

# Public Holdings (Australia) Ltd (to be renamed "First Au Limited") ACN 000 332 918

## PROSPECTUS

For an offer of up to 187,500,000 Shares at an issue price of \$0.04 each and up to 187,500,000 attaching Quoted Options to raise up to approximately \$7,500,000 (before costs) (**Public Offer**). The minimum subscription under the Public Offer is \$5,500,000.

This Prospectus also contains various Secondary Offers as set out in Section 2.2.

### Re-compliance with Chapters 1 and 2

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

### Conditional Offers

The Offers are conditional upon certain events occurring. Please refer to Section 2.3 for further information.

The Offers are not underwritten.

### Important notice

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

Investment in the Securities offered pursuant to this Prospectus should be regarded as **highly speculative** in nature, and investors should be aware that they may lose some or all of their investment. Refer to Section 4 for a summary of the key risks associated with an investment in the Securities.

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# IMPORTANT INFORMATION

## Prospectus

This Prospectus is dated, and was lodged with ASIC on, 6 April 2018. Neither ASIC nor ASX (or their respective officers) take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The expiry date of this Prospectus is 5.00pm AEST on that date which is 13 months after the date this Prospectus was lodged with ASIC. No Securities will be issued on the basis of this Prospectus after that expiry date.

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

No person is authorised to give any information or to make any representation in connection with the Offers, other than as is contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company or the Directors in connection with the Offers.

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

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

The Company's Shares are currently suspended from trading on the ASX and will not be reinstated until ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules. There is a risk that the Company may not be able to meet the requirements of ASX for reinstatement of its Shares to Official Quotation. In the event the Conditions are not satisfied or the Company does not receive conditional approval for reinstatement of its Shares to Official Quotation (on conditions satisfactory to the Company) then the Company will not proceed with the Offers and will repay all Application Monies received.

The Company will be removed from the Official List by ASX in accordance with ASX's long term suspended entities policy if its Shares are not reinstated to Official Quotation on or before 6 June 2019.

## Conditional Offers

The Offers contained in this Prospectus are conditional on certain events occurring. If these events do not occur, the Offers will not proceed and investors will be refunded their Application Monies without interest. Please refer to Section 2.3 for further details on the conditions attaching to the Offers.

## Electronic Prospectus and Application Form

This Prospectus will generally be made available in electronic form by being posted on the Company's website at [www.firstau.com](http://www.firstau.com). Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the relevant Application Form (free of charge) from the Company's registered office by contacting the Company

as detailed in the Corporate Directory. The Offers constituted by this Prospectus in electronic form are only available to persons receiving an electronic version of this Prospectus and the relevant Application Form.

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

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

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

## Offer outside Australia

This document does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to the extent permitted below. For further details see Section 2.12.

## Speculative Investment

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

Prospective investors should read this Prospectus in its entirety and carefully consider whether the Securities offered pursuant to this Prospectus are an appropriate investment for them in light of their personal circumstances, including their financial and taxation position. Persons considering applying for Securities pursuant to the Prospectus should obtain professional advice from an accountant, stockbroker, lawyer or other adviser before deciding whether to invest. Refer to Section 4 for details relating to the key risks applicable to an investment in the Securities.

## Using this Prospectus

Persons wishing to subscribe for Securities offered pursuant to this Prospectus should read this Prospectus in its entirety in order to make an informed assessment of the assets and liabilities, financial position and performance, profits and losses, and prospects of the Company and the rights and liabilities attaching to the Securities offered pursuant to this Prospectus. If persons considering subscribing for Securities offered pursuant to this Prospectus have any questions, they should consult their stockbroker, solicitor, accountant or other professional adviser for advice.

## Forward-Looking Statements

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

These statements are based on an assessment of present economic and operating conditions, and on a number of

assumptions regarding future events and actions that, as at the date of this Prospectus, are considered reasonable by the Existing Directors and Proposed Directors.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors of the Company. Key risk factors associated with an investment in the Company are detailed in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements.

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

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

#### **Competent Person Statement**

The information in this Prospectus that relates to Exploration Results and other technical information for the Tenements complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) and is based on and fairly represents information compiled by Mr Brian Richardson, a Competent Person who is a Member of the Australasian Institute of Mining & Metallurgy.

Mr Brian Richardson is the exploration manager of Great Sandy Pty Ltd and will receive Consideration Securities as a nominee of the Vendors. Mr Richardson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code.

Mr Richardson consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

#### **Photographs and Diagrams**

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

#### **Miscellaneous**

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

All references to time in this Prospectus are references to AEST, being the time in Melbourne, Victoria, unless otherwise stated.

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 12.

## CORPORATE DIRECTORY

### Existing Board of Directors

Mr Bryan Frost	Executive Chairman
Mr Oreste Biziack	Non-Executive Director
Mr Peter Chapman	Non-Executive Director
Mr Clayton Dodd	Non-Executive Director

### Proposed Board of Directors

Mr Bryan Frost	Executive Chairman
Mr Richard Revelins	Executive Director
Mr Damon O'Meara	Non-Executive Director
Mr Michael Quinert	Non-Executive Director

### Company Secretary

Mr David McBain

### Registered and Principal Office

Level 1, 123 Whitehorse Road  
BALWYN VIC 3103

Phone: +61 3 9817 0700  
Fax: +61 3 9817 0799

Email: info@firstau.com  
Website: www.firstau.com

### ASX Code

Current: PHA  
Proposed: FAU

### Auditor\*

McLean Delmo Bentleys Audit Pty Ltd  
Level 3, 302 Burwood Road  
HAWTHORN VIC 3122

### Investigating Accountant

PKF Mack  
Level 4, 35 Havelock Street  
WEST PERTH WA 6005

### Legal Adviser

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

### Independent Geologist

Ravensgate International Pty Ltd  
8 Clive Street  
WEST PERTH WA 6005

### Lead Manager and Corporate Advisor

Peregrine Corporate Limited  
AFSL No. 237858  
62D Heyington Place  
TOORAK VIC 3142

### Share Registry\*

Link Market Services Limited  
Level 13, Tower 4, 727 Collins Street  
Melbourne VIC 3000

Phone: 1800 992 481

[www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

## LETTER FROM THE CHAIRMAN

Dear Investor,

On behalf of the Board of Directors and proposed Board of Directors of Public Holdings (Australia) Ltd (to be renamed "First Au Limited") (Company), we are pleased to present you with this opportunity to become a shareholder in the Company.

The Company voluntarily suspended its shares from quotation on the ASX on 6 June 2016. Over this period the Board has sought to identify and secure a transaction that has the potential to generate substantial value and returns for existing shareholders and new investors. After an exhaustive process the Company has entered into acquisition agreements with entities controlled by well-known and highly respected mining prospector Denis O'Meara. Mr O'Meara has had a lifelong involvement in the mining industry. His prospecting activities have led to joint ventures with Cominco, International Nickle, Aztec, Metana, ACM, Carpentaria, Homestake, Gwalia Group, Placer Pacific, BHP Gold (Newcrest), Alkane, CRA and Hill 50 Gold. Mr O'Meara was the joint founder of Atlas Iron, De Grey Mining and Shaw River Resources with involvement in numerous other ASX listings. He is a joint recipient with Geoff Blackburn of the AMEC "Prospector of the Year Award" and will remain an integral part of the Company's proposed exploration efforts.

The Company is in the process of obtaining shareholder approval for a change of activities that will see the Company acquire three advanced and highly prospective gold and base metals projects within the Kalgoorlie and Pilbara regions of Western Australia. The Company will subsequently re-list on the ASX raising up to \$7.5 million through the allotment of 187.5 million new shares with one-for-one free attaching quoted options at a subscription price of 4 cents per share.

The Company's flagship projects will include: the Gimlet Gold Project, near Kalgoorlie (100%), the Emu Creek Gold, Copper and Base Metals Project (earning up to 70%), in the East Pilbara and the Talga Gold and Copper Project (100%), near Marble Bar in the Pilbara.

The Gimlet Gold Project is located 500 meters along strike and to the north of Intermin Resources' (ASX: IRC) Teal Gold Mine. On 16 January 2018 IRC announced significant additional new high-grade intersections and a current strategy to grow the resource base above the 1 million ounces mark during 2018. The attached Independent Geologist's Report by Ravensgate International discusses geological similarities between the Gimlet Gold Project and Intermin's adjoining projects.

The Emu Creek Gold, Copper and Base Metals Project is located near Nullagine in the East Pilbara, 25kms north of Novo Resources' (TSX Code: NVO) Beaton's Creek conglomerate gold project (560,000 oz Au NI 43-101 Resource). Emu Creek is prospective for gold and base metal VMS and porphyry related mineralisation as well as conglomerate hosted gold. Exploration has discovered large, previously unknown, hydrothermal cells (volcanic vents) located from hyperspectral imagery within the mafic and felsic rocks in the project area and contains extensive altered and mineralised volcanic breccias and mapped agglomerates. The project also contains extensive areas of Fortescue conglomerates and clastic sediments of the Hardy Formation with similar geology to Beaton's Creek. The Company will acquire the rights from Denis O'Meara to a farm-in agreement with Atlas Iron Ltd to earn a 51% interest by spending \$190,000 within 2 years, and a further 19% on completion of a bankable feasibility study within 5 years (70% interest in total).

The Talga Gold and Copper Project is located 30kms north east of Marble Bar in the Pilbara within one of the most prospective and mineralised Archean terrains in the East Pilbara. The project is prospective for hosted epigenetic gold associated with the major Bamboo Creek Shear Zone (Bamboo Creek Gold Mine totalled 779,350 tonnes at 8.15 g/t Au from 1887 to 1995) and volcanogenic copper/gold sulphide deposits and VMS style mineralisation.

Further information on the Company's projects can be found in the Independent Geologist's Report at Section 6 of this Prospectus.

The Company's exploration team is being led by Brian Richardson as Exploration Manager and Chief Consulting Geologist. Brian is a Pilbara veteran with 35 years Australian and international experience. He was a founding director of Thundelarra Resources Ltd and Royal Resources Ltd. Brett Keillor has joined the company as Consulting Geologist. Brett is a geologist with 30 years' experience in the mining industry working across a diverse range of commodities and was recently Chief Consulting Geologist for Independence Group Ltd and remains as a consultant. Mr Keillor was involved in the discovery of the Marymia Gold deposit and the Plutonic Gold discovery as well as the initial targeting that led to the discovery of the Tropicana Gold deposit. Mr Keillor is a two-time recipient of the AMEC "Prospector of the Year Award". In addition, the Company has the benefit of ongoing access and commitment from Denis O'Meara and the team at Denis O'Meara Prospecting with an established base in the Pilbara and Denis' experience and assembled knowledge base in respect to the projects and the region.

The Company's proposed portfolio of projects has been the subject to significant past exploration expenditure which has generated encouraging drilling intersections and immediate targets for further exploration. The Company offers investors a highly prospective, advanced exploration portfolio combined with an outstanding, highly experienced geological exploration team.

An investment in the Company is considered speculative and it is recommended that you consider the terms of the Offers contained in this Prospectus carefully and in their entirety. A non-exhaustive set of risk factors that you should consider is set out in Section 4. If you are in any doubt as to the contents of this Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser.

We welcome your participation as an investor in First Au Limited.

For and on behalf of the Board



Mr Bryan Frost  
Executive Chairman  
Public Holdings (Australia) Ltd (to be renamed "First Au Limited")

## INDICATIVE TIMETABLE

Event	Date
Despatch of notice of General Meeting	6 April 2018
Lodgement of this Prospectus with ASIC	6 April 2018
Opening Date for the Offers	20 April 2018
General Meeting	8 May 2018
Closing Date for the Offers	11 May 2018
Bonus Issue Record Date	14 May 2018
Completion of the Acquisitions	18 May 2018
Issue of Securities under the Offers	25 May 2018
Dispatch of holding statements	28 May 2018
Expected date for Shares to be reinstated to trading on ASX	31 May 2018

**Note:**

The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates. Applicants are therefore encouraged to lodge their relevant Application Form and deposit the Application Monies as soon as possible after the Opening Date if they wish to invest in the Company. The Company also reserves the right not to proceed with any of the Offers at any time before the issue of Securities to Applicants. If the Offers are cancelled or withdrawn, all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act.



## KEY OFFER STATISTICS

Key Offer details		
Key terms of Public Offer		
Offer Price per Share under the Public Offer		\$0.04 per Share
Shares offered under the Public Offer		
• Maximum Subscription		187,500,000
• Minimum Subscription		137,500,000
Cash raised under the Public Offer <sup>1</sup>		
• Maximum Subscription		\$7,500,000
• Minimum Subscription		\$5,500,000
Key terms of Secondary Offers	Shares	Options
Bonus Issue <sup>2</sup>	Nil	37,958,000
Consideration Offer <sup>3</sup>	32,500,000	3,500,000
Conversion Offer <sup>4</sup>	23,866,667	23,866,667
Peregrine Offer <sup>5</sup>	11,000,000	11,000,000

Capital structure <sup>6</sup>	Shares	Options
On issue as at date of Prospectus	37,958,000	Nil
On issue as at reinstatement to Official Quotation	292,824,667 <sup>6</sup>	263,824,667

Share ownership structure as at reinstatement to Official Quotation <sup>6</sup>	
Existing Shareholders	12.96%
Vendors (or their respective nominees)	11.10%
Public Offer investors	64.03%
Convertible Noteholders (or their respective nominees)	8.15%
Peregrine (or its nominees)	3.76%

Notes for the above tables are contained on the following page.

**Notes:**

1. Before costs of the Offers.
2. These Options are proposed to be issued by way of a bonus issue to Eligible Shareholders prior to or contemporaneously with, completion of the issue of the Securities under the Public Offer. This number may be less depending on the total holdings of Eligible Shareholders as at the Bonus Issue Record Date.
3. A further 13,000,000 Deferred Consideration Shares may be issued to the Vendors if the Milestone is met. See Section 9.2(e) for details.
4. See Section 2.2(c) for details of the Conversion Offer, and Section 9.4 for details of the Convertible Notes on issue.
5. Refer to Section 2.2(d) for details of the Peregrine Offer, and Section 9.5 for details of the Peregrine Mandate.
6. Assumes the Maximum Subscription and that no other Shares are issued. See Section 2.5 for further details.

## INVESTMENT OVERVIEW

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

Topic	Summary	More information
<b>Introduction</b>		
Who is issuing the Prospectus	Public Holdings (Australia) Ltd (to be renamed "First Au Limited") (ACN 000 332 918) ( <b>Company</b> ).	N/A
Who is the Company and what does it do?	<p>The Company was incorporated on 26 August 1960 and admitted to the Official List of ASX on 1 January 1970. The Company is presently an ASX-listed investment company.</p> <p>The Company's Shares have been suspended from Official Quotation since 6 June 2016 after announcing its intention to undertake a reverse takeover of Mobilicom Limited. Although the Company subsequently announced that it was not proceeding with the Mobilicom transaction, the Company's Shares have remain suspended in accordance with ASX policy.</p> <p>The Company is currently seeking Shareholder approval to change the nature and scale of its activities to transform into a new precious and base metals exploration company.</p>	Sections 1.4 and 3.1
What are the Acquisitions?	<p>The Company is proposing to acquire the following interests:</p> <ul style="list-style-type: none"> <li>• 100% interest in the Gimlet Gold Project;</li> <li>• Great Sandy's interests in a farm-out and joint venture agreement for the Emu Creek Copper and Gold Project, pursuant to which Great Sandy can earn up to a 70% interest in the Emu Creek Copper and Gold Project; and</li> <li>• 100% interest in the Talga Gold-Copper Project, (together, <b>Tenements</b>) (<b>Acquisitions</b>).</li> </ul> <p>The Acquisitions will transform the Company into a precious and base metals exploration company. This change in the nature and scale of the Company's activities requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules.</p> <p>The Vendors, Great Sandy and Drillabit, are both entities associated with respected Pilbara prospector Denis O'Meara. Great Sandy owns all the issued capital of Drillabit. Proposed incoming director Mr Damon O'Meara is Denis O'Meara's son and is also a</p>	Section 1.1

Topic	Summary	More information
	<p>director of both Great Sandy and Drillabit.</p> <p>Upon successful completion of the Acquisitions, the Company will focus on exploring and developing the prospective package of Tenements for precious and base metals deposits.</p>	
Do the Tenements have any defined resources?	No. The Tenements cover regions that are considered prospective for base and precious metals, with various levels of exploration work having been completed previously by other parties.	Section 3.4, Section 6
What is the Company's strategy?	Following reinstatement to quotation of the Company's Shares on ASX, the Company intends to focus on exploration of the Tenements as well as assess further complementary acquisition opportunities.	Section 3.6
<b>Summary of key risks</b>		
<p>Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks. The risk factors set out in Section 4, and other general risks applicable to all investments in quoted securities, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered <b>highly speculative</b>. This Section summarises the key risks which apply to an investment in the Company and investors should refer to Section 4 for a more detailed summary of the risks.</p>		
Future capital requirements	<p>The Company's activities will require substantial expenditure. There can be no guarantees that the funds raised through the Public Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund development after the substantial exhaustion of the net proceeds of the Public Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing (if available) may involve restrictive covenants, which may limit the Company's operations and business strategy.</p> <p>The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.</p>	Section 4.2(h)
Dilution risk	As at the date of the General Meeting it is expected that Company will have 37,958,000 Shares on issue. On Completion, the Company proposes to issue Shares, Options and Deferred Consideration Shares as required pursuant to the Acquisition Agreements and	Section 4.1(b)

Topic	Summary	More information
	<p>issue Shares and Options as part of the Public Offer.</p> <p>On completion of the Acquisitions and Offers (assuming full subscription and no other Shares are issued), the existing Shareholders will retain approximately 12.96% of the issued capital of the Company, Peregrine (or its nominee) will hold 3.76%, and the investors under the Public Offer will hold 64.03% of the issued capital of the Company.</p> <p>There is also a risk that the interests of Shareholders will be further diluted as a result of future capital raisings required in order to fund the future development of the Company.</p>	
Licenses, permits and payment obligations	<p>The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The Company cannot guarantee that those mining tenements that are applications will ultimately be granted (in whole or in part). The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required.</p> <p>Of the eight Tenements the Company is acquiring an interest in, four are due for renewal in 2018. The Company is not aware of any reason why these Tenements would not be renewed in the ordinary course, but cannot give assurance that such renewals will be given and there is no assurance that new conditions will not be imposed in connection therewith. As outlined in Section 9.2, each of the Acquisition Agreements provide for a loan facility to be provided to the Vendors (with a combined cap of \$120,000) to enable the Vendors to keep the Tenements in good standing, which will minimise the risks associated with the renewal process.</p> <p>Pursuant to the licences comprising the Company's projects, the Company will become subject to payments and other obligations. In particular, licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the Tenements. Failure to meet these work commitments may render the licence subject to forfeiture or result in the holders being liable for fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this</p>	Section 4.2(f)

Topic	Summary	More information
	could result in dilution or forfeiture of the Company's interest in its projects.	
Exploration and Evaluation risks	The Tenements that the Company will own or have the rights to exploit from Completion of the Acquisitions are at various stages of exploration. Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.	Section 4.2(a)
Development risks and costs	<p>Possible future development of mining operations at any of the Company's projects is dependent on a number of factors and avoiding various risks, including, but not limited to, failure to acquire and/or delineate economically recoverable mineral bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, unseasonal weather patterns, excessive seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, variations in the price of the mineral product, risk of access to the required level of funding and contracting risk from third parties providing essential services.</p> <p>In addition, the construction of any proposed development may exceed the expected timeframe or cost for a variety of reasons out of the Company's control. Any delays to project development could adversely affect the Company's operations and financial results and may require the Company to raise further funds to complete the project development and commence operations.</p>	Section 4.2(b)
Operating risks	The Company may be subject to the risks involved in the establishment of a new mining operation if the Company decides to develop its mineral assets. There is no assurance that can be given to the level of viability that the Company's operations may achieve. Unless and until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses. Lower than expected productivity and technical difficulties and late delivery of materials and equipment could have an adverse	Section 4.2(d)

Topic	Summary	More information
	<p>impact on any future construction and commissioning schedules. No assurance can be given that the intended production schedules will be met or that the estimated operating cash costs and development costs will be accurate.</p>	
<p>Native title and Aboriginal heritage risks</p>	<p>The existence of native title and/or native title claims in relation to the land the subject of the Tenements may affect the Company's ability to obtain the grant of future tenure over the Tenements or in their vicinity. If the Tenements have not been validly granted in compliance with native title legislation, this may have an adverse impact on the Company's activities.</p> <p>There is a risk that Aboriginal sites and objects may exist on the land the subject of the Tenements the existence of which may preclude or limit mining activities in certain areas of the Tenements.</p> <p>Heritage survey work may need to be undertaken ahead of the commencement of exploration or mining operations to reduce the risk of contravening Aboriginal heritage legislation.</p> <p>The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has, or may have, an interest.</p>	<p>Section 4.2(j)</p>
<p>Access and third party risks</p>	<p>Under State and Commonwealth legislation, the Company may be required to obtain the consent of, and pay compensation to, the holders of third party interests which overlay areas within the Tenements or future tenements granted to the Company, including native title claims and pastoral leases, prior to accessing or commencing any exploration or mining activities on the affected areas within the Tenements or future tenements.</p> <p>Whilst the requirement to seek and obtain such consents and pay such compensation is customary in Western Australia, any delay in obtaining these consents may impact on the Company's ability to carry out exploration activities within the affected areas or future tenements granted to the Company.</p> <p>The Tenements are in areas that have been the subject of exploration activities as well as pastoral and agricultural activities. Given the history of the areas, the Directors believe that third party risk to access the Tenements is low. As part of the process of submitting a program of works for any ground disturbing activities, pastoralists will be notified and the Company will work to minimise disturbance in relation to the proposed activities in accordance with applicable law. The Directors however acknowledge</p>	<p>Section 4.2(k)</p>

Topic	Summary	More information
	<p>that delays may be caused to the commencement of exploration programs.</p> <p>The activities contemplated by the Company under all of the Tenement work programs are in and around areas historically disturbed by past exploration activities. Given that the exploration activities contemplated by the Company in Section 3.7 and as set out in further detail in the Independent Geologist's Report in Section 6 are proximate to, or otherwise in areas that have already been actively explored, the Directors consider the risk of any impediments with respect to Native Title, pastoralist activities and any other heritage restrictions to be low. However, the Company acknowledges that exploration success may result in extended work programs that may require further consent with respect to the Native Title process, existing heritage agreements and pastoralist activities as noted above.</p>	
Environmental risks	<p>The operations and proposed activities of the Company are subject to Western Australian and Federal environmental laws and regulations. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.</p> <p>Government authorities may, from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.</p> <p>Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.</p> <p>There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a</p>	Section 4.2(e)



Topic	Summary	More information
	material adverse effect on the Company's business, financial condition and results of operations.	
<b>Directors, key management personnel and substantial holders</b>		
Who are the Directors and Proposed Directors?	<p>On completion of the Acquisitions, it is intended the Board will comprise:</p> <ul style="list-style-type: none"> <li>• Mr Bryan Frost - Executive Chairman;</li> <li>• Mr Richard Revelins - Executive Director</li> <li>• Mr Damon O'Meara - Non-Executive Director; and</li> <li>• Mr Michael Quinert - Non-Executive Director.</li> </ul> <p>It is intended that Messrs Oreste Biziak, Peter Chapman and Clayton Dodd will retire as Directors of the Company.</p> <p>The terms and conditions of the engagements of each of the Proposed Directors is summarised in Section 9.6.</p> <p>It is intended that Mr David McBain will remain as Company Secretary and Chief Financial Officer.</p>	"Corporate Directory" and Sections 8.1 and 9.6
What material contracts with related parties is the Company a party to?	<p>Details of Director remuneration and interests in the Securities are provided in Sections 8.5, 8.6 and 8.7.</p> <p>Details of related party transactions are provided in Section 8.8.</p> <p>In addition to the Acquisition Agreements, the Company has entered into the following related party transactions on arms' length terms:</p> <ul style="list-style-type: none"> <li>• letters of appointment or service agreements with each of its Directors and Proposed Directors (refer to Section 9.6);</li> <li>• deeds of indemnity, insurance and access with each of the Proposed Directors on standard terms (refer Section 9.8 for details);</li> <li>• a convertible note agreement with an entity associated with Mr Bryan Frost; and</li> <li>• the Peregrine Mandate.</li> </ul>	Sections 8.5, 8.6, 8.7, 8.8, 9.4, 9.5, 9.6 and 9.8

Topic	Summary	More information
What interests do Directors have in Securities?	<p>The interests of the Directors and Proposed Directors are detailed in Section 8.5.</p> <p>The security holdings of the Directors and Proposed Directors are set out in Section 8.6.</p>	Sections 8.5 and 8.6
Who will be the substantial holders of the Company?	Based on the information known as at the date of this Prospectus, Mr Bryan Frost (8.66%) and entities associated with Mr Damon O'Meara (5.85%) are anticipated to hold a relevant interest in 5% or more of the Shares on issue.	Section 10.4
<b>Financial information</b>		
How has the Company performed over the past 12 months?	<p>The Company undertook limited activities in the period immediately prior to undertaking the Acquisitions.</p> <p>Following Completion of the Acquisitions, the Company will be focused on exploring the Tenements. Therefore, the Company's past operational and financial performance will not be of significant relevance to future activities.</p>	Section 5
What is the financial outlook for the Company?	<p>The long-term financial prospects of the Company are largely dependent upon the outcome of the Company's exploration activities.</p> <p>The operations of the Company are inherently uncertain. As such, the Directors believe that they do not have a reasonable basis to forecast future earnings.</p> <p>The pro-forma financial position of the Company as at 31 December 2017 is set out in the Investigating Accountant's Report in Section 5.</p>	Section 2.6
Will the Company have sufficient funds for its activities?	<p>The funding for the Company's short to medium term activities will be generated from funds raised under the Public Offer.</p> <p>The Board is satisfied that upon completion of the Public Offer, the Company will have sufficient working capital to meet its stated objectives.</p>	Section 2.4
What is the proposed use of funds raised under the Public Offer?	<p>A use of funds table for funds raised under the Public Offer is in Section 2.4.</p> <p>The funds raised under the Public Offer are proposed to be used to fund the following key business activities:</p> <ul style="list-style-type: none"> <li>• explore, progress and advance the Projects;</li> <li>• pay expenses associated with the Acquisitions and Offers; and</li> </ul>	Section 2.4

Topic	Summary	More information
	<ul style="list-style-type: none"> <li>provide working capital.</li> </ul>	
<b>What are the Offers?</b>		
What is the Public Offer?	The Public Offer is a conditional offer inviting the general public to apply for 187,500,000 Shares at an Offer Price of \$0.04 each and up to 187,500,000 attaching Quoted Options to raise \$7,500,000 (before costs).	Section 2.1
What are the Secondary Offers?	<p>The Company is also undertaking the Secondary Offers under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale of any Securities (or any Shares issued on exercise of conversion of any convertible securities into Shares) that are issued under the Secondary Offers.</p> <p>The Secondary Offers include the Bonus Issue, Consideration Offer, Conversion Offer and Peregrine Offer.</p>	Section 2.2
What are the conditions of the Offers?	<p>The Offers remain conditional upon the following events occurring:</p> <ul style="list-style-type: none"> <li>the Acquisition Agreements becoming unconditional;</li> <li>Shareholders approving the Acquisition Resolutions;</li> <li>the Company raising the minimum subscription (\$5,500,000) under the Public Offer; and</li> <li>ASX providing the Company with a list of conditions which, when satisfied, will result in ASX reinstating the Shares to quotation on ASX upon the satisfaction of Chapters 1 and 2 of the Listing Rules.</li> </ul> <p>If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Public Offer in accordance with the Corporations Act.</p>	Section 2.3
What will the capital structure of the Company change to post-completion of the Acquisitions and Offers?	The indicative capital structure of the Company following completion of the Acquisitions and Offers is in Section 2.5.	Section 2.5

Topic	Summary	More information
<b>Additional information</b>		
What rights and liabilities attach to the Securities to be issued under the Offers?	<p>All Shares issued under the Offers will rank equally in all respects with existing Shares on issue. The rights and liabilities attaching to the Shares are described in Section 10.1.</p> <p>The rights and liabilities attaching to the Quoted Options and Unquoted Options are described in Sections 10.2 and 10.3, respectively.</p>	Sections 10.1, 10.2 and 10.3
What is the minimum subscription for the Public Offer?	<p>The Public Offer is subject to a minimum subscription requirement to raise \$5,500,000 (<b>Minimum Subscription</b>).</p> <p>None of the Securities offered under the Offers will be issued if Applications are not received for the Minimum Subscription. Should Applications for the Minimum Subscription not be received within four months from the date of this Prospectus, the Company will either repay the Application Monies (without interest) to Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Applications and have their Application Monies refunded to them (without interest).</p>	
Are the Offers underwritten?	<p>The Offers are not underwritten.</p> <p>Peregrine has been appointed as Lead Manager to the Public Offer.</p>	Section 2.14
Will the Shares issued under the Offers be quoted?	<p>The Company will apply to ASX no later than 7 days from the date of this Prospectus for Official Quotation of the Shares on the ASX under the new code, "FAU".</p> <p>The Company will also apply to ASX no later than 7 days from the date of this Prospectus for Official Quotation of the Quoted Options on the ASX under the new code, "FAUO".</p>	"Important Information" and "Corporate Directory"
What are the tax implications of investing under the Offers?	<p>The tax consequences of any investment in Securities under the Offers will depend upon your particular circumstances.</p> <p>Prospective investors should obtain their own tax advice before deciding to invest.</p>	Section 2.17
How do I apply for Securities under the Offers?	Applications for Securities under the Offers must be made by completing the relevant Application Form and, for the Public Offer, must be accompanied by a cheque in Australian dollars or confirmation of electronic funds transfer for the full amount of the application being the number of Shares applied for multiplied by \$0.04 per share. Cheques must be made	Section 2.7

Topic	Summary	More information
	payable to "Public Holdings (Australia) Limited - Share Application Account" and should be crossed "Not Negotiable".	
When will I receive confirmation that my application has been successful?	It is expected that holding statements will be sent to successful applicants by post on or about 28 May 2018.	"Indicative Timetable"
Will any Securities be subject to escrow?	<p>Certain Securities issued under the Offers will likely be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of the Company's Shares being re-admitted to Official Quotation.</p> <p>The Securities issued under the Public Offer will not be subject to escrow.</p> <p>The Securities likely to be subject to escrow are the Securities issued pursuant to the Consideration Offer, Peregrine Offer and a portion of Securities under the Conversion Offer.</p>	Section 2.11
What is the Company's dividend policy?	<p>The Company does not expect to pay dividends in the near future as its focus will primarily be on exploration of the Tenements and future complementary acquisitions.</p> <p>Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.</p>	Section 3.8
How can I find out more about the Prospectus or the Offers?	Questions relating to the Offers and applications for Securities can be directed to the Company Secretary on +61 3 9817 0700	Section 2.19

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# 1. Transaction overview

## 1.1 The Acquisitions

The Company has entered into agreements with the Vendors to acquire the following assets:

- (a) 100% interest in the Gimlet Gold Project;
  - (b) Great Sandy's interests in a farm-out and joint venture agreement for the Emu Creek Copper and Gold Project, pursuant to which Great Sandy can earn up to a 70% interest in the Emu Creek Copper and Gold Project; and
  - (c) 100% interest in the Talga Gold-Copper Project,
- (together, **Tenements**) (**Acquisitions**).

The Acquisitions will transform the Company into a new precious and base metals exploration company. The change in the nature and scale of the Company's activities therefore requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

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

- (a) the Company raising the minimum subscription under the Public Offer, being \$5,500,000; and
- (b) ASX approving the Company's re-compliance with the admission requirements under Chapters 1 and 2 of the Listing Rules.

## 1.2 About the Vendors

Great Sandy and Drillabit are both entities associated with respected Pilbara prospector Mr Denis O'Meara, with Great Sandy also holding all of the issued capital of Drillabit.

Proposed incoming director Mr Damon O'Meara is Mr Denis O'Meara's son and is also a director of both Great Sandy and Drillabit.

Denis O'Meara has had a lifelong involvement in the mining industry and his prospecting activities had led to numerous joint ventures with major mining companies. Mr O'Meara was the joint founder of Atlas Iron Limited (ASX: AGO) (**Atlas**), De Grey Mining and Shaw River Resources.

## 1.3 Suspension and reinstatement on ASX

The Acquisitions, if successfully completed, will represent a significant change in the nature and scale of the Company's operations.

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

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

The Company's Shares are currently suspended from trading on ASX and will not be reinstated to Official Quotation unless:

- (a) each Acquisition Resolution is passed by Shareholders (see Section 1.4 below for further details); and
- (b) ASX is satisfied the Company has met the requirements of Chapters 1 and 2 of the Listing Rules.

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

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

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

Applicants should be aware that ASX will not reinstate or admit any Securities to Official Quotation until the Company re-complies with Chapters 1 and 2 of the Listing Rules and is re-admitted by ASX to the Official List.

In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Public Offer and will repay all Application Monies received by it in connection with this Prospectus (without interest).

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

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

## 1.4 General Meeting

The Company has called the General Meeting primarily for the purpose of seeking Shareholder approval for a number of resolutions required to implement the Acquisitions.

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

- (a) **(Change in nature and scale)** the Acquisitions will represent a significant change in the nature and scale of the Company's operations, for which Shareholder approval is required under Listing Rule 11.1.2;
- (b) **(Consideration)** the issue of 32,500,000 Shares, 13,000,000 Deferred Consideration Shares and 3,500,000 Unquoted Options to the Vendors (or

their nominees) (together, **Consideration Securities**) for the Company's acquisition of interests in the Tenements;

- (c) **(Public Offer Securities)** the issue at Completion of up to 187,500,000 Shares at \$0.04 each and 187,500,000 attaching Quoted Options to raise up to approximately \$7,500,000 (before costs);
- (d) **(Conversion of Convertible Notes)** the conversion of Convertible Notes by the issue of 23,866,667 Shares at a deemed conversion price of \$0.03 each and 23,866,667 attaching Quoted Options; and
- (e) **(Change of name)** approval to change the Company's name to "First Au Limited").

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

If any of the Acquisition Resolutions are not approved by Shareholders the Acquisitions (including the Offers under this Prospectus) will not be completed and the Company's securities will remain suspended.



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## 2. Details of Offers

### 2.1 Public Offer

#### (a) General

This Prospectus invites investors to apply for up to 187,500,000 Shares at an issue price of \$0.04 each, together with one attaching Quoted Option for every Share subscribed, to raise \$7,500,000 (before associated costs) (**Public Offer**). The Public Offer is subject to a minimum subscription of \$5,500,000 (refer to Section 2.1(b) for further details).

The Shares to be issued pursuant to the Public Offer are of the same class and will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are further described in Section 10.1.

The Quoted Options to be issued pursuant to the Public Offer will be on the terms and conditions in Section 10.2. Shares issued upon exercise of the Quoted Options will rank equally with the existing Shares on issue.

Applications for Securities under the Public Offer must be made on the Public Offer Application Form accompanying this Prospectus and received by the Company on or before the Closing Date. Persons wishing to apply for Securities under the Public Offer should refer to Section 2.7 for further details and instructions.

#### (b) Minimum Subscription

The minimum subscription under the Public Offer is \$5,500,000, being 137,500,000 Shares and 137,500,000 attaching Quoted Options (**Minimum Subscription**).

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

#### (c) Purpose of the Public Offer

The purpose of the Public Offer is to:

- (i) meet the requirement that the Company re-complies with the ASX's admission requirements in accordance with Chapters 1 and 2 of the Listing Rules;
- (ii) raise \$7,500,000 pursuant to the Public Offer (before associated costs of the Offer) to provide funding for the purposes outlined in Section 2.4;
- (iii) provide the Company with access to equity capital markets for future funding needs; and

- (iv) enhance the public and financial profile of the Company.

## **2.2 Secondary Offers**

The Company is also undertaking the Secondary Offers (described below) in connection with the Acquisitions. The Secondary Offers are being made under this Prospectus to remove the need for an additional disclosure document to be issued upon the sale of any Securities that are issued under the following Secondary Offers, or upon the on-sale of any Shares issued on exercise of the Options.

Completion of each of the Secondary Offers is subject to, and conditional on, completion of the Acquisitions occurring.

### **(a) Bonus Issue**

The Company wishes to reward existing Shareholders with a bonus issue of one Quoted Option for every one Share held by Eligible Shareholders on the Bonus Issue Record Date.

Based on the capital structure of the Company as at the date of this Prospectus, and the number of Shareholders located in Australia and New Zealand, it is anticipated that approximately 36,779,936 Quoted Options will be issued pursuant to the Bonus Issue.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than New Zealand) having regard to the number of overseas Shareholders and the number and value of the Quoted Options these shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Bonus Issue is not being extended and Quoted Options will not be issued to Shareholders with a registered address which is outside Australia and New Zealand.

Entitlements under the Bonus Issue are non-renounceable. Accordingly, there will be no trading of rights on ASX and Eligible Shareholders will be unable to transfer their entitlement to another party.

The Quoted Options to be issued pursuant to the Bonus Issue will be on the terms and conditions in Section 10.2. Shares issued upon exercise of the Quoted Options will rank equally with the existing Shares on issue.

As the offer is a bonus issue, no application for the Quoted Options is required by Eligible Shareholders and no payment is required to be issued with a Quoted Option. Accordingly, there is no minimum subscription and no subscription sum required. In accordance with ASIC Corporations Instrument (Application Form Requirements) Instrument 2017/241, an application form is not required for the Bonus Issue.

### **(b) Consideration Offer**

The Prospectus also includes the Consideration Offer, under which the Company offers 32,500,000 Shares and 3,500,000 Unquoted Options to the Vendors (or their nominees) as consideration for the Acquisitions.

The Shares to be issued pursuant to the Consideration Offer are of the same class and will rank equally in all respects with the existing Shares in the

Company. The rights and liabilities attaching to the Shares are further described in Section 10.1.

The Unquoted Options to be issued pursuant to the Consideration Offer will be on the terms and conditions in Section 10.3. Shares issued upon exercise of the Unquoted Options will rank equally with the existing Shares on issue.

Applications for Securities under the Consideration Offer may only be made by the Vendors, being Great Sandy and Drillabit (or their nominees). A personalised Application Form for the Consideration Offer will be issued to each of the Vendors together with a copy of this Prospectus. Vendors applying for Securities under the Consideration Offer should refer to Section 2.7 for further details and instructions. No Application Monies are payable under the Consideration Offer.

**(c) Conversion Offer**

This Prospectus also includes the Conversion Offer, under which the Company will issue the following Securities on conversion of its Convertible Notes on issue:

- (i) 14,200,000 Shares and 14,200,000 attaching Quoted Options on conversion of the Goldtree Convertible Notes issued by the Company; and
- (ii) 9,666,667 Shares and 9,666,667 attaching Quoted Options on conversion of the Seed Raising Convertible Notes issued by the Company.

The Shares to be issued pursuant to the Conversion Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. The rights and liabilities attaching to the Shares are further described in Section 10.1.

The Quoted Options to be issued pursuant to the Conversion Offer will be on the terms and conditions in Section 10.2. Shares issued upon exercise of the Quoted Options will rank equally with the existing Shares on issue.

Applications for Securities under the Conversion Offer may only be made by the Convertible Noteholders (or their nominees). A personalised Application Form for the Conversion Offer will be issued to each of the Convertible Noteholders together with a copy of this Prospectus. Parties applying for Securities under the Conversion Offer should refer to Section 2.7 for further details and instructions. No Application Monies are payable under the Conversion Offer.

**(d) Peregrine Offer**

The Company has agreed to issue 10,000,000 Shares and 10,000,000 attaching Unquoted Options to the Corporate Advisor and Lead Manager, Peregrine (or its nominees), for corporate advisory services provided to the Company pursuant to the Peregrine Mandate summarised in Section 9.5.

The Company has also agreed to issue 1,000,000 Shares and 1,000,000 attaching Quoted Options to Peregrine (or its nominees), in settlement of \$30,000 worth of previous services provided.

The Shares to be issued pursuant to the Peregrine Offer are of the same class and will rank equally in all respects with the existing Shares in the Company. The rights and liabilities attaching to the Shares are further described in Section 10.1.

The Quoted Options to be issued pursuant to the Peregrine Offer will be on the terms and conditions in Section 10.2. Shares issued upon exercise of the Quoted Options will rank equally in all respects with the existing Shares in the Company.

The Unquoted Options to be issued pursuant to the Peregrine Offer will be on the terms and conditions in Section 10.3. Shares issued upon exercise of the Unquoted Options will rank equally in all respects with the existing Shares in the Company.

Only Peregrine (or its nominees) may accept the Peregrine Offer. A personalised Peregrine Offer Application Form will be issued to Peregrine together with a copy of this Prospectus. No Application Monies are payable under the Peregrine Offer.

## 2.3 Conditional Offers

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

- (a) the Acquisition Agreements becoming unconditional;
- (b) Shareholders approving the Acquisition Resolutions;
- (c) the Company raising the Minimum Subscription, being \$5,500,000, under the Public Offer (refer to Section 2.1(b)); and
- (d) ASX providing the Company with a list of conditions which, when satisfied, will result in ASX reinstating the Shares to quotation on ASX upon the satisfaction of Chapters 1 and 2 of the Listing Rules.

If these conditions are not satisfied then the Offers will not proceed and the Company will repay all Application Monies received under the Public Offer in accordance with the Corporations Act.

## 2.4 Proposed use of funds

Following the Offers, it is anticipated that the following funds will be available to the Company:

Source of funds	Minimum Subscription (\$)	Maximum Subscription (\$)
Cash as at 31 December 2017	304,000	304,000
Proceeds from Public Offer	5,500,000	7,500,000
<b>TOTAL FUNDS AVAILABLE</b>	<b>5,804,000</b>	<b>7,804,000</b>

The Company intends to apply the available funds to a substantive exploration program to 31 December 2019 as follows:

Proposed use of funds	Minimum Subscription (\$)	Minimum Subscription (%)	Maximum Subscription (\$)	Maximum Subscription (%)
Exploration expenditure:				
Gimlet	1,250,000	21.5	1,981,000	25.3
Emu Creek	988,000	17.0	1,508,000	19.3
Talga	636,000	11.0	1,012,000	13.0
Administration costs	1,113,000	19.2	1,113,000	14.3
Estimated expenses of the Offer	763,000	13.1	896,000	11.5
Working capital	1,054,000	18.2	1,294,000	16.6
<b>TOTAL FUNDS ALLOCATED</b>	<b>5,804,000</b>	<b>100</b>	<b>7,804,000</b>	<b>100</b>

The above table is a statement of the Board's current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the results of proposed exploration activities, market conditions, the development of new opportunities and/or any number of other factors (including the risk factors outlined in Section 4), and, as a result, actual expenditure levels may differ significantly from the above estimates.

Based on the costings for the proposed exploration programs and the amount of funds to be received under the Public Offer, the Board believes that the funds raised from the Public Offer will provide the Company with sufficient working capital to achieve its stated objectives as detailed in this Prospectus.

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

Based on the intended use of funds detailed above, the amounts raised pursuant to the Public Offer will provide the Company sufficient funding for approximately 2 years' operations. As the Company has no operating revenue, the Company will require further financing in the future. See Section 4.2(h) for further details about the risks associated with the Company's future capital requirements.

## 2.5 Capital structure

On the basis that the Company completes the Offers on the terms in this Prospectus, the Company's capital structure will be as follows:

(a) On the assumption the Minimum Subscription is raised

Capital structure	Shares	Unquoted Options	Quoted Options
On issue as at date of Prospectus	37,958,000	Nil	Nil
Public Offer <sup>1</sup>	137,500,000	Nil	137,500,000
Bonus Issue <sup>2</sup>	Nil	Nil	37,958,000
Consideration Offer <sup>3</sup>	32,500,000	3,500,000	Nil
Conversion Offer <sup>4</sup>	23,866,667	Nil	23,866,667
Peregrine Offer <sup>6</sup>	11,000,000	10,000,000	1,000,000
<b>TOTAL</b>	<b>242,824,667</b>	<b>13,500,000</b>	<b>213,824,667</b>

(b) On the assumption the Maximum Subscription is raised

Capital structure	Shares	Unquoted Options	Quoted Options
On issue as at date of Prospectus	37,958,000	Nil	Nil
Public Offer <sup>1</sup>	187,500,000	Nil	187,500,000
Bonus Issue <sup>2</sup>	Nil	Nil	37,958,000
Consideration Offer <sup>3</sup>	32,500,000	3,500,000	Nil
Conversion Offer <sup>4</sup>	23,866,667	Nil	23,866,667
Peregrine Offer <sup>6</sup>	11,000,000	10,000,000	1,000,000
<b>TOTAL</b>	<b>292,824,667</b>	<b>13,500,000</b>	<b>263,824,667</b>

**Notes:**

1. Director Bryan Frost proposes to participate in the Public Offer (subject to the receipt of Shareholder approval), to an aggregate maximum of 5,000,000 Shares and 5,000,000 attaching Quoted Options (i.e. an aggregate maximum subscription of \$200,000).
2. The bonus issue of Quoted Options will be offered to existing Shareholders on a one for one basis, however this number will likely reduce depending on the total holdings of Eligible Shareholders as at the Bonus Issue Record Date.
3. A further 13,000,000 Deferred Consideration Shares may be issued to the Vendors if the Milestone is met. See Section 9.2(e) for details.
4. See Section 2.2(c) for details of the Conversion Offer, and Section 9.4 for details of the Convertible Notes on issue.
5. Refer to Section 2.2(d) for details of the Peregrine Offer, and Section 9.5 for details of the Peregrine Mandate.

## 2.6 Forecasts

The Directors have considered the matters detailed in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

The Directors consequently believe that, given these inherent uncertainties, it is not possible to include reliable forecasts in this Prospectus.

Refer to Sections 2.4 and 3.7 for further information in respect to the Company's proposed activities.

## 2.7 Applications

Applications for Securities under the Offers can only be made using the relevant Application Form accompanying this Prospectus, or otherwise provided by the Company (other than the Bonus Issue for which no application form is required). The Application Form must be completed in accordance with the instructions set out on the form.

Applications under the Public Offer must be for a minimum of 50,000 Shares (\$2,000) (and 50,000 Quoted Options) and then in increments of 12,500 Shares (and 12,500 Quoted Options) (\$500). No brokerage, stamp duty or other costs are payable by Applicants.

Cheques must be made payable to "Public Holdings (Australia) Ltd - Share Application Account" and should be crossed "Not Negotiable". All Application Monies will be paid into a trust account.

Applicants wishing to provide Application Monies via electronic funds transfer should follow the instructions on the Application Form.

Completed Application Forms and any accompanying cheques or confirmation of electronic funds transfer must be received before 5.00pm AEST on the Closing Date by either being delivered to or posted to the following:

By Post	By Hand
Public Holdings (Australia) Ltd C/- Link Market Services Limited Locked Bag A14 Sydney South NSW 1235	Public Holdings (Australia) Ltd C/- Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

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

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

- (a) agrees to be bound by the terms of the relevant offer;
- (b) declares that all details and statements in the Application Form are complete and accurate;
- (c) declares that, if they are an individual, they are over 18 years of age and have full legal capacity and power to perform all its rights and obligations under the Application Form;
- (d) authorises the Company and its respective officers or agents, to do anything on their behalf necessary for the Securities to be issued to them, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Application Form;
- (e) acknowledges that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Securities are suitable for them given their investment objectives, financial situation or particular needs; and
- (f) acknowledges that the Securities have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Securities may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws.

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

## **2.8 Application Monies to be held in trust**

The Application Monies for Securities to be issued pursuant to the Public Offer will be held in a separate bank account on behalf of Applicants until the Securities are allotted. If the Securities to be issued under this Prospectus are not admitted to quotation within a period of three months from the date of this Prospectus, the Application Monies will be refunded in full without interest, and any Securities issued will be deemed to be void. All interest earned on Application Monies (including those which do not result in the issue of Securities) will be retained by the Company.

## **2.9 Allocation and issue of Securities**

The Directors will allocate Securities under the Offers at their sole discretion with a view to ensuring an appropriate Shareholder base for the Company going forward.

There is no assurance that any Applicant will be allocated any Securities, or the number of Securities for which it has applied. The Company reserves the right to reject any Application or to issue a lesser number of Securities than those applied for. Where the number of Securities issued is less than the number applied for, surplus Application Monies will be refunded (without interest) as soon as reasonably practicable after the Closing Date.



Subject to ASX granting approval for quotation of the Shares and the Quoted Options, the allotment of Securities will occur as soon as practicable after the Public Offer closes. Holding statements will be dispatched as required by ASX. It is the responsibility of Applicants to determine their allocation prior to trading in the Shares or Quoted Options issued under the Offers. Applicants who sell Shares or Quoted Options before they receive their holding statements do so at their own risk.

## **2.10 CHESS and issuer sponsorship**

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

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

## **2.11 Escrow arrangements**

Subject to the Company's Shares being reinstated to trading on the ASX, certain Securities in the Company will be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of reinstatement. During the period in which these securities are prohibited from being transferred, trading in Shares and Quoted Options may be less liquid which may impact on the ability of a Shareholder or Optionholder to dispose of his or her Shares or Quoted Options (as applicable) in a timely manner.

The Company does not expect Securities offered under the Public Offer to be subject to any escrow restrictions.

The Securities likely to be subject to escrow are the Securities issued pursuant to the Consideration Offer, Peregrine Offer and Conversion Offer. The Company anticipates that upon reinstatement of the Company's Shares to Official Quotation, approximately 49,466,667 Shares will be classified as restricted securities by ASX, which will comprise approximately 16.89% of the issued share capital in the Company.

Prior to the Company's Shares being reinstated to trading on the ASX, the Company will enter into escrow agreements with the recipients of the restricted securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

## 2.12 Overseas Applicants

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

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

This Prospectus may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia, except to the extent permitted below.

### (a) United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (FSMA)) has been published or is intended to be published in respect of the Securities.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the Securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (FPO), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### (b) Hong Kong

This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and

Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

**(c) Singapore**

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **2.13 Risks**

Prospective investors should be aware that an investment in the Company should be considered highly speculative and involves a number of risks inherent in the various

business segments of the Company. Section 4 details the key risk factors which prospective investors should be aware of. It is recommended that prospective investors consider these risks carefully before deciding whether to invest in the Company.

This Prospectus should be read in its entirety as it provides information for prospective investors to decide whether to invest in the Company. If you have any questions about the desirability of, or procedure for, investing in the Company please contact your stockbroker, accountant or other independent adviser.

## **2.14 Underwriting**

The Offers are not underwritten, however Peregrine has been appointed as Corporate Advisor and Lead Manager to the Public Offer. See Section 9.5 for the terms of the Peregrine Mandate.

## **2.15 Withdrawal**

The Directors may at any time decide to withdraw this Prospectus and the Offers in which case the Company will return all Application Monies (without interest) within 28 days of giving notice of their withdrawal.

## **2.16 Privacy disclosure**

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Securities, to provide facilities and services to Shareholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the relevant Application Form, the Company may not be able to accept or process your Application.

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

## **2.17 Taxation**

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

## **2.18 Paper copies of Prospectus**

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the relevant Application Form to investors upon request and free of charge. Requests for a paper copy from should be directed to the Company Secretary on +61 3 9817 0700.

## **2.19 Enquiries**

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offers and the completion of an Application Form can be directed to the Company Secretary on +61 3 9817 0700.

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## 3. Overview of the Company

### 3.1 Public Holdings (Australia) Ltd (to be renamed "First Au Limited")

The Company was incorporated on 26 August 1960 and admitted to the Official List of ASX on 1 January 1970. The Company is presently an ASX-listed investment company.

The Company has been suspended since 6 June 2016 in accordance with ASX policy after announcing its intention to undertake a reverse takeover of Israeli company, Mobilicom Limited (**Mobilicom**).

On 24 October 2016, the Company entered into a formal share swap agreement with Mobilicom to acquire the company for USD \$23.5 million in share consideration (**Mobilicom Agreement**). On 17 January 2017, the Company terminated the Mobilicom Agreement due to parties being unable to reach a consensus on their ability to satisfy the conditions precedent, or reach an agreement on mutually agreed varied terms, for the proposed acquisition to proceed.

On 3 March 2017, the Mobilicom Agreement was settled after the Company received a payment of \$450,000 from Mobilicom, comprising of a reimbursement fee of \$100,000 fee and a further \$350,000 in recognition of expenses incurred by the Company in conjunction with its efforts to implement the proposed transaction.

Since that time the Company has reviewed various opportunities to undertake a transaction with the effect of achieving reinstatement of the Company's securities to trading on the ASX.

### 3.2 The Acquisitions

On 10 January 2018, the Company announced it had entered into conditional binding agreements with Great Sandy and Drillabit to acquire their interest in the following assets:

- (a) 100% interest in the Gimlet Gold Project;
- (b) Great Sandy's interests in a farm-out and joint venture agreement for the Emu Creek Copper and Gold Project, pursuant to which Great Sandy has the right to earn up to a 70% interest in all non-ferrous base metals and precious metals in the Emu Creek Copper and Gold Project; and
- (c) 100% interest in the Talga Gold-Copper-Gold Project,

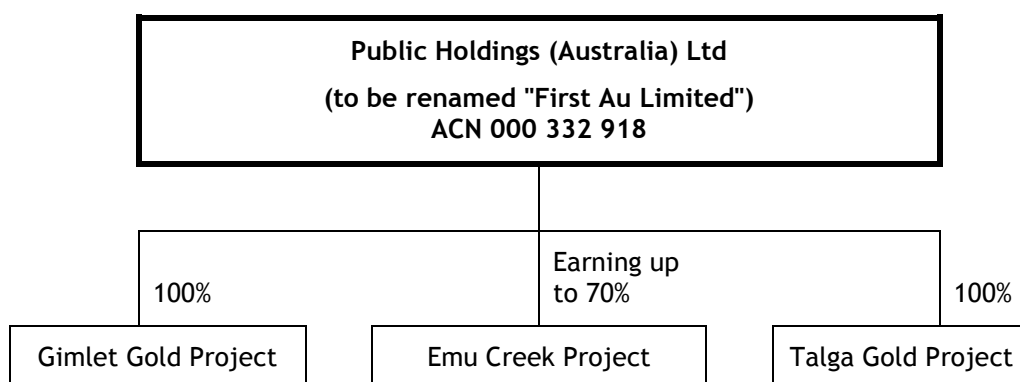
(Acquisition Agreements).

A summary of the Acquisition Agreements, including the conditions precedent to completion of the Acquisitions, is set out in Section 9.2.

Upon successful completion of the Acquisitions, the Company will focus on exploring and developing the prospective package of Tenements and submitting tenement applications for gold, copper and base metals on projects in Western Australia. A more detailed summary of the Tenements and the proposed business of the Company following completion of the Acquisitions is set out below and in the Independent Geologist's Report at Section 6.

### 3.3 Corporate Structure

The diagram below summarises the corporate structure of the Company following completion of the Acquisitions:



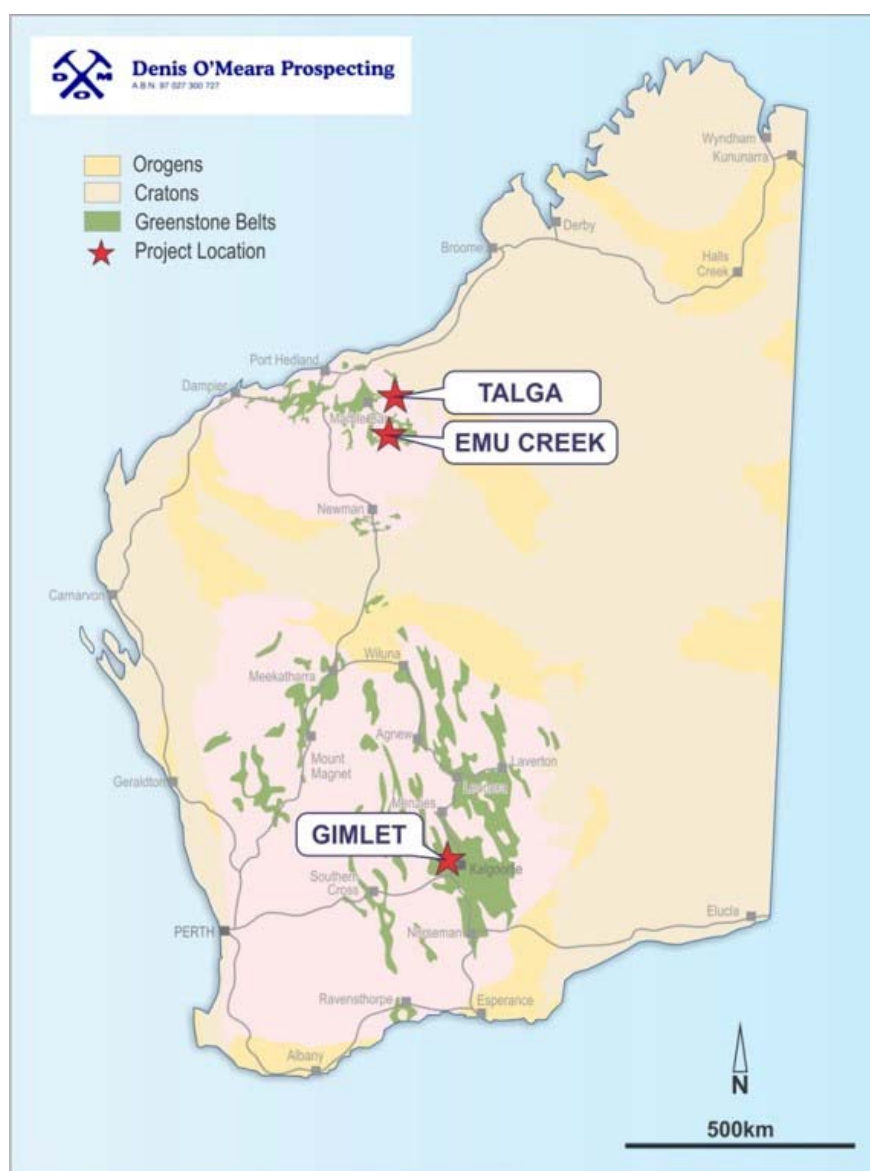
### 3.4 Overview of the Projects

The Pilbara region of Western Australia has come into prominence predominantly triggered by the new discovery of a significant quantity of gold nuggets in the East Pilbara. Large nuggets have been found shedding from, and contained within, Hardy Formation conglomerates. The Company has entered into agreements with entities associated with well-respected Western Australian prospector Denis O'Meara, to acquire three advanced and prospective Pilbara gold, gold/copper and base metals projects in the Kalgoorlie Goldfields and Pilbara regions of Western Australia. The projects are close to operating mines, historic mining towns and past gold, copper and base metals discoveries and have received in excess of \$8 million in combined exploration expenditure to date by Denis O'Meara Prospecting and others.

The Gimlet project is located near Kalgoorlie in the premium gold production region of WA, while the Emu Creek and Talga projects are located in the Eastern Pilbara.

A comprehensive summary of regional and local geology, historical mining and historical exploration pertaining to the Tenements is contained in the Independent Geologist's Report in Section 6.

A comprehensive summary of the status of the Tenements can be found in the Solicitors' Report in Section 7.



**Figure 1 Project Location Map**

A summary of the tenement package is set out below:

Tenement	District and Project	Status	Area	Grant date	Expiry date
EL46/732	Nullagine - Emu Creek Project	Granted	25 blocks	1/02/2008 (5 year term period - Extended)	31/01/2018 (Renewal lodged)
E46/1066	Nullagine - Emu Creek Project	Granted	13 blocks	7/09/2015	6/09/2020
EL45/3679	Marble Bar - Talga Project	Granted	40 blocks	12/06/2012	11/06/2022



Tenement	District and Project	Status	Area	Grant date	Expiry date
EL45/3857	Marble Bar - Talga Project	Granted	7 blocks	11/02/2013	10/02/2018 (Renewal lodged)
EL45/4136	Marble Bar - Talga Project	Granted	3 blocks	16/09/2013	15/09/2018
EL45/4137	Marble Bar - Talga Project	Granted	12 blocks	16/09/2013	15/09/2018
EL45/4615	Marble Bar - Talga Project	Granted	3 blocks	3/05/2016	2/05/2021
EL26/174	East Coolgardie - Gimlet project	Granted	5 blocks	7/11/2016	6/11/2021

Of the eight Tenements the Company is acquiring an interest in, four are due for renewal in 2018. The Company is not aware of any reason why these tenements would not be renewed in the ordinary course.

(a) **Gimlet Gold Project**

The Gimlet Gold Project is located 15km north west of Kalgoorlie, Western Australia and 500 meters along strike from the operating Teal Gold Mine (Intermin Resources, ASX Code: IRC). The Teal Gold Mine has a current total resource estimate of 2.27 mt @ 2.18 g/t Au for 159,386 ozs of gold.



**Figure 2: Gimlet gold project E26/174**

The Gimlet Gold Project comprises a 9.6km<sup>2</sup> granted exploration license prospective for gold associated with well-defined north westerly trending regional shear zones.

Since tenement grant in November 2016, exploration has consisted of research into historic exploration, assembling a database of existing exploration results and geological interpretation.

No mineral resources have been defined at the Gimlet Project.

Planned exploration programs for the Gimlet project are: compilation of a comprehensive digital database, re-interpretation of all historical drill results using 3D geological modelling software, aircore and RC drill programs targeting steeply dipping high grade gold lodes beneath the extensive Eastern Shear Zone and aircore and RC drill programs targeting the interpreted Peyes Farm Shear which runs into the Gimlet tenement 500m north of the operating Teal mine.

For further information see the Independent Geologist's Report at Section 6.

(b) **Emu Creek Copper and Gold Project**

The Emu Creek Copper and Gold Project (**Emu Creek Project**) is located near Nullagine, 25km north of Novo Resources' (TSX Code: NVO) Beatons Creek conglomerate gold project (560,000 oz Au NI 43-101 resource). The Emu Creek Project comprises two granted exploration licenses with a total area of 120.9km<sup>2</sup> and is characterised by extensive areas of Fortescue conglomerates and clastic sediments of the Hardy Formation with similar geology to the Beatons Creek gold project.

Great Sandy entered into a farm-in agreement with Atlas in late 2016, to earn a 51% interest by spending \$190,000 within two years, and a further 19% on completion of a bankable feasibility study within 5 years (70% interest in total).

The project area is prospective for Fortescue Hardy Formation conglomerates and for gold and base metal VMS and porphyry related mineralisation. Extensive altered and mineralised volcanic breccias and agglomerates have been mapped. Previous sampling return assays of up to 11.6 g/t Au, 13.5% Cu, 6.78% Pb, 23.5 % Zn and 1260 g/t Ag. A VTEM survey is currently under way to cover priority targets.

No mineral resources have been defined at the Emu Creek Copper and Gold Project.

Planned exploration programs for the Emu Creek project include: mapping, stream sediment sampling, panning and metal detecting in areas of Hardy Formation conglomerates; a VTEM airborne electromagnetic survey over the VMS prospective area with complimentary geological mapping and geochemical sampling.

For further information see the Independent Geologist's Report at Section 6.

(c) **Talga Gold-Copper Project**

The Talga Gold-and Copper Project (**Talga Project**) is located 30km north east of Marble Bar within one of the most prospective and mineralised Archean terrains in the East Pilbara. The project area is comprised of 5 granted exploration licenses covering almost 62 blocks, prospective for epigenetic gold associated with the major Bamboo Creek Shear Zone (Bamboo Creek Gold Mine generated 779,350 tons @ 8.19 g/t Au from 1887

to 1995). The tenements also hold potential for the discovery of VMS copper-gold, iron ore and lithium deposits.

The tenements cover an area of the Archaean Warrawoona Group where metamorphosed mafic, felsic, ultramafic rocks and cherts occupy the arcuate eastern extension of the Marble Bar Greenstone Belt. This greenstone belt, which contains the South Muccan Shear Zone and the western extension of the Bamboo Creek Shear Zone, is sandwiched between the Muccan and Mount Edgar Granitoid Complex of the Pilbara Craton.

The project area is prospective for shear hosted gold mineralisation and VMS style copper-gold mineralisation and lies along strike from the historic Bamboo Creek Mining Centre. Rock assays have recorded grades of up to 12.9 g/t Au. Recent exploration at the Razorback prospect has identified a 300-meter-long mineralised reef with assay results of up to 7.89 g/t Au, open to the east.

The Talga Gold-Copper/Gold Project is prospective for shear-zone hosted epigenetic gold deposits and volcanogenic copper-gold sulfide deposits with well-defined drill targets for ongoing exploration.

No mineral resources have been defined at the Talga Project.

Planned exploration programs for the Talga Project include: detailed structural mapping of the prospect area, geological mapping of the surrounding area, rock and soil sampling, and RC drilling of priority targets defined by previous shallow drilling and surface geochemical sampling.

For further information see the Independent Geologist's Report at Section 6.

### **3.5 Independent Geologist**

Ravensgate International Pty Ltd (**Ravensgate**) was engaged as the Company's Independent Geologist and has prepared the Independent Geologist's Report which is included in Section 6.

### **3.6 Business Model**

The Company's main objective is to provide a return to Shareholders through the successful exploration for and development of high value resources.

In seeking to achieve its objective, the Company's business model will be to:

- (a) analyse and interrogate previous exploration data to determine high priority targets within the current tenement package for future exploration;
- (b) undertake drilling and geophysical work programs on priority targets within the current tenement package with the aim of identifying and delineating mineral systems and establishing resources; and
- (c) if successful in delineating mineral resources, expand and upgrade resources, upon discovery, through infill and extension drilling, and assess the economic viability of development.

If the Company is unsuccessful with its exploration of the Tenements, the Company may seek to identify and investigate other value accretive mineral exploration and mining opportunities. If and when a viable investment opportunity is identified, the

Board may elect to acquire or exploit such opportunity by way of acquisition, joint venture, and/or earn-in arrangement which may involve the payment of consideration in cash, equity or a combination of both. The Board will assess the suitability of investment opportunities by utilising its experience in evaluating projects. There are uncertainties in the process of identifying and acquiring new and suitable projects.

### 3.7 Proposed exploration budgets

The Company proposes to fund its intended activities as outlined in the table below from the proceeds of the Public Offer. It should be noted that the budgets will be subject to modification on an ongoing basis depending on the results obtained from exploration undertaken. This will involve an ongoing assessment of the Company's project interests and may lead to increased or decreased levels of expenditure on certain interests, reflecting a change in emphasis.

Subject to the above, the following budgets are proposed which take into account the proposed expenses to 31 December 2019 to complete initial exploration of the Tenements. As budgeted below, the Company's exploration expenditure will exceed the expenditure requirements for each of the Tenements (see the tenement schedule set out in Part I of the Solicitor's Report at Section 7 for further details):

Estimated Expenditure	Minimum Subscription Total (\$)	Maximum Subscription Total (\$)
<b>GIMLET PROJECT</b>	1,250,000	1,981,000
<b>EMU CREEK COPPER AND GOLD PROJECT</b>	988,000	1,508,000
<b>TALGA COPPER AND GOLD PROJECT</b>	636,000	1,012,000
<b>TOTAL</b>	<b>2,874,000</b>	<b>4,501,000</b>

### 3.8 Dividend policy

The Company does not expect to pay dividends in the near future as its focus will primarily be on exploration of the Tenements and future acquisitions.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend upon matters such as the availability of distributable earnings, the operating results and financial condition of the Company, future capital requirements, general business and other factors considered relevant by the Directors. No assurances are given in relation to the payment of dividends, or that any dividends may attach franking credits.

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## 4. Risk Factors

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

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

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

#### (a) Reinstatement of Shares to quotation on ASX

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

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

#### (b) Dilution Risk

As at the date of the General Meeting it is expected that Company will have 37,958,000 Shares on issue. On Completion, the Company proposes to issue Shares and Unquoted Options as required pursuant to the Acquisition Agreements and issue Shares and Quoted Options as part of the Public Offer.

On completion of the Acquisitions and Offers (assuming full subscription and no other Shares are issued), the existing Shareholders will retain approximately 12.96% of the issued capital of the Company, Peregrine (or its nominee) will hold 3.76%, and the investors under the Public Offer will hold 64.03% of the issued capital of the Company.

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

#### (c) Liquidity Risk

The Company proposes to issue a total of 32,500,000 Shares, 3,500,000 Unquoted Options and 13,000,000 Deferred Consideration Shares to the Vendors (or their respective nominees) and a total of 11,000,000 Shares and 11,000,000 Options pursuant to the Peregrine Offer. These securities will be subject to escrow restrictions in accordance with Chapter 9 of the Listing Rules. This could be considered an increased liquidity risk as the issued capital will not be able to be traded freely for a period of time.

**(d) Contractual Risk**

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

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

## **4.2 Risks relating to the Company's operations**

There are a number of specific risks involved for the Company, and consequently its security holders, in the acquisition of the Tenements, including risks specific to the mining industry, which include the following non-exhaustive list.

**(a) Exploration and Evaluation Risks**

The Tenements that the Company will own or have the rights to exploit from Completion of the Acquisitions are at various stages of exploration. Potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors, including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to the Tenements and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful, this could lead to a diminution in the value of the Tenements, a reduction in the mineral reserves of the Company and possible relinquishment of the Tenements.

The estimated exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to continued success and support for the strategy and significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

**(b) Development risks and costs - general**

Possible future development of mining operations at any of the Company's projects is dependent on a number of factors and avoiding various risks, including, but not limited to, failure to acquire and/or delineate economically recoverable mineral bodies, unfavourable geological conditions, failing to receive the necessary approvals from all relevant authorities and parties, unseasonal weather patterns, excessive seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, unexpected shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, variations in the price of the mineral product, risk of access to the required level of funding and contracting risk from third parties providing essential services.

In addition, the construction of any proposed development may exceed the expected timeframe or cost for a variety of reasons out of the Company's control. Any delays to project development could adversely affect the Company's operations and financial results and may require the Company to raise further funds to complete the project development and commence operations.

**(c) Development risk - Emu Creek Project**

Following completion of the Acquisition Agreements, the Company will not obtain a legal interest in the Emu Creek Project Tenements unless and until it satisfies certain conditions (including expenditure conditions) under the Farm-out and JV Agreement (for a summary of this agreement see section 10 of the Solicitor's Report at Section 7 of this Prospectus).

Under the Farm-out and JV Agreement, before mineralisation can proceed to a mining operation, Atlas, Giralia Resources and the Company must agree a mining joint venture agreement (based on terms included in the Farm-out and JV Agreement) which includes agreeing a process whereby Atlas may develop Other Minerals. There is a risk that the negotiation of this joint venture agreement, and particular the process governing the co-development of minerals under this agreement, may cause delay to the development of a deposit or may result in an outcome that is sub-optimal for the mining of Farm-in Minerals. Further, once these terms are agreed and depending on the terms, there is a risk of conflict in relation to the development of deposits or that a deposit held by Atlas has development priority over a deposit held by the Company.

There is also a risk that Atlas may withdraw from the Mining Joint Venture and elect to take a royalty equivalent to 2% of the gross proceeds of sales of Farm-in Minerals. This will change the economics of a mining development and may adversely affect the Company's position in relation to the Emu Creek Tenements.

**(d) Operating risks**

The Company may be subject to the risks involved in the establishment of a new mining operation if the Company decides to develop its mineral assets. There is no assurance that can be given to the level of viability that the Company's operations may achieve. Unless and until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

Lower than expected productivity and technical difficulties and late delivery of materials and equipment could have an adverse impact on any future construction and commissioning schedules. No assurance can be given that the intended production schedules will be met or that the estimated operating cash costs and development costs will be accurate.

Further, the operations of the Company (if production commences) may have to be shut down or may otherwise be disrupted by a variety of risks and hazards which are beyond the control of the Company, including environmental hazards, industrial accidents, technical failures, labour disputes, weather conditions, fire, explosions and other accidents at the mine, processing plant or related facilities beyond the control of the Company. The occurrence of any of the risks and hazards could also result in damage to, or destruction of, amongst other things, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. The Company intends to apply for insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all, or that any coverage it obtains will be adequate and available to cover any such claims).

**(e) Environmental Risks and Regulations**

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

Government authorities may, from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

**(f) Licences, permits and payment obligations**

The Company's mining exploration activities are dependent upon the grant, or as the case may be, the maintenance of appropriate licences, concessions, leases, permits and regulatory consents which may be withdrawn or made subject to limitations. The Company cannot guarantee



that those mining tenements that are applications will ultimately be granted (in whole or in part). The maintaining of tenements, obtaining renewals, or getting tenements granted, often depends on the Company being successful in obtaining the required statutory approvals for its proposed activities and that the licences, concessions, leases, permits or consents it holds will be renewed as and when required.

Of the eight Tenements the Company is acquiring an interest in, four are due for renewal in 2018. The Company is not aware of any reason why these Tenements would not be renewed in the ordinary course, but cannot give assurance that such renewals will be given and there is no assurance that new conditions will not be imposed in connection therewith. As outlined in Section 9.2, each of the Acquisition Agreements provide for a loan facility to be provided to the Vendors (with a combined cap of \$120,000) to enable the Vendors to keep the Tenements in good standing, which will minimise the risks associated with the renewal process.

Pursuant to the licences comprising the Company's projects, the Company will become subject to payments and other obligations. In particular, licence holders are required to expend the funds necessary to meet the minimum work commitments attaching to the Tenements. Failure to meet these work commitments may render the licence subject to forfeiture or result in the holders being liable for fees. Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in its projects.

**(g) No Production Revenues**

At present, the Company is not generating any revenues as at the date of this Prospectus. There can be no assurance that significant losses will not occur in the near future or that the Company will be profitable in the future. The Company's operating expenses and capital expenditures may increase in subsequent years as additional consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Company's projects are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which are beyond the Company's control.

The Company expects to continue to incur losses unless and until such time as its projects enter into commercial production and generates sufficient revenues to fund its continuing operations. The development of the Company's projects will require the commitment of substantial resources to conduct the time-consuming exploration and development activities. There can be no assurance that the Company will generate any revenues or achieve profitability. There can be no assurance that the underlying assumed levels of expenses will prove to be accurate.

**(h) Future capital requirements**

The Company's activities will require substantial expenditure. There can be no guarantees that the funds raised through the Public Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund development after the substantial exhaustion of the net proceeds of the Public Offer, there can be no assurances that the Company will have

sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing (if available) may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital, if and when needed, could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

**(i) Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, other resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of resource projects.

**(j) Native Title and Aboriginal Heritage Risks**

The existence of native title and/or native title claims in relation to the land the subject of the Tenements may affect the Company's ability to obtain the grant of future tenure over the Tenements or in their vicinity. If the Tenements have not been validly granted in compliance with native title legislation, this may have an adverse impact on the Company's activities.

There is a risk that Aboriginal Sites and objects may exist on the land the subject of the Tenements the existence of which may preclude or limit mining activities in certain areas of the Tenements.

Heritage survey work may need to be undertaken ahead of the commencement of exploration or mining operations to reduce the risk of contravening Aboriginal heritage legislation.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has, or may have, an interest.

**(k) Access and third party risks**

Under State and Commonwealth legislation, the Company may be required to obtain the consent of, and pay compensation to, the holders of third party interests which overlay areas within the Tenements or future tenements granted to the Company, including native title claims and pastoral leases, prior to accessing or commencing any exploration or mining activities on the affected areas within the Tenements or future tenements.

Whilst the requirement to seek and obtain such consents and pay such compensation is customary in Western Australia, any delay in obtaining these consents may impact on the Company's ability to carry out exploration activities within the affected areas or future tenements granted to the Company.

The Tenements are in areas that have been the subject of exploration activities as well as pastoral and agricultural activities. Given the history of the areas, the Directors believe that third party risk to access the Tenements is low. As part of the process of submitting a program of works for any ground disturbing activities, pastoralists will be notified and the Company will work to minimise disturbance in relation to the proposed

activities in accordance with applicable law. The Directors however acknowledge that delays may be caused to the commencement of exploration programs.

The activities contemplated by the Company under all of the Tenement work programs are in and around areas historically disturbed by past exploration activities. Given that the exploration activities contemplated by the Company in Section 3.7 and as set out in further detail in the Independent Geologist's Report in Section 6 are proximate to, or otherwise in areas that have already been actively explored, the Directors consider the risk of any impediments with respect to Native Title, pastoralist activities and any other heritage restrictions to be low. However, the Company acknowledges that exploration success may result in extended work programs that may require further consent with respect to the Native Title process, existing heritage agreements and pastoralist activities as noted above.

**(l) Reliance on Key Personnel**

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business.

**(m) Joint Venture Parties, Agents and Contractors**

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, or the insolvency or managerial failure by any of the contractors used by the Company, in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

**(n) Insurance and Uninsured Risks**

The Company, where economically feasible, may insure its operations in accordance with industry practice. However, even if insurance is taken out, in certain circumstances the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

**(o) Commodity Price and Exchange Rate Risks**

To the extent the Company is involved in mineral production the revenue derived through the sale of commodities may expose the potential income of the Company to commodity price and exchange rate risks. The prices of gold, copper and other minerals fluctuate widely and are affected by numerous factors beyond the control of the Company, such as industrial and retail supply and demand, exchange rates, inflation rates, changes in global economies, confidence in the global monetary system, forward sales of metals by producers and speculators as well as other global or regional

political, social or economic events. Future serious price declines in the market values of gold and copper could cause the development of, and eventually the commercial production from, the Company's projects and the Company's other properties to be rendered uneconomic. Depending on the prices of commodities, the Company could be forced to discontinue production or development and may lose its interest in, or may be forced to sell, some of its properties. There is no assurance that, even as commercial quantities of gold and copper are produced, a profitable market will exist for it.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

In addition to adversely affecting any reserve estimates of the Company and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

**(p) Risk of adverse publicity**

Subject to completion of the Acquisitions, the Company's activities will involve mineral exploration and mining and regulatory approval of its activities may generate public controversy. Political and social pressures and adverse publicity could lead to delays in approval of, and increased expenses for, the Company's activities. The nature of the Company's business attracts a high level of public and media interest and, in the event of any resultant adverse publicity, the Company's reputation may be harmed.

**(q) Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition, including major mineral exploration and production companies. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

Some of the Company's competitors have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

### 4.3 General Risks

#### (a) Market conditions

The market price of the Company's quoted Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular.

Further, share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

#### (b) Force majeure

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including but not limited to, labour unrest, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

#### (c) Government and legal risk

Changes in government, monetary policies, taxation and other laws can have a significant impact on the Company's assets, operations and ultimately the financial performance of the Company and its Securities. Such changes are likely to be beyond the control of the Company and may affect industry profitability as well as the Company's capacity to explore and mine.

The Company is not aware of any reviews or changes that would affect its permits. However, changes in community attitudes on matters such as taxation, competition policy and environmental issues may bring about reviews and possibly changes in government policies. There is a risk that such changes may affect the Company's development plans or its rights and obligations in respect of its permits. Any such government action may also require increased capital or operating expenditures and could prevent or delay certain operations by the Company.

#### (d) Litigation risks

The Company is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation.

Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company is not currently engaged in any litigation.

#### **4.4 Market risks**

##### **(a) Regulatory risks**

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

##### **(b) Reinstatement to ASX's Official List**

The Company's Shares are currently suspended from trading on the ASX. In the event the Acquisition Resolutions are approved at the General Meeting, it is anticipated that the Company's Securities will remain suspended until completion of the Acquisitions and the Offers, re-compliance by the Company with Chapters 1 and 2 of the Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements, or that ASX policy with respect to reinstatement may be amended and that its listed securities may consequently remain suspended from quotation.

#### **4.5 Speculative investment**

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

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

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

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## 5. Investigating Accountant's Report

6 April 2018

The Directors  
Public Holdings (Australia) Limited  
Level 1/123 Whitehorse Road  
BALWYN VIC 3103

Dear Sirs

## **INVESTIGATING ACCOUNTANT'S REPORT – PUBLIC HOLDINGS (AUSTRALIA) LIMITED**

### **INTRODUCTION**

PKF Mack has been engaged by Public Holdings (Australia) Limited ('PHA' or 'the Company') to prepare this Investigating Accountant's Report ('Report') in relation to the historical financial information and pro forma historical financial information of the Company, for inclusion in a Prospectus to be issued by the Company on or around 6 April 2018. The Prospectus is issued for the purpose of PHA to re-comply with the admission requirements under Chapters 1 and 2 of the Australian Stock Exchange Listing Rules following a change to the nature and scale of the Company's activities, as well as for the purposes of raising funds under the Public Offer.

The Prospectus will offer 137.5 million ordinary shares at an issue price of \$0.04 per share to raise \$5,500,000 (minimum and before costs) (Public Offer). Oversubscriptions of up to a further 50 million ordinary shares at an issue price of \$0.04 each to raise an additional \$2,000,000 (maximum and before costs) may be accepted under the Public Offer. These shares will have free attaching Quoted Options exercisable at \$0.06 each on or before the expiration of 30 months from the date of re-quotation on a one for one basis.

The Prospectus also contains an offer of 32.5 million fully paid ordinary shares (comprising 13 million, 11.375 million and 8.125 million for the Gimlet, Emu Creek and Talga Projects respectively), 13 million Deferred Consideration Shares and 3.5 million Unquoted Options exercisable at \$0.06 with an expiry date on or before 1 March 2021 in consideration for the acquisition of the following:

- As specified within the 2018 Mining Property Sale and Purchase Agreement (Emu Creek/Talga Projects) between Great Sandy Pty Ltd and PHA:
  - The assigned rights under the Deed of Assignment and Assumption between Atlas Iron Limited, Great Sandy Pty Ltd and PHA, to earn up to 70% interest in the tenements of the Emu Creek Copper and Gold Project comprising exploration licences (EL46/732 and EL46/1066) as specified within the Farm Out and Joint Venture Agreement between Atlas Iron Limited, Giralia Resources Pty Ltd and Great Sandy Pty Ltd dated 4 November 2016 ('Emu Creek Copper and Gold Project'); and
  - The Talga Gold-Copper Project comprising of 5 granted exploration licences (EL45/3679, EL45/3857, EL45/4136, EL45/4137 and EL45/4615) ('Talga Gold-Copper Project'); and
- As specified in 2018 Mining Property Sale and Purchase Agreement (Gimlet Project) between Drillabit Pty Ltd and PHA:
  - The Gimlet Gold Project comprising of granted exploration licence EL26/174 (Gimlet Gold Project).

(collectively referred to as 'the Tenements')



The above acquisitions by the Company will involve the issue of ordinary shares, deferred shares, and options for consideration as detailed in Note 2 and the pro forma to this Report.

This Report has been prepared to provide information on the historical results of the Company for the years ended 31 December 2015, 2016 and 2017 and on pro forma financial information as at 31 December 2017. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than for which it was prepared.

## **BASIS OF PREPARATION**

This Report does not address the rights attaching to the ordinary shares to be issued in accordance with the prospectus, the risks associated with the investment, nor form the basis of an expert's opinion with respect to the value of the Company.

In addition this Report does not provide an expert's opinion on the consideration (in the form of ordinary shares, deferred shares and options) to be issued as consideration for the acquisition of the Tenements.

PKF Mack has not been requested to consider the risks of becoming a shareholder and does not purport to do so.

PKF Mack takes no responsibility for these matters or any matter or omission in the Prospectus other than responsibility for this Report.

## **SCOPE OF REPORT**

You have requested PKF Mack to perform a review engagement in relation to the historical and pro forma historical information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

### *Historical Financial Information*

You have requested PKF Mack to review the historical financial information (together the 'Historical Financial Information') of the Company included in the Prospectus for the audited Statements of Financial Position, Performance and Cash Flows for PHA for the years ended 31 December 2015, 2016 and 2017.

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

The Historical Financial Information for the PHA has been extracted from the financial reports for the financial years ended 31 December 2015, 2016 and 2017.

The financial reports for the years ended 31 December 2015, 2016 and 2017 for PHA was audited by McLean Delmo Bentleys Audit Pty Ltd in accordance with the Australian Auditing Standards and issued an unmodified audit opinion with an emphasis of matter paragraph on material uncertainty related to going concern.

### *Pro Forma Historical Financial Information*

You have requested PKF Mack to review the pro forma historical financial information (the 'Pro Forma Historical Financial Information') of the Company included in the Prospectus of the pro forma historical Statement of Financial Position as at 31 December 2017.

The Pro Forma Historical Financial Information has been derived from the historical financial information of the Company as at 31 December 2017 after adjusting for the effects of the subsequent events and pro forma adjustments detailed in Note 2 to this Report.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Historical Financial Information and the event(s) or transaction(s) to

which the pro forma adjustments relate, as described in Note 2 to this Report, as if those event(s) or transaction(s) had occurred as at the date of the Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position.

The Pro Forma Historical Financial Information has been compiled by the Company to illustrate the impact of the events or transactions described in Note 2 to this Report on the Company's financial position as at 31 December 2017. As part of this process, information about the Company's financial position has been extracted by the Company from its financial statements for the year ended 31 December 2017.

## **DIRECTORS' RESPONSIBILITY**

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

## **OUR RESPONSIBILITY**

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our engagement in accordance with the Australian Standard on Assurance Engagement (ASAE) 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

Our review procedures consisted of making enquiries, primarily to the Directors and management who are persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

## **CONCLUSIONS**

### *Historical Financial Information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 2 to this Report.

### *Pro Forma Historical Financial Information*

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in this Report, is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Note 2 to this Report.

## **SUBSEQUENT EVENTS**

We note that the pro forma statement of financial position does not reflect any events that have occurred subsequent to the year ended 31 December 2017, except for the following:-

- The Company has subsequently paid Costs of the Offers of \$140,390 relating to the proposed acquisition, which has been recognised as a reduction in trade and other payables by \$16,608, and an expense within accumulated losses of \$123,782.

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided by the Directors, to the best of our knowledge and belief no other material transaction or events outside the ordinary business of the Company, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

#### **INDEPENDENCE OR DISCLOSURE OF INTEREST**

PKF Mack does not have any interest in the outcome of this Offer, other than in connection with the preparation of this Report for which normal professional fees will be received.

#### **DISCLOSURES**

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

#### **RESTRICTION ON USE**

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

#### **CONSENT**

PKF Mack has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this report this consent has not been withdrawn. However, PKF Mack were not involved in the preparation of any part of the Prospectus, and accordingly, make no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'Shane Cross', is positioned above the printed name and title.

SHANE CROSS  
PARTNER

**HISTORICAL STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<b>Audited for the year ended 31-Dec-17 \$</b>	<b>Audited for the year ended 31-Dec-16 \$</b>	<b>Audited for the year ended 31-Dec-15 \$</b>
<b>Revenue</b>	1,687	429,902	6,282
<b>Expenses</b>			
Administration expenses	(455,452)	(645,935)	(163,993)
Provision for impairment of loan	-	-	(102,301)
<b>Loss before income tax</b>	<b>(453,765)</b>	<b>(216,033)</b>	<b>(260,012)</b>
Tax expense	-	-	-
<b>Net loss for the year</b>	<b>(453,765)</b>	<b>(216,033)</b>	<b>(260,012)</b>
<b>Total comprehensive loss for the year</b>	<b>(453,765)</b>	<b>(216,033)</b>	<b>(260,012)</b>

The above historical financial information has been extracted from:-

- the audited financial statements of Public Holdings (Australia) Limited for the financial years ended 31 December 2015, 2016 and 2017 which was audited by McLean Delmo Bentleys Audit Pty Ltd. McLean Delmo Bentleys Audit Pty Ltd issued an unmodified audit opinion with an emphasis of matter paragraph on material uncertainty relating to going concern on the financial reports.

This statement should be read with the accompanying notes. Past performance is not a guide to future performance.

**HISTORICAL & PRO-FORMA STATEMENTS OF FINANCIAL POSITION**

		Reviewed Pro forma 31-Dec-17 \$ (minimum)	Reviewed Pro forma 31-Dec-17 \$ (maximum)	Historical Audited as at 31-Dec-17 \$	Historical Audited as at 31-Dec-16 \$	Historical Audited as at 31-Dec-15 \$
	Notes					
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	3	5,084,496	6,952,496	303,771	39,877	176,997
Trade and other receivables		18,180	18,180	18,180	450,000	1,336
<b>Total current assets</b>		<b>5,102,676</b>	<b>6,970,676</b>	<b>321,951</b>	<b>489,877</b>	<b>178,333</b>
<b>Non-Current Assets</b>						
Exploration and evaluation	4	1,428,372	1,428,372	-	-	-
<b>Total non-current assets</b>		<b>1,428,372</b>	<b>1,428,372</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Assets</b>		<b>6,531,048</b>	<b>8,399,048</b>	<b>321,951</b>	<b>489,877</b>	<b>178,333</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Trade and other payables	5	33,223	33,223	92,298	91,076	10,499
<b>Total current liabilities</b>		<b>33,223</b>	<b>33,223</b>	<b>92,298</b>	<b>91,076</b>	<b>10,499</b>
<b>Total Liabilities</b>		<b>33,223</b>	<b>33,223</b>	<b>92,298</b>	<b>91,076</b>	<b>10,499</b>
<b>Net Assets</b>		<b>6,497,825</b>	<b>8,365,825</b>	<b>229,653</b>	<b>398,801</b>	<b>167,834</b>

PUBLIC HOLDINGS (AUSTRALIA) LTD (to be renamed "First Au Limited")  
 INVESTIGATING ACCOUNTANT'S REPORT

**HISTORICAL & PRO-FORMA STATEMENTS OF FINANCIAL POSITION**

		<b>Reviewed Pro forma 31-Dec-17 \$ (minimum)</b>	<b>Reviewed Pro forma 31-Dec-17 \$ (maximum)</b>	<b>Historical Audited as at 31-Dec-17 \$</b>	<b>Historical Audited as at 31-Dec-16 \$</b>	<b>Historical Audited as at 31-Dec-15 \$</b>
	<b>Notes</b>					
<b>EQUITY</b>						
<b>Capital &amp; Reserves</b>						
Issued capital	<b>6</b>	8,990,646	10,858,646	1,871,286	1,600,136	1,153,136
Reserves	<b>7</b>	664,233	664,233	13,467	-	-
Accumulated losses	<b>8</b>	(3,157,054)	(3,157,054)	(1,655,100)	(1,201,335)	(985,302)
<b>Total Equity</b>		<b>6,497,825</b>	<b>8,365,825</b>	<b>229,653</b>	<b>398,801</b>	<b>167,834</b>

The above historical financial information has been extracted from:-

- the audited financial statements of Public Holdings (Australia) Limited as at 31 December 2015, 2016 and 2017 which was audited by McLean Delmo Bentleys Audit Pty Ltd. McLean Delmo Bentleys Audit Pty Ltd issued an unmodified audit opinion with an emphasis of matter paragraph on material uncertainty relating to going concern on the financial reports.

This statement should be read with the accompanying notes.

# **HISTORICAL STATEMENTS OF CASH FLOWS**

	<b>Audited for the year ended 31-Dec-17 \$</b>	<b>Audited for the year ended 31-Dec-16 \$</b>	<b>Audited for the year ended 31-Dec-15 \$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	13,638	10,000	-
Receipt from Mobilcom Limited	450,000	-	-
Payments to suppliers and employees	(494,481)	(565,997)	(172,494)
Interest received	1,687	1,720	3,981
GST received	3,050	30,157	22,856
Income taxation paid	-	-	-
<b>Net cash from/ (used in) operating activities</b>	<b>(26,106)</b>	<b>(524,120)</b>	<b>(145,657)</b>
<b>Cash flows from financing activities</b>			
Proceeds from equity issues	290,000	390,000	299,580
Expenses related to equity issues	-	(3,000)	(35,006)
Loan to Your Dash Pty Ltd	-	-	(100,000)
<b>Net cash used in financing activities</b>	<b>290,000</b>	<b>387,000</b>	<b>164,574</b>
Net increase/(decrease) in cash and cash equivalents	263,894	(137,120)	18,917
Cash and cash equivalents at the beginning of the financial year	39,877	176,997	158,080
<b>Cash and cash equivalents at the end of the year</b>	<b>303,771</b>	<b>39,877</b>	<b>176,997</b>

The above historical financial information has been extracted from:-

- the audited financial statements of Public Holdings (Australia) Limited for the financial years ended 31 December 2015, 2016 and 2017 which was audited by McLean Delmo Bentleys Audit Pty Ltd. McLean Delmo Bentleys Audit Pty Ltd issued an unmodified audit opinion with an emphasis of matter paragraph on material uncertainty relating to going concern on the financial reports.

This statement should be read with the accompanying notes.

## **Notes to and Forming Part of the Financial Statements**

### **Note 1. Summary of significant accounting policies**

The significant accounting policies that have been adopted in the preparation of the financial information are:

#### **(a) Basis of Preparation**

##### *Historical Financial Information*

The Historical Statement of Profit or Loss and Other Comprehensive Income, the Historical Statement of Financial Position, and the Historical Statement of Cash Flow have been extracted from the audited financial statements of PHA for the years ended 31 December 2015, 2016 and 2017. These general purpose financial statements were audited by McLean Delmo Bentleys Audit Pty Ltd.

McLean Delmo Bentleys Audit Pty Ltd issued an unmodified audit opinion with an emphasis of matter paragraph on material uncertainty related to going concern for the years ended 31 December 2015, 2016 and 2017 on these financial statements.

##### *Pro Forma Historical Financial Information*

The Pro Forma Historical Financial Information of PHA has been compiled from the audited general purpose financial statements of PHA for the year ended 31 December 2017 after adjusting for certain pro forma transactions as outlined in Note 2.

The Historical and Pro Forma Historical Financial Information ('Financial Information') has been prepared and presented in accordance with the recognition and measurement principles described in Australian Accounting Standards. Compliance with these standards ensures that the Financial Information complies with the recognition and measurement principles of the International Financial Reporting Standards as adopted by the International Accounting Standards Board. The Historical and Pro Forma Historical Financial Information included in the Prospectus are presented in an abbreviated form insofar as it does not include all disclosures, statements, comparative information and notes required in an annual financial report prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

The Financial Information is presented in Australian dollars, unless otherwise noted.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the Financial Information. The accounting policies have been consistently applied, unless otherwise stated.

#### **(b) Going Concern**

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

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result, the Financial Information has been prepared on a going concern basis. However, should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.



**Note 1. Summary of significant accounting policies (cont'd)**

**(c) Accounting Estimates and Judgements**

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

*Valuation of share based payment transactions*

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

*Recoverability of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

*Determination of fair values on exploration and evaluation assets acquired*

On initial recognition, the assets and liabilities of the acquired business are included in the statement of financial position at their fair values. In measuring fair value of exploration projects, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to exploration projects with limited exploration results, management have determined the price paid to be indicative of its fair value.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments that are readily converted to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**(e) Trade and Other Receivables**

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for impairment is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

**(f) Exploration and evaluation assets**

*Exploration and evaluation expenditure*

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or

**Note 1. Summary of significant accounting policies (cont'd)**

- Exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Where the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised "mine properties in development". Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

If facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the entity must perform impairment tests on those assets in accordance with AASB 136: Impairment of Assets. Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. Accumulated costs in relation to an abandoned area are written off to the statement of profit or loss and other comprehensive income in the period in which the decision to abandon the area is made.

**(g) Income Tax**

The income tax expense or revenue for the period is the tax payable or recoverable on the current period's taxable income or tax loss based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial information, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(h) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Interest income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

**Note 1. Summary of significant accounting policies (cont'd)**

**(i) Trade and Other Payables**

Liabilities for trade creditors and other amounts are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company. The amounts are non-interest bearing, unsecured and are usually paid within 30 days

**(j) Contributed Equity**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(k) Share-Based Payments**

Equity-settled share-based compensation benefits are provided to directors, employees and shareholders. Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

**(l) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables in the Financial Information are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Financial Information.

## **Note 2. Summary of Pro Forma Adjustments**

The pro-forma financial information has been included for illustrative purposes to reflect the position of the Company on the assumption that the following transactions had occurred as at 31 December 2017:

- (a) The Company proposes to change its name from Public Holdings (Australia) Ltd to First Au Limited;
- (b) A bonus issue of Quoted Options to existing PHA Eligible Shareholders on a one for one basis, exercisable at \$0.06 each on or before the expiration of 30 months from the date of re-quotation;
- (c) Pursuant to the Mining Purchase and Sale Agreements with Great Sandy Pty Ltd and Drillabit Pty Ltd (Acquisition Agreements), the Company will acquire the Tenements in consideration for:-
  - The issue of 32.5 million fully paid ordinary shares at a fair value of \$0.04 each;
  - The issue of 3.5 million Unquoted Options exercisable at \$0.06 each on or before 1 March 2021 to Mr Dennis O'Meara. These options have been fair valued at \$83,722; and
  - The issue of 13 million Deferred Consideration Shares at a fair value of \$0.04 with a performance milestone that upon the announcement date that the Company achieves a JORC compliant resource of a minimum 708,000 tonnes at 2.2 grams per tonne of gold for 50,000 ounces of gold on any of the interest in Tenements to be acquired (Milestone). If the Milestone is not achieved within 5 years from Quotation Date, no Deferred Consideration Shares will be issued.

Currently there are no reasonable grounds on which to assess the likelihood of the non-market performance milestones for the issue of the Deferred Consideration Shares being met. Therefore, no adjustments have been made to the pro forma historical Statement of Financial Position based on the issue of the Deferred Consideration Shares. In accordance with AASB 2 Share-based payments, the Company will be required to re-assess the probability of the non-market performance milestones being achieved at each reporting date up until expiry of the Deferred Consideration Shares.

Contributed equity and reserves has been increased through the issuing of the ordinary shares and options. In addition exploration and evaluation expenditure has been increased to reflect the fair value of the exploration assets acquired under the Acquisition Agreements. The fair value of the exploration assets acquired has been determined based on the consideration paid and a fair value per share of \$0.04, being the price of the Public Offer;

- (d) The issue of a minimum 137.5 million fully paid ordinary shares at \$0.04 each with allowance for oversubscriptions of 50 million fully paid ordinary shares at \$0.04 pursuant to this Prospectus, raising a total of \$5,500,000 (minimum) or \$7,500,000 (maximum) respectively. These shares will have free attaching Quoted Options exercisable at \$0.06 each on or before the expiration of 30 months from the date of re-quotation on a one for one basis.
- (e) The payment of a Capital Raising Fee of 6.5% of the total funds raised in (d) above to the corporate advisor(s) totalling \$357,500 (based on obtaining a minimum subscription) or totalling \$487,500 (based on obtaining maximum subscription).
- (f) Costs of the Offers are estimated to be \$395,693 under the maximum subscription and \$393,693 under the minimum subscription, excluding the Capital Raising Fee in (e) above and the Seed raise and Transaction fees in (k) below. As detailed within the subsequent events section of this Report, the Company has paid \$140,390 of these costs, therefore the remaining Costs of the Offers are \$255,303 under the maximum subscription and \$253,303 under the minimum subscription. Those costs which relate to the issuing of the new Shares are to be offset against contributed equity while the remaining costs are to be split between:-

**Note 2. Summary of Pro Forma Adjustments (Cont.)**

- Capitalised exploration expenditure to the extent of \$44,650 relating to stamp duty;
- Settling trade and other payables by \$53,693; and
- Expensed to accumulated losses of \$139,350.

Of the above Costs of the Offers, we have offset \$158,000 against contributed equity under the maximum subscription and offset \$156,000 against contributed equity under the minimum subscription;

- (g) Pursuant to the mandate letter, the Company agrees to issue their corporate adviser, Peregrine Corporate Limited, as part of the Capital Raising Fee, 10 million fully paid ordinary shares at a fair value of \$0.04 each, and 10 million Unquoted Options with an exercise price of \$0.06 each on or before 1 March 2021. The options will vest immediately upon issue. These options have been fair valued at \$217,831. These have been expensed.
- (h) The Seed Raising Convertible Notes totalling \$290,000 are to be converted to shares at a deemed conversion price of \$0.03 per share (ie. 9,666,667 Shares) with an free attaching Quoted Option exercisable at \$0.06 each on or before the expiration of 30 months from the date of re-quotation on a one for one basis. These options have been fair valued at \$140,989 and expensed.
- (i) The Company has entered into a Deed of Agreement with Goldtree Minerals Pty Ltd (Goldtree), whereby the Company wishes to enter into the Acquisition Agreements but requires the entitlement to the Tenements, and the rights to negotiate for the Tenements, to be free of any claim (or potential claim) or interest which may be held by Goldtree, on the basis that the existing Goldtree Convertible Noteholders totalling \$426,000 cancel their existing convertible notes in exchange for the Company issuing replacement convertible notes to the same value (Goldtree Convertible Notes). This value includes Retained cash of \$43,907 to be transferred to the Company. Other than the Retained cash, the other amounts of \$382,093 have been expensed.
- (j) The Goldtree Convertible Notes are to be converted at a deemed conversion price of \$0.03 per share (i.e. 14.2 million Shares) with an free attaching Quoted Option exercisable at \$0.06 each on or before the expiration of 30 months from the date of re-quotation on a one for one basis. These options have been fair valued at \$221,691 and expensed.
- (k) There is a payment of a Seed raise and Transaction fee of 6.5% of the total funds raised through the convertible notes in (h) and (i) above totalling \$41,990 to Peregrine Corporate Limited. This has been offset against contributed equity. The settlement of this amount is as follows:-
- \$11,990 will be paid in cash, of which, \$5,382 will reduce the existing Creditors and Other Payables as at 31 December 2017;
  - the remaining \$30,000 will be extinguished through issuing 1 million fully paid ordinary shares at a fair value of \$0.03, of which, \$13,467 will be transferred from the existing Share Based Payment Reserve as at 31 December 2017; and
  - 1 million free attaching Quoted Options on the same terms as the Goldtree Convertible Notes. The fair value of these options of \$14,580 has been included within the value of \$221,691 in (j) above and expensed.

	Historical Audited 31-Dec-17 \$	Reviewed Pro Forma 31-Dec-17 \$ (minimum)	Reviewed Pro Forma 31-Dec-17 \$ (maximum)
<b>Note 3. Cash &amp; Cash equivalents</b>			
Balance at 31 December 2017	303,771	303,771	303,771
<i>Pro Forma Adjustments:</i>			
– Cash received from Goldtree upon the assumption of the Goldtree Convertible Notes	-	43,907	43,907
– Funds raised from Prospectus	-	5,500,000	7,500,000
Sub total	303,771	5,847,678	7,847,678
– Payment of Capital Raising Fees on funds raised from Prospectus	-	(357,500)	(487,500)
– Payment of Seed raise and Transaction Fees on convertible notes	-	(11,989)	(11,989)
– Payment of Costs of the Offers (excluding management fees)	-	(393,693)	(395,693)
<b>Closing balance</b>	<b>303,771</b>	<b>5,084,496</b>	<b>6,952,496</b>

The effect of maximum and minimum subscriptions has been accounted for. In the event that oversubscriptions do not occur the Company's total raising would fall between the minimum subscription of \$5,500,000 and the maximum oversubscription up to \$7,500,000, the pro-forma cash balance and issued capital would be decreased to the extent of the shortfall on the oversubscription (adjusted for any decrease in Capital Raising Fees and Costs of the Offers arising from the oversubscription to a minimum amount of \$357,500 and \$393,693 respectively).

#### Note 4. Exploration and Evaluation Expenditure

Balance at 31 December 2017	-	-	-
<i>Pro Forma Adjustments:</i>			
– Consideration issued in fully paid ordinary shares and options in the acquisition of the Tenements.	-	1,383,722	1,383,722
– Stamp duty paid within the Costs of the Offers in relation to the Tenement Acquisitions	-	44,650	44,650
<b>Closing balance</b>	<b>-</b>	<b>1,428,372</b>	<b>1,428,372</b>

In relation to the Tenements being acquired, two of the eight tenements have recently expired, and applications for renewal have been submitted to the Department of Mines, Industry Regulation and Safety, and the results of the applications remains pending as at the date of this Prospectus.

The Company is not aware of any reason why these Tenements would not be renewed in the ordinary course, but cannot give assurance that such renewals will be given, and there is no assurance that new conditions will not be imposed in connection therewith.

**Note 4. Exploration and Evaluation Expenditure (Cont.)**

In November 2016 Great Sandy Pty Ltd (Great Sandy) entered into a farm-in and joint venture agreement with the tenement holder, Atlas Iron Limited (Atlas Iron) in relation to the Emu Creek Copper and Gold Project. Under the terms of the agreement, Great Sandy has the right to earn a 51% equity in the tenements by the expenditure of \$190,000 within a 24-month period. Great Sandy then has the right to earn an additional 19% equity by the completion of a Bankable Feasibility Study within 5 years of the agreement date. Great Sandy has entered into a Deed of Assignment and Assumption with Atlas Iron and PHA for PHA to acquire Great Sandy's interests in the Emu Creek Copper and Gold Project.

	<b>Historical Audited 31-Dec-17 \$</b>	<b>Reviewed Pro Forma 31-Dec-17 \$(minimum)</b>	<b>Reviewed Pro Forma 31-Dec-17 \$(maximum)</b>
<b>Note 5. Trade and Other Payables</b>			
Balance at 31 December 2017	92,298	92,298	92,298
<i>Pro Forma Adjustments:</i>			
- Payment of outstanding trade and other payables relating to the Costs of the Offers	-	(53,693)	(53,693)
- Payment of outstanding Seed raise fees on convertible notes	-	(5,382)	(5,382)
<b>Closing balance</b>	<b>92,298</b>	<b>33,223</b>	<b>33,223</b>

**Note 6. Contributed Equity**

**Fully Paid Ordinary Shares**

Balance at 31 December 2017	1,600,136	1,600,136	1,600,136
<i>Pro Forma Adjustments:</i>			
- Issue of 32.5 million fully paid ordinary shares for the acquisition of the Tenements	-	1,300,000	1,300,000
- Issue of 14.2 million fully paid ordinary shares upon the conversion of the Goldtree Convertible Notes (net of commission)	-	402,860	402,860
- Issue of 1 million fully paid ordinary shares to corporate advisor in part settlement of Seed raise and Transaction Fees on convertible notes	-	30,000	30,000
- Funds raised from the issue of shares under the Prospectus	-	5,500,000	7,500,000
- Issue of 10 million fully paid ordinary shares to corporate advisor	-	400,000	400,000
- Issue of 9.67 million fully paid ordinary shares upon conversion of Seed Raising Convertible Notes (net of commission)	-	271,150	271,150
<b>Sub-Total</b>	<b>1,600,136</b>	<b>9,504,146</b>	<b>11,504,146</b>

**Note 6. Contributed Equity (Cont.)**

	<b>Historical Audited 31-Dec-17 \$</b>	<b>Reviewed Pro Forma 31-Dec-17 \$ (minimum)</b>	<b>Reviewed Pro Forma 31-Dec-17 \$ (maximum)</b>
- Payment of Capital Raising Fees on funds raised from Prospectus	-	(357,500)	(487,500)
- Payment of Costs of the Offers (excluding Capital Raising Fees)	-	(156,000)	(158,000)
<b>Closing balance</b>	<b>1,600,136</b>	<b>8,990,646</b>	<b>10,858,646</b>

**Convertible Notes**

Balance at 31 December 2017	271,150	271,150	271,150
<i>Pro Forma Adjustments:</i>			
- Issue of Goldtree Convertible Notes upon the assumption of convertible notes from Goldtree	-	426,000	426,000
Sub-Total	-	716,000	716,000
- Payment of Transaction fees on Goldtree Convertible Notes	-	(23,140)	(23,140)
- Issue of fully paid ordinary shares upon conversion of the Convertible Notes	-	(271,150)	(271,150)
- Issue of fully paid ordinary shares upon the conversion of the Goldtree Convertible Notes	-	(402,860)	(402,860)
<b>Closing balance</b>	<b>271,150</b>	<b>-</b>	<b>-</b>

**Fully Paid Ordinary Shares**

	<b>Historical Audited 31-Dec-17 #</b>	<b>Reviewed Pro Forma 31-Dec-17 # (minimum)</b>	<b>Reviewed Pro Forma 31-Dec-17 # (maximum)</b>
Balance at 31 December 2017	37,958,000	37,958,000	37,958,000
<i>Pro forma Adjustments:</i>			
- Consideration shares issued	-	32,500,000	32,500,000
- Shares issued upon conversion of Goldtree Convertible Notes assumed from Goldtree	-	14,200,000	14,200,000
- Shares issued upon conversion of Seed Raise Convertible Notes issued	-	9,666,667	9,666,667
- Shares issued to corporate advisor	-	11,000,000	11,000,000
- Shares issued pursuant to Public Offer	-	137,500,000	187,500,000
<b>Closing balance</b>	<b>37,958,000</b>	<b>242,824,667</b>	<b>292,824,667</b>



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	Historical Audited 31-Dec-17 \$	Reviewed Pro Forma 31-Dec-17 \$ (minimum)	Reviewed Pro Forma 31-Dec-17 \$ (maximum)
<b>Note 7. Reserves</b>			
Equity-based payment reserve at 31 December 2017	13,467	13,467	13,467
<i>Pro Forma Adjustments:</i>			
– Issue of 3.5 million Unquoted Options in consideration for the acquisition of the Tenements	-	83,722	83,722
– Issue of 10 million Unquoted Options to corporate advisor as part of Capital Raising Fee	-	217,831	217,831
– Issue of 9.667 million Quoted Options upon conversion of Seed Raising Convertible Notes	-	140,989	140,989
– Issue of 14.2 million Quoted Options upon conversion of Goldtree Convertible Notes	-	207,111	207,111
– Issue of 1 million Quoted Options to corporate advisor in partial settlement of Seed raise and Transaction Fees on convertible notes	-	14,580	14,580
– Issue of shares to corporate advisor as part settlement of Seed Raise fees on convertible notes	-	(13,467)	(13,467)
<b>Closing balance</b>	<b>13,467</b>	<b>664,233</b>	<b>664,233</b>
	<b>31 Dec 2017</b>	<b>Fair Value</b>	<b>Pro Forma 31 Dec 2017</b>
	<b>#</b>	<b>\$</b>	<b>\$</b>
<b>Equity based payment reserve</b>			
Opening balance	-	-	13,467
<i>Pro Forma Adjustments:</i>			
– Unquoted Options to be issued to corporate advisor (Note 7A)	10,000,000	0.02178	217,831
– Unquoted Options to be issued on acquisition of the Tenements (Note 7B)	3,500,000	0.02392	83,722
– Quoted Options to be issued for Goldtree Convertible Notes upon conversion (Note 7C)	14,200,000	0.01458	207,111
– Quoted Options issued to corporate advisor in settlement of Seed raise and Transaction Fees on convertible notes (Note 7C)	1,000,000	0.01458	14,580
– Quoted Options to be issued to Seed Raising Convertible Note upon conversion (Note 7C)	9,666,667	0.01458	140,989
– Issue of shares to corporate advisor as part settlement of Seed raise fees on convertible notes	-	-	(13,467)
<b>Closing balance</b>	<b>38,366,667</b>	<b>0.02014</b>	<b>664,233</b>

**Note 7. Reserves (cont'd)**

***Note 7A - Valuation of Corporate Advisor Options***

The options issued to the corporate advisor were deemed to be valued at \$0.02178 per option using the Black Scholes option pricing model based on the following inputs:

Underlying share price	4.0 cents per share
Option exercise price	6.0cents per share
Option expiry date	30 months from date of issue
Share price volatility	110%
Risk free interest rate	1.86%.

These options vest immediately.

***Note 7B - Valuation of Tenement Acquisition Options***

The options issued upon the acquisition of the Tenements were deemed to be valued at \$0.02392 per option using the Black Scholes option pricing model based on the following inputs:

Underlying share price	4.0 cents per share
Option exercise price	6.0 cents per share
Option expiry date	3 years from date of issue
Share price volatility	110%
Risk free interest rate	1.94%.

These options vest immediately.

***Note 7C - Valuation of Convertible Notes/Corporate Advisor Options***

The options issued upon the conversion of the Goldtree Convertible Notes, Seed Raising Convertible Notes and partial settlement of corporate advisor Seed raise and Transaction Fees were deemed to be valued at \$0.01458 per option using the Black Scholes option pricing model based on the following inputs:

Underlying share price	3.0 cents per share
Option exercise price	6.0 cents per share
Option expiry date	30 months from date of issue
Share price volatility	110%
Risk free interest rate	1.86%.

These options vest immediately.

	Historical Audited 31-Dec-17 \$	Reviewed Pro Forma 31-Dec-17 \$(minimum)	Reviewed Pro Forma 31-Dec-17 \$(maximum)
<b>Note 8. Accumulated Losses</b>			
Accumulated losses at 31 December 2017	(1,655,100)	(1,655,100)	(1,655,100)
<i>Pro Forma Adjustments:</i>			
– Various expenses relating to previous proposed transactions in Goldtree assumed on issuing the Goldtree Convertible Notes	-	(382,093)	(382,093)
– Payment of Costs of the Offers	-	(139,350)	(139,350)
– Issue of 10 million Unquoted Options to corporate advisor as apt of Capital Raising Fees	-	(217,831)	(217,831)
– Issue of 9.667 million Quoted Options upon conversion of Seed Raising Convertible Notes	-	(140,989)	(140,989)
– Issue of 14.2 million Quoted Options upon conversion of Goldtree Convertible Notes	-	(207,111)	(207,111)
– Issue of 1 million Quoted Options to corporate advisor in partial settlement of Seed raising and Transaction Fees on convertible notes	-	(14,580)	(14,580)
– Issue of 10 million fully paid ordinary shares to corporate advisor as part of Capital Raising Fees	-	(400,000)	(400,000)
<b>Closing balance</b>	<b>(1,655,100)</b>	<b>(3,157,054)</b>	<b>(3,157,054)</b>

**Note 9. Related Parties**

Refer to Section 8.8 of the Prospectus for details of related party agreements.

**Note 10. Commitments**

There are commitments in respect to the Tenements to be acquired in terms of minimum expenditure commitments prescribed in license conditions and legislation. To keep the tenement licences in good standing, work programs should meet minimum expenditure requirements. The Directors believe that the Company will have the ability to meet expenditure requirements through the planned equity raising as outlined in this Prospectus. Based on the Tenements to be acquired, an annual minimum commitment of \$285,000 currently exists.

**Note 11. Contingent Liabilities**

As part of the acquisition of the Tenements the consideration consists of 13 million Deferred Consideration Shares that will be issued upon the announcements date that the Company has reached the performance milestone that the Company has achieved a JORC compliant resource of a minimum 708,000 tonnes at 2.2 grams per tonne of gold for 50,000 ounces of gold on any of the interests in Tenements to be acquired (Milestone). If the Milestone is not achieved within 5 years from quotation date, no Deferred Consideration Shares will be issued.

Currently there are no reasonable grounds on which to assess the likelihood of the above non-market performance milestone for the issue of the Deferred Consideration Shares being met. Therefore, no adjustments have been made to the pro forma historical Statement of Financial Position based on the issue of the Deferred Consideration Shares. In accordance with AASB 2 Share-based payments, the Company will be required to re-assess the probability of the non-market performance milestones being achieved at each reporting date up until expiry of the Deferred Consideration Shares.

**Note 12. Subsequent Events**

At the date of this report there have been no material events subsequent to reporting date that we are aware of, other than the following:

- The Company has subsequently paid Costs of the Offers of \$140,390 relating to the proposed acquisition, which has been recognised as a reduction in trade and other payables by \$16,608, and an expense within accumulated losses of \$123,782.

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## **6. Independent Geologist's Report**

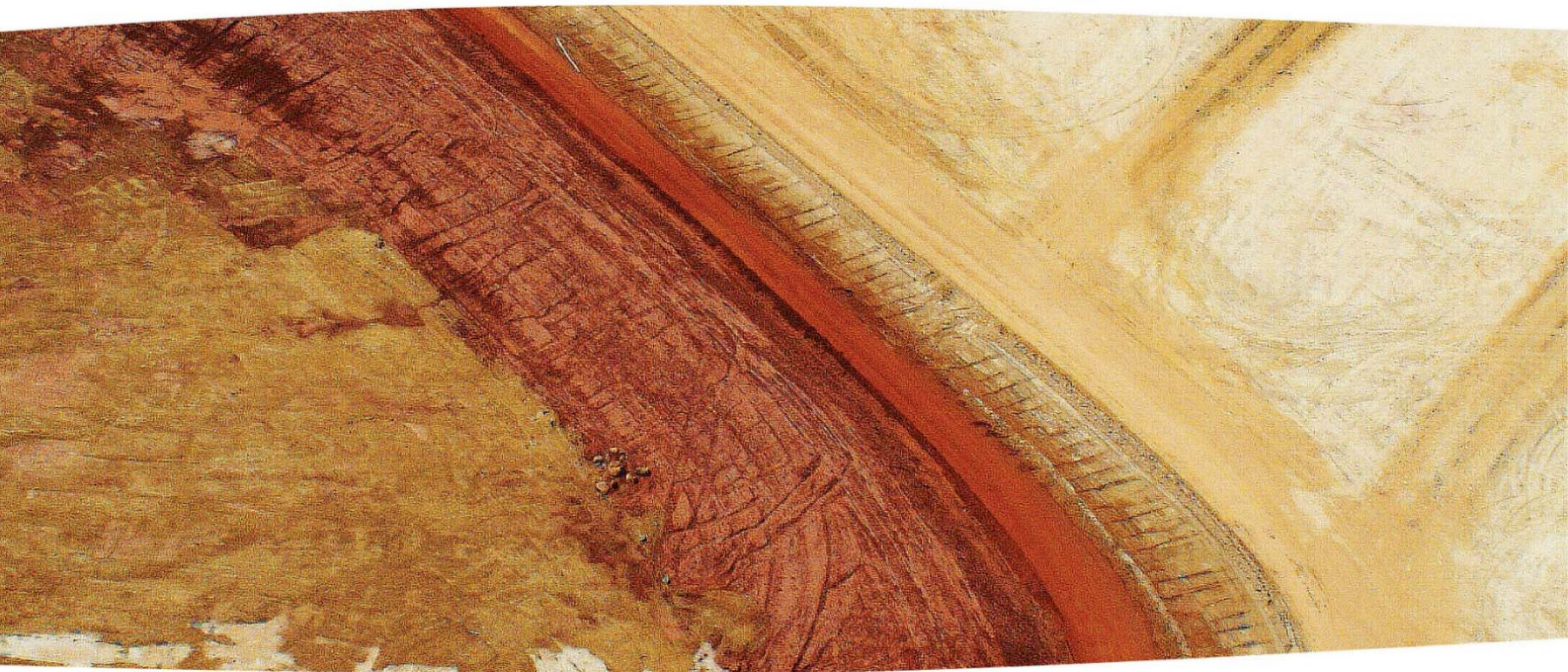


**INDEPENDENT GEOLOGIST'S REPORT**

**ON THE MINERAL ASSETS OF**

**PUBLIC HOLDINGS (AUSTRALIA) LIMITED**

**28 FEBRUARY 2018**



RESOURCEFUL

TECHNICAL

PARTNERS

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February 2018

The Directors  
Public Holdings (Australia) Limited  
Level 1, 123 Whitehorse Road,  
Balwyn, Victoria, 3103

Dear Sirs

**Independent Geologist's Report on the proposed Mineral Assets of Public Holdings (Australia) Limited**

Ravensgate International Pty Ltd ATF Ravensgate Unit Trust (Ravensgate) has been commissioned by Public Holdings (Australia) Limited (PHA) (to be renamed 'First AU Limited') to provide an Independent Geologist's Report on mineral assets PHA proposes to acquire. PHA is an Australian public company with its registered office in Victoria. Ravensgate understands that PHA's securities are presently suspended from trading on the Australian Securities Exchange (ASX) and that PHA is seeking to undertake a transaction that will see its securities re-listed on the ASX via the acquisition of the mineral assets, an associated capital raising and re-compliance by PHA with Chapters 1 and 2 of the ASX Listing Rules (Transaction), and shareholders or potential investors may rely upon this report. This report is to be included in both a notice of meeting (Notice) and a prospectus (Prospectus) to be lodged by PHA with the ASX and Australian Securities and Investments Commission (ASIC) respectively. The funds raised pursuant to the Prospectus together with existing cash resources will be used for the purpose of acquisition, exploration, development and evaluation of the proposed mineral assets.

Following completion of the Transaction, the Gimlet, Emu Creek and Talga projects in Western Australia will comprise the mineral assets of PHA. A list of the tenements which will comprise these mineral assets is detailed in Table 2 of this report.

Ravensgate has completed a desktop review of the projects which involved compiling and reviewing the project's technical aspects, including previous work, regional geological setting, local geology, mineralisation, exploration potential and planned exploration. The objectives of this report are to provide a geological overview of each exploration project covering pertinent aspects in detail appropriate to the strategic importance of the project assigned by PHA.

This report is based on information provided by PHA, which includes technical reports by consultants, previous tenement holders and other relevant published and unpublished data for the project areas. A listing of the principal sources of information is included in this report. Ravensgate did not carry out a site visit to the project areas. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the project areas given their location and stage of development. Ravensgate has endeavoured, by making reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. PHA has been given a final draft of this report and thereby given an opportunity to identify any material errors or omissions in it. Ravensgate has not verified the status of tenements or reviewed any issues regarding ownership, agreements or access pertaining to the tenements, which are being addressed in the Prospectus.

This report was prepared by Mr Neal Leggo (Principal Geologist) of Ravensgate in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition) and the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (VALMIN Code 2015 Edition). The report has also been prepared in accordance with ASIC Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts). Mr Leggo is a Member of The Australian Institute of Geoscientists. Mr Leggo is a full-time employee of Ravensgate and has sufficient experience which is relevant to the styles of



**PERTH**

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Ravensgate International Pty Ltd ATF Ravensgate Unit Trust ABN 16 891 075 503



mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code 2012 Edition.

The information in this report that relates to Technical Assessment of Mineral Assets reflects information compiled and conclusions derived by Mr Leggo. Mr Leggo has sufficient experience relevant to the Technical Assessment of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Specialist as defined in the VALMIN Code 2015 Edition. Mr Leggo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Consent has been sought from PHA's representatives to include technical information and opinions expressed by them. No other entities referred to in this report have consented to the inclusion of any information or opinions and have only been referred to in the context of reporting any relevant activities.

Ravensgate and its employees are not, nor intend to be, directors, officers or employees of PHA and have no material interest in any of the projects or PHA. The relationship with PHA is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

In consideration of the definition provided in the VALMIN Code, the mineral assets of PHA are classified as Pre-Development Mineral Assets. The mineral properties are considered prospective, although subject to varying degrees of risk, to warrant further exploration and development of their economic potential consistent with the programs proposed by PHA.

Yours faithfully



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**Neal Leggo**  
**For and on behalf of:**  
**RAVENSGATE**



# INDEPENDENT GEOLOGIST'S REPORT ON THE MINERAL ASSETS OF PUBLIC HOLDINGS (AUSTRALIA) LIMITED

Prepared by RAVENSGATE on behalf of:

**Public Holdings (Australia) Limited**

<b>Author(s):</b>	Neal Leggo	<b>Principal Geologist</b>	BSc (Hons) Geology, MAIG, MSEG
<b>Reviewer:</b>	Albert G Thamm	<b>Principal Consultant</b>	MSc, FAusIMM (CP Management)
<b>Date:</b>	28 February 2018		
<b>Copies:</b>	Public Holdings (Australia) Limited	(2)	
	Ravensgate	(1)	
<b>Project No:</b>	PUB001		
<b>File Name:</b>	PUB001_IGR_2018_03_22_FINAL.DOCX		

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**Neal Leggo**  
**For and on behalf of:**  
**RAVENSGATE**

*This report has been commissioned from and prepared by Ravensgate for the exclusive use of Public Holdings (Australia) Limited. Each statement or opinion in this report is provided in response to a specific request by Public Holdings (Australia) Limited to provide that statement or opinion. Each such statement or opinion is made by Ravensgate in good faith and in the belief that it is not false or misleading. Each statement or opinion contained within this report is based on information and data supplied by Public Holdings (Australia) Limited to Ravensgate, or otherwise obtained from public searches conducted by Ravensgate for the purposes of this report.*



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## EXECUTIVE SUMMARY

Ravensgate International Pty Ltd ATF Ravensgate Unit Trust (Ravensgate) has been commissioned by Public Holdings (Australia) Limited (PHA) (to be renamed 'First AU Limited') to provide an Independent Geologist's Report on mineral assets PHA proposes to acquire. Ravensgate understands that PHA is undertaking a transaction to re-comply with Chapters 1 and 2 of the ASX Listing Rules and that this report is to be included in both a notice of meeting (Notice) and a prospectus (Prospectus) to be lodged by PHA with the ASX and ASIC respectively and may be relied upon by shareholders and potential investors.

Following completion of the Transaction, the Gimlet, Emu Creek and Talga projects in Western Australia will comprise the mineral assets of PHA. A map showing the location of the projects is presented in Figure 1, and a list of the tenements which will comprise the mineral assets is detailed in Table 2 of this report. No Mineral Resources or Exploration Targets have been reported for the projects.

### Gimlet Project

The Gimlet project consists of one exploration licence with an area of 9.6km<sup>2</sup> located 15km northwest of Kalgoorlie. Geologically it lies in the Kalgoorlie Terrane of the Eastern Goldfields Superterrane of the Yilgarn Craton, a highly mineralised granite-greenstone terrane hosting world-class deposits of gold and nickel. The tenement holds significant potential for the discovery of orogenic lode gold mineralisation. The entire project area is blanketed by young sediments, under which a regolith profile of weathered Archaean lithologies is present within which extensive gold anomalies are preserved. A protracted history of previous exploration at Gimlet has delineated a 3.6km long, by up to 400m wide, north-northwest trending +100ppb gold anomaly named the Eastern Shear Zone. The gold in this extensive but discrete supergene anomaly is interpreted to be sourced from nearby underlying and possibly steeply dipping quartz lodes. This interpretation is supported by the results of detailed drilling at the Teal, Peyes Farm and Jacques gold deposits by Intermin Resources located just a few kilometres along strike to the southeast of the Gimlet tenement. Intermin commenced mining the Teal deposit in late 2016 with ore processed 22km north at the Paddington mill.

Since tenement grant in November 2016, exploration has consisted of research into historic exploration, assembling a database of existing exploration results and geological interpretation. Planned exploration programs for the Gimlet project are: compilation of a comprehensive digital database, re-interpretation of all historical drill results using 3D geological modelling software, aircore and RC drill programs targeting steeply dipping high grade gold lodes beneath the extensive Eastern Shear Zone and aircore and RC drill programs targeting the interpreted Peyes Farm Shear which runs into the Gimlet tenement 500m north of the operating Teal mine.

### Emu Creek Project

The Emu Creek project is located 23km northwest of Nullagine in the East Pilbara region and consists of two granted exploration licences with a total area of 120.9km<sup>2</sup>. It is positioned in a prospective location in terms of a regional geological and mineralisation setting, occurring within the East Pilbara Terrane which hosts several significant gold and base metal deposits. The tenements also cover areas of lowermost Fortescue Group rocks which host significant gold mineralisation at Beatons Creek 15kms to the south. Ravensgate considers the tenements primarily prospective for volcanogenic massive sulphide (VMS) style copper-gold-lead-zinc, for conglomerate hosted gold and also orogenic gold mineralisation.

Much of the project is underlain by the Kelly Greenstone Belt which consists of a sequence of mafic and felsic volcanic rocks with associated porphyry intrusive units. Previous explorers of this area have noted that the volcanic and porphyry assemblage outcropping represents a former active, near-vent environment, suitable for hosting VMS mineralisation, with intense alteration of the volcanic units mapped over a wide area. Mining of the Copper Hills deposit (not located on the project area) between 1952-1963 produced 15,730t of cupreous ore with a grade of 13% Cu. A number of small copper mines have been worked in the past with numerous smaller copper occurrences mapped by various explorers. At the Vuggy Hill prospect soil geochemistry identified two northeast trending gold anomalies 600m and 350m in length. RC drilling by Great Southern Mines in 1995 intersected broad zones of weak alteration and base metal anomalism and narrow zones of gold anomalism. Recent work has included acquisition and interpretation of hyperspectral and Landsat images of the entire project area. This outlined the location of large areas of minerals associated with hydrothermal alteration within the mafic and felsic rocks in the centre and south of the project and to the east and south of the Copper Cliff prospect. This is interpreted to indicate the former presence of two large hydrothermal cells which crosscut both the Euro Basalt and Wyman Formation volcanic units. It is well documented in the geological literature that such hydrothermal cells are spatially associated with VMS deposits and vein-style deposits.



Geophysics normally plays an important role in the exploration and discovery of base metal deposits, and it noteworthy that no geophysical surveys have been conducted on the tenements by previous explorers. There is potential for discovery of further base metal targets through regional geophysical surveys over prospective lithologies. Ravensgate considers that airborne electromagnetic surveys would be a most effective exploration tool at Emu Creek.

Palaeoplacer style gold mineralisation associated with the conglomerates of the Hardey Formation provide an exciting new exploration opportunity for the Emu Creek project. An extensive area of the Fortescue Group including conglomerates and coarse clastic sediments of the Hardey Formation occur along the eastern boundary. It appears that no previous exploration has targeted this possibility.

Novo Resources Beatons Creek project, located 15kms south of the Emu Creek project, is nearing completion of a prefeasibility study. Beatons Creek is a palaeoplacer gold deposit in Archaean aged sediments and its discovery has sparked a very significant increase in gold exploration and prospecting across the Pilbara with the resulting recognition of similar mineralisation in conglomerates of the lowermost Fortescue Group across the basin. Mineral Resources have been estimated for Beatons Creek of 6.4Mt @ 2.7g/t Au containing 560,000oz Au (combined Measured, Indicated and Inferred). At the nearby Nullagine Gold Project, Millennium Minerals are currently mining a series of oxide gold deposits across 40km strike of the Mosquito Creek Formation.

Planned exploration programs for the Emu Creek project include: mapping, stream sediment sampling, panning and metal detecting in areas of Hardey Formation conglomerates; a VTEM airborne electromagnetic survey over the VMS prospective area with complimentary geological mapping and geochemical sampling.

### **Talga Project**

The Talga project is also located in the East Pilbara region, 30km northeast of Marble Bar and 80km north of the Emu Creek project. It consists of five granted exploration licences covering an area of 207.9km<sup>2</sup>. The tenements cover an area of the Gorge Creek Group and older Warrawoona Group where metamorphosed mafic, felsic, ultramafic rocks and cherts occupy the arcuate eastern portion of the Marble Bar Greenstone Belt.

The tenements hold potential for the discovery of orogenic lode gold, VMS copper-gold, iron ore and lithium deposits. The Talga project occurs within one of the most prospective and mineralised Archaean greenstone terranes in the Pilbara, with the neighbouring Bamboo Creek deposits to the east and the Klondyke and Copenhagen gold deposits to the south all hosted in greenstones of the Warrawoona Group. Historic exploration has identified prospective geological settings with widespread gold and base metal geochemical anomalism, and has delineated a number of advanced prospects. There exist significant opportunities to build on earlier work at these prospects and also to undertake greenfields exploration particularly for lithium.

The Cord base metal prospect consists of series of mineralised gossans located towards the top of the Warrawoona Group. These have been interpreted to represent oxidised massive and/or disseminated VMS-style gold/base metal mineralisation by all previous explorers. A 13.5km strike length of the mineralised horizon has been identified through a combination of geological mapping, prospecting, rock-chip sampling and soil geochemistry, delineating a number of smaller prospects. Only about 1.8km has been drill tested and that only to a shallow depth. A recent geophysical review of existing surface and down-hole EM data review has recommended more detailed geological mapping preceding a re-interpretation of the EM data involving 3D inversion modelling.

The Razorback prospect represents an orogenic lode gold target, with mineralisation associated with multiple sulphidic breccia zones in an extensive chert unit which crops out as a prominent ridge with a length of 4km exhibiting anomalous gold-in-soil geochemistry. The 49 aircore holes drilled at the Razorback prospect, returned at least one intercept above 1g/t Au in 23 holes. Three angled RC drill holes all returned encouraging intersections. The majority of the drilling occurs within a 700m strike length, leaving over 3km of strike untested by drilling. Recent field work has identified a 300m long, 1-3m wide, auriferous quartz sulphide reef along the north face of the Razorback ridge.

The southern portion of the Talga tenements lies over the Mount Edgar Granite Batholith and hold significant lithium prospectivity, yet no previous holders have explored for lithium. Lithium is very often associated with pegmatitic tin mineralisation, having similar chemistry and mineralising mechanisms to tin. Alluvial tin is recorded from streams draining the Mount Edgar Granite's contact with the enclosing greenstone belt. The Moolyella tin field, one of the most prolific historical tin producing districts of the Pilbara, is located 20km south of the project.





Several kilometres east of Talga, the recently mined Spinifex Ridge iron ore deposit is hosted in banded iron formation (BIF) of the Nimingarra Iron Formation. Equivalents of this formation extend into the Talga project area and exploration in 2013 discovered the Eginbah iron prospect where outcropping iron ore is associated with hematite rich BIF units. Eight RC holes confirmed sub-surface haematite mineralisation, however PHA have indicated no iron ore exploration is planned.

Planned exploration programs for the Talga project include: Razorback and minor gold prospects: detailed structural mapping of the prospect area, geological mapping of the surrounding area, rock and soil sampling, and RC drilling of priority targets defined by previous shallow drilling and surface geochemical sampling. Cord VMS prospect: detailed structural mapping to determine the structural and geological setting of the multiple mineralised horizons along the 15km strike within the prospect area, re-interpretation of all existing data sets, and RC drilling to test priority targets defined by the reinterpretation. Lithium: test the Mount Edgar Granite area with a stream sediment sampling program and extensive geological mapping to locate and sample all pegmatites.

#### **Planned Expenditure**

PHA has provided to Ravensgate their proposed exploration expenditure for the period following the capital raising until 31 December 2019. For a raising of \$7.5M, PHA have allocated \$4,501,000 to direct exploration expenditure as detailed in Table 5 of Section 5. In the event of a lower raising of \$5.5M, PHA will allocate \$2,874,000 to direct exploration expenditure as detailed in Table 6. PHA's intended spread of expenditure across the three project areas is detailed in these tables.

Ravensgate considers that the exploration strategy and programs proposed by PHA are consistent with the mineral potential and status of the projects. The proposed expenditure is sufficient to meet the costs of the exploration programs proposed and to meet statutory tenement expenditure requirements.





## 1. INTRODUCTION

### 1.1 Terms of Reference

Ravensgate has been commissioned by PHA to provide an Independent Geologist's Report (IGR) on PHA's proposed mineral assets. This report has been prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012 Edition) and the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets for Independent Expert Reports (VALMIN Code 2015 Edition). The report has also been prepared in accordance with Australian Securities and Investments Commission (ASIC) Regulatory Guides 111 (Contents of Expert Reports) and 112 (Independence of Experts).

### 1.2 Tenement Status Verification

PHA has commissioned independent legal advice regarding the status of the tenements that are referred to in this report (as set out in the Tenement Schedule) underlying the mineral assets. Ravensgate has not reviewed the material contracts relating to the proposed mineral assets of PHA and is not qualified to make legal representations in this regard. Specific details regarding the tenements and any material agreements pertaining to them are detailed in the solicitor's report in the Prospectus.

### 1.3 Disclaimer

The authors of this report and Ravensgate are independent of PHA, its directors, senior management and advisors and have no economic or beneficial interest (present or contingent) in any of the mineral assets being reported on. Ravensgate is remunerated for this report by way of a professional fee determined in accordance with a standard schedule of commercial rates, which is calculated based on time charges for review work carried out, and is not contingent on the outcome of this report. Fees arising from the preparation of this report are listed in the Prospectus.

The relationship with PHA is solely one of professional association between client and independent consultant. None of the individuals employed or contracted by Ravensgate are officers, employees or proposed officers of PHA or any group, holding or associated companies of PHA.

The report has been prepared in compliance with the Corporations Act and ASIC Regulatory Guides 111 and 112 with respect to Ravensgate's independence as experts. Ravensgate regards RG112.31 to be in compliance whereby there are no business or professional relationships or interests which would affect the expert's ability to present an unbiased opinion within this report.

This Independent Geologist's Report has been compiled based on information available up to and including the date of this report, any statements and opinions are based on this date and could alter over time depending on exploration results, commodity prices and other relevant market factors.

### 1.4 Qualifications, Experience and Independence

Ravensgate has been consulting to the mining industry since 1997 with its services that include valuations, independent technical reporting, exploration management and Resource estimation. Our capabilities include reporting for all the major securities exchanges and encompass a diverse variety of commodity types. A summary of the Ravensgate personnel, their qualifications, professional memberships and responsibilities pertaining to this report are summarised in Table 1.

**Table 1**      **Summary of Qualifications, Professional Memberships and Responsibilities**

Name	Qualifications	Professional Memberships	Sections Responsible
Neal Leggo	BSc(Hons)	MAIG, MSEG	All Sections
Albert Thamm	MSc	FAusIMM	Peer Review All Sections



**Author: Neal Leggo, Principal Geologist BSc (Hons) Geology, MAIG, MSEG.**

**Neal Leggo** has over 30 years' experience in minerals geology including senior management, consulting, exploration, development, underground mining and open pit mining. He has extensive experience with a wide variety of commodities across numerous geological terrains within the Asia-Pacific region. Prior to joining Ravensgate, Neal worked for FMG leading a large field team undertaking fast-track exploration, delineation and feasibility study of a major new iron ore discovery in the Pilbara of WA. Previous to this Neal was Exploration Manager at Crescent Gold where he led a successful exploration team and also managed feasibility study and development work on seven gold deposits in preparation for mining. At Hatch he undertook numerous geological consulting assignments included scoping, prefeasibility and review studies, geological audit and due diligence. At BHP he modelled mineral resources including the Cannington, Mt Whaleback and Yandi world-class deposits. Previous to this, Neal worked 8 years in Mt Isa for MIM where roles included chief geologist for the Hilton underground lead zinc mine and exploration manager for Isa District. During the 1980s he worked as a field geologist across northern Australia on a wide variety of exploration projects and mines. Neal offers extensive knowledge of available geological, geophysical, geochemical and exploration techniques and methodologies, combined with strong experience in feasibility study, development and mining of mineral deposits. Neal holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the JORC Code.

**Peer Reviewer: Albert G Thamm, Principal Consultant, MSc, FAusIMM (CP Management).**

Mr Thamm is an executive geologist with 30 years' industry experience including senior roles at audit and project reviews. Mr Thamm is a CP/QP for iron ore, diamonds, graphite, lithium, base metals, uranium and gold. This includes project review for Rio Tinto, One Steel, China Metallurgical Railway Corporation and Iron Road Ltd. Mr Thamm holds the relevant qualifications and experience as well as professional associations required by the ASX, JORC and VALMIN Codes in Australia to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. He is a Qualified Person under the rules and requirements of the Canadian Reporting Instrument NI43-101. Sam is a VALMIN Practitioner with the minimum five years valuation experience in conjunction with relevant technical assessment and geology experience to meet VALMIN 2015 compliance as a Specialist.

## **1.5 Specialist Declarations and Consent**

The information in this report that relates to the Technical Assessment of Mineral Assets reflects information compiled and conclusions derived by Mr Neal Leggo, who is a Member of the Australian Institute of Geoscientists. Mr Leggo is not an employee of PHA. Mr Leggo has sufficient experience relevant to the Technical Assessment of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Specialist as defined in the JORC Code (2012 Edition). Mr Leggo consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Consent has been sought from PHA's representatives to include technical information and opinions expressed by them. No other entities referred to in this report have consented to the inclusion of any information or opinions and have only been referred to in the context of reporting any relevant activities.

## **1.6 Competent Person Statement**

The information in this report that relates to Exploration Data is based on information compiled by Mr Brian Richardson a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Richardson is the exploration manager of Great Sandy Pty Ltd and may receive consideration securities as a nominee of the vendors to the transaction to be undertaken by PHA. Mr Richardson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code (2012 edition). Mr Richardson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



## **1.7 Principle Sources of Information**

The principle sources of information used to compile this report comprise technical reports and data variously compiled by PHA, the vendors of the mineral assets and their respective partners or consultants, publicly available information such as ASX releases, government reports and discussions with PHA and vendor technical and corporate management personnel. A listing of the principal sources of information are included in the references attached to this report.

Figures used in this report have been prepared either by Ravensgate or by PHA with appropriate direction, input and review from Ravensgate.

Ravensgate did not carry out a site visit to the project areas. Ravensgate is satisfied that there is sufficient current information available to allow an informed appraisal to be made. Ravensgate is of the opinion that no significant additional benefit would have been gained through a site visit to the projects given their stage of development.

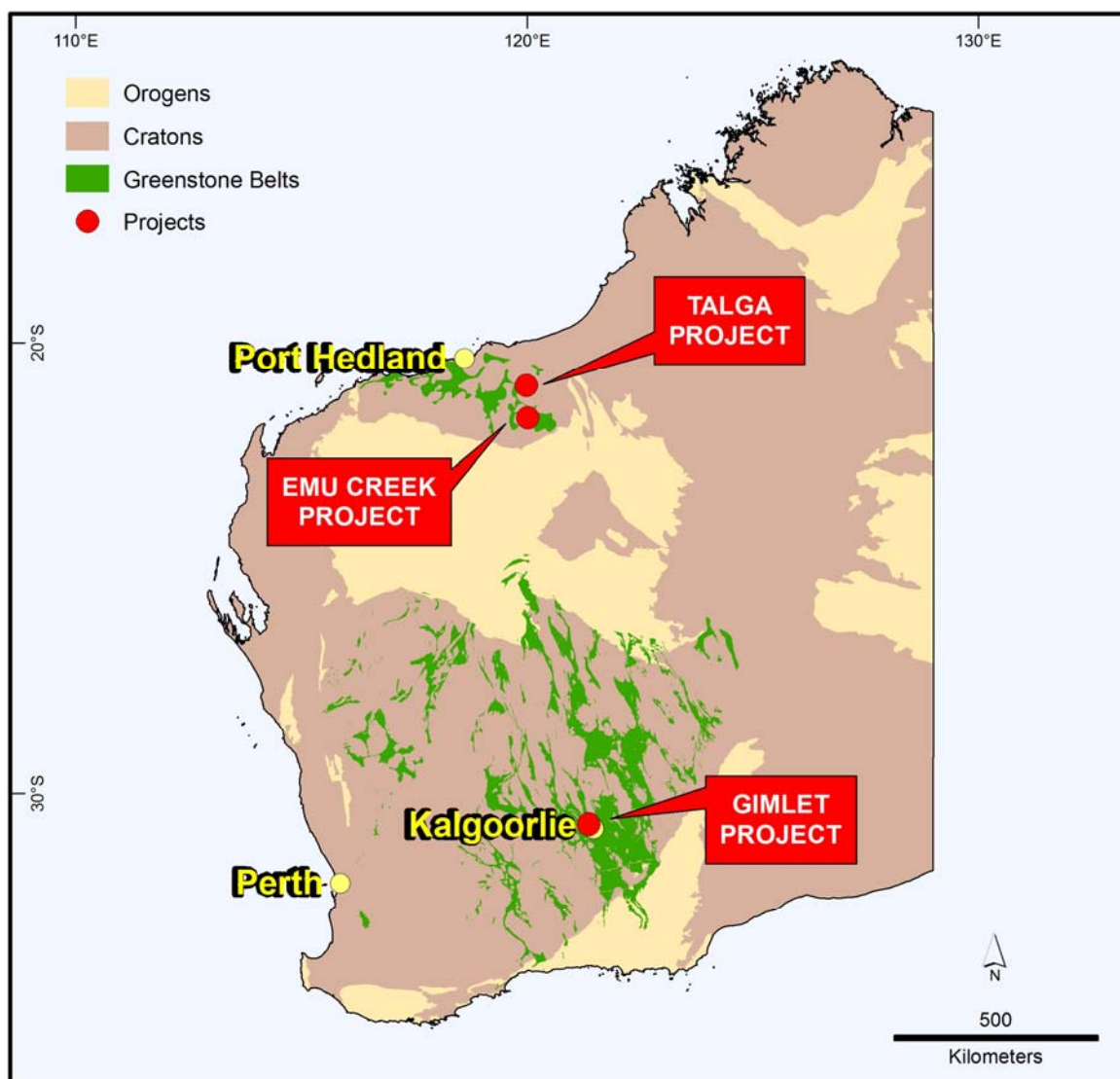
Ravensgate has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was also provided to PHA, prior to finalisation by Ravensgate, requesting that PHA identify any material errors or omissions prior to its final submission. Ravensgate does not accept responsibility for any errors or omissions in the data and information upon which the opinions and conclusions in this report are based, and does not accept any consequential liability arising from commercial decisions or actions resulting from errors or omissions in that data or information.

## **1.8 Background Information**

The projects discussed in this report are located in Western Australia. A locality map of the projects is presented in Figure 1 below. A summary of the tenement details are listed in Table 2 below. References, a glossary of terms and a list of abbreviations are included at the end of this report.



**Figure 1** Locality Map of PHA Projects



**Table 2** Tenement Schedule

Project	Tenement ID	Registered Holder	No. Blocks	Area (km <sup>2</sup> )	Status	End Date	Expenditure Commitment
Gimlet	E26/174	Drillabit Pty Ltd	5	9.58	Granted	6/11/21	\$15,000
Emu Creek	E46/732	Giralia Resources Pty Ltd	25	79.58	Granted	31/1/18	\$75,000
Emu Creek	E46/1066	Atlas Iron Limited	13	41.29	Granted	6/9/20	\$20,000
Talga	E45/3679	Great Sandy Pty Ltd	40	127.94	Granted	11/6/22	\$80,000
Talga	E45/3857	Great Sandy Pty Ltd	7	22.39	Granted	10/02/18	\$30,000
Talga	EL45/4136	Great Sandy Pty Ltd	3	9.60	Granted	15/9/18	\$20,000
Talga	EL45/4137	Great Sandy Pty Ltd	12	38.39	Granted	15/9/18	\$30,000
Talga	EL45/4615	Great Sandy Pty Ltd	3	9.60	Granted	2/5/21	\$15,000

*Notes: Specific details regarding the tenements and any material agreements pertaining to them are available in the Solicitor's Report within the Prospectus.*





## 2. GIMLET PROJECT

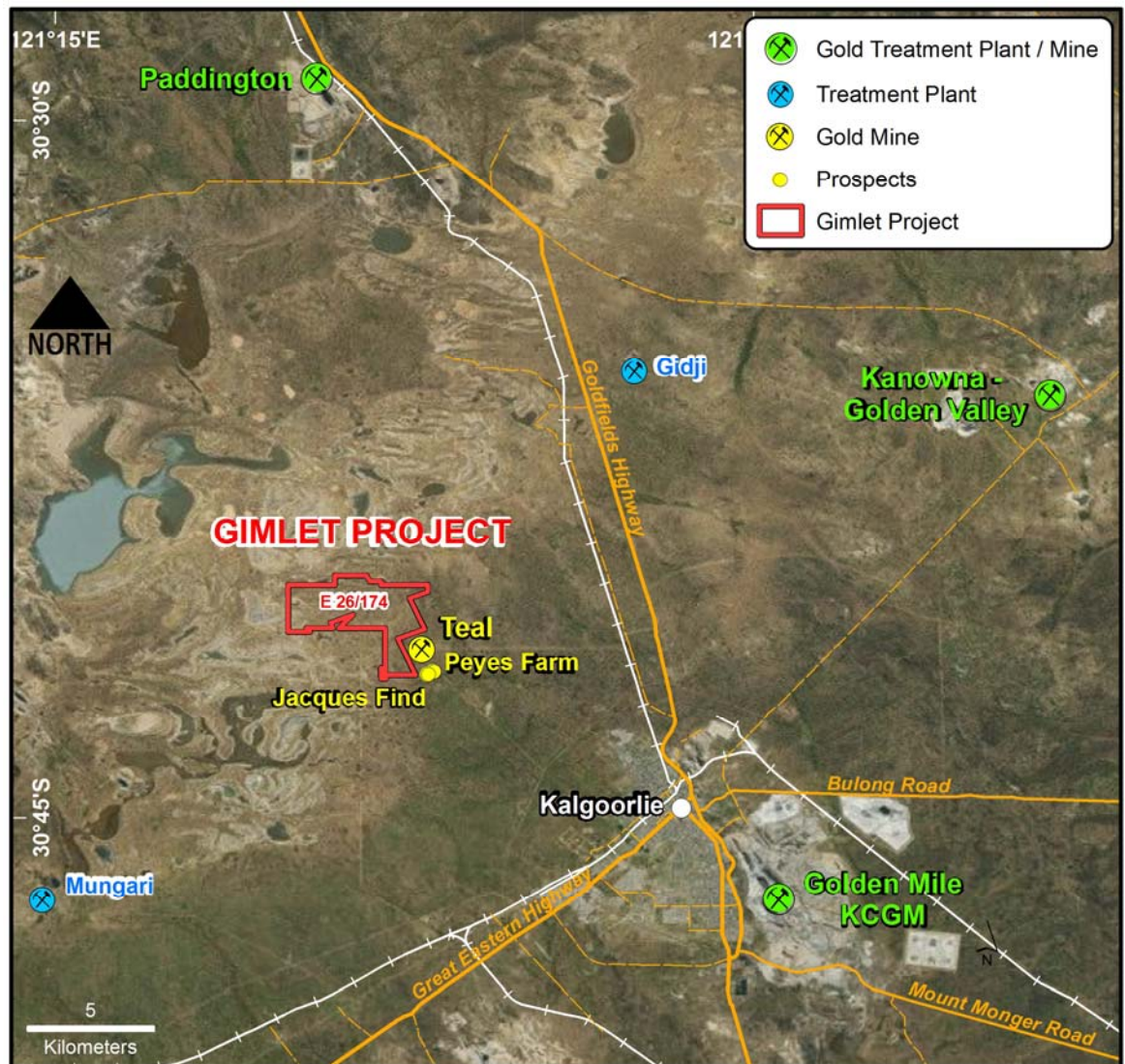
### 2.1 Location

The Gimlet project is centred 15km northwest of Kalgoorlie in Western Australia (Figure 1). The main land use in the area is mining. The project can be accessed from Kalgoorlie via the Goldfields Highway then mine roads. Access within the project area is through flat terrain and open vegetation using mining and exploration tracks. Being close to Kalgoorlie, infrastructure for support of exploration and mining is excellent. A number of gold processing plants are operating in the area including Paddington, Kalgoorlie KCGM and Kanowna Belle (Figure 2).

### 2.2 Tenure

The project consists of one exploration licence (E26/174) with a total area of approximately 9.6km<sup>2</sup>. The licence details are listed in Table 2 and its location is shown in Figure 2. The project site lies within the traditional lands of the Widji people with whom Native Title agreements are being developed.

**Figure 2** Gimlet Project Tenement Location Map



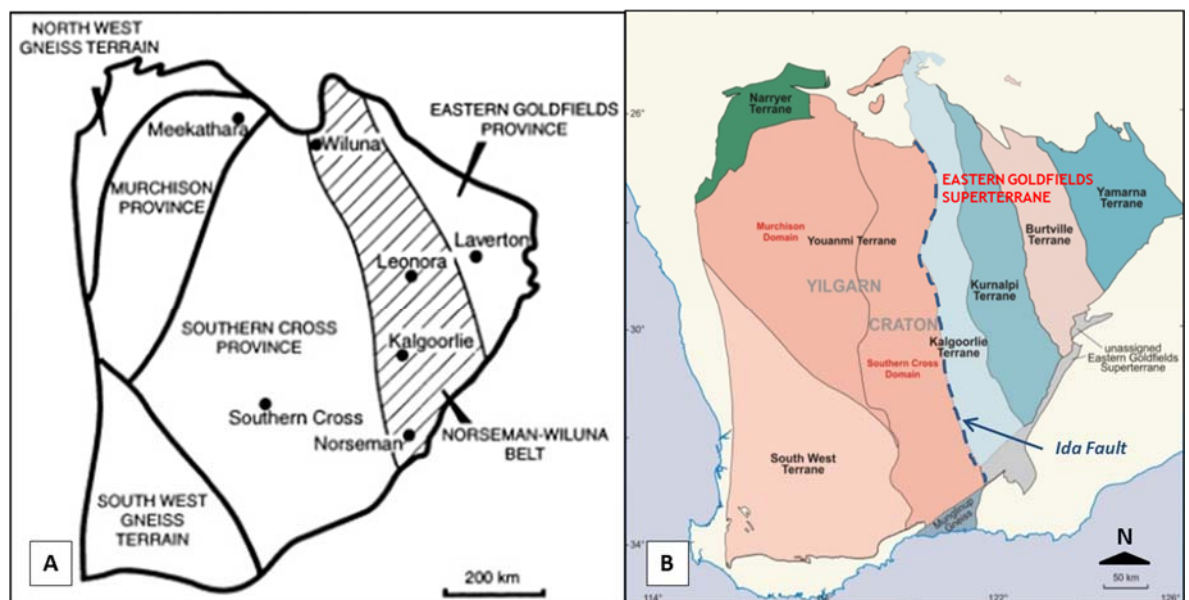
## 2.3 Regional Geology

### 2.3.1 Yilgarn Craton

The project is located in the Paleo- to Neoproterozoic Yilgarn Craton (Block) of Western Australia, a highly mineralised granite-greenstone terrane with world-class deposits of gold and nickel, and significant iron and volcanic massive sulphide (VMS) base-metal deposits (Wyche *et al.*, 2012). The earliest widely used subdivision of the Yilgarn Craton (Gee *et al.*, 1981) contained four components - the Eastern Goldfields (containing the Norseman - Wiluna Belt), Southern Cross and Murchison Provinces; and the Western Gneiss Terrane (sub-divided into Northwest and Southwest). According to Wyche (2007), the relationships between these regions were enigmatic, with the boundaries not strictly based on observed geological features (Figure 3A).

Cassidy *et al.*, (2006) divided the Yilgarn Craton into terranes defined on the basis of distinct sedimentary and magmatic associations, geochemistry and ages of volcanism. The Narryer (formerly the Northwest Gneiss) and South West terranes in the west are dominated by granite and granitic gneiss with minor supracrustal greenstone inliers, whereas the Youanmi Terrane and the Eastern Goldfields Superterrane contain substantial greenstone belts separated by granite and granitic gneiss (Wyche *et al.*, 2012). Subsequent revision has further subdivided the Eastern Goldfields Superterrane into the Kalgoorlie, Kurnalpi, Burtville and Yamarna terranes (Figure 3B) (Pawley *et al.*, 2012).

**Figure 3** Evolving Understanding of the Yilgarn Craton



(Modified from (A) Gee *et al.*, 1981 and (B) Pawley *et al.*, 2012)

The Ida Fault (Error! Reference source not found. B), which marks the boundary between the western Yilgarn Craton and the Eastern Goldfields Superterrane, is a major structure that extends to the base of the crust (Drummond *et al.*, 2000). Greenstone stratigraphies in the western Yilgarn differ from those in the Eastern Goldfields Superterrane in such things as the relative abundance of lithologies (especially komatiite and banded iron formation) suggesting a substantially different depositional regime. According to Wyche (2007), the greenstones in much of the western Yilgarn are typically older than those in the Eastern Goldfields Superterrane. The major mafic dominated successions in the western Yilgarn, date back to 3.0 Ga (e.g. Pidgeon and Wilde, 1990), whereas the mafic and felsic successions of the Eastern Goldfields Superterrane were largely deposited after 2.8 Ga (e.g. Barley *et al.*, 2003).

### 2.3.2 Regional Geology - Gimlet Area

The Gimlet project is located in the Kalgoorlie Terrane of the Eastern Goldfields Superterrane. The Kalgoorlie Terrane has been further divided into structurally bound domains, which preserve



dismembered and thrust-repeated parts of the stratigraphy. The Gimlet Project occurs between the Zuleika and Abattoir Shears, within the Ora Banda Domain, which is characterised by felsic volcanics/volcaniclastic and sedimentary rocks of lower to middle greenschist metamorphic grade.

The thickest succession in the Kalgoorlie Terrane is the Black Flag Beds and these underlie much of the Gimlet tenement. They lie stratigraphically above the Paringa Basalt and are locally intruded by thick mafic sills (e.g. Golden Mile Dolerite) and felsic (andesite to rhyolite) porphyries and granitoids. The Black Flag Beds are dominated by fine grained sediments of the turbidite facies, with local thick breccia and conglomerate and rare lava facies of dacite-rhyolite. Deposition was entirely within a deep-water environment (Pawley *et al.*, 2012).

Several phases of compressive deformation have affected the Kalgoorlie Terrane: D1 - south over north thrust stacking and recumbent folding; D2 - transpressive regime involving north-northwesterly striking upright folding; D3 - transcurrent faulting and associated en échelon folding; and D4 - continued shortening. The present structural configuration of the Kalgoorlie Terrane is dominated by north-northwesterly trending faults, anastomosing shear zones, regional folds, and elongate granitoid batholiths. Terrane and domains are bounded by regional structures which show evidence for prolonged and complex movement histories. These domain- and terrane-boundary faults are interpreted as original compressive structures, but many were reactivated during post-D3 extension. The Zuleika Shear (11km west of the Gimlet Project) is defined by a complex zone of attenuation and stratigraphic mismatch that in places is over 1km wide. The eastern boundary of the Ora Banda domain is along the Bardoc Tectonic Zone to the north of the project, however this branches southwards to become the Abattoir and Boorara Shears. The Bardoc-Boorara shear zone, locally up to 3km wide, consists of many interleaved and attenuated slices of various greenstone lithologies, commonly very strongly foliated. The Abattoir Shear (2km east of the Gimlet Project) lies west of a narrow, sheared sequence of mafic and ultramafic rocks. These greenstones overlie, and are similar to, the sequence in the Kambalda Domain, and may represent a structural repetition (Cassidy *et al.*, 2006).

Gold mineralisation in the Kalgoorlie Terrane occurs in a variety of structural and metamorphic settings, mainly related to the D3 - D4 deformation events. Witt (1993) recorded the total historical gold production from the Black Flag Beds in the Kalgoorlie Terrane as 17,800oz from eight mines. Open cut production from Binduli, the only mine operated in the modern era, amounted to approximately 360,000oz of gold. Production has recommenced with the opening of the Teal mine (Section 2.5)

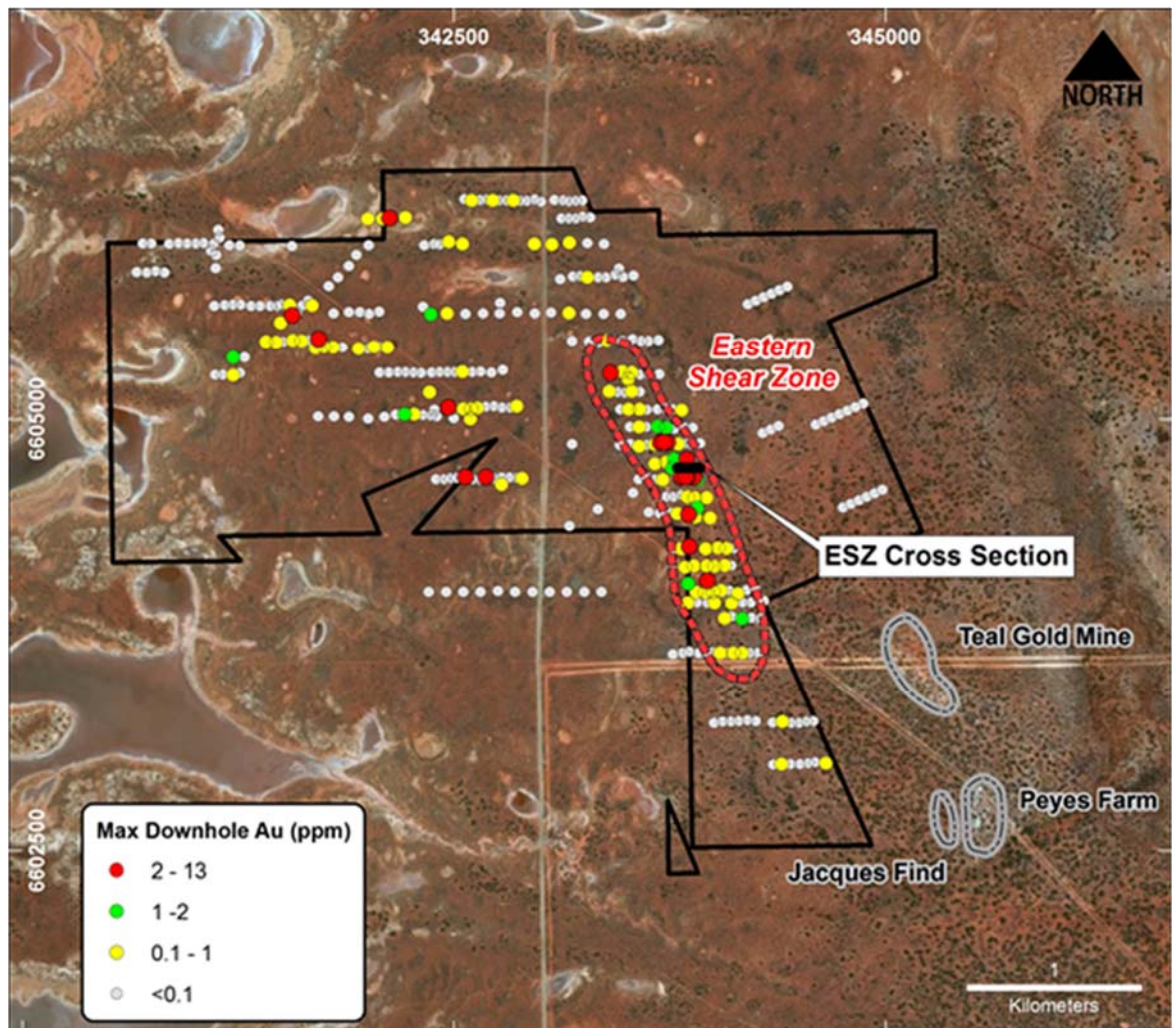
## 2.4 Local Geology and Mineralisation

The entire project area is covered by Cainozoic alluvium, sand dunes, clay pans and salt lake sediments. Salt lake sediments, of up to 40m thickness, consist of interbedded argillites, arenites and evaporite minerals (gypsum, halite) locally intermixed with sandplain deposits. These are commonly surrounded by dunes of sand, silt, and gypsum. Palaeochannels are present in the base of the sequence. Quaternary alluvium occupies present-day drainage channels and floodplains, and consists of unconsolidated clay, silt, sand, and pebbles.

Under this cover, a regolith profile of weathered Archaean lithologies is present within which extensive gold anomalies are preserved. The previous exploration at Gimlet has successfully located a 3.6km long, by up to 400m wide, north-northwest trending +100ppb gold anomaly extending along the eastern margin of the project, named the Eastern Shear Zone (ESZ) area. It is effectively a regolith geochemical anomaly preserved below the cover sediments (Figure 4). The gold here predominantly occurs as thin, patchy supergene zones developed on oxidation interfaces. The central 1.2km long section of the anomaly, is more coherent and has some continuity at a 0.5g/t gold cut-off in a maximum down hole gold plot (Morgan, 2008). The gold in this extensive but discrete supergene anomaly is interpreted to be sourced from nearby underlying and possibly steeply dipping quartz lodes, with strong support provided by the results of detailed drilling at the nearby Teal, Peyes Farm and Jacques prospects (refer Section 2.5).







**Figure 4** Geochemical Map of the Gimlet Tenements Highlighting the ESZ Area

Note: Map shows historic drill collars colour coded by maximum down hole gold intersection for individual samples.

Historic drilling has defined two northwest trending palaeochannels up to 40m thick and carry anomalous gold in basal sand and gravel (individual samples up to 1g/t). The channels are approximately 2km long. The drilling has logged sand and gravel within the channels over 400m widths. Within the sand channels, the thickness increases from the edge where it may be 1m thick, to 10 - 15m in the centre of the channel. The grades and thicknesses of mineralised sand intersected to date have been sub-economic (Morgan, 2008).

## 2.5 Exploration History

The Gimlet Project (formerly Horan's Dam prospect) received minimal exploration until the 1990's due to the extensive lacustrine sediment cover and the perception that felsic and sedimentary sequences were not prospective for gold mineralisation. Previous explorers have carried out regional geochemical sampling, aircore, RAB, RC and diamond drilling programs totalling approximately 22,000m and acquired airborne magnetic, gravity and radiometric data. Compilations of previous exploration have been undertaken by Delta Gold (Watkins, 2001) and Pandell (Morgan, 2008) and these form the basis of this summary.

Exploration work including some drilling is recorded from 1976 (Mitchell/Menzel prospecting syndicate) and 1985 (Sanidine) however no useful results survive from this work. The area was previously held as licence E26/58, from 1993 to 2007, by Domain Mining; the licence was explored under various joint venture agreements. In 1991 a reconnaissance drill traverse (BHP136 - BHP148) by BHP returned significant gold intersections including 4m @ 0.55g/t Au from 34m in BHP136, and 2m @ 2.71g/t Au from 40m in BHP148. Denis O'Meara Prospecting followed up these holes





with several phases of aircore and limited RC drilling between 1994 and 1997. From 1998 to 1999 Yamarna Goldfields NL identified a new sulphide gold-copper zone to the southeast of BHP148 mineralisation and confirmed gold mineralisation in the vicinity of BHP136. De Grey Mining undertook RAB and aircore programs, and two diamond drill holes in the period to June 2003. An interpretation of airborne magnetic, regional gravity, and downhole EM (electromagnetic) was also completed by Southern Geoscience Consultants for De Grey. Over the period from 1994 to 2003, drilling to follow-up the intersection in BHP136 defined a 3.6km long, by up to 400m wide, north-northwest trending +100ppb gold corridor extending along the then eastern margin of the project (ESZ). Within this anomaly a more coherent 1,200m long zone +0.5g/t gold was identified from 6,604,000mN to 6,605,100mN. This central section was up to 300m in width in the south (343,700mE - 344,000mE), tapering to 100m in the north (343,500mE - 343,600mE). A program of RC drilling comprising 37 holes (HDRC01 - 37) totalling 2,888m was completed by De Grey Mining in May and June 2004 (Peebles, 2004). The holes were spread over 6 E-W lines between 6,604,600mN and 6,605,600mN, and were designed to infill previous drilling on the ESZ mineralisation. In 2004, an Aircore drilling program comprising 130 holes for 7,857m was completed with holes drilled to top of fresh rock to test for supergene and potential bedrock gold mineralisation. Several east-west lines were drilled on a 40m spacing to infill and extend the coverage of the ESZ, and 4 lines were located to test for palaeochannel mineralisation. Overall the program did not significantly extend the ESZ and showed that the extent of palaeochannel sediments was more restricted than previously interpreted.

Exploration licence 26/120 was granted to Domain Mining Pty Ltd on 4 May 2008, comprising eight sub-blocks. A transfer of title to Pandell Pty Ltd was completed during 2009. Pandell engaged Mincorp to complete a review of available data, and provide recommendations for the Gimlet Project (Morgan, 2008). Pandell in JV with Laconia completed two drilling programs in 2009. 22 RC holes for 2,160m targeted below the previously-identified ESZ testing for the presence of primary mineralisation below the supergene mineralisation. Several significant results were reported, but generally the results were disappointing in the primary zone. In 2010 the JV completed 20 holes for 1,594m. The program focused on the northern portion of the ESZ, to test the potential for supergene gold mineralisation and to further the understanding of geology in this area.

Intermin have most recently held the easternmost portion of the Gimlet tenement until surrendered and they drilled a number of exploration holes although most of their activity was concentrated on the Teal and Peyes Farm prospects to the south.

## **2.6 Current Exploration**

Since E26/174 was granted in November 2016, exploration has consisted of research into historic exploration, assembling a database of existing exploration results and geological interpretation.

## **2.7 Mineral Resources**

No Mineral Resources or Exploration Targets have been reported for the Gimlet project.

## **2.8 Nearby Deposits**

Gold mineralisation within the area surrounding the Gimlet project dominantly occurs as epigenetic style deposits. Major gold deposits located within 25km of the project include: the Kalgoorlie Superpit, Mt. Charlotte, Kanowna Bell, Mt Pleasant, Kundana, Raleigh, Frogs Legs, White Foil and Binduli (Figure 2).

### **Teal, Peyes Farm and Jacques Find**

More locally, Intermin Resources Limited (Intermin) have discovered significant gold mineralisation at three prospects immediately south and east of the Gimlet licence in geological settings similar to that underlying Gimlet (Figure 4).

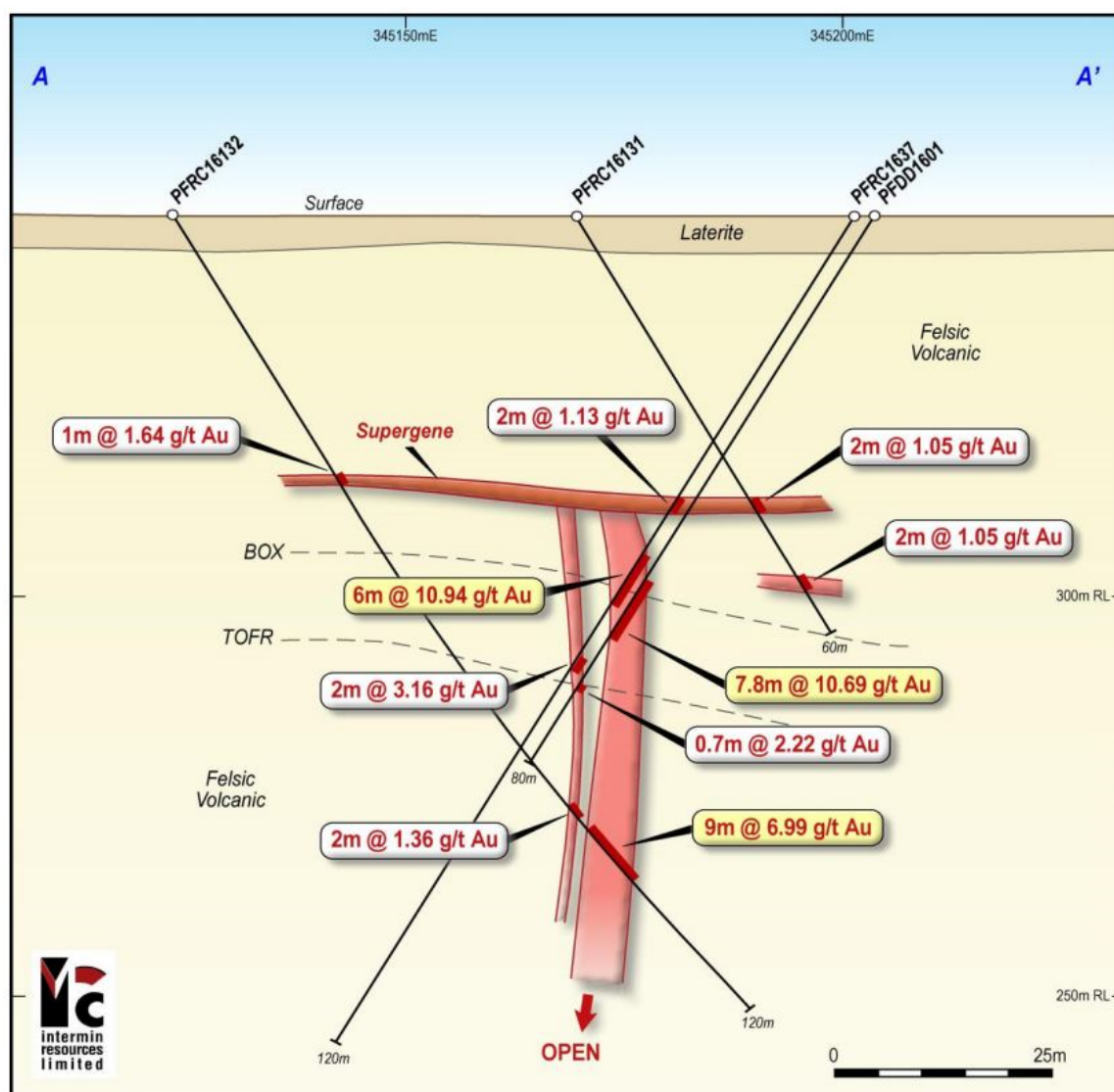
Intermin commenced open pit mining of its Teal gold deposit in late 2016 with ore processed 22km north at the Paddington mill. At commencement of mining the Mineral Resource estimate was 0.837Mt at 2.67g/t Au for 71,700oz Au (Intermin, 2016). The geology at Teal and Peyes Farm prospects consists of Black Flag shales and siltstones that have been strongly sheared with a sub vertical cleavage trending roughly 330°. Mineralisation comprises a well defined supergene blanket located above shears and quartz within structurally controlled felsic schists, tuffs and porphyry rocks at depth. It is strongly influenced by flexures along the northwest striking Peyes



Farm Shear Zone which trends parallel to the regional geology. Pervasive carbonate, and silica-sericite alteration occurs throughout. Gold mineralisation is hosted by quartz-carbonate-pyrite-arsenopyrite vein array with individual veins dipping from 60° to 90° east within a sub-vertical shear zone. Zones of dilation are interpreted to be related to flexures along the north-northwest trending shear zones, especially when reoriented into the north-south direction. A TFMRR geophysical survey by Delta Gold in 2001 delineated a major shear zone extending north for at least 5km. The survey confirmed that the Peyes Farm prospect is coincident with a major jog in this structure (Morgan, 2008).

Diamond drill holes targeted beneath flat lying supergene gold mineralisation at Peyes Farm intersected wide zones of intensely sheared to mylonitic silica-sericite-pyrite altered felsic volcanics and/or porphyry intrusives in steep structural orientations. Similar geology is reported for the Jacques Find in a parallel structure (Intermin, 2017), which is illustrated in the schematic cross section below (Figure 5).

**Figure 5 Cross Section of Intermin's Jacques Find Gold Prospect - Illustrating the Target Geometry at Gimlet**



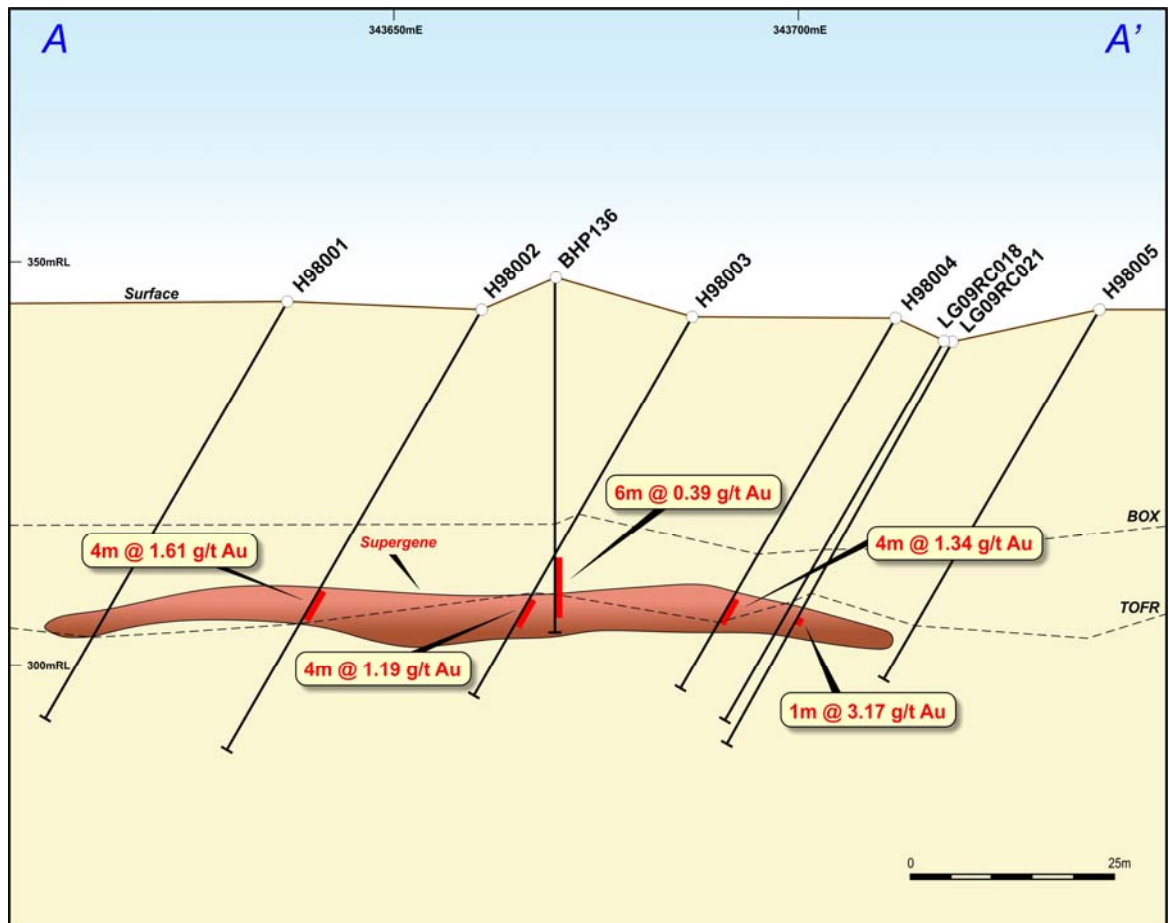
Source: Intermin, 2017



## 2.9 Exploration Potential and Targets

The Gimlet tenement holds significant potential for the discovery of orogenic lode gold mineralisation. It is located immediately along strike and to the west of the Teal, Peyes Farm and Jacques Find gold deposits (Figure 4). Intermin recently commenced mining the Teal deposit and their exploration drilling continues apace across these neighbouring tenements. Historic exploration over the Gimlet tenement has identified widespread gold anomalism and similar host rocks and structural settings to the nearby Teal deposit. The results from Intermin's recent drilling program at Jacques Find (Figure 5) has highlighted the potential for significant gold mineralisation extending directly northwards into the eastern portion of the Gimlet tenement.

**Figure 6** Composite Cross Section of ESZ Regolith Anomaly Showing Historic Drill Holes and Illustrating Geometry of Supergene Gold Blanket



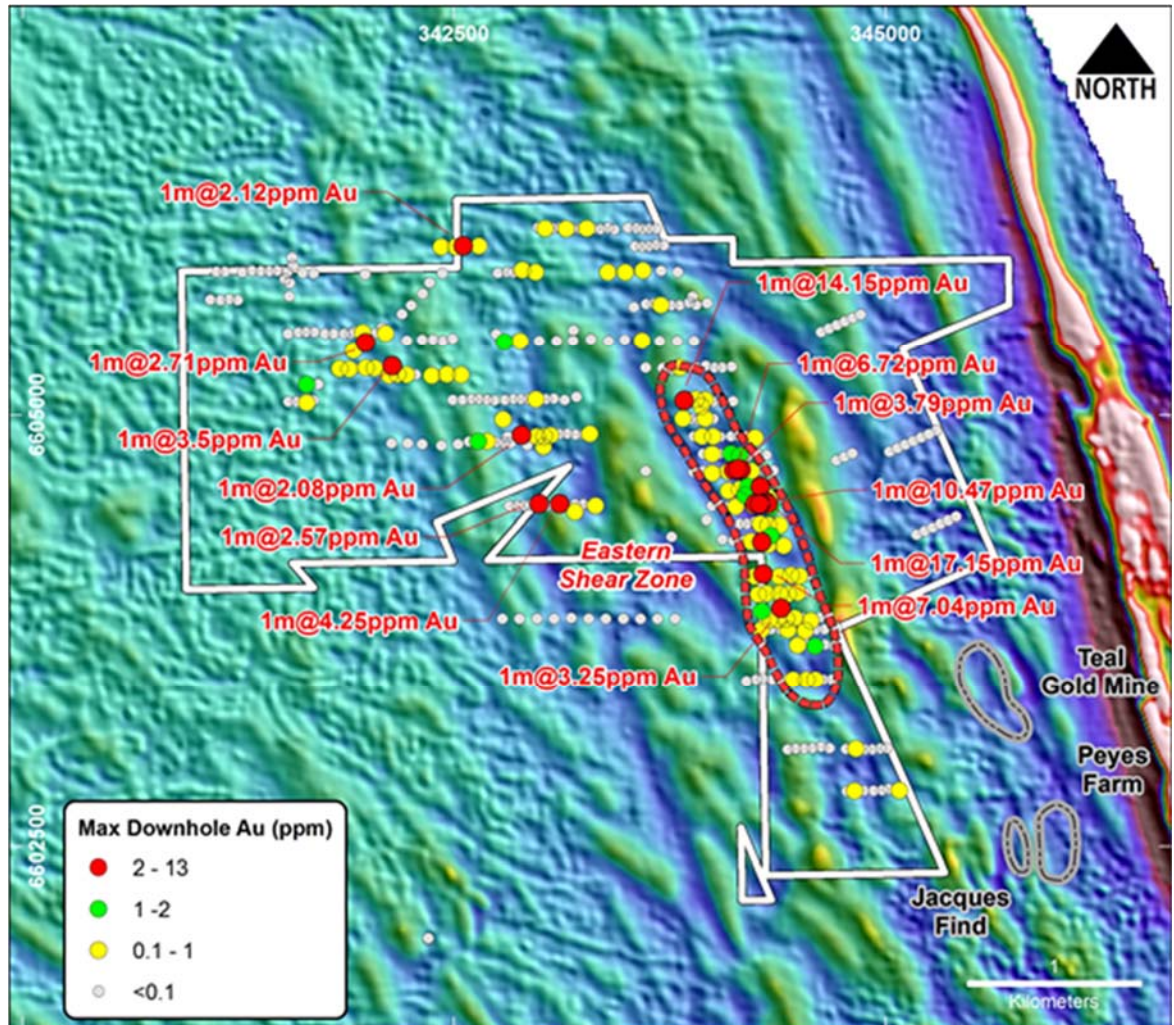
Note: Orange >0.1g/t Au, Red >0.5g/t Au, Magenta >1.0g/t Au (Source: Richardson, 2017)

Past exploration at Gimlet has successfully located a regolith gold anomaly 3.6km long, 400m wide, +100ppb named the ESZ. This horizontal supergene gold anomaly contains numerous narrow but high grade gold intercepts which form a flat lying blanket as illustrated in Figure 6. The gold in this extensive but discrete supergene anomaly is interpreted to be sourced from nearby underlying quartz lodes similar to the ore systems of Teal and Jacques (as described in Section 2.5 above).





**Figure 7 Aeromagnetic Image Gimlet Project with Anomalous Drill Intersections**



*Note: The location some of the better drill intersects are highlighted with width and gold grade annotated. These are intended to highlight the overall tenor of this broad geochemical anomaly rather than mark specific targets for follow-up.*

This exploration model is supported by regional mineralisation trends. The Black Flag Beds west and northwest of Kalgoorlie host gold mineralisation related to north-northwest trending D3 structures, north-northeast trending D4 structures and altered intrusive felsic porphyries in the Binduli - Janet Ivey system located 15 to 30km to the south of Gimlet.

Gold at the ESZ prospect predominantly occurs as thin, patchy supergene zones developed on oxidation interfaces. Supergene mineralisation appears well developed close to porphyry contacts especially when oriented into a north-south direction. In the central section of the anomaly more coherent, thicker and multiple stacked mineralised blankets are accompanied by quartz veining and strong sericitic alteration (Figure 6), but only weak mineralisation has been discovered in the unweathered bedrock to date.

Morgan (2008) in his independent technical review of the Gimlet project made the following observations: Only a small number of deeper RC drill holes on five sections in the north have tested the fresh zone of the ESZ. These 60° inclined holes were not long enough to provide overlapping coverage. Over the project as a whole, the spread of the 385 drill collars on plan suggests that geochemical sampling coverage over parts of the property is good, however it should be noted that of the 23,876m drilled, only 4% is from fresh or weakly weathered bedrock, and 11% from weathered saprock.

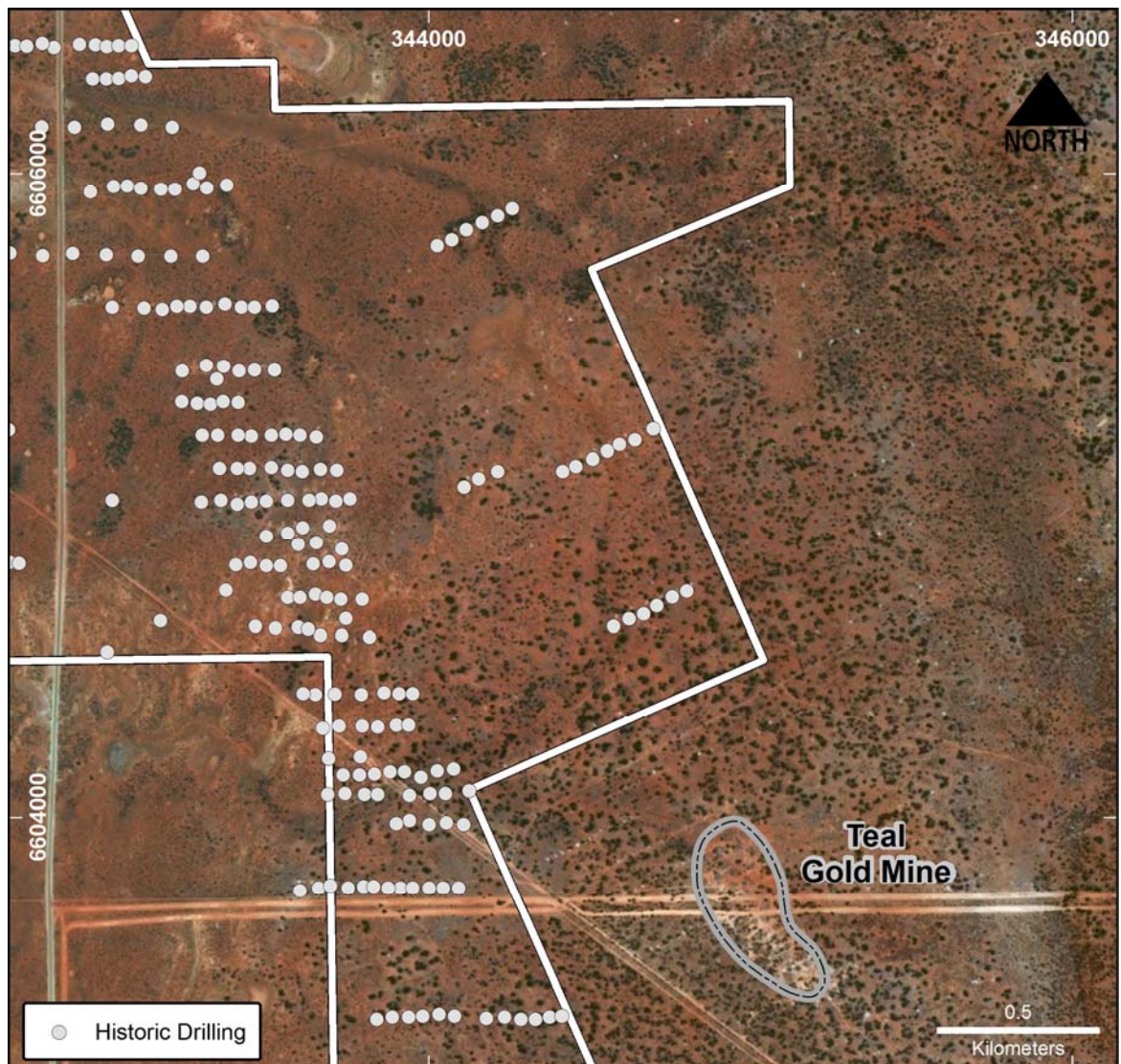
In the eastern portion of E26/174 another target for future exploration has been defined by PHA. This area appears to have received significantly less drilling than the rest of the tenement (Figure 8), yet is directly along strike from the Teal mine 2km to the south. It is interpreted that the Peyes Farm Shear extends north-northwest into PHA ground. The excellent results from Intermin's





recent drilling programs highlight the potential for gold mineralisation to extend northwards into the under drilled Gimlet tenement.

**Figure 8 Plan of Historic Drill Collars - East Gimlet Prospect**



*Note: Image interpretation indicates that not all historic drill holes have been found in the literature searches conducted of the WAMEX. It is likely unrecorded drilling has occurred at some stage(s) in the past.*

## 2.10 Exploration Strategy - Gimlet Project

PHA has indicated to Ravensgate that they will undertake a systematic, staged approach with respect to their exploration program focusing on gold. Currently planned exploration programs for the Gimlet project are:

- Compilation of a comprehensive digital database capturing all historical drilling within the Gimlet project area.
- Re-interpretation of all historical drill results using 3D geological modelling software.
- Aircore and RC drill programs targeting steeply dipping high grade gold lodes beneath the extensive Eastern Shear Zone and targeting the interpreted Peyes Farm Shear which runs into the Gimlet tenement 500m north of the operating Teal mine.

Ravensgate considers that the exploration strategy proposed by PHA is consistent with the mineral potential and status of the Gimlet project. In Ravensgate's opinion further exploration of E26/174 is warranted.



### 3. EMU CREEK PROJECT

#### 3.1 Location

The Emu Creek project is centred 23km northwest of Nullagine in the East Pilbara region of Western Australia (Figure 1). The main land uses in the region are cattle grazing and mining. Access to the project area Marble Bar is via Warrawoona to Corunna Downs homestead and then by station tracks. Access within the project area uses station and exploration tracks but the terrain is often dissected and rugged. The area has an arid climate with very hot summers and mild to warm winters. Rainfall mostly occurs in the summer months of December to February. Cyclones can occur between November and April, which generate significant rainfall causing flash flooding and preventing travel. Project access tracks are generally impassable in wet weather. Limited infrastructure exists in the area, with no grid power. A gold processing plant is situated at the Nullagine project approximately 40km to the southeast and there is a small tailings operation at Bamboo Creek 90km to the north (Figure 10).

#### 3.2 Tenure

The project consists of two granted exploration licences with a total area of 120.9km<sup>2</sup>. The licence details are listed in Table 2 and their location is shown in Figure 12.

In November 2016 Great Sandy Pty Ltd (Great Sandy) entered into a farm-in and joint venture agreement with the tenement holder, Atlas Iron. Under the terms of the agreement, Great Sandy has the right to earn a 51% equity in the tenements by the expenditure of \$190,000 within a 24-month period. Great Sandy then has the right to earn an additional 19% equity by the completion of a Bankable Feasibility Study within 5 years of the agreement date. Great Sandy has entered into an agreement with PHA for PHA to acquire Great Sandy's interests in the Emu Creek project. A summary of this agreement is set out in the material contracts section of the Prospectus.

The Copper Hills deposit is excised from the project tenements.

#### 3.3 Regional Geology

The Pilbara region, in which the Emu Creek project is located, contains three major Archaean-Paleoproterozoic tectonic divisions:

- The Pilbara Craton, composed of early crust (3.80-3.53Ga), granite-greenstone terranes (3.53-3.07Ga), volcano-sedimentary basins (3.05-2.93Ga), and post-orogenic granites (2.89-2.83Ga);
- The Fortescue, Hamersley, and Turee Creek basins (2.78-2.42Ga), composed of a thick succession of interbedded clastic and chemical sedimentary rocks and volcanic rocks; and
- The Ashburton Basin (2.21-1.79Ga), composed of the volcano-sedimentary rocks.

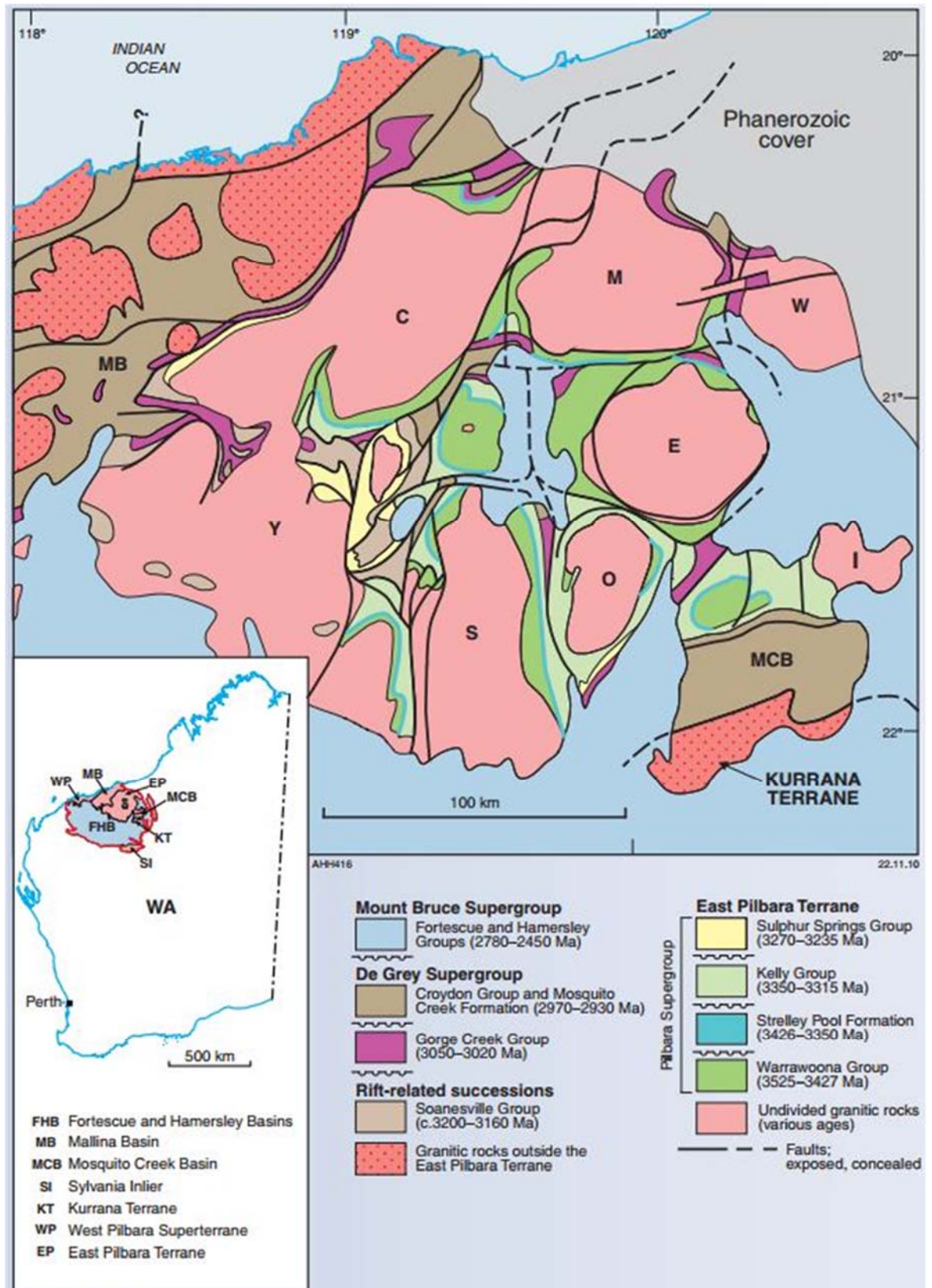
A major geological mapping project, conducted jointly by the Geological Survey of Western Australia (GSWA) and Geoscience Australia between 1995 and 2002 (Huston et al., 2002a), provided a much improved geological understanding of the Pilbara Craton (Huston et al., 2002b). Significantly this work excluded the Fortescue, Hamersley, and Turee Creek basins from the Pilbara Craton, units which had been previously grouped in by earlier workers.

The oldest part of the Pilbara Craton is 3.80-3.53Ga crust, which has been identified by geochronology in rare outcrops of gneissic granite and gabbroic anorthosite. Between 3.53-3.23Ga, mantle plume activity resulted in the deposition of at least eight successive volcanic cycles on the early crust. The resulting volcanic plateau is now exceptionally well preserved as the 15-20km thick Pilbara Supergroup. Large volumes of granitic magma were intruded during the same period, and thick continental crust had been established by 3.23Ga. A major rifting event between 3.23-3.16Ga split this crust into three continental microplates defining the East Pilbara, Karratha and Kurrana terranes separated by two northeast-trending basins of oceanic crust (Hickman and Van Kranendonk, 2012).





**Figure 9 Regional Geological Map of the East Pilbara Terrane**



Most of the domes are separated by Paleoproterozoic-Mesoproterozoic boundary faults within the greenstones. Dome names: C = Carlindi; M = Muccan; W = Warrawagine; Y = Yule; E = Mount Edgar; S = Shaw; O = Corunna Downs; I = Yilgalong. (Source: Hickman, 2010)



The East Pilbara Terrane (Figure 9) provides the world's most complete record of Paleoarchean crustal evolution from 3.53Ga to 3.23Ga. Stratigraphy, structure, geochronology, and geochemistry collectively testify that the evolution of this terrane was dominated by volcanism, magmatic intrusion, and deformation during repeated episodes of heating and melting of underlying older crust and mantle over 300Ma. The Pilbara Supergroup of the East Pilbara Terrane is predominantly volcanic and 15-20km thick. Thick partial sections of this succession are recognised in almost all greenstone belts of the terrane. The three component groups (Warrawoona, Kelly, and Sulphur Springs) of the Pilbara Supergroup are separated by two major erosional unconformities (Hickman and Van Kranendonk, 2012).

Where best preserved, the Pilbara Supergroup is composed of eight ultramafic-mafic-felsic volcanic cycles. Geochronology on the felsic formations of successive cycles, and on contemporaneous granitic intrusions, some of which are subvolcanic, indicates that most of the cycles spanned no more than 10-15Myr; these cycles are interpreted to have resulted from successive mantle plume events (Hickman and Van Kranendonk, 2012).

A characteristic feature of the East Pilbara Terrane is the regional outcrop pattern of granitic domes separated by arcuate belts of volcano-sedimentary rocks (greenstones) visible on geological maps (Figure 9) and satellite imagery that has been variously described as "dome-and-syncline", "dome-and-basin", or "dome-and-keel" structure. Whereas some previous workers have interpreted this pattern as either the result of cross-folding or core complex formation, neither of these are consistent with the full set of geological and geophysical features of the region. The most widely accepted interpretation is that the dome-and-keel structure arose from punctuated episodes of doming by partial convective overturn of the thick, dense greenstone succession into a partially molten granitic middle crust from 3.46-2.94Ga (Hickman and Van Kranendonk, 2012).

These basement rocks are overlain by a series of Archaean sedimentary and volcanic rocks accumulated during ongoing basin development (Figure 9). From youngest to oldest these sequences are:

- Hamersley Group (Mt Bruce Supergroup) (2.63-2.45Ga).
- Fortescue Group (Mt Bruce Supergroup) (2.78-2.63Ga).
- DeGrey Supergroup (2.97-2.93Ga); and
- George Creek Group (3.02-3.05Ga);

### **Regional Mineralisation**

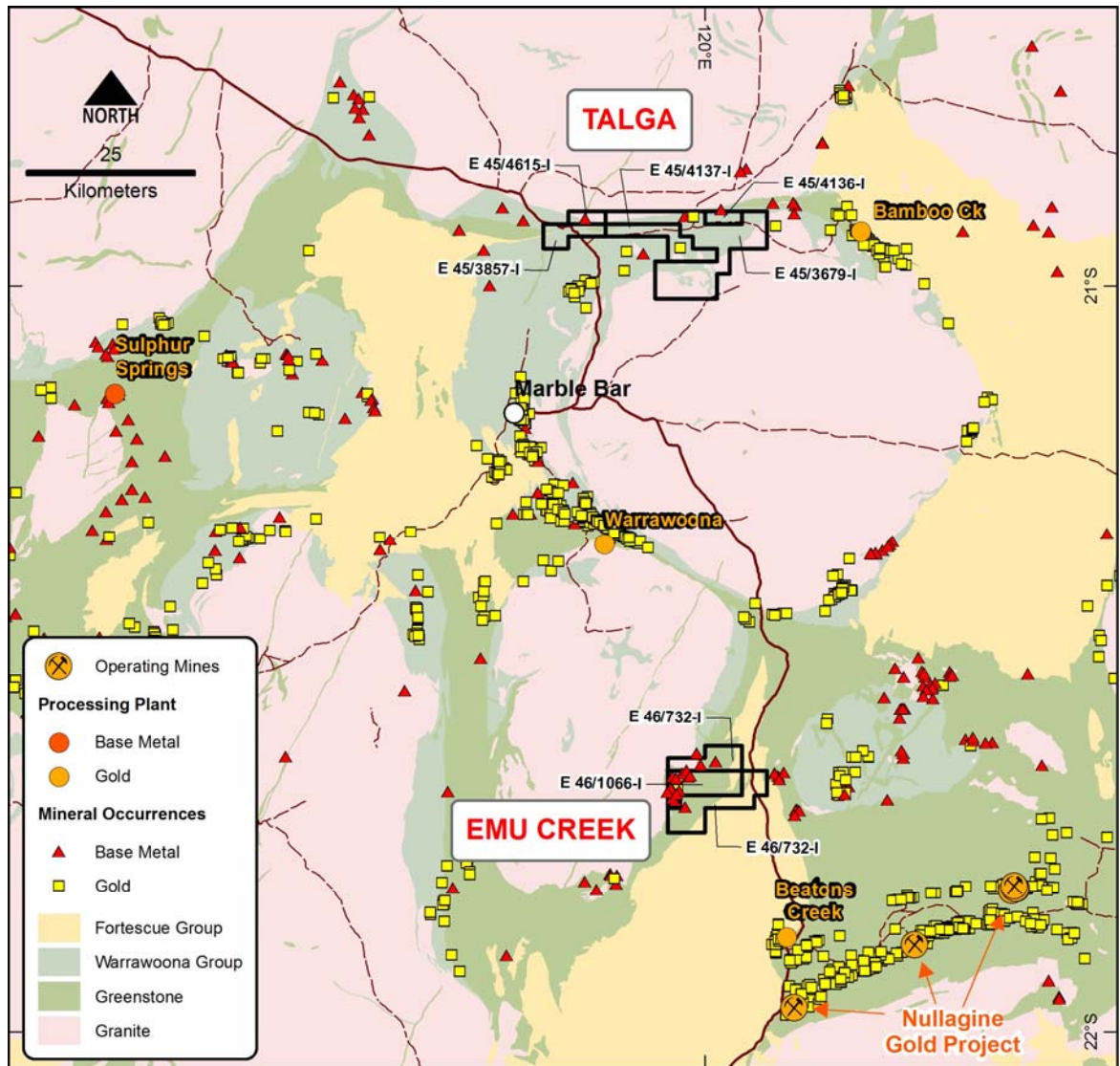
Gold and base metal mineralisation of the East Pilbara is shown in Figure 10 which illustrates the regional geological mapping, highlighting the location of the major mines, deposits and prospects in relation to the project tenements.

Mineralisation in the East Pilbara Terrane occurred during a sequence of magmatic pulses related to mantle plumes, and extended over almost 300Myr. Deposit types associated with these events include: volcanic-hosted massive sulphide deposits; hydrothermal barite deposits; polymetallic and base metal deposits in porphyritic felsic stocks; porphyry copper mineralisation; and mesothermal (orogenic) gold deposits in shear zones around granitic domes. The latter is the most important in the Warrawoona Greenstone Belt generally and the project area specifically. In the southeast Pilbara Craton, the Mosquito Creek Orogeny was accompanied by similar orogenic gold deposits between 2.93-2.90Ga. A number of these deposits are currently in production feeding the Golden Eagle ore processing plant of Millennium Minerals. Shear-hosted gold mineralisation occurred at 2.89Ga in the Mount York area of the East Pilbara Terrane (Hickman and Van Kranendonk, 2012).





**Figure 10 Gold and Base Metal Mineralisation in the East Pilbara**



Erosion of the earlier Archaean primary deposits during later Archaean times has locally resulted in the formation of palaeoplacer gold deposits in Neoproterozoic conglomerate beds (Hickman and Little, 1978). The Fortescue Group unconformably overlies a wide variety of older Archaean rocks around the perimeter to the Nullagine sub-basin known to host orogenic gold deposits. The basal unit of the Fortescue Group, the Mount Roe Basalt, is discontinuously exposed along the margins of the Nullagine sub-basin (Hickman, 1979; Blake, 2001). The Hardey Formation either unconformably overlies the Mount Roe Basalt or older Archaean basement and consists of up to 1,700m of mostly terrigenous clastic sedimentary rocks deposited in braided fluvial, lacustrine and alluvial fan settings (Blake, 1993; Blake et al., 2004). Both these units are prospective for palaeo-placer gold deposits.

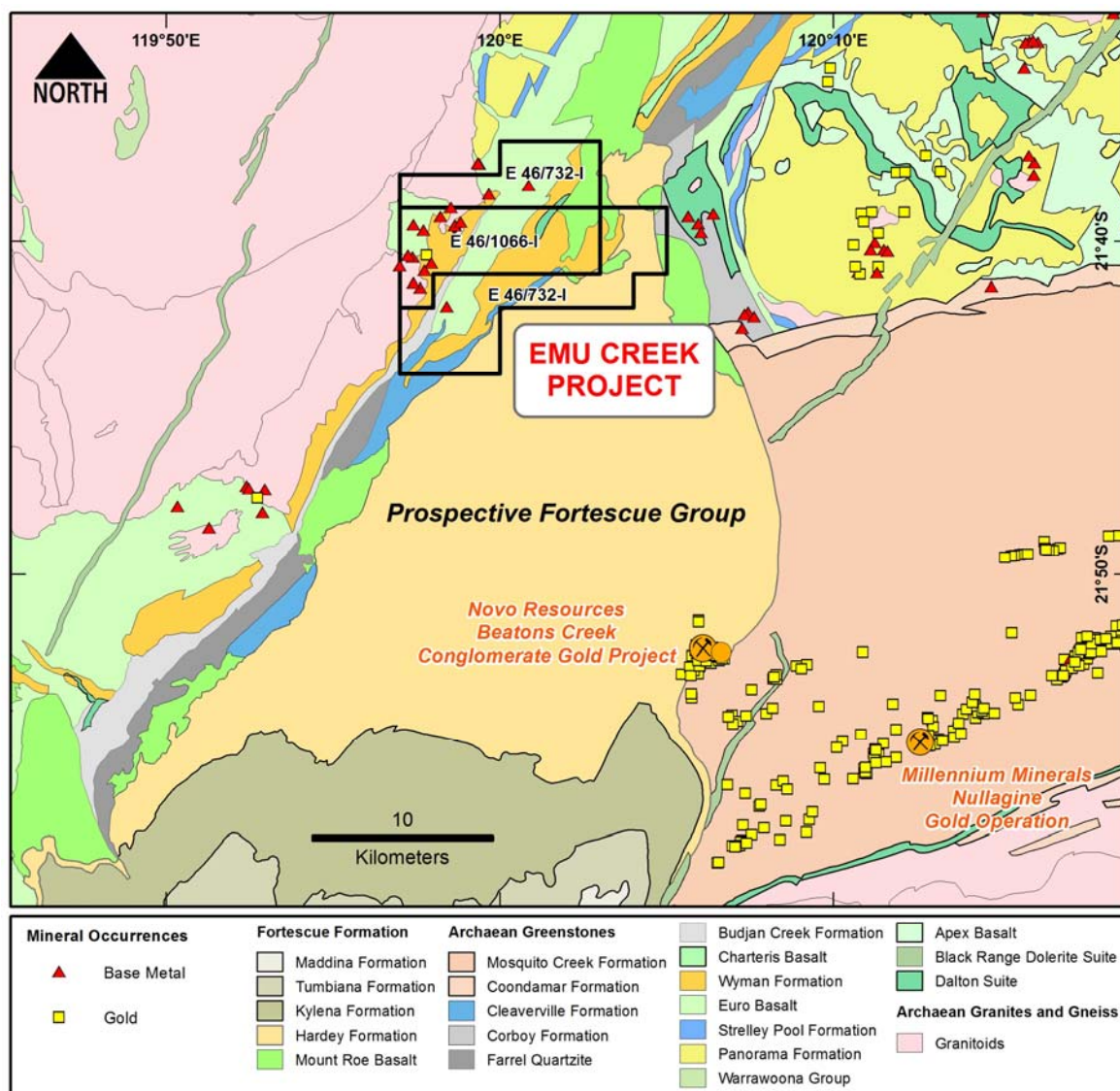
Blake (2001) subdivides the Hardey Formation above the Spinaway Porphyry in the Nullagine sub-basin into two unconformable packages, P3 and P4. Auriferous conglomerates exposed in the Beaton's Creek area near Nullagine occur in Package P4 of the Fortescue Group (Blake, 2001), not at the base of the Hardey Formation as stated in some earlier Mines Department and Geological Survey reports (e.g. Hickman, 1983). A felsic tuff near the base of a relatively well stratified sequence immediately overlying the auriferous conglomerates is dated  $2,752 \pm 5\text{Ma}$  (Blake et al., 2004) and provides a minimum age constraint on their formation.

The Sulphur Springs cluster of volcanogenic massive sulphide (VMS) base metal deposits are located 95km northwest of Emu Creek, occur in similar stratigraphy and contain a Mineral Resource of 17Mt @ 4.4% Zn and 1.3% Cu with Au and Ag credits (VentureX, 2017).



The geology of the area surrounding the Emu Creek project is shown in Figure 11 highlighting the proximity of the Nullagine Gold Operation and the Beatons Creek conglomerate gold project to the south. The location of mineral occurrences of gold and base metals in the GSWA database are also shown. The arrangement of prospective Fortescue Group rocks at the margins of the basin are also noted.

**Figure 11 Regional Geology of the Emu Creek Area showing Major Deposits**



### 3.4 Local Geology and Mineralisation

The Emu Creek project is located in the Archaean Kelly Greenstone Belt which consists of a sequence of mafic and felsic volcanic rocks with associated porphyry intrusive units. An interpretive geology plan of the Emu Creek Project is presented in Figure 12.

The area has been the subject of many years of exploration, mostly for VMS deposits and numerous copper, zinc, silver, barite and gold occurrences were discovered within the project area (Section 3.5).

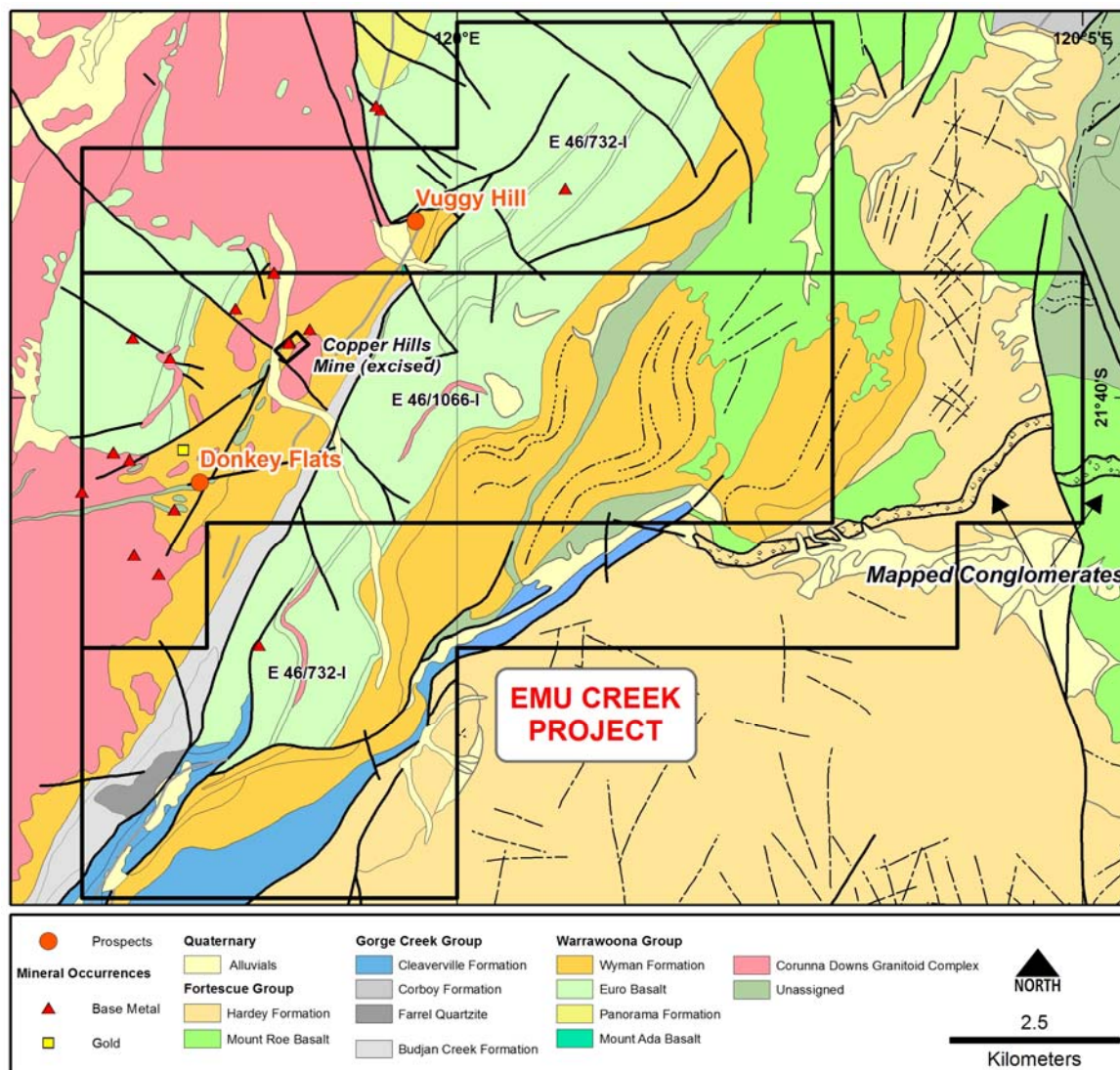
The Emu Creek project also covers an extensive area of the Fortescue Group including conglomerates and coarse clastic sediments of the Hardey Formation that occur along the eastern boundary of the Emu Creek project Figure 12. The project has the potential to host significant palaeoplacer style gold mineralisation associated with the conglomerates of the Hardey Formation. No gold has been reported from these rocks, however there is no record of previous





exploration work covering them. GSWA mapping has delineated a number of conglomerate units in the Hardey Formation and Mount Roe Basalt which are depicted on the 1:100,000 map sheets, these are highlighted on Figure 12 as they are considered prospective for Archaean conglomerate gold mineralisation.

**Figure 12** *Interpretive Geology Plan of the Emu Creek Project*



### 3.5 Exploration History

Exploration activity over the tenement area has waxed and waned with successive metal price cycles since the 1950s, with a peak of activity in the 1990s.

Regional exploration programs mostly employing stream sediment geochemistry were conducted during the 1960s and 70s by several companies including Pacminex, Noranda and BHP.

Hawkstone Minerals drilled seven inclined diamond and percussion holes along a chert horizon located about 750m northeast of the Copper Hills mine in 1970. Some of these holes encountered disseminated chalcopyrite with some zinc in the rhyolitic volcanic breccias adjacent to this chert. The best recorded intersection was 1.22m at 0.73% Cu (Fox, 1982).

Mapping by BHP in 1978 indicated the presence of acid volcanic rocks consistent with a very active near-vent volcanic environment suitable for the occurrence of VMS mineralisation.

In 1982 the Mitchell prospecting syndicate reviewed all previous data and concluded that the volcanic belt is highly prospective for volcanogenic precious and base metals. They identified the



Copper Cliff prospect, a zone of malachite staining and chlorite alteration with rock chip sampling returning a maximum values of 13.5% Cu, 340g/t Ag and 3.88g/t Au. The zone coincides with a west-southwest trending photo lineament and area of intense alteration over a strike length of 2km (Fox, 1982).

Between 1983-1987 Kalgoorlie Southern Gold Mines in joint venture with the Mitchell syndicate identified lead-zinc and sporadic gold-silver mineralisation in the Copper Cliff shear zone (Donkey Flats prospect). Rock sampling returned assays up to 11.6g/t Au, 23.5% Zn and 6.8% Pb and stream sediment sampling identified seven anomalous zones. Highly encouraged by their exploration results Kalgoorlie Southern recommended drilling several targets at Donkey Flats but the company was liquidated in 1987 before any drilling was conducted (KSGM, 1984).

From 1992 to 1994, Bacome Pty Ltd explored the Emu Creek area as part of their much larger Coongan base metal project (Pitt, 1993). Their target was base metal mineralisation similar to the then recently discovered Sulphur Springs project. The Sulphur Springs cluster of VMS base metal deposits are located 95km northwest of Emu Creek, occur in similar stratigraphy and contain Mineral Resources of 17Mt @ 4.4% Zn and 1.3% Cu (Section 3.8.1). Bacome carried out extensive geological mapping at 1:40,000, 1:25,000 and 1:5,000 scale; collected 1,350 rock chip samples, some BLEG stream sediment sampling; soil sampling; and drilling five diamond and one percussion drill hole at the Vuggy Hill prospect located 2.5km north of the Copper Hills mine. This work discovered a number of new base metal prospects within the Emu Creek area and identified a number of significant gold stream and soil anomalies that were never followed up (Pitt and Strong, 1994).

In 1994 Great Southern Mines NL (GSM) purchased the Coongan base metal project from Bacome and continued base metal exploration. Vanderplank (1994) was commissioned to undertake a technical review of previous work. He noted that all previous exploration had concentrated on prospecting, mapping and drilling gossans, while geochemical techniques were lacking and recommended an extensive program of stream sediment sampling over the 640km<sup>2</sup> of tenement. For base metals he recommended alteration mapping focusing on detecting the footwall alteration zones associated with VMS deposits. He also noted that the good chemical anomalies including the high grade gold assays identified by the Mitchell Syndicate at Donkey Flats were never followed up and drilled. GSM flew 1:25,000 aerial photography, developed a detailed drainage map, collected 3,754 BLEG and -80mesh stream sediment samples over entire project area which identified 21 gold anomalies and a number of base metal anomalies. In 1995 these geochemical anomalies were followed up with soil grids, rock chip sampling and RC drilling of selected targets. Most drilling returned disappointing results with either sub-economic grades or narrow widths. Vuggy Hill was only significant target in PHA's tenements. Here soils identified two northeast trending gold anomalies (at 7ppb Au threshold) 600m and 350m in length. RC drilling intersected broad zones of weak alteration and base metal anomalism and narrow zones of gold anomalism (Ingram, 1997).

In 1997-98 Garry Strong in JV with Bacome explored E47/428. They drilled two RC drill holes testing for southwestern extensions of mineralisation intersected in previous drilling by Bacome. Results were disappointing and the ground was surrendered (Strong, 1999).

None of the WAMEX reports detail any gold exploration over the Fortescue Group rocks within the project area.

### 3.6 Current Exploration

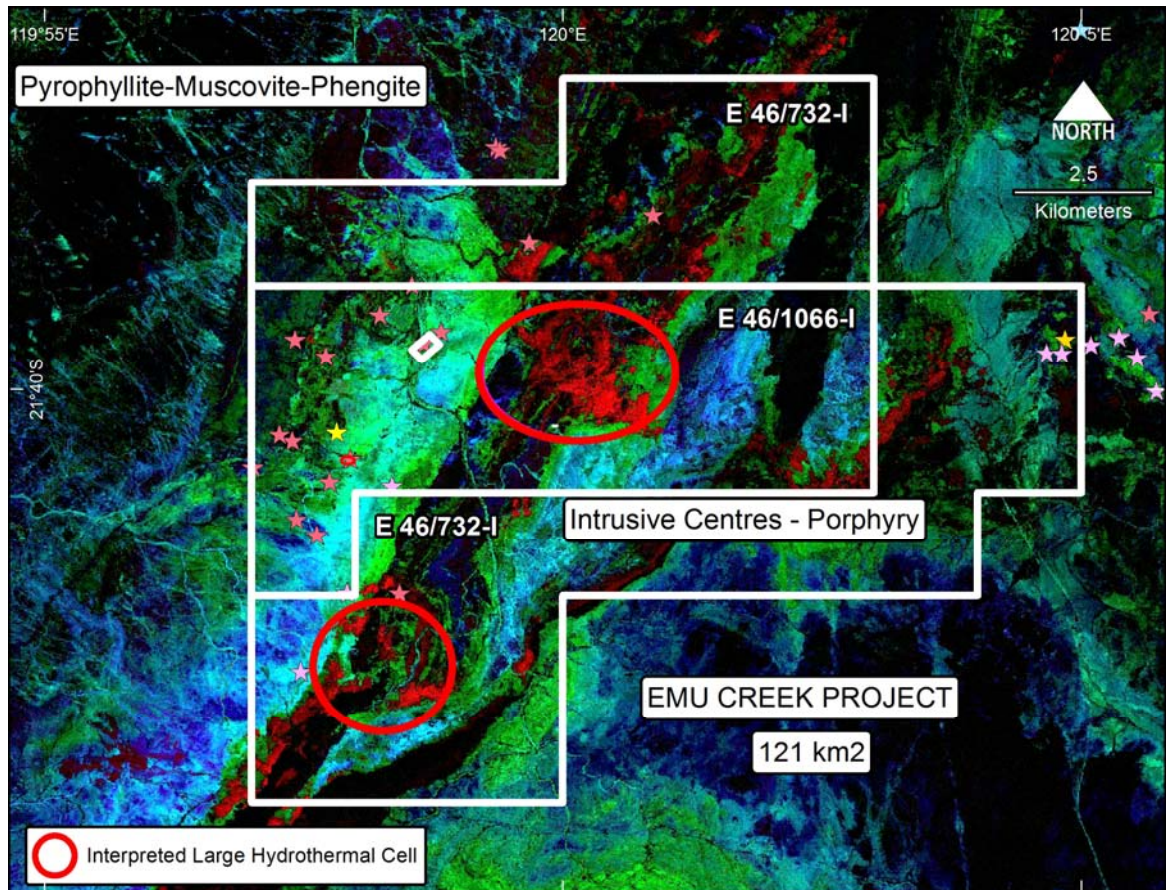
It had been noted in multiple mapping programs that the volcanic and porphyry assemblage represents a former active, near-vent environment, suitable for hosting VMS mineralisation. Intense alteration of the volcanic units is noted over a wide area. Great Sandy have undertaken field inspections and rock chip geochemistry to confirm the findings and conclusions of earlier explorers.

Recent work by Great Sandy has included acquisition and interpretation of hyperspectral and Landsat images of the entire project area. This outlined the location of large areas of minerals associated with hydrothermal alteration within the mafic and felsic rocks in the centre and south of the project and to the east and south of the Copper Cliff prospect (Figure 13).





**Figure 13 Hyperspectral Image with the Interpreted Hydrothermal Cells Outlined**



Analysis of a series of such hyperspectral images has revealed pervasive pyrophyllite and phyllic alteration, also extensive jarosite and alunite development which indicates strong sulphating of sulphides. This alteration displays circular form. Great Sandy interpreted this extensive area of very strong pyrophyllite and phyllic alteration to have formed when large volumes of hot mineralising fluids moved through the felsic and mafic sequence. It is interpreted to indicate the former presence of a large hydrothermal cell (vent) which crosscuts both the Euro Basalt and Wyman Formation volcanic units. It is possible that a deep lying porphyry/granodiorite intrusion has acted as a heat source driving a large hydrothermal cell. Such a hydrothermal cell provides a source of the base metal and gold mineralisation hosted predominantly within felsics to the west and southwest of the centre of this interpreted vent.

It is well documented in the geological literature that such hydrothermal cells are spatially associated with VMS deposits and vein-style deposits. The ultimate source of the base metal, gold and silver mineralisation within the project area may be this hypothesised hydrothermal cell.

During recent field work Great Sandy undertook a limited mapping and rock sampling program along a line of historic shallow workings and shafts within a northwest trending fault structure. Quartz and porphyry veins fill the extensive fracture which was traced for approximately 600m on surface with the fracture continuing a similar distance further west. High order copper assays were recorded up to 12.4% Cu with anomalous gold up to 1.52ppm Au. A number of these northwest trending fractures can be seen across the project area. The JORC Code Table 1 commentary for this recent geochemical exploration work by Great Sandy is provided in Appendix 1.

### 3.7 Mineral Resources

No Mineral Resources or Exploration Targets have been reported for the Emu Creek project.



### **3.8 Nearby Mines and Deposits**

#### **3.8.1 Base Metal Deposits**

In the immediate Emu Creek area, the only mining activity has been on the Copper Hills deposit between 1952-1963 which produced 15,730t of cupreous ore with a grade of 13% Cu. A number of small copper mines have been worked in the past and are documented in GSWA reports. Numerous other smaller copper occurrences have been found by various explorers. These have generally been attributed to hydrothermal fluids mineralising shears and fractures.

The Sulphur Springs and nearby Kangaroo Caves VMS base metal deposits are located 95km northwest of Emu Creek (Figure 10). VentureX Resources have defined combined Mineral Resource of 17Mt @ 4.4% Zn and 1.3% Cu with Au and Ag credits (VentureX, 2017). A 2017 engineering study on the Sulphur Springs copper-zinc project (which was based on these resources, a 2012 feasibility study and a 2016 optimisation study) resulted in a robust project with appropriate up front capital costs and reduced operating costs. A current work program includes confirmatory drilling and metallurgical test work on a zone of high grade, near-surface supergene copper (VentureX, 2017).

#### **3.8.2 Gold Deposits**

The nearby Marble Bar mineral field was developed as a result of the gold rushes to the Pilbara in the late 1880s. The historic Klondyke mine lies in the Warrawoona Mining Centre (Figure 11) and is reported to have produced 23,936oz of gold from 25,191t of ore at an average grade of approximately 30g/t Au, with an addition 716oz produced from alluvial and dollied material. Prior to 1940 the Copenhagen deposit had been worked via small scale excavation and fossicking defining the surface expression of the high grade lode. These form the basis of Calidus Resources' Warrawoona Gold Project (410,000oz Au) which is now being successfully explored following their listing on the ASX on 22 June 2017 (Calidus, 2017, Leggo, 2017).

The Bamboo Creek gold field was mined in the 1890's, 1970's, and from 1985 onwards. Haoma Mining Bamboo Creek gold processing plant (Figure 11) is currently treating bulk conglomerate samples from their Comet gold deposit, with engineering works planned to allow recommencement of tailings processing (Haoma, 2017).

Historic mines near the town of Nullagine exploited pyritic gold-bearing reefs from the late 1800's. Millennium Minerals are currently mining a series of oxide gold deposits across 40km strike of the Mosquito Creek Formation (Figure 11) called the Nullagine Gold Project. It produced 86,325oz Au in 2016 through their 2Mtpa Golden Eagle CIL ore treatment plant. At February 2017 Mineral Resources were reported at 31.8Mt @ 1.3g/t Au for 1.28Moz, which included Ore Reserves of 3.99Mt @ 1.4g/t Au for 185,900oz (Millennium, 2017).

The other significant gold mine in the Pilbara Craton is the Paulsens mine of Northern Star Resources near Pannawonica in the West Pilbara which produced approximately 80,000oz Au in 2015-2016.

##### **Beatons Creek Gold Deposit**

A number of gold deposits in the area are heading toward development of mining operations. Most notably Novo Resources' Beatons Creek project, located 15kms south of the Emu Creek project (Figure 11), is nearing completion of a prefeasibility study (Novo Resources, 2017a). Beatons Creek is a palaeoplacer gold deposit in Archaean aged sediments and its discovery has sparked a very significant increase in gold exploration and prospecting across the Pilbara with the resulting recognition of similar mineralisation in conglomerates of the lowermost Fortescue Group across the basin.

Mineral Resources have been estimated for Beatons Creek by independent consultants Tetra Tech (Van Heerden, 2015) of 6.4Mt @ 2.7g/t Au containing 560,000oz Au (combined Measured, Indicated and Inferred). Oxide and sulphide mineral resources were estimated for seven reefs by multi-pass ordinary kriging of capped drill holes and costean samples and include 8% at the Measured classification and 45% at Indicated.

### **3.9 Exploration Potential and Targets**

The Emu Creek project is positioned in a prospective location in terms of a regional geological and mineralisation setting, occurring within the East Pilbara Terrane which hosts several



significant gold deposits as detailed in Section (3.3). The tenements also cover areas of lowermost Fortescue Group rocks which host significant gold mineralisation at Beatons Creek. Ravensgate considers the tenements primarily prospective for VMS style copper-gold-lead-zinc, for conglomerate hosted gold and also orogenic gold mineralisation.

### **3.9.1 Volcanogenic Massive Sulphide**

It has been noted in multiple mapping programs that the volcanic and porphyry assemblage at Emu Creek represents a former active, near-vent environment, suitable for hosting VMS mineralisation. Intense alteration of the volcanic units is noted over a wide area.

Geophysics normally plays an important role in the exploration and discovery of base metal deposits, and it noteworthy that no geophysical surveys have been conducted on the tenements by previous explorers. There is potential for discovery of further base metal targets through regional geophysical surveys over prospective lithologies. Ravensgate considers that airborne electromagnetic surveys would be a most effective exploration tool at Emu Creek. The implementation of gravity surveys would also provide valuable data to aid base metal exploration.

### **3.9.2 Archaean Conglomerate Gold**

The Emu Creek project also covers an extensive area of the Fortescue Group including conglomerates and coarse clastic sediments of the Hardey Formation. This is the same formation which hosts the 560,000oz Au gold deposit at Beatons Creek some 15km south of PHA's proposed tenements (Section 3.8.2). This stratigraphy is now considered highly prospective across the region with the Pilbara currently undergoing a new 'gold rush' triggered by the further discovery of a significant quantity of gold nuggets at the Purdy's Reward and Comet Well prospects in the West Pilbara by ASX listed Artemis Resources and regional JV partner Canadian listed Novo Resources Inc. Large nuggets were found shedding from and contained within palaeo-conglomerates of the Hardey Formation (Artemis Resources, 2017). Exploration at Purdy's Reward has moved rapidly forward with the most recent public announcement (Novo Resources, 2017c) providing detailed information about the significant aerial extent, grade and geology of the mineralisation. Diamond drilling of 69 holes within a 1,550m long by 500m wide area found the sequence dips at 4-7 degrees and indicated continuity of the conglomerate sequence is strong. The results of three bulk samples (~300kg) from costean exposure of conglomerate returned calculated head grades of 15.7, 17.7 and 1.3g/t Au. Novo stated that virtually all gold occurs as coarse nuggets within conglomerate matrix; most nuggets are rounded and flattened consistent with primary alluvial transport and deposition; and that assessment of geological data indicates Purdy's Reward has a near-shore fluvial depositional environment periodically reworked by marine processes (Novo Resources, 2017b).

Other stratigraphic horizons within the lower Fortescue Group are also the focus of Archaean conglomerate gold exploration with some early discoveries being made such as Loudens Patch where gold nuggets are concentrated in a palaeo-conglomerate at the base of the Mount Roe Basalt, unconformably overlying the Mallina Formation of the De Grey Supergroup (De Grey Mining, 2017).

The 2.77-2.63Ga Fortescue Group is commonly compared to the Ventersdorp Supergroup of the Witwatersrand Basin in South Africa, which is similar in both age, composition and tectono-stratigraphic setting (Thorne and Trendall, 2001). The mineralisation model employed by Novo Resources in the Pilbara is based on similarities between placer deposits hosted by conglomerates in the late Archaean Fortescue Group and auriferous reefs in the Witwatersrand basin, South Africa which were first noted over a century ago (Van Heerden, 2015). Although the similarity in the age of the host rocks between these two areas was not recognized for many years, the development of locally high grade gold in conglomerates containing significant concentrations of rounded detrital pyrite, and apparent lateral continuity over at least hundreds of meters in the case of some of the Beatons Creek reefs, drew immediate comparisons with the South African deposits. Both sequences contain voluminous basaltic andesite lavas interspersed with terrestrial to shallow marine sedimentary rocks and lesser felsic volcanics and/or high-level intrusions. Both the Fortescue (Pilbara) and Ventersdorp (Witwatersrand) groups were deposited after protracted depositional hiatuses (>100 million years), during which compressional deformation, metamorphism and exhumation of older rocks occurred. In both cases these basement rocks hosted orogenic gold deposits. Additionally, deposition of the Fortescue Group and Ventersdorp Supergroup sequences were both followed by major marine transgression events, involving





deposition of thick sequences of chemical sediments (carbonate, banded iron formation) and lesser marine clastics (i.e. Cluniespoort Group, Kaapvaal Craton and Hamersley Group, Pilbara Craton). Despite the large amount of academic and mining company research conducted since their discovery in 1886, there is still no consensus on how and when the giant Witwatersrand gold deposits formed. (Van Heerden, 2015). Genetic models will continue to be debated, but there are sufficient basic geological similarities to the largest of all the world's gold deposits to be encouraged to explore the Fortescue Group for conglomerate style gold.

### **3.9.3 Metal Detector Geochemistry**

An important aspect of these recent Archaean conglomerate gold discoveries is the extensive and successful use of portable metal detectors as an exploration tool. In essence the metal detector is a small scale geophysical device. Metal detectors have long been used by individual prospectors throughout the goldfields of Western Australia to locate gold nuggets. A new form of geochemical exploration is now being implemented in Western Australia with the systematic and scientific use of metal detectors to identify a different type of gold anomaly - the occurrence of coarse gold and nuggets. Systematic metal detecting can be effectively used across areas already tested by conventional geochemical techniques (stream sediments, soils, BLEG) which have failed to detect coarser gold anomalism.

A search of WAMEX has failed to locate any reports detailing gold exploration over the Fortescue Group rocks within the Emu Creek project area.

### **3.10 Exploration Strategy - Emu Creek Project**

PHA has indicated to Ravensgate that they will undertake a systematic, staged approach with respect to their exploration program focusing primarily on gold but also lithium and base metals. Significant previous exploration has been undertaken across the project area for orogenic gold and VMS deposits, but this forms a database to support further exploration. The situation for lithium and Archaean conglomerate gold is essentially grassroots with no previous testing for these having been undertaken.

The next phase of exploration at Emu Creek will involve the following;

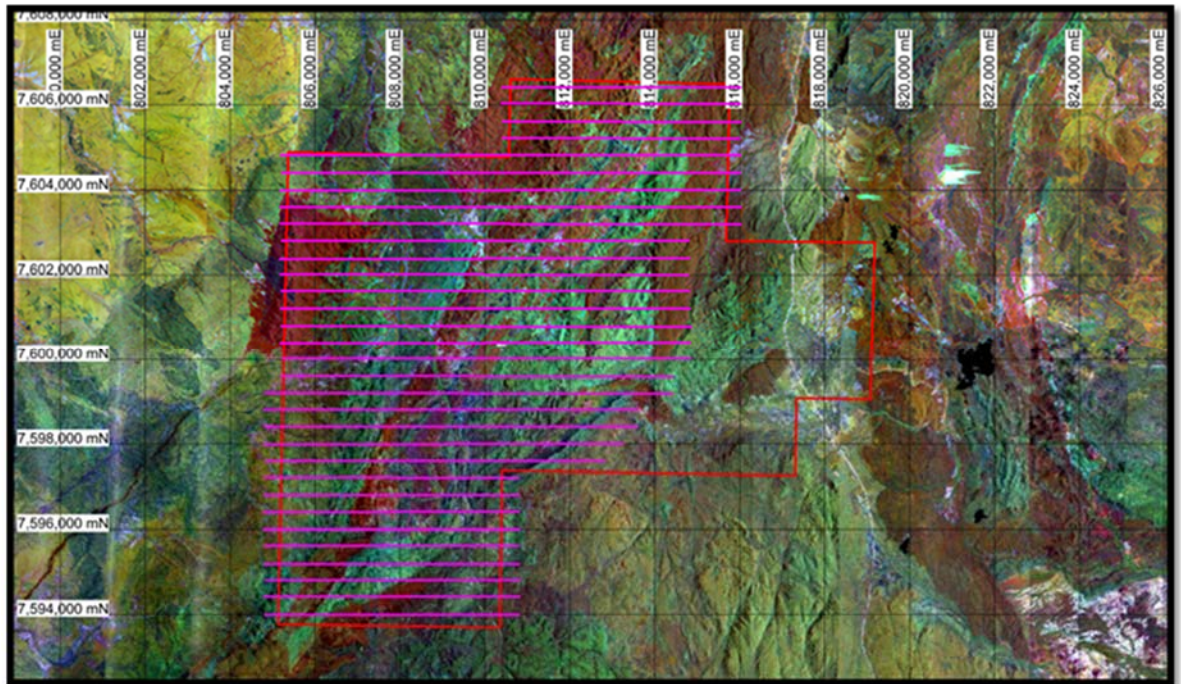
- Compilation of a comprehensive digital database of all relevant surface geochemical results for the project area,
- Geological mapping and geochemical sampling,
- Mapping, stream sediment sampling, panning and metal detecting in areas of Hardey Formation conglomerates,
- VTEM airborne electromagnetic survey over the prospective area currently defined by historical mapping, geochemical sampling and hyperspectral imagery and interpretation (Figure 14).

Ravensgate considers that the exploration strategy proposed by PHA is consistent with the mineral potential and status of the Emu Creek project.





**Figure 14** Layout of Proposed VTEM Airborne Geophysical Survey over the Emu Creek Project



Note: Proposed 400m spaced flight lines shown in purple. Background is a Landsat image. Scale is provided by 2km square grid; grid north is upwards.



## **4. TALGA PROJECT**

### **4.1 Location**

The Talga project is also located in the East Pilbara region of Western Australia, 30km northeast of Marble Bar and 80km north of PHA's Emu Creek project (Figure 10). The main land uses in the region are cattle grazing and mining. The project can be accessed from Marble Bar via the Marble Bar Road, Bamboo Creek Road and minor station tracks. Access within the project area uses station and exploration tracks but the terrain is often dissected and rugged.

### **4.2 Tenure**

The Talga project consists of five granted exploration licences, E45/3679, E45/3857, E45/4136, E45/4137 and E45/4615 covering 65 blocks and an area of 207.9km<sup>2</sup>. The licence details are listed in Table 2 and location shown in Figure 16.

### **4.3 Regional Geology**

The regional geology and mineralisation of the Pilbara region has been described in Section 3.3 on the Emu Creek project and illustrated in Figure 9 and Figure 10.

#### **4.3.1 Regional Geology - Talga Area**

The tenements cover an area of the Archaean Gorge Creek Group and older Archaean Warrawoona Group where metamorphosed mafic, felsic, ultramafic rocks and cherts occupy the arcuate eastern portion of the Marble Bar Greenstone Belt. This greenstone belt, is sandwiched between the Muccan and Mount Edgar Granitoid Complex of the Pilbara Craton. Major structures in the Marble Bar Greenstone Belt are the South Muccan Shear Zone (SMSZ) and the western extension of the Bamboo Creek Shear Zone.

The Warrawoona Group is one of three components of the Pilbara Supergroup of the East Pilbara Terrane, the other components being the Kelly and Sulphur Springs Groups. These components are separated by two major erosional unconformities as illustrated in the stratigraphic column of Figure 15.

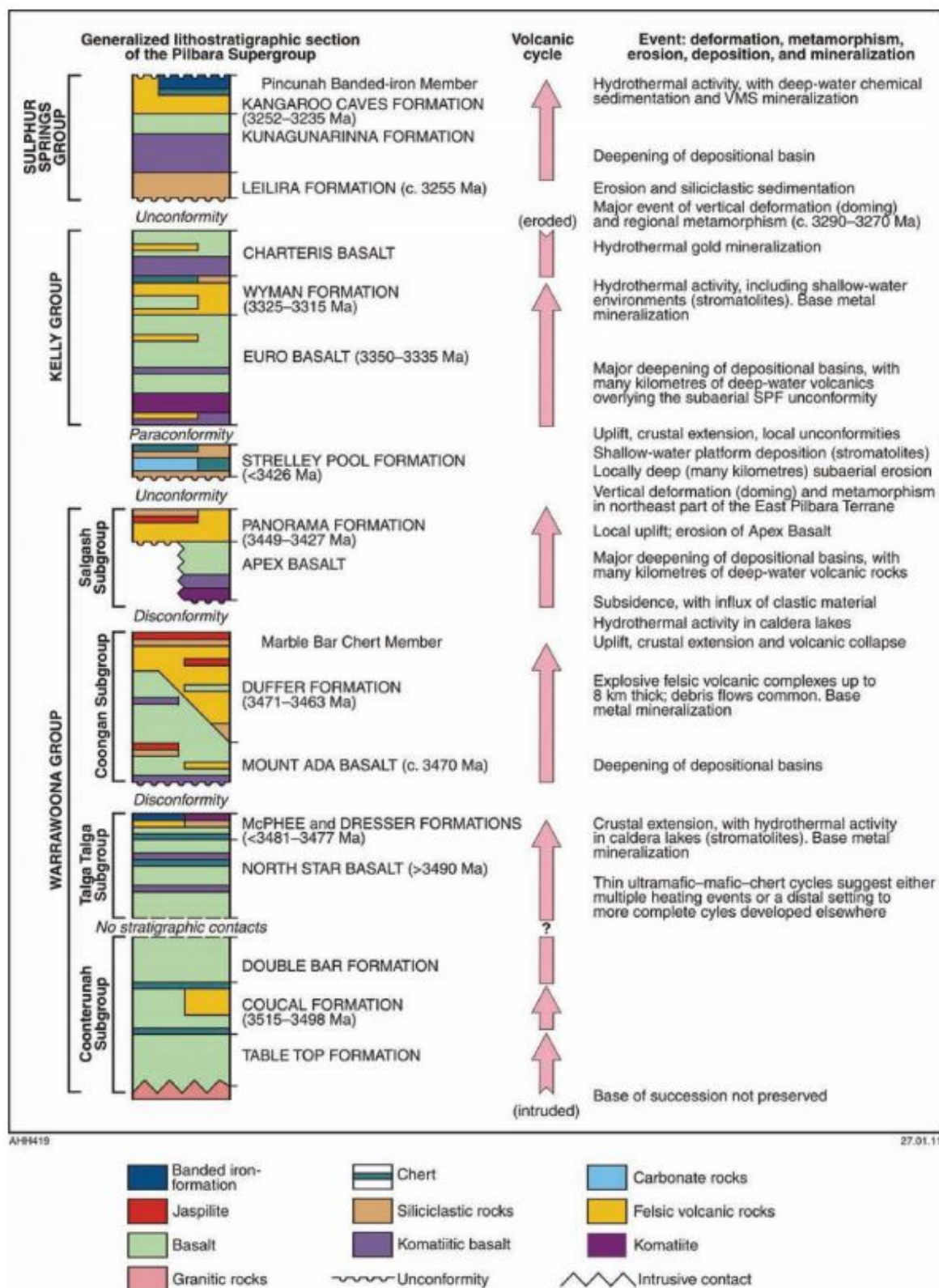
### **4.4 Local Geology and Mineralisation**

The project area is dominated by an east trending, metamorphosed greenstone and meta-sediment sequence, the northeastern portion of the Marble Bar Greenstone Belt. This sequence has been folded and structurally deformed by the emplacement of the Muccan and Mount Edgar Granitoid Complex to the north and south, respectively. Regional tectonism and granite emplacement has resulted in strong tilting of the greenstone-metasediment sequence, typically dipping 60-80° to the north with subsequent thrust faulting, and possible sequence repetition locally. Outcrop exposure is generally very good with the exception of heavy, talus scree slopes on some of the prominent chert ridges and the Eight-Mile Creek drainage system that runs through the project area (Baker, 2007). Figure 16 shows the bedrock geology for the project area as taken from the detailed (1:100,000) government mapping available for the district.

Regional metamorphism in the project area was generally low grade, except adjacent to the granitoid complexes, where it reached lower amphibolite facies. The Muccan Granitoid Complex is situated to the immediate north of the project area and is expressed as a flat expanse of well-drained spinifex plain. The southern contact of this complex is a sharp intrusive contact with the greenstone units. This implies a strong structural control contributing to the shape of this complex, which has also been extensively sheared by the easterly trending SMSZ.



Figure 15 Generalised Stratigraphy of the Pilbara Supergroup

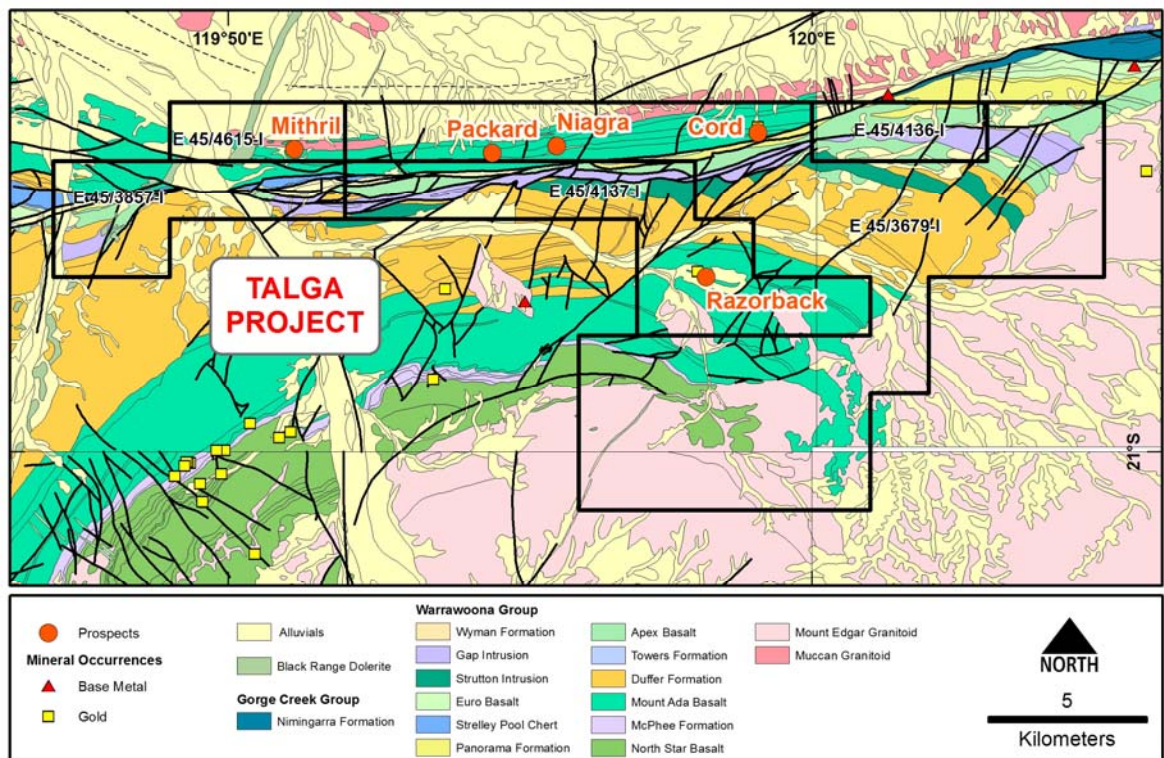


(after Hickman, 2011)





**Figure 16 Geological Map of the Talga Tenements**



The SMSZ is a 0.5 - 2km wide zone of strong shearing contained within the greenstone sequence, parallel to the southern contact of the Muccan Granitoid Complex. It is bound to the south by regionally prominent chert hills that form Talga Peak (geographical feature) immediately north of the Warrawagine Road. These cherts possibly represent a late stage major thrust fault system. The greenstone sequence, north of these cherts is expressed as a 1-2km wide easterly trending valley extending across the entire northern portion of the project. This valley contains polymetallic gossanous exposures extending west from the Cord prospect for 15km (Baker, 2010).

To the south of Talga Peak, the predominantly mafic greenstone and meta-sediment sequences of rocks extend for a further 7-8km south to the Mount Edgar Granitoid Complex. The Duesenberg gold prospect is located in the central portion of the project area, 2.5km south of the Warrawagine Road, along and adjacent to a prominent chert feature which hosts several small historical gold workings. The contact between the Mount Edgar Granitoid Complex and the Warrawoona Group rocks (metamorphosed mafic, felsic, ultramafic rocks and cherts) is sharply discordant. The contact zone is intruded by sparse, thin pegmatite and granitoid dykes (Baker, 2007).

#### 4.4.1 Mineralisation

The Talga project area was historically explored for gold, base metals and tin, with more recent exploration for iron ore. Discoveries of gold, base metal and haematite mineralisation have been made. Several kilometres east of Talga, the Spinifex Ridge iron ore deposit is hosted in banded iron formation (BIF) of the Nimingarra Iron Formation, which extends into the Talga project area. There is no known previous exploration for lithium, however there was alluvial tin recovered from historic workings in the southeast area of the southernmost tenement (E45/3679).

#### 4.5 Exploration History

A long history of exploration for the Talga project area is recorded in the WAMEX database with a search recording 77 open file reports of previous tenement holders.

Anglo American explored a broad region around Talga from 1969 to 1972 with an extensive program of stream sediment sampling. A number of base metal anomalies were followed up. The discovery of copper-molybdenum in the Coppin Gap area focused their attention away from Talga. Hawkstone Minerals explored for nickel from 1969 to 1970 in ultrabasic volcanics of the McPhee



Formation undertaking mapping, soil sampling, IP, EM and magnetic geophysical surveys, and diamond and percussion drilling, without success (Perring, 1993).

In 1975 Esso Exploration Australia Inc. commenced base metal exploration at the Cord prospect with limited soil and rock chip sampling and an IP ground geophysical survey. A single diamond drill hole tested the gossan and IP anomaly and intersected massive pyrite but with only weak base metal assays (Semple, 1975). Later explorers failed to locate the collar of the ESSO drill hole.

In the early 1990s Poseidon Exploration Limited held the Talga area and undertook field inspections and rock chip sampling of old workings and prospects. The surrender report (Perring, 1993) provided an excellent summary of previous work and a scholarly review of the potential of the volcanic units to host VMS and orogenic gold deposits.

Compass Resources, explored the project area for gold and base metals during the mid to late-1990's as part of a much larger tenement holding. Compass undertook aerial photography; rock, soil and stream geochemical surveys; detailed geological mapping; aeromagnetic interpretation; with limited drilling being undertaken at the Duesenberg prospect (Robinson, 1998).

From 2006 to 2010 the project area was explored by Mining Projects Group under a joint venture with Oakover Gold. Most activity occurred prior to 2008 when funding options were severely reduced. The activities involved geological mapping, comprehensive rock chip and soil sampling programs, aircore and RC drilling, and ground EM and downhole EM surveys. These activities resulted in the identification of an extensive structurally controlled VMS style gossanous horizon at the Cord prospect (within E45/3679), and the discovery of significant gold mineralisation at the Razorback (Duesenberg) prospect (E45/4137). The Cord base metal prospect (Figure 16) was identified by mapping, soil and rock chip sampling, followed by relatively shallow reconnaissance aircore drilling. Widths of gossanous material ranged up to 40m, with geochemical anomalism being returned in widths of up to 26m. Surface sampling returned assays of up to 14.3% Cu and 12.9g/t Au. A number of polymetallic gossanous horizons were identified striking over 15km along the Cord Valley. A shallow aircore (128 holes for 3,863m) and RC follow up program (26 holes for 3,380m) returned highly anomalous results from multiple stacked sulphide lenses. A downhole EM program identified conductors beneath the current drilling at Cord, indicating that the best mineralisation has not been intersected to date.

**Table 3 Cord Prospect - Significant Historical Drill Intersections**

Hole ID	MGA_E MGA z50	MGA_N MGA z50	From (m)	To (m)	Interval (m)	Au (ppb)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)
TPAC139	810506.015	7685266.784	19	35	16	158	5	3212	50	101
TPAC160	810535.34	7685271.064	26	36	10	86	6	6099	23	57
TPAC162	810717.847	7685288.782	28	31	3	68	5	2792	10	67
TPRC005	810530.648	7685310.747	72	79	7	113	15	8069	748	300
TPRC006	810577.815	7685313.824	77	84	7	59	1	2023	33	140
TPRC008	810677.206	7685329.364	103	105	2	171	6	2064	17	170
TPRC015	810640.962	7685180.51	69	72	3	106	33	2275	23	128
TPRC018	810120.361	7685140.372	75	81	6	58	3	2110	44	141

The Razorback prospect (Figure 16) represents a gold target, with mineralisation associated with a chert unit which crops out as a prominent ridge. Forty-nine aircore drill holes were completed at the prospect, 14 of which returned at least one significant intersection. Gold mineralisation appears to occur as an en echelon series at a slight angle to the strike of the main ridge. Intersections range from surface to 50m downhole depth, depending upon drill collar position. The majority of the drilling occurs within a 700m strike length, leaving approximately 3km of strike untested by drilling. The average hole depth is 55m which tests about 48m vertical depth.



Subsequent RC drilling returned encouraging intersections in all three drill holes, particularly the westernmost hole (TPRC027) (Baker, 2007 and 2010).

**Table 4      Razorback Gold Prospect - Significant Historical Drill Intersections**

Hole ID	MGA_E MGA z50	MGA_N MGA z50	From (m)	To (m)	Interval (m)	Au (g/t)
TPAC079	808779	7680590	0	16	16	1.99
TPAC080	808778	7680614	24	29	5	2.23
TPAC080	808778	7680614	50	58	8	1.57
TPAC088	808840	7680600	42	55	13	1.79
TPAC097	809145	7680475	4	8	4	4.69
TPAC101	809081	7680507	28	30	2	6.23
TPAC102	808998	7680507	2	7	5	1.63
TPRC027	808779	7680624	62	71	9	1.12

In 2009 Mining Projects Group reported encouraging iron results from a single rock chip traverse across a BIF unit in the western portion of the Talga Peak tenement E45/4137 (previously E45/2650). This sampling indicated a potential width of up to 50m and reported an average grade of 48.5% Fe from composite sampling across the BIF unit. Baker (2010) noted that this ridge is associated with the SMSZ, the major regional structure which run east-west through the project area and extending eastwards to the Spinifex Ridge iron ore project.

Mithril Resources Ltd explored the western most part of the Talga project area between 2009 and 2013. Mithril undertook a systematic base metal exploration program including historical data compilation, rock-chip and soil sampling, an airborne VTEM survey, a ground EM survey and RC drilling. The geophysical surveys defined a conductive horizon over 2km in length possibly corresponding to a sulphide-bearing quartz rich horizon. Limited rock sampling along this poorly exposed horizon returned a best assay of 309ppb Au with slightly elevated copper values. Three angled RC holes were drilled to test the weakly conductive horizon. Zones of elevated gold mineralisation were intersected in holes CTWRC002 (3m @ 0.42ppm Au from 209m) and CTWRC003 (15m @ 0.13ppm Au from 209m) which Mithril regarded as significant. This prospect is now held within E45/4654. Mithril's final report (Lockhead, 2015) concluded the following: "The amount of sulphide intersected in the drilling is unlikely to be enough to fully explain the conductors and further work is warranted. Holes were cased with 50mm PVC for DHEM and that would be an obvious first step to determine if further drilling is justified. The elevated gold in the drilling is highly encouraging and this fact alone justifies further work on this extensive horizon which has been mapped at surface for over 2km of strike on Mithril's ground." Mithril withdrew from the East Pilbara project in 2014 with no further work conducted.

In 2012 Great Sandy Pty Ltd (Great Sandy) commenced exploring the Talga project area, initially for gold and base metals, then iron ore. Initial field exploration activities conducted during 2012-2013 confirmed the location of all the main prospects, located important drill holes and confirmed the previously reported base metal and gold mineralisation. Activities included: desktop review of relevant past exploration activities and results; field visits including helicopter-assisted reconnaissance surveys including the Cord and Duesenberg prospects with ten rock chip and five soil samples collected (rock chip sample 572013 returned the best result of 27.5% Cu and 0.42g/t Au from the Cord prospect); Survey of selected historical drill collars using hand-held GPS. This rock chip sampling is covered by the JORC Code Table 1 Commentary included as Appendix 1 below.

During 2013 Great Sandy's exploration focus switched to iron ore and quickly outcropping iron ore associated with hematite rich Archaean BIF units was discovered at the Eginbah iron prospect within E45/4137. Helicopter supported surface sampling returned assays above 60% Fe and



mapping defined massive conformable goethite-hematite outcrops extending up to 300m in length and 30m in width. The mineralisation was interpreted as the along strike equivalent of the high grade iron ore being mined at the time at the Spinifex Ridge deposit. The narrow but extensive BIF units were regarded as part of the Nimingarra Formation which has been caught up in the broad SMSZ. This prospective stratigraphy containing the narrow BIF units is interpreted to trend in a southwesterly direction through E45/3679, E45/4137 and E45/3857. In 2014 eight RC holes were drilled for 812m over the Eginbah prospect, within E45/4137. Results were disappointing with respect to grade, however it was encouraging that the drilling confirmed the existence of lode style haematite mineralisation. This style of mineralisation is host for the high grade hematite deposits mined historically at Mt Goldsworthy, Shay Gap and more recently Spinifex Ridge. Due to the significant fall in iron prices during the last quarter of 2014, no further drilling was undertaken. However, the potential remains for a high grade low tonnage direct shipping iron ore deposit to be discovered within the Talga project area. Great Sandy did not undertake further exploration for iron ore due to the price remaining low and the iron values returned from the drilling already completed.

No record of historic lithium exploration over the Talga project tenements has been identified by this review.

#### **4.6 Current Exploration**

The focus for exploration at the Talga project during the 2015-2016 reporting period returned to gold and base metals at existing prospect areas, plus lithium within a newly recognised geological setting. Work done for gold and base metals consisted of a renewed review of the previous work completed, along with field visits and rock chip sampling. The main target areas were around the Razorback gold and Cord base metals prospects. Details are provided in Section 4.9.

The Talga tenements within and adjacent to the Mount Edgar Granite batholith have the potential to host lithium mineralisation associated with tin and tantalum bearing pegmatites. Work done for lithium has involved a desktop review of the prospectivity of the project tenements for lithium mineralisation and a field visit. At this early stage no specific anomalies or prospects have been identified.

Iron ore work remains suspended.

#### **4.7 Mineral Resources**

No Mineral Resources or Exploration Targets have been reported for the Talga project.

#### **4.8 Nearby Mines and Deposits**

Section 3.8 (Emu Creek) of this IGR has described the main copper and gold mines and deposits in the East Pilbara, the locations of which are shown in Figure 10.

Known mineralisation within the area surrounding the Talga project dominantly occurs as orogenic gold deposits. The Talga tenements sit some 15km west from the Bamboo Creek gold mine. These gold deposits hosted in the bedding-parallel, brittle-ductile Bamboo Creek shear zone within a komatiite sequence of the Warrawoona Group. Production from the Bamboo Creek mining centre totalled 779,350t @ 8.15g/t Au from 1897-1995. Haoma Mining NL currently operate a 350,000 tpa gold plant at Bamboo Creek (Richardson, 2016).

At the historic Warrawoona Mining Centre 40km south of Talga, Calidus have estimated Mineral Resources of 5.6Mt @ 2.08g/t for Klondyke and 0.18Mt @ 6.1g/t for Copenhagen deposits and are actively drilling to increase resources (Calidus, 2017). These orogenic lode gold deposits, hosted in high-magnesium basaltic lavas with lesser tholeiite, andesite, sodic dacite, potassic rhyolite, chert and BIF and are also structurally sandwiched between granitoid complexes to the north and the south.

Two other mineral deposits of note in the immediate district are the large Coppin Gap copper-molybdenum deposit and the recently closed Spinifex Ridge iron ore mine. The Coppin Gap deposit is one of Australia's largest undeveloped molybdenum deposits containing a resource of 500Mt @ 0.06% Mo, 0.09% Cu, 1.7g/t Ag. Mineralisation is associated with a phase of 2,978 ±102 Ma calc-alkaline quartz-feldspar porphyries and granodiorites intruding the Archaean greenstone belt volcanics and sediments. The deposit was subject to an extensive development program which resulted in completion of full permitting and publication of definitive feasibility study in 2008. At current low molybdenum prices the project is uneconomic and remains on care and maintenance.





The Spinifex Ridge high grade hematite deposit was mined out in 2013 producing over 1Mt of iron ore grading over 60% Fe (Moly Mines Limited, 2017).

#### **4.9 Exploration Potential and Targets**

The tenements hold potential for the discovery of orogenic lode gold mineralisation. They also hold prospectivity for VMS copper-gold, iron ore and lithium deposits. The Talga project occurs within one of the most prospective and mineralised Archaean greenstone terranes in the Pilbara, with the neighboring Bamboo Creek deposits to the east and the Klondyke and Copenhagen gold deposits to the south all hosted in greenstones of the Warrawoona Group. Historic exploration has identified prospective geological settings with widespread gold and base metal geochemical anomalism, and has delineated a number of advanced prospects. There exist significant opportunities to build on earlier work at these prospects and also to undertake greenfields exploration particularly for lithium.

##### **4.9.1 Cord Base Metal Prospect**

The Cord base metal prospect (E45/3679) is the most advanced prospect within the project area. It represents a VMS style target, with enrichment of precious metals. The prospect was identified by Esso in 1975 with most subsequent work undertaken by Mining Projects Group last decade. Refer to Section 4.5 for a description of this work.

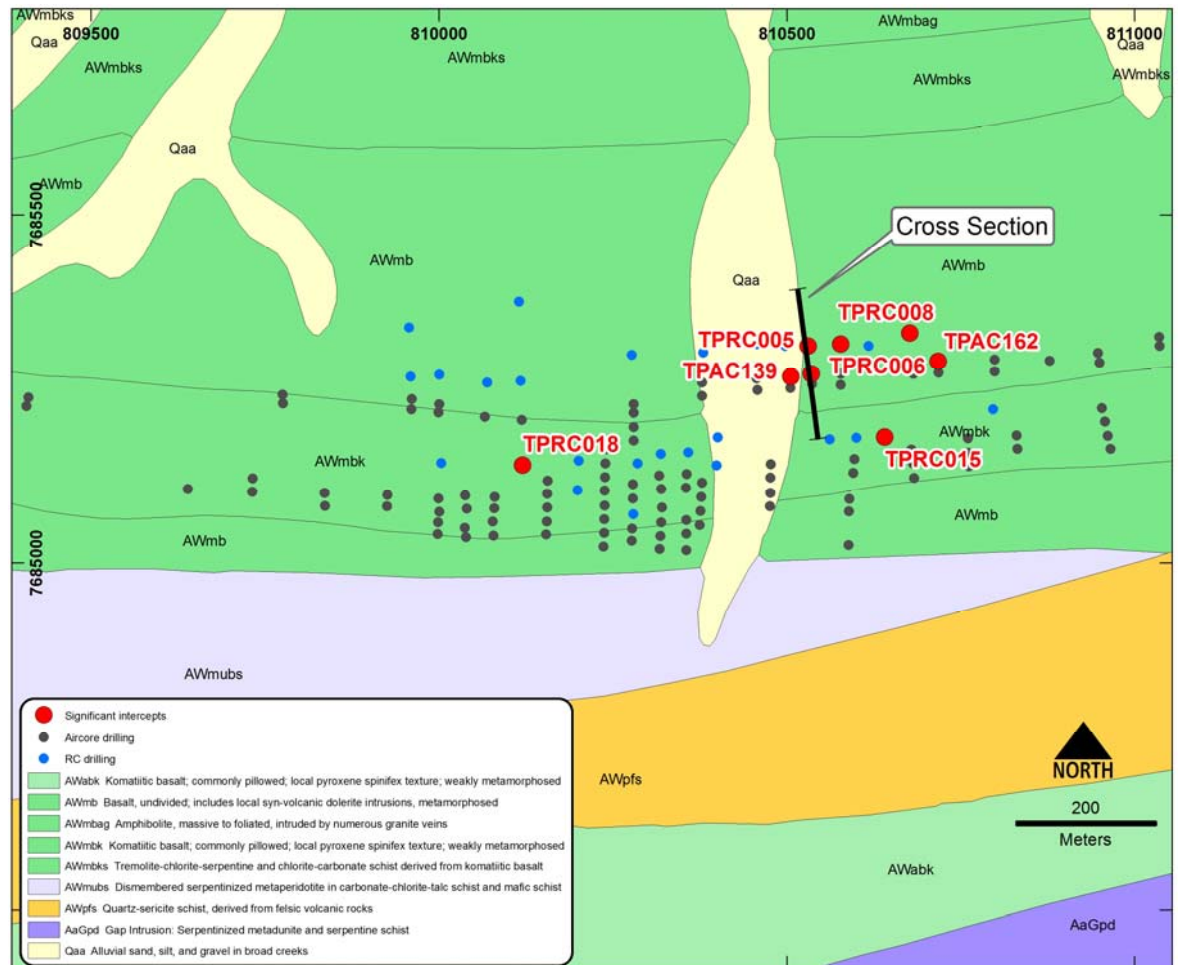
The Cord prospect consists of a series of apparently VMS-related gossans located towards the top of the Warrawoona Group. These gossans have been interpreted to represent oxidised massive and/or disseminated VMS-style gold/base metal mineralisation by all previous explorers. The massive and semi-massive sulphides intersected at Cord contain significant levels of base metals (copper, lead and zinc) together with high silver levels. A list of significant intercepts in the historical drilling is provided in Table 3 in Section 4.5. This geochemical signature, together with the volcanic host lithologies, indicates a geological environment with the potential to host VMS-style base metal deposits. A 13.5km strike length of the mineralised horizon has been identified through a combination of geological mapping, prospecting, rock-chip sampling and soil geochemistry, delineating a number of smaller prospects (refer Section 4.9.4). Figure 17 illustrates the geology of the central portion of the Cord prospect and the location of aircore and RC drill holes. Figure 18 provides a cross section at easting 810,835mE illustrating the geometry of the mineralisation and several significant intersections. Only about 1.8kms has been drill tested and that only to a shallow depth (Baker, 2007).

Recent work by Great Sandy includes a geophysical review of existing surface and down-hole EM data review. This recommended more detailed geological mapping preceding a re-interpretation of the EM data involving 3D inversion modelling (Richardson, 2016).





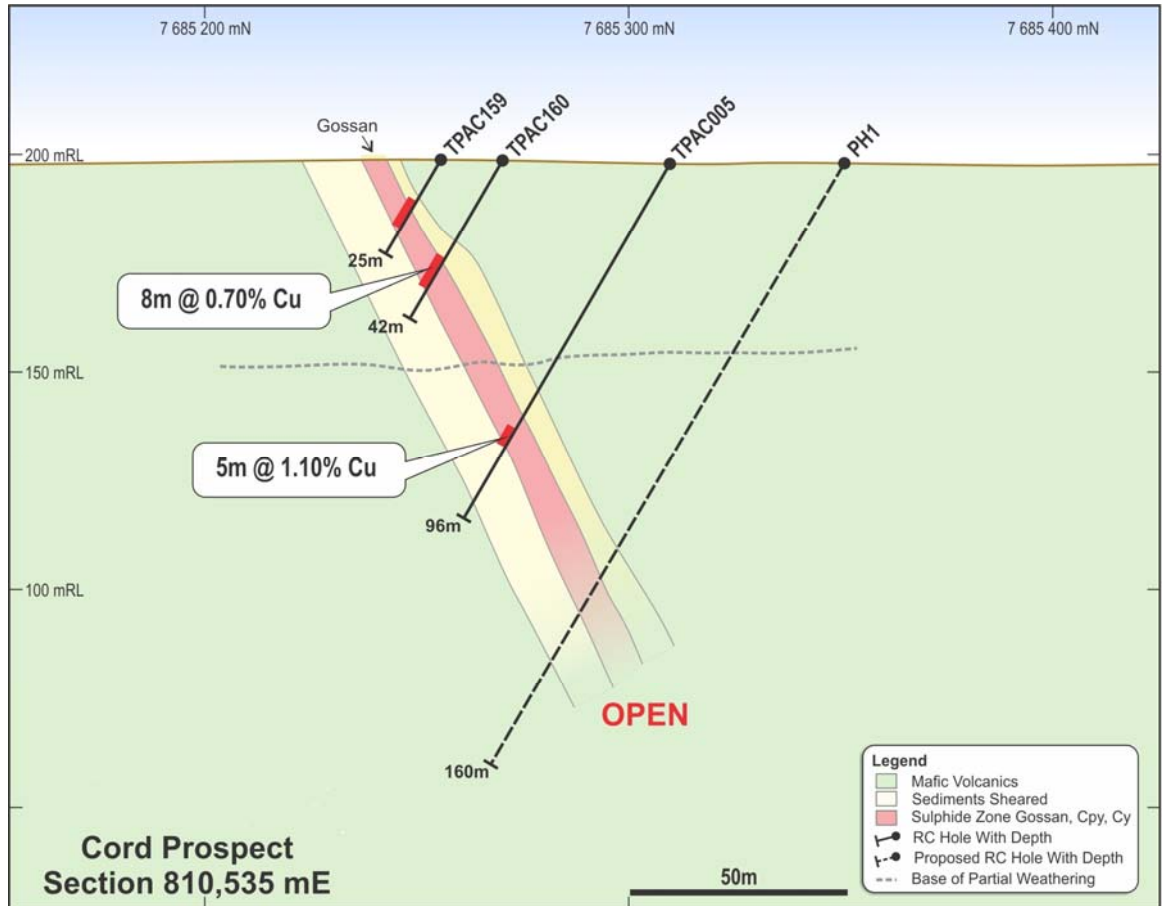
**Figure 17 Map of the Cord Prospect Showing Geology, Drilling and Significant Intersections**



Note: Geology taken from GSWA 1:100K mapping



**Figure 18 Cross Section Cord Prospect**



#### 4.9.2 Razorback Gold Prospect

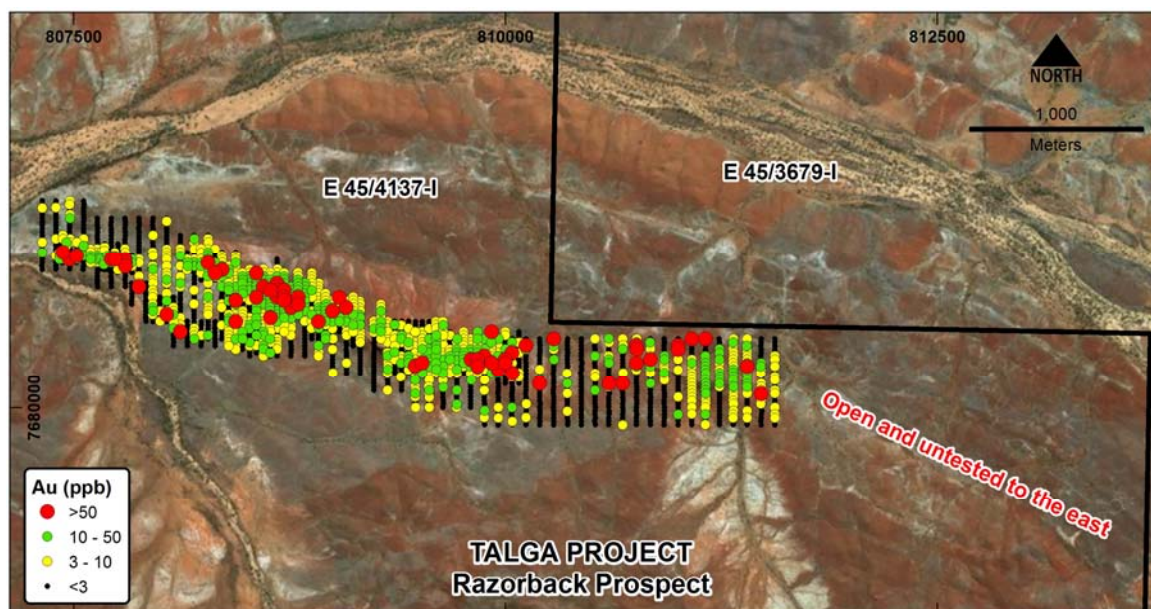
The Razorback prospect was formerly called Duesenberg prospect. It represents an orogenic lode gold target, with mineralisation associated with multiple sulphidic breccia zones in an extensive chert unit which crops out as a prominent ridge (Figure 19), with a length of 4km exhibiting anomalous gold-in-soil geochemistry. The gold-in-soil anomaly is open to the east, which provides an opportunity for extension with further geochemical sampling (Figure 20).



**Figure 19** Photograph of the Razorback Prospect (from above looking east)



**Figure 20** Map of the Razorback Prospect

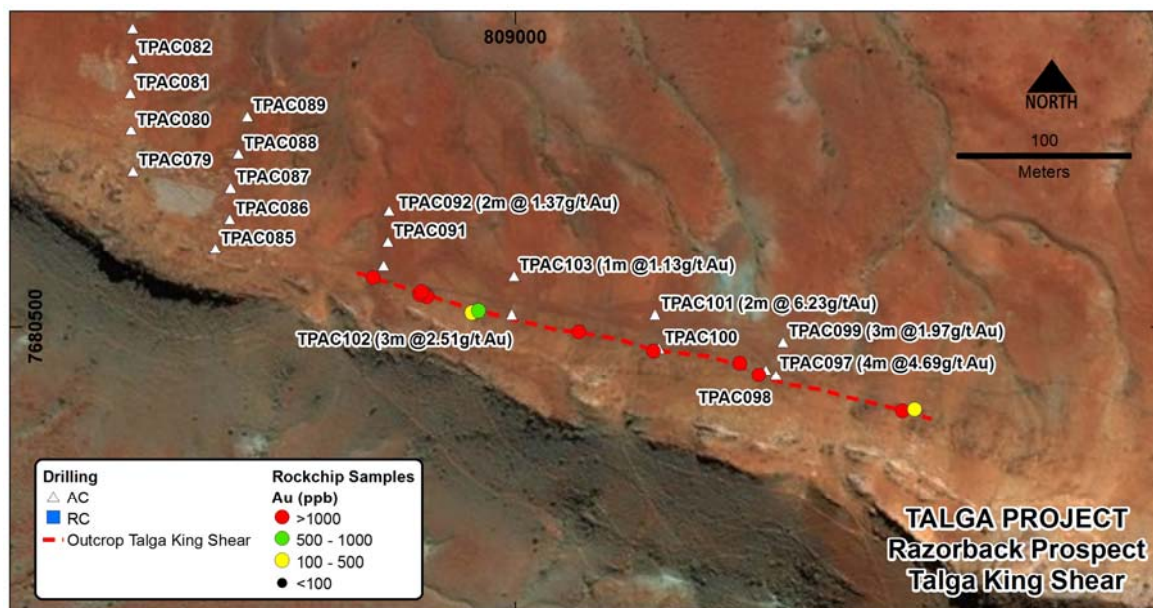


Recent field work by Great Sandy has identified a 300m long, 1-3m wide, auriferous quartz sulphide reef (vein) along the north face of the Razorback ridge. It is associated with a shear zone and was named the Talga King Shear. Rock chip sampling returning a best assay of 7.89g/t Au, with outcrop pattern and all sample results shown on Figure 21. The JORC Code Table 1 commentary for this recent geochemical exploration work by Great Sandy is provided in Appendix 1.





**Figure 21 Map of the Talga King Shear showing Rock Chip Results**

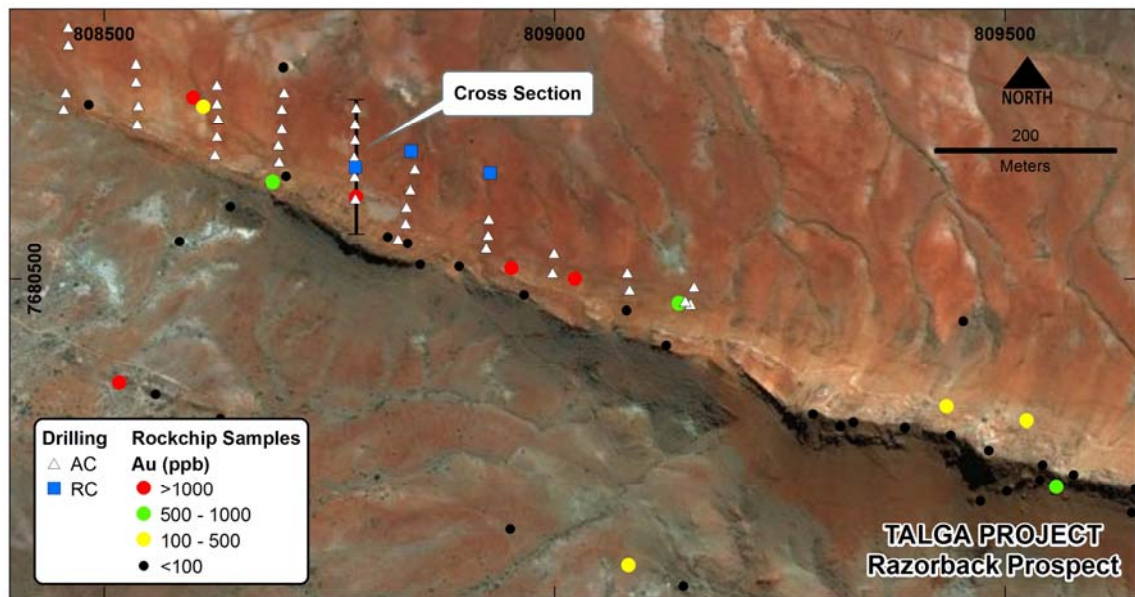


Previous explorer, Mining Projects Group, completed 49 aircore drill holes at the Razorback prospect, designed to test only the more obvious gold in-soil anomalies. Of these, 23 returned at least one intercept above 1g/t Au with a best intercept of 12g/t Au. The collar location of the central aircore holes is shown on Figure 21, along with the highest downhole intersection. Gold mineralisation at Razorback appears to occur in an en echelon series of structures at a slight angle to the strike of the main ridge. The majority of the drilling occurs within a 700m strike length, leaving over 3km of strike untested by drilling. The average aircore hole depth is 55m which tests about 48m vertical depth. This was followed up with three angled RC drill holes which all returned encouraging intersections, particularly the westernmost hole a best intercept of TPRC027: 9m @ 1.12g/t Au from 56m (Baker, 2007; Richardson, 2017b). Figure 22 provides a map showing the location of historic drill holes and Figure 23 is a cross section through RC drill hole TPRC027 and four aircore holes. A list of significant intercepts in the historical drilling is provided in Table 4 in Section 4.5.

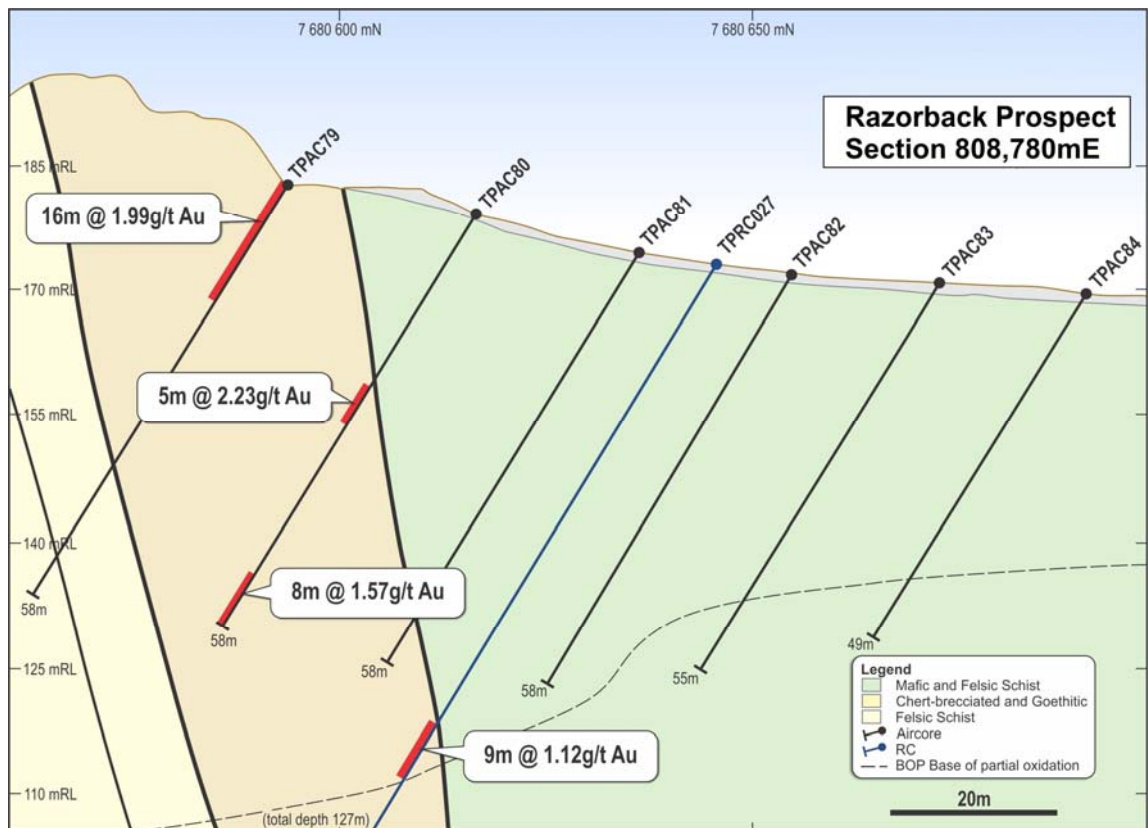
The identification of broad zones of weak gold mineralisation by the aircore and RC drilling, justifies further detailed evaluation through follow up drilling. Geological mapping suggests an apparent southeasterly structural trend, possibly controlling mineralisation. More detailed structural work will aid targeting. The Razorback prospect has only been partially tested by drilling and still has the potential to host a significant gold resource.



**Figure 22** Map of Razorback Prospect showing RC and Aircore Drilling



**Figure 23** Cross Section of Razorback Prospect - 808,780E



#### 4.9.3 Lithium Exploration

Great Sandy have assessed the potential within the Talga project tenements for lithium prospectivity. Early workers have not explored for lithium. Lithium is very often associated with pegmatitic tin mineralisation, having similar chemistry and mineralising mechanisms to tin. The project is strategically located to the north of the Moolyella tin field, one of the most prolific



historical tin producing districts of the Pilbara. The southern part of E45/3679 lies over the Mount Edgar Granite Batholith (Figure 16). Alluvial tin is recorded from streams draining this granite's contact with the enclosing greenstone belt. Historic alluvial tin workings are located 20km south of the Talga project area. DMP records of tin dredging claim boundaries confirm that alluvial tin deposits have a spatial association with the granite/greenstone contact. The source of this tin is interpreted to be undiscovered and unreported pegmatites some of which are interpreted to lie within the Talga tenements (Richardson and Stone, 2016). A GSWA report on the geology of the Mount Edgar Batholith (Davy and Lewis, 1986) notes that is the "younger" post-tectonic granite at Moolyella and also to the north within the Talga tenement E45/3679. The post-tectonic granites are the source for the tin/tantalite and lithium-bearing pegmatites within the region.

To the south of Talga, recent exploration by Great Sandy has discovered significant lithium mineralisation within extensive pegmatites within its Brockman River project (E45/4669) located immediately south of the Moolyella tin field. Preliminary reconnaissance mapping and sampling over a small part of this tenement discovered swarms of well mineralised lithium bearing pegmatites. Some of the pegmatites were traced for over 700m. The mineralisation occurs in lithium-rich mica, lepidolite and spodumene minerals. The Moolyella tin field and surrounding area, which includes the Mount Edgar Granite batholith and adjacent greenstone belts, are thus now regarded as prospective for lithium (Richardson, 2017a).

Further work is planned to locate and sample all pegmatites within the Talga project area. Tenement E45/3679 has over 14kms of prospective granite/greenstone contact in an area of good outcrop allowing for cost effective prospecting.

#### **4.9.4 Minor Prospects**

##### **Packard and Niagra Prospects**

The Packard and Niagra gold-copper prospects are situated in the Cord Valley 8km and 6km west along strike from the Cord prospect (Figure 16). They were identified and tested by Mining Projects Group and are associated with a strongly gossanous, ferruginous and veined chert horizon. At Niagra anomalous gold-in-rock geochemistry defined an area 250m x 25-50m trending 080° and centred on 804700E and 768400N. Numerous rockchip results >0.5g/t Au were reported (up to 7.1g/t Au) with anomalous copper (up to 0.1% Cu), arsenic (up to 0.5% As), antimony (up to 393ppm Sb), silver and lead (Baker, 2010). At the Packard gold-copper prospect a 700m long zone of float and outcrop hosts two mineralised structures and may correlate stratigraphically with the northern gossan at the Cord prospect. The observed structures are up to 8m in width and up to 20m apart. Rock chip sampling produced encouraging results from several outcropping gossanous zones and returning geochemical results up to 12.9g/t Au, 6.6g/t Ag and 14.3% Cu (Baker, 2010).

These prospects were covered by an EM survey of the Cord valley which identified some coincident conductors. Drill testing the EM targets reported narrower intercepts (3-18m) of variable sulphidic horizons beneath geochemical anomalous gossanous chert horizons within comparable stratigraphy to the Cord prospect. Significant results from the Packard prospect include TPRC34 which returned 4m @ 1.09g/t Au and 0.04% Cu from a veined gossanous zone (Baker, 2010). In reviewing the complete set of results, Mining Projects Group took the position that the potential for shallow to moderate depth base metal VMS style mineralisation along the Cord Valley was diminished. As such it was decided not to conduct any down hole geophysical surveys or further drill programs at these prospects (Baker, 2010).

##### **Mithril Gold Prospect**

This prospect is in the central eastern part of E45/4654 west of the Packard prospect (Figure 16). It was identified in an EM survey by Mithril in 2013 as a weakly conductive horizon over 2km in length possibly corresponding to sulphidic quartz rich outcrops. Limited rock sampling along this poorly exposed horizon returned a best assay of 309ppb Au with slightly elevated copper values. Zones of elevated gold mineralisation were intersected in two of three RC drill holes (refer Section 4.5).

##### **Eginbah Iron Ore Prospect**

Great Sandy explored for iron ore from 2013 to 2014. Prior to this there was little exploration for iron over the Talga area.

Outcropping iron ore associated with hematite rich Archaean BIF units was identified by surface mapping within E45/4137 and named the Eginbah hematite prospect. The host unit can be traced



for over 10km within the project area as well-defined BIF unit mapped by the GSWA as an 'unassigned' member of the Archaean Gorge Creek Group and described as thinly bedded black, white and red BIF interbedded with ferruginous chert. The unit is strongly deformed where it is caught up in the regionally extensive SMSZ. The BIF is probably the along strike extension of the Nimingarra Iron Formation, the host rock for the Spinifex Ridge iron ore deposit. In places the BIF units occur as two distinct horizons, 50 to 100m wide, separated by an unmineralised chert or sandstone unit.

Due to the significant fall in iron prices in late 2014 and the modest iron grades returned from an initial drilling program at Eginbah, iron ore exploration was suspended. However, the geological setting of the Eginbah mineralisation is similar for the high grade hematite deposits mined historically at Mt Goldsworthy, Shay Gap and, more recently and locally, Spinifex Ridge. The potential remains for a high grade, low tonnage direct shipping iron ore deposit to be discovered within the Talga project area. Great Sandy have not undertaken further exploration for iron ore due to the price remaining low.

#### **4.10 Exploration Strategy - Talga Project**

PHA has indicated to Ravensgate that they will undertake a systematic, staged approach with respect to their exploration program focusing primarily on gold but also copper and lithium. Currently planned exploration programs for the Talga project are as follows.

Razorback and minor gold prospects:

- Detailed structural mapping of the prospect area,
- Geological mapping of the surrounding area,
- Rock and soil sampling, and
- RC drilling of priority targets defined by previous shallow aircore drilling, RC drilling and surface geochemical sampling.

Cord VMS prospect:

- Detailed structural mapping of the Cord Valley with the objective of determining the structural and geological setting of the multiple mineralised horizons along the 15km strike within the prospect area,
- The re-interpretation of all existing drilling, surface geochemical and geophysical data sets,
- RC drilling program to test priority targets defined by the reinterpretation.

Target Generation:

The Talga tenements within and adjacent to the Mount Edgar Granite batholith have the potential to host lithium mineralisation associated with tin and tantalum bearing pegmatites. Planned initial exploration will involve an extensive geological mapping, rock and stream sediment sampling program.

Ravensgate considers that the exploration strategy proposed by PHA is consistent with the mineral potential and status of the Talga project. In Ravensgate's opinion, further exploration of the Talga area is warranted.





## 5. PLANNED EXPLORATION EXPENDITURE

PHA has provided to Ravensgate their proposed exploration expenditure for the period following the capital raising ending 31 December 2019, which is summarised in the following tables. Table 5 provides the budget for a capital raising of \$7.5M, and Table 6 provides the budget for a capital raising of \$5.5M. These budgets include source funds of \$304,000 from PHA cash at bank at 31/12/2017, in addition to the proceeds from the public offer.

**Table 5**      *Exploration Budget for \$7.5M Raising*

Project	Budget AUD
Gimlet Project	1,981,000
Emu Creek Project	1,508,000
Talga Project	1,012,000
<b>TOTAL FUNDS ALLOCATED</b>	<b>4,501,000</b>

**Table 6**      *Exploration Budget for \$5.5M Raising*

Project	Budget AUD
Gimlet Project	1,250,000
Emu Creek Project	988,000
Talga Project	636,000
<b>TOTAL FUNDS ALLOCATED</b>	<b>2,874,000</b>

Ravensgate considers that the proposed exploration budget is consistent with the mineral potential and status of the projects. The proposed expenditure is sufficient to meet the costs of the exploration programs proposed and to meet statutory tenement expenditure requirements.





## 6. REFERENCES

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## 7. LIST OF ABBREVIATIONS

<i>Ag</i>	Silver
<i>ASIC</i>	Australian Securities and Investment Commission
<i>ASX</i>	Australian Securities Exchange
<i>Au</i>	Gold
<i>bcm</i>	Bank cubic meters
<i>BIF</i>	Banded iron formation
<i>BLEG</i>	Bulk leach extractable gold (analytical technique)
<i>CIL</i>	Carbon-in-leach (metallurgical process)
<i>Cu</i>	Copper
<i>D1</i>	First regional deformation, D2 = second regional deformation etc
<i>DMP</i>	Department of Mines and Petroleum (Western Australia)
<i>EM</i>	Electromagnetic geophysical survey
<i>EOH</i>	End of hole
<i>Ga</i>	Giga annum - 1 billion years ago
<i>GPS</i>	Global positioning system
<i>GSWA</i>	Geological Survey of Western Australia
<i>g/t</i>	Grams per tonne
<i>ha</i>	hectare
<i>ICP-OES</i>	Inductively coupled plasma - optical emission spectrometry
<i>IGR</i>	Independent Geologist's Report
<i>IP</i>	Induced polarisation
<i>JORC</i>	Joint Ore Reserves Committee
<i>JORC Code</i>	2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
<i>JV</i>	Joint Venture
<i>K</i>	Thousand(s)
<i>km</i>	Kilometre(s)
<i>km<sup>2</sup></i>	Square kilometre(s)
<i>LAG</i>	A geochemical method based on sampling lag material
<i>m</i>	Metre(s)
<i>M</i>	Million(s)
<i>Ma</i>	Mega annum - 1 million years ago
<i>MAIG</i>	Member of the Australian Institute of Geoscientists
<i>MAusIMM</i>	Member of the Australasian Institute of Mining and Metallurgy
<i>Mt</i>	Million tonnes
<i>Mtpa</i>	Million tonnes per annum
<i>Ni</i>	Nickel
<i>oz</i>	Ounce (Troy ounce - measure of weight)
<i>ppb</i>	Parts per billion; a measure of concentration
<i>ppm</i>	Parts per million; a measure of concentration
<i>pXRF</i>	Portable x-ray fluorescence instrument
<i>RAB</i>	Rotary air blast (drill hole)
<i>RC</i>	Reverse circulation (drill hole)
<i>SEDEX</i>	Sedimentary exhalative (mineral deposit classification)
<i>t</i>	Tonne(s)
<i>t/m<sup>3</sup></i>	Tonnes per cubic metre
<i>TEM</i>	Transient electromagnetic geophysical survey
<i>TFMMR</i>	Total Field Magnetometric Resistivity geophysical survey



<i>TMI</i>	Total magnetic intensity
<i>VMS</i>	Volcanogenic massive sulphide (mineral deposit classification)
<i>VALMIN Code</i>	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
<i>WAMEX</i>	Western Australian Mineral Exploration reports database
<i>Zn</i>	Zinc





## 8. GLOSSARY

aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the Earth's magnetic field.
aircore drilling	A relatively inexpensive drilling technique similar to RC drilling, in which the drill cuttings are returned to surface inside the rods.
amphibolite	A mafic metamorphic rock consisting mainly of amphibole minerals, especially hornblende and actinolite.
anomaly	An area where exploration has revealed results higher than the local background level.
Archaean	The oldest geologic time period, pertaining to rocks older than about 2,500 million years.
assay	The testing and quantification metals of interest within a sample.
Cainozoic	The youngest geologic time period, pertaining to rocks younger than about 66 million years.
carbonate	Rock or mineral dominated by the carbonate ion ( $\text{CO}_3^{2-}$ ), of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and carbon and oxygen. Essential component of limestones and marbles.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral common in metamorphic rocks.
complex	An intricate assemblage of geological units, typically in metamorphic or igneous terranes.
Craton	An old and stable part of the continental lithosphere.
diamond drilling	Drilling method employing a (industrial) diamond encrusted drill bit for retrieving a cylindrical core of rock.
Domain	Geological zone of rock with similar geostatistical properties; typically a zone of mineralisation
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
fault	A wide zone of structural dislocation and faulting.
felsic	Igneous rocks with a large percentage of light-coloured minerals such as quartz, feldspar, and muscovite. It is contrasted with mafic rocks, which are relatively richer in magnesium and iron.
gabbro	A black coarse-grained intrusive igneous rock that is the compositional equivalent of basalt.
geochemical	Pertains to the concentration of an element.
geochronology	The science of determining the absolute age of rocks. Dating methods involve measuring the amount of radioactive decay of a radioactive isotope with a known half-life.
geophysical	Pertains to the physical properties of a rock mass.
gneiss	A common metamorphic rock formed at high temperatures and pressures from igneous or sedimentary rocks, having characteristic foliations (gneissic banding) of alternating dark/light coloured bands.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.



granitoid	A broad category of coarse-grained acid igneous rock including granite, quartz monzonite, quartz diorite, syenite and granodiorite.
gravity survey	Measurements of gravitational acceleration and gravitational potential at the Earth's surface searching for mineral deposits.
greenstone	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
induced polarisation	Geophysical survey technique used to identify the electrical chargeability of subsurface materials.
intrusive	Any igneous rock formed by intrusion and cooling of hot liquid rock below the earth's surface.
lithology	The description of a rock unit's physical characteristics visible in hand or core samples, such as colour texture grain-size and composition.
lode	A deposit of metalliferous ore formed in a fissure or vein.
mafic	Igneous rock composed dominantly of dark coloured minerals such as amphibole pyroxene and olivine, generally rich in magnesium and iron.
magmatic	Derived from or associated with magma. Magma is a complex high-temperature fluid substance present within the earth, which on cooling forms igneous rocks.
metamorphic	A rock that has been altered by metamorphism from a pre-existing igneous or sedimentary rock type.
metamorphism	Alteration of the minerals, textures and composition of a rock caused by exposure to severe heat, pressure and chemical actions.
Mineral Resource	Concentration of mineralisation in the earth for which there are reasonable prospects for eventual economic extraction.
outcrop	A visible exposure of bedrock or ancient superficial deposits on the surface of the Earth.
porphyritic	Textural term for igneous rocks in which large crystals (phenocrysts) are set in finer groundmass, which may be crystalline or glass.
porphyry	Igneous rock with a porphyritic texture.
pyroxene	Silicate mineral group common in mafic rocks.
quartz	Common mineral composed of crystalline silica, with chemical formula $\text{SiO}_2$ .
RAB drilling	Rotary Air Blast. A relatively inexpensive but less accurate percussion drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
RC drilling	Reverse Circulation. A percussion drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
resource	In situ mineral occurrence from which valuable or useful minerals may be recovered.
saprock	Weakly weathered rock with weathering restricted to fracture margins
schist	A metamorphic rock dominated by fibrous or platy minerals, with a strongly foliated fabric (schistose cleavage).
sedimentary	A term describing a rock formed from sediment.





shear	A deformation resulting from stresses that cause rock bodies to slide relatively to each other in a direction parallel to their plane of contact.
sill	A concordant sheet of igneous rock lying nearly horizontal.
soil sampling	The collection of soil specimens for mineral analysis.
stratigraphic	Pertaining to the composition, sequence and correlation of stratified rocks.
strike	Horizontal direction or trend of a geological strata or structure.
structural	Pertaining to rock deformation or to features that result from it.
succession	Group of rock strata that succeed one another in chronological order.
superterrane	Composite terranes that comprise groups of individual terranes and other assemblages that share a distinctive tectonic history.
terrane	Any rock formation or series of formations or the area in which a particular formation or group of rocks is predominant.
ultramafic	Igneous and meta-igneous rocks composed of greater than 90% mafic minerals with very high magnesium and iron content, very low silica and potassium content.
volcanics	Rocks formed or derived from volcanic activity.



## APPENDIX 1

### Geochemical Sampling Results - Great Sandy Pty Ltd

#### Emu Creek and Talga Projects - Rock Chip Sample Assay Results.

Sample ID	mE	mN	Au ppm	Ag ppm	As ppm	Cu %	Pb ppm	Zn ppm
<i>Emu Creek:</i>								
CHR001	806144	7598710	0.201	39	446	12.4	201	37
CHR002	806067	7598767	0.122	39.8	393	4.29	136	130
CHR003	805994	7598812	0.181	30.5	651	11.3	62	43
CHR004	805875	7598923	0.077	6.2	314	5.27	72	469
CHR005	806274	7598584	0.051	8.35	1420	0.0894	114	42
CHR006	806327	7598531	0.207	16.2	1270	0.0409	382	44
CHR007	808260	7604188	0.024	2.8	170	0.906	19	20
CHR008	808412	7604323	0.073	11	982	14.8	96	373
L105553	806889	7600002	0.006	3.4	77.5	0.461	56	60
L105554	806738	7600024	31.8	46.9	519	7.97	1280	399
L105628	806867	7599837	0.039	29.1	171	8.03	103	159
L105629	806898	7599994	0.243	74	851	12.5	1550	716
L108737	806174	7598678	0.359	8.95	1420	0.0325	58	25
L108738	806132	7598710	0.275	29.9	1330	9.16	244	203
L108739	806103	7598731	0.133	17.3	1120	5.7	160	118
L108740	806080	7598758	0.07	9.6	221	0.1	15	10
L108741	806055	7598768	0.087	11.7	564	0.184	50	26
L108742	806021	7598802	0.486	10.9	2420	0.164	148	78
L108743	805943	7598849	0.218	11.7	448	0.374	75	53
L108744	806256	7598598	1.04	14.3	3360	0.0404	683	75
L108745	806292	7598569	0.505	16.8	3750	0.0382	895	57
L108746	806340	7598517	0.715	18.3	2370	0.0088	542	13
L108747	806342	7598511	0.95	19.8	6280	0.0541	682	317
L108748	806407	7598477	1.52	18.1	9920	0.0429	5990	82
L108749	806455	7598451	0.253	21.9	3210	0.0713	4900	251
L108750	807436	7602407	0.012	4.8	153	1.99	218	10
L108751	807435	7602406	0.008	1.7	43	0.0141	24	27
L108753	808200	7604149	0.204	52.5	228	16.7	28	35
L108754	808252	7604208	0.293	30.3	1300	12.7	69	103
L108755	808331	7604263	0.114	8.1	563	11.2	95	56
L108756	808616	7604434	0.098	16.9	326	4.03	39	58
L108758	806868	7599840	0.019	20.8	244	2.37	131	157
L108759	806820	7599842	0.263	37.5	681	12	831	193



Sample ID	mE	mN	Au ppm	Ag ppm	As ppm	Cu %	Pb ppm	Zn ppm
<b>Talga:</b>								
L105549	802535	7684600	3.4	0.25	102	0.0594	14	13
L105550	802536	7684600	0.101	1.25	88	2.67	3	148
L105551	804615	7684660	0.13	0.3	230	0.0153	3	4
L105552	804615	7684660	0.088	0.15	296	0.0104	3	3
L105576	802493	7684596	8.59	0.6	59	0.0112	17	7
L105577	802493	7684598	0.346	0.2	23.5	0.0151	10	23
L105578	802529	7684622	0.149	0.15	4.5	0.0183	2	21
L105579	802435	7684631	0.017	0.15	47	0.0093	2	5
L105580	802436	7684621	0.113	0.15	63.5	0.0856	6	49
L105581	802408	7684622	0.007	0.05	8	0.017	-1	28
L105582	802372	7684624	0.071	0.05	16	0.0534	4	59
L105583	802365	7684609	0.459	0.25	43	0.263	3	11
L105584	802365	7684615	0.011	0.05	8.5	0.0215	2	77
L105585	802304	7684609	0.343	0.2	13	0.0207	2	10
L105586	802307	7684615	0.009	0.1	38.5	0.0023	-1	48
L105587	802095	7684624	0.022	0.15	2.5	0.0239	-1	37
L105588	804570	7684655	2.47	0.35	1220	0.0069	16	5
L105589	804542	7684649	0.069	0.1	193	0.111	3	27
L105590	804543	7684649	0.017	0.05	152	0.0126	2	6
L105591	804608	7684662	0.261	0.3	480	0.0302	7	4
L108760	808949	7680517	2.68	5.95	32	0.176	188	332
L108761	808945	7680518	1.11	0.9	6.5	0.0106	82	1400
L108762	808946	7680520	1.02	2.15	24.5	0.0374	821	823
L108763	808975	7680508	0.108	0.3	20.5	0.0084	13	204
L108764	808979	7680509	0.925	0.3	3.5	0.0058	6	52
L108765	809037	7680497	2.43	0.55	5	0.0201	5	52
L108766	809080	7680486	3.12	0.5	5	0.0094	17	44
L108767	809130	7680479	2.61	0.4	18.5	0.0036	6	30
L108768	809141	7680472	2.83	0.45	11.5	0.0053	7	34
L108769	809224	7680451	5.32	0.6	23.5	0.0078	13	202
L108770	809231	7680452	0.16	0.1	48.5	0.0066	5	183
L108771	808918	7680528	7.89	1.4	8	0.0179	12	96

Note: Co-ordinate Projection MGA94 Zone 50.



## APPENDIX 2

### JORC Code Table 1 - Geochemical Sampling - Great Sandy Pty Ltd

#### Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<p>65 rock grab samples were collected as part of the ongoing assessment of the Emu Creek and Talga projects to host gold and base metal (Cu, Pb, Zn, Ag) mineralisation. The samples have an irregular spacing reflecting the reconnaissance nature of the assessment. Rock samples were collected as grab samples from in-situ outcropping rock, so as to be representative of the observed mineralised zone.</p> <p>Multiple rock fragments at each sample location were collected so that the sample submitted for assay was as representative as possible of the sample site.</p> <p>The presence or absence of mineralisation was initially determined visually by the field geologist.</p> <p>The rock grab sampling is a standard approach during assessment of exploration projects. The known gold and base metal mineralisation occurs associated with shear zone, quartz veins and gossanous units after sulphides. The rock samples collected are considered representative of the area sampled.</p>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable, no drilling has been carried out</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable, no drilling has been carried out</li> </ul>
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> </ul>	<ul style="list-style-type: none"> <li>Notes relating to each sample were recorded in a field note book and later transcribed to digital form. This information is of insufficient detail to support any Mineral Resource Estimation.</li> </ul>



Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<p>Not applicable, no drilling has been carried out.</p> <p>The sample preparation of the rock samples follows industry best practice, involving oven drying, crushing pulverising and chemical analysis, carried out by Bureau Veritas laboratories, Perth.</p> <p>No measures have been taken to ensure sampling is statistically representative of the in situ sampled material. The collection methodology is considered appropriate for this early stage assessment of the project.</p> <p>The sample size is considered appropriate to the material being sampled and to produce results to indicate the degree of mineralisation in the areas sampled.</p>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>Analysis was carried out by Bureau Veritas Laboratories, Perth which is a certified laboratory in compliance with AS/NZS-9001:200. Analytical Methods: The samples were digested with Aqua Regia. This is a partial digest method extremely efficient for the extraction of gold. Easily digested elements show good recoveries however others (particularly the refractory oxides and silicates) are poorly extracted. Element concentrations were then determined by Inductively Coupled Plasma (ICP) Optical Emission Spectrometry and ICP Mass Spectrometry.</li> </ul> <p>Not used</p> <p>No additional quality control measures beyond that of the Laboratory QA/QC were implemented.</p>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>The results are considered acceptable and have been reviewed by multiple geologists. The company conducts internal data verification, data entry and storage protocols which have been followed.</li> </ul> <p>No adjustments to assay data has been undertaken</p>
Location of data points	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and</li> </ul>	<ul style="list-style-type: none"> <li>Samples were located during collection by handheld GPS (Garmin GPS63c) with a typical accuracy of +/- 5m.</li> </ul>



Criteria	JORC Code explanation	Commentary
	<p><i>other locations used in Mineral Resource estimation.</i></p> <ul style="list-style-type: none"> <li>• <i>Specification of the grid system used.</i></li> <li>• <i>Quality and adequacy of topographic control.</i></li> </ul>	<p>The grid system used is Australian Geodetic MGA Zone 50 (GDA94).</p> <p>The level of topographic control offered by the handheld GPS is considered sufficient for the work undertaken</p>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>• <i>Data spacing for reporting of Exploration Results.</i></li> <li>• <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i></li> <li>• <i>Whether sample compositing has been applied.</i></li> </ul>	<ul style="list-style-type: none"> <li>• There was no predetermined grid spacing to the program with sample sites being selected as outcrop was located, in order to give a first pass dataset to evaluate the area</li> <li>• The data spacing and distribution is not sufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource estimation procedures.</li> <li>• Samples have not been composited.</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>• <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i></li> <li>• <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i></li> </ul>	<ul style="list-style-type: none"> <li>• Sampling was carried out over small areas of outcrop, across and along the strike of the unit where possible, but due to poor outcrop it is not known if they are representative of the entire horizon.</li> </ul> <p>Not applicable, no drilling has been carried out</p>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>• <i>The measures taken to ensure sample security.</i></li> </ul>	<ul style="list-style-type: none"> <li>• All samples were collected by the field geologist and stored in a secure location until completion of the program when they were delivered to Bureau Veritas laboratories, Perth by commercial courier.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>• <i>The results of any audits or reviews of sampling techniques and data.</i></li> </ul>	<ul style="list-style-type: none"> <li>• No audits or reviews of the data have been conducted at this stage</li> </ul>





## Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>The Emu Creek project comprises granted tenements E46/732 and E46/1066. Great Sandy Pty Ltd has a Farm In agreement with the tenement holders, Atlas Iron.</li> <li>The Talga project comprises 5 granted tenements E45/3679, E45/3857, E45/4136, E45/4137 and E45/4615.</li> <li>PHA has entered into an agreement to acquire 100% of Great Sandy's interest in all tenements.</li> <li>The tenements are all secure granted tenements with no known impediments to continuing exploration.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Past exploration in the region, mainly carried out in the search for gold and base metals has provided useful data. Together with government data provided by GSWA the information has allowed recognition of the projects mineral potential</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>The Emu Creek project is prospective for Volcanogenic Massive Sulphide (VMS) base metal mineralisation, shear and vein hosted gold mineralisation and gold mineralisation associated with conglomerates.</li> <li>The Talga project is prospective for VMS base metal mineralisation and shear hosted gold mineralisation.</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes.</li> </ul>	<ul style="list-style-type: none"> <li>Drilling has not been carried out. A summary of rock sample locations is tabulated and presented graphically within the above report.</li> </ul>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</li> </ul>	<ul style="list-style-type: none"> <li>No averaging or cut-off grades have been applied assay results.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> </ul>	<ul style="list-style-type: none"> <li>Exploration is at an early stage and information contains insufficient data points to allow these relationships to be reported</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant</li> </ul>	<ul style="list-style-type: none"> <li>Sample plans of selected samples are contained within the report.</li> </ul>





Criteria	JORC Code explanation	Commentary
	<i>discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</li> </ul>	<ul style="list-style-type: none"> <li>Only samples collected by Great Sandy within the previous 12 months are included. These samples were designed to confirm the results returned by previous explorers or to test new targets. Numerous historical assay results occur over the projects but are too numerous to include in this report.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples - size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</li> </ul>	<ul style="list-style-type: none"> <li>The exploration reported herein is still at an early stage but results are consistent with geological and geophysical data and results from previous exploration in the district.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> </ul>	<ul style="list-style-type: none"> <li>Further more detailed mapping and follow up sampling is required together with other programs described in the report above.</li> </ul>



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## 7. Solicitor's Report

Matter Number: 17156  
Email: mb@bellanhouse.com

6 April 2018

The Directors  
Public Holdings (Australia) Limited  
Level 1, 123 Whitehorse Road  
Balwyn Victoria 3103

Dear Sirs

**Public Holdings (Australia) Limited (to be renamed 'First Au Limited')**  
**Solicitor's Report - Mining Tenements**

This report (**Report**) has been prepared for Public Holdings (Australia) Limited (to be renamed 'First Au Limited') (**Company**) for inclusion in the Company's prospectus to be lodged with the Australian Securities and Investments Commission on or about 6 April 2018 (**Prospectus**). Capitalised terms not otherwise defined in this Report have the meaning provided in the Prospectus.

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## 1. Scope

We have been requested to report on certain mining Tenements located in Western Australia that the Company intends to acquire an interest in through the Acquisition Agreements.

Key details of the Tenements are set out in Schedule 1 of this Report and must be read in conjunction with this Report.

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## 2. Searches

For the purposes of this Report, we have conducted searches and made enquiries in respect of all of the Tenements as follows:

- (a) searches of the register maintained by the DMIRS pursuant to the Mining Act on 1 March 2018;
- (b) quick appraisal user searches of the Tengraph system maintain by the DMIRS on 1 March 2018;

- (c) results of searches of the schedule of native title applications, register of native title claims, national native title register, register of indigenous land use agreement and national land use agreements as maintained by the NNTT for any native title claims (registered or unregistered), native title determinations and ILUAs that overlap or apply to the Tenements on 6 March 2018; and
- (d) searches from the online Aboriginal Heritage Inquiry System maintained by the Department of Aboriginal Affairs for any Aboriginal sites registered on the WA Register of Aboriginal Sites over the Tenements and other heritage places on 1 March 2018.

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### 3. Definitions

In this Report:

- (a) **Aboriginal people** has the meaning given in section 7.2(a);
- (b) **Atlas** means Atlas Iron Limited (ACN 110 396 168);
- (c) **Commonwealth Heritage Act** means the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth);
- (d) **Company** has the meaning given in the opening paragraph of this Report;
- (e) **DMIRS** means the Western Australian Department of Mines, Industry Regulation and Safety;
- (f) **DMIRS Searches** means the searches of the tenement register maintained by the DMIRS, as referred to in section 2(a);
- (g) **Emu Creek Tenements** means E46/732 and E46/1066;
- (h) **Farm-in Minerals** has the meaning given in section 10.1(a);
- (i) **Farm-out and JV Agreement** means the Farm-out and Joint Venture Agreement between Atlas, Giralia Resources and Great Sandy dated 4 November 2016;
- (j) **Federal Court** means the Federal Court of Australia;
- (k) **Fund** has the meaning given in section 6.1(b)(viii)(A);
- (l) **Gimlet Tenement** means E26/174;
- (m) **Giralia Resources** means Giralia Resources Pty Ltd (ACN 009 218 204);
- (n) **Good Standing** means, in relation to a Tenement, that all applicable requirements of the WA Mining Act and the WA Mining Regulations have been observed, including:
  - (i) annual rent has been paid;
  - (ii) annual rates have been paid to the local shire;
  - (iii) any royalties on production have been paid; and

- (iv) the expenditure conditions applicable to the tenement have been observed or exemptions validly applied for on the permitted grounds for exemption;
- (o) **Great Sandy** means Great Sandy Pty Ltd (ACN 139 440 403);
- (p) **ILUA** has the meaning given in section 7.6(c);
- (q) **Minister** means the Minister under the WA Mining Act;
- (r) **Native Title Act** means the *Native Title Act 1993* (Cth);
- (s) **Negotiation Parties** has the meaning given in section 7.9(a)(ii);
- (t) **NNTR** has the meaning given in section 7.3(a);
- (u) **NNTT** means the Australian National Native Title Tribunal;
- (v) **NNTT Searches** means the searches of the database maintained by the NNTT as described in Section 2;
- (w) **Other Minerals** has the meaning given in section 10.1(d);
- (x) **Report** has the meaning given in the opening paragraph of this document, including any schedule or annexure to this document;
- (y) **RNTC** has the meaning given in section 7.3(a);
- (z) **S29 Notice** has the meaning given in section 7.9(a)(i);
- (aa) **Searches** means the searches referred to in Section 2;
- (bb) **Talga Peak Tenements** means E45/3679, E45/4136, E45/4137 and E45/4615.
- (cc) **Tenements** means the Emu Creek Tenements, the Talga Peak Tenements and the Gimlet Tenement, as further described in Schedule 1;
- (dd) **WA Heritage Act** means the *Aboriginal Heritage Act 1972* (WA);
- (ee) **WA Mining Act** means the *Mining Act 1978* (WA); and
- (ff) **WA Mining Regulations** means the *Mining Regulations 1981* (WA).

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## 4. Opinion

As a result of the searches and enquiries, but subject to the assumptions and qualifications set out in this Report, we are of the view that, as at the date of the relevant Searches, this Report provides an accurate statement as to:

- (a) **(Company's Interest):** the Company's interest in the Tenements;
- (b) **(Good Standing):** the validity and good standing of the Tenements; and
- (c) **(Third party interests):** third party interests, including encumbrances, in relation to the Tenements.

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## 5. Risk factors

### (a) Title risks

All of the Tenements carry with them annual expenditure and reporting commitments and will be subject to applications for renewal, the success of which cannot be guaranteed. Four of the eight Tenements are due for renewal in 2018 and the current term has expired for two of those four Tenements (they are both the subject of a pending application to extend the term).

### (b) Development Risk

Following completion of the Acquisition Agreements, the Company will not obtain a legal interest in the Emu Creek Tenements unless and until it satisfies certain conditions (including expenditure conditions) under the Farm-out and JV Agreement.

Under the Farm-out and JV Agreement, before mineralisation can proceed to a mining operation, Atlas, Giralia Resources and the Company must agree a mining joint venture agreement (based on terms included in the Farm-out and JV Agreement) which includes agreeing a process whereby Atlas may develop Other Minerals. There is a risk that the negotiation of this joint venture agreement, and particular the process governing the co-development of minerals under this agreement, may cause delay to the development of a deposit or may result in an outcome that is sub-optimal for the mining of Farm-in Minerals. Further, once these terms are agreed and depending on the terms, there is a risk of conflict in relation to the development of deposits or that a deposit held by Atlas has development priority over a deposit held by the Company.

There is also a risk that Atlas may withdraw from the Mining Joint Venture and elect to take a royalty equivalent to 2% of the gross proceeds of sales of Farm-in Minerals. This will change the economics of a mining development and may adversely affect the Company's position in relation to the Emu Creek Tenements.

### (c) Native title and Aboriginal heritage risks

The existence of native title and/or native title claims in relation to the land the subject of the Tenements may affect the Company's ability to obtain the grant of future tenure over the Tenements or in their vicinity. If the Tenements have not been validly granted in compliance with the NTA, this may have an adverse impact on the Company's activities.

There is a risk that Aboriginal Sites and objects may exist on the land the subject of the Tenements the existence of which may preclude or limit mining activities in certain areas of the Tenements although we note that the Native Title Mining Agreement contains a process to address this in relation to the Tenements covered by that agreement.

### (d) Third party risks

Under WA and Commonwealth legislation, the Company may be required to obtain the consent of and/or pay compensation to the holders of third party interests which overlay areas within the Tenements, including native title

claims and pastoral leases, in respect of exploration or mining activities on the Tenements.

Any delay in obtaining necessary consents may impact on the Company's ability to carry out exploration or mining activities within the affected areas.

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## **6. Tenements**

### **6.1 Tenements**

The Tenements comprise of granted exploration licences (prefixed "E") pursuant to the WA Mining Act. The following provides a description of the nature and key terms of the types of mining tenements (including potential successor tenements) that may be granted under the WA Mining Act.

#### **(a) Exploration Licences**

##### **(i) Licence area and authority**

An exploration licence permits the holder to explore over land up to a maximum 200 graticular blocks in designated areas of WA and a maximum of 70 graticular blocks elsewhere. There is no limit to the number of exploration licences which may be held by any one person.

An exploration licence authorises the holder to enter land to explore using vehicles, machinery and equipment as may be necessary or expedient for the purpose of exploring for minerals in, on or under the land. The holder of an exploration licence may excavate, extract or remove earth, soil, rocks, stone, fluid or mineral-bearing substances not exceeding 1,000 tonnes over the term of the licence.

##### **(ii) Term and extension**

Exploration licences are granted for a term of 5 years. The Minister has discretion to extend the exploration licence for one further period of 5 years and then by further 2 year periods if satisfied that a prescribed ground for extension exists.

'Prescribed grounds' for extension include circumstances when the holder experienced difficulties or delays arising from governmental, legal, climatic or heritage reasons, where work carried out justifies further exploration, or where the Minister considers the land has been unworkable for whole or a considerable part of any year of the term.

##### **(iii) Relinquishment requirement**

Exploration licences of more than 10 blocks applied for after 10 February 2006 are subject to a requirement that the holder relinquishes 40% of the tenement area at the end of the sixth year that the licence is held. A failure to lodge the required partial surrender could render the exploration licence liable to forfeiture.

##### **(iv) Retention status**

The holder of an exploration licence applied for after 10 February 2006 may apply for retention status for the whole or part of the land



the subject of the exploration licence which may be approved if there is an identified mineral resource located in the land and mining of that identified mineral resource is impractical for economic or marketing reasons or if there are political, environmental or other difficulties in obtaining requisite approvals. On approval of retention status, the holder of an exploration licence may have to comply with a specified programme of work. The Minister may ask the holder of a exploration licence with retention status to show cause why a mining lease or leases should not be applied for over the land.

(v) Transfer during first year

During the first year of grant of an exploration licence, a legal or equitable interest in or affecting the exploration licence cannot be transferred or otherwise dealt with, whether directly or indirectly, without the prior written consent of the Minister.

The granted exploration licences that comprise the Tenements were all granted more than 12 months ago.

(vi) Right to apply for mining lease

During the term of an exploration licence, the holder may apply for and have granted subject to the WA Mining Act, one or more mining leases over any part of land subject to the exploration licence. Where an application for a mining lease is made, and the term of the exploration licence is due to expire prior to the mining lease application being determined, the exploration licence will continue in force over the land subject to the mining lease application pending the outcome of that mining lease application.

(vii) Rent and expenditure requirements

Annual rent for an exploration licence (graticular) is \$134.00 per block for years 1 to 3 of the term of the licence (\$322.00 if for only 1 block), \$208.00 per block for years 4 and 5, \$283.00 per block for years 6 and 7, and \$535.00 per block for year 8 and each subsequent year of the term of the licence (based on rental rates current as at the date of this Report).

Exploration licences are subject to minimum annual expenditure requirements which are calculated at not less than:

- (A) \$1,000 per block for years 1 to 3 of the term of the licence (subject to minimums of \$10,000 for licences of 1 block only, \$15,000 for licences of 2 to 5 blocks and \$20,000 for licences of 6 or more blocks);
- (B) not less than \$1,500 per block for years 4 and 5 of the term of the licence (subject to minimums of \$10,000 for licences of 1 block only, \$20,000 for licences of 2 to 5 blocks and \$30,000 for licences of 6 or more blocks);
- (C) not less than \$2,000 per block for years 6 and 7 of the term of the licence (subject to minimums of \$15,000 for licences of 1 block only, \$30,000 for licences of 2 to 5 blocks and \$50,000 for licences of 6 or more blocks); and

- (D) not less than \$3,000 per block for years 8 and each subsequent year of the term of the licence (subject to minimums of \$20,000 for licences of 1 block only, \$50,000 for licences of 2 to 5 blocks and \$70,000 for licences of 6 or more blocks),

(based on expenditure requirements current as at the date of this Report).

The holder of an exploration licence may apply for exemption from compliance with minimum expenditure requirements on certain grounds set out in the WA Mining Act or at the discretion of the Minister. A failure to comply with expenditure requirements, unless exempted, renders the exploration licence liable to forfeiture.

(viii) Forfeiture

The Minister may make an order for the forfeiture of an exploration licence for any of the following reasons:

- (A) failure to comply with a condition of an exploration licence such as payment of rent or statutory royalty, or lodgement of a report as required by the Mining Act;
- (B) failure to comply with certain provisions of the Mining Act;
- (C) failure to satisfy expenditure conditions;
- (D) failure by the holder to satisfy a request of the Minister; or
- (E) if the holder is convicted of an offence under the Mining Act.

Rather than forfeiting the exploration licence, the Minister may impose a penalty not exceeding \$150,000 if the holder is a body corporate, or award the whole or part of any such penalty to any person or impose no penalty on the holder.

(ix) Other conditions

Exploration licences are subject to standard conditions that must be complied with, including rent payments, annual expenditure requirements and the requirement to lodge annual technical reports. Standard conditions also stipulate that a tenement holder obtain the consent of an officer of the DMIRS prior to conducting any ground disturbing work, basic environmental and rehabilitation conditions (such as the removal of all waste, capping of drill holes, etc.) and prohibitions or restrictions on disturbing existing infrastructure such as roads, powerlines, aerial landing ground, airstrips and geodetic survey stations.

In addition to these standard conditions, particular conditions affecting the Tenements are set out in Schedule 1. On the basis of the Tenement Searches, we are not aware of any non-compliance with the conditions.

(b) **Mining Leases**

(i) Application for a mining lease

Any person may lodge an application for a mining lease, although a holder of a prospecting licence, exploration licence or retention licence over the relevant area has priority. The grant of mining leases under the WA Mining Act lies with the Minister on recommendation of the Mining Registrar or Warden. Since 11 February 2011, the area over which a mining lease may be granted is unrestricted.

The application, where made after 10 February 2006, must be accompanied by either a mining proposal or a "mineralisation report" indicating there is significant mineralisation in the area over which a mining lease is sought. A mining lease accompanied by a "mineralisation report" will only be approved where the Director, Geological Survey considers that there is a reasonable prospect that the mineralisation identified will result in a mining operation.

(ii) Authority

A mining lease entitles the holder to use, occupy and enjoy the land for the purposes of mining. The holder may work and mine the land for any minerals, extract and dispose of such minerals and do all acts and things necessary in order to carry out mining operations on the land the subject of that mining lease, conditional on a programme of work being approved by the DMIRS.

(iii) Term and extension

A mining lease remains in force for up to 21 years from the date of grant. The holder has an option to renew for a further 21 years and then for a further 21 years with Ministerial consent.

(iv) Transfer

It is a condition of a mining lease that the holder not transfer or mortgage a legal interest in the land or any part of the land without the prior written consent of the Minister or an officer of the DMIRS acting on the authority of the Minister.

(v) Rent and expenditure requirements

Annual rent for a mining lease is \$17.60 per hectare (based on rental rates current as at the date of this Report).

Mining leases are subject to minimum annual expenditure requirements of not less than \$100 for each hectare, with a minimum of \$10,000 per year during each year of the term of the lease. If the mining lease does not exceed 5 hectares the minimum annual expenditure of will be \$5,000 (based on expenditure requirements current as at the date of this Report).

(vi) Other conditions

Mining leases are granted subject to various other standard conditions, including conditions relating to the survey of the land,

and the observance of environmental protection and reporting requirements. A failure to comply with the conditions (including expenditure conditions) may lead to forfeiture of the mining lease or the Minister imposing a penalty not exceeding \$50,000 as an alternative.

(vii) Royalty

Where minerals of economic significance are discovered, the holder of a mining lease is obliged to report this to the Minister promptly. A royalty is payable to the State of Western Australia in relation to minerals obtained from the land that is the subject of a mining lease granted under the WA Mining Act. This is particularly relevant where native title agreement royalties are calculated by reference to the royalty payable to the State of Western Australia. The royalty rates vary according to the product concerned. Western Australia has a three-tiered royalty system which applies one of three royalty rates depending on the form in which the mineral is sold (ore, concentrate or final form), and the extent to which it is processed. In Western Australia, there are two systems used to collect mineral royalties:

*specific rate* - calculated as a flat rate per tonne produced and generally applies under legislation to low value construction and industrial minerals. The rates on production between 1 July 2015 and 30 June 2020 are 73 cents per tonne and 117 cents per tonne; and

*ad valorem* - calculated as a percentage of the 'royalty value' of the mineral, which applies under the WA Mining Regulations. The royalty value is broadly calculated as the quantity of the mineral in the form in which it is first sold, multiplied by the price in that form, minus any allowable deductions. The ad valorem royalty rate takes into account price fluctuations and material grades as follows:

- (A) bulk material (subject to limited treatment) - 7.5% of the royalty value;
- (B) concentrate material (subject to substantial enrichment through a concentration plant) - 5% of the royalty value; and
- (C) metal - 2.5% of the royalty value. Note that the WA Government recently announced a proposed increase to the gold royalty from 2.5% to 3.75% if the price of gold is above \$1,200/ounce.

The 'royalty value' components used to calculate the 'royalty value' are defined under the WA Mining Regulations. In some cases, for example in the case of nickel, an alternative value applies.

(viii) Mining Rehabilitation Fund

- (A) The Mining Rehabilitation Fund (**Fund**) is a pooled fund to which Western Australian mining operators contribute. Money in the Fund will be used to rehabilitate abandoned mine sites in Western Australia.
- (B) The holders of all mining tenements, except those tenements covered by special agreements with the State of

Western Australia not listed in the *Mining Rehabilitation Fund Regulations 2013* (WA), are required to participate in the Fund. This involves reporting disturbance data and contributing annually to the Fund. Holders of tenements with a rehabilitation liability estimate below a threshold of \$50,000 are required to report disturbance data but are not required to pay into the Fund.

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## 7. Native title

### 7.1 General

- (a) The law in Australia recognises native title. In particular, it recognises that Aboriginal people may hold native title rights and interests in respect of their land. Native title exists where Aboriginal people have maintained a traditional connection to their land and waters, provided it has not been extinguished.
- (b) The grant of a mining tenement also creates rights in respect of land. Those mining tenement rights may *affect* (ie be inconsistent with) any native title rights and interests. As a general statement, those mining tenement rights will be invalid as against any native title rights, unless made valid by certain procedures in the Native Title Act.

### 7.2 An explanation: Native title

- (a) On 3 June 1992, the High Court of Australia held in *Mabo v. Queensland (No. 2)* (1992) 175 CLR 1 that the common law of Australia recognises a form of native title. Native title rights and interests to land are recognised where the claimants (**Aboriginal people**) can establish that they have maintained a continuous connection with their land in accordance with their traditional laws and customs, and that their native title rights and interests have not been lawfully extinguished. Native title rights can be lawfully extinguished in different ways, including voluntary surrender, death of the last survivor of a community entitled to native title, abandonment of the land or the grant of incompatible title (such as the grant of freehold land).
- (b) The Native Title Act came into effect on 1 January 1994, largely in response to the decision in *Mabo v. Queensland (No. 2)* (1992) 175 CLR 1.

### 7.3 Native title claims

- (a) The Native Title Act sets out a process by which Aboriginal people may seek a determination by the Federal Court that they hold native title rights and interests. Whilst the Federal Court is assessing the claimed native title rights and interests, a Registrar of the NNTT will assess whether the native title claim meets certain registration requirements set out in the Native Title Act, and if so, the native title claim will be entered on the Register of Native Title Claims (**RNTC**). If the Federal Court determines that the claimed native rights and interests exist, details of the determined native title claim (and the determined native title rights held) are then entered on the National Native Title Register (**NNTR**).
- (b) If a claim for native title is entered on the RNTC, or a determined claim is entered on the NNTR, the Native Title Act provides the claimants / holders with certain rights, including procedural rights where a "future act" is proposed. An example of a "future act" is the grant of a mining tenement.

#### **7.4 Validation of acts (i.e. grant of a mining tenement)**

The Native Title Act sets out when "acts" will be "valid" in the event they *affect* (i.e. are inconsistent with) native title, however, this process need only apply where native title exists (a determined native title claim entered on the NNTR) or is claimed to exist (a native title claim entered on the RNTC). The "acts" can be a proposed activity or development on land and waters. A common example in Western Australia is the proposed grants of mining tenements by the DMIRS.

#### **7.5 "Past Acts" (i.e. grants of mining tenements): Prior to 1 January 1994**

The Native Title Act permits, and all States and Territories of Australia have passed, legislation validating certain "acts" which were done before 1 January 1994. In Western Australia, that legislation is the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* (WA). It provides that all "acts" (e.g. grants of mining tenements) prior to 1 January 1994 are valid to the extent they affect native title.

#### **7.6 "Future Acts" (i.e. proposed grants of mining tenements): After 1 January 1994**

- (a) Generally, a "future act" is an "act" (e.g. grant of mining tenement) occurring after 1 January 1994 which affects native title.
- (b) The Native Title Act sets out the circumstances in which, and procedures by which, "future acts" will be valid should that "act" affect native title.
- (c) Such circumstances include if the "act" was done in certain circumstances between 1 January 1994 and 23 December 1996 (called "Intermediate Period Acts"), or if the "act" is permitted by an Indigenous Land Use Agreement (ILUA), or if certain procedures are to be followed where a claim for native title is entered on the RNTC, or a determined claim is entered on the NNTR. Such procedures include the "Right to Negotiate Procedure" and the "Expedited Procedure".

#### **7.7 Future Acts between 1 January 1994 and 23 December 1996**

Similarly to Past Acts, the Native Title Act permits, and all States and Territories of Australia have passed, legislation validating certain Intermediate Period Acts (e.g. grants of mining tenements) done between 1 January 1994 and to 23 December 1996 over land or water where a freehold estate or lease (including a pastoral lease but not a mining lease) had been validly granted.

#### **7.8 ILUA**

An ILUA is an agreement which has been authorised by the native title claimant group and has been registered with the NNTT. If the ILUA provides that any one or more mining tenements may be granted, then the relevant mining tenement(s) may be granted without following any other procedures, including the Right to Negotiate Procedure and the Expedited Procedure.

## 7.9 Right to Negotiate Procedure

### (a) General

- (i) The Right to Negotiate Procedure commences with the relevant State or Territory giving notice of the proposed future act (i.e. proposed grant of a mining tenement) (**S29 Notice**).
- (ii) Then any native title party whose details are registered on the RNTC or NNTR, the applicant for the mining tenement and the relevant State or Territory (collectively, the **Negotiation Parties**) are required to negotiate in good faith with a view to the native title party agreeing to the proposed future act.

### (b) Scope of negotiations

- (i) The scope of the negotiations includes any matters relating to the effect of the grant of the future act on the claimed or determined native title rights and interest. The scope can include any matters about which the parties are willing to negotiate. Where the future act is the proposed grant of an exploration or prospecting licence, usually an agreement is reached which aims to protect Aboriginal heritage. This is because exploration licences confer only limited rights to the registered holder of the licence, conferring rights to conduct exploration and disturb the land for that purpose.
- (ii) Where the future act is the proposed grant of a mining lease, the negotiations and resulting agreement are usually more complex, as the nature of rights granted for a mining lease contemplates substantial ground disturbance over a portion of the area granted. Such a right is likely to be incompatible with the exercise of some or all native title rights and interest over that portion. It is usual for the resulting agreement to address employment and training, environmental rehabilitation, Aboriginal heritage protection, cultural awareness and the payment of compensation to the native title party.
- (iii) The Native Title Act stipulates that the Negotiation Parties must "negotiate in good faith" for at least 6 months.

### (c) What if negotiations break down?

- (i) If the Negotiation Parties negotiate in good faith but cannot reach agreement as to the doing of the future act, then provided at least 6 months have elapsed since the S29 Notice, any party (in most cases the registered holder of the licence) may apply to the NNTT for a determination as to whether the future act may be done, and if so, on what conditions.
- (ii) Accordingly, the doing of a future act (i.e. granting of the mining tenement) is dependent on the Negotiation Parties reaching agreement, or the NNTT making a determination that the future act may be done.

## 7.10 Expedited Procedure

- (a) If the relevant State or Territory believes the future act will have minimal impact on native title rights, it may in the S29 Notice elect to use the



Expedited Procedure. If the relevant State or Territory gives such notice, any native title party whose details are registered on the RNTC or NNTR may object to the use of the Expedited Procedure.

- (b) If no objection is lodged, the mining tenement can be granted without delay. If an objection is lodged, the NNTR must determine the validity of the objection. If the objection is dismissed, the tenement can be granted without delay. If the objection is not dismissed, the Right To Negotiate Procedure outlined at paragraph 7.9 applies.

## 7.11 Compensation

- (a) In certain circumstances holders of native title (a determined native title claim that is registered on the NNTR) may be entitled to apply under the Native Title Act to the Federal Court for compensation for any effect on their native title. The Mining Act provides that holders of mining tenements are liable for such compensation where awarded by reason of their mining tenements having affected native title. Consequently, if it has been, or is in the future, determined that native title exists over any of the land the subject of a mining tenement (or granted future act) and the holders of the native title apply to the Federal Court for compensation, the holder of the tenement may be liable and directed to pay any compensation determined. To date, few claims have been lodged with the Federal Court for compensation and until recently no award for compensation has been made by the Federal Court. It is due to this potential risk that the applicant for a mining lease will agree to the inclusions of payment of compensation provisions during the negotiations that lead to the grant of the mining lease, as the applicant is able to restrict the level of compensation payable.
- (b) On 24 August 2016, the Federal Court handed down the first ever judicial assessment of native title compensation in Australia, in *Griffiths v Northern Territory (No 3) [2016] FCA 900 (Timber Creek)*. The Federal Court ordered the Northern Territory Government to pay over \$3.3 million to the Ngaliwurru and Nungali Peoples, as compensation for the impact of certain acts on their native title rights and interests in the town of Timber Creek.
- (c) Importantly, as this case is the first ever litigated native title compensation determination, the Federal Court established new principles for valuing native title compensation in accordance with the Native Title Act.
- (d) The Federal Court in Timber Creek held that the compensation to be awarded to the Ngaliwurru and Nungali Peoples for the extinguishment and impairment of their native title rights and interests comprised of three distinct components:
  - (i) \$512,400 for economic loss;
  - (ii) \$1.3 million for non-economic loss; and
  - (iii) \$1,488,261 for interest on the economic loss component of the compensation.
- (e) Although the area in which compensation was claimed in Timber Creek (approximately 23km<sup>2</sup>) is relatively small having regard to other areas in relation to which native title has been extinguished in Australia, the Federal Court has made it clear that the potential liability arising out of specific acts will be determined on a case by case basis. It is difficult to predict how much

compensation will be awarded in other cases, although the Federal Court has offered general guiding principles for valuing native title compensation.

- (f) This decision was appealed to the Full Court of the Federal Court, which handed down its decision on 20 July 2017 in *Northern Territory of Australia v Griffiths [2017] FCAFC 106*. The Full Federal Court largely upheld the primary judge's decision although some of the grounds of appeal were upheld, namely that the discount factor should have been 65% of freehold value (down from 80%), interest on damages awarded for prior extinguishment will not be payable on and from the date of revival and damages for trespass for three invalid future acts should not be awarded. Although this appeal reduces the amount of compensation payable, the figure remains significant.
- (g) It is possible that one of the parties may seek to appeal Timber Creek to the High Court. Even if the decision is not appealed to the High Court, native title compensation is an evolving area of law and it is likely that the Full Federal Court or High Court will be required to consider and determine another compensation matter. All parties that may be involved with native title compensation (native title holders, applicants for mining tenements and governments) should keep a keen eye on further developments in this area of law.

## **7.12 Native title claims and determinations affecting the Tenements**

The NNTT Searches indicate that all of the Tenements (other than E26/174) lie within the Njamal registered Native Title claim. E26/174 lies within the Maduwongga registered Native Title claim and the Marlinyu Ghoorlie Native Title claim which has not yet been the subject of a NNTT registration decision. The status of these Native Title claims and further information is set out further in Schedule 2.

We have reviewed a Native Title agreement between Atlas Iron Limited and the Njamal Native title applicants that affects the Emu Creek Tenements. However, this agreement is only applicable for iron ore and so is not relevant to the interest that the Company is acquiring in the Emu Creek Tenements which is in relation to non-ferrous base metals and precious metals.

## **7.13 Validity of Tenements**

The DMIRS Searches indicate that all of the Tenements have been validly granted under the Expedited Procedure. Any application for a mining lease in the future will be subject to entry into of an ILUA or the Right to Negotiate Procedure.

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# **8. Aboriginal heritage**

## **(a) General**

Aboriginal heritage is protected by both Commonwealth legislation as well as legislation in each State and Territory of Australia.

## **(b) Commonwealth Legislation**

The Commonwealth Heritage Act is aimed at the preservation and protection of any Aboriginals and objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to

significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act. We have not undertaken any searches of the Commonwealth Heritage Act for the purposes of this Report.

(c) Western Australian legislation

- (i) The WA Heritage Act provides for the establishment of a Register of Aboriginal Sites in Western Australia and the assessment and registration of Aboriginal sites on that Register. The WA Heritage Act protects all Aboriginal sites in Western Australia, whether the site is registered or not.
- (ii) It is an offence under the WA Heritage Act to excavate, destroy, damage, conceal or in any way alter an Aboriginal site or any object on or under an Aboriginal site, unless the person or company is acting with the authority of the Registrar or the consent of the relevant Minister. The offence applies regardless of whether the Aboriginal site has been entered on the Register of Aboriginal Sites. It is a defence if the person / company charged can prove that he did not know and could not reasonably be expected to have known, that the place or object was protected by the WA Heritage Act.
- (iii) The WA Heritage Act accordingly applies to activities on a mining tenement. Tenements in Western Australia are granted subject to an endorsement reminding the tenement holder of its obligation to comply with the requirements of the WA Heritage Act.
- (iv) Agreements reached under the Right to Negotiate procedures will include a process of engagement between the parties to protect Aboriginal heritage; this process includes the undertaking of heritage surveys to identify Aboriginal site. Importantly, a procedure is included for the parties to consider the proposed works on the tenements, and decide on the best course of action given any potential impacts the proposed works may have on Aboriginal sites. In any event, a holder of a Western Australian mining tenement has the legislative right to submit an application under the WA Heritage Act seeking to disturb or destroy an Aboriginal site.

(d) Aboriginal heritage agreements affecting the Tenements

Our Searches indicate that all of the Tenements have been granted and we have been advised that there are no heritage agreements that have been entered into. The process for the grant of an exploration licence includes compliance with the obligations of the applicant under the WA Heritage Act.

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## 9. Land tenure

### 9.1 Application for special prospecting licence P45/3063-S

- (a) Exploration licence 45/4137-I is affected by an application for special prospecting licence P45/3063-S that was lodged in the name of Gary John

McCutcheon on 22 January 2018. The application affects 8.1716 HA (0.21%) of E45/4137-I.

- (b) A "special prospecting licence" (SPL) is for gold only and has a maximum size of 10 hectares and may be applied for within existing exploration licences and certain other forms of tenure. The purpose of an SPL is to allow the small prospectors (individuals) to access gold deposits, provided the activities do not interfere with the co-existing underlying tenement.
- (c) The term of an SPL can be for a period of three months or for any period which is a multiple of three months up to a maximum of four years.
- (d) The applicant for P45/3063-S is required to serve the holder of E45/4137-I (Great Sandy Pty Ltd) with a copy of the application for P45/3063-S.
- (e) Our searches show that Great Sandy Pty Ltd has lodged an objection (number 524127) dated 20 February 2018 to the application for P45/3063-S.
- (f) In considering the objection the Mining Warden must determine whether prospecting can be carried out without undue detriment to activities being carried out by Great Sandy Pty Ltd. Before determining the application the Warden must obtain a report from the Executive Director Geological Survey based solely on information contained in reports lodged by or on behalf of Great Sandy Pty Ltd as holder of E45/4137-I.

## 9.2 Pastoral Leases

- (a) The following pastoral leases underlie the Tenements:

Pastoral Lease	Tenements
Corunna Downs PL N050429	E46/732, E46/1066
Bonney Downs PL N050430	E46/732
Eginbah PL N049987	E45/3679, E45/3857, E45/4136, E45/4137
Yarrie PL N050199	E45/3679, E45/4136
Muccan PL N050507	E45/3679, E45/3857, E45/4136, E45/4137
Black Flag PL N049574	E26/174

- (b) The WA Mining Act:
  - (i) prohibits the carrying out of mining activities on land:
    - (A) for the time being under crop, or which is situated within 100 metres of that land;
    - (B) used as or situated within 100 metres of a yard, stockyard, garden, cultivated field, orchard, vineyard, plantation, airstrip or airfield;

- (C) situated within 100 metres of any land that is in actual occupation and on which a house or other substantial building is erected;
- (D) the site of or situated within 100 metres of any cemetery or burial ground; or
- (E) land the subject of a pastoral lease which is the site of, or is situated within 400 metres of the outer edge of, any water works, race, dam, well or bore, not being used for mining purposes by a person other than a lessee of that pastoral lease,

without the consent of the lessee, unless ordered by the Warden or if the mining is carried out not less than 30 meters below the lowest point of the natural surface;

- (ii) imposes certain restrictions on a mining tenement holder passing through Crown land, including requiring that all necessary steps are taken to notify the occupier of any intention to pass over the Crown land and that all necessary steps are taken to prevent damage to improvements and livestock; and
- (iii) provides that the holder of a mining tenement must pay compensation to an occupier of Crown land, for example a pastoral lease, in certain circumstances, in particular to make good any damage to improvements, and for any loss suffered by the occupier from that damage or for any substantial loss of earnings suffered by the occupier as a result of, or arising from, any exploration or mining activities.

We have been instructed that the Company does not currently have any access and compensation agreements in place with the pastoral lessees in relation to the Tenements.

Upon commencing mining operations on the Tenements, the Company should consider entering into compensation and access agreements with the pastoral lease holders to ensure the requirements of the WA Mining Act are satisfied and to avoid any disputes arising. In the absence of agreement, the Warden's Court determines any compensation payable.

### 9.3 Other land tenure

The following land tenure also overlaps with the relevant Tenements:

Other tenure	Responsible Agency	Purpose	Tenements	Encroached Percentage
FNA 10120	DMIRS	File Notation Area – Proposed QR National Rail Corridor – Multi User Railway	E46/732	26.64%
			E46/1066	0.41%
FNA 11568	Department of Lands	File Notation Area – Proposed	E46/732	38.17%

		Rail Haulage Route – Atlas Iron	E46/1066	32.45%
FNA 13652	Department of Planning, Lands & Heritage	File Notation Area – Proposed amalgamation of unnumbered unallocated Crown Land into adjoining Pastoral Stations, being Bonney Downs, Noreena Downs, Corunna Downs and Warrawagine	E46/732	55.25%
			E46/1066	53.94%
R12062	Water Corporation	"C" Class Reserve	E45/3679	0.08%
R4975	Water Corporation	"C" Class Reserve	E45/3857	12.85%
R51414	Water Corporation	"C" Class Reserve Water Pipeline Corridor	E26/174	0.72%
FNA 8777	Department for Planning and Infrastructure	File Notation Area – Proposed easement West Kalgoorlie Terminal – Black Flag 132kV Transmission Line	E26/174	0.72%

Schedule 1 contains more information about how these other land tenures impact the relevant Tenements in the conditions of the relevant Tenements.

## 10. Summary of material contracts

### 10.1 Farm-out and JV Agreement

Great Sandy, Atlas and Giralia Resources entered into the Farm-out and JV Agreement on 4 November 2016 relating to the Emu Creek Tenements. Under the Farm-out and JV Agreement:

- (a) **Stage 1:** Great Sandy must expend \$190,000 (less any expenditure incurred by third parties on its behalf) by 3 November 2018 to earn a 51% interest (**Stage 1 Earn-in**) in all non-ferrous base metals and precious metals (**Farm-in Minerals**). Great Sandy is not permitted to withdraw from the joint venture until this amount has been spent.
- (b) **Stage 2:** If Great Sandy completes the Stage 1 Earn-in, it may elect to proceed to acquire an additional 19% interest in the Farm-in Minerals (**Stage 2 Earn-in**). If it makes such an election, Great Sandy must complete a bankable

feasibility study by 3 November 2021 in order to earn the Stage 2 Earn-in (which would give it an aggregate 70% interest in the Farm-in Minerals).

- (c) Following each stage of the earn-in, Great Sandy is entitled to a legal interest in the Emu Creek Tenements equal to the relevant earn-in interest. There is only a general statement that Atlas retains the right to explore for Other Minerals and Great Sandy must provide reasonable assistance to facilitate the exercise of those rights. There are no other formal terms that govern the interaction between the parties in relation to their respective exploration rights.
- (d) Atlas retains all rights in relation to all minerals other than the Farm-in Minerals, which includes stone, gravel, clay, sand and other substances required for construction purposes (**Other Minerals**).
- (e) Great Sandy is appointed Manager of the Joint Venture to undertake exploration activities and is permitted to make all decisions regarding the nature and manner in which expenditure is incurred, subject to reasonable consultation with Atlas. This is tempered somewhat by the requirement to get Atlas consent in relation to a work program and budget.
- (f) Atlas has a free-carried interest (ie it does not have to contribute to any Joint Venture costs) until a bankable feasibility study has been completed by Great Sandy.
- (g) There are a number of "Reserved Matters" that require the express approval of Atlas and Giralia Resources:
  - (i) entry into a Land Access Agreement (except in relation to an access deed in relation to L46/116 and L46/117 which Atlas may do in its sole discretion);
  - (ii) carrying out any work within the area of the applications for L46/116 and L46/117;
  - (iii) a decision to incur capital expenditure greater than \$200,000;
  - (iv) a decision to acquire or dispose of assets over \$200,000;
  - (v) commencement of any dispute with a third party in relation to Joint Venture property or settlement of a dispute for an amount over \$200,000; and
  - (vi) related party transactions.
- (h) There are a number of matters that require unanimous consent:
  - (i) changing the object of the Joint Venture;
  - (ii) borrowing on behalf of the participants;
  - (iii) acquiring other tenements;
  - (iv) surrendering, relinquishing or disposing of all or part of the Emu Creek Tenements;
  - (v) approval of a work program and budget;



- (vi) authorising expenditure in excess of 10% of the costs set out in an approved work program and budget; and
  - (vii) a decision to mine.
- (i) There is a pre-emption right in relation to the assignment of an interest in the Joint Venture.
  - (j) There is a right to an extension of the time periods in the Farm-out and JV Agreement for a force majeure event for up to 6 months. However, a party may terminate this agreement at the end of that 6 month period if the force majeure event is continuing. This is a little unusual for a joint venture but, presumably, Great Sandy would not claim force majeure unless it was seeking to extend the dates by which it must meet the earn-in and would not let the period of force majeure exceed 6 months.
  - (k) If a decision to mine is made, the parties agree to negotiate and agree a separate Mining Joint Venture Agreement, based on high level terms set out in the Farm-out and JV Agreement. As part of those negotiations, the parties must also negotiate and agree:
    - (i) the form of a royalty deed that governs the right of Atlas to receive 2% of the gross proceeds of sale of all Farm-in Minerals (**Royalty Deed**) should Atlas elect to withdraw from the Mining Joint Venture. At any time during the term of the Mining Joint Venture Agreement, Atlas is entitled to withdraw from the Mining Joint Venture and transfer its participating interest to Great Sandy in exchange for a royalty of 2% of the gross proceeds of sale of all Farm-in Minerals. If Atlas makes such an election, the parties must enter into the Royalty Deed; and
    - (ii) a process for Atlas to proceed with a development of Other Minerals and the Mining Joint Venture to proceed with a development of Farm-in Minerals. This process must address priority of development, a process to separate the Emu Creek Tenements, sharing of capital expenditure and operating expenditure and put and call options for Atlas and Great Sandy to buy each other out of agreement cannot be reached.

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## 11. Qualifications and assumptions

### 11.1 General

This is a high level Report covering material legal issues affecting the Tenements and does not purport to cover all possible issues which may affect the Tenements. This Report is given only as to, and based on, circumstances and matters of fact existing and known to us on the date of this Report.

Although nothing has come to our attention to lead us to believe that any of the assumptions are incorrect, we have not made any independent investigations in respect to the matters the subject of our assumptions.

### 11.2 Assumptions

This Report is based on, and subject to, the following assumptions (in addition to any assumptions expressed elsewhere in this Report):

- (a) any instructions, documents and information given by the Company or any of its officers, agents or representatives are accurate and complete;
- (b) that the registered holder of a Tenement has valid legal title to the Tenement;
- (c) unless apparent from the Searches or the information provided to us, we have assumed compliance with the requirements necessary to maintain each Tenement in Good Standing;
- (d) where a Tenement has been granted, the future act provisions of the Native Title Act have been complied with;
- (e) all information obtained from the DMIRS, the NNTT and any other governmental or regulatory department referred to in this Report is accurate, current and complete;
- (f) the Company has complied with the terms and conditions of the relevant legislation and any applicable agreements;
- (g) this Report does not cover any third party interests, including encumbrances, in relation to the Tenements that are not apparent from the Searches and the information provided to us;
- (h) all facts stated in documents, and responses to requests for further information, and other material on which we have relied in this Report are and continue to be correct, and no relevant matter has been misstated or withheld from us (whether deliberately or inadvertently); and
- (i) that there are no other documents or materials other than those which were disclosed to us and which we were instructed to review, which related to the matters examined.

### **11.3 Qualifications**

This Report is subject to the following qualifications:

- (a) there may be native title or cultural heritage agreements of which we are not aware;
- (b) the information in Schedule 1 is accurate as at the date of the relevant Searches. We do not comment on whether any changes have occurred in respect of the Tenements between the date of the Searches and the date of this Report;
- (c) a recording in the mining tenement register of a person's holding in a mining tenement is not absolute proof of that person's entitlement to the tenement. The mining tenement system is not based on a system of indefeasibility by registration;
- (d) a registered mining tenement holder's entitlement to a tenement can be defective if there were procedural defects in the original grant of a tenement or if there are any subsequent dealings with a tenement. We are unable to confirm whether there are any such defects in the Tenements disclosed in this Report without a detailed review of the register for each Tenement and other matters;

- (e) this Report is strictly limited to the matters it deals with and does not extend by implication or otherwise to any other matter;
- (f) references in the Schedules are taken from details shown on the Searches we have obtained from the relevant departments referred to in Section 2 above. We have not undertaken independent surveys of the land the subject of the Tenements to verify the accuracy of the Tenement areas or the areas of the relevant native title claims;
- (g) where Ministerial consent is required, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we are not aware of any matters which would cause consent to be refused;
- (h) we have not conducted searches of the Database of Contaminated Sites maintained by the Department of Environment Conservation;
- (i) native title may exist in the areas covered by the Tenements. Whilst we have conducted searches to ascertain what native title claims, if any, have been lodged in the Federal Court in relation to the areas covered by the Tenements, we have not conducted any research on the likely existence or non-existence of native title rights and interests in respect of those areas. Further the NTA contains no sunset provisions and it is possible that additional native title claims could be made in the future; and
- (j) Aboriginal heritage sites or objects (as defined in the AHA or under the Commonwealth Heritage Act) may exist in the areas covered by the Tenements regardless of whether or not that site has been entered on the Register of Aboriginal Sites established by the AHA or is the subject of a declaration under the Commonwealth Heritage Act. We have not conducted any legal, historical, anthropological or ethnographic research regarding the existence or likely existence of any such Aboriginal heritage sites or objects within the area of the Tenements.

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## 12. Conclusion

Bellanhuse has prepared this Report for the purposes of the Prospectus only, and for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours sincerely

Bellanhuse Lawyers

### Schedule 1 - Tenement Summary

Tenement	Holder (100%)	District and Project	Status	Area	Application date	Grant date	Expiry date	Minimum expenditure commitment	Notes
EL46/732	Giralia Resources Pty Ltd	Nullagine - Emu Creek Project	Granted	25 blocks	18/09/2006	1/02/2008 (5 year term period - Extended)	31/01/2018 (2 year term extension application pending)	Previous year expended in full. Current year (31/01/2019) commitment is \$75,000.	1, 2, 3, 11
EL46/1066	Atlas Iron Limited	Nullagine - Emu Creek Project	Granted	13 blocks	28/01/2015	7/09/2015	6/09/2020	Previous year expended in full. Current year (06/09/2018) commitment is \$20,000.	1, 2, 4, 12
EL45/3679	Great Sandy Pty Ltd	Marble Bar - Talga Peak Project	Granted	40 blocks	19/04/2010	12/06/2012 (5 year term period - Extended)	11/06/2022	Previous year expended in full. Current year (11/06/2018) commitment is \$80,000.	1, 2, 3, 5, 14
EL45/3857	Great Sandy Pty Ltd	Marble Bar - Talga Peak Project	Granted	7 blocks	15/02/2011	11/02/2013	10/02/2018 (5 year term extension application pending)	Previous year expended in full. Current year (10/02/2019) commitment is \$50,000.	1, 2, 6, 9, 14
EL45/4136	Great Sandy Pty Ltd	Marble Bar - Talga Peak Project	Granted	3 blocks	17/12/2012	16/09/2013	15/09/2018	Previous year expended in full. Current year (15/09/2018) commitment is \$20,000.	1, 2,

Tenement	Holder (100%)	District and Project	Status	Area	Application date	Grant date	Expiry date	Minimum expenditure commitment	Notes
EL45/4137	Great Sandy Pty Ltd	Marble Bar - Talga Peak Project	Granted	12 blocks	17/12/2012	16/09/2013	15/09/2018	Previous year expended in full. Current year (15/09/2018) commitment is \$30,000.	1, 2, 15
EL45/4615	Great Sandy Pty Ltd	Marble Bar - Talga Peak Project	Granted	3 blocks	24/08/2015	3/05/2016	2/05/2021	Previous year expended in full. Current year (2/05/2018) commitment is \$15,000.	1, 2, 7
EL26/174	Drillabit Pty Ltd	East Coolgardie - Gimlet project	Granted	5 blocks	19/08/2014	7/11/2016	6/11/2021	Previous year expended in full. Current year (6/11/2018) commitment is \$15,000.	2, 8, 10, 13

## Notes

The notes below in respect of the Tenements refer to results of the Tengraph Searches and the Tenement Searches. It is not an exhaustive list. For all conditions and endorsements attached to the Tenements, searches of the DMIRS register should be conducted.

1. This tenement is authorised to mine and work for iron pursuant to section 111 of the Mining Act.
2. The holder must (i) notify the holder of any underlying pastoral or grazing lease prior to undertaking airborne geophysical surveys or any ground disturbing activities; (ii) within thirty (30) days of receiving written notification of, (a) the grant of the Licence or (b) registration of a transfer introducing a new Licensee, advise, by registered post, the holder of any underlying pastoral or grazing lease details of the grant or transfer; and (iii) obtain the DoIR Environment Officer's approval prior to using mechanised equipment for surface disturbance activities.
3. The construction and operation of the project and measures to protect the environment to be carried out in accordance with the "Programme of Work on E46/732 and E46/803 for Atlas Iron Limited" (Reg ID 39818) dated 14 June 2013.
4. No activities to be carried out within the proposed corridors (designated FNA 10120 and FNA 11568) that interfere with any rail route investigation activities.
5. The holder must preserve the rights of ingress to and egress from Miscellaneous Licences 45/183 & 45/184.

6. The holder must (i) provide reasonable access to, and not interfere with the operations of, Main Roads' employees, contractors and agents regarding land FNA 8790 in Tengraph; (ii) enter into an agreement with Main Roads regarding the removing or relocation of any road before commencing any mining on FNA 8790; (iii) not interfere with transmission lines or associated installations and must preserve the rights of ingress to and egress from the facility for the owners; (iv) not interfere with the infrastructure on designated land 'FNA8790' and must preserve the rights of ingress to and egress from the facility for the owners.
7. The holder must not interfere with transmission lines or associated installations and must preserve the rights of ingress to and egress from the facility for the owners.
8. The holder must (i) preserve the rights of ingress to and egress from Miscellaneous Licences 26/18, 26/204, 26/261 and 26/269; and (ii) obtain the consent of the Minister prior to undertaking exploration on Water Pipeline Corridor 51414.
9. Any private land referred to in section 29(2) of the WA Mining Act is not included in the grant of this licence except that below 30 metres from the surface.
10. Overlaps with L26/18, L26/204, L26/247, L26/261 and L26/269.
11. Land not included in the grant of this licence: ML 46/177, EL 46/679, Oakover River 1441 k, Oakover River 1442 fg.
12. Land not included in the grant of this licence: ML 46/177.
13. Land not included in the grant of this licence: EL 26/168, ML 24/446 and 447, ML 26/446/447, ML 26/499, ML 26/549, ML 26/621, PL 26/3923, PL 26/3936-3938, PL 26/3940, Late PL 26/3749, Late PL 26/3960, Late PL 26/3579 and Late PL 26/3581.
14. Given the existence of the Class "C" water reserve, there are a number of conditions in relation to water including: (i) Department of Water (**DoW**) approval is required to construct, deepen or alter an artesian well; (ii) advice must be sought from the DoW if proposing any exploration within a distance of 50m of a perennial waterway and 30m of a seasonal waterway; (iii) the abstraction of surface water and groundwater is prohibited without a licence; and (iv) Ministerial consent is required before commencing exploration on the Water Reserve or Timber Reserve.
15. This tenement is affected by application for prospecting licence P45/3063 lodged by Gary John McCutcheon on 22 January 2018 which overlaps 0.21% (8.17HA) of the tenement.

## Schedule 2 - Native Title Claims

Tenement	Native Title Claims					Native Title Determinations	ILUAs	Registered Aboriginal Heritage Sites or Other Heritage Places
	NNTT No.	Federal Court No.	Application Name	Registered	Status			
EL46/732	WC1999/008	WAD6028/1998	Njamal	Registered from 3/06/1999	Active	No overlap	No overlap	None registered
EL46/1066	WC1999/008	WAD6028/1998	Njamal	Registered from 3/06/1999	Active	No overlap	No overlap	None registered
EL45/3679	WC1999/008	WAD6028/1998	Njamal	Registered from 3/06/1999	Active	No overlap	No overlap	Two registered <sup>1</sup>
EL45/3857	WC1999/008	WAD6028/1998	Njamal	Registered from 3/06/1999	Active	No overlap	No overlap	None registered
EL45/4136	WC1999/008	WAD6028/1998	Njamal	Registered from 3/06/1999	Active	No overlap	No overlap	None registered
EL45/4137	WC1999/008	WAD6028/1998	Njamal	Registered from 3/06/1999	Active	No overlap	No overlap	None registered
EL45/4615	WC1999/008	WAD6028/1998	Njamal	Registered from 3/06/1999	Active	No overlap	No overlap	None registered
EL26/174	WC2017/001	WAD186/2017	Maduwongga	Registered from 3/08/2017	Active	No overlap	No overlap	None registered
	WC2017/007	WAD647/2017	Marlinyu Ghoorlie	No Registration Decision (filed 22 December 2017)	Pre-notification			

### Notes

1. The Heritage Searches indicate that there are 2 registered Aboriginal sites located within the area of this Tenement: (i) Aboriginal site ID 6816 Pinnacle Engravings (type: Engraving); and (ii) Aboriginal site ID 24737 Spinifex Ridge 07-08 (type: Artefacts/Scatter, Quarry).



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## **8. Board, Management and Corporate Governance**

### **8.1 Board of Directors**

With effect from completion of the Acquisition Agreements, Messrs Oreste Biziak, Clayton Dodd, and Peter Chapman, will retire as Directors and Messrs Michael Quinert, Damon O'Meara and Richard Revelins (**Proposed Directors**) will be appointed to the Board of the Company. Mr Bryan Frost will remain on the Board as Executive Chairman and Mr David McBain will remain as Company Secretary and Chief Financial Officer.

Upon Completion of the Acquisitions and re-instatement of the Company to the ASX, the new Board of the Company will comprise:

- (a) Mr Bryan Frost as Executive Chairman;
- (b) Mr Richard Revelins as Executive Director;
- (c) Mr Damon O'Meara as Non-Executive Director; and
- (d) Mr Michael Quinert as Non-Executive Director.

### **8.2 Director profiles for the proposed Board**

The following Directors are intended to comprise the Board following completion of the Offers and re-instatement of the Company's Shares to Official Quotation:

#### **(a) Mr Bryan Frost**

Mr Frost has a career spanning over 55 years that includes experience in stockbroking, investment banking, venture capital, direct investment and corporate structuring. In 1989, Mr Frost co-founded Peregrine Corporate Limited, an Australian boutique investment bank which maintains a Financial Services Licence. Mr Frost has been involved in a myriad of public companies, usually through appointments to board positions and direct funding in a number of sectors including consumer products, mining, biotechnology and technology in Australia, Canada, South Africa, USA, UK, Ghana, Chile, and several other countries.

Mr Frost is currently Executive Chairman of Peregrine Corporate Limited and a Director of Watermelon Gold Limited.

#### **(b) Mr Richard Revelins**

Mr Revelins holds a Bachelor of Economics Degree from Monash University. Mr Revelins is a co-founder of Peregrine Corporate Limited and is also a Managing Director at Cappello Group Inc in Los Angeles, USA. Mr Revelins has over 30 years of experience with international investment banks in the area of corporate finance and corporate advice and has held senior positions with Kleinwort Benson Australia Limited, Morgan Grenfell Australia Limited and McIntosh Securities Limited. Mr Revelins has predominantly specialised in mining and natural resources and was the former Chairman of Atlas Iron Ltd as well as a director of numerous other public and private companies.

(c) **Mr Damon O'Meara**

Mr O'Meara holds a Bachelor of Education and a Diploma in teaching. Mr O'Meara has over 40 years of experience in the mining and prospecting industry, having worked for Denis O'Meara Prospecting and former ASX-listed company, Kalmet Resources NL. Mr O'Meara is Co-Founder and Managing Director of Outback Trees of Australia Pty Ltd - Commercial Landscaping & Irrigation Group in Western Australia and has worked with prominent mining clients including BHP, Rio, Chevron and Woodside.

Mr O'Meara is a related party of the Company by virtue of this transaction as he is a vendor and director of Great Sandy.

(d) **Mr Michael Quinert**

Mr Quinert graduated from Monash University with a Bachelor of Economics and a Bachelor of Laws in 1984 and 1985 respectively. Mr Quinert is a founding partner of Quinert Rodda & Associates which was established in July 2009. Mr Quinert possesses specific expertise in assisting corporations to complete IPOs and has assisted numerous groups across a range of industry sectors to successfully list on the ASX.

Mr Quinert is Chairman of ASX listed West Wits Mining Limited (ASX: WWI), a company with active gold mining activities in South Africa, Australia and Indonesia

### **8.3 Company Secretary and Chief Financial Officer**

**Mr David McBain**

Mr McBain is a Chartered Accountant and is a member of the Governance Institute of Australia and a fellow of the Australian Institute of Company Directors. Mr McBain has over 40 years of professional experience in providing company secretarial services, business assurance and statutory audits, taxation and business advisory services.

### **8.4 Management Team**

The Company is fortunate to have assembled a highly experienced and successful team with Messrs Brian Richardson as head of exploration and Brett Keillor as consulting geologist.

Mr Richardson is a geologist with over 35 years of experience in Australia and overseas and in particular, Mr Richardson has substantial experience working in the Pilbara region. Mr Richardson was a founding director of Thundelarra Exploration and Royal Resources.

Mr Brett Keillor is a geologist with 30 years' experience in the mining industry. He was recently chief geologist for Independence Group and is a two-time recipient of the AMEC "Prospector of the Year Award".

The Company also has ongoing access to Mr Denis O'Meara and the facilities provided by Denis O'Meara Prospecting. Mr O'Meara is a very well-known and respected Pilbara focussed prospector and is a joint recipient of the AMEC "Prospector of the Year Award".

In addition, the Company will also allocate a portion of working capital to employ a suitably qualified managing director.

## 8.5 Interests of Directors

Except as disclosed in this Prospectus, no Director of the Company (or entity in which they are a partner or director) has, or has had in the two years before the date of this Prospectus, any interests in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Offers; or
- (c) the Offers, and

no amounts have been paid or agreed to be paid and no value or other benefit has been given or agreed to be given to:

- (d) any Director to induce him or her to become, or to qualify as, a Director; or
- (e) any Director of the Company for services which he or she (or an entity in which they are a partner or director) has provided in connection with the formation or promotion of the Company or the Offers.

## 8.6 Security holdings of Directors

The existing Directors and Proposed Directors and their respective related entities have the following interests in Shares:

Director	Shareholding <sup>1</sup>	% Shareholding
Bryan Frost <sup>1</sup>	7,025,000	18.51
Oreste Biziak (resigning on Completion)	510,116	1.34
Peter Chapman (resigning on Completion)	1,001,208	2.64
Clayton Dodd (resigning on Completion)	4,000,000	10.54
Michael Quinert <sup>2</sup>	800,000	2.11
Damon O'Meara	-	-
Richard Revelins <sup>3</sup>	-	-

### Notes:

1. Mr Frost is a current Director. Mr Frost's interests are held indirectly through various associated entities. Mr Frost is also a director of Peregrine.
2. Mr Quinert is a Proposed Director. Mr Quinert indirectly holds his interest through Kastin Pty Ltd, an associated trust.
3. Mr Revelins is a director of Peregrine and is a Proposed Director.

Set out in the table below are details of the anticipated relevant interests of the existing Directors and Proposed Directors (and their respective related entities) in the Company upon a successful readmission to the Official List:

Director	Shares	Shareholding % (Minimum Subscription)	Shareholding % (Maximum Subscription)
Bryan Frost <sup>1</sup>	25,358,333	10.44	8.66
Oreste Biziak (resigning on Completion)	510,116	0.21%	0.17%
Peter Chapman (resigning on Completion)	1,001,208	0.41%	0.34%
Clayton Dodd (resigning on Completion)	4,000,000	1.65	1.37
Michael Quinert <sup>2</sup>	800,000	0.33	0.27
Damon O'Meara <sup>3</sup>	17,133,350	5.85	7.06
Richard Revelins <sup>4</sup>	11,000,000	4.53	3.76

**Notes:**

1. Mr Frost is a current Director. Mr Frost's interests are proposed to be held indirectly through various associated entities, including Peregrine, who will be issued the Corporate Advisor Securities, subject to Shareholder approval. The Corporate Advisor Securities are also accounted for in Mr Revelin's interests as Messrs Frost and Revelins control Peregrine.
2. Mr Quinert is a Proposed Director. Mr Quinert indirectly holds his interest through Kastin Pty Ltd, an associated trust.
3. Mr O'Meara is a Proposed Director and is a director of Great Sandy and Drillabit. Mr O'Meara's shareholding may increase in the future if the Deferred Consideration Shares are issued.
4. Mr Revelins is a Proposed Director. Mr Revelins is also a director of Peregrine, who will be issued the Corporate Advisor Securities, subject to Shareholder approval at the Meeting. The Corporate Advisor Securities are also accounted for in Mr Frost's interests as Messrs Frost and Revelins control Peregrine.

## 8.7 Remuneration of Directors

The Company's Constitution provides that each Director is entitled to such remuneration from the Company as the Directors decide, but the total amount provided to all Directors must not exceed in aggregate the amount fixed by the Company in a general meeting. The Constitution also provides that if a Director is called upon to perform extra services, the Company may remunerate that Director by payment of a fixed sum determined by the Directors which may be in addition or in substitution for that Director's share of the aggregate remuneration.

The current maximum amount of remuneration for Non-Executive Directors has been set at \$70,000 per annum. The Company intends to increase the aggregate remuneration to \$300,000, subject to receiving Shareholder approval at the General Meeting.

A summary of each of the Directors' agreements are set out in Section 9.6.

In the two financial years prior to the date of this Prospectus, the Directors have not been paid any fees as it has been the policy of the Board, since 19 September 2014, not to pay or accrue Directors fees until a new business venture is identified. The Company also does not pay performance based remuneration.

In the last two financial years prior to the date of this Prospectus, the Company has paid a total of \$199,650 (inclusive of GST) to Darontack Pty Ltd, an entity associated with Mr Richard Revelins, for consultancy services provided in connection with the Acquisitions, Mobilicom Agreement and a former transaction which did not proceed past the due diligence stage.

Effective from Completion, the Company expects to pay the following fees to the Directors:

Director	Fees <sup>1</sup>
Mr Bryan Frost	130,000
Mr Michael Quinert	40,000
Mr Damon O'Meara	40,000
Mr Richard Revelins	40,000

**Notes:**

1. Figures exclude superannuation.

## 8.8 Related Party Transactions

In addition to the Acquisition Agreements (see Section 9.2) and Peregrine Mandate, the Company has entered into the following related party transactions on arms' length terms:

- a convertible note deed in favour of Mr Bryan Frost (refer Section 9.4(b) for details)
- letters of appointment and/or services agreements with each of its Proposed Directors (including the existing continuing Director) on standard terms (refer Section 9.6(b) for details); and
- deeds of indemnity, insurance and access with each of the Proposed Directors (including the existing continuing Director) on standard terms (refer Section 9.8 for details).

At the date of this Prospectus, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.

## 8.9 ASX Corporate Governance Council Principles and Recommendations

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the Company's policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, the Company has adopted the 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**).

In light of the Company's size and nature, the Board considers that the current Board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

The Company's main corporate governance policies and practices as at the date of this Prospectus are detailed below. The Company's full Corporate Governance Plan will be available in a dedicated corporate governance information section of the Company's website at [www.firstau.com](http://www.firstau.com).

**(a) Board of Directors**

The Board is responsible for the corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. Clearly articulating the division of responsibilities between the Board and management will help manage expectations and avoid misunderstandings about their respective roles and accountabilities.

In general, the Board assumes (amongst others) the following responsibilities:

- (i) providing leadership and setting the strategic objectives of the Company;
- (ii) appointing and when necessary replacing the Executive Directors;
- (iii) approving the appointment and when necessary replacement, of other senior executives;
- (iv) undertaking appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director;
- (v) overseeing management's implementation of the Company's strategic objectives and its performance generally;
- (vi) approving operating budgets and major capital expenditure;
- (vii) overseeing the integrity of the Company's accounting and corporate reporting systems including the external audit;
- (viii) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities;
- (ix) ensuring that the Company has in place an appropriate risk management framework and setting the risk appetite within which the Board expects management to operate; and

- (x) monitoring the effectiveness of the Company's governance practices.

The Company is committed to ensuring that appropriate checks are undertaken before the appointment of a Director and the Company has in place written agreements with each Director which detail the terms of their appointment.

**(b) Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. The proposed Board will consist of two Executive Directors and two Non-Executive Directors (one of whom the Company considers independent). As the Company's activities develop in size, nature and scope, the composition of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

**(c) Identification and management of risk**

The Board's collective experience will assist in the identification of the principal risks that may affect the Company's business. Key operational risks and their management will be recurring items for deliberation at Board meetings.

**(d) Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

**(e) Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

**(f) Remuneration arrangements**

The remuneration of any Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

In addition, subject to any necessary Shareholder approval, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director (e.g. non-cash performance incentives such as Options).

Directors are also entitled to be paid reasonable travel and other expenses incurred by them in the course of the performance of their duties as Directors.

The Board reviews and approves the Company's remuneration policy in order to ensure that the Company is able to attract and retain executives and Directors who will create value for Shareholders, having regard to the amount considered to be commensurate for an entity of the Company's size and level of activity as well as the relevant Directors' time, commitment and responsibility.

The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

**(g) Securities trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its key management personnel (i.e. Directors and, if applicable, any employees reporting directly to the Executive Directors). The policy generally provides that the written acknowledgement of the Company Secretary or Chairman (or the Board in the case of the Chairman) must be obtained prior to trading.

**(h) Diversity policy**

The Board values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. However, given the current stage of the Company's operations and number of employees the Company has determined at this stage not to formally adopt a diversity policy. The Company will re-assess this as the Company grows.

**(i) Audit and risk**

Following Completion, the Company will not have a separate audit or risk committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In such instances, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

**(j) External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

## **8.10 Departures from Recommendations**

Following reinstatement to the Official List, the Company will be required to report any departures from the Recommendations in its annual financial report.

The Company's compliance and departures from the Recommendations as at the date of this Prospectus are detailed in the table below.

<b>Recommendations</b>	<b>Explanation for Departures</b>
1.5 A listed entity should have a diversity policy and disclose that policy at the end of each reporting period	The Company does not comply with Recommendation 1.5. The Company has not formally established a diversity policy given the current stage of its operations and small number of employees.



Recommendations	Explanation for Departures
<p>2.1 The board of a listed entity should have a nomination committee.</p>	<p>The Company does not comply with Recommendation 2.1. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.</p> <p>Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board is confident that this process for selection, including undertaking appropriate checks before appointing a person, or putting forward to Security holders a candidate for election, and review is stringent and full details of all Directors will be provided to Shareholders in the annual report and on the Company's website.</p>
<p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>The Company does not comply with Recommendation 2.2. Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Board has not yet developed a specific skill matrix. The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction. This role will be performed by the Nomination Committee (or, in its absence, the Board). Once adopted, the Company will disclose the Board skill matrix in, or in conjunction with, its Annual Reports.</p>
<p>2.4 A majority of the board of a listed entity should be independent directors.</p>	<p>On completion of the Acquisition, the Company will not comply with Recommendation 2.4. Of the Company's proposed Board, three of the four Directors are not considered to be independent due to the following considerations:</p> <ul style="list-style-type: none"> <li>(a) prior to lodgement of this Prospectus, Mr Bryan Frost is a substantial shareholder of the Company and is also a Principal of the Corporate Adviser. Mr Frost will continue to be a substantial holder at reinstatement;</li> <li>(b) Mr Richard Revelins is a Principal of the Corporate Adviser; and</li> <li>(c) Mr Damon O'Meara is associated with the Vendors of the Acquisition and on completion, will be a substantial shareholder of the Company.</li> </ul>

Recommendations	Explanation for Departures
<p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>The Company does not comply with Recommendation 2.5.</p> <p>Bryan Frost is the Company's chairman and is not considered to be an independent director due to his interest in the securities of the Company and his relationship as a Principal of the Company's Corporate Adviser.</p> <p>The Company does not currently have a CEO or managing director. Until such a time that a CEO or managing director is appointed, the Chair will carry out the duties that would ordinarily be assigned to the CEO or managing director.</p>
<p>4.1 The board of a listed entity should have an audit committee of at least three members that are non-executive.</p>	<p>Whilst the Board has a separate audit committee it does not comply with the Recommendations as it does not have at least three members that are non-executive. The Board may elect not to continue with a separate audit committee if it considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify having a separate audit committee. In such instances, the full Board carries out the duties that would ordinarily be assigned to the audit committee.</p>
<p>7.1 The board of a listed entity should have a risk committee.</p>	<p>The Company does not comply with Recommendation 7.1.</p> <p>The Board has not established a separate Risk Management Committee. The Board is ultimately responsible for risk oversight and risk management. Discussions on the recognition and management of risks are considered by the Board.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.</p>
<p>8.1 The board of a listed entity should have a remuneration committee of at least three members, a majority of whom are independent</p>	<p>The Board as a whole performs the function of the Remuneration committee which includes setting the Company's remuneration structure, determining eligibilities to incentive schemes, assessing performance and remuneration of senior management and determining the remuneration and incentives of the Board.</p> <p>The Board may obtain external advice from independent consultants in determining the Company's remuneration practices, including remuneration levels, where considered appropriate.</p> <p>The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate remuneration committee.</p>

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## 9. Material Contracts

### 9.1 Introduction

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

### 9.2 Acquisition Agreements

The Company has entered into a conditional binding acquisition agreement with the Vendors to acquire their interest in certain Tenements (**Acquisition Agreements**). Proposed Director, Mr Damon O'Meara is a director of Great Sandy and Drillabit.

The Acquisition Agreements comprise of the following agreements on the following material terms:

#### (a) Great Sandy Tenement Acquisition Agreement

Pursuant to an agreement between the Company and Great Sandy, the Company has agreed to acquire exploration licences EL45/3679, 45/3857, 45/4136, 45/4137 and 45/4615.

The Company has also agreed to acquire all of Great Sandy's rights, interest and obligations under a farm-out and joint venture agreement between Great Sandy and Atlas. Subject to completion occurring, under the farm-out agreement the Company will have the ability to earn up to a 70% interest in exploration licences 46/732 and 46/1066.

The Tenements the subject of the Great Sandy Acquisition Agreements make up the Emu Creek and Talga projects.

#### (b) Drillabit Tenement Acquisition Agreement

Pursuant to an agreement between the Company and Drillabit, the Company has agreed to acquire exploration licence EL26/174 (the Gimlet Gold Project).

In consideration for the Tenements, the Company will issue the Consideration Securities to the Vendors (or their nominees) being:

- (i) an issue of 32,500,000 Shares in the capital of the Company. Specifically 13,000,000, 11,375,000 and 8,125,000 Shares will be issued in consideration for Gimlet, Emu Creek and Talga respectively;
- (ii) 13,000,000 Deferred Consideration Shares on or about the date that the Company achieves the Milestone set out in Section 9.2(e); and
- (iii) 3,500,000 Unquoted Options.

As noted in Section 9.2(a), Great Sandy and Drillabit are both entities associated with well-known Western Australian prospector Mr Denis O'Meara,

with Great Sandy also holding all of the issued capital of Drillabit. Proposed incoming director Mr Damon O'Meara is Mr Denis O'Meara's son and is also a director of both Great Sandy and Drillabit.

Completion of the Acquisition Agreement is subject to the satisfaction (or waiver) of the following conditions precedent:

- (i) **ASX Reinstatement:** conditional approval from ASX to reinstate the securities of the Company to trading on conditions reasonably satisfactory to the Company;
- (ii) **Shareholder Approvals:** the Company obtaining all necessary shareholder approvals required by the Corporations Act and the Listing Rules in relation to the Acquisitions including, without limitation, approval for:
  - (A) the issue of the Consideration Securities;
  - (B) the issue of Public Offer Securities;
  - (C) the election of the Proposed Directors; and
  - (D) the change of the Company's name to "First Au Limited".
- (iii) **ASX Waivers:** the Company obtaining a waiver from ASX in respect of the following:
  - (A) Listing Rule 2.1 (Condition 2) to undertake the Public Offer at an issue price of \$0.04 per Share;
  - (B) Listing Rule 1.1 (Condition 12) to set an exercise price for the Options at less than \$0.20; and
  - (C) Listing Rule 7.3.2 to permit the issue of the Deferred Consideration Shares outside of the 3 month period allowed by that rule.
- (iv) **Public Offer:** the Company completing the Public Offer;
- (v) **Board Changes:** with the exception of Mr Frost, each of the current Directors resigning and the Proposed Directors being elected to the Board;
- (vi) **Other Approvals:** the Company, Drillabit and Great Sandy obtaining any other necessary shareholder and regulatory approvals pursuant to the Listing Rules, Corporations Act or any other applicable law or regulations to lawfully complete the Acquisition; and
- (vii) **Third Party Consents:** the Company, Drillabit and Great Sandy obtaining any other necessary third party consents to enable them to lawfully complete the Acquisitions, including but not limited to assignment of any relevant agreements in accordance with their terms.

(c) **Acquisition**

The Company has agreed to acquire the Vendors' interest in the Tenements for the consideration set out in Section 9.2(e) below.

(d) **Conditions precedent**

Completion of the Acquisitions is subject to the satisfaction of the following conditions, which have been met:

- (i) the Company procuring that each of the Goldtree Convertible Noteholders cancel their respective convertible notes and enter into agreements for the issue of Goldtree Convertible Notes Company to receive capital in the Company on conversion; and
- (ii) the O'Meara prospecting interests granting the Company an option to acquire the Tenements.

(e) **Consideration**

In exchange for acquiring the Tenements and subject to satisfaction of the conditions precedent, at Completion, the Company will issue 32,500,000 Shares and 3,500,000 Unquoted Options to the Vendors. Specifically, 13,000,000, 11,375,000 and 8,125,000 Shares will be issued in consideration for Gimlet, Emu Creek and Talga respectively.

The Vendors will also be entitled to be issued with 13,000,000 Deferred Consideration Shares upon announcing a JORC compliant resource of a minimum 708,000 tonnes at 2.2 grams per tonne of gold for 50,000 ounces of gold any of the interests in Tenements to be acquired (**Milestone**). If the Milestone is not achieved within 5 years from the Quotation Date, no Deferred Consideration Shares will be issued.

The Company expects all of the Consideration Securities to be escrowed by ASX for a period of 12 months from the date of issue.

The remainder of the terms and conditions of the Acquisition Agreements are considered standard for an agreement of this nature.

### **9.3 Emu Creek Project Farm-out and JV Agreement**

A summary of the Farm-out and Joint Venture Agreement between Atlas, Giralia Resources and Great Sandy dated 4 November 2016 is set out in section 10 of the Solicitor's Report at Section 7 of this Prospectus.

Pursuant to a standard form deed of assignment and assumption, from Completion Great Sandy assigns its interests in the Farm-out and Joint Venture Agreement to the Company and the Company agrees to assume and perform the obligations of Great Sandy set out in the Farm-out and Joint Venture Agreement.

### **9.4 Convertible Notes**

(a) **Seed Raising Convertible Notes**

The Company is party to interest-free and unsecured convertible note agreements with certain sophisticated and professional investors, pursuant

to which the Company raised a total of \$290,000 (**Seed Raising Convertible Notes**).

Subject to receipt of Shareholder approval at the General Meeting, the Seed Raising Convertible Notes will convert into a total of 9,666,667 Shares at a deemed conversion price of \$0.03 per Share. On conversion, each holder of the Seed Raising Convertible Notes will also be issued one free attaching Quoted Option for every one Share issued.

The terms and conditions of the Seed Raising Convertible Notes contain additional provisions considered standard for agreements of that nature.

(b) **Goldtree Convertible Notes**

Prior to entering into the Acquisition Agreements, the Vendors had commenced a transaction with Goldtree Minerals Pty Ltd (**Goldtree**), pursuant to which the Vendors had agreed to sell the Tenements to Goldtree, which itself intended on applying to list on ASX. Goldtree is also an entity associated with Denis and Damon O'Meara.

In connection with this previously contemplated transaction, Goldtree had entered into convertible note arrangements with certain sophisticated and professional investors, pursuant to which Goldtree had raised a total of \$426,000 (**Goldtree Convertible Noteholders**). One of the Goldtree Convertible Noteholders was Mr Bryan Frost, a Director, who invested \$70,000.

The Company approached Goldtree, which agreed to cease its proposed transaction with the Vendors in consideration for the Company:

- (i) assuming the debt owed by Goldtree pursuant to the convertible notes issued to the Goldtree Convertible Noteholders; and
- (ii) entering into agreements with the Goldtree Convertible Noteholders to exchange their convertible notes in Goldtree for convertible notes into the Company.

The Company has entered into a settlement deed with Goldtree in respect of the above, and has also entered into separate deeds with each of the Goldtree Convertible Noteholders to give effect to this proposal by issuing new Convertible Notes in the Company to the Goldtree Convertible Noteholders (**Goldtree Convertible Notes**).

Subject to receipt of Shareholder approval at the General Meeting, the Goldtree Convertible Notes will convert into a total of 14,200,000 Shares at a deemed conversion price of \$0.03 per Share. On conversion, each holder of the Goldtree Convertible Notes will also be issued one free attaching Quoted Option for every one Share issued.

The terms and conditions of the Goldtree Convertible Notes contain additional provisions considered standard for agreements of that nature.

Mr Bryan Frost holds an indirect interest in the Goldtree Convertible Notes through his entity Queensland MM Pty Ltd <Superannuation A/C> for an amount of \$70,000. On conversion, Queensland MM Pty Ltd <Superannuation A/C> will be issued 2,333,333 Shares and 2,333,333 attaching Quoted Options.

## 9.5 Peregrine Mandate

The Company entered into a mandate with Peregrine Corporate Limited to act as Lead Manager and Corporate Advisor (**Peregrine Mandate**).

Pursuant to the Peregrine Mandate, the following terms apply:

### (a) Fees

Peregrine will receive the following fees:

- (i) **(Seed raise)** a seed capital raising fee of 6.5% of \$290,000 which was raised from the Convertible Notes (as outlined in Section 9.4);
- (ii) **(Transaction fee)** a prior transaction fee of 6.5% of the funds Peregrine has raised as at the date of this Prospectus in relation to the Tenements (including associated costs with the previous Goldtree transaction);
- (iii) **(Capital Raising Fee)** a capital raising fee of 6.5% of the Public Offer and 10,000,000 Shares and 10,000,000 Unquoted Options which are exercisable at \$0.06 and expire on or before 1 March 2021; and
- (iv) **(Cash fees)** in respect of the cash fees noted in paragraphs (i) and (ii), Peregrine will receive \$30,000 worth of fees in equity in the form of a convertible note which will be issued on the same terms as the Seed Raising Convertible Notes,  
  
(together, **Fees**).

### (b) Term

The Peregrine Mandate expires 12 months from the date of execution or on the date that the Company is re-admitted to the ASX (whichever comes first) (**Term**).

### (c) Other capital raisings

Where a party that Peregrine has introduced to the Company participates in a capital raising not contemplated by the Peregrine Mandate during the Term, Peregrine will be entitled to a fee equal to 6.5% of the capital raised.

### (d) Termination

The parties may terminate the Peregrine Mandate on the following terms:

- (i) either party may terminate the agreement by giving the other party 30 days' written notice in writing;
- (ii) if within 12 months of termination the Company enters into a similar transaction or agreement as contemplated by this Prospectus, the Company agrees to pay Peregrine the Fees which would have become due and payable under the Peregrine Mandate; and

- (iii) any termination initiated by the Company without cause will give rise to a break fee of \$100,000 in favour of Peregrine which is payable within 7 days of such termination.

## 9.6 Director agreements

### (a) Executive Chairman - Executive Services Agreement - Mr Bryan Frost

The Company has entered into an executive consultancy agreement (**Frost Agreement**) with an associated entity of Bryan Frost, Queensland MM Pty Ltd (**Consultant**), pursuant to which the Consultant, through Mr Bryan Frost, will provide the following consultancy services:

- (i) serve the Company as the Executive Chairman, responsible for being involved in the strategic direction and control of the business of the Company;
- (ii) provide the Board with information and reports:
  - (A) as to the business and affairs of the Company and the Group as the Board may reasonably request from time to time; and
  - (B) generally, so as to keep the Company fully informed of all material developments in or relevant to the Company's and the Group's affairs within the scope of the Consultant's duties; and
- (iii) in providing services pursuant to the Frost Agreement, comply with the Listing Rules, the Corporations Act and the constitution of the Company.

A consultancy fee of \$130,000 per annum plus GST (if applicable) is payable to the Consultant for the consultancy services, subject to annual review by the Board. The Company will also reimburse the Consultant for reasonable expenses necessarily incurred in the performance of the consultancy services. Other than the potential for payments in lieu of notice periods, there are no provisions for benefits upon termination of the engagement.

The Consultant is also subject to restrictions in relation to the use of confidential information during and after the Frost Agreement ceases, on terms which are otherwise considered standard for agreements of this nature.

The Frost Agreement contains additional provisions considered standard for agreements of this nature.

The Company has separately entered into a letter of appointment with Mr Frost to confirm his appointment as Director with no additional payments to the Frost Agreement.

### (b) Director Agreements - Michael Quinert, Richard Revelins and Damon O'Meara

Each of the proposed Non-Executive Directors (being Messrs Quinert and O'Meara) has entered into non-executive director letter agreements with the Company, pursuant to which the Company has agreed to pay each Director



\$40,000 (excluding superannuation) per year for services provided to the Company as Non-Executive Directors.

The Company has entered into an Executive Director letter agreement with Mr Richard Revelins pursuant to which the Company has agreed to pay Mr Revelins \$40,000 per year (excluding superannuation).

Pursuant to the terms of the letter agreements, the appointment of Messrs Quinert, Revelins and O'Meara will commence upon completion of the Acquisition and may be terminated by advising the Board in writing of their resignation.

## **9.7 Consultancy Agreement**

### **(a) Exploration Manager - Brian Richardson**

The Company has entered into a consultancy agreement dated 1 November 2017 (**Richardson Consulting Agreement**) with Mr Brian Richardson who will provide consultancy services, including (amongst others) advice and assistance on results and work programs with respect to the Company's Tenements.

Under the Consultancy Agreement, Mr Richardson is obligated to dedicate a minimum of 10 days per month.

The Company will pay Mr Richardson \$1,000 per day (excluding GST) for services provided to the Company by Mr Richardson in accordance with the Richardson Consultancy Agreement. The Richardson Consultancy Agreement contains additional provisions considered standard for agreements of this nature.

### **(b) Technical Adviser - Brett Keillor**

The Company has entered into a consultancy agreement (**Keillor Consulting Agreement**) with Mr Brett Keillor who will provide consultancy services, including (amongst others) providing technical and operational advice, and overseeing the strategical direction and planning of, the Company's exploration activities.

The Keillor Consultancy Agreement is for a term of 12 months (**Term**) after which the consultancy can be extended for further periods as agreed between the Company and Mr Keillor. Under the Keillor Consultancy Agreement, Mr Keillor is obligated to dedicate a minimum of 2 days per month during the Term.

The Company will pay Mr Keillor \$1,400 per day (excluding GST) for services provided to the Company by Mr Keillor in accordance with the Keillor Consultancy Agreement. The Consultancy Agreement contains additional provisions considered standard for agreements of this nature.

## **9.8 Deeds of indemnity, insurance and access**

The Company is party to a deed of indemnity, insurance and access with each of the Proposed Directors. Under these deeds, the Company indemnifies each Proposed Director to the extent permitted by law against any liability arising as a result of the Proposed Director acting as a director or company secretary of the Company. The Company is also required to maintain insurance policies for the benefit of the

relevant Proposed Director and must allow the Proposed Directors to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

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## 10. Additional information

### 10.1 Rights attaching to Shares

A summary of the rights attaching to the Shares is detailed below. This summary is qualified by the full terms of the Constitution (a full copy of the Constitution is available from the Company on request free of charge) and does not purport to be exhaustive or to constitute a definitive statement of the rights and liabilities of Shareholders. These rights and liabilities can involve complex questions of law arising from an interaction of the Constitution with statutory and common law requirements. For a Shareholder to obtain a definitive assessment of the rights and liabilities which attach to the Shares in any specific circumstances, the Shareholder should seek legal advice.

- (a) **(Ranking of Shares):** At the date of this Prospectus, all Shares are of the same class and rank equally in all respects. Specifically, the Shares issued pursuant to this Prospectus will rank equally with existing Shares.
- (b) **(Voting rights):** Subject to any rights or restrictions, at general meetings:
  - (i) every Shareholder present and entitled to vote may vote in person or by attorney, proxy or representative;
  - (ii) has one vote on a show of hands; and
  - (iii) has one vote for every Share held, upon a poll.
- (c) **(Dividend rights):** Shareholders will be entitled to dividends, distributed among members in proportion to the capital paid up, from the date of payment. No dividend carries interest against the Company and the declaration of Directors as to the amount to be distributed is conclusive.

Shareholders may be paid interim dividends or bonuses at the discretion of the Directors. The Company must not pay a dividend unless the Company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend.
- (d) **(Variation of rights):** The rights attaching to the Shares may only be varied by the consent in writing of the holders of three-quarters of the Shares, or with the sanction of a special resolution passed at a general meeting.
- (e) **(Transfer of Shares):** Shares can be transferred upon delivery of a proper instrument of transfer to the Company or by a transfer in accordance with the ASX Settlement Operating Rules. The instrument of transfer must be in writing, in the approved form, and signed by the transferor and the transferee. Until the transferee has been registered, the transferor is deemed to remain the holder, even after signing the instrument of transfer.

In some circumstances, the Directors may refuse to register a transfer if upon registration the transferee will hold less than a marketable parcel. The Board may refuse to register a transfer of Shares upon which the Company has a lien.

- (f) **(General meetings):** Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

The Directors may convene a general meeting at their discretion. General meetings shall also be convened on requisition as provided for by the Corporations Act.

- (g) **(Rights on winding up):** If the Company is wound up, the liquidator may with the sanction of special resolution, divide the assets of the Company amongst members as the liquidator sees fit. If the assets are insufficient to repay the whole of the paid up capital of members, they will be distributed in such a way that the losses borne by members are in proportion to the capital paid up.

## 10.2 Rights attaching to Quoted Options

The Quoted Options will be issued on the following terms and conditions.

(a) **Entitlement**

Each Quoted Option (**Option**) gives the Optionholder the right to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price and Expiry Date**

Each Option has an exercise price of \$0.06 (**Exercise Price**) and will expire at 5.00pm (AEST) on the date that is 30 months after re-quotation of the Company's Shares following completion of the Acquisitions (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) **Notice of Exercise**

An Optionholder may exercise their Options by lodging with the Company, on or prior to the Expiry Date:

- (i) in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;
- (ii) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
- (iii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(d) **Timing of issue of Shares**

Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

(e) **Shares issues on exercise**

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

(f) **Quotation of Shares on exercise**

The Company will apply for Official Quotation on ASX of all Shares issued upon exercise of Options within 10 Business Days after the date of issue of those Shares.

(g) **Quotation of Options**

The Company will apply for Official Quotation on ASX of all Options within 10 Business Days after the date of issue of those Options.

(h) **Options transferrable**

The Options will be transferable subject to compliance with the Corporations Act and Listing Rules.

(i) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the holders of Options notice of the proposed issue prior to the date for determining entitlements to participate in any such issue in accordance with the Listing Rules.

(j) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), no change will be made to the Exercise Price or the underlying number of securities that will be issued.

(k) **Adjustment for entitlement issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the Exercise Price of an Option will not be reduced.

(l) **Adjustments for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

### **10.3 Rights attaching to Unquoted Options**

The Unquoted Options will be issued on the following terms and conditions.

(a) **Entitlement**

Each Unquoted Option gives the Optionholder the right to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price and Expiry Date**

Each Option has an exercise price of \$0.06 (**Exercise Price**) and will expire at 5.00pm (AEST) on 1 March 2021.

Any Option not exercised before the expiry date will automatically lapse on the expiry date.

(c) **Notice of Exercise**

An Optionholder may exercise their vested Options by lodging with the Company, on or prior to the Expiry Date:

- (i) in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion;
- (ii) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
- (iii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised. Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(d) **Timing of issue of Shares**

Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

(e) **Shares issues on exercise**

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

(f) **Quotation of Shares on exercise**

The Company will apply for Official Quotation on ASX of all Shares issued upon exercise of Options within 10 Business Days after the date of issue of those Shares.

(g) **Quotation of Options**

The Company will not apply for Official Quotation on ASX of the Options.

(h) **Options transferrable**

The Options will be transferable subject to compliance with the Corporations Act and Listing Rules.

(i) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will give the holders of Options notice of the proposed issue prior

to the date for determining entitlements to participate in any such issue in accordance with the Listing Rules.

**(j) Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), no change will be made to the Exercise Price or the underlying number of securities that will be issued.

**(k) Adjustment for entitlement issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), the Exercise Price of an Option will not be reduced.

**(l) Adjustments for reorganisation**

If there is any reorganisation of the issued share capital of the Company, the rights of the Optionholder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

## 10.4 Effect of the Offers on control and substantial Shareholders

The Substantial Shareholders will have the following voting power in the Company assuming on Completion that all Shares under the Offers have been issued and assumes that no Options have been exercised (on a minimum and maximum subscription basis):

Shareholder	Shareholding <sup>1</sup>	Existing Shareholding (%)	Shareholding (%) Minimum Subscription	Shareholding (%) Maximum Subscription
Newport Private Wealth Pty Ltd <BDL Opportunities>	5,333,333	14.05	2.20	1.82
Chifley Portfolios Pty Ltd <The David Hannon Retirement Fund>	5,050,000	13.30	2.08	1.72
Mr Clayton Dodd	4,000,000	10.54	1.65	1.37
Penleigh Banner Pty Ltd	3,997,580	10.53	1.65	1.37
Mr Bryan Frost <sup>2</sup>	25,358,333	18.51	10.44	8.66

**Notes:**

1. Shareholding as at date of this Prospectus.

2. Mr Frost is a current Director. Mr Frost's interests are proposed to be held indirectly through various associated entities, including Peregrine, who will be issued the Corporate Advisor Securities, subject to Shareholder approval. The Corporate Advisor Securities are also accounted for in Mr Revelins' interests as Messrs Frost and Revelins both control Peregrine.

As at the date of this Prospectus, on Completion and readmission of the Company to the Official List, in addition to Mr Bryan Frost, the Company will also have the following substantial shareholders, being persons who have an interest in 5% or more of the Shares on issue:

Shareholder	Shareholding	Shareholding (%) Minimum Subscription	Shareholding (%) Maximum Subscription
Entities associated with Damon O'Meara	17,133,350	7.06	5.85

## 10.5 Interests of Promoters, Experts and Advisers

### (a) No interest except as disclosed

Other than as set out below or elsewhere in this Prospectus, no persons or entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds at the date of this Prospectus, or held at any time during the last 2 years, any interest in:

- (i) the formation or promotion of the Company;
- (ii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offers; or
- (iii) the Offers,

and the Company has not paid any amount or provided any benefit, or agreed to do so, to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the Offers.

### (b) Share Registry

Link Market Services Limited has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of Applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

### (c) Auditor

McLean Delmo Bentleys Audit Pty Ltd has been appointed to act as auditor to the Company. The Company estimates it will pay McLean Delmo Bentleys Audit Pty Ltd total of \$28,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, McLean Delmo Bentleys Audit Pty Ltd has received fees from the Company in the amount of \$22,508 (excluding GST).



**(d) Investigating Accountant**

PKF Mack has acted as Investigating Accountant and has prepared the Investigating Accountant's Report which is included in Section 5 of this Prospectus. The Company estimates it will pay PKF Mack a total of \$35,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, PKF Mack has not provided services to the Company.

**(e) Independent Geologist**

Mr Neal Leggo of Ravensgate International Pty Ltd has acted as Independent Geologist and has prepared the Independent Geologist's Report which is included in Section 6 of this Prospectus. The Company has paid Ravensgate a total of \$35,310 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Ravensgate has not provided services to the Company.

**(f) Legal Adviser**

Bellanhouse has acted as the Legal Adviser to the Company in relation to the Acquisitions, General Meeting and the Offers. The Company estimates it will pay Bellanhouse \$111,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Bellanhouse has not provided services to the Company.

**(g) Lead Manager and Corporate Advisor**

Peregrine Corporate Limited has acted as Lead Manager to the Public Offer and Corporate Advisor to the Company in relation to the Offers. The Company will pay Peregrine fees for these services as set out in Section 9.5. During the 24 months preceding lodgement of this Prospectus with ASIC, Peregrine has not received any payments from the Company.

## **10.6 Consents**

**(a) General**

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of Shares under this Prospectus), the Directors, any persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to below:

- (i) does not make the Offers;
- (ii) does not make, or purport to make, any statement that is included in this Prospectus, or a statement on which a statement made in this Prospectus is based, other than as specified below or elsewhere in this Prospectus;

- (iii) only to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement contained in this Prospectus with the consent of that party as specified below; and
- (iv) has given and has not, prior to the lodgement of this Prospectus with ASIC, withdrawn its consent to the inclusion of the statements in this Prospectus that are specified below in the form and context in which the statements appear.

**(b) Share Registry**

Link Market Services Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

**(c) Auditor**

McLean Delmo Bentleys Audit Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Auditor to the Company in the form and context in which it is named.

**(d) Investigating Accountant**

PKF Mack has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Investigating Accountant to the Company in the form and context in which it is named and has given and not withdrawn its consent to the inclusion of the Investigating Accountant's Report in the form and context in which it is included.

**(e) Independent Geologist**

Mr Neal Leggo of Ravensgate International Pty Ltd has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, his written consent to being named in this Prospectus as the Independent Geologist to the Company in the form and context in which he is named and has given and not withdrawn its consent to the inclusion of the Independent Geologist's Report in the form and context in which it is included.

**(f) Legal Adviser**

Bellanhuse has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Legal Adviser to the Company in the form and context in which it is named.

**(g) Lead Manager and Corporate Advisor**

Peregrine Corporate Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to being named in this Prospectus as the Lead Manager to the Public Offer and Corporate Advisor to the Company in the form and context in which it is named.

## 10.7 Expenses of Offers

The total approximate expenses of the Offers (excluding GST) payable by the Company for the period from 1 January 2018 are:

Items of expenditure	Amount (\$) based on Minimum Subscription	Amount (\$) based on Maximum Subscription
ASX and ASIC fees	86,000	88,000
Legal fees	69,000	69,000
Investigating Accountant fees	20,000	20,000
Corporate Advisor and Lead Manager fees <sup>1</sup>	363,000	494,000
Printing, postage and administration fees	225,000	225,000
<b>TOTAL</b>	<b>763,000</b>	<b>896,000</b>

**Notes:**

1. Refer to Section 9.5 for further details in respect to the fees payable to Peregrine as the Company's Corporate Advisor and Lead Manager.

## 10.8 ASX Waivers

The Company has obtained the following ASX waivers in relation to the Offers and the Acquisition:

- (a) a waiver from Listing Rule 1.1 condition 12 to allow Options under the Offer to have an issue price of less than \$0.20 each;
- (b) a waiver from Listing Rule 2.1 Condition 2 to allow Shares under the Offer to have an issue price of less than \$0.20 each; and
- (c) a waiver of Listing Rule 7.3.2 to allow the Deferred Consideration Shares to be issued over a period up to 60 months from the date of the General Meeting.

## 10.9 Continuous Disclosure Obligations

As the Company is admitted to the official list of ASX, the Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose to the market any information it has which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants is also managed through disclosure to ASX. In addition, the Company posts information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

## **10.10 Litigation**

So far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned which is likely to have a material adverse effect on the business or financial position of the Company.

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## 11. Authorisation

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each existing Director and Proposed Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company by:



**Clayton Dodd**  
**Director**

Dated: 6<sup>th</sup> April 2018

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## 12. Glossary

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

**\$** means Australian dollars.

**2012 JORC Code** means the 2012 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves.

**Acquisition Agreements** means the agreements described in Section 9.2.

**Acquisition Resolutions** has the meaning ascribed in Section 1.4.

**Acquisitions** means the acquisitions by the Company of interests in the Tenements in accordance with the Acquisition Agreements.

**AEST** means Australian Eastern Standard Time being the time in Melbourne, Victoria.

**Applicant** means a person who submits an Application Form.

**Application Form** means the Public Offer Application Form or other customised Application Form provided by the Company with a copy of this Prospectus, with respect to a Secondary Offer.

**Application** means a valid application for Securities pursuant to this Prospectus.

**Application Monies** means application monies for Securities under the Public Offer received and banked by the Company.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context requires, the financial market operated by it.

**ASX Settlement** means ASX Settlement Pty Limited (ACN 008 504 532).

**ASX Settlement Rules** means ASX Settlement Operating Rules of ASX Settlement.

**Atlas** means Atlas Iron Limited (ACN 110 396 168).

**Board** means the board of Directors of the Company as at the date of this Prospectus.

**Bonus Issue** means the bonus issue of Quoted Options to Eligible Shareholders, on the basis of one Quoted Option for every one Share held by Eligible Shareholders, as at the Bonus Issue Record Date.

**Bonus Issue Record Date** means 14 May 2018, or such other date as elected by the Directors.

**CHESS** means the Clearing House Electronic Sub-register System operated by ASX Settlement.

**Closing Date** means the date that the Offers close which is 5.00pm (AEST) on 11 May 2018 or such other time and date as the Board determines.

**Company** means Public Holdings (Australia) Ltd (to be renamed "First Au Limited") (ACN 000 332 918).

**Company Secretary** means the secretary of the Company.

**Completion** means completion of the Acquisitions in accordance with the Acquisition Agreements.

**Consideration Offer** means the offer of 32,500,000 Shares and 3,500,000 Unquoted Options to the Vendors under this Prospectus.

**Consideration Securities** has the meaning ascribed in Section 1.4(b).

**Constitution** means the constitution of the Company.

**Conversion Offer** means the offer of 23,866,667 Shares and 23,866,667 Quoted Options on conversion of the Convertible Notes under this Prospectus.

**Convertible Note** means a convertible note issued by the Company, comprised of the Seed Raising Convertible Notes and the Goldtree Convertible Notes, with each note having a deemed conversion price of \$0.03 per Share and one attaching Quoted Option for every one Share issued.

**Convertible Noteholder** means a holder of a Convertible Note.

**Corporate Advisor** means Peregrine.

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

**Deferred Consideration Shares** means 13,000,000 Shares to be issued to the Vendors on satisfaction of the Milestone.

**Director** means a director of the Company.

**Drillabit** means Drillabit Pty Ltd (ACN 166 230 664).

**Electronic Prospectus** means the electronic copy of this Prospectus located at the Company's website [www.firstau.com](http://www.firstau.com).

**Eligible Shareholder** means a person registered as the holder of Shares on the Bonus Issue Record Date whose registered address is in Australia or New Zealand.

**Emu Creek Project** has the meaning defined in Section 3.4(b).

**Existing Directors** means the Directors as at the date of this Prospectus, namely Messrs Frost, Biziack, Chapman and Dodd.

**Farm-in Minerals** has the meaning given to it in the Solicitor's Report.

**Farm-out and JV Agreement** means the Farm-out and Joint Venture Agreement between Atlas, Giralia Resources and Great Sandy dated 4 November 2016.

**General Meeting** means the annual general meeting of Shareholders to be held on 8 May 2018.

**Goldtree Convertible Notes** means the Convertible Notes issued to the holders of the previous convertible notes issued by Goldtree, in replacement of the cancellation of those previous convertible notes.

**Great Sandy** means Great Sandy Pty Ltd (ACN 139 440 403).

**GST** means Goods and Services Tax.

**Independent Geologist's Report** means the report contained in Section 6 prepared by the Independent Geologist.

**Indicative Timetable** means the indicative timetable for the Offers on page vii of this Prospectus.

**Investigating Accountant** means PKF Mack (ACN 611 910 895).

**Investigating Accountant's Report** means the report contained in Section 5.

**Lead Manager** means Peregrine.

**Listing Rules** means the listing rules of ASX.

**Milestone** means the date that the Company announcing a JORC compliant resource of a minimum 708,000 tonnes at 2.2 grams per tonne of gold for 50,000 ounces of gold.

**Minimum Subscription** means the raising of \$5,500,000 pursuant to the Public Offer.

**Mobilicom** means Mobilicom Limited (ACN 617 155 978).

**Native Title** has the meaning ascribed in the *Native Title Act 1993* (Cth).

**Offer Price** means \$0.04 per Share under the Public Offer.

**Offers** means the Bonus Issue, Consideration Offer, Conversion Offer, Peregrine Offer, and Public Offer.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation of the Shares and/or Quoted Options (as the context requires) by ASX in accordance with the Listing Rules.

**Opening Date** means the first date for receipt of completed Application Forms under the Offers which is 20 April 2018.

**Option** means an option to acquire a Share.

**Optionholder** means the holder of one or more Options.

**Other Minerals** has the meaning given to it in the Solicitor's Report.

**Peregrine** means Peregrine Corporate Limited (ACN 062 478 997) (AFSL No. 237858).

**Peregrine Offer** means the offer of 11,000,000 Shares, 10,000,000 Unquoted Options and 1,000,000 Quoted Options to the Lead Manager (or its nominees) under this Prospectus.

**Proposed Directors** means Messrs Quinert, O'Meara and Revelins, further details of whom are provided at Section 8.2.

**Prospectus** means this prospectus dated 6 April 2018.



**Public Offer Application Form** means the Application Form accompanying this Prospectus in respect of the Public Offer.

**Public Offer** means the offer of up to 187,500,000 Shares at an issue price of \$0.04 each and 187,500,000 attaching Quoted Options to raise up to approximately \$7,500,000 (before costs) under this Prospectus.

**Public Offer Securities** means the Securities to be issued pursuant to the Public Offer.

**Quoted Option** means an Option which has the terms and conditions in Section 10.2.

**Ravensgate** means Ravensgate International Pty Ltd ATF Ravensgate Unit Trust.

**Related Body Corporate** means, in relation to a body corporate, a body corporate related to it within the meaning of section 50 of the Corporations Act.

**Secondary Offers** means the Bonus Issue, Consideration Offer, Conversion Offer and Peregrine Offer.

**Section** means a section of this Prospectus.

**Securities** means all Equity Securities of the Company.

**Share** means a fully paid ordinary share in the capital of the Company.

**Share Registry** means Link Market Services Limited (ACN 083 214 537).

**Shareholder** means a holder of one or more Shares.

**Solicitor's Report** means the report contained in Section 7.

**Talga Project** has the meaning defined in Section 3.4(c).

**Tenements** means the tenements comprising the Emu Creek Project, Talga Project and the Gimlet Gold Project.

**Unquoted Option** means an Option which has the terms and conditions in Section 10.3.

**Vendors** means the shareholders of Great Sandy and Drillabit.

**VMS** means Volcanic Hosted Massive Sulphide.

**VTEM** means Versatile Time Domain Electromagnetic Systems.