f) **Minimum scope of exploration works required**

During the validity of the ACE an ACE holder must perform at least 75% of the works included in the PGE. In the event that an ACE holder fails to perform at least 75% of the works from the PGE, the ACE holder will be restricted when applying for an exploitation permit.

In the event that the type and volume of the exploration works in the PGE are not achieved for each exploration year or when in the course of the exploration works it becomes necessary to change the type and scope envisaged by the PGE, an ACE holder is obliged to prepare amendments to the PGE with the overview of newly projected works and submit the amended PGE to the Ministry of Mining and Energy before the works envisaged by such amendments are initiated. If the amendments are executed for the last year of the exploration term, the scope of the entire project must not be decreased by more than 25%.

(g) **Limitations and monitoring obligations**

Pursuant to the Law on Mining:

- (i) a maximum of 2000t of mineral metallic ores (which include gold and copper) can be excavated for exploration purposes; and
- (ii) expert monitoring of geological exploration must be organized during the entire time of exploration works.

The Companies organized the expert monitoring by hiring the company Rudarski Institut Beograd d.o.o. Beograd for all four exploration areas from the Resolutions.

The pricing stipulated in the agreements executed with Rudarski Institut Beograd d.o.o. Beograd is RSD 18,000 + VAT per day for field work, RSD 8,000 + VAT per day for office work and RSD 100,000 + VAT for preparation of the Annual report on supervision, payable per each location/Resolution.

(h) **Reporting duties**

During the performance of the exploration works, an ACE holder must prepare and submit the following reports/studies:

- (i) Annual Exploration Report which is prepared after each year of conducting exploration or after project abandonment and delivered to the Ministry of Mining and Energy within 30 days of the expiry of a period of one year of exploration or project abandonment.

Skarnore has complied with the provisions of the Law on Mining and submitted the Annual Explorations Report of the applied geological exploration results on 28 July 2017 for the Nevlje location in accordance with Skarnore Resolution. In particular, Skarnore submitted the Report by the prescribed 30-day deadline from the expiration of one year period from delivery of the ACE (13 July 2016).

For the other three Resolutions, the prescribed period of one year as of conducting explorations has still not expired.

- (ii) Final Exploration Report which is prepared after completion of the geological exploration envisaged by the PGE.
- (iii) Construction Conditions Study which is prepared after completion of the engineering and geological and geo-technical exploration.

The Annual Exploration Report and the Final Exploration Report must be accompanied by a report on expert monitoring.

The Final Exploration Report and the Construction Conditions Study must be delivered to the Ministry of Mining and Energy within 30 days of the expiry of the ACE or where the ACE has been extended, within 30 days of the expiry of the extended period.

(i) **Study of resources and reserves**

Pursuant to the Law on Mining, any ore or other geological resource found during exploration, but not encompassed by the project, must be reported to the entity which issued the ACE. The resources and reserves are reflected in the study of resources and reserves (the **SRR**). The company conducting exploration works must inform the Ministry

of Mining and Energy of all mineral resources and/or oil and gas reserves it discovers in a form of an appropriate SRR.

The Ministry of Mining and Energy reviews and registers the reported resources and reserves with assistance from specialized working groups. The explored resources and reserves are determined by the confirmation of reserves and/or resources issued by a decision of the Ministry of Mining and Energy, i.e. the entity that issued the ACE, upon the submission of the application for confirmation on resources and reserves of the ACE holder (ACCR).

(j) **Summary of general duties of ACE holders during exploration works**

An ACE holder shall:

- (i) provide the required financial assets for performing the licensed geological exploration and undertake all other necessary measures and activities and commence performance of the exploration in accordance with the determined schedule in the PGE;
- (ii) obtain the right to use the land the subject of the exploration area;
- (iii) obtain the conditions from the requisite authority for protection of cultural heritage monuments and from municipal authorities for carrying out the projected exploration works before the start of performing of such works;
- (iv) perform the type and volume of exploration works according to the PGE, with maximum permitted variations from the approved volume and type of works up to 25%;
- (v) report commencement of the exploration works;
- (vi) ensure the expert supervision over the execution of exploration works;
- (vii) pay a fee for approved exploration works;
- (viii) submit the Annual Exploration Report and Final Exploration Report;
- (ix) implement the prescribed measures of safety and health at work, necessary measures to secure the property, health of people and environmental protection;
- (x) return the land on which the exploration works are performed to its original state;
- (xi) record the other mineral raw materials and geological resources if they shall be found within the approved exploration area and notify thereof the authority which issued the ACE;
- (xii) keep in the prescribed manner, in the course of exploration, the reports and project studies on the results of geological exploration and other geological documentation, as well as the cores of drill holes and samples and analyses relating to all exploration works and, if necessary, make them available for insight by the Ministry of Mining and Energy or the competent authority of the autonomous province for the purposes of checking the exploration results;

- (xiii) secure and protect extracted amounts of mineral raw materials intended for technological tests on an industrial scale from decay and keep tidy records of the available quantities;
- (xiv) comply while exploring the cores of geological exploration holes and other samples with the positive geological practice for such testing and thus ensure verification of the obtained testing results,
- (xv) allow the geological inspector to enter the business and site premises or inspect the projects and plans, reports and other documentation on the status of geological works.

6. **Exploitation phase**

In circumstances where the Companies find mineral metallic ores, such as gold and copper, in the subject exploration areas and all the aforementioned conditions have been fulfilled, then the next phase for performing the exploitation of the said minerals by the Companies is obtaining an Approval for Conducting Exploitation, as explained below.

(a) **Approvals for Conducting Exploitation**

Pursuant to the Law on Mining, exploitation of mineral reserves is conducted based on the following approvals:

- (i) Exploitation Permit or approval for exploitation fields (the **AEF**);
- (ii) approval for constructing mining facilities/conducting mining works; and
- (iii) approval for using mining facilities.

Requests for approvals for constructing mining facilities/conducting mining works and the Exploitation Permit can be submitted along with the request for the AEF. The requests are submitted to the Ministry of Mining and Energy. The company which submits the requests for the abovementioned permits/approvals for the subject exploration area first, shall have priority against all other applicants.

The request for AEF/Exploitation Permit includes:

- (i) proof of payment of administrative fees;
- (ii) planimetric map of the scale of 1:2500 or of some other adequate scale with chartered border lines of the exploitation field and with contours of the determined reserves of the mineral raw material, public traffic lines and other facilities located in such field;
- (iii) the application for confirmation on resources and reserves (**ACCR**)(see Section 5(i) above);
- (iv) certificate of incorporation and licenses of the requesting company;
- (v) feasibility study for exploiting the mineral reserves;
- (vi) main mining project which, pursuant to the definition prescribed in the Law on Mining, represents a detailed design that includes the basic

- concept, technical designs on the basis of which the mining operations are performed, construction of the mining facilities, the mine infrastructure, technical-technological parts and technical-economic assessment of the project (with the proof of technical control of the subject project);
- (vii) confirmation from the municipal urban planning authorities that the exploitation works are in compliance with urban planning provisions/documents.

Prior to the execution of a feasibility study for exploiting the mineral reserves, an applicant is obliged to obtain:

- (i) certificate of conditions for environmental impact assessment by the applicable environmental protection body;
- (ii) certificate of conditions from the culture heritage protection body; and
- (iii) certificate of conditions from the ministry in charge of water infrastructure.

The ACCR is used as the basis for applying for the Exploitation Permit and/or AEF.

Due to the nature of the preparatory filings for the abovementioned prerequisites, in order to save time, filings for both the ACCR and the mentioned prerequisites can be prepared simultaneously.

The request for the AEF shall be rejected if the requesting company does not remedy the deficiencies or short comings in the documents within 30 days of the Ministry of Mining and Energy requiring the company to do so.

After the AEF is issued, the exploitation field borders can be changed by filing the amended request to the Ministry of Mining and Energy.

(b) **Exploitation field**

The AEF/Exploitation Permit shall, inter alia, contain:

- (i) the position of the exploitation field;
- (ii) the deadline for conducting preparatory works and acquiring approvals for constructing mining facilities/conducting mining works (if such approvals are not requested with the AEF), and which cannot be longer than 2 years;
- (iii) limitations to exploitation works in accordance with the decisions of other public bodies.

The AEF/Exploitation Permit shall determine the surface area of the exploitation field, inter alia based on the mineral reserves in the ACCR. The company conducting the exploitation works (the “**Exploiting Company**”) is authorized to conduct mining works (under the conditions set out in the remaining part of this section) only on the

exploitation field and in the scope of the reserves determined in ACCR. The exploitation field is determined so that the reserves determined by ACCR are completely within the boundaries of the exploitation field.

The exploitation field is surrounded by a protection field (**Protection Field**) which is meant to reserve the land surrounding the exploitation field against other entities, and allow the Exploiting Company to extend its exploitation field if new reserves are found under surrounding land.

In this phase of the process companies are usually considering acquiring title to the exploration field by buying the land on which the exploration area and Protection Field are located. The boundaries of the land depend on the technology of the exploitation, i.e. in case of underground mining pits/mines a company shall be obliged solely to purchase the land surrounding the entrance into the underground pit/mine along with the land required for any activity performed above surface; on the other hand, in case of ground pits, a company must be the owner of the entire field in which the ground works are performed.

Exploration works are conducted during mining works (since the AEF/Exploitation Permit also allows exploration works to be conducted on the exploitation field), and if reserves exceeding those determined by the previous ACCR are found, an application for a new ACCR is filed for the new reserves. If the newly discovered reserves go outside the boundaries of the exploitation field, an application for extension of the AEF/Exploitation Permit to the land under which the new reserves are located can be filed based on the new ACCR. If the AEF/Exploitation Permit is extended, the Protection Field is extended as well.

Based on the new ACCR (and, if applicable, the extended AEF/Exploitation Permit) new mining projects are prepared and licenses for constructing, and later for using, the new mining facilities, needed to exploit the enhanced reserves, are acquired.

(c) **Investment-technical documentation**

In addition, all the preparation for and conducting of exploitation works must be based on investment-technical documentation (the “ITD”), which shall include the following:

- (i) preliminary justification study;
- (ii) exploitation of mineral ore feasibility study;
- (iii) long-term exploitation program;
- (iv) mining projects (main mining project as explained in the Section 6(a)(vi) above, supplementary mining project, technical mining project, mining project for exploration of hard mineral ore and simplified mining project, all of which are subject to technical control); and
- (v) annual operating plan.

The ITD must comply with the appropriate technical, health and safety, urbanistic, water, cultural heritage and fire safety legislation.

(d) **Constructing of mining facilities/conducting mining works**

The request for approval for constructing mining facilities/conducting mining works is subject to the following public documents:

- (i) confirmation by the municipal urban planning authorities that the documentation was executed in accordance with the urban plans/documents;
- (ii) appropriate title to the land on the exploration area (ownership, lease, right of use);
- (iii) ACCR;
- (iv) consent for environmental impact assessment by the applicable environmental protection body;
- (v) consent from the cultural heritage protection body;
- (vi) consent from the ministry in charge of water infrastructure;
- (vii) certificate of compliance with the fire safety legislation issued by the appropriate public body (the **“Location Certificate”**);
- (viii) promissory note or a bank guarantee or a corporate guarantee for the execution of the work of remediation and re-cultivation of degraded land due to exploitation for the benefit of the Republic of Serbia, issued for the purpose of ensuring the proper settlement of the obligation to carry out the work of rehabilitation and re-cultivation of degraded land due to exploitation;
- (ix) other approvals which may be prescribed by special laws.

The approval for constructing mining facilities/conducting mining works shall stipulate a period in which the mining works can be conducted, all based on the title under which the subject entity is using the land. The period can be renewed and the request to do so must be filed no later than 30 days before the end of the previously approved period.

If the construction of mining facilities has been approved and conducting of mining works has not yet been approved, the subject entity shall have 5 years for securing an approval for commencement of mining works.

Mining facilities can be used after acquiring approval from the Ministry of Mining and Energy (the **“Use Permit”**), approval from the fire safety authority, as well as other authorities required to do so under special laws. In order for the Use Permit to be issued, the facility must comply with the, previous mining approvals and documentation, appropriate technical, health and safety, urbanistic, water, cultural heritage and fire safety legislation. Appropriate plotting/re-plotting procedures shall be conducted if needed.

The fulfilment of the abovementioned conditions is inspected through a technical inspection (conducted by a licensed entity), and may be subject to a trial period of up to 6 months.

(e) **Conducting Exploitation**

Conducting the exploitation works can only occur after fulfilment of all the aforementioned requirements.

Supplementary mining projects are submitted in case of any significant innovation/change in the mining operations (e.g. change of scope, introduction of new technologies or mining facilities, temporary halt of mining operations).

The technical mining project is compiled for execution of specific mining operations. The simplified mining project is executed for minor variations from the main and supplementary mining projects and other minor works.

Works envisaged by the technical and simplified mining projects are performed after notifying the Ministry of Mining and Energy. Appropriate notifications must also be made to the mining inspector, municipal authority, and appropriate heritage protection authority at least 15 days before commencement of works. Annual operating plans (at the latest until 31 January for the current year) as well as reports on business operations for the previous year (executed until 28 February and delivered by 31 March) must be delivered to the Ministry of Mining and Energy. Exploration within the boundaries of the exploitation field is conducted without special permit, but the entity which issued the Exploitation Permit must be previously notified thereof.

7. Fees and Royalties

Notwithstanding the various administrative fees under the Law on Mining, the following fees are payable by the Companies to the Ministry of Mining and Energy:

- (a) A fee for applied geological research for the current year in regards to every ACE for an exploration area.

The amount of fee is determined by multiplication of RSD 10,000 by the number of square kilometres assigned by the ACEs, except in the case of an exploration area less than 0,5 square kilometres when the fee amounts to RSD 5,000.

Skarnore royalties

Skarnore has provided the proofs on payment of all the fees for geological research for the Skarnore Resolution:

No.	Competent authority	Number of the Resolution	Exploration Area number with its surface	The location of the exploration area	The period for which the geological research fee was paid	The amount of geological research fee
1	Ministry of Mining and Energy	310-02-1547/2015-02	no. 2185 with the surface area of 73,89 square kilometers	area of Nevlja on the territory of Dimitrovgrad	31 July 2016- 31 December 2016	Paid in two installments: (i) RSD 347,500 paid on 14 September 2016, (ii) RSD 347,500 paid on 23 September 2016.
2	Ministry of Mining and Energy	310-02-1547/2015-02	no. 2185 with the surface area of 73,89 square kilometers	area of Nevlja on the territory of Dimitrovgrad	01 Januar 2017- 31 December 2017	Paid in one installment: RSD 740,000 paid on 8 February 2017,

Kingstown royalties

Kingstown has provided the proofs on payment of all the fees for geological research for all three Kingstown Resolutions:

No.	Competent authority	Number of the Resolution	Exploration Area number with its surface	The location of the exploration area	The period for which the geological research fee was paid	The amount of geological research fee
1.	Ministry of Mining and Energy	310-02-1510/2016-02	no. 2237 with the surface area of 6,88 square kilometers	area of Majdanpek pojas on the territory of Majdanpek	15 July 2017- 31 December 2017	RSD 37,800 paid on 31 August 2017
2.	Ministry of Mining and Energy	310-02-1584/2016-02	no. 2235 with the surface area of 5,83 square kilometers	area of Tilva Njagra-istok on the territory of Bor	15 May 2017- 31 December 2017	RSD 37,376 paid on 19 June 2017
3.	Ministry of Mining and Energy	310-02-1096/2016-02	no. 2216 with the surface area of to be confirmed	area of Zapadni Majdanpek on the territory of Majdanpek	9 May 2017- 31 December 2017	RSD 463,474.78 paid on 10 October 2017

The exploiting company whose mining works have been approved has to pay a royalty for the use of mineral ores and geothermal resources as follows:

- (a) all types of coal and oil shales - 3% of the revenue;
- (b) liquid hydrocarbons and hydrocarbons in gaseous state (oil and gas) and other natural gases - 7% of the revenue;
- (c) radioactive ores - 2% of the revenue;
- (d) metallic ores (copper and gold) - 5% of the net revenue from the smelter;
- (e) technogenic ores created by mining or processing ores - 1% of the revenue;
- (f) non-metallic ores - 5% of the revenue;
- (g) all types of salts and salt waters - 1% of the revenue;
- (h) groundwater which are used to create useful ores as well as groundwater related to mining technology and gases that are materialize therein - 3% of the revenue.

For the use of data and documentation of the basic geological exploration (exploration that was performed in the public interest and paid from the budget of the Republic of Serbia), as well as the use of data and documentation of geological exploration that became public (state) property based on a concession agreement, a royalty of 5% of the real value of the executed exploration on a given exploration area is payable by the entity conducting exploration.

Smelter royalties - Net revenue from the smelter represents the revenue acquired from the sale of the final product (end product), reduced by the costs of smelting, refining, transport, reloading, insurance and sale. This net revenue cannot be reduced on the basis of amortization, costs of capital or tax exemptions. The aforementioned royalty is payable for all components of the ores that are either used or sold later on. Contrary, the royalty is not payable for the samples of ores used for technical and technological tests under industrial conditions. Tax administration is competent for the enforced collection of the royalty and monitoring of the payments for the use of ores.

8. Procedures for obtaining the ACEs by the Companies

The Companies are in six different procedures for obtaining the ACEs:

- A. One procedure is the transfer of the ACE from Balkan Mineral Corporation d.o.o. Beograd-Čukarica to Skarnore,
- B. One procedure is the transfer of the ACE from GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) to a newly incorporated company (Joint Company, as explained below), in which Skarnore shall have a percentage of ownership, in accordance with the conditions prescribed in the strategic partnership agreement,
- C. Four procedures are regular procedures for obtaining an ACE prescribed by the Law on Mining. In order for a company to obtain the ACE, it is necessary to submit a Request for Conducting Geological Explorations (the "RCGE") to the Ministry of Mining and Energy. Pursuant to the Law on Mining, the RCGE contains information on the company to conduct the explorations, type of explorations, size of the exploration area and the period of explorations. Filling of RCGE represents an initial procedural step in obtaining the ACE.

Pursuant to the Law on Mining, after submission of the RCGE, the Ministry of Mining and Energy is obliged to determine: (i) whether the subject exploration area is vacant, by reviewing the Cadasters of exploration/exploitation areas (the exploration area is vacant if there are no valid exploration/exploitation rights granted for the subject area inscribed in the subject Cadasters held and managed by the Ministry of Mining and Energy); and/or (ii) whether the requested explorations can be conducted along with other explorations already in progress in the area approved for exploration of different minerals/metals.

If the Ministry of Mining and Energy finds that the conditions from the previous paragraph have been fulfilled it shall render a resolution and notify the company in that respect. The company shall be obliged to submit the other prescribed documentation for obtaining the ACE, within 90 days as of the date of delivery of the resolution.

The Ministry of Mining and Energy will give a requesting company a 30-day deadline to amend the RCGE, if it is established that the technical documentation is incomplete. In case the ACE is not granted, an appeal can be submitted to the Administrative Court. Please note that the company which submitted the RCGE first, for the subject exploration area, shall have right of priority against all other applicants.

Once all the mandatory requirements have been met, the Ministry of Mining and Energy shall render an ACE for the requested exploration area.

SKARNORE PROCEDURES

Skarnore intends to perform exploration works on three locations:

1. Pirot location

Skarnore has initiated the procedure for obtaining ACE for performing geological explorations on a surface area of 21 square kilometers located on the territory of Pirot Municipality, being its requested exploration area.

The RCGE was filled with the Ministry of Mining and Energy on 30 September 2016 for finding copper, gold and accompanying associations of elements on the requested exploration area for the years 2016-2018. Thus, the RCGE contains all the requirements as set out in the Law on Mining.

The Ministry of Mining and Energy rendered a Resolution on the vacancy of the requested exploration area on 14 October 2016, with the 90 days deadline to submit the rest of the prescribed documentation from the date the Resolution was delivered to Skarnore.

Pursuant to the information provided by the legal representative of Skarnore, the delivery date of the Resolution on vacancy was on 25 October 2017.

Therefore, Skarnore is obliged to submit the following prescribed documentation for obtaining the ACE, within 90 days as of the date of delivery of the resolution, i.e. by no later than 23 January 2018:

1. extract from the Business Registers Agency on registration of the applicant/the company;
2. topographic map in a scale 1:25,000 or smaller scale, with marked border and coordinates of exploration area;
3. Project of Geological Explorations ("the PGE"), in two copies;
4. report and confirmation of carried out technical control of the project;
5. proof of payment to the republic, and provincial administrative fees if the exploration is carried out on the territory of province for issuing the approval;
6. proof of right to use data and exploration results that are the result of geological exploration of another business entity, or are the result of basic and applied geological explorations if they were used in project development.

Please note that the main document on the basis of which the ACE is issued is the PGE related to the exploration area. The Law on Mining sets out the mandatory content and the form of the PGE that must contain all of the following:

- (i) certificates relating to qualifications of individuals and legal entities executing the necessary documentation;
- (ii) written part and graphic explanations of the content prescribed by the Government Resolution on PGE Content;
- (iii) a certificate of conditions for executing the project and conducting explorations from environmental protection and cultural heritage protection authorities (this certificate is an integral part of the PGE).

On the basis of the information provided by the legal representative of Skarnore, Skarnore is in the process of preparing the documentation and is in communication with the Serbian Institute for Environment Protection and Institute for Protection of Cultural Heritage.

We have not been provided with any of the documentation from the previous three paragraphs required to be submitted by 23 January 2018.

The Ministry of Mining and Energy will give a requesting company a 30-day deadline to amend the RCGE, if it is established that the technical documentation is incomplete. In case the ACE is not granted, an appeal can be submitted to the Administrative Court. Please note that the company which submitted the RCGE first, for the subject exploration area, shall have right of priority against all other applicants.

2. Velika Župa location

Balkan Mineral Corporation d.o.o. Beograd-Čukarica is the holder of the ACE for this location. The company Balkan Mineral Corporation d.o.o. Beograd-Čukarica and Skarnore started the procedure

for transferring the ACE onto Skarnore before the Ministry of Mining and Energy on 27 September 2017.

As explained above, it is allowed to transfer an ACE from its holder to another company or a sole trader, if the requirements prescribed in the Law on Mining have been met.

The company Balkan Mineral Corporation d.o.o. Beograd-Čukarica has obtained an ACE on performing geological explorations for finding lead, zinc, copper and accompanying associations of elements:

- (i) Resolution of the Ministry of Mining no. 310-02-1656/2016-02 rendered on 14 July 2017, with a validity period until 13 September 2020, for the exploration area no. 2251 with the surface area of 85,48 square kilometers located on the area of “Velika Župa” on the territory of Prijepolje Municipality.

The transfer of ACE was initiated by the submission of the official form request to the Ministry of Mining and Energy by the Balkan Mineral Corporation d.o.o. Beograd-Čukarica. The official form was lodged with the submission and its two appendixes: (i) proof on payment of fee for applied geological explorations of mineral and (ii) a written statement of Skarnore as the approval on acceptance of transfer with all rights and obligations arising thereof.

Based on the provided documentation the request for the transfer of ACE from Balkan Mineral Corporation d.o.o. Beograd-Čukarica to Skarnore is accompanied with the documentation required by the Law on Mining.

Agreement between members of Balkan Mineral Corporation d.o.o. Beograd-Čukarica

We have been presented with the Annex of the agreement on cooperation and mutual relations dated 10 November 2016 executed between Polimet d.o.o. Beograd-Novı Beograd and PRIVREDNO DRUŠTVO ZA TRGOVINU I USLUGE METALFER DOO SREMSKA MITROVICA, as the members of Balkan Mineral Corporation d.o.o. Beograd-Čukarica, which states the following:

- (i) In the moment of the execution of the subject Annex, Balkan Mineral Corporation d.o.o. Beograd-Čukarica initiated the procedure for obtaining of the subject ACE,
- (ii) The parties agree that Balkan Mineral Corporation d.o.o. Beograd-Čukarica shall transfer the once rendered ACE onto the company at Polimet d.o.o. Beograd-Novı Beograd’s discretion.

The Annex to the agreement prescribes the obligation of PRIVREDNO DRUŠTVO ZA TRGOVINU I USLUGE METALFER DOO SREMSKA MITROVICA to transfer the ACE onto the company at Polimet d.o.o. Beograd-Novı Beograd’s discretion. This would not legally be possible, as the holder of the ACE is Balkan Mineral Corporation d.o.o. Beograd-Čukarica and not METALFER DOO SREMSKA MITROVICA. However, METALFER DOO SREMSKA MITROVICA being the majority member of the Balkan Mineral Corporation d.o.o. Beograd-Čukarica (80% of ownership quota) is entitled to render

a decision/outvote the other member in regards to the transfer of the ACE from the Balkan Mineral Corporation d.o.o. Beograd-Čukarica.

We have not been provided with the main agreement.

Agreement on providing of services in area of geological exploration works

We have been presented with the Agreement on the provision of services in the area of geological exploration works executed on 12 December 2017 between Balkan Mineral Corporation d.o.o. Beograd-Čukarica as the current holder of the ACE and Skarnore as the contractor ("the Agreement").

The subject of the Agreement is the provision of services, inter alia, performing of geological exploration works on the exploration area on the Velika Župa location, for the needs of the Balkan Mineral Corporation d.o.o. Beograd-Čukarica as the holder of the ACE.

The Agreement is concluded for a definite period of time until the transfer of ACE for the Velika Župa location to Skarnore. Therefore, the Agreement shall cease to be valid by the rendering of the Decision on approving the transfer of the Approval from the Balkan Mineral Corporation d.o.o. Beograd-Čukarica to Skarnore by the Ministry of Mining and Energy.

(A) Natural licensed persons

The Agreement stipulates that at the moment of execution of the Agreement, Skarnore has engaged an expert that has the necessary licenses for carrying out geological research at the respective exploration area. The obligation of having a natural person licensed to perform geological explorations is stipulated as one of the prerequisites in the Law on Mining.

Subcontracting agreement

We have been presented with a Subcontracting agreement for performance of services – geological explorations for which license is required, executed between GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) as the Subcontractor and Skarnore as the Contractor as of 12 December 2017, by which GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) provides the necessary natural licensed persons for performing of geological explorations.

Pursuant to the Subcontracting agreement the Subcontractor undertakes to ensure, during the whole duration of the Agreement, the availability of the natural licensed persons, by organizing its affairs so that the respective persons respond to the Contractor's orders in a timely, complete and accurate manner, respecting the Contractor's, i.e. Skarnore's obligation to Balkan Mineral Corporation d.o.o. Beograd-Čukarica deriving from the Service agreement. The Subcontractor is responsible for the work of the natural licensed persons and agrees to compensate the entire damage to the Contractor suffered for delay, failure, etc., due to the actions by those persons which consequently causes the Contractor's, i.e. Skarnore's delay in the performance of its obligations to the Balkan Mineral Corporation d.o.o. Beograd-Čukarica.

The Subcontracting agreement stipulates that, depending on the Contractor's needs and factual ability to carry out a particular action within a specified period, the Contractor may, on a case-by-case basis, order from the Subcontractor the undertaking of other precisely determined actions in relation to geological research based on the defined written request, such as, but not limited to:

- Fulfillment of obligations to the Ministry of Mining and Energy prescribed by the Law on Mining such as submitting report on results, notifications on the start of geological explorations, etc., with a prior written consent of Skarnore;
- Provision of expert information, preparation of reports, preparation of presentations of the Project, field visits of the given Exploration Area, etc., with a prior written consent of Skarnore;
- Arranging and mediating in agreements with third parties directly related to the Project and/or Exploration Area, such as owners or users of parcels where the exploration works are being carried out and where the Exploration Area is located, or representatives of local government, etc., with a prior written consent of Skarnore.

Pricing

The pricing in the Subcontracting agreement is the following:

- The flat fee for office services amounts to RSD 12,000 per project-license, including VAT,
- Field works are priced at RSD 6,000 per day for an engineer, in addition to field expenses (travel expenses, cost of fuel, transport and accommodation),
- In the case of using field work vehicle for more than two days, the fee is calculated based on the fuel cost increased by 30% and multiplied by amount of used fuel. (either on the basis of mileage and presented invoices or on the basis of vehicle cost per day amounting to RSD 3,500).

It is to be noted that the mentioned Subcontracting agreement is executed with pecuniary compensation, unlike the Service agreement that does not provide for payment of any compensation, which may cause further risks and consequences for Skarnore, as further explained in the Compensation part below.

The main risks prescribed by the Law on contracts and torts ("Official Gazette of SFRY", No. 29/78, 39/85, 45/89 - Decision USJ and 57/89, "Official Gazette of FRY", No. 31/93 and "Official Gazette of Serbia and Montenegro", no. 1/2003 - Constitutional Charter) and prescribed by the Company Law ("Official Gazette of RS", no. 36/2011, 99/2011, 83/2014 - other law and 5/2015), as explained below on the pages no. 26 and 27 of this Report, are mutatis mutandis applied in this case.

Subcontractor's obligations

The Subcontractor is obliged to submit all documentation and/or information and/or results that arise or occur to the Contractor in connection with the Project or Exploration Area during the validity of the Subcontracting agreement.

Subcontractor is obliged to submit reports to the Contractor on monthly basis on all relevant information and undertaken actions under the respective agreement, not later than the 15th of the month for the previous month.

The Subcontractor is obliged to perform the services in a conscientious and timely manner in accordance with the rules of the profession and within the foreseen deadlines, in accordance with the standard of duty of care of a prudent expert.

Contractor's obligations

The Contractor shall enable and provide to the Subcontractor the necessary data and project basis referring to the Project or referring to the performance of services, as well as provide all relevant information to the subject matter and which are necessary for the provision of professional services and with which the Contractor disposes of under the Service agreement.

In the event that the Contractor cannot provide any of the requested information/documentation referred to in the previous paragraph, the Contractor shall not bear any responsibility towards the Subcontractor in case Balkan Mineral Corporation d.o.o. Beograd-Čukarica as the holder of the ACE failed to provide such information/documentation.

Validity and termination

The Subcontracting agreement ceases to be valid by the adoption of the Decision by the Ministry of Mining and Energy, which authorizes the transfer of the ACE from Balkan Mineral Corporation d.o.o. Beograd-Čukarica to Skarnore as the Contractor, in which case the Contractor becomes the holder of the ACE.

The Contractor undertakes to submit the notice to the Subcontractor immediately upon obtaining the Decision on Transfer of the ACE.

Apart from the fact that the Subcontracting agreement is concluded for a definite period of time, as explained above, the parties of the Subcontracting agreement are also authorized to unilaterally terminate the agreement by submitting a written termination with 15 days prior notice period.

(B) Amendments to the Incorporation act

Additionally, another prerequisite prescribed by the Law on Mining is the necessity of the company to be licensed for performing geological explorations. Having in mind that no bylaws regulating such licenses have been rendered, the Ministry of Mining and Energy considers that the aforementioned prerequisite has been met when a company performing geological exploration works stipulates in its Incorporation Act that one of the activities performed by the company is 09.90 Services related to the research and exploitation of other ores or registers the mentioned activity as the main registered activity. The Incorporation Act has to be duly registered before the Business Registers Agency.

Skarnore has fulfilled the aforementioned prerequisite by registering a change of the main business activity before Business Registers Agency on 12 December 2017 now being 09.90 Services related to the research and exploitation of other ores.

(C) Rights and obligations

Pursuant to the agreement Skarnore is entitled to:

- (i) Full, unlimited and undisturbed access to the exploration area. Balkan Mineral Corporation d.o.o. Beograd-Čukarica is obliged to provide a complete, unobstructed and unrestricted access to the exploration area and to refrain from any action that may have as its purpose or as its consequence the disabling and restriction of the Skarnore's right to access to the exploration area;
- (ii) Make decisions in connection with the issues arising from the conducting of geological explorations on the exploration area in accordance with the Project of geological explorations for the Velika Župa location. Balkan Mineral Corporation d.o.o. Beograd-Čukarica is obliged to enable decision making without delay, upon receipt of Skarnore's notice;
- (iii) Retain copies of all documentation and/or information and/or results related to the exploration area, which has been obtained during performance of exploration works.

Additionally, Skarnore has the following rights and obligations under the Agreement:

- (i) Fulfillment of obligations to the Ministry of Mining and Energy prescribed by the Law on Mining such as submitting a report on results, notifications on the start of geological explorations, obtaining approval from local self-government bodies in relevant departments, etc.;
- (ii) Provision of expert information, preparation of reports, preparation of presentations of the project, field visits of the given exploration area, as well as specific services not mentioned, which are performed on the basis of the written request of the Balkan Mineral Corporation d.o.o. Beograd-Čukarica, such as contacting the competent institutions orally or in writing for obtaining data or information or approval in connection with the project or any other information related to the exploration area, organizing transport, taking samples from the terrain during field visits, etc.;
- (iii) Arranging and mediating in agreements with third parties directly related to the project and/or exploration area, such as subcontractors, owners or users of parcels where the exploration works are being carried out and where the exploration area is located, or representatives of local government, etc.,
- (iv) Submitting all documentation and/or information and /or results that arise or occur in connection with the project or exploration area to the Balkan Mineral Corporation d.o.o. Beograd-Čukarica.

Pursuant to the Agreement Balkan Mineral Corporation d.o.o. Beograd-Čukarica is obliged to:

- (i) provide to Skarnore all documentation related to the project and the exploration area, on the date of the execution of the Agreement,

- (ii) provide certain information or documentation related to the exploration area and/or the project and to deliver it to Skarnore within 8 days, at their request,
- (iii) deliver to Skarnore complete original documentation in relation to project and exploration area after receiving the Decision on the transfer of the Approval issued by the Ministry of Mining and Energy, which was received and/or obtained during the period when the Balkan Mineral Corporation d.o.o. Beograd-Čukarica was holder of the ACE.

For damage occurred by not providing the requested documentation/information, by providing incomplete and/or incorrect information/documentation, Balkan Mineral Corporation d.o.o. Beograd-Čukarica shall be held liable.

(D) Compensation

Skarnore performs the services under the Agreement without pecuniary compensation.

There are two risks arising from the fact that the agreement is executed without pecuniary compensation:

- (i) The risk prescribed by the Law on contracts and torts:

The execution of the agreement without compensation may be construed as a decrease of assets/profits of Skarnore. In the event that Skarnore has creditors which cannot collect their claims, such creditors may, under the Law on contracts and torts, seek the annulment of the agreement in court proceedings. In the course of the proceedings, the creditors would argue that due to execution of the agreement without compensation Skarnore was deprived of assets/profits against which the claim could have been collected. The deadline for filing such claim by the creditors is three years from the execution of the agreement. Additionally, having in mind that Balkan Mineral Corporation d.o.o. Beograd-Čukarica and Skarnore are related parties, there is a presumption stipulated by the Law on contracts and torts, that Skarnore has been aware that such transaction is detrimental to the creditors.

- (ii) The risk prescribed by the Company Law:

The director and the controlling member of Skarnore have special duties towards Skarnore, pursuant to Company Law. Executing this agreement without compensation can be interpreted as if they did not act in the best interest of the company and have, therefore, breached the duty of special attention. Skarnore could be entitled to initiate court proceedings against the director and/or controlling member within 6 months as of the date of the acknowledgment of the violation committed, and at the latest within five years from the date of the violation/execution of the agreement. Furthermore, the other member of Skarnore may initiate an individual claim against the director/controlling member for the compensation of damages.

(E) Damage liability

In case of justified reasons or the occurrence of force majeure that hinders the realization of the arranged works, Skarnore shall be obliged to inform Balkan Mineral Corporation d.o.o. Beograd-Čukarica in a timely manner. For the damage that occurs in the presence of the responsible persons of Balkan Mineral Corporation d.o.o. Beograd-Čukarica managing certain work and/or operations or for the damage that arises, despite the oral or written warnings of Skarnore prescribed above, Skarnore shall not be held liable.

(F) Termination

Apart from the fact that the Agreement is concluded for a definite period of time, as explained above, the parties of the Agreement are also authorized to unilaterally terminate the agreement by submitting a written termination with 15 days prior notice period.

3. Stara Planina location

The company GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) is the holder of the ACE for this location.

Skarnore is a party to the agreement on formation of a strategic partnership and incorporation of a joint company dated 28 September 2016 executed between Skarnore as the Investor and GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) as the Holder of the ACE.

The company GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) has obtained the ACE issued by the Ministry of Mining and Energy on performing geological explorations for finding copper and gold:

- (iv) Resolution of the Ministry of Mining and Energy no. 310-02-495/2015-02 rendered on 26 August 2015 for the exploration area no. 2168 with the surface area of 63,53 square kilometers located on area of Stara Planina on the territory of Knjaževac Municipality.

The validity period of the resolution is 3 years as of the resolution's receipt by GEO CONSULTING STUDIO DOO BEOGRAD (GRAD). However, since the date of the receipt of the subject ACE has not been provided, the exact validity period of the ACE cannot be determined.

Pursuant to the agreement, the Holder of the ACE was obliged to incorporate a Joint Company in which initially it would have 100% of share ownership. After the incorporation of the Joint Company, the ACE was supposed to be transferred to the Joint Company by the Holder of the ACE.

The obligation of the Investor/Skarnore is to finance and bear the costs of the ACE and its exploration works in return of which the Investor is going to be entitled to obtain appropriate percentages of the share in the Joint Company.

The Holder of ACE has neither incorporated the Joint Company, nor was the transfer of the ACE initiated.

Skarnore, however, pursuant to the provided information, has made investments for the Stara Planina location in the following amounts for:

- (i) applied geological research fee in the amount of RSD 635,000,
- (ii) annual fee for the Holder of the ACE in the amount of EUR 20,000 EUR + VAT,
- (iii) preparation of the Annual Explorations Report in the amount of RSD 300,000 and
- (iv) performing of geophysical works on the Stara Planina Location by executing an agreement with PREDUZEĆE GEOFIZIKA-ING DOO BEOGRAD in the amount of RSD 847,987.08.

Having in mind Skarnore has started fulfilling its obligations and investing into the ACE, the Agreement on strategic partnership carries a significant number of risks for Skarnore, as follows:

- a) Skarnore has made investments, whereby the Joint Company has not been incorporated nor the ACE has been transferred

Article 3 of the agreement prescribes that Skarnore had an option to commence a due diligence process upon entering into the agreement. The due diligence process in accordance with the agreement meant a comprehensive legal and professional analysis of information and documents related to the ACE and the adopted PGE for the exploration area under the ACE. Due diligence period was envisaged to last two months as of the date of the agreement. After expiration of the due diligence period Skarnore had an option to either keep the agreement in existence or terminate it in writing. We have been provided with the information, Skarnore has performed the due diligence process, but it procedurally has not been performed in writing. Skarnore therefore did not terminate the agreement, so the agreement is still valid.

The Holder of the ACE was obliged to commence the legal procedure of transfer of the ACE onto the Joint Company within 10 days after the expiration of the due diligence period, as prescribed in the Article 5 of the Agreement. However, the Joint Company has not yet been incorporated by the Holder of the ACE, nor the procedure of ACE transfer has been initiated.

Since Skarnore already made investments explained above, the risk that Skarnore will not be able to reimburse the investments already made from the Holder of the ACE exists.

In addition, the article 14 prescribes that in case of any legal dispute or hardship not caused by an act/acts of either Skarnore or the Holder of the ACE, related to the procedure of transferring the ACE from the Holder of the ACE onto the Joint Company, Skarnore and the Holder of the ACE agree to find a joint solution for the agreement to stay in force, without damage to Skarnore and the Holder of the ACE. Skarnore provided the information that the Joint Company will be incorporated when the investment reaches the amount of EUR 250,000 in accordance with the mutual understanding of the parties of the agreement. No annex or amendment of the Joint Venture agreement has been provided, therefore the obligation of incorporating of the Joint Company when the investment reaches EUR 250,000 is not binding. This could be considered as the amendment to the originally agreed conditions of the agreement. However, it is not agreed whether Skarnore will be reimbursed for the investment made in case the investment never

reaches the amount of EUR 250,000 or that the investment does not reach such amount in time for ACE to be transferred to the Joint Company.

Namely, the ACE was rendered in 2015, therefore it would probably expire in the end of 2018, depending on the date of the receipt of the ACE. There is a possibility of extending the exploration period in accordance with the part 5 (b) of this Report, in case all of the requirements have been met by GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) as the holder of the ACE.

- b) The risk of unenforceability of the obligation of Holder of the ACE to transfer the shares in the Joint Company to Skarnore

As prescribed in the agreement, Skarnore will be entitled to obtain the certain percentages of the share in the Joint Company, when the investments (including investment in the ACE and the Investor's expenses related to work on the project) reach the following amounts or the following actions have been undertaken:

1. EUR 250, 000 gives the right on 25% of shares in capital of the Joint Company,
2. EUR 500,000 and the Investor has performed at least 2000m of exploration drilling gives the right on additional 26% up to 51% of shares in capital of the Joint Company,
3. EUR 1,500,000 gives the right on additional 19% (up to 70%) in capital of the Joint Company,
4. The Investor secures conditions for Pre-feasibility study, performs Pre-feasibility study and Pre-feasibility study is confirmed by an independent body gives the right on 80% in capital of the Joint Company,
5. The Investor secures conditions for the Bank Feasibility Study, or when it secures the Approval of competent state body for Exploitation (exploitation right) gives the right on 90% in capital of the Joint Company.

Pursuant to the Serbian Law on contracts and torts, taking over an obligation to enter into an agreement is done through a pre-agreement. The Law on contracts and torts prescribes that the pre-agreement has to have the identical form as the main agreement for which the pre-agreement is executed. Having in mind the agreement on transfer of shares has to be verified before the Notary Public, the pre-agreement stipulating obligation to transfer the shares needs to be verified as well. As the strategic partnership agreement was not verified, the risk exists that this right of Skarnore will not be enforceable.

Namely, there is no established court practice or established precedent that without verification of the strategic partnership agreement the right of Skarnore to acquire the shares in the Joint Company will be enforceable. Therefore, there is an inherent risk, even if the Joint Company is incorporated and the ACE is transferred, that Skarnore will not be able to secure its right to acquire the share through court proceedings.

- c) Deadlock provisions for the Joint Company are not stipulated

The agreement does not regulate the manner of decision making in the Joint Company, once Skarnore obtains the first 25% of shares.

Considering that the mutual understanding of the parties exists in connection to incorporation of the Joint Company when the investment reaches the amount of EUR 250,000, by which Skarnore shall have 25% of shares in the incorporated Joint Company, the agreement should envisage execution of the incorporation act of the Joint Company which will include deadlock provisions advantageous to Skarnore, especially in a situation where decisions detrimental to Skarnore are to be avoided. No annex or amendment of the Joint Venture agreement has been provided, therefore the obligation of incorporating of the Joint Company when the investment reaches EUR 250,000 is not binding.

The mentioned provisions of the incorporation act are an important requirement, considering that Skarnore will be minority member until the investment in the amount of EUR 500,000 is reached.

d) Skarnore's unconditional financial obligation in the amount of EUR 20,000 annually

Pursuant to the Article 6 of the agreement, the Holder of the ACE has the right to provide its professional services of performing exploration works to the Joint Company and to be compensated for performed work. On the other hand, the Investors' obligation is to send an offer for performance of works to the Holder of the ACE. After the Investor sends the offer, the Holder of the ACE may choose whether it will perform work and realize compensation, or not and to remain without compensation. The amount of compensation for Holder of the ACE to perform exploration works will amount to EUR 20,000 on annual basis, in RSD equivalent on the day of payment. The Holder of the ACE agrees to send regular monthly invoices to the Joint Company, which shall be paid from the funds the Investor brings into the Joint Company, up to the amount when total amount of annual invoices reaches EUR 20,000. Both parties agree that the price of work for the Holder of the ACE shall be EUR 200 per day for cabinet works and EUR 300 for terrain works, for short-term engagements, while the parties may, by mutual consent, define different manner of collaboration and payment.

If the Investor does not engage the Holder of the ACE and its professional service, the Investor is in any case under obligation to pay on annual basis EUR 20,000 to the Holder of the ACE. This means the Holder of the ACE realizes the right to be compensated in any case, even if the Investor chooses not to engage the Holder of the ACE on performance of exploration works. The Holder of the ACE may lose the right from this article only in case that it rejects the Investor's right for performance of works or the Investor's offer.

As previously stated in the Investments made by Skarnore part above, Skarnore has executed an agreement on performing of geophysical works dated 24 July 2017 executed with PREDUZEĆE GEOFIZIKA-ING DOO BEOGRAD for the Stara Planina location. The subject of the agreement is organization and realization of field geophysical explorations on the exploration area granted in the subject ACE.

e) Unclear option right of the Holder of the ACE

In case the Investor meets conditions for the Bank feasibility study or exploitation license and, in line with the agreement, acquires the 90% shares in the Joint Company, the Holder of the ACE has the right but not the obligation to convert its 10% share in the Joint Company in the right to receive 1% “royalty” in the Joint Company. In case the Holder of the ACE does not exercise this right, it is under the obligation to finance the Joint Company in accordance with its equity percentage in the Joint Company (10%). In case that the Holder of the ACE does not choose this option, the Investor is obliged to, on the account of the Holder of the ACE’s 10% share equity, pay the Holder of the ACE EUR 300,000 no later than 6 months from the request of the Holder of the ACE, in which case the Holder of the ACE loses its right on 1% “royalty”.

As already presented under the point b) the agreement on transfer of shares has to be verified before the Notary Public, which means the pre-agreement stipulating obligation to transfer the shares needs to be verified as well. Having in mind that in this case a transfer of 10% shares in the Joint Company from the Holder of the ACE to the Company is also prescribed, besides the transfers from point b), the strategic partnership agreement was required to be verified. The risk remains that this obligation of transfer of shares will not be enforceable.

f) Unenforceability of Skarnore right to acquire all interests related to ACE

Pursuant to the Article 8 of the agreement, in the 12-month period as of the agreement date the Investor had the right to acquire all rights related to the ACE, documentation, projects related to the ACE, as well as 100% of shares in the Joint Company, including obtaining of the ACE itself by paying EUR 150,000 in RSD equivalent to the Holder of the ACE.

However, since the period of the first 12 months has expired, the Investor has the right to acquire all rights related to the ACE, documentation, projects related to the ACE, as well as 100% of shares in the Joint Company, including obtaining of the ACE itself by paying EUR 250,000 in RSD equivalent to the Holder of the ACE. This right expires after 36 months period of the agreement.

After the expiration of the 36-month period, Skarnore has the right to acquire all rights related to the ACE and all the aforementioned, including obtaining of the ACE itself, by paying EUR 300,000 in RSD equivalent to the Holder of the ACE.

However, it is not clear whether this provision is enforceable, as the ACE validity period is 3 years as of its receipt. There is a possibility of extending the validity of ACE, i.e. exploration period in accordance with the part 5 (b) of this Report, in case all of the requirements have been met by GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) as the holder of the ACE.

Additionally, this Article does not stipulate the obligation of the Holder of the ACE to execute and verify the agreement on transfer of shares in the Joint Company, which leaves the risk that Skarnore will not be able to exercise and/or enforce this right.

g) Inoperative right to manage the Joint Company

Pursuant to Article 9 of the agreement, Skarnore is in total control of management and administration of the Joint Company. Skarnore appoints and removes legal representatives and employees in the Joint Company. The Holder of the ACE has the right to be informed of all matters at all times.

In accordance with the Company Law, the rights granted to Skarnore by article 9 of the agreement must be granted by the agreement on control and management. Execution of the agreement on control and management must be prior approved by $\frac{3}{4}$ majorities of votes in the General Meeting of all parties to such agreement. It also must be registered before the Business Registers Agency.

As the agreement does not represent the agreement on control and management, Skarnore cannot appoint or remove legal representatives of Joint Company by its own decision, but such decision must be rendered by the Holder of the ACE as the only/majority member of the Joint Company. Also, the Holder of the ACE will be, at any point during which it is sole/majority member of the Joint Company, entitled to appoint and remove legal representatives of the Joint Company at its own discretion. Therefore, the risk that Skarnore will not be able to exercise these rights or that it will be prevented to do so cannot be excluded.

- h) Financial expenses in case of termination of the agreement and exiting the Joint Company
- (i) Rights of the Investor - Buying the ACE

As already presented under the point f) Skarnore has the questionable right to acquire all rights related to the ACE, documentation, projects related to the ACE, as well as 100% of shares in the Joint Company, including obtaining of the ACE itself against paying the relevant amounts to the Holder of the ACE.

If the Investor decides to realize this right, the agreement after executed payment is deemed fulfilled, whereby the Investor ceases to have any further obligations towards the Holder of the ACE.

- (ii) Exiting the Joint Company and termination of the agreement

Article 10 however stipulates the possibilities of exiting the Joint Company, although the Joint Company has not been incorporated yet. In addition, it stipulates the right of terminating the agreement.

Both Skarnore and the Holder of the ACE have the right at any moment to sell or in any other way transfer their shares in the Joint Company, along with the right of first refusal (pre-emption right) of both the Investor and the Holder of the ACE. In the case of exit of either the Investor or the Holder of the ACE, the agreement is deemed terminated, thus all mutual rights and obligations will cease.

If Skarnore chooses to exit the Joint Company and the work on project, the Joint Company remains as the holder of the ACE, which carries further exploration works of the ACE with all information and results of geological explorations received up to that period.

Skarnore was free to exit the Joint Company and terminate the agreement without consequences and without any further obligations towards the Holder of the ACE in the 12-month period as of the agreement date, i.e. until 28 September 2017. Had Skarnore chosen to exit the Joint Company, it would not have been responsible and it would not have had any obligations towards the Holder of the ACE or the Joint Company for any further expenses related to the ACE, expenses related to business of the Joint Company or its future work.

Skarnore still has the right to exit the Joint Company. However, in case Skarnore has not fulfilled the scope of works, the value of which is equal or greater than the value of works projected and defined in the subject PGE and which relate to the second or the third year of exploration, it shall be obliged to pay to the Holder of the ACE the amount equal to 75% of unperformed projected work for the second and the third year of the exploration works.

In case the Holder of the ACE exits the Joint Company, the ACE remains the right of the Joint Company, which carries further exploration works of the ACE with all information and results of geological explorations received up to that period. In such case all payment obligations of Skarnore towards the Holder of the ACE cease to exist.

However, the agreement does not stipulate repayment of the expenses made by Skarnore until the moment of termination of the agreement. Therefore, the risk that Skarnore will not be able to reimburse the investments already made from the Holder of the ACE remains.

Nature park "Stara Planina"

Pursuant to the Resolution on environment protection requirements for the purposes of composing geological research project issued by the Serbian Institute for Environment Protection on 31 October 2014 to GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) as the holder of the ACE, Stara Planina exploration area is partially located on the area "Papratska reka" which is under II (second) level protection regime and nature park (Park prirode) "Stara Planina" which is under III (third) level of protection regime. The exploration area is also located on a part of national ecological network area "Stara planina".

According to the Law on Nature Protection ("Official Gazette of RS", no. 36/2009, 88/2010, 91/2010, corr. and 14/2016), protection regime of level II prohibits the construction of mining facilities and exploitation of mineral resources, while protection regime of level III does not prohibit construction of mining facilities, but it limits exploitation and primary processing of mineral resources by fulfilment of conditions for environment protection, as closely defined in the Resolution on environment protection requirements for the purposes of composing geological research project issued by the Serbian Institute for Environment Protection on 31 October 2014.

Consequently, according to the respective Resolution, the following conditions for environment protection have to be met by GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) when performing exploration works:

1. Exploration works shall be performed on exploration field;
2. It is forbidden to jeopardize biodiversity and geodiversity with dangerous and harmful materials, assets and waste materials on stated field, and their usage, removing and deposit has to be in accordance with applicable law and rules of local municipality ;
3. It is not permitted to perform exploration works near hydrogeological phenomena, as well as to perform activities that may jeopardize their regime;
4. It is forbidden to conduct a spring-water intake;
5. It is forbidden to pour, pipe, partition or remove the watercourse during performing exploration works;
6. It is forbidden to perform works that cause waterway turbidity for more than five days in continuity;
7. During the arrangement of ground for drilling and making holes, the location has to be determined so that the area degrades to a lesser degree;
8. Performing exploration drilling, digging and making access road, it is mandatory to be performed in manner which does not destroy or damage trees and vegetation outside micro location of these works;
9. If during exploration and preparatory works is necessary to perform cutting of trees it is compulsory to secure marking, irrespective of whether the trees are in private or public ownership. The marking has to be obtained by JP „Srbijašume“, i.e. competent administrative authority for forests;
10. During performance of geophysical explorations long-term and extensive discharge of electricity into soil is not permitted;
11. It is forbidden to construct exploration object (drilling, holes) on the field under II (second) protection level;
12. Water or washout fluids necessary for drilling should be stored in appropriate impermeable basins or containers;
13. Allowed amount of water from waterways that may be used for the purpose of water supply is 20% of water flow at the moment of catchment;
14. On micro location on which the research are performed, it is forbidden to service and repair machines, assets and equipment;
15. During performance of works, fuel, engine and other oils from engaged machinery shall not be discharged in soil, permanent and periodic waterways;
16. In case of accidental over spilling of harmful and dangerous materials, it is necessary to immediately execute the recultivation;
17. Fuels and oils shall be transported in special, for such purpose adapted containers. During refueling and oil change, a special protected foil shall be put in place around vehicles and machinery, which after use shall be disposed of in a manner and location prescribed by law. The same requirement applies to packaging of fuels, oils and lubricants;
18. It is forbidden to freely discharge washout fluids into soil or existing water surfaces;
19. After the end of drilling, performed charting and testing, a drill hole shall be adequately closed and excess materials removed from temporary landfill;

20. During preparation of exploration excavation, it is necessary to separate humus from other material, store it in vicinity and protect it from wind and water dispersion, and after the end for charting and testing use humus subsequently for land recultivation;
21. If during works, geologically-paleontological or mineralogical-petrological objects are found, which are presumed to have the status of a natural good, contractor is obliged to inform Ministry of Agriculture and Environmental Protection in period of 8 days as of the day of finding such objects, i.e. to perform all necessary measures in order to prevent damage of the natural good until the authorized person arrived.

The competent Inspector from the Serbian Institute for Environment Protection performs the check of the conditions fulfillment envisaged by the Resolution. The Inspector shall render a decision on compliance with the Resolution, in case the prescribed conditions are not met. Non-compliance with the Inspector's decision represents a Misdemeanor, to be fined in amount ranging from RSD 500,000 (circa EUR 4,000) up to RSD 2,000,000 (circa EUR 18,000) for GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) and with a fine in amount ranging from RSD 25,000 (circa EUR 220) up to RSD 150,000 (circa EUR 1,200) for responsible person from GEO CONSULTING STUDIO DOO BEOGRAD (GRAD).

Conditions for protection of cultural heritage

We have been provided with the Decision on conditions for undertaking technical protection measures for the purpose of geological exploration issued by Institute for Protection of Cultural Heritage of Niš ("Institute") on 13 October 2014, by which GEO CONSULTING STUDIO DOO BEOGRAD (GRAD) as the holder of the ACE is obliged to:

- (i) enable the professional team of the Institute to be present while the exploration works are being performed, which should be further regulated by a special agreement,
- (ii) stop all exploration works and inform the Institute in case a non-evidenced archaeological location or archaeological objects are discovered and to take measures to ensure that the finding is not destroyed or damaged and is preserved in the place and position on which it was discovered,
- (iii) provide resources for archaeological research, protection, preservation, publication and presentation of the findings in case the exploration works are performed on the archaeological site whose existence has not been registered, which should be further regulated by a special agreement.

KINGSTOWN PROCEDURES

Kingstown intends to perform exploration works on three locations:

1. Južni Bor location

Kingstown has initiated the procedure for obtaining Approval for conducting explorations for performing geological explorations on a surface area of 10,48 square kilometers located on the territory of the Bor Municipality, being its requested exploration area.

The RCGE was filled with the Ministry of Mining and Energy on 9 September 2016 for finding copper, gold and accompanying associations of elements on the requested exploration area for the years 2016-2018. Thus, the RCGE contains all the requirements as set out in the Law on Mining.

Pursuant to the provided information, resolution on the vacancy of the requested exploration area has not yet been rendered by the Ministry of Mining and Energy. Since the deadline for rendering of resolution by the Ministry is not prescribed by the Law on Mining, the provisions of Law on General Administrative Procedure are applied. This means that the deadline for the issuance of the resolution is no later than 30 days as of the date when the procedure i/s initiated, under condition the procedure is initiated either upon a party's request, or by the competent body under official duty in the party's interest, and when it is being decided upon an administrative matter in the procedure of direct decision making. Since the Ministry for Mining and Energy did not render the resolution in the prescribed deadline, Kingstown may initiate administrative dispute proceedings, under the condition Kingstown has submitted subsequent request to the Ministry of Mining and Energy which was not resolved in 7 days as of its submission, all pursuant to the Law on Administrative Disputes Proceedings.

2. Istočni Veliki Krivelj location

Kingstown has initiated the procedure for obtaining Approval for conducting explorations for performing geological explorations on a surface area of 2,86 square kilometers located on the territory of Bor Municipality, being its requested exploration area.

The RCGE was filled with the Ministry of Mining and Energy on 9 September 2016 for finding copper, gold and accompanying associations of elements on the requested exploration area for the years 2016-2018. Thus, the RCGE contains all the requirements as set out in the Law on Mining.

Pursuant to the provided information, resolution on the vacancy of the requested exploration area has not yet been rendered by the Ministry of Mining and Energy. Since the deadline for rendering of resolution by the Ministry is not prescribed by the Law on Mining, the provisions of Law on General Administrative Procedure are applied. This means that the deadline for the issuance of the resolution is no later than 30 days as of the date when the procedure is initiated, under condition the procedure is initiated either upon a party's request, or by the competent body under official duty in the party's interest, and when it is being decided upon an administrative matter in the procedure of direct decision making. Since the Ministry for Mining and Energy did not render the resolution in the prescribed deadline, Kingstown may initiate administrative dispute proceedings, under the condition Kingstown has submitted subsequent request to the Ministry of Mining and Energy which was not resolved in 7 days as of its submission, all pursuant to the Law on Administrative Disputes Proceedings.

3. Bor location

Kingstown has initiated the procedure for obtaining Approval for conducting explorations for performing geological explorations on a surface area of 15,84 square kilometers located on the territory of the Bor Municipality, being its requested exploration area.

The first RCGE was filled with the Ministry of Mining and Energy on 13 June 2016.

The Ministry of Mining and Energy rendered a resolution on partial vacancy of the firstly requested area on 8 July 2016 after the submission of the first RCGE, which stated that the part of the initially requested area in the first RCGE had already been occupied by granted exploration area and exploitation fields to other companies.

Kingstown afterwards submitted an amended RCGE on 17 October 2016, in accordance with the resolution on partial vacancy of the Ministry of Mining and Energy, for the surface area of 15,84 square kilometers in Bor for finding copper, gold and accompanying associations of elements on the requested exploration area for the years 2016-2018. The respective RCGE excluded the part of the Bor location that is under litigation in the requested exploration area. Thus, the amended RCGE contained all the requirements as set out in the Law on Mining.

The Ministry of Mining and Energy rendered a Resolution on the vacancy of the requested exploration area on 24 October 2016, with the 90 days deadline to submit the rest of the prescribed documentation.

The Resolution on the vacancy issued by the Ministry of Mining and Energy, based on the insight in the Cadaster of exploration and exploitation fields, noted that the area for geological exploration limited by the following coordinates is vacant:

No.	Y	X	No.	Y	X
RANGE 1					
1.	7 584 173	4 900 610	6.	7 585 000	4 894 000
2.	7 586 312	4 894 919	7.	7 585 000	4 895 000
3.	7 585 297	4 894 843	8.	7 584 408	4 895 075
4.	7 585 632	4 891 364	9.	7 584 027	4 900 607
5.	7 584 950	4 893 996			
RANGE 2					
1.	7 580 623	4 893 000	11.	7 580 269	4 883 137
2.	7 581 045	4 893 000	12.	7 581 091	4 883 493
3.	7 581 050	4 892 790	13.	7 580 975	4 885 112
4.	7 581 708	4 891 636	14.	7 581 410	4 885 127
5.	7 581 601	4 890 976	15.	7 581 409	4 885 991
6.	7 582 273	4 890 306	16.	7 581 500	4 886 000
7.	7 583 385	4 888 227	17.	7 581 500	4 890 910
8.	7 582 545	4 888 211	18.	7 581 312	4 891 273
9.	7 581 509	4 882 243	19.	7 580 730	4 892 346
10.	7 580 225	4 882 785			

The respective Resolution on the vacancy of the Ministry of Mining and Energy as of 24 October 2016 does not contain the part of the Bor location that is under litigation.

The Request in regards to submitting the rest of the prescribed documentation was submitted to the Ministry of Mining and Energy on 9 November 2016, however proof that all of the prescribed documentation has been submitted was not presented.

9. Qualifications and assumptions

This is a high level Report covering material legal issues affecting the Resolutions and does not purport to cover all possible issues which may affect the Resolutions. This Report is based on, and subject to, the following qualifications and assumptions (in addition to any assumptions expressed elsewhere in this Report):

- (a) we have relied upon information provided by the Companies, being accurate, current and complete as at the date of its receipt by us;
- (b) statements made in respect of the standing of the Resolutions are based only on the information contained in the relevant documents provided by the Companies (being solely Resolutions and proofs on payment of all the fees for geological research for all Resolutions); and
- (c) as far as we are aware, there have been no material changes in the standing of the Resolutions since the date of this Report.

10. Conclusion

JPM Jankovic Popovic Mitic has prepared this Report for the purposes of the Prospectus only, and for the benefit of the Client and the directors of the Client in connection with the issue of the Prospectus.

We consider that the information contained within this Report provides an accurate statement as to the status of the Resolutions as of 10 October 2017.

Yours sincerely

JPM Jankovic Popovic Mitic

Schedule 1 – Overview of the Resolutions

SKARNORE RESOLUTION

No.	Competent authority	Number of the Resolution	Date of issuing	Validity	Exploration Area number with its surface	The location of the exploration area
1	Ministry of Mining and Energy	310-02-1547/2015-02	22 June 2016	13 July 2019	no. 2185 with the surface area of 73,89 square kilometers	area of Nevlje on the territory of Dimitrovgrad Municipality

KINGSTOWN RESOLUTIONS

No.	Competent authority	Number of the Resolution	Date of issuing	Validity	Exploration Area number with its surface	The location of the exploration area
1	Ministry of Mining and Energy	310-02-1510/2016-02	30 March 2017	15 June 2020	no. 2237 with the surface area of 6,88 square kilometers	area of Majdanpek pojas on the territory of Majdanpek
2	Ministry of Mining and Energy	310-02-1584/2016-02	27 March 2017	17 May 2020	no. 2235 with the surface area of 5,83 square kilometers	area of Tilva Njagra-istok on the territory of Bor
3	Ministry of Mining and Energy	310-02-1096/2016-02	8 December 2016	9 May 2020	no. 2216 with the surface area of 68,85 square	area of Zapadni Majdanpek on the territory of Majdanpek

		Amendment 310-02- 1096/2016-02 *please see the NOTE below	15 March 2017		no. 2216 with the surface area to be confirmed	
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10. Board, Management and Corporate Governance

10.1 Board of Directors

As at the date of this Prospectus, the Board comprises of:

- (a) Mr Michael Davy - Non-Executive Director;
- (b) Mr Nicholas Young - Non-Executive Director; and
- (c) Ms Kyla Garic - Non-Executive Director.

Subject to Completion of the Acquisition, Ms Kyla Garic will resign as a Director. Mr Michael Davy and Mr Nicholas Young will remain on the Board as Non-Executive Chairman and Non-Executive Director respectively.

The Company will appoint the following Timok nominees as Directors at Completion, subject to prior Shareholder approval:

- (d) Mr Dusko Ljubojevic as Executive Director; and
- (e) Mr Martin Pawlitschek as Non-Executive Director.

Mr Nicholas Young will remain on the Board until such time as a suitable (Australian resident) replacement is identified, at which time Mr Young will retire and the replacement director appointed.

Ms Garic will remain Company Secretary following Completion.

10.2 Directors' Profiles

Details of the Directors comprising the Board following Completion are set out below.

(a) Mr Dusko Ljubojevic - Executive Director

B. Science - Geology (Honours).

Mr Ljubojevic currently serves as the Head of Small Scale Mining and Geology for Barrick Gold Corporation's Asset Development Group. Based between South Africa and Europe, Mr Ljubojevic is responsible for technical evaluations and strategy advisement for all the exploration and development projects within Barrick's Asset Development Groups' portfolio, Mr Ljubojevic has over 12 years of experience as a geologist, with experience in greenfield and brownfield exploration, including positions in open pit and underground environments. He has extensive experience in Africa and Europe, Asia, and North America and notably a significant amount of experience in the Eastern European region. Mr Ljubojevic has previously held positions with a number of ASX listed exploration and development companies in Africa.

Mr Ljubojevic has been involved in the formation and running in a number of start-up exploration companies which secured projects and were subsequently funded. Mr Ljubojevic is also on the technical advisory board of Balkan Mineral Resources which is currently advancing its Cadinje Skarn deposit to development in Serbia.

(b) Mr Martin Pawlitschek - Non-Executive Director

M Science, B. Science - Applied Geology (Honours), Dip. Applied Chemistry.

Mr Pawlitchek currently serves as Senior Vice President of Geology for a mining focussed Private Equity fund. Mr Pawlitchek is based in Europe and is responsible for undertaking technical due diligence on mining projects, principally from a geology and resource risk perspective, but also to evaluate exploration upside. He has taken part in over forty detailed due diligence reviews and site visits over the last three years and was a key member in the selection of the funds projects to date.

Mr Pawlitchek has over 20 years of experience primarily in exploration and resource drilling with some exposure to underground and open pit mines. During his 11-year tenure with BHP Billiton, he oversaw numerous exploration programs in Australia, Laos and several countries in Southern and Central Africa. Later in his career with BHPB he was responsible for the technical aspects setting up several new business opportunities in the diamond sector in Botswana, South Africa, Angola and DRC. The Angolan projects resulted in the discovery of several large, diamond-bearing kimberlites.

Mr Pawlitchek later joined one of the junior companies set up by BHP Billiton and moved forward an ambitious diamond exploration program in the DRC. From there he continued his career in the junior sector with a move to Senegal where he managed a large portfolio of exploration permits for gold in Eastern Senegal, which resulted in the development of what is now the 10MOz Sabodala gold camp with an annual output in excess of 200KOz of gold. He also had early input in the evaluation of the Grand Cote Mineral sands project on the coast of Senegal, this is now the world's largest mineral sands dredging operation.

Mr Pawlitchek is a Fellow of the Australasian Institute of Geoscientists.

(c) Mr Nicholas Young - Non-Executive Director

Mr Young holds a Bachelor of Commerce, majoring in Accounting and Finance, is a Chartered Accountant and has completed the Insolvency Education Program at the Australian Restructuring Insolvency and Turnaround Association. Mr Young commenced his career in the Corporate Restructuring division of an accounting firm and has gained valuable experience in Australia and Southern Africa, across a wide range of industries, including mining and exploration, mining services, renewable energy, professional services, manufacturing and transport. Mr Young has been involved in the recapitalisation of various ASX-listed companies and is currently a non-executive director of MHM Metals Limited.

(d) Mr Michael Davy - Non-Executive Chairman

Mr Davy is an accountant with 15 years' experience. His experience is broad having worked in oil and gas, resources, property, food distribution, restaurants and start-up technology companies. Mr Davy is also a director and owner of a number of successful private companies. During the past five years Mr Davy has held directorships in numerous ASX listed companies.

(e) Ms Kyla Garic - Company Secretary

Ms Garic is a Chartered Accountant and Director of Onyx Corporate. Onyx Corporate provides corporate services to ASX listed companies. Ms Garic has

acted as a non-executive director and company secretary for a number of ASX listed companies.

10.3 Directors' Interests

Other than as disclosed in this Prospectus, no Director holds at the date of this Prospectus or held at any time during the last 2 years, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; and
- (c) the Offers.

Further, other than as disclosed in this Prospectus, the Company has not paid any amount or provided any benefit, or agreed to do so, to any Director, either to induce that Director to become, or to qualify them as a Director, or otherwise, for services rendered by them in connection with the formation or promotion of the Company or the Offers.

10.4 Directors' security holdings

(a) Pre-Acquisition interests in Securities

Directors are not required to hold any Securities under the Constitution of the Company. Immediately prior to completion of the Acquisition, the current and proposed Directors are not expected to hold (directly or indirectly) any interests in Securities.

(b) Post-Acquisition interests in Securities

Details of the anticipated relevant interests in the Shares of the Company (assuming no convertible Securities have been exercised or converted into Shares) held directly and indirectly by the current and proposed Directors upon Completion of the Acquisition and all Offers are set out in the table below:

Director	Shares at Completion ¹	% interest at Completion ²
Michael Davy	2,500,000	0.61
Nicholas Young	2,500,000	0.61
Kyla Garic	2,500,000	0.61
Dusko Ljubojevic ³	11,875,000	2.90
Martin Pawlitchek ³	11,875,000	2.90

Notes:

- 1. Assumes participation in the Public Offer by each of the Directors and proposed Directors of 2,500,000 Shares, subject to Shareholder approval at the Meeting.
- 2. Assumes 410,430,796 Shares are on issue.

3. Includes 9,375,000 Shares to be issued under the Consideration Offer subject to Shareholder approval at the Meeting.

Details of the anticipated relevant interests in the other Securities held directly and indirectly by the current and proposed Directors upon Completion of the Acquisition are set out in the table below:

Director	Options	Performance Shares
Michael Davy	-	-
Nicholas Young	-	-
Kyla Garic	-	-
Dusko Ljubojevic	-	25,000,000 ¹
Martin Pawlitchek	-	25,000,000 ¹

Notes:

1. To be issued under the Consideration Offer subject to Shareholder approval at the Meeting.

10.5 Remuneration of Directors

At the Company's 2013 annual general meeting, Shareholders resolved, in accordance the Company's constitution in place at the time, that the maximum aggregate remuneration payable to all the Directors of the Company for their ordinary services as Directors be set at \$320,000.

The Company's current Constitution provides that the Directors (other than an executive director) may be paid remuneration up to an aggregate maximum sum as determined by the Company in a Shareholder Meeting, or until so determined, as the Directors resolve. The current Constitution also provides that remuneration of executive Directors must, subject to the provisions of any contract between each of the executive Directors and the Company, be fixed by the Directors.

To avoid uncertainty in light of the variance between the requirements the current Constitution and the Company's former constitution, at the Meeting Shareholders will be asked to approve \$300,000 as the maximum total amount of directors' fees that may be paid to the Company's non-executive Directors as a whole.

In accordance with the Constitution, the Remuneration for any executive Director must be fixed by the Directors.

The remuneration to be paid to the current Directors is set out in the table below:

Director	Year ended 30 June 2018 ¹
Michael Davy	\$9,000
Nicholas Young	\$9,000
Kyla Garic	\$9,000

Notes:

1. Assumes the current Directors are entitled to payment of 6 months for the period between their appointment on 29 June 2017 and completion of the Acquisition and the Offers.
2. Mr Davy and Mr Young will continue as a non-executive Directors post-completion of the Acquisition and will be entitled to directors fees as set out in Section 5.16.

10.6 Related Party Transactions

The Company has entered into the following related party transactions on arms' length terms:

- (a) letters of appointment or service agreements with each of its Directors on standard terms (refer Sections 5.16 and 5.15 for details);
- (b) deeds of indemnity, insurance and access with each of its Directors on standard terms (refer Section 5.17 for details);
- (c) the services agreements with Onyx Corporate to provide company secretarial services to the Company. Mr Nicholas Young (a Director as at the date of this Prospectus) is a director and minority shareholder of Onyx Corporate. Ms Kyla Garic (a Director and Company secretary as at the date of this Prospectus) is a director and major shareholder (50%) of Onyx Corporate. The services agreements with Onyx Corporate are considered to be on arms-length and commercial terms (refer to Section 5.14 for details); and
- (d) the Interim Capital Raise Mandate, Lead Manager Mandate and Joint Corporate Advisory Mandate with Otsana in connection with its role as Lead Manager and Joint Corporate Advisor to the Company. Mr Nicholas Young is an authorised representative of Otsana. The Lead Manager Mandate and the Joint Corporate Advisory Mandate are considered to be on arms-length and commercial terms (refer to Sections 5.11 5.12 and 5.13 for details).

At the date of this Prospectus, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

10.7 ASX Corporate Governance Council Principles and Recommendations

The Board is responsible for establishing the Company's corporate governance framework, the key features of which are set out in this Section 10.7. In establishing its corporate governance framework, the Board has referred to the 3rd edition of the ASX Corporate Governance Councils' Corporate Governance Principles and Recommendations (**Recommendations**). To the extent applicable, commensurate with the Company's size and nature, the Company has adopted the Recommendations.

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the Recommendations.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and further details on the Company's corporate governance procedures, policies and practices can be obtained from the Company website at ww.acn009161522LIMITED.com.

(a) Board of Directors

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the Executive Directors;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Securities;
- (ix) ensuring the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and
- (x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and the Company has in place written agreements with each Director which detail the terms of their appointment.

(b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in Shareholder meetings. As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

(c) Identification and management of risk

The Board has not established a risk management committee and the full Board is responsible for overseeing the risk management function. The Board is responsible for ensuring the risks and opportunities are identified on a timely basis.

(d) Ethical standards

The Board is committed to the establishment and maintenance of appropriate ethical standards.

(e) Independent professional advice

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

(f) Remuneration arrangements

The total maximum remuneration of non-executive Directors is set by ordinary resolution of Shareholders at a Shareholder meeting in accordance with the Constitution, the Corporations Act and the Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

(g) Securities trading policy

The Board has adopted a policy that sets out the guidelines on the sale and purchase of Securities by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Company Secretary or Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

(h) Diversity policy

The Company does not have an express diversity policy specifically addressing the achievement of gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future.

The Company's Corporate Governance Plan includes a corporate code of conduct, which provides a framework for undertaking ethical conduct in

employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.

(i) Audit and risk

The Company does not have an audit committee. The full Board fulfils the Company's corporate governance and monitoring responsibilities in relation to the Company's risks associated with the integrity of the financial reporting, internal control systems and the independence of the external audit function.

(j) External audit

The Company in Shareholder meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

10.8 Departures from Recommendations

Following re-admission to the Official List of ASX, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

Principles and Recommendations	Explanation for Departures
2.1 The board of a listed entity should have a nomination committee.	The Company has not established a nomination committee. The Board considers that the Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed. Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings as required. The Board is confident that this process for selection, including undertaking appropriate checks before appointing a person, or putting forward to Shareholders a candidate for election, and review is stringent and full details of all Directors will be provided to Shareholders in the annual report and on the Company's website.
4.1 The board of a listed entity should have an audit committee of at least three members that are non-executive.	The Board has not established a separate audit committee. The full Board carries out the duties that would ordinarily be assigned to the audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate audit committee.
7.1 The board of a listed entity should	The Board has not established a separate Risk Management Committee. The Board is ultimately responsible for risk

Principles and Recommendations	Explanation for Departures
have a risk committee.	oversight and risk management. Discussions on the recognition and management of risks are considered by the Board. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.
8.1 The board of a listed entity should have a remuneration committee of at least three members, a majority of whom are independent	The Board has not established a separate remuneration committee. The Board as a whole performs the function of the Remuneration committee, which includes setting the Company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate remuneration committee.

11. Additional information

11.1 Rights and liabilities attaching to Shares

The following is a general description of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive. Full details of provisions relating to rights attaching to the Shares are contained in the Corporations Act, Listing Rules and the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) Ranking of Shares

At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.

(b) Voting rights

Subject to any rights or restrictions, at Shareholder Meetings:

- (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
- (ii) has one vote on a show of hands; and
- (iii) has one vote for every Share held, upon a poll.

(c) Dividend rights

Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.

(d) Variation of rights

The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a Shareholder Meeting.

(e) Transfer of Shares

Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The

Board may refuse to register a transfer of Shares upon which the Company has a lien.

(f) Shareholder Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at Shareholder Meetings of the Company.

The Directors may convene a Shareholder Meeting at their discretion. Shareholder Meetings shall also be convened on requisition as provided for by the Corporations Act.

(g) Unmarketable parcels

The Company's Constitution provides for the sale of unmarketable parcels subject to any applicable laws and provided a notice is given to the minority Shareholders stating that the Company intends to sell their relevant Shares unless an exemption notice is received by a specified date.

(h) Rights on winding up

If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.

11.2 Terms and conditions of Options

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

(a) Entitlement

Each Option gives the Option holder the right to subscribe for one Share upon exercise of the Option.

(b) Exercise Price

Subject to Section 11.2(j) below, the amount payable upon exercise of each Option will be \$0.02 each (**Exercise Price**).

(c) Expiry Date

Each Option will expire at 5:00pm on the date that is 3 years from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) Exercise Period

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the relevant Exercise Price for each Option being

exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) Exercise Date

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the relevant Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) Timing of issue of the Shares on exercise

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for Official Quotation on ASX of the Shares issued pursuant to the exercise of the Options.

(h) Shares issued on exercise

The Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) Quotation of the Shares issued on exercise

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Options.

(j) Reconstruction of capital

If at any time the issued capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) Participation in new issues

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Options without exercising the Options.

(l) Change in exercise price

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(m) **Unquoted**

The Company will not apply for quotation of the Options on ASX unless the Board resolves otherwise.

(n) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable securities laws.

11.3 Terms and conditions of the Performance Shares

(a) **General**

- (i) **(Share capital)** Each Performance Share is a share in the capital of the Company.
- (ii) **(General meetings)** Each Performance Share confers on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to Shareholders. A Holder has the right to attend general meetings of the Company.
- (iii) **(No voting rights)** A Performance Share does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.
- (iv) **(No dividend rights)** A Performance Share does not entitle the Holder to any dividends.
- (v) **(No rights on winding up)** A Performance Share has no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
- (vi) **(Transfer of Performance Shares)** The Performance Shares are not transferable.
- (vii) **(Reorganisation of Capital)** In the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (viii) **(Quotation)** The Performance Shares will not be quoted on ASX.
- (ix) **(No participation in entitlements and bonus issues)** Subject always to the rights under Section 11.3(a)(vii), Holders will not be entitled to participate in new issues of capital offered to Shareholders such as bonus issues and entitlement issues.

- (x) **(Amendments required by ASX)** The terms of the Performance Shares may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (xi) **(No other rights)** A Performance Share does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(b) **Conversion of the Performance Shares**

(i) **Definitions**

In this Section:

- (A) **Company Licenses** means the Licenses, over which the Company (or a wholly owned subsidiary) has a right to conduct exploration activities and mine, as at the date of Completion;
- (B) **Company Project** means an exploration or mining project owned by the Company or through its wholly owned subsidiaries located on the Company Licences;
- (C) **JORC Code** means the JORC Code means the Joint Ore Reserves Committee's Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition);
- (D) **Mineral Resource, Scoping Study and Pre-Feasibility Study** each have the meaning given to that term in the JORC Code; and
- (E) **Positive** means there is no technical, commercial or economic impediment to the development of the Company Project which cannot be reasonably expected to be able to be overcome in normal circumstances so as to deliver a positive net present value to the Company Project using an 8% discount rate.

(ii) **Milestones**

The Performance Shares will convert upon satisfaction of any one of the following milestones before the applicable Expiry Date:

- (A) 62,500,000 Performance Shares (**Class A Performance Shares**) will convert upon the announcement by the Company to ASX of the delineation of a Mineral Resource on the Company Licenses of at least 100Kt of contained copper equivalent (reported in accordance with clause 50 of the JORC Code) at or above 0.2% copper equivalent and which is prepared and reported in accordance with the JORC Code;

- (B) 62,500,000 Performance Shares (**Class B Performance Shares**) will convert upon the announcement by the Company to ASX of the results of a Scoping Study and that the Board has resolved to undertake a Pre-Feasibility Study on all or part of the Company Licenses; and
- (C) 75,000,000 Performance Shares (**Class C Performance Shares**) will convert upon the announcement of a Positive Pre-Feasibility Study in respect of a Company Project (or Company Projects),

(each referred to as a **Milestone**).

Any copper equivalent Mineral Resource will be calculated using the following formula (including any other potentially economic minerals that may also be found):

$$\text{Copper equivalent Mineral Resource (CuEq tonne)} = ((\text{Ni contained tonnes} \times \text{Ni price/tonne}) + (\text{PGM contained ounces} \times \text{PGM price/ounce}) + (\text{Au contained ounces} \times \text{Au price/ounce}) + (\text{Ag contained ounces} \times \text{Ag price/ounces}) + (\text{Pb contained tonnes} \times \text{Pb price/tonne}) + (\text{Zn contained tonnes} \times \text{Zn price/tonne}) + (\text{Mo contained tonnes} \times \text{Mo price/tonne})) / (\text{Cu price/tonne}).$$

Capitalised terms used in this item have the meaning given to them in the JORC Code.

(iii) **Change in Control Event**

- (A) All Performance Shares on issue shall automatically convert into Shares basis up to a maximum number that is equal to 10% of the Company's issued capital (as at the date of any of the following events) upon the happening of either of the following events:
 - (1) **takeover bid:** the occurrence of the offeror under a takeover offer in respect of all Shares announcing that it has achieved acceptances in respect of more than 50.1% of Shares and that takeover bid has become unconditional; or
 - (2) **Scheme of arrangement:** the announcement by the Company that Shareholders have at a Court-convened meeting of Shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all Company securities are to be either cancelled transferred to a third party, and the Court, by order, approves the proposed scheme of arrangement.
- (B) The Company must ensure the allocation of Shares issued under Section 11.3(b)(iii)(A) is on a pro rata basis to all Holders in respect of their respective holdings of Performance Shares and all remaining Performance Shares held by each Holder will automatically consolidate into one Performance Share and will then convert into one Share.

(c) **Expiry Dates**

The expiry dates for the Performance Shares are as follows:

- (i) Class A Performance Shares: the Milestone must be achieved on or before 5.00pm (WST) on the date which is 48 months after the date of issue of the Performance Shares;
- (ii) Class B Performance Shares: the Milestone must be achieved on or before 5.00pm (WST) on the date which is 54 months after the date of issue of the Performance Shares; and
- (iii) Class C Performance Shares: the Milestone must be achieved on or before 5.00pm (WST) on the date which is 60 months after the date of issue of the Performance Shares

(each referred to as an **Expiry Date**).

To the extent that any Performance Shares have not converted into Shares by the applicable Expiry Date, such Performance Shares will automatically consolidate into one Performance Share and will then convert into one Share.

(d) **Conversion of Performance Shares**

Any conversion of Performance Shares into Shares is on a one for one basis.

(e) **Takeover Provisions**

- (i) If the conversion of Performance Shares (or part thereof) under Section 11.3(b)(ii) of (iii) would result in any person being in contravention of section 606(1) of the Corporations Act, then the conversion of each Performance Share that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1). Following a deferment under this Section 11.3(e)(i), the Company shall at all times be required to convert that number of Performance Shares that would not result in a contravention of section 606(1).
- (ii) Where Section 11.3(e)(i) applies, if requested to do so by the affected Holder, the Company must seek to obtain the approval of its shareholders under section 611, item 7 of the Corporations Act for the conversion of the affected Performance Shares at the Company's next annual general meeting.
- (iii) A Holder must promptly notify the Company in writing if they consider that the conversion of Performance Shares (or part thereof) under Section 11.3(b)(ii) of (iii) may result in the contravention of section 606(1), failing which the Company is entitled to assume that such conversion will not result in any person being in contravention of section 606(1) (unless it is on notice to the contrary through a substantial holder notice which has been lodged in relation to the Company).
- (iv) The Company may (but is not obliged to) by written notice request that a Holder confirm to the Company in writing within 7 days if they consider that the conversion of Performance Shares under

Section 11.3(b)(ii) of (iii) may result in the contravention of section 606(1). If the Holder does not confirm to the Company within 7 days that they consider such conversion may result in the contravention of section 606(1), then the Company is entitled to assume that such conversion will not result in any person being in contravention of section 606(1) (unless it is on notice to the contrary through a substantial holder notice which has been lodged in relation to the Company).

(f) Quotation

If the Company is listed on the ASX at the time, upon conversion of the Performance Shares into Shares in accordance with these terms, the Company on or before the date of the conversion, apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.

(g) Conversion procedure

The Company will procure that the Holder is issued with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into Shares.

(h) Ranking of Shares

The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

11.4 Effect of the Offers on control and substantial Shareholders

Those Shareholders (and their related entities) holding an interest in 5% or more of the Shares on issue as at the date of this Prospectus are as follows.

Name	Number of Shares	% Shareholding
Mr Jackie Au Yeung	5,000,000	12.37
Mrs Eleanor Jean Reeves	2,500,000	6.18
The Gas Super Fund Pty Ltd	2,500,000	6.18

Following completion of the Acquisition and Offers, no Shareholder is expected to hold 5% or more of the total number of Shares on issue (assuming that none of the Company's convertible Securities are converted or exercised, and no existing Shareholders participate in the Public Offer).

Following completion of the Acquisition and Offers, no Shareholders is expected to hold 5% or more of the total number of Shares on issue (assuming all of the Company's convertible Securities are converted and exercised, and no existing Shareholders participate in the Public Offer).

11.5 Interests of Promoters, Experts and Advisers

(a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or held at any time during the last 2 years, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; or
- (iii) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

(b) Share Registry

Link Market Services Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

(c) Australian Legal Advisers

Bellanhouse has acted as the solicitors to the Company in relation to the Offers, the Acquisition and the Shareholder Meeting. The Company estimates

it will pay Bellanhouse \$100,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. In addition, Bellanhouse has performed other legal work for the Company. Bellanhouse has not received fees from the Company for legal services during the 24 months preceding lodgement of this Prospectus.

(d) Serbian Legal Advisers

Janković Popović Mitić has acted as the solicitors to the Company in relation to the Serbian due diligence, Serbian legal matters and the provision of the Solicitor's Report. The Company estimates it will pay Janković Popović Mitić \$15,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. Janković Popović Mitić has not received any fees from the Company for legal services during the 24 months preceding lodgement of this Prospectus.

(e) Lead Manager & Joint Corporate Advisors

Discovery and Otsana will act as joint corporate advisor to the Company effective from Admission. The Company estimates it will pay Otsana a total of \$30,000 and Discovery a total of \$60,000 (excluding GST) for these services.

Otsana will act as lead manager to the Company in respect of the Public Offer. As consideration for these services, the Company estimates it will:

- (i) pay Otsana a success fee of \$100,000 (excluding GST);
- (ii) pay Otsana a capital raising fee of 6% (excluding GST) of the total capital raised under the Public Offer (being approximately \$300,000 (excluding GST)); and
- (iii) issue to Otsana (or its nominees) 40 million Shares and 13 million Options under the Facilitator Offer,

recognising that Otsana may on-pay part of this consideration to other parties who assist in the capital raising process.

Discovery will not receive any other fees from the Company for corporate and financial services provided to the Company during the 24 months preceding lodgement of this Prospectus.

During the 24 months preceding lodgement of this Prospectus, Otsana has provided lead manager services to the Company in respect of the Interim Capital Raising and the Convertible Notes. The Company estimates it will pay Otsana a total of \$44,400 (excluding GST) for these services.

(f) Company Auditor and Investigating Accountant

RSM Australia Partners has been appointed to act as auditor to the Company. The Company estimates it will pay RSM Australia Partners a total of \$15,000 (excluding GST) for these services.

RSM Corporate Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 7 of this Prospectus. The Company estimates it will pay RSM Australia Partners a total of \$10,000 (excluding GST) for these services.

During the 24 months preceding lodgement of this Prospectus with ASIC, RSM Australia Partners has provided services to the Company, the total value of these services was \$23,000 (excluding GST).

(g) Kingstown and Skarnore Auditor

RSM Serbia d.o.o. has been appointed to act as auditor to Kingstown and Skarnore. The Company estimates it will pay RSM Serbia d.o.o. a total of €2,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, RSM Serbia d.o.o. has provided audit services to Kingstown and Skarnore, the total value of these services was €2000 (excluding GST). During the 24 months preceding lodgement of this Prospectus with ASIC, RSM Serbia d.o.o. has not provided services to the Company.

(h) Independent Geologist

CSA Global Pty Ltd has acted as Independent Geologist and has prepared the Independent Geologist's Report which is included in Section 8 of this Prospectus. The Company estimates it will pay CSA Global Pty Ltd a total of \$46,900 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, CSA Global Pty Ltd has not provided services to the Company.

11.6 Consents

(a) General

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to below:

- (i) does not make the Offers;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;
- (iii) only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

(b) Share Registry

Link Market Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

(c) Joint Corporate Advisors

Otsana has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Company's joint corporate advisor in the form and context in which it is named.

Discovery has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Company's joint corporate advisor in the form and context in which it is named.

(d) Lead Manager

Otsana has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Company's lead manager in the form and context in which it is named.

(e) Auditor - Australia

RSM Australia Partners has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as auditor of the Company.

(f) Auditor - Serbia

RSM Serbia d.o.o. has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as auditor of Skarnore and Kingstown in the form and context in which it is named.

(g) Investigating Accountant

RSM Corporate Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Independent Limited Assurance Report in the form and context in which it is included.

(h) Independent Geologist

CSA Global Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, his written consent to being named in this Prospectus as the Independent Geologist to the Company in the form and context in which it is named and has given and not withdrawn his consent to the inclusion of the Independent Geologist's Report in the form and context in which it is included.

(i) **Serbian Legal Advisers**

Janković Popović Mitić has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Serbian legal advisers to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Solicitor's Report and to references to it within the Prospectus in the form and context in which it is included.

(j) **Australian Legal Advisers**

Bellanhouse has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Australian legal advisers to the Company in the form and context in which it is named.

11.7 Expenses of Offers

The expenses of the Acquisition, Offers and recompliance process (excluding GST) are estimated to be approximately \$686,790 and are expected to be applied towards the items set out in the table below.

Items of expenditure	Amount (\$)
Accounting and Independent Limited Assurance Report	10,000
Advisory fees	100,000
ASIC and ASX fees	60,600
Independent Geologist's Report	51,590
Capital raising fees	338,400
Legal fees	116,200
Other expenses (printing, administration, miscellaneous)	10,000
Total estimated expenses	686,790

11.8 ASX waivers

The Company has received the following ASX waivers and approvals in relation to the Offers and the Acquisition:

- (a) a waiver of Listing Rule 1.1 Condition 12 to allow Options to be issued with an exercise price of less than \$0.20 each;
- (b) approval for the issuance of the Performance Shares required under Listing Rule 6.1; and
- (c) a waiver of Listing Rule 2.1 condition 2 to permit the Company to undertake the Capital Raising and to issue Shares on conversion of the Convertible Notes at a price of less than \$0.20 each.

11.9 Continuous Disclosure Obligations

As the Company is admitted to the official list of ASX, the Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

11.10 Litigation

So far as the Directors and Proposed Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

11.11 Electronic Prospectus

Pursuant to Regulatory Guide 107 ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic application form, subject to compliance with certain provisions. If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application monies received will be dealt with in accordance with section 722 of the Corporations Act.

11.12 Documents available for inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company:

- (a) this Prospectus;
- (b) the Constitution; and
- (c) the consents referred to in Section 11.6 of this Prospectus.

11.13 Statement of Directors and Proposed Directors

The Directors and Proposed Directors report that after due enquiries by them, in their opinion, since the date of the financial statements in the financial information

in Section 6 there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

12. Authorisation

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:

A handwritten signature in black ink, appearing to read 'Michael Davy', with a stylized flourish at the end.

Michael Davy
Non -Executive Chairman
Dated: 13 December 2017

13. Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

\$ means Australian Dollars.

2012 JORC Code means the 2012 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Acquisition means the acquisition 100% the issued capital of Timok in accordance with the Acquisition Agreement.

Admission means admission of the Company to the Official List, following completion of the Offer.

Acquisition Agreement means the agreement described in Section 5.2 dated 24 November 2017.

Allotment Date means the date, as determined by the Directors, on which the Securities offered under this Prospectus are allotted, which is anticipated to be the date identified in the Indicative Timetable.

Applicant means a person who submits an Application Form.

Application means a valid application for Securities pursuant to this Prospectus.

Application Form means the application form attached to this Prospectus.

Application Monies means application monies for Shares under the Public Offer received and banked by the Company.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it.

ASX Settlement means ASX Settlement Pty Limited ACN 008 504 532.

ASX Settlement Rules means ASX Settlement Operating Rules of ASX Settlement.

Attaching Options Offer means the offer of up to 32,000,000 attaching Options for no consideration to investors who participated in the Interim Capital Raising.

Board means the board of Directors of the Company as at the date of this Prospectus.

Business Day means a day that is not a Saturday, Sunday or public holiday in Western Australia.

CHESS means the Clearing House Electronic Sub-register System operated by ASX Settlement.

Closing Date means the date that the Offers close which is 5.00pm (WST) on 9 January 2017 or such other time and date as the Board determines.

Company means ACN 009 161 522 Limited (to be renamed "Raiden Resources Limited") ACN 009 161 522.

Completion means completion of the Acquisition in accordance with the Acquisition Agreement and the Option Deeds.

Company Secretary means the secretary of the Company.

Consideration Offer means the offer of 75,000,000 Shares and 200,000,000 Performance Shares as consideration for the Acquisition.

Consideration Securities means the 75,000,000 Shares and 200,000,000 Performance Shares proposed to be issued to the Vendors (or their nominees) as consideration for the Acquisition.

Constitution means the constitution of the Company.

Convertible Notes means the convertible notes issued by the Company pursuant to the Convertible Note Deeds.

Convertible Note Deeds means the convertible note deeds entered into by the Company the terms of which are summarised in Section 5.9.

Convertible Notes Offer means the offer of 5,000,000 Shares and 5,000,000 Options on conversion of Convertible Notes.

Convertible Note Securities means the Securities to be issued pursuant to the Convertible Notes Offer on conversion of the Convertible Notes.

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

Directors means the directors of the Company.

Discovery means Discovery Capital Partners Pty Ltd ACN 615 635 982.

DOCA means the deed of company arrangement in respect of the Company that was effectuated on 24 October 2017.

Exposure Period means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

Facilitator Offer means the offer of up to 40,000,000 Shares and 13,000,000 Options to Otsana (or its nominees) in lieu of facilitator fees for services rendered to the Company.

Geo Consulting means Geo Consulting Studio d.o.o., who is the registered holder of the Stara Planina Licence.

GST means Goods and Services Tax.

Independent Geologist means CSA Global Pty Ltd ACN 077 165 532.

Independent Geologist's Report means the report contained in Section 8 prepared by the Independent Geologist.

Indicative Timetable means the indicative timetable for the Offer on page viii of this Prospectus.

Interim Capital Raising has the meaning given to it in Section 2.3.

Investigating Accountant means RSM Corporate Pty Ltd ACN 050 508 024.

Kingstown means Kingstown Resources d.o.o.

Lead Manager means Otsana.

Licences means the exploration licences and applications for exploration licences detailed in Section 3.4(a).

Listing Rules means the listing rules of ASX.

Meeting or Shareholder Meeting means the general meeting convened by the Notice of Meeting.

Notice of Meeting means the Company's notice of general meeting seeking approval for, among other things, the Acquisition, lodged with ASX on 8 December 2017.

Noteholders means the holders of the Convertible Notes.

Offer Price means \$0.02 per Share under the Public Offer.

Offers means the Public Offer and Secondary Offers made pursuant to this Prospectus.

Official List means the official list of ASX.

Official Quotation means official quotation by ASX in accordance with the Listing Rules.

Onyx Corporate means Onyx Corporate Pty Ltd ACN 606 790 238.

Opening Date means the date specified as the opening date of the Offer in the Indicative Timetable.

Option means an option to acquire a Share.

Option Deeds has the meaning given in Section 1.1.

Otsana means Otsana Pty Ltd ACN 145 168 216 (trading as Otsana Capital).

Performance Shares means 62,500,000 Class A Performance Shares, 62,500,000 Class B Performance Shares and 75,000,000 Class C Performance Shares proposed to be issued to the Vendors (or their nominees) as consideration for the Acquisition.

Placement Shares means the placement of 32,000,000 Shares by the Company pursuant to the Interim Capital Raising.

Projects means the projects comprised of the Licences as detailed in Section 3.4(a).

Proposed Directors means Dusko Ljubojevic and Martin Pawlitschek.

Prospectus means this prospectus dated 13 December 2017.

Public Offer means the offer by the Company, pursuant to this Prospectus, of 250,000,000 Shares at an issue price of \$0.02 each to raise a total of \$5,000,000 (before costs).

Public Offer Shares means the 250,000,000 Shares to be issued under the Public Offer.

Related Body Corporate means, in relation to a body corporate, a body corporate related to it within the meaning of section 50 of the Corporations Act.

Secondary Offers means the Consideration Offer, the Facilitator Offer, the Attaching Options Offer and the Convertible Notes Offer.

Section means a section of this Prospectus.

Securities means any securities, including Shares, Options and Performance Shares, issued or granted by the Company.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Link Market Services Limited ACN 083 214 537.

Shareholder means a holder of one or more Shares.

Shareholder Meeting or **Meeting** means the general meeting convened by the Notice of Meeting.

Skarnore means Skarnore Resources d.o.o.

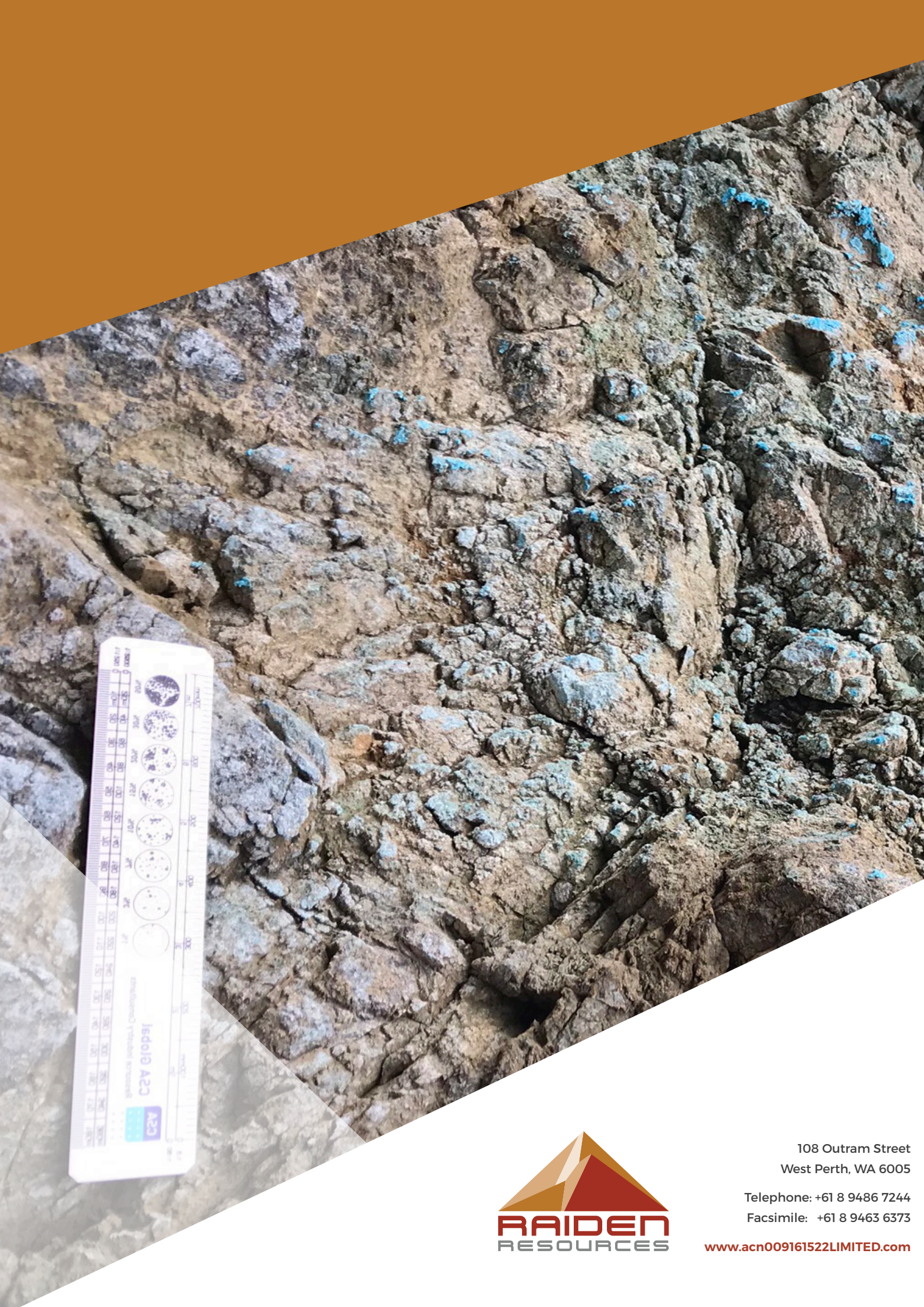
Solicitor's Report means the report contained in Section 9.

Timok means Timok Resources Pty Ltd ACN 622 750 485.

Timok Group means Timok, Skarnore and Kingstown.

Vendors means all of the shareholders of Timok.

WST means Western Standard Time, being the time in Perth, Western Australia.



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