

## Oakdale Resources Limited

Independent Expert's Report  
and Financial Services Guide  
25 January 2019

**The Proposed Transaction is not fair but reasonable to Non-Associated Shareholders**

**Prepared by Moore Stephens Perth Corporate Services Pty Ltd  
Australian Financial Services License No. 240773**

MOORE STEPHENS PERTH CORPORATE SERVICES PTY LTD

Australian Financial Services License No. 240773

FINANCIAL SERVICES GUIDE

This Financial Services Guide is issued in relation to our Independent Expert's Report on the proposed acquisition by Oakdale Resources Limited ("Oakdale") of 100% of the issued capital of Ozinca Australia Pty Ltd ("Ozinca"), via the issue of 100 million Oakdale shares (the "Proposed Transaction"). Our report has been prepared at the request of the Directors of Oakdale for inclusion in the Notice of Meeting to be dated on or about 28 February 2018.

**Moore Stephens Perth Corporate Services Pty Ltd**

Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS") has been engaged by the directors of Oakdale to prepare an independent expert's report expressing our opinion as to whether or not the Proposed Transaction is "fair and reasonable" to the shareholders of Oakdale.

MSPCS holds an Australian Financial Services Licence – Licence No 240773.

**Financial Services Guide**

As a result of our report being provided to you we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

**Financial Services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, and to carry on a financial services business to provide general financial product advice for securities to retail and wholesale clients.

We provide financial product advice by virtue of an engagement to issue a report in connection with the issue of securities of a company or other entities.

Our report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our report as a retail client because of your connection with the matters on which our report has been issued. We do not accept instructions from retail clients and do not receive remuneration from retail clients for financial services.

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

**General Financial Product Advice**

Our report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives either financial or otherwise, your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the Proposed Transaction may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

**Benefits that we may receive**

We will charge fees for providing our report. The basis on which our fees will be determined has been agreed with, and will be paid by, the person who engaged us to provide the report. Our fees have been agreed on either a fixed fee or time cost basis. We estimate that our fees for the preparation of this report will be approximately \$20,000 plus GST.

**Remuneration or other benefits received by our employees**

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of MSPCS or related entities but any bonuses are not directly in connection with any assignment and in particular are not directly related to the engagement for which our report was provided.

**Referrals**

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

**Associations and relationships**

MSPCS is the licensed corporate advisory arm of Moore Stephens Perth, Chartered Accountants. The directors of MSPCS may also be partners in Moore Stephens Perth Chartered, Accountants.

Moore Stephens Perth, Chartered Accountants is comprised of a number of related entities that provide audit, accounting, tax, and financial advisory services to a wide range of clients.

MSPCS's contact details are set out on our letterhead.

Neither MSPCS nor its related entities have previously provided any professional services to Oakdale or Ozinca.

**Complaints resolution**

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, Moore Stephens, PO Box 5785, St George's Terrace, Perth WA 6831.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical.

If we cannot reach a satisfactory resolution, you can raise your concerns with the Australian Financial Complaints Limited ("AFC"). AFC is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. MSPCS is a member of AFC. AFC may be contacted directly via the details set out below.

Australian Financial Complaints Limited  
GPO Box 3  
Melbourne VIC 3001  
Toll free: 1300 78 08 08  
Facsimile: 03 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

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25 January 2019

**MOORE STEPHENS**

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Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. INTRODUCTION

- 1.1 On 12 November 2018, Oakdale Resources Limited ("Oakdale" or "the Company") announced that it had entered into a Term Sheet for the acquisition of 100% of the issued share capital of Ozinca Australia Pty Ltd ("Ozinca") via the issue of 100 million fully paid Oakdale shares ("Consideration Shares") (the "Proposed Transaction").
- 1.2 The Proposed Transaction is subject to a number of conditions including:
- A minimum capital raising of \$500,000;
  - All applicable regulatory approvals being obtained; and
  - Shareholder approval being obtained;
- 1.3 Further details of the Proposed Transaction are set out in Section 4.

### 2. SUMMARY & OPINION

#### Purpose of the Report

- 2.1 Section 606 of the Corporations Act prohibits an entity from acquiring a relevant interest in the issued voting shares of a public company if the acquisition results in that person's voting interest increasing from a starting point that is below 20% to an interest above 20%. Although no single shareholder in Ozinca will obtain an interest in excess of 20% in Oakdale, Ozinca shareholders as a group will obtain an interest of approximately 60% of the issued capital of Oakdale.
- 2.2 Under Item 7 of Section 611 of the Act, the prohibition contained in Section 606 of the Act does not apply if the acquisition has been approved by the Non-Associated Shareholders of the Company. Accordingly, the Company is seeking approval from the Non-Associated Shareholders for the Proposed Transaction under Item 7 of Section 611 of the Act.
- 2.3 Item 7 Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC Regulatory Guide 111 ("RG 111") advises the requirement to commission an Independent Expert's Report in such circumstances and provides guidance on the content.
- 2.4 The directors of Oakdale have engaged Moore Stephens Perth Corporate Services Pty Ltd ("MSPCS") being independent and qualified for the purpose, to prepare an Independent Expert's Report to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the shareholders of Oakdale not associated with the Proposed Transaction (the "Non-Associated Shareholders").

## Approach

- 2.5 Our assessment of the Proposed Transaction relies on financial information and instructions provided by the Company and the Directors. We have critically analysed the information provided to us, but we have not completed any audit or due diligence of the information which has been provided for the entities which have been valued. This report does not contain any accounting or taxation advice.
- 2.6 Our report has been prepared having regard to Australian Securities & Investments Commission (“ASIC”) Regulatory Guide 111 Content of Expert’s Reports (“RG 111”) and Regulatory Guide 112 Independence of Expert’s (“RG 112”).
- 2.7 In arriving at our opinion, we have assessed the terms of the Proposed Transaction, as outlined in the body of our report, by considering the following;
- How the value of an Oakdale share prior to the Proposed Transaction on a control basis compares to the value of an Oakdale share following the Proposed Transaction;
  - The likelihood of a superior alternative Proposed Transaction being available to Oakdale;
  - Other factors which we consider to be relevant to the shareholders of Oakdale in their assessment of the Proposed Transaction; and
  - The position of the shareholders of Oakdale should the Proposed Transaction not be successful.

Further information on the approach we have employed in assessing whether the Proposed Transaction is “fair and reasonable” is set out at Section 4 of this Report.

## Opinion

- 2.8 We have considered the terms of the Proposed Transaction as outlined in the body of our report and have concluded that the Proposed Transaction is not fair, however we are of the opinion the Proposed Transaction is reasonable to the Shareholders of Oakdale.
- 2.9 In our opinion, the Proposed Transaction is not fair because the value of an Oakdale share prior to the Proposed Transaction on a controlling basis is greater than the value of the consideration Proposed Transaction, being one Ozinca share, valued on a minority basis. We do, however, consider the Proposed Transaction to be reasonable on the basis that Oakdale is effectively a listed shell in need of funding and that the directors of Oakdale have considered a number of investment opportunities and consider Ozinca to present the most appropriate opportunity at this time. In our opinion, if the Proposed Transaction is not approved, Shareholders will be exposing themselves to funding risk and share price risk. Whilst the Proposed Transaction is not fair, we believe it should provide some short term stability to Oakdale’s share price. This is a key assumption to our opinion.
- 2.10 In assessing if the Proposed Transaction is reasonable we have given considerable weighting to our view that a lack of long term funds or an immediately available alternative offer may impact negatively on the price of Oakdale’s shares and/or the ability of the Company to continue operating as a going concern if the Proposed Transaction is not approved.



## Fairness

2.11 Our assessed values of an Oakdale share, are summarised in the table and figure below.

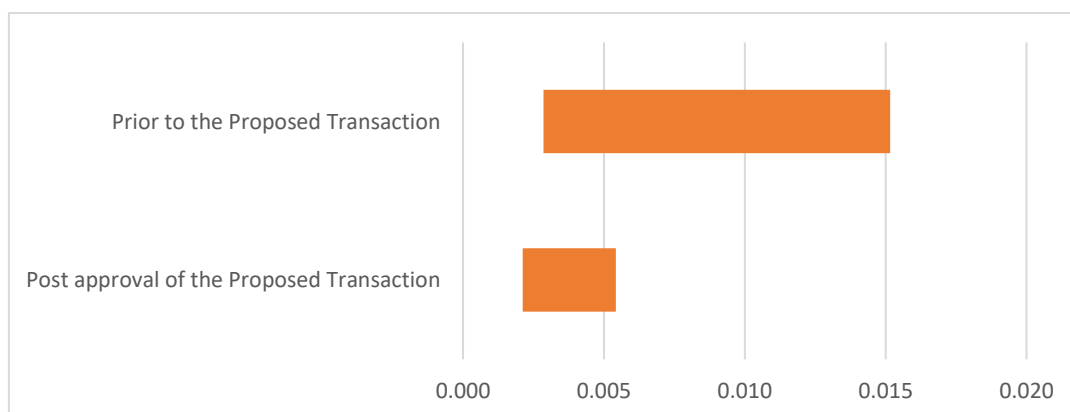
**Table 1: Assessed values of an Oakdale share pre and post Proposed Transaction approval**

	Section	Low \$	High \$
Assessed Fair Value of an Oakdale share prior to the Proposed Transaction	9	0.003	0.015
Assessed Fair Value of an equivalent Oakdale share if the Proposed Transaction is approved (minority basis)	10	0.002	0.005

Source: Moore Stephens analysis

1.1 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with Section 611 of the Corporations Act 2001, we consider the Proposed Transaction to be not fair to the Non-Associated Shareholders of Oakdale, as both the low and high values of an Oakdale share before the Proposed Transaction are higher than the respective low and high of an Oakdale share if the Proposed Transaction is approved. We do not consider the overlap in values to be significant because the highs and lows both pre and post the Proposed Transaction have been calculated on a similar basis so comparing the low per Proposed Transaction to the high post the Proposed Transaction would not be appropriate.

**Figure 1: Pre and post Proposed Transaction valuations of an Oakdale share**



Source: Moore Stephens analysis

## Reasonableness

2.12 We have considered the analysis in Section 11 of this report, in terms of both;

- Advantages and disadvantages of the Proposed Transaction;
- Other considerations, including the level of control of Oakdale if the Proposed Transaction is successful and the position of shareholders of Oakdale if the Proposed Transaction is not successful.

2.13 In our opinion, if the Proposed Transaction is successful the position of shareholders is more advantageous than their position if the Proposed Transaction is not successful. Accordingly, in the absence of a superior Proposed Transaction we believe that the Proposed Transaction is reasonable for shareholders of Oakdale.

2.14 The advantages and disadvantages considered are summarised below:

Advantages	Disadvantages
Oakdale will own processing plant that could provide future cash flows to be used in developing the Oakdale Project	The Proposed Transaction is not fair
Share liquidity may improve	Reduction in control of Shareholders
Oakdale may have a greater ability to raise funds for the Processing Plant	Ozinka has not completed the payment for the Chimu Processing Plant which means Oakdale will still need to pay for The Chimu Processing Plant
Mr Andrew Knowles has significant experience operating mineral processing businesses in Peru	Oakdale will still need to raise additional funds
Shareholders will retain exposure to the Oakdale Project	The Chimu Processing Plant is not operational and requires repairs or replacement of certain parts
There is a comparable company to Oakdale with a higher market capitalisation that Oakdale could compare its shares to	

2.15 Other key matters we have considered include:

## OTHER KEY MATTERS

We are not aware of any alternative proposals that may provide a greater benefit to the Non Associated shareholders of Oakdale.

If the Proposed Transaction is not approved, then the Company will need to find capital and an alternative transaction

Oakdale's share price has not experienced an increase in liquidity but has seen an increase in price following the announcement of the Proposed Transaction.

### 3. SCOPE OF THE REPORT

#### Regulatory guidance

- 3.1 Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.
- 3.2 This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it.
- 3.3 In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is not fair and reasonable to the shareholders of Oakdale.

#### Adopted basis of evaluation

- 3.4 RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to approve the Proposed Transaction in the absence of any higher bid.
- 3.5 Having regard to the above, MSPCS has completed this comparison in two parts:
  - A comparison between the value of an Oakdale share prior to the Proposed Transaction on a control basis and the value of an Oakdale share following the Proposed Transaction on a minority basis (fairness – see Section 10 – Assessment of Fairness); and
  - An investigation into other significant factors to which Shareholders might give consideration, prior to approving the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 11 -Assessment of Reasonableness).
- 3.6 This assignment is also considered to be a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').
- 3.7 A Valuation Engagement is defined by APES 225 as follows:
  - 'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'
- 3.8 This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.



#### 4. OUTLINE OF THE PROPOSED TRANSACTION

- 4.1 On 12 November 2018 Oakdale announced to the market that it had entered into an acquisition agreement with Ozinca to acquire from Ozinca an option for the acquisition of 100% of the issued shares of Ozinca in exchange for 100 million Oakdale shares ("Acquisition" or "Proposed Transaction"). Ozinca is a private Australian company which through its 100% wholly owned Peru subsidiary Ozinca Peru SAC has entered into a written contract to acquire an existing gold processing plant known as the Chimu Processing Plant strategically located in southern Peru.
- 4.2 The transaction is contingent on the following:
- The consideration payable by Oakdale to acquire 100% of the shares in Ozinca is 100 million fully paid shares in Oakdale which will rank equally with all shares in Oakdale, to be issued to Ozinca or the shareholders of Ozinca;
  - The Acquisition is subject to the completion of due diligence by Oakdale on Ozinca, Ozinca's 100% interest in Ozinca Peru SAC and the gold plant to the satisfaction of Oakdale and approval by the Board of Oakdale within a period of 28 days from the date of execution of the Terms Sheet ("Due Diligence Period");
  - The transfer to the benefit of Oakdale of all regulatory approvals, licences, agreements and plans to properly effect the Acquisition;
  - Oakdale receiving indicative approval from ASX for the Acquisition;
  - Ozinca assisting with and facilitating a capital raising for Oakdale of at least \$500,000 by way of a placement of Oakdale shares at a price per share mutually agreed upon which placement proceeds, or part thereof, will be loaned by Oakdale to Ozinca on commercial terms;
  - Oakdale appointing to its Board 2 non-executive directors nominated by Ozinca to replace 2 existing directors of Oakdale who shall resign;
  - Ozinca making a payment of US\$275,000 to Chimu being the second tranche pursuant to the Contract of Assets Transfer. The source of funds to make this payment shall partially be from the loan referred to in paragraph 5 above; and
  - The Acquisition is subject to shareholder approval by the shareholders of Oakdale.

##### Rationale for the Proposed Transaction

- 4.3 Oakdale does not have sufficient funds to continue the exploration and development of the Oakdale Project. In addition, it's market capitalisation is low, which makes it difficult to raise funds without significant dilution to existing shareholders. The assets held by Ozinca could attract new investors to Oakdale, potentially providing a catalyst for an increase in share price and improving the capacity to raise funds.

## Impact on the capital structure of Oakdale

- 4.4 The table below sets out the impact on the capital structure of Oakdale if the Proposed Transaction is approved:

	Ref	Pre Proposed Transaction		Post Proposed Transaction	
<b>Shares on issue:</b>					
Ordinary shares currently issued		65,337,685	100%	65,337,685	40%
Ozinca Vendors	4.1			100,000,000	60%
<b>Total shares on issue</b>		<b>65,337,685</b>	<b>100%</b>	<b>165,337,685</b>	<b>100%</b>

- 4.5 Oakdale Shareholders will be diluted, from holding 100% of Oakdale to holding 40% of Oakdale, as a result of the Proposed Transaction.
- 4.6 As a result of the dilution and issue of new shares, Mr John Lynch's (currently Oakdale's largest shareholder) interest will reduce to 15.9% and Mr Andrew Knowles (currently Ozinca's largest shareholder) will hold 19.5% of the issued shares in Oakdale. As such, as a result of the Proposed Transaction, Mr Andrew Knowles will become the largest single shareholder of Oakdale.

**5. PROFILE OF OAKDALE**

- 5.1 Oakdale is a mineral exploration company. The company is based in Newstead, Australia.
- 5.2 The current board of directors are;
- Mr John Lynch – Chairman & MD
  - Mr Andrew Harrington – Non Executive Director
  - Mr Graham White – Non Executive Director
- 5.3 Historically, the Company's core focus has been the exploration of graphite at its Oakdale Graphite Project Area ("Oakdale Project") located on the Eyre Peninsula, South Australia. The company holds 7 tenements, totalling 1,812 km<sup>2</sup>. The Oakdale Project has an indicated and inferred resource of 6.3 Mt at 4.7% total graphite content ("TGC"). More information on the Oakdale Project is included in the specialist report attached as Appendix C.
- 5.4 Due to limited cash reserves, significant capital has not been invested in the Oakdale Project since FY16. Further, the Company has been focussed on limiting its expenditure while maintaining its ASX listing.
- 5.5 Since FY16, Oakdale has reduced the number of exploration assets and projects it is exposed to.
- 5.6 Oakdale has a market capitalisation of \$1.4 million and cash reserves as at 30 September 2018 of \$1,963. As such, in our opinion, Oakdale could be considered a shell company.
- 5.7 The Company has been funded most recently through debt provided by Mr Lynch or entities associated with Mr Lynch. In FY18, \$125,930 was loaned to the Company. Mr Lynch has committed to provide further funding of at least \$160,000 (of which, he has already loaned another \$121,254).

## Financial Position

5.8 We set out the financial position of Oakdale below.

Table 2: Historical Statement of Financial Position of Oakdale

Consolidated Statement of Financial Position	Ref	Audited 30 June 2018 \$	Audited 30 June 2017 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,675	70,002
Trade and other receivables		3,884	3,844
Prepayments		7,721	-
<b>Total Current Assets</b>		<b>14,280</b>	<b>73,846</b>
<b>Non-Current Assets</b>			
Exploration and evaluation costs		-	7,400,844
<b>Total Non-Current Assets</b>		<b>-</b>	<b>7,400,844</b>
<b>Total Assets</b>		<b>14,280</b>	<b>7,474,690</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		99,635	33,440
Borrowings		125,930	-
<b>Total Current Liabilities</b>		<b>225,565</b>	<b>33,440</b>
<b>Total Liabilities</b>		<b>225,565</b>	<b>33,440</b>
<b>NET (LIABILITIES)/ASSETS</b>	c)	<b>(211,285)</b>	<b>7,441,250</b>
<b>EQUITY</b>			
Share capital		5,025,596	4,609,596
(Accumulated losses)/retained earnings		(5,236,881)	2,831,654
<b>TOTAL EQUITY</b>		<b>(211,285)</b>	<b>7,441,250</b>

Source: FY 18 Annual Report prepared by Oakdale

5.9 We note the following in regard to Oakdale's Financial Position as at 30 June 2018:

- a) Oakdale's auditor issued an unmodified opinion but included a material uncertainty related to going concern as part of its audit report for the financial statements of Oakdale as at 30 June 2018. The auditor stated "we draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business...". In our opinion, the continued support of Mr Lynch is important to the ability for Oakdale to continue as a going concern.
- b) Oakdale has advised that its financial position has not materially changed since 30 June 2018.
- c) Oakdale is in a net liabilities position and does not have the funds available to pay its debts. Without the continued support of Mr Lynch, a capital raise or sale of assets, the financial position of Oakdale appears unsustainable.
- d) The balance sheet of Oakdale appears to be "clean" with very little items beyond trading debtors and creditors and borrowings.
- e) We note that subsequent to the issue of the FY18 accounts, Oakdale raised \$160,000 and lent US\$112,000 to Ozinca.

## Financial Performance

5.10 We set out the financial performance of Oakdale below:

Table 3: Historical Statement of Comprehensive Income of Oakdale

	Ref	Audited 30 June 2018 \$	Audited 30 June 2017 \$
<b>Revenue</b>			
Other income		-	1,239
<b>Total Revenue</b>		-	<b>1,239</b>
<b>Expense</b>			
Administrative expenses	a)	(273,287)	(186,238)
Relinquishment of tenements	b)	(2,979,855)	(372,829)
Impairment of capitalised exploration costs	b)	(4,515,388)	-
Impairment of investment		(300,000)	-
Interest expense		(5)	(1,573)
<b>Total Expenses</b>		<b>(8,068,535)</b>	<b>(560,640)</b>
<b>Profit/(loss) after tax</b>		<b>(8,068,535)</b>	<b>(559,401)</b>

Source: FY18 Annual Report prepared by Oakdale

5.11 We note the following key items in relation to the statement of comprehensive income prepared by Oakdale:

- a) Oakdale has relatively minor administrative expenses in comparison to a typical listed company; and
- b) The bulk of expenditure relates to the write down or relinquishment of exploration tenements. The impairment of tenements is related to Oakdale's inability to fund exploration on the Oakdale Project, causing its auditors to impair the value included in the balance sheet because Oakdale does not currently intend on progressing the project while it does not have cash available.

## Capital Structure

5.12 Oakdale currently has 65,337,685 ordinary shares on issue. Details of its substantial shareholders as at 7 January 2018 are as follows:

**Table 4: Capital Structure of Oakdale**

Shareholders	Number of Ordinary Shares	% of Total Shares
John Lynch (and associated entities)	26,302,228	40.3%
Hackett CP Nominees Pty Ltd (and associated entities)	7,750,000	11.9%
<b>Total Substantial Holders</b>	<b>34,052,228</b>	<b>52.1%</b>
Other shareholders	31,285,457	47.9%
<b>Total Shares on Issue</b>	<b>65,337,685</b>	<b>100.0%</b>

Source: Oakdale's Annual Report and Appendix 3B

5.13 Oakdale is controlled by Mr Lynch, who has the ability to block special resolutions and would have significant influence over passing general resolutions (it is likely that Mr Lynch could pass general resolutions on the assumption not all shareholders attend and vote at shareholder meetings).

## Shares on Issue

5.14 The table below shows Oakdale's daily close price and trading volume daily up to 7 January 2019.

**Figure 2: Oakdale price and volume chart**

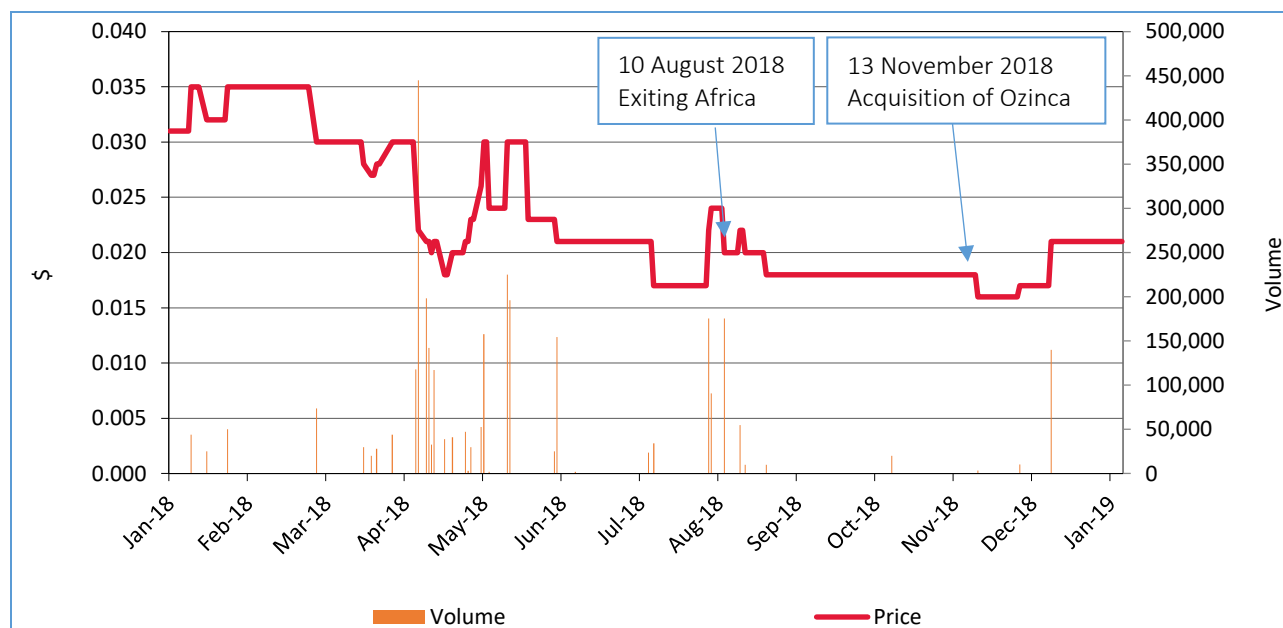




Table 5: Oakdale trading data

Trading Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day
VWAP	N/A	N/A	N/A	0.021	0.021	0.020	0.022
Total Volume (millions)	N/A	N/A	N/A	149,960	153,430	173,430	689,930
Total Volume as % of Total Shares	N/A	N/A	N/A	0.26%	0.27%	0.30%	1.20%
Low Price A\$	N/A	N/A	N/A	0.017	0.016	0.016	0.016
High Price A\$	N/A	N/A	N/A	0.021	0.021	0.021	0.024

- 5.15 Oakdale's shares exhibit a very low level of liquidity and limited trading. This is not unexpected for a company with two significant shareholders controlling 50% of the shares.
- 5.16 We note that to rely on the quoted market price for the valuation of Oakdale there is a requirement for the securities to trade in a 'deep' market. RG111.69 indicates that a 'deep' market should reflect a liquid and active market. Characteristics synonymous with a deep market are:
- Regular trading in a company's securities;
  - An average of 1% of a company's securities traded on a weekly basis;
  - Non-significant spread of the stock;
  - A significant spread of ownership of the securities (i.e. the top 10 shareholders do not control more than 50% of the company); and
  - There are not regular unexplained movements in the share price.
- 5.17 For a security to be considered 'deep' it should fit with all the above characteristics. Though if it does fail to meet all of the above characteristics it does not automatically characterise the shares as irrelevant for valuation purposes, it means that they should not purely be relied upon.
- 5.18 We note in the case of Oakdale that we do not consider there to be a deep market for Oakdale's shares due to the lack of consistent trading and minimal volumes.
- 5.19 There were two announcements of note during the last 12 months; the first being the exit from Africa and the second being the acquisition of Ozinca. Neither of these announcements had a meaningful impact on trading volumes.

## 6. PROFILE OF OZINCA

### History

- 6.1 Ozinca was established to acquire the Chimu Processing Plant in Peru and has not traded otherwise. Ozinca owns 100% of the equity in Ozinca Peru SAC, which currently has a right to acquire the Chimu Processing Plant on the following terms:
- Total purchase price of US\$520,143.84. Of this amount, US\$170,314.84 has already been paid. This means that there is US\$350,000 outstanding. This amount must be paid in order for Ozinca to take ownership of The Chimu Processing Plant.
  - Ozinca must pay the vendors of the Chimu Processing Plant a monthly fee of US\$10,000 for five years once The Chimu Processing Plant has been modified to process 120 metric tonnes per day of ore.
- 6.2 The directors and key management of Ozinca are as follows:

**Table 6: Board of Directors/Senior Management**

Name	Title	Experience
Mr Chris Gale	Director	<p>Mr Gale has experience in senior management roles in both the public and private sectors, especially in commercial and financial roles. He has also held various board and executive roles at a number of technology and mining companies during his career.</p> <p>He was the founder and is currently Executive Director of Latin Resources and has been operating in South America for over 8 years.</p> <p>Chris is the former Chairman of the Council on Australian Latin American Relations (COALAR) established by the Australian Government Department of Foreign Affairs and Trade (DFAT). He is also a founding director of Allegra Capital, a boutique corporate advisory firm based in Perth and is a member of the Australian Institute of Company Directors (AICD).</p>
Mr David Vilensky	Non-Executive Director	<p>Mr. Vilensky is a practising corporate lawyer and an experienced company director. He is the Managing Director of Perth law firm Bowen Buchbinder Vilensky and has more than 30 years' experience in the areas of corporate and business laws and in commercial and corporate management. Mr Vilensky practises in the areas of corporate and commercial law, corporate advisory, mergers and acquisitions, mining and resources and complex dispute resolution. Mr Vilensky acts for a number of listed and private companies and advises on directors' duties, due diligence, capital raisings, compliance with ASX Listing Rules, corporate governance and corporate transactions generally.</p> <p>Mr Vilensky is also the Chairman of ASX listed resources company Latin Resources Limited (ASX:LRS) and non-executive director of ASX listed telecommunications and technology company Vonex Ltd (ASX:VN8).</p>
Mr Andrew Knowles	General Manager	<p>Mr. Knowles is an experienced business &amp; corporate executive, having worked in the Mining &amp; Construction industries for over thirty-five years, for both private and multi-national companies. He is a graduate of the Science faculty at Melbourne University and has a Master of Business Administration from the University of Western Australia, with specialties in Strategic Management, Administrative Policy and Corporate Finance. He has worked as a Management Consultant for the PA Consulting Group, as well as being Founder and Managing Director of a construction company, with an annual turnover of \$60 million.</p>

Name	Title	Experience
		<p>Mr. Knowles also has Mining qualifications from the Box Hill Technical College (Melbourne) and was until recently, a Director of Royal Harry Goldmines NL, a public Company focusing on exploration and mining projects in Western Australia.</p> <p>Mr. Knowles has been working in the Gold Industry in Peru for nearly 8 years, having established the “beach head” operations for another Australian Public Company. He has refurbished and recommissioned an older style CIP plant in Southern Peru and has been supervising the design and construction of a new 120 tonne per day facility in the same area.</p>

## Chimu Processing Plant

- 6.3 The Chimu Processing Plant (“Plant”) is a small facility with approval to process 40 metric tonnes of ore per day (“mtpd”). The Chimu Processing Plant is located in Peru.
- 6.4 The Chimu Processing Plant is not currently operating and is in need of repair. It comprises a crushing and grinding circuit followed by a Carbon in Pulp (“CIP”) process. We understand that the crusher, classification cyclone, tailings pumps and conveyors are in need of repair or replacement prior to operation.
- 6.5 In order to upgrade The Chimu Processing Plant to process 40 mtpd, an independent assessment has estimated a cost of US\$1,044,000. In order to upgrade The Chimu Processing Plant to process 120 mtpd, the independent assessment estimated an additional cost of \$600,000. Both of these estimates are within 40% accuracy.

## Financial Results

Table 7: Historical Balance Sheet

Consolidated Statement of Financial Position	Ref	Audited 30 June 2018 \$	Material Subsequent Events \$	Audited and Material Subsequent Events \$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		6,855	225,330	232,185
Trade and other receivables		45,182	-	45,182
Other current assets	c)	122,269	-	122,269
<b>Total Current Assets</b>		<b>174,306</b>	<b>225,330</b>	<b>399,636</b>
<b>Total Assets</b>		<b>174,306</b>	<b>225,330</b>	<b>399,636</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	d)	348,889	-	348,889
Provisions		1,919	-	1,919
<b>Total Current Liabilities</b>		<b>350,808</b>	<b>-</b>	<b>350,808</b>
<b>Total Liabilities</b>		<b>350,808</b>	<b>-</b>	<b>350,808</b>
<b>NET ASSETS</b>		<b>(176,502)</b>	<b>225,330</b>	<b>48,828</b>
<b>EQUITY</b>				
Share capital		535,321	225,330	760,651
Retained earnings		(705,539)	-	(705,539)
Reserves		(6,284)	-	(6,284)
<b>TOTAL EQUITY</b>		<b>(176,502)</b>	<b>225,330</b>	<b>48,828</b>

Source: Ozinca's audited financial statements as at 30 June 2018.

- 6.6 Ozinca's auditor issued an unqualified opinion on the financial statements of Ozinca. However, the audit report included a material uncertainty related to going concern and stated "We draw attention to Note 1(a)(ii) in the financial report, which described the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern. Our opinion is not modified in respect of this matter."
- 6.7 We note the following key areas from the financial position of Ozinca:
- We have been advised that there has been no material change in the financial position of Ozinca except where noted elsewhere;
  - Ozinca's balance sheet reflects a company with limited activity. This is expected as Ozinca was established to acquire the Chimu Processing Plant;
  - Other current assets includes amounts paid for the Chimu Processing Plant;
  - The bulk of trade and other payable are amounts owing to related parties;
  - Ozinca raised \$256,000 at \$0.06 per share in July 2018 (\$32,000 of which was received prior to the end of June 2018);

- f) Subsequent to the release of the audited accounts for Ozinca, Oakdale lent the company US\$112,000.

Table 8: Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Ref	Audited 30 June 2018 \$
<b>Revenue</b>		
Other income		7,350
<b>Total Revenue</b>		<b>7,350</b>
<b>Other items of expense</b>		
Administration expenses	a)	(437,279)
Occupancy expenses		(26,782)
Processing expenses		(58,472)
Impairment of loan	b)	(93,909)
Other expenses		(96,447)
<b>Total Expenses</b>		<b>(712,889)</b>
<b>Profit/(loss) before tax</b>		<b>(705,539)</b>
Income tax benefit/(expense)		-
<b>Profit/(loss) after tax</b>		<b>(705,539)</b>
Exchange difference on translation of foreign operations		(6,284)
<b>Total comprehensive profit /(loss) for the year</b>		<b>(711,823)</b>

Source: Ozinca's audited financial statements for the five months ended 30 June 2018

- 6.8 We note the following in relation to Ozinca's recent financial performance;
- a) The bulk of expenditure relates to administrative costs.
  - b) A loan was impaired in FY18 and was related to a loan to a prior shell vehicle which will not be repaid. Ozinca will receive shares in the shell company. We have assumed these shares do not have any value due to the unlisted nature of the shell company.

Table 9: Capital Structure

- 6.9 Ozinca currently has 62,103,333 fully paid ordinary shares on issue. Details of the largest shareholders as at 8 January 2019 are as follows;

Shareholders	Number of Ordinary Shares	% of Total Shares
Cavernhill Holdings Pty Ltd (Mr Andrew Knowles)	10,000,000	16%
Quentine Investments Pty Ltd (Mr Andrew Knowles)	10,000,000	16%
Shape Wealth Pty Ltd	8,000,000	13%
Mr Christopher Gale	8,000,000	13%
RNB Superfund Pty Ltd	3,333,333	5%
<b>Top 5 Shareholders</b>	<b>39,333,333</b>	<b>63%</b>
Other shareholders	22,770,000	37%
<b>Total Shareholders</b>	<b>62,103,333</b>	<b>100%</b>

Source: Ozinca's Share register

- 6.10 Mr Andrew Knowles is the largest shareholder with a total interest in Ozinca of approximately 32%. Mr Knowles' interest in Ozinca will be converted to a 19.5% interest in Oakdale if the Proposed Transaction is approved.



## 7. INDUSTRY AND ECONOMIC ANALYSIS

### Economic Analysis

- 7.1 Oakdale proposed to acquire a gold processing company. In this section, we have addressed the economic factors impacting Oakdale.

#### Peru

- 7.2 Over the last 10 years Peru has become one of the fastest growing economies in Latin America, between 2002 to 2013 average GDP growth was 6.1% p.a. Between 2014-2017 GDP growth has slowed to an average rate of 3.1% annually, primarily due to lower international commodity prices. With strengthening commodity prices of late there is a positive outlook on growth with a recovery in commodity prices leading to further public investment into the region. GDP growth is expected to remain at around 4%. Although the IMF indicates medium term outlooks for commodity exporters appears generally subdued, with a need for economic diversification.

#### Global

- 7.3 Global economic conditions have been strong but the IMF suggest growth in some economies may have peaked and that expansion is becoming less balanced, with an increase in downside risks. Global growth is projected at 3.7%, which is 0.2% lower than previously forecast. Current trade disputes and the potential for global disharmony plus tighter financial conditions and geopolitical tensions are causing short term weakness in growth. On a longer term, IMF indicates normalised monetary policies, slower expansion in working age populations and poor productivity gains could drive lower growth rates than average.

#### Financial markets

- 7.4 The final quarter of 2018 saw a rapid correction on the ASX, with the All Ords falling from a high of almost 6,500 to a low and almost 5,500. Since touching its 2018 low, the All Ords has experienced a small resurgence in 2019, closing at around 5,800 points.

## Industry Analysis

### Gold

- 7.1 Gold is both a commodity and an international store of monetary value. Being regarded as a store of value during periods of weak economic growth and political turbulence, gold is turned to as a commodity to preserve wealth.
- 7.2 Gold mine production reached a record high of approximately 3,282 tonnes during 2018 comparatively 3,270 tonnes were produced during 2017 and 3,100 tonnes in 2016. Demand for gold has consistently exceeded supply over the last 10 years, and the escalated level of economic and financial uncertainty during recent years has caused investors to move capital from risky assets to gold assets.
- 7.3 Prices contracted in December 2011 reaching a low of AUD\$1,527 per ounce followed by a recovery in 2012, reaching AUD\$1,757 per ounce on 4 October 2012. Gold prices were on a steady decline over 2013 to 2015, hitting a low during the period of US\$1,326.
- 7.4 More recently, gold prices from mid-December 2018 through to mid-January 2019 have averaged AUD\$1,772 per ounce, ranging from a low of AUD\$1,725 per ounce on 15 December 2018 to a high of AUD\$1,799 per ounce on 3 January 2019. Gold prices have maintained historically high levels.
- 7.5 The gold price was AUD\$1,794 as of 14 January 2019.

## 8. VALUATION APPROACH ADOPTED

8.1 There are a number of methodologies which can be used to value a business or shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market approach method (Comparable market transactions)
- Sum of Parts ('SOP')

8.2 A summary of each of these methodologies is outlined in Appendix B.

8.3 Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

8.4 In assessing whether the Proposed Transaction is fair for shareholders of Oakdale, we have assessed the Proposed Transaction as a comparison between the value of Oakdale shares on a control basis prior to the Proposed Transaction and the value of an Oakdale share following the Proposed Transaction on a minority basis.

### Valuation of an Oakdale share prior to the Proposed Transaction

8.5 In our assessment of the value of Oakdale shares prior to the Proposed Transaction we have chosen to employ the net assets on a sum of parts basis as our primary approach.

8.6 We have chosen this methodology because Oakdale is a mineral processing company that holds metallurgical, exploration and development assets. We have instructed Mining Insights Pty Ltd ("Mining Insights") to act as independent specialist and provide an independent market valuation of the Company's Oakdale Project in accordance with the Australian Code for Public Reporting of technical Assessments and Valuations of Minerals Assets ('the Valmin Code 2015') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC Code 2012'). Mining Insight's full report may be found in Appendix D. We have considered this in the context of Oakdale's other assets and liabilities on a NAV basis;

8.7 As a secondary valuation method we have assessed the quoted market price of Oakdale. The QMP basis is a useful cross check to our preferred valuation but we note that we do not consider there to be enough liquidity in Oakdale's shares for the QMP to be a reliable measure of value in isolation.

8.8 Oakdale does not generate regular trading profits. Therefore, there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate;

8.9 Oakdale has no reliable cash flow forecasts and therefore the application of the DCF valuation approach is not appropriate. Under RG111, it is considered that it is only appropriate to use DCF to value a mining asset where we have reasonable grounds to do so.

### Valuation of an Oakdale share following the Proposed Transaction

8.10 In our assessment of the value of an Oakdale share following the Proposed Transaction, we have adopted the Sum-of-Parts methodology applied above and adjusted the valuation for the following:

- The net assets of Ozinca;
- Any shares issued, funds raised or significant transactions as a result of the Proposed Transaction; and

- The issue of the consideration shares to Ozinca shareholders.

- 8.11 We have adjusted the value of an Oakdale share following the Proposed Transaction to include a discount for minority interest.
- 8.12 We have also considered any share issues in Oakdale that may have occurred subsequent to the announcement of the Proposed Transaction. We have considered these share issues because they can reflect the value that the market has placed on the Proposed Transaction since the market is aware of the potential for the Proposed Transaction to complete. Given there is still uncertainty as to the completion of the Proposed Transaction, we have only included the share issues as a cross check to our preferred SOP valuation.

## 9. VALUATION OF OAKDALE PRIOR TO THE PROPOSED TRANSACTION

## Sum of Parts Valuation of Oakdale

9.1 We have employed the Sum-of-Parts method in estimating the fair market value of an Oakdale share on a control basis prior to the Proposed Transaction by using the net assets of Oakdale and the expert geologist valuation prepared by Salve on the Oakdale Project.

9.2 The value of Oakdale's shares under a Sum of Parts valuation basis is reflected in our valuation below:

Table 10: Value of an Oakdale prior to the Proposed Transaction

	Ref	Low \$	High \$
Oakdale Project	9.4 - 9.8	515,000	1,163,000
Other assets of Oakdale at 30 June 2018	9.9	(211,285)	(211,285)
Increase in debt owed to Mr Lynch		(121,254)	(121,254)
Recent capital raising	9.10	4,444	160,000
<b>Total Value of Oakdale on a control basis</b>		<b>186,905</b>	<b>990,461</b>
Total Shares	5.12	65,337,685	65,337,685
<b>Value per Share (\$)</b>		<b>0.003</b>	<b>0.015</b>

Source: MSPCS analysis

9.3 The Statement of Financial Position has been extracted from the audited financial statements of Oakdale at 30 June 2018. We have been advised that there has not been a significant change in the net assets of Oakdale since 30 June 2018. The table above indicates the sum of parts value of an Oakdale share is between \$0.003 and \$0.015.

9.4 Mining Insights was instructed to provide an independent market valuation of the Oakdale Project. Mining Insights considered a number of different valuation methodologies when assessing the value of the Oakdale Project.

9.5 Mining Insights applied the Comparable Market Transaction Method and Multiple of Exploration Expenditure method when forming an opinion on the value of the Oakdale Project.

9.6 For the Market Comparable Transaction Method assessment, Mining Insights reviewed recent market transactions for exploration assets with graphite mineralisation and delineated a mineral resource in accordance with the JORC Code. Eight transactions were identified as appropriate. Mining Insights compared the transactions on a \$/TGC basis.

9.7 The Multiple of Exploration Expenditure method involves calculating the historic exploration expenditure of a project and applying a prospectivity enhancement multiplier to ("PEM") the exploration expenditure. The PEM is a range of multiples based on whether exploration expenditure has reduced the value of the project, increased the value of the project or neither increased nor decreased the value of the project. In the case of the Oakdale Project, Mining Insights took the view that the expenditure had downgraded or maintained the value of the project.

9.8 Mining Insights Independent Technical Specialist's Report is attached in Appendix C.

9.9 There have been no adjustments to the other net assets of Oakdale as we are of the opinion that their book values represent a reasonably accurate assessment of asset value of the Company on a going concern basis. We have been advised by the management of Oakdale that there has not been a material change in the book value of these assets subsequent to 30 June 2018 audited accounts, subject to the item below.

- 9.10 We have included the increased lending from Mr Lynch to the Company as this is a material movement in the balance of debt owed to Mr Lynch.
- 9.11 We have included the recent fund raise of \$160,000 and subsequent loan of US\$112,000 to Ozinca in our valuation. The fund raise and loan will result in an increase in cash and loans receivable which increases the value of Oakdale. However, given Ozinca does not trade and is not in a position to repay the loan should it be required, we have used a nil balance for the value of the loan in our low valuation.

## *Control Premium*

- 9.12 In using the SOP method (containing NAV and a geological expert valuation) to value an Oakdale share implies a premium for control has already been factored into the share value.
- 9.13 Therefore, our calculation of the fair market value of an Oakdale share has been prepared on a control basis.

## *Assessment of Oakdale Value including control premium*

- 9.14 The assessed value of Oakdale's sum of parts valuation, results in the following share value per Oakdale share including a premium for control:

**Table 11: Value of an Oakdale share prior to the Proposed Transaction on a control basis**

	Low \$	High \$
Value of an Oakdale share on a controlling interest basis prior to the Proposed Transaction	0.003	0.015

Source: MSPCS analysis

- 9.15 Therefore, our valuation of an Oakdale share based on the Sum of Parts method and including a premium for control is between \$0.003 and \$0.015. We note that this is similar to the range of values advisors typically place on a listed shell.



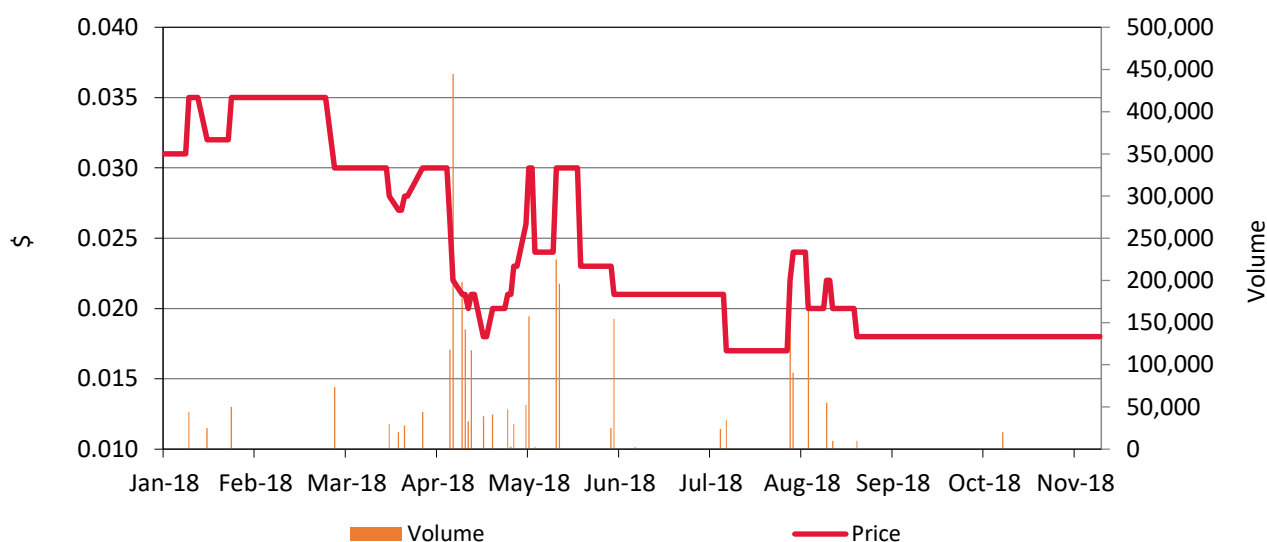
### Quoted Market Price of an Oakdale Share

9.16 In order to provide a comparison and cross check to our Sum of Parts valuation of an Oakdale share, we have considered the recent quoted market price for Oakdale prior to the announcement of the Proposed Transaction.

#### Analysis of recent trading in Oakdale Shares

9.17 The figure below sets out a summary of the closing share price and the volume of an Oakdale share traded in the 12 months to 13 November 2018.

Figure 3: Oakdale daily close price and traded volume



Source: S&P Capital IQ

9.18 We note the following with regard to trading in Oakdale shares:

- In the six months prior to the proposed transaction, Oakdale's shares have traded between a high of \$0.035 in February 2018 and a low of \$0.017 during July 2018
- We note spikes in volume over the term of the chart above but there appears to be no link to company announcements. Further, we note that the spikes are of low value.
- Trading in Oakdale shares is intermittent and there are long periods of inactivity.

9.19 To provide further analysis of the quoted market price for Oakdale shares, we have considered the VWAP over a number of trading day periods ending 12 November 2018. An analysis of the trading volume in trading in Oakdale's shares for the 1, 5, 10, 30, 60 and 90 day trading periods is set out in the table below.

Table 12: Traded volumes of Oakdale shares to 12 November 2018

Trading Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day
VWAP	N/A	N/A	N/A	0.018	0.018	0.021
Total Volume (millions)	N/A	N/A	N/A	20,000	30,000	594,430
Total Volume as % of Total Shares	N/A	N/A	N/A	0.03%	0.05%	1.04%
Low Price A\$	N/A	N/A	N/A	0.018	0.018	0.017
High Price A\$	N/A	N/A	N/A	0.019	0.019	0.024

9.20 The table above shows a range of values between \$0.018 to \$0.021 (30 to 90 day VWAP) for the quoted market price of an Oakdale share on a minority basis prior to the Proposed Transaction.

9.21 We note that to rely on the quoted market price for the valuation of Oakdale there is a requirement for the security to trade in a 'deep' market. RG111.69 indicates that a 'deep' market should reflect a liquid and active market. Characteristics synonymous with a deep market are:

- Regular trading in a company's securities;
- An average of 1% of a company's securities traded on a weekly basis;
- Non-significant spread of the stock;
- A significant spread of ownership of the securities (i.e. the top 10 shareholders do not control more than 50% of the company); and
- There are not regular unexplained movements in the share price

9.22 For a security to be considered 'deep' it should fit with all the above characteristics. Though if it does fail to meet all of the above characteristics it does not automatically characterise the shares as irrelevant for valuation purposes, it means that they should not purely be relied upon.

9.23 We note in the case of Oakdale that we do not consider there to be a deep market for the Company's shares due to the lack of consistent trading volume and meaningful trading values.

## *Value of an Oakdale Share on a control basis*

9.24 As the valuation above is on a minority basis an adjustment is required to add a premium for control to value the shares on a control basis. We have used a control premium of 25-35% based upon typical control premiums observed on the ASX.

**Table 13: Assessed control value of an Oakdale share – quoted price of listed security**

	Ref	Low Value \$	High Value \$
Quoted market price of an Oakdale Share	9.20	0.018	0.021
Add premium for control		25%	35%
<b>Quoted market price controlling value</b>		<b>0.023</b>	<b>0.028</b>

Source: Moore Stephens Analysis

9.25 Using quoted market price methodology on a control basis infers a valuation of an Oakdale share is in the range of \$0.023 to \$0.028.

## *Valuation summary and conclusion*

9.26 A summary of our assessed values of an ordinary Oakdale share on a control basis, pre- the Proposed Transaction, derived under the two methodologies, is set out in the table below.

**Table 14: Oakdale share valuation summary**

	Ref	Low Value \$	High Value \$
Sum of Parts	9.15	0.003	0.015
Quoted market price of Oakdale shares	9.25	0.023	0.028
<b>Preferred Value</b>		<b>0.006</b>	<b>0.019</b>

9.27 In our opinion, the sum of parts valuation provides a better indicator of the Fair Value of Oakdale as we do not consider the trading of Oakdale shares prior to the announcement of the proposed transaction to be consistent enough with a 'deep' trading market to provide an accurate assessment of the Fair Value of the quoted market price.

9.28 In our opinion, the Fair Value of an Oakdale Share prior to the Proposed Transaction is between \$0.003 and \$0.015 on a controlling basis.

## 10. VALUATION OF AN OAKDALE SHARE IF THE PROPOSED TRANSACTION IS APPROVED

- 11.1 For our valuation of an Oakdale share if the Proposed Transaction is approved, we have adopted a Sum of Parts methodology.

### Sum of Parts Valuation

- 11.2 We have assessed the value of an Oakdale share on a minority basis to be between \$0.002 and \$0.005 per share if the Proposed Transaction is approved, based on the sum of parts valuation methodology, as summarised in the table below:

**Table 15: Value of an Oakdale share if the Proposed Transaction is approved**

	Ref	Low \$	High \$
<b>Value of Oakdale pre the Proposed Transaction</b>	9.2	186,905	990,461
Reversal of loan between Oakdale and Ozinca	11.4	-	(155,556)
Net assets of Ozinca:			
Chimu Processing Plant	11.5 - 11.6	722,422	722,422
Outstanding payments due to Chimu Processing Plant vendors	11.7	(485,874)	(485,874)
Other net assets of Ozinca	11.10	48,828	48,828
<b>Total Value of Oakdale following the Proposed Transaction</b>		<b>472,282</b>	<b>1,120,282</b>
Minority discount	11.12	26%	20%
<b>Equity value of Oakdale on a minority basis</b>		<b>349,838</b>	<b>896,225</b>
Number of Existing Oakdale Shares on Issue	5.12	65,337,685	65,337,685
Number of Shares issued to Ozinca Shareholders	4.1	100,000,000	100,000,000
<b>Total shares on issue if the Proposed Transaction is approved</b>		<b>165,337,685</b>	<b>165,337,685</b>
<b>Value per Oakdale share A\$</b>		<b>0.002</b>	<b>0.005</b>

Source: Moore Stephens analysis

- 11.3 The following paragraphs set out the explanations for the adjustment in the table above.
- 11.4 The loan of US\$112,000 from Oakdale to Ozinca is recorded as an asset in the accounts of Oakdale and a liability in the accounts of Ozinca. Upon acquisition of Ozinca, these amounts would typically offset each other. The loan hasn't been recognised in the other assets and liabilities of Ozinca because our starting point is the 30 June 2018 financial statements. As such, we have included the offsetting liability that would be applied to the loan receivable in the accounts of Oakdale. We have not made this adjustment in our low valuation because we assumed the loan was not recoverable and had a nil value when considering the value of Oakdale before the Proposed Transaction.
- 11.5 Ozinca has recently acquired the Chimu Processing Plant at a price of US\$520,144. This acquisition was made prior to negotiations with Oakdale and was done on an arm's length basis between unrelated parties. As such, we consider that the price paid by Ozinca for the Chimu Processing Plant is reflective of its value. However, we note that The Chimu Processing Plant is not operational and a number of items require refurbishment or replacement.
- 11.6 As a cross check to the purchase price paid by Ozinca, we considered other transactions of processing plants in Peru. In particular, we note that Titan Minerals Limited ("Titan") owns and operates a number of processing plants in Peru. Titan has announced a number of acquisitions over the last 12 months that include processing plants in Peru. Titan's acquisition of Andina Resources Limited ("Andina") included shares worth \$16.8 million. Andina had estimated processing capacity of 420 tpd (70 tpd from the Tulin plant which is producing approximately 40tpd and 350 from the Vista plant which was still under

construction), implying a value of \$40,000/tpd potential. The Chimu Processing Plant is valued at approximately \$18,000/tpd on the basis it has approvals to process 40 tpd. This appears reasonable on the basis Andina was generating revenues from one of its plants and the Chimu Processing Plant requires further capital expenditure to return to production.

- 11.7 Ozinca is yet to complete the payments required to purchase the Chimu Processing Plant. As such, we must offset the value of The Chimu Processing Plant by the outstanding payments required to be made and that Oakdale will incur.
- 11.8 We note that we have not included the 30 monthly payments of US\$10,000 required to be paid to the vendors of the Chimu Processing Plant once capacity reaches 120 mtpd. This is because the achievement of this milestone is unknown, requires significant capital expenditure and is not reflected in the current value of the Chimu Processing Plant.
- 11.9 We have applied a USD:AUD of 0.72:1 where applicable.
- 11.10 The other net assets of Ozinca were taken from the financial statements for FY18.
- 11.11 We have included the shares to be issued to the vendors of Ozinca in accordance with the Proposed Transaction.
- 11.12 A minority interest discount is the inverse of a premium for control and is calculated using the formula  $1 - [1 / (1 + \text{control premium})]$ . Based on the premium for control included in Section 9, the minority interest discount is 20% - 26%.

### Share issues subsequent to the announcement of the Proposed Transaction

- 11.13 We note that Oakdale raised \$160,000 via the issue of 8,000,000 Oakdale shares at \$0.02 each. Whilst this is not a significant amount of money, it is a substantial raise compared to the market capitalisation of Oakdale. This capital raise was in excess of the values of the Oakdale calculated above. The reason for the premium could include a greater market interest in the Chimu Processing Plant than we assume. In our opinion, speculative upside is best considered in reasonableness. As such, we have not considered the capital raising completed by Oakdale following the announcement of the Proposed Transaction as reflective of the value of an Oakdale share assuming the Proposed Transaction is complete.

## 11. IS THE PROPOSED TRANSACTION FAIR TO OAKDALE SHAREHOLDERS?

12.1 Our assessed values of an Oakdale share, are summarised in the table and figure below.

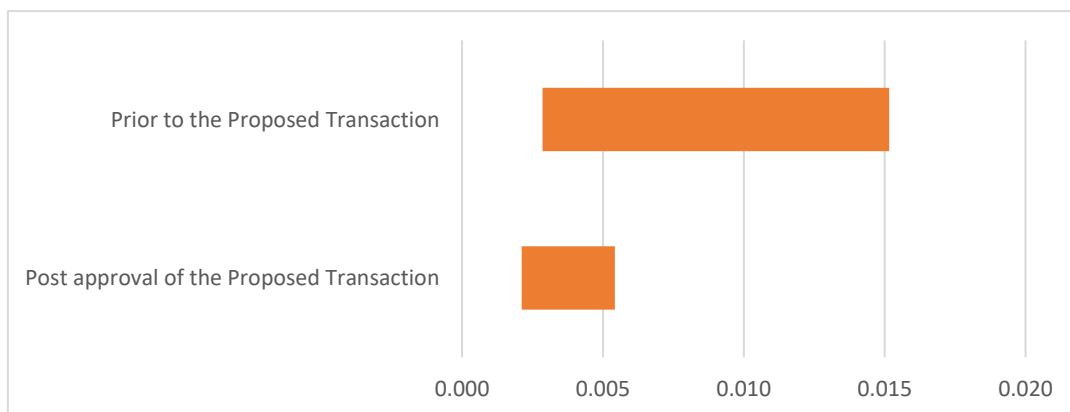
**Table 16: Assessed values of an Oakdale share pre and post Proposed Transaction approval**

	Section	Low \$	High \$
Assessed Fair Value of an Oakdale share prior to the Proposed Transaction	9	0.003	0.015
Assessed Fair Value of an equivalent Oakdale share if the Proposed Transaction is approved (minority basis)	10	0.002	0.005

Source: Moore Stephens analysis

12.2 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with Section 611 of the Corporations Act 2001, we consider the Proposed Transaction to be not fair to the Non-Associated Shareholders of Oakdale, as both the low and high values of an Oakdale share before the Proposed Transaction are higher than the respective low and high of an Oakdale share if the Proposed Transaction is approved. We do not consider the overlap in values to be significant because the highs and lows both pre and post the Proposed Transaction have been calculated on a similar basis so comparing the low per Proposed Transaction to the high post the Proposed Transaction would not be appropriate.

**Figure 4: Pre and post Proposed Transaction valuations of an Oakdale share**



Source: Moore Stephens analysis

## 12. IS THE PROPOSED TRANSACTION REASONABLE?

13.1 RG111 establishes that a Proposed Transaction is reasonable if it is fair. If a Proposed Transaction is not fair it may still be reasonable after considering the specific circumstances applicable to it. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The future prospects of Oakdale if the Proposed Transaction is not approved; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of approving the Proposed Transaction.

### Future prospects of Oakdale if the Proposed Transaction is not approved

13.2 If the Proposed Transaction is not approved, the Company will continue to seek opportunities to add value and raise funding to progress the Oakdale Project.

13.3 There is unlikely to be any change in the liquidity of Oakdale's shares.

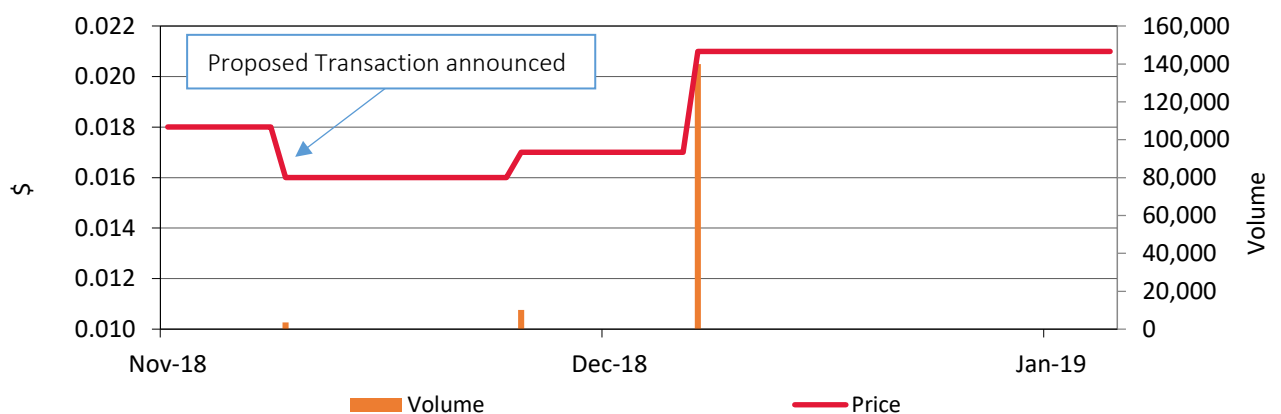
13.4 My John Lynch has committed to fund the operations of Oakdale (currently up to an amount of \$160,000 but then possible more). However, it is unlikely that a director of a company would provide funding indefinitely. Given the poor share price performance of Oakdale, we consider it likely that Oakdale would need alternative funding options. As such, the directors would need to source an alternative transaction, issue new shares to raise funds or dispose of the Oakdale Project.

13.5 The directors of Oakdale have considered a number of other projects but, in their opinion, have not been able to negotiate a transaction that offers the same advantages as the Proposed Transaction. As such, finding a suitable alternative transaction could take significant time.

13.6 We note that the Chimu Processing Plant requires significant capital expenditure and Oakdale will be required to raise additional capital even if the Proposed Transaction is approved.

### Trading in Oakdale shares since the announcement of the Proposed Transaction

13.7 The table below summarises the trading in Oakdale's shares subsequent to the announcement of the Proposed Transaction:



13.8 Trading in Oakdale shares following the announcement of the Proposed Transaction is too thin and illiquid to draw any firm conclusion on the market's reaction to the Proposed Transaction. On the basis that there was not a change in volume and liquidity, we conclude that the market has not increased its interest in Oakdale as a result of the announcement of the Proposed Transaction. However, we note that the share price has traded higher following the announcement.



## Advantages and disadvantages

- 13.9 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction is approved, than if it is not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

### Advantages of approving the Proposed Transaction

- 13.10 Advantage 1 – Share liquidity may improve

A new asset and new shareholders may improve liquidity in Oakdale's shares. However, we note that there has not been a significant improvement in liquidity following the announcement of the Proposed Transaction.

- 13.11 Advantage 2 – Improved basis for fund raising

Funding of The Chimu Processing Plant and the possibility of near term cash flows could be attractive to new investors. This might make it easier for Oakdale to raise funds. We note that, as part of the terms of the Proposed Transaction, Ozinca was required to assist Oakdale to complete a small capital raising which has been achieved. The capital raising was undertaken at \$0.02 which was a premium to Oakdale's share price at the time.

- 13.12 Advantage 3 – The Chimu Processing Plant could provide positive cash flows in the future

The Chimu Processing Plant is currently in need of refurbishment and replacement of certain parts. It is the intention of Oakdale to repair the existing plant and upgraded The Chimu Processing Plant to process 40 mtpd and then 120 mtpd of ore. It is possible that The Chimu Processing Plant will generate positive cash flows which can be utilised by Oakdale to progress its Oakdale Project.

- 13.13 Advantage 4 – Experienced management

Mr Andrew Knowles has spent a number of years focussed on purchasing and operating processing plants in Peru. He was the CEO of Andina Resources Limited ("Andina") which has acquired, operates and has built processing plants in Peru. Andina has since listed on the ASX as part of Titan Minerals Limited.

- 13.14 Advantage 5 – Shareholders will retain exposure to the Oakdale Project

If Oakdale shareholders approve the Proposed Transaction they will continue to hold exposure to its assets. This allows Oakdale shareholders to retain their current portfolio of assets while also gaining access to the assets of Ozinca.

- 13.15 Advantage 6 – Comparable company with significantly greater enterprise value

We note that Titan is a directly comparable company to Ozinca, in so far that it holds processing plants in Peru. Further, Mr Knowles was the CEO of Andina (a subsidiary of Titan) prior to its listing on the ASX. The key positive differences that Titan has over Ozinca include:

- Titan has approvals and capacity (through owned or leased plants) to process approximately 200 mtpd from two processing plants;
- Titan is already generating revenue;
- Titan has operated its plant for a number of years; and
- Titan has existing capital to maintain and construct its plant.

Titan's enterprise value is approximately \$55 million.

As Ozinca achieves milestones that will make it more comparable to Titan, there is an obvious valuation target that could be used to measure Oakdale shares. However, we note that Titan is trading on a \$/tpd

capacity of approximately \$80,000/tpd. If we assume a fully diluted capital structure for Oakdale of 315,337,685 (being 165,337,685 shares on issue following the Proposed Transaction plus 150,000,000 new shares issued at \$0.02 to raise \$3 million) and a share price of \$0.02, we have a resulting market capitalisation of \$6.3 million. This implies a \$/tpd capacity of approximately \$52,000/tpd. This means that there is not a great deal of upside when compared to Titan.

#### Disadvantages of approving the Proposed Transaction

##### 13.16 Disadvantage 1 – The Proposed Transaction is not fair

The Proposed Transaction is not considered to be fair.

##### 13.17 Disadvantage 2 – Loss of control

Currently Oakdale shareholders control 100% of the Company. If Oakdale shareholders approve the Proposed Transaction, their combined interests will be reduced to 40% of Oakdale's shares. This will mean that, as a group, Ozinca shareholders will have a greater influence over Oakdale than existing Oakdale shareholders.

Further, Mr Knowles will hold 19.5% of the issued capital of Oakdale. This will provide Mr Knowles with significant influence over the Company.

The table below outlines the impact of control within a company.

**Table 17: Controlling interest influence on a Company**

Interest	Influence on Company
>5%	ability to requisition a general meeting of the Company
>10%	ability to prevent a compulsory acquisition
>25%	ability to block special resolutions
>50%	ability to pass general resolutions
>75%	ability to pass special resolutions

We note that having a single shareholder with significant influence is not a change for Oakdale as Mr Lynch has historically held a 40.3% interest in the issued capital of Oakdale.

Under the terms of the Proposed Transaction, Ozinca will also be entitled to replace two existing Oakdale directors with their own nominees. As such, Ozinca will control the Board of Oakdale. This means that Ozinca will be able to control the day to day operations of Oakdale and Ozinca's shareholders will have a greater influence over voting than existing Oakdale shareholders.

##### 13.18 Disadvantage 3 – Ozinca hasn't finished paying for the Chimu Processing Plant

Ozinca must pay US\$520,814 to acquire the Chimu Processing Plant. To date, Ozinca has only paid US\$170,814. Of the US\$170,814 that has been paid, US\$100,000 came from the loan from Oakdale to Ozinca which was made possible by a capital raising completed by Oakdale which has already diluted shareholders holding Oakdale shares prior to the announcement of the Proposed Transaction.

Upon completion of the Proposed Transaction, Oakdale will be the company that funds the acquisition of the Chimu Processing Plant. As such, Oakdale has issued 100 million shares to Ozinca but has and will still have to fund the bulk of the acquisition cost of the Chimu Processing Plant.

##### 13.19 Disadvantage 4 – Oakdale will still need to raise funds

Oakdale will need to fund US\$350,000 to acquire the Chimu Processing Plant. In addition, Ozinca estimates that it will cost approximately US\$1.6 million to replace and repair the existing plant and increase its capacity to 120 mtpd.

In order to fund the acquisition and capital costs, plus ongoing working capital, Oakdale will need to raise at least \$3 million. This will result in further dilution to existing shareholders and uncertainty in Oakdale's share price.

## 13.20 Disadvantage 5 – The Chimu Processing Plant is not operational

Whilst Ozinca has the rights to the Chimu Processing Plant and the licences required to operate in Peru, The Chimu Processing Plant is not currently operational. As such, Oakdale will not generate any cash flows from The Chimu Processing Plant until it has funded the repairs and improvements.

Further, we note that The Chimu Processing Plant is currently approved to process 40 mtpd. When comparing this processing capacity to the recent results published by Titan, this does not appear to be sufficient to generate positive cash flows.

## Conclusion on Reasonableness

13.21 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior Proposed Transaction, we consider that the Proposed Transaction is reasonable for the Non- Associated Shareholders of Oakdale.

13.22 When considering reasonableness, we have placed a considerable weighting on Oakdale Shareholders having a current exposure to an illiquid share with limited capacity for the Company to add value through its existing assets. If Shareholders do not approve the Proposed Transaction, the Company will continue to seek another project to acquire and there will be a high degree of uncertainty with regard to share price and funding. The Proposed Transaction could provide the catalyst to raise funds at current valuations and ensure some activity in the Company which might provide better certainty around short term share price. However, we note that the market response to the Proposed Transaction was muted and Oakdale is unlikely to be able to recognise any value out of the Proposed Transaction without raising funds and improving the Chimu Processing Plant. If the Proposed Transaction doesn't encourage new shareholders to the company and increase trading in Oakdale shares, it does not provide a solution to existing Shareholders positions.

13.23 An individual Oakdale shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, Oakdale shareholders should consult an independent advisor.

## 13. INDEPENDENCE

Moore Stephens Perth Corporate Services Pty Ltd is entitled to receive a fee of approximately \$20,000, excluding GST and reimbursement of out of pocket expenses. Except for this fee Moore Stephens Perth Corporate Services Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

Prior to accepting this engagement Moore Stephens Perth Corporate Services Pty Ltd has considered its independence with respect to Oakdale, and any of their respective associates with reference to RG 112, Independence of Expert's Reports. It is the opinion of Moore Stephens Perth Corporate Services Pty Ltd that it is independent of Oakdale and their respective associates.

Moore Stephens Perth Corporate Services Pty Ltd has not had at the date of this report any relationship which may impair their independence.

We have held discussions with management of Oakdale regarding the information contained in this report. We did not change the methodology used in our assessment as a result of discussions and our independence has not been impaired in any way.

## 14. QUALIFICATIONS

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

Moore Stephens Perth Corporate Services Pty Ltd is a professional practice company, wholly owned by the Perth practice of Moore Stephens, Chartered Accountants. The firm is part of the National and International network of Moore Stephens independent firms and provides a wide range of professional accounting and business advisory services.

Moore Stephens Perth Corporate Services Pty Ltd holds an Australian Financial Services License to provide financial product advice on securities to retail clients (by way of experts reports pursuant to the listing rules of the ASX and the Corporations Act) and its principals and owners are suitably professionally qualified, with substantial experience in professional practice.

The director responsible for the preparation and signing of this report is Mr Peter Gray who is a director of Moore Stephens Perth Corporate Services Pty Ltd. Mr Gray is a Chartered Accountant and is RG146 compliant. Mr Gray has approximately 15 years’ experience in capital markets and corporate finance and has significant experience in the preparation of independent expert’s reports, valuations, valuation methodology and related advice.

At the date of this report neither Mr Gray, nor any member or Director of Moore Stephens Perth Corporate Services Pty Ltd, has any interest in the outcome of the Proposed Transaction.

## 15. DISCLAIMERS AND CONSENTS

Moore Stephens Perth Corporate Services Pty Ltd has been requested to prepare this report, to be included in the Notice of Meeting which will be sent to Oakdale's shareholders.

Moore Stephens Perth Corporate Services Pty Ltd consents to this report being included in the Notice of Meeting to be sent to shareholders of Oakdale. This report or any reference thereto is not to be included in, or attached to any other document, statement or letter without prior consent from Moore Stephens Perth Corporate Services Pty Ltd.

Moore Stephens Perth Corporate Services Pty Ltd has not conducted any form of audit, or any verification of information provided to us, and which we have relied upon in regard to Oakdale, however we have no reason to believe that any of the information provided, is false or materially incorrect.

The statements and opinions provided in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

Neither Moore Stephens Perth Corporate Services Pty Ltd nor Mr Gray take any responsibility for, nor have they authorised or caused the issue of, any part of this report for any third-party other than the shareholders of Oakdale in the context of the scope and purpose defined in section 3 of this report.

With respect to taxation implications it is recommended that individual shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own specific circumstances. The advice provided in this report does not constitute legal or taxation advice to shareholders of Oakdale or any other party.

The statements and opinions expressed in this report are given in good faith and with reliance upon information generated both independently and internally and with regard to all of the circumstances pertaining to the Proposed Transaction.

In regard to any projected financial information noted in this report, no member or director of Moore Stephens Perth Corporate Services Pty Ltd has had any involvement in the preparation of the projected financial information.

Furthermore, we do not provide any opinion whatsoever as to any projected financial or other results prepared for Oakdale, and in particular do not provide any opinion as to whether or not any projected financial results referred to in the report will or will not be achieved.

Yours faithfully



Peter Gray  
Director

Moore Stephens Perth Corporate Services Pty Ltd

**APPENDIX A – SOURCES OF INFORMATION**

In preparing this report we have relied upon the following principal sources of information:

- Acquisition Agreement between Oakdale and Ozinca;
- Information memorandum for Ozinca dated May 2018;
- Competent Persons Report for the Chimu Metallurgical Plant prepared by Trinol Pty Ltd;
- Oakdale audited financial statements for the years ended 30 June 2018 and 30 June 2017;
- Ozinca audited financial information for the period ended 30 June 2018;
- ASIC current company extract for Ozinca;
- Independent Specialist Report on the Oakdale Project prepared by Mining Insights;
- Loan agreement between Oakdale and Ozinca;
- S&P Capital IQ, IBIS World and other financial databases and subscription services; and
- Information in the public domain;
- Discussions with directors and management of Oakdale and Ozinca.

## Valuation Methodologies and Approaches

**Discounted Cash Flow Method**

Discounted cash flow methods estimate fair market value by discounting a company's future cash flows to their net present value. These methods are appropriate where a forecast of future cash flows can be made with a reasonable degree of confidence. Discounted cash flow methods are commonly used to value early stage companies or projects with a finite life.

**Capitalisation of Maintainable Earnings Method**

The capitalisation of maintainable earnings method estimates "fair market value" or "enterprise value", by estimating a company's future maintainable earnings and dividing this by a market capitalisation rate. The capitalisation rate represents the return an investor would expect to earn from investing in the company which is commensurate with the individual risks associated with the business.

It is appropriate to apply the capitalisation of maintainable earnings method where there is an established and relatively stable level of earnings which is likely to be sustained into the foreseeable future.

The measure of earnings will need to be assessed and can include, net profit after taxes, (NPAT), earnings before interest and taxes (EBIT and earnings before interest, taxes, depreciation and amortisation (EBITDA).

The capitalisation of maintainable earnings method can also be considered a market based methodology as the appropriate capitalisation rate or 'earnings multiple' is based on evidence of market transactions involving comparable companies.

An extension of the capitalisation of maintainable earnings method involves the calculation of share value of an entity. This process involves the calculation of the enterprise value, which is then adjusted for the net tangible assets of the entity.

**Net Assets Value Method (Orderly Realisation of Assets)**

The net assets value method (assuming an orderly realisation of assets) estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner.

**Liquidation of assets** - The Liquidation method is similar to the orderly realisation of asset method except the liquidation method assumes the assets are sold in a shorter time frame.

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

The asset based approach, as a general rule, ignores the possibility that a company's value could exceed the realisable value of its assets as they ignore the value of intangible assets such as customer lists, management, supply arrangements, and goodwill.

The asset based approach is most appropriate when companies are not profitable, a significant proportion of assets are liquid, or for asset holding companies.

**Cost Based Approach** - The cost based approach involves determining the fair market value of an asset by deducting the accumulated depreciation from the asset's replacement cost at current prices.

Like the asset based approach, the cost based approach has a number of disadvantages, primarily that the cost of an asset does not necessarily reflect the assets ability to generate income. Accordingly this approach is only useful in limited circumstances, usually associated with intangible asset valuation.

**Quoted Market Price Methodology**

The method relies on the pricing benchmarks set by sale and purchase transactions in a fully informed market the ASX which is subject to continuous disclosure rules aimed at providing that market with the necessary information to make informed decisions to buy or to sell.

Consequently, this approach provides a "fair price", independently determined by a real market. However the question of a fair price for a particular transaction requires an assessment in the context of that transaction taken as a whole.

In taking a quoted market price based assessment of the consideration to both parties to the proposed transaction, the overall reasonableness and benefits to the non-participating shareholders must be carefully evaluated.

**Market Approach Method**

The market based approach estimates a company's fair market value by considering the market prices of transactions in its shares or the market value of comparable assets.

This includes, consideration of any recent genuine Proposed Transactions received by the target for an entire entity's business, or any business units or asset as a basis for the valuation of those business units or assets, or prices for recent sales of similar assets

APPENDIX C – MINING INSIGHTS INDEPENDENT EXPERT REPORT



## APPENDIX D - GLOSSARY

In this report, unless the context requires otherwise:

Term	Meaning
<b>The Act</b>	The Corporations Act 2001
<b>Andina</b>	Andina Resources Limited
<b>APES 225</b>	Accounting Professional & Ethical Standards Board professional standard APEX 225 'Valuation Services'
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Securities Exchange or ASX Limited ACN 008 624 691
<b>Business Day</b>	has the meaning given in the Listing Rules
<b>Chimu</b>	Chimu Processing Plant
<b>Company</b>	Oakdale Resources Limited
<b>Consideration Shares</b>	100 million Oakdale shares issued to Ozinca shareholders
<b>Control Basis</b>	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of entity in which the equity is held
<b>DCF</b>	Discounted cash flows
<b>Due Diligence Period</b>	28 days after the execution of the term sheet
<b>Fair Value</b>	Unbiased estimate of the potential market price of a good, service, or asset.
<b>FME</b>	Future maintainable earnings
<b>IER</b>	This Independent Expert Report
<b>Listing Rules</b>	the official listing rules of ASX and includes the business rules of ASX
<b>Minority Basis</b>	As assessment of the Fair Value on an equity interest, which assumes the holder or holders do not have control of entity in which the equity is held
<b>Moore Stephens or MSPCS</b>	Moore Stephens Perth Corporate Services Pty Ltd
<b>mtpd</b>	Metric tonnes per day
<b>NAV</b>	Net asset value
<b>Oakdale</b>	Oakdale Resources Limited and its controlled entities
<b>Oakdale Project</b>	Graphite assets located on the Eyre Peninsula and held by Oakdale
<b>Ozinca</b>	Ozinca Australia Pty Ltd and its controlled entities
<b>Ozinca Peru</b>	Ozinca Peru SAC

Term	Meaning
<b>Plant</b>	The Chimu Processing Plant
<b>QMP</b>	Quoted market price
<b>RG 111</b>	ASIC Regulatory Guide 111 Contents of Expert's Reports
<b>RG 112</b>	ASIC Regulatory Guide 112 Contents of Expert's Reports
<b>Mining Insights</b>	Mining Insights Pty Ltd
<b>S&amp;P Capital IQ</b>	An entity of Standard and Poors which is a third party provider of company and other financial information.
<b>SOP</b>	Some of parts
<b>Term Sheet</b>	Term sheet between Oakdale and Ozinca dated 12 November 2018
<b>TGC</b>	Total Graphite Content
<b>Titan</b>	Titan Resources Limited
<b>VWAP</b>	Volume weighted average share price

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