

P.B. WHITE MINERALS PTY. LTD.

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2nd February 2018

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

COMPULSORY ACQUISITION OF SHARES IN PACIFIC MINING LIMITED

On 7 November 2017, P B White Minerals Pty Ltd ("**PBWM**"), acting in concert with other companies owned by the White Family, namely Whitefam Investments Pty Ltd and Australian Industrial Sands Pty Ltd, increased its collective interest in the ordinary equity of Pacific Mining Limited ("**Pacific**") to more than 90% of the voting power in Pacific and a beneficial interest in at least 90% by value of all the securities in Pacific.

PBWM has commenced the process for compulsorily acquiring the outstanding ordinary shares in Pacific ("**Ordinary Shares**") by lodging the relevant compulsory acquisition notices with the Australian Securities and Investments Commission ("**ASIC**").

Please find attached a copy of the following documents:

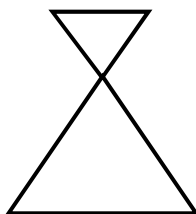
1. Letter to the holders of the Ordinary Shares
2. Form 6024 *Notice of Compulsory Acquisition*
3. Objection Form for the holders of the Ordinary Shares; and
4. Copy of the Independent Expert's Report.

We confirm that the enclosed documents were lodged with ASIC today, pursuant to s664C(2)(a) of the Corporations Act 2001 (Cth) (Corporations Act).

We also confirm that the enclosed documents were provided to the directors of Pacific Mining Ltd today, pursuant to s664C(2)(c) of the Corporations Act and will be dispatched to holders of the Ordinary Shares.

Yours Sincerely

Peter Bingley White
Managing Director



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5th February 2018

Dear Shareholder

COMPULSORY ACQUISITION

As you may be aware, on 7 November 2017, P B White Minerals Pty Ltd (**PBWM**), acting in concert with other companies owned by the White family, namely Whitefam Investments Pty Ltd and Australian Industrial Sands Pty Ltd, increased its collective interest in the ordinary equity of Pacific Mining Limited ("**Pacific**") to more than 90% of the voting power in Pacific and a beneficial interest in at least 90% by value of all the securities in Pacific.

You have received this letter and the enclosed information as you hold ordinary shares in Pacific ("**Ordinary Shares**").

PBWM now proposes to compulsorily acquire each Ordinary Share in Pacific for \$0.60 per Ordinary Share in accordance with Section 664E(1) of the Corporations Act 2001 (Cth) ("**Corporations Act**"). The attached Independent Expert's Report supports the proposed acquisition price on the basis that the Ordinary Shares have a fair value between \$0.50 and \$0.60 per Ordinary Share.

PBWM encloses by way of service:

- a Notice of Compulsory Acquisition under section 664C of the Corporations Act in relation to the Ordinary Shares held by you ("**Notice**");
- a copy of the Independent Expert's Report relating to the compulsory acquisition of the Ordinary Shares; and
- a copy of an Objection Form ("**Objection Form**") pursuant to which you may object to the acquisition within one month of receipt hereof (i.e. no later than 9th March 2018).

The Notice was lodged with the Australian Securities and Investments Commission on 2nd February 2018. As well as providing formal notice of PBWM's intention to compulsorily acquire your Ordinary Shares, the Notice sets out certain rights available to you under the Corporations Act in response to the Notice.

WHAT DO YOU NEED TO DO?

If you wish to object to the acquisition, you must complete and return the Objection Form, otherwise, no action is required. In due course, you will receive a letter setting out details for the payment of the consideration payable to you upon compulsory acquisition of your Ordinary Shares.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'P. B. White', enclosed within a thin, hand-drawn oval border.

Peter Bingley White
Managing Director

Notice of compulsory acquisition

Notice

Description of class of securities

To each holder of:

Class of securities ('the class')

Fully Paid Ordinary Shares

Name of target company

in

Name ('the Company')

Pacific Mining Ltd

ACN/ARBN/ARSN

ACN 000 140 938

Insert name of 90% Holder

1. P B White Minerals Pty Ltd

('the 90% holder')

Tick one box

☒

holds either alone or with a related body corporate, full beneficial interests in at least 90% of the securities (by number) in the class.

☐

has voting power of at least 90% in the Company and holds, either alone or with a related body corporate, full beneficial interests in at least 90% by value of all securities of the Company that are either shares or convertible into shares.

Description of class of securities

2. Under subsection 664A(3) of the Corporations Act 2001 ('the Act') the 90% Holder may compulsorily acquire all the

Fully Paid Ordinary Shares

if less than 10% by value of holders in that class have objected to the acquisition by the end of the objection period set out in this notice or the Court approves the acquisition under section 664F of the Act.

Description of class of securities

3. The 90% Holder hereby gives notice that it proposes to compulsorily acquire

Fully Paid Ordinary Shares

that you hold for the cash amount of

Cash amount for the securities. This may be expressed as an amount per security.

\$0.60 per share at 31 December 2017

A notice sent by post to you is taken to be given to you 3 days after it is posted.

Period during which holders may return the objection form. The period must be at least one month.

4. Under section 664E of the Act, you, (or anyone who acquires the securities during the objection period) have the right to object to the acquisition of your securities by completing and returning the objection form that accompanies this notice within

One Month

of receipt of this notice. The objection cannot be withdrawn.

5. You have the right to obtain the names and addresses of everyone else who holds securities in the class from the Company register.

6. Under section 664F of the Act, if 10% of holders of securities covered by this compulsory acquisition notice have objected to the acquisition before the end of the objection period, the 90% Holder may, within one month after the end of the objection period, apply to the Court for approval of the acquisition of the securities covered by this notice.

Details of the consideration given for the securities

7. During the last 12 months the 90% Holder or an associate has purchased securities of the same class for

Not Applicable

Continued... Notice

Include any information that is known to the 90% Holder or any related bodies corporate that is material to deciding whether to object to the acquisition and has not been disclosed in an expert's report under section 667A of the Act.

8.

None

Signature

Name of person signing

Peter Bingley White

Capacity

Managing Director

Signature



Date signed

0 2 / 0 2 / 1 8
[D] [D] [M] [M] [Y] [Y]

CORPORATIONS ACT 2001 (CTH)
SECTION 664E(1)
OBJECTION FORM

The Directors
P B White Minerals Pty Ltd
C/- Hall Consulting Group
PO Box 1355
CHATSWOOD NSW 2057

Dear Sirs/Madam

OBJECTION TO COMPULSORY ACQUISITION

I/We refer to the notice of compulsory acquisition received by me on2018.

Pursuant to section 664E(1) of the Corporations Act 2001, I/we

.....,of

....., hereby notify

P B White Minerals Pty Ltd, that I/we object to the acquisition of the ordinary shares held by me/us and acknowledge that this objection:

- (i) relates to all securities of the above class that are covered by the notice and are held by me/us as at the date of this objection; and
- (ii) cannot be withdrawn.

.....
Signature of shareholder (or representative)

.....
Name of shareholder (print)

.....
Capacity of representative (if applicable)

.....
Date



Pacific Mining Limited
ABN 64 000 140 938

INDEPENDENT EXPERT'S REPORT

On the proposed compulsory acquisition of shares by P B White Minerals Pty Ltd as required under Sections 664C and 667A of the Corporations Act 2001 (Cth)

25 January 2018

25 January 2018

The Directors
P B White Minerals Pty Ltd
30B Billyard Avenue
Elizabeth Bay NSW 2011

The Directors,

RE: INDEPENDENT EXPERT'S REPORT (THE "REPORT")

1 Introduction

1.1 Purpose of the Report

On 7 November 2017, P B White Minerals Pty Ltd ("**PBWM**"), acting in concert with other companies owned by the White Family, namely Whitefam Investments Pty Ltd ("**WI**") and Australian Industrial Sands Pty Ltd ("**AIS**"), increased its collective interest in the ordinary equity of Pacific Mining Limited ("**PML**" or the "**Company**") to 90.87%. PBWM is now seeking to acquire the remaining 9.13% of the ordinary shares in PML it does not already own under a compulsory acquisition, in accordance with Section 664A of the Corporations Act ("**Section 664A**"), for cash consideration of 60 cents per share ("**Proposed Compulsory Acquisition**").

In order to proceed with the Proposed Compulsory Acquisition pursuant to Section 664A, the Directors of PBWM have appointed Crowe Horwath Corporate Finance (Aust) Ltd ("**Crowe Horwath**") to prepare an Independent Expert's Report to express an opinion addressing whether or not the Proposed Compulsory Acquisition is fair to the remaining minority PML shareholders ("**Minority Shareholders**").

This Report will form part of PBWM's compulsory acquisition notice ("**Compulsory Acquisition Notice**") to be sent to each non-associated shareholder of PML.

Crowe Horwath is independent of PBWM and has had no involvement with, or interest in, the outcome of the Proposed Compulsory Acquisition other than the preparation of this Report.

This Report was prepared in compliance with Accounting Professional & Ethical Standard 225 'Valuation Services' ("**APES 225**"), and is deemed by APES 225 to be a Valuation Engagement.

The concept of value we have adopted for the purposes of this Report is fair market value, which is defined as being the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

The date of the Valuation is 31 December 2017 ("**Valuation Date**").

1.2 Summary Conclusion

Crowe Horwath determined the fair market value of PML ordinary shares in accordance with Section 667C of the Corporations Act 2001 (“**Act**”) (“**Section 667C**”).

1.2.1 The Proposed Compulsory Acquisition provides Fair Value.

We assessed the value of PML’s ordinary shares as at the date of this Report to be in the range of 50 cents to 60 cents per share on a controlling basis, as detailed in **Section 5** of this Report.

In our opinion, in the absence of other alternatives, the proposed offer by PBWM to acquire the remaining ordinary shares in PML provides fair value, as the cash offer of 60 cents per share is equal to or in excess of our valuation range of 50 cents to 60 cents per share.

1.3 Other

This letter is a summary of Crowe Horwath’s opinion on the Proposed Compulsory Acquisition. This letter should be read in conjunction with the detailed Report and appendices as attached. Unless the context requires otherwise, references to “we”, “our” and similar terms refer to Crowe Horwath.

Our limitations and reliance on information is set out in **Section 2.3**.

For the avoidance of doubt:

- the term “FY” refers the years ended 30 June; and
- “cps” refers to cents per share.

Yours faithfully



CROWE HORWATH CORPORATE FINANCE (AUST) LTD

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2 Scope of Report

2.1 Purpose of the Report

PBWM is seeking to acquire via the Proposed Compulsory Acquisition, the remaining 1,278,553 ordinary shares in PML that it does not already own, representing 9.13% of PML's shares on issue.

Pursuant to Part 6A.2 of the Corporations Act, the consideration for these securities must be cash. The Proposed Compulsory Acquisition, as set out in **Section 1** of this Report, is governed by Section 664A and Section 664C of the Corporations Act ("**Section 664C**").

Section 664C requires that to compulsorily acquire securities under Section 664A, a notice in the prescribed form must be prepared setting out certain details and information including the proposed cash sum offered to acquire the remaining securities.

Under Section 664C a copy of that notice must be lodged with ASIC and given to each person who is a holder of securities in the relevant class on the day on which the notice is lodged with ASIC, together with a copy of an expert's report, or of all expert's reports under Section 667A of the Corporations Act ("**Section 667A**").

Accordingly, pursuant to Section 667A, PBWM Management has appointed Crowe Horwath as an independent expert to express an opinion as to whether or not the consideration for the Proposed Compulsory Acquisition of the remaining ordinary shares in PML is of fair value. This Report accompanies the Compulsory Acquisition Notice to be sent to the minority shareholders.

Specifically, Section 667A(1) requires that an expert's report for the purposes of Section 664C must:

- (a) *Be prepared by a person nominated by ASIC under Section 667AA; and*
- (b) *State whether, in the expert's opinion, the terms proposed in the notice give a fair value for the securities concerned; and*
- (c) *Set out the reasons for forming that opinion.*

In addition, pursuant to Section 667A(2):

If the person giving the Compulsory Acquisition notice is relying on paragraph 664A(2)(c) to give the notice, the expert's report under Section 664C must also:

- (a) *State whether, in the expert's opinion, the person (either alone or together with a related body corporate) has full beneficial ownership in at least 90% by value of all the securities of the company that are shares or convertible into shares; and*
- (b) *Set out the reasons for forming that opinion.*

2.2 Basis of Evaluation

To determine the fair value of securities for the purpose of Section 667C(1) the expert must:

- (a) *First, assess the value of the company as a whole; and*
- (b) *Then allocate the value among classes of issued securities in the company (taking into account the relative financial risk, voting and distribution rights, of the classes); and*
- (c) *Then allocate the value of each class pro rata among the securities in that class (without allowing a premium or applying a discount for particular securities in that class).*

Furthermore Section 667C(2) stipulates that:

- (a) *Without limiting subsection (1), in determining what is fair value for securities for the purposes of this Chapter, the consideration (if any) paid for securities in that class within the previous 6 months must be taken into account.*

For the purpose of this Report, Crowe Horwath have treated the term “fair” in accordance with ASIC Regulatory Guide 111.

An offer is fair if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. This comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage holding of the “bidder” or its associates in the target when making this comparison.

The Proposed Compulsory Acquisition will be assessed as being fair, if the share consideration value is equal to or greater than the value of PML's ordinary shares.

2.3 Limitations and Reliance on Information

2.3.1 Overview

Crowe Horwath's opinion is based on economic, share market, business and trading conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods. If they did change materially, the valuation and our opinion could vary significantly. Should we become aware of any factors that alter our assumptions as given, we reserve the right to alter our Report.

This Report is based upon financial and non-financial information provided by PML and PBWM. Crowe Horwath has used and relied on this information for the purposes of its analysis.

Crowe Horwath has considered and relied upon the information provided by PML and PBWM and has no reason to believe that any material facts have been withheld. The information provided to Crowe Horwath has been evaluated through analysis, inquiry and review for the purposes of forming an opinion as to whether the Proposed Compulsory Acquisition provides fair value to the minority shareholders of PML. Crowe Horwath does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or due diligence investigation might disclose.

In particular, we have relied on:

- available evidence to determine the market value of PML's various investment assets around the Valuation Date (for example, listed share prices and a property valuation report);
- estimates of future operating expenditure, should PML delist from the Australian Securities Exchange (“ASX”); and
- representations from both the Management of PML and PBWM in relation to current operations of the PML business and the rehabilitation obligations arising from the mining licence held by PML (further discussed in **Section 3.4.4**).

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, continuous disclosure rules, regulations, and policies, Crowe Horwath:

- assumes no responsibility and offers no legal opinion or interpretation on any issue; and
- has generally assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no legal proceedings, other than as disclosed in this Report.

[This space has intentionally been left blank.]

3 Profile of PML

3.1 History

PML (then known as Pacific Uranium and Oil Syndicate Ltd) was established in 1954 as a mining and exploration company. PML then acquired a number of mining leases which were on-leased and operated by both related party companies and third party operators. In 1970, the Company acquired a licence to mine clay, sand and gravel from a quarry located at Penrith, New South Wales ("**Penrith Quarry**"), which was subsequently on-leased and operated by PBWM.

Prior to 2009, PML earned royalties from minerals extracted from the various mining operations, which were initially invested in acquiring additional mining licences. During the early 1990's PML diversified its operations and commenced investing in commercial property assets as well as listed and unlisted securities.

In December 2009, mining at the Penrith Quarry ceased as the mineral resources at the leased site were exhausted. PBWM, the operator of the Penrith Quarry, is currently in the process of rehabilitating the Penrith Quarry site, which Management advise is expected to be completed within five years.

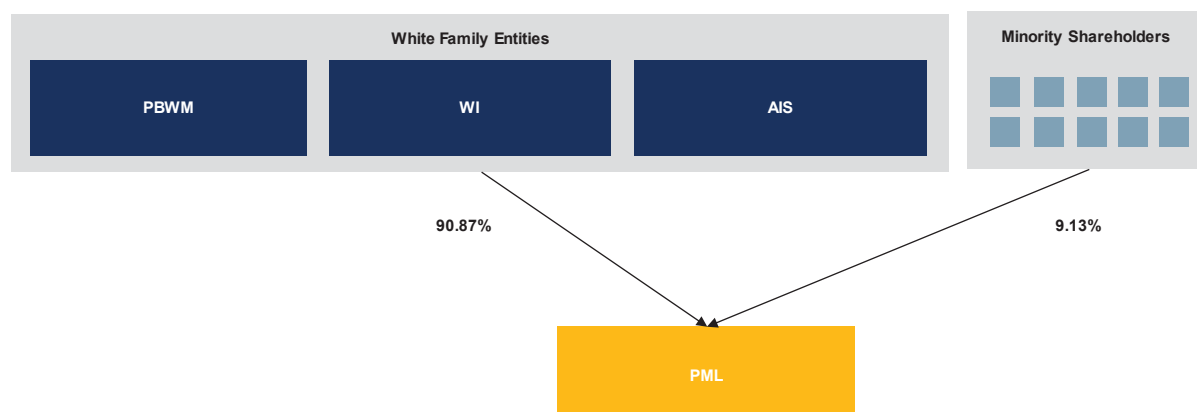
3.2 Key Events

Summarised below are the key events impacting PML since inception are provided below:

PML History of Key Events	
Date	Milestone
1954	▪ Company established.
1955	▪ Officially listed on ASX.
1970	▪ PML were granted a mining licence for the Penrith Quarry, at which point PBWM commenced mining operations at the site.
1992	▪ Purchased a 50% interest in its first commercial property located in Lane Cove, NSW (" Lane Cove Property ").
1993	▪ Purchased a single floor, multi storey office block located in Sydney, NSW (" Sydney Property ").
1997 – 2017	▪ Progressively purchased a portfolio of securities issued by a number of listed and unlisted entities (" Investment Portfolio ") which are further discussed in Section 3.4.3 below.
2003	▪ Sold the Sydney Property.
2005	▪ Purchased an industrial property located at Thornton, NSW (" Thornton Property ").
December 2009	▪ Mining at the Penrith Quarry ceased.
June 2016	▪ Sold the 50% interest held in the Lane Cove Property.
March 2017	▪ PBWM commenced acquiring additional shares in PML from minority shareholders.
7 November 2017	▪ PBWM, acting in concert with other companies owned by the White Family, namely WI and AIS, increased its collective interest in the ordinary equity of PML to 90.87%. PBWM is now seeking to acquire the remaining 9.13% of the ordinary shares in PML it does not already own under a compulsory acquisition.

3.3 Group Structure

Summarised below is the group structure of PML prior to the Proposed Compulsory Acquisition:



Source: PML Management

With respect to the group structure we note the following at the date of this Report:

- PBWM, WI and AIS are collectively owned and controlled by various members of the White Family, namely; Mr Peter White, Mrs Anne White, Mr Nicholas White, Mr Andrew White and Mrs Alexandra Jones.
- There are a number of cross directorships amongst the group, namely:
 - Mr Peter White is a director of PML, PBWM and AIS; and
 - Mr Nicholas White is a director of PML, PBWM, WI and AIS.
- The individual holdings of PBWM, WI and AIS are set out in **Section 3.8.1**.

3.4 Current Operations

3.4.1 Overview

PML employ a single operational employee, Mr Peter White, whose responsibility is to manage the day-to-day operations of PML ("**Management**"). The business now operates solely as a passive investment vehicle which holds a single property asset, namely the Thornton Property, as well as an Investment Portfolio that includes both listed and unlisted securities.

PML generates revenues from:

- **Rent:** earned on the Thornton Property;
- **Dividends:** from shares held in listed companies;
- **Distributions:** from listed and unlisted property funds;
- **Interest:** earned on cash at bank and from listed debt securities; and
- **Mining licence:** whilst mining at the Penrith Quarry has ceased, PML still receives from PBWM a reimbursement of costs it incurs in relation to the mining licence.

PML outsource a number of overhead and operational functions to PBWM. PBWM charge PML a management fee for the provision of these services. For the avoidance of doubt, our valuation analysis considers commercial go-forward costs.

PML also outsources its accounting and financial reporting functions to Hall Consulting Group, who have acted as accountants and financial advisors to PML for past 25 years. Hall Consulting Group have provided commercial services to PML on an arm's length basis.

PML's board of directors and officers include:

- **Mr Peter White:** sole Executive Director and operational employee at PML;
- **Mr David Bentley:** Chairman and Independent Non-Executive Director; and
- **Mr Nicholas White:** Non-Executive Director.

3.4.2 Thornton Property

As previously discussed, PML own a single commercial property located at Thornton, NSW:

- **Overview:** land area of 4,937 square metres, comprising an industrial facility with ground floor office accommodation, a high clearance warehouse, crane, associated parking and asphalt hardstand.
- **Leasing:** a single tenant, Bitupave Limited (a subsidiary of Boral Limited). The lease agreement is for a five-year term which expires on 6 March 2018, with an option for the tenant to extend the lease for two, three-year periods (i.e. 2 x 3 year periods). Management advised that as at 31 December 2017 Bitupave Limited had indicated that it intended to renew the lease, however had not signed a contract for renewal at that date.
- **Value:** In June 2017, Management engaged an independent property valuation firm, Knight Frank, to determine the fair value of the property at 30 June 2017 for financial reporting purposes. Knight Frank valued the property at \$2,100,000 at 30 June 2017. As part of our valuation process, we made enquiries of Knight Frank, regarding any likely change in the value of the property, from 30 June 2017 and 31 December 2017 (i.e. the date of this Report). With respect to likely change in the value of the property, from 30 June 2017 and 31 December 2017, Knight Frank advised the following:
 - Given a new lease agreement had yet to be signed at 31 December 2017 and considering the prevailing market conditions, the fair value of the property was unlikely to have changed at 31 December 2017 (i.e. when compared to 30 June 2017).
 - Should an extension on the lease agreement be executed post 31 December 2017, the fair value of the property would likely increase to \$2.2 million to \$2.3 million, as the property would be considered more marketable (i.e. in comparison to a property with a lease due to expire). For example a property with a medium term lease in place is more likely to attract a broader range of potential buyers (i.e. the property may be more attractive to both owner occupiers and industrial property investors).

3.4.3 Investment Portfolio

Summarised below is the Investment Portfolio held by PML at 31 December 2017:

PML Investment Portfolio	
Entities investments held in	Value (\$000s)
National Australia Bank Limited	1,273
Suncorp Notes	411
Suncorp Group Convertible Preference Shares II	102
Tabcorp Holdings Limited	3
Telstra Corporation Limited	244
Westpac Banking Corporation	1,450
Westpac Capital Notes	306
CYBG PLC	27
ANZ Ordinary Shares	719
Commonwealth Bank of Australia	803
Commonwealth Bank of Australia - PERLS 6	204
Bendigo and Adelaide Bank Convertible Preference Shares	102
ANZ Convertible Preference Shares	87
AMP Unsecured Subordinated Bonds	204
Brookfield Australian Opportunities Fund	1
Australian Unity Office Property Fund	107
Total	6,042

Source: PML Management, Crowe Horwath Analysis, S&P Capital IQ & ASX Limited

With respect to the Investment Portfolio:

- The Brookfield Australian Opportunities Fund, is the only unlisted investment held by PML. The remaining investments are ASX listed shares, units or bonds.
- With the exception of Tabcorp Holdings Limited, Telstra Limited, Brookfield Australian Opportunities Fund and Australian Unity Office Property Fund, the remainder of the portfolio (approximately 94% by value) comprises of businesses that operate in the Banking and Finance sector. As such, the Investment Portfolio is heavily exposed to the Banking and Finance sector.

3.4.4 Penrith Quarry – Rehabilitation Obligations

With respect to the rehabilitation obligations arising from the mining licence held by PML, PBWM provided both written and oral confirmation of the following:

- All expenses in relation to the rehabilitation of the Penrith Quarry have been, and will continue to be, paid by PBWM;
- Any future liabilities, arising from prior mining activities undertaken at the Penrith Quarry site, are an obligation of PBWM;
- Rehabilitation works at the Penrith Quarry are expected to be complete within the next two years. As a condition of the mining licence, maintenance of the rehabilitation works must be undertaken for a further three years (i.e. post initial rehabilitation works); and

- PML Management estimate that the remaining rehabilitation works (including works undertaken during the maintenance period) will cost between \$150,000 to \$250,000.

3.5 Financial Performance

Summarised below is the historical financial performance of PML for FY14(a) to FY17(a):

PML Financial Performance (\$'000s)					
	Notes	FY14(a)	FY15(a)	FY16(a)	FY17(a)
Rental revenue	1	471	424	353	288
Dividends & trust distributions received	2	153	153	150	252
Mining lease fees	3	24	24	24	24
Option fees	4	-	73	-	-
Total Revenue		647	674	527	564
Net fair value gain/(loss) on investment properties	5	-	1,044	(18)	(294)
Loss on disposal of financial assets	6	(2)	-	(299)	-
Loss on disposal of non-current assets held for sale	7	-	-	(419)	-
Licensing fees	3	(24)	(24)	(24)	(24)
Administration expenses	8	(109)	(113)	(124)	(140)
Other expenses	9	(254)	(275)	(348)	(197)
Total expenses		(390)	632	(1,232)	(655)
EBITDA	10	258	1,306	(705)	(91)
Depreciation & amortisation	11	(0)	(0)	(0)	(0)
EBIT		258	1,306	(705)	(91)
Net Interest Received/(Paid)	12	63	62	58	36
NPBT		321	1,367	(647)	(55)
Income tax (expense)/benefit	13	(48)	(359)	249	87
NPAT		273	1,008	(398)	31

Source: FY14(a), FY15(a), FY16(a) and FY17(a) - Audited Financial Statements

In relation to the financial performance of PML, we note:

1. **Rental revenue:** PML's rental revenue relates to commercial properties owned. The decline in rental revenue between FY14(a) and FY16(a) was due to the cessation of one lease at the Lane Cove property at the end of November 2014;
2. **Dividend and trust distributions received:** relate to income received from the Investment Portfolio held by PML (refer **Section 3.4.3**). The increase in Dividend and trust distributions received between FY16(a) and FY17(a) was due to the increase in investments held in other ASX listed companies, which were acquired following the sale of the Lane Cove property.
3. **Mining lease fees revenue:** relates to a fee charged to PBWM to reimburse mining lease fees incurred by PML as a condition of the mining licence.
4. **Option fees revenue:** in FY16(a) related to a non-refundable option fee received with respect to the Lane Cove property. The option to exercise was conditional on the option holder receiving a development approval with respect to the property. As PML has sold its 50% interest in the Lane Cove property, the option is no longer relevant to PML.

5. **Net fair value gain on investment properties:** in FY15(a) the net fair value gain on investment properties related to the recognition of a fair value gain as a result of directors' revaluation of investment properties held at the time, namely the Lane Cove Property and the Thornton Property. In FY16(a) and FY17(a) the net loss on investment properties related to the recognition of a fair value loss on the Thornton Property, as result of a directors' revaluation in FY16(a) and a revaluation in FY17(a) based on an independent report prepared by Knight Frank.
6. **Loss on disposal of financial assets:** related to capital losses on the disposal of listed securities in FY14(a) and FY16(a) respectively.
7. **Loss on disposal of non-current assets:** held for sale in FY16(a) relates to the loss on the sale of the 50% interest in the Lane Cove Property, which was sold in June 2016.
8. **Administration expenses:** the increase in administration expenses between FY14(a) and FY17(a) was due to an increase in the compliance costs (i.e. those costs associated PML operating in a listed environment).
9. **Other expenses:** primarily consist of management fees charged by PBWM, for the provision of overhead and operational functions, and employee benefit expenses in relation to the remuneration packages paid to Mr Peter White, Mr David Bentley and Mr Nicholas White.
10. **EBITDA:** fluctuated between a positive position in FY14(a) of \$258,000 and FY15(a) of \$1.3 million and a loss position in FY16(a) of \$705,000 and FY17(a) of \$91,000. Fluctuations in EBITDA resulted primarily from the revaluation of Commercial Properties and the Investment Portfolio held on balance sheet or sold during the respective financial years.
11. **Depreciation and amortisation:** comprised of depreciation in relation to plant and equipment, being less than \$1,000 in each period.
12. **Net interest received/(paid):** reflects interest earned on cash at bank and subordinated notes which are part of the Investment Portfolio.
13. **Income tax (expense)/benefit:** relates to income tax paid or recovered by PML. PML Management advised that, at the Valuation Date, the Company held carried forward income tax losses of \$183,956, which were expected to be utilised in the future.

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3.6 Financial Position

3.6.1 Historical Financial Position

Summarised below is the historical financial position of PML as at 30 June 2014, 30 June 2015, 30 June 2016 and 30 June 2017:

PML					
Financial Position (\$000s)					
	Notes	30-Jun-14	30-Jun-15	30-Jun-16	30-Jun-17
Current assets					
Cash and cash equivalents	1	125	199	272	686
Trade and other receivables	2	22	4	6	42
Other current assets	3	29	25	37	18
Current tax asset		-	-	20	5
Non-current assets classified as held for sale	6	-	2,510	-	-
Total current assets		176	2,738	335	751
Non-current assets					
Other non-current assets	4	60	64	66	67
Available-for-sale financial assets	5	4,187	4,262	6,024	6,411
Investment properties	6	3,850	2,394	2,394	2,100
Total non-current assets		8,097	6,720	8,484	8,578
Total assets		8,273	9,459	8,819	9,329
Current liabilities					
Trade and other payables	7	77	85	48	246
Other current liabilities		23	23	23	24
Short term provisions		3	-	-	-
Provision for income tax		-	19	-	-
Total current liabilities		102	127	71	270
Non-current liabilities					
Long term provisions	8	41	41	39	34
Deferred tax liabilities		157	422	193	218
Total non-current liabilities		198	462	231	252
Total liabilities		300	590	302	522
Net assets		7,973	8,869	8,517	8,808
<i>Net Asset Backing per ordinary share (\$)</i>		<i>0.569</i>	<i>0.633</i>	<i>0.608</i>	<i>0.629</i>
Equity					
Issued capital		5,071	5,071	5,071	5,071
Reserves	9	53	(59)	(13)	247
Retained earnings		2,849	3,857	3,459	3,490
Total equity		7,973	8,869	8,517	8,808

Source: FY14(a), FY15(a), FY16(a) and FY17(a) - Audited Financial Statements

Notes:

1. **Cash & cash equivalents:** the increase between FY16(a) and FY17(a) was primarily driven by positive cashflow generated from the operating activities of PML (i.e. profits excluding the revaluation downwards of the Thornton Property).
2. **Trade & other receivables:** Management advised all trade and other receivables amounts were fully recoverable at 30 June 2017 and as at the date of this Report.
3. **Other current assets:** this balance at 30 June 2017 included accrued income, prepayments and net rent receivable with respect to the Thornton Property.
4. **Other non-current assets:** this balance at 30 June 2017 consisted of a security deposit held by PML.
5. **Available-for-sale financial assets:** this balance at 30 June 2017 related to the securities held in the Investment Portfolio (refer **Section 3.4.3**).
6. **Investment properties:** this balance at 30 June 2017 related to the Thornton Property, which was held at market value, based on an independent report prepared by Knight Frank. The Lane Cove Property was carried as an investment property as at 30 June 2014, and an available for sale asset at as 30 June 2015.
7. **Trade & other payables:** relate to trade creditors and other creditors, as well as a short-term loan from PBWM of \$198,826 which was repaid in August 2017.
8. **Long term provisions:** this balance at 30 June 2017 included the non-current component of a long service leave provision.
9. **Issued capital:** represents 14,002,696 shares on issue as at 30 June 2017. At the date of this Report, the number of shares on issue remained unchanged.

3.6.2 Reconciliation of Earnings & Net Asset Movement

Summarised below is a reconciliation of PML's net asset movements during the analysis periods.

PML Reconciliation of Net Assets Movement (\$000s)				
	Note	30-Jun-15	30-Jun-16	30-Jun-17
Net asset movement		896	(352)	291
NPAT		1,008	(398)	31
Movements in equity: Other comprehensive income	1	(113)	46	260
Total		896	(352)	291

Source: FY14(a), FY15(a), FY16(a) and FY17(a) - Audited Financial Statements & Crowe Horwath Analysis

Note:

1. Other comprehensive income in FY15(a), FY16(a) and FY17(a) relates to changes in the fair value of available-for-sale financial assets and loss on disposal of available-for-sale financial assets.

3.7 Cash Flow Statement

Summarised below are the historical cash flows of PML for the period FY14(a) to FY17(a).

PML					
Cash Flows (\$'000s)					
	Notes	FY14(a)	FY15(a)	FY16(a)	FY17(a)
Cash flows from operating activities					
Cash receipts from customers (inclusive of GST)		552	517	343	347
Cash payments to suppliers and employees (inclusive of GST)		(468)	(392)	(518)	(218)
Income tax received/(paid)		(41)	(25)	(40)	16
Interest received		88	80	69	44
Dividends received		132	141	141	243
Net cash (used in)/ generated from operating activities	1	262	320	(5)	431
Cash flows from investing activities					
Acquisition of financial assets	2	(520)	(236)	(3,886)	(16)
Acquisition of investment properties		-	(10)	(18)	-
Acquisition of property, plant & equipment		-	-	-	-
Proceeds from sale of financial assets	2	2	-	1,891	-
Net proceeds from sale of property	3	-	-	2,091	-
Net cash (used in)/generated from investing activities		(518)	(245)	77	(16)
Net increase in cash and cash equivalents		(256)	74	73	414
Cash and cash equivalents at the beginning of the year		381	125	199	272
Cash and cash equivalents at the end of the year		125	199	272	686

Source: FY14(a), FY15(a), FY16(a) and FY17(a) - Audited Financial Statements

Notes:

1. **Net cash flows (used in)/generated from operating activities:** represents an inflow of cash in FY14(a), FY15(a) and FY17(a) and an outflow in FY17(a). Fluctuations year on year are the result of the changing mix of assets between the Investment Properties held and the Investment Portfolio.
2. **Acquisition of financial assets and proceeds from the sale of financial assets:** represents the inflow and outflows from buying and selling securities in the Investment Portfolio; and
3. **Net proceeds from the sales of property:** in FY15(a) represents the inflow of cash from the Sale of the Lane Cove Property.

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3.8 Shares Outstanding

3.8.1 Top 10 Largest Shareholders

Summarised below are PML's largest shareholders as at 12 December 2017, which remained unchanged as at the date of this Report.

PML Top 10 Largest Shareholders				
Rank	Shareholder	Notes	Shares outstanding	% Total
1	P B White Minerals Pty Ltd	1	9,742,635	69.58%
2	Whitefam Investments Pty Ltd	1	2,392,294	17.08%
3	Australian Industrial Sands Pty Ltd	1	589,214	4.21%
Sub total - White Family controlled entities			12,724,143	90.87%
4	Evelin Investments Pty Ltd		162,000	1.16%
5	Seven Bob Investments Pty Ltd		137,100	0.98%
6	Mr Brenden Edward Capper & Mrs Judith Mary Capper		53,300	0.38%
7	Bilyara Pty Ltd		30,000	0.21%
8	E C McCarthy & Co Pty Ltd		30,000	0.21%
9	Mr John Baldwin Howe		30,000	0.21%
10	Mr Alexander James Green		22,000	0.16%
Top 10 largest shareholders			13,188,543	94.19%
Shares held by other shareholders			814,153	5.81%
Total shares outstanding			14,002,696	100.00%

Source: Share register as at 12 December 2017 provided by PML Management

Note:

- As discussed in **Section 3.3**, P B White Minerals Pty Ltd, Whitefam Investments Pty Ltd and Australian Industrial Sands Pty Ltd are collectively owned and controlled by various members of the White Family. Collectively the three entities hold 90.87% of the total issued equity of PML.

3.9 Share Price Analysis

Summarised below are the prices and volumes at which PML shares traded on the ASX during the period 1 January 2017 to 31 December 2017:

PML Summary of On-Market Shares Traded (Last 12 Months)		
Date	Volume	Price (\$)
31-Oct-17	5,000	0.40
27-Oct-17	5,000	0.40
26-Oct-17	8,000	0.40
11-Oct-17	4,000	0.40
23-Jun-17	3,850	0.40
30-May-17	11,000	0.40
Total	36,850	n/a

Source: S&P Capital IQ

Key observations in relation to trading in PML's shares are:

- PML's shares traded on only six days out of the 252 days on which the ASX was open for trading during the 12-month observation period; and
- A total of 36,850 traded, which represented around 1% of PML's free float capital base during the 12-month period.

Accordingly, trading in PML shares is highly illiquid.

3.10 Recent Off-Market Transactions Involving Shares in PML

3.10.1 PBWM Off Market Acquisition of Shares from Unrelated Third Parties

Between March 2017 and November 2017, PBWM acquired a total of 479,545 shares, off market, from seven unrelated shareholders. Each parcel of shares were acquired at 60 cents per share.

PBWM advised that the price struck to acquire each parcel of shares from the third parties, was based on the approximate net asset value backing per PML share, at the date of each transaction.

3.10.2 PBWM Acquisition of Related Party Shares

We understand that on 7 and 8 November 2017, PBWM acquired a total of 123,100 shares, off market, from three related party shareholders, being children of Mr Peter White, namely:

- **Mr Andrew White:** 38,600 shares acquired at 64 cents per share;
- **Mrs Alexandra Jones:** 27,500 shares acquired at 90 cents per share; and
- **Mr Nicholas White:** 57,000 shares acquired at 43 cents per share.

Mr Peter White, in his capacity as a director of PBWM, advised that the price paid for each parcel of PML shares acquired from the three related parties, was not based on the market value of the shares at the time (hence the varying amount of price paid per share), rather these transactions were based on providing each sibling with approximately the same payout figure, irrespective of their individual shareholdings.

Accordingly, by their nature, these transactions do not represent fair market value, and have not been considered in forming our opinion.

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4 Valuation Methodology

4.1 Overview

The best determinant of value is the price at which the business or a comparable business or an equity interest in that business has been bought or sold in an arm's length transaction. In its absence, estimates of value are made using methodologies that infer value from other available evidence.

In order to calculate the fair market value of shares in PML, we have considered the following generally accepted valuation methodologies.

The values determined in this Report are consistent with the concept of fair market value, being the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

Fair market value does not incorporate any special value. Special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special (synergistic) value that they expect to realise from the acquisition to the seller.

4.2 Asset Based Methods

Asset based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset based methods include:

- net tangible assets;
- orderly realisation of assets; and
- liquidation of assets.

The **net assets method** is based on the value of the assets of the business less certain liabilities, at book values, adjusted to market value.

The **orderly realisation of assets method** estimates fair market value by determining the amount that would be distributed to shareholders assuming the company is wound up in an orderly manner realising a reasonable market value for assets.

The **liquidation method** is similar to the orderly realisation of assets method except for the fact that the liquidation method assumes the assets are sold in a shorter period, under a "distressed seller" scenario.

These approaches ignore the possibility that a company's value could exceed the realisable value of its assets. Asset based methods are appropriate when companies are not profitable, not actively trading or a significant proportion of a company's assets are liquid.

4.3 Market Based Methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value and valuation metrics of comparable companies. Market based methods include:

- capitalisation of maintainable earnings;
- analysis of a company's recent share trading history; and
- industry specific methods.

The **capitalisation of maintainable earnings method** estimates fair market value by multiplying the company's future maintainable earnings by an appropriate capitalisation multiple. An appropriate earnings multiple is derived from price earnings multiples and market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable and comparable companies have similar cost structures and growth profiles.

The **most recent share trading history** provides strong evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

Industry specific methods estimate market value using industry benchmarks. These methods generally provide less persuasive evidence on market value of a company, as they may not account for company specific factors. Industry specific methods are generally only used as a cross check to the primary valuation methodology.

4.4 Discounted Cash Flow ("DCF") Method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence (ideally for a period of three to five years for a going concern business). The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

4.5 Selection of Methodologies

In selecting our valuation methodology, we considered:

- that the core assets of PML include an industrial property and a portfolio of listed equities, bonds and hybrid securities (discussed in **Section 3**);
- PML also holds a balance of cash;
- trading in PML's shares, both on and off-market; and
- that sophisticated cashflow forecasts for an extended period of time do not exist. Additionally, there is no reasonable basis for the preparation of such forecasts under Regulatory Guide 170 *Prospective Financial Information* ("**Regulatory Guide 170**").

Since PML's core business is based on holding a number of investment assets, we adopted an asset based methodology in valuing the shares of PML. Specifically, we considered the fair market value of PML's net assets on a going concern basis, inclusive of required operating infrastructure to maintain the business.

This is the most commonly adopted approach in valuing property holding businesses and other investment asset holding businesses.

We also considered recent prices paid by PBWM to acquire PML shares off-market, from unrelated third-parties.

5 Valuation of PML

5.1 Overview

Based on the intended timing of the Proposed Compulsory Acquisition and availability of information, we adopted a valuation date of 31 December 2017 for the purpose of this Report.

The values determined in this Report are consistent with the concept of fair market value, being the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length.

Fair market value does not incorporate any special value. Special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special (synergistic) value that they expect to realise from the acquisition to the seller.

Considering PML's net assets and required operating infrastructure on a going concern basis, as well as recent prices paid by PBWM to acquire PML shares off-market from unrelated third-parties, we determined the fair market value of a share in PML to be between 50 cents and 60 cents, on a controlling basis (refer **Section 5.5**).

In our opinion, there is insufficient trading and therefore liquidity in PML's listed shares to consider recent trading as a proxy for their fair market value.

5.2 Net Assets Methodology

5.2.1 Overview

We estimated the fair market value of PML's underlying net assets as at the Valuation Date, inclusive of PML's required corporate operating infrastructure as summarised below:

PML			
Fair Market Value of Net Assets (\$000s)			
	Notes	Low	High
Reported net assets as at 30 June 2017	1	8,808	8,808
<u>Add / (less):</u>			
Adjustments to market value of available-for-sale financial assets	2	(369)	(369)
Adjustments to market value of Thornton Property	3	-	200
Movement in other net assets	4	560	560
Value of carried forward income tax losses	5	-	51
Capitalised operating costs	6	(1,983)	(1,983)
Fair market value of net assets		7,015	7,266

Source: Management and Crowe Horwath analysis

In relation to the above:

1. Refer to **Section 3.6.1**.

2. Management provided an updated schedule which included a summary of the Investment Portfolio held by PML at 31 December 2017. We validated market prices where possible. The adjustment to the market value of available-for-sale financial assets of approximately \$369,000 includes the:
 - a. the disposal of 5,000 Suncorp Group Convertible Preference Shares; and
 - b. the collective increase in market value of the remaining shares/bonds/hybrid securities held in the Investment Portfolio, between 30 June 2017 and 31 December 2017.
3. We assessed the fair market value of PML's Thornton Property report as at the Valuation Date, based on analysis of the independent property valuation prepared by Knight Frank, discussions with Knight Frank and our own analysis. Refer to **Section 5.2.3** for further detail.
4. We analysed the balances of the remaining net assets (i.e. other than the Thornton Property and Investment Portfolio) between 30 June 2017 and 31 December 2017, and made an adjustment to reflect movements in these balances over the period.
5. As discussed in **Section 3.5** PML hold \$183,956 in carried forward income tax losses. With respect to the carried forward income tax losses we note:
 - a. at the low end of our range, we have assessed the losses to have \$Nil value since arm's length buyers often attribute no value to tax losses due to the difficulty associated with recouping them; and
 - b. at the high end of our range, we assessed the value of these losses to be approximately \$51,000, based on the assumption that the losses are fully recoverable in a short period of time (i.e. $\$183,956 \times 27.5\%$ tax saving = \$50,587.90).
6. Refer to **Section 5.2.4**.

We have not included liquidation costs (such as sale costs and taxes) as we adopted an asset-based methodology on a going concern basis (i.e. we assumed the assets and liabilities would continue to be used in operating the business).

Management instructed us that as at the date of this Report, they are not aware of any actual or potential liabilities of PML other than those disclosed in PML's Management Accounts at 31 December 2017 and the potential contingent liability with respect to the Penrith Quarry rehabilitation work (refer **Section 3.4.4**). Should PBWM not meet its rehabilitation obligations, as discussed in **Section 3.4.4**, and should the related expenses instead be incurred by PML, this would only reduce the value of PML, making the Proposed Compulsory Acquisition fairer.

5.2.2 Net Assets per Share

Based on the above, the fair market value of PML's net assets per share on a controlling basis are as follows:

PML Net Assets per Share			
		Low	High
Fair market value of net assets	\$000s	7,015	7,266
Number of shares	#000s	14,003	14,003
Net assets per share	\$	0.50	0.52

Source: Crowe Horwath analysis

5.2.3 Fair Market Value of the Thornton Property

In order to determine the fair market value of the Thornton Property, we analysed independent property valuation prepared by Knight Frank at 30 June 2017 and discussed with Knight Frank, any changes to the value of the Property to recognise events and circumstances and market movements as at the Valuation Date.

As part of this analysis, we discussed the work performed by Knight Frank, their approach and methodology, key assumptions and market conditions.

In respect of our discussions with Knight Frank, we note the following:

- As previously discussed in **Section 3.4.2**, given a new lease agreement had yet to be signed at 31 December 2017, Knight Frank advised the fair value of the property was unlikely to have changed at 31 December 2017 (i.e. when compared to 30 June 2017). Accordingly, we have not adjusted the low end of our valuation range (i.e. \$Nil adjustment).
- At the high end of our range, the \$200,000 adjustment reflects a likely increase in value of the Thornton Property to \$2.3 million, should an extension on the lease agreement be executed post 31 December 2017 (as previously discussed in **Section 3.4.2**).

Based on the analysis set out above, we consider that the third-party property valuation (and discussions regarding the same) is sufficiently recent and provides a reasonable estimate of the fair market value of PML's Thornton Property as at the Valuation Date.

5.2.4 Capitalised Operating Costs

In addition to costs considered in the valuation of the Industrial Property and Investment Portfolio, PML incurs costs at a corporate level. These costs relate to PML employing Mr Peter White, payment of non-executive directors fees, premises rental, general and administration expenses, as well as costs associated with its ASX listing, including compliance and ongoing disclosure. Without expenditure in these areas, cash flows associated with the PML Business may not come to fruition.

We consider that a market participant would take account of these costs when considering an acquisition of PML's shares, and may do so via considering the net present value of these costs. Given a market participant would likely de-list the entity post acquisition (due to its relatively small scale, closely held nature and prohibitive costs of being listed), we have considered the estimated cost structure of PML on an unlisted basis, based on estimates provided by Management.

Management estimated that the cost to operate PML, excluding the costs associated with its ASX listing. We analysed the breakdown of these costs and also considered the market cost of a part-time investment portfolio manager, employed on a 50% full time equivalent basis.

Based on the above analysis, we adopted an estimated annual cost base of approximately \$164,000 per annum, and a calculated the net present value of PML's expected costs, based on our assessment of a reasonable weighted average cost of capital ("WACC") for PML of around 11%.

5.3 Recent On-Market Share Trading History

5.3.1 Overview

This methodology relies on the market price of a company's shares reflecting all available information to willing but not anxious buyers and sellers acting at arm's length. The market value of listed shares on the ASX is influenced by many factors, including but not limited to:

- the value of the underlying assets of the company, including intangibles;
- the industry in which the company operates;
- managerial skills within the company;

- liquidity of the particular stock, as indicated by share trading volumes;
- future expectations for the company;
- the prevailing market and economic conditions; and
- supply and demand for the shares.

A change in these perceptions can significantly affect share value over a relatively short period.

5.3.2 Conclusion on Recent ASX Share Trading History

As detailed in **Section 3.9**, in the 12 months prior to 31 December 2017:

- PML's shares traded on only six days out of the 252 days on which the ASX was open for trading;
- A total of 36,850 traded, which represented around 1% of PML's free float capital base; and
- Accordingly, the on-market trading in PML shares is highly illiquid.

In our opinion, there is insufficient on-market trading and therefore liquidity in PML's shares to consider recent trading in PML's shares as a proxy for the fair market value.

5.4 Recent Off Market Acquisitions of PML Shares

As set out in **Section 3.10.1**, between March 2017 and November 2017, PBWM acquired a total of 479,545 shares, off market, from seven unrelated shareholders. Each parcel of shares was acquired at 60 cents per share.

PBWM advised that the price struck to acquire each parcel of shares from the third parties, was based on the approximate net asset value backing per PML share, at the date of each transaction.

5.5 Conclusion on Value

In summary:

- Adopting a net assets methodology, we calculated the fair market value of PML shares to be between 50 cents and 52 cents per share, inclusive of PML's required corporate operating infrastructure; and
- PBWM acquired shares in PML off-market from a number of unrelated third-parties at 60 cents per share, during the period March 2017 and November 2017.

Accordingly, we assessed the value of each PML share to be between 50 cents per share and 60 cents per share, on a controlling basis.

We concluded that the prices recently paid to acquire shares from unrelated third-parties were on a controlling basis, based on:

- the fact that those prices were higher than our fundamental valuation of PML's net assets on a controlling basis; and
- also considering that PBWM was a controlling shareholder at those times, who was moving towards a shareholding in excess of 90% and an ability to enact a compulsory acquisition.

5.6 Conclusion on Proposed Offer

In our opinion, in the absence of other alternatives, the proposed offer by PBWM to acquire the remaining ordinary shares in PML provides fair value, as the cash offer of 60 cents per share is equal to or in excess of our valuation range of 50 cents to 60 cents per share.

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6 Qualifications, Declarations and Consents

6.1 Qualifications

Crowe Horwath provides corporate finance services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert reports concerning mergers and acquisitions, takeovers and capital reconstructions.

The executives responsible for preparing this Report on behalf of Crowe Horwath are Mr Nathan Timosevski, B.Bus, CA, A.Fin and Ms Nicole Vignaroli, MAppFin, BBus, BA, F.Fin, Aff.CA. Both Nathan and Nicole have significant experience in relevant corporate advisory matters. Both are Representatives in accordance with the Australian Financial Services Licence No. 239170 held by Crowe Horwath under the Corporations Act 2001 (Cth).

6.2 Disclaimers

It is not intended that this Report be used or relied upon for any purpose other than as an expression of Crowe Horwath's opinion as to whether the Proposed Compulsory Acquisition provides fair value the minority shareholders of PML. Crowe Horwath expressly disclaims any liability to any person who relies or purports to rely on the Report for any other purpose.

This Report has been prepared by Crowe Horwath with care and diligence and statements and opinions given by Crowe Horwath in this Report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading.

Neither Crowe Horwath, nor any member or employee thereof, undertakes responsibility to any person, other than the shareholders and the Independent Directors of PML, in respect of this Report, including any errors or omissions however caused. Further, recipients of this Report should be aware that it has been prepared without taking account of their individual objectives, financial situation or needs. Accordingly, each recipient should consider these factors before acting on the Proposed Compulsory Acquisition.

Other than this Report, Crowe Horwath has not been involved in the preparation of any document prepared in respect of the Proposed Compulsory Acquisition. Accordingly, we take no responsibility for the content of the Notice of Compulsory Acquisition as a whole or other documents prepared in respect of the Proposed Compulsory Acquisition.

6.3 Declarations

Crowe Horwath does not have at the date of this Report nor has had any shareholding in or other relationship with PML, PBWM, WI or AIS that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Compulsory Acquisition. Crowe Horwath had no part in the formulation of the Proposed Compulsory Acquisition. Crowe Horwath's only role has been the preparation of this Independent Expert's Report. Crowe Horwath considers itself independent in terms of Regulatory Guide 112 issued by ASIC on 30 March 2011.

Crowe Horwath will receive a fee in the vicinity of \$12,500 (plus GST) based on time costs for the preparation of this Report. This fee is not contingent on the outcome of the Proposed Compulsory Acquisition. Crowe Horwath will receive no other benefit for the preparation of this Report.

PBWM has agreed that to the extent permitted by law that it will indemnify Crowe Horwath employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of this Report. This indemnity will not apply in respect of any conduct involving negligence or wilful misconduct. PBWM has also agreed to indemnify Crowe Horwath and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person except where Crowe Horwath or its employees and officers are found liable for or guilty of conduct involving negligence or wilful misconduct in which case Crowe Horwath shall bear such costs.

Advance drafts of this Report (and parts of it) were provided to PBWM and its advisers. Certain changes were made to this Report as a result of the circulation of the draft Report. There was no alteration to the methodology, valuation of PML, conclusions or recommendations made to PML shareholders as a result of issuing the drafts.

6.4 Consents

Crowe Horwath consents to the issuing of this Report in the form and context in which it is to be included in the Compulsory Acquisition Notice to be sent to PML shareholders. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without the prior written consent of Crowe Horwath as to the form and context in which it appears.

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Appendix 1 – Financial Services Guide

Dated of issue: 23 January 2017

General Advice – Independent Expert's Report

This Financial Services Guide is designed to help retail clients make a decision as to their use of the relevant general financial product advice; to ensure that we comply with our obligations as a financial services licensee; and to provide you with information on:

- how we and our associates are paid;
- any potential conflict of interest we may have; and
- our internal and external dispute resolution procedures and how you can access them.

Introduction

Crowe Horwath Corporate Finance (Aust) Ltd, ABN 95 001 508 363 has been engaged to issue general financial product advice in the form of an Independent Expert's Report for inclusion in a disclosure or other document in relation to the issuing of a financial product.

Who is responsible for the financial services provided to me?

Crowe Horwath Corporate Finance (Aust) Ltd holds an Australian Financial Services Licence No. 239170 and is responsible for the financial services provided by it and its Authorised Representatives, including authorising the distribution of this Financial Services Guide.

Crowe Horwath Corporate Finance (Aust) Ltd is wholly owned by Crowe Horwath Australasia Ltd and operates as part of the business advisory and professional accounting practice of Crowe Horwath.

General Financial Product Advice

In the Independent Expert's Report we provide general financial product advice, not personal financial product advice, because the advice has been prepared without taking into account your personal objectives, financial situation or needs.

You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs.

What kinds of financial services are you authorised to provide to me?

We are authorised to provide advice on, and deal in, the following classes of financial products to wholesale and retail clients:

1. Provide financial product advice for the following classes of financial products:
 - a) derivatives; and
 - b) securities.
2. Deal in a financial product by:
 - a) issuing, applying for, acquiring, varying or disposing of a financial product in respect of the following classes of financial products:
 - i. derivatives,
 - b) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - i. derivatives; and
 - ii. securities.

Independent Expert's Reports

We provide financial product advice by issuing an Independent Expert's Report in connection with a financial product of another person or entity. Our Report includes a description of the circumstances of our engagement and identifies the person or entity who has engaged us. You have not engaged us directly but you will be provided with a copy of the Report due to your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

Do you have any relationships or associations with financial product issuers?

Crowe Horwath Corporate Finance (Aust) Ltd and any of its associated entities may at any time provide professional or financial services to financial product issuers in the ordinary course of our business.

How is Crowe Horwath Corporate Finance (Aust) Ltd paid to produce an Independent Expert's Report?

We will charge a fee in the vicinity of \$12,500 excluding GST for providing this Independent Expert's Report. This fee will be paid by the person or entity which engages us to provide the Report. The fee has not affected the opinion we have expressed in the Report.

Except for this fee, neither Crowe Horwath Corporate Finance (Aust) Ltd, nor any of its principals, employees or related entities, receives any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the Report.

Does Crowe Horwath Corporate Finance (Aust) Ltd get paid for referring clients to invest in the products associated with your Independent Expert's Reports?

We do not pay commissions or provide any other benefits to any person for referring clients to us in connection with the Independent Expert's Report that we are engaged to provide.

We do not receive commissions or any other benefits for referring clients in connection with the underlying financial product and/or financial service that is the subject of the reports we are engaged to provide.

Do I pay for the financial services provided?

You do not pay us a fee for the production of the Independent Expert's Report. It is the responsibility of the person or entity which engaged our services to produce the Report to meet this cost.

Who can I complain to if I have a complaint about the financial services provided?

If you have any complaint about the service provided to you, you should take the following steps:

Contact us and tell us about your complaint.

If your complaint is not satisfactorily resolved within three business days, please contact the Complaints Officer on (02) 9262 2155, or put your complaint in writing and send it to us at:

The Complaints Officer
Crowe Horwath Corporate Finance (Aust) Ltd
Level 15, 1 O'Connell St
SYDNEY NSW 2000

If you still do not get a satisfactory outcome you can contact the Financial Ombudsman Service (FOS) of which Crowe Horwath is a member. FOS can be contacted on 1300 780 808 or you can write to them at GPO Box 3, Melbourne, Victoria 3001.

ASIC has a freecall Infoline on 1300 300 630 which you may also use to make a complaint or obtain information about your rights.

If you have any further questions about the financial services Crowe Horwath Corporate Finance (Aust) Ltd provides, please contact our office on (02) 9262 2155.

Appendix 2 – Glossary

Defined Term	Meaning
Act	Corporations Act 2001
AIS	Australian Industrial Sands Pty Ltd
APES 225	Accounting Professional & Ethical Standard 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Company	Pacific Mining Limited
Compulsory Acquisition Notice	PBWM's notice of compulsory acquisition to be sent to each minority shareholder of PML
CPS	Cents per share
Crowe Horwath	Crowe Horwath Corporate Finance (Aust) Ltd
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Enterprise value	Ungeared value of business assets, reflecting the interests of both debt and equity holders
FY	Years ended 30 June
GST	Goods and services tax
Investment Portfolio	The portfolio of securities owned by PML, issued by a number of listed and unlisted entities
Lane Cove Property	Commercial property located in Lane Cove, NSW, previously part owned by PML
Management	Members of PML management team
Minority Shareholders	Shareholders who collectively hold the remaining 9.13% of the ordinary shares in PML, which PML does not already own
NPV	Net Present Value
NSW	New South Wales
PBWM	P B White Minerals Pty Ltd
Penrith Quarry	The quarry located at Penrith, New South Wales which PML have the licence to mine
Proposed Compulsory Acquisition	Acquisition by PBWM of the remaining 9.13% of the ordinary shares in PML it does not already own

Regulatory Guide 111	Regulatory Guide 111 'Content of Expert Reports'
Regulatory Guide 112	Regulatory Guide 112 'Independence of Experts'
Report	Independent Expert's Report
Section 664A	Section 664A of the Act
Section 664C	Section 664C of the Act
Section 667A	Section 667A of the Act
Section 667C	Section 667C of the Act
Sydney Property	A multi storey office block located in Sydney, NSW, previously part owned by PML.
Thornton Property	The industrial property located at Thornton, NSW, currently owned by PML.
Valuation Date	31 December 2017
WACC	Weighted Average Cost of Capital
WI	Whitefam Investments Pty Ltd
YTD	Financial year to date

Appendix 3 – Sources of Information

Sources of information utilised and relied upon in the preparation of this Report include:

- PBWM Draft Compulsory Acquisition Notice;
- PML Annual Reports for FY14(a), FY15(a), FY16(a) and FY17(a);
- PLM share registry at 12 December 2017;
- Share registry analysis for PBWM, WI or AIS;
- PML ASX announcements;
- PML management accounts including a profit and loss statement for the six months ended 31 December 2017 and a balance sheet 31 December 2017;
- Timeline of PML key events prepared by PML Management;
- The independent property valuation report prepared by Knight Frank dated 30 June 2017, regarding the property located at 7 Firebrick Drive, Thornton, NSW;
- Discussions with Knight Frank regarding the independent property valuation report;
- Discussions & correspondence with the Management of PML and PBWM Management;
- Discussions & correspondence with Hall Consulting Group, advisors to PML and PBWM; and
- Discussions & correspondence with Brown Wright Stein Lawyers, advisors to PML and PBWM.
- Financial research using Capital IQ: <http://www.capitaliq.com>;
- Financial research using the ASX website: <http://www.asx.com.au>; and
- Financial research using the eoddata website: <http://eoddata.com/>.