

Scheme of Arrangement – Distribution of Scheme Booklet to Shareholders

In accordance with Listing Rule 3.17 **Verdant Minerals (VRM)**, advise that the scheme booklet including Notice of Meeting and Shareholder Proxy Forms were dispatched to shareholders by mail today. E-mail notification (where electronic communications have been requested) were issued to shareholders on Friday 26 April 2019.

A copy of the Booklet including the Notice of Meeting is duly attached.

Yours faithfully

A handwritten signature in black ink, appearing to read "B W Arnold", with a horizontal line underneath.

Bruce Arnold
Company Secretary

About Verdant Minerals

Verdant Minerals is focused on the discovery, development and operation of fertiliser and industrial mineral projects, located in close proximity to existing transport infrastructure, focused on the Northern Territory of Australia.

The Company's portfolio of projects includes:

- Developing the 100% owned world class Ammaroo Phosphate Project located approx. 200km south-east of Tennant Creek and 300km north-east of Alice Springs in the Northern Territory;
- Sulphate of Potash projects in the Northern Territory; and
- The Dingo Hill Silica Project in the Northern Territory, which has the potential to produce high purity quartz.

Verdant Minerals Ltd

ABN 33 122 131 622

T +61 8 8942 0385 F +61 8 8942 0318 E info@verdantminerals.com.au

A 20/90 Frances Bay Drive, Stuart Park NT 0820 P GPO Box 775 Darwin NT 0801

www.verdantminerals.com.au

DIRECTORS – James Whiteside | Jason Conroy | Robert Cooper | Chris Tziolis, MD

MAJOR PROJECTS – Ammaroo Rock Phosphate | Karinga Lakes Sulphate of Potash

VERDANT MINERALS LTD SCHEME BOOKLET

In relation to the proposed scheme of arrangement between VRM Shareholders and Verdant Minerals Ltd (**VRM**) (ACN 122 131 622) which, if implemented, will result in the transfer of all of the issued shares in VRM, other than the shares held by Washington H. Soul Pattinson and Company Limited (**WHSP**), to CD Capital Natural Resources Fund III LP (**CD Capital**).

DATE OF MEETING

Time: 9.15am (Melbourne time)

Date: Wednesday, 29 May 2019

Place: Ashurst, Level 26, 181 William Street, Melbourne, Victoria

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding whether to vote in favour of the Scheme. If you are in doubt as to what you should do, you should consult an independent and appropriately licensed and authorised professional adviser without delay.

The Independent Expert has concluded that the Scheme is fair and reasonable to, and in the best interests of, VRM Shareholders.

The VRM Independent Board Committee unanimously recommends that VRM Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VRM Shareholders.

This Scheme Booklet comprises the explanatory statement in relation to the Scheme and the notice of meeting regarding the Scheme, to be held on 29 May 2019.

If you have any questions in relation to this Scheme Booklet, please contact the toll-free VRM Shareholder Information Helpline on **1300 375 902** (callers in Australia) or +61 3 9415 4340 (callers outside of Australia). The Shareholder Information Helpline will be attended between 8.30am and 5.00pm (Melbourne time), Monday to Friday.



Legal Adviser

ashurst

CONTENTS

| SECTION | PAGE |
|--|------|
| 1. REASONS TO VOTE IN FAVOUR OF THE SCHEME | 9 |
| 2. REASONS TO VOTE AGAINST THE SCHEME | 12 |
| 3. ANSWERS TO KEY QUESTIONS | 14 |
| 4. INDEPENDENT EXPERT CONCLUSIONS | 23 |
| 5. PROFILE OF VRM | 24 |
| 6. PROFILE OF CD CAPITAL..... | 35 |
| 7. RISK FACTORS | 40 |
| 8. IMPLEMENTATION OF THE SCHEME..... | 45 |
| 9. TAX IMPLICATIONS OF THE SCHEME | 49 |
| 10. ADDITIONAL INFORMATION | 51 |
| 11. GLOSSARY, DEFINITIONS AND INTERPRETATION | 62 |

Annexures

- A. Independent Expert's Report
- B. Notice of Scheme Meeting
- C. Scheme
- D. Deed Poll

Disclaimer and important notices

Purpose of this Scheme Booklet

The purpose of this Scheme Booklet is to explain the terms and effect of the Scheme to VRM Shareholders, explain the manner in which the Scheme will be considered and, if approved, implemented, and provide such information as is prescribed by the Corporations Act and the Corporations Regulations or as is otherwise material to the decision of VRM Shareholders whether to approve the Scheme.

This Scheme Booklet includes the explanatory statement for the Scheme required by section 412(1) of the Corporations Act in relation to the Scheme.

Defined terms and interpretation

Information contained in this Scheme Booklet is given as of 15 April 2019, unless otherwise stated to the contrary.

Capitalised terms used in this Scheme Booklet are defined in Section 11. Section 11 also sets out some rules of interpretation which apply to this Scheme Booklet.

The documents reproduced in the Annexures to this Scheme Booklet may have their own defined terms, which are sometimes different to those in Section 11.

ASIC and the ASX

A copy of this Scheme Booklet was provided to ASIC for examination in accordance with section 411(2) of the Corporations Act and has been lodged with, and registered by, ASIC under section 412(6) of the Corporations Act.

ASIC has reviewed a copy of this Scheme Booklet. VRM has asked ASIC to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that ASIC has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

A copy of this Scheme Booklet has also been lodged with the ASX.

None of ASIC, the ASX nor any of their officers takes any responsibility for the contents of this Scheme Booklet.

Important notice associated with the order under section 411(1) of the Corporations Act

The fact that the Court, under subsection 411(1) of the Corporations Act, has ordered that the Scheme Meeting be convened and has directed that this Scheme Booklet accompany the notice of Scheme Meeting does not mean that the Court has approved or will approve the terms of the Scheme, has endorsed the Scheme or has formed any view as to the merits of the Scheme or as to how VRM Shareholders should vote (on this matter VRM Shareholders must reach their own conclusion), or has prepared, or is responsible for the content of, this Scheme Booklet.

Not an offer

This Scheme Booklet does not constitute or contain an offer to VRM Shareholders, or a solicitation of an offer from VRM Shareholders, in any jurisdiction.

No investment advice

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any VRM Shareholder or any other person. The information in this document should not be relied upon as the sole basis for any investment decision in relation to the Scheme, VRM Shares or any other securities. VRM Shareholders should seek independent financial, legal and taxation advice before making any decision regarding the Scheme.

Financial amounts

All financial amounts in this Scheme Booklet are expressed in Australian currency unless otherwise stated.

Unless stated otherwise, all VRM financial and asset metrics are as at 31 December 2018 and adjusted for post balance date acquisitions and disposals.

Responsibility statement

The VRM Information has been provided by VRM and is its responsibility alone. VRM takes responsibility and liability for VRM Information. None of CD Capital nor any of its subsidiaries, directors, officers, employees or advisers assumes any responsibility or liability for the accuracy or completeness of the VRM Information.

CD Capital has provided and is responsible for the CD Capital Information. CD Capital takes responsibility and liability for that information. None of VRM, nor any of its subsidiaries, directors, officers, employees or advisers assumes any responsibility or liability for the accuracy or completeness of the CD Capital Information.

PwC Securities has prepared the Independent Expert's Report (as set out in Annexure A of this Scheme Booklet) and takes responsibility for that report.

Forward-looking statements

Some of the statements appearing in this Scheme Booklet may be in the nature of forward-looking statements. Forward-looking statements or statements of intent in relation to future events in this Scheme Booklet (including in the Independent Expert's Report) should not be taken to be a forecast or prediction that those events will occur. Forward-looking statements generally may be identified by the use of forward-looking words such as 'aim', 'anticipate', 'believe', 'estimate', 'expect', 'forecast', 'foresee', 'future', 'intend', 'likely', 'may', 'planned', 'potential', 'should', or other similar words. Similarly, statements that describe the objectives, plans, goals or expectations of VRM or CD Capital are or may be forward-looking statements.

You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties that could cause actual results to differ materially from the expectations described in such prospective information. Those risks and uncertainties include factors and risks specific to the industry in which VRM or CD Capital operate, as well as general economic conditions, prevailing exchange rates and interest rates, and conditions in the financial markets. Factors which may affect future financial performance include those risks

identified in Section 7, the relevant assumptions not proving correct and other matters not currently known to, or considered by, VRM or CD Capital.

Actual events or results concerning VRM or CD Capital may differ materially from the events or results expressed or implied in any forward-looking statement and deviations are both normal and to be expected. None of VRM, CD Capital, their directors, officers, employees, or any person named in this Scheme Booklet or involved in the preparation of this Scheme Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The historical financial performance of VRM is no assurance or indicator of future financial performance.

The forward-looking statements in this Scheme Booklet reflect views held only at the date of this Scheme Booklet.

Subject to any continuing obligations under the Listing Rules or the Corporations Act, VRM and its officers disclaim any obligation or undertaking to distribute after the date of this Scheme Booklet any updates or revisions to any forward-looking statements to reflect any change in expectations in relation to them or any change in events, conditions or circumstances on which any such statement is based.

Foreign jurisdictions

The release, publication or distribution of this Scheme Booklet (electronically or otherwise) in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons outside Australia who come into possession of this Scheme Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations. VRM and its directors, officers, employees and advisers each disclaim liability to such persons.

This Scheme Booklet has been prepared in accordance with the laws and regulations of Australia and the information contained in this Scheme Booklet may not be the same as that which would have been disclosed if this Scheme Booklet had been prepared in accordance with the laws and regulations outside Australia.

Notice of Scheme Meeting

The Notice of Scheme Meeting is set out in Annexure B.

Notice of Second Court Hearing

At the Second Court Hearing, the Court will consider whether to approve the Scheme following the vote at the Scheme Meeting. Any VRM Shareholder may appear at the Second Court Hearing and may oppose the approval of the Scheme at the Second Court Hearing. If you wish to oppose in this manner, you must file with the Court and serve on VRM a notice of appearance, in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on VRM at least one day before 31 May 2019.

The Second Court Hearing is expected to be held on 31 May 2019 at the Federal Court of Australia, 305 William Street, Melbourne, Victoria.

Privacy and Personal Information

VRM, CD Capital and Computershare may collect personal information in the process of implementing the Scheme. The type of information they may collect about you includes your name, contact details and information on your shareholding in VRM and the names of persons appointed by you to act as a proxy, attorney or duly appointed corporate representative at the Scheme Meeting as relevant to you.

The collection of some of this information is required or authorised by the Corporations Act. The primary purpose of the collection of personal information is to assist VRM to conduct the Scheme Meeting and to assist VRM and CD Capital to implement the Scheme. Without this information, VRM and CD Capital may be hindered in their ability to issue this Scheme Booklet and implement the Scheme.

Personal information of the type described above may be disclosed to Computershare, third party service providers (including print and mail service providers and parties otherwise involved in the conduct of the Scheme Meeting), authorised securities brokers, professional advisers, related bodies corporate of VRM or CD Capital, regulatory authorities, and also where disclosure is otherwise required or allowed by law.

VRM Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them.

VRM Shareholders who appoint an individual as their proxy, duly appointed corporate representative or attorney to vote at the Scheme Meeting should ensure that they inform such an individual of the matters outlined above.

The Privacy Statement of VRM is available at <https://www.verdantminerals.com.au/privacy> and contains information about how an individual may access personal information about the individual that is held by VRM, seek the correction of such information or make a privacy related complaint and how such a complaint will be dealt with.

The Privacy Policy of Computershare is available at <https://www.computershare.com/au/privacy-policies> and contains information about how an individual may access personal information about the individual that is held by Computershare, seek the correction of such information or make a privacy related complaint and how such a complaint will be dealt with.

Date of Scheme Booklet

This Scheme Booklet is dated 16 April 2019.

Letter from the Chairman of Independent Board Committee

16 April 2019

Dear Shareholder

Over the last 12 months, VRM has approached a broad range of fertiliser industry participants, industrial and mining companies, private equity firms and other financial institutions with a view to securing the capital required to advance the Ammaroo Phosphate Project. The advancement of the Ammaroo Phosphate Project will require significant pre-construction and construction capital which, at the market capitalisation and share price of VRM prior to the announcement of entry into the Scheme Implementation Agreement, VRM's Board considered highly unlikely to be raised from existing shareholders and without very significant dilution.

Following and as a consequence of these approaches, VRM announced on 11 March 2019 that it had entered into a Scheme Implementation Agreement with CD Capital, relating to CD Capital's proposed acquisition of all of the issued shares in VRM, other than any shares held by WHSP, for a cash price of \$0.032 per Share.

Alongside other agreements outlined in Section 10, VRM and CD Capital entered into a short-term loan facility agreement. Under the Loan Agreement, CD Capital will advance an aggregate of \$800,000 in three tranches to VRM for the purposes of funding VRM's transaction costs in connection with the Scheme and for general working capital purposes.

Should the Scheme be implemented, Scheme Shareholders will receive \$0.032 per Scheme Share held as at the Record Date. This price per share values VRM at \$40,509,700 on a fully-diluted basis (i.e. assuming options that are "in the money" at a VRM share price of \$0.032 are exercised), and represents:

- a 113% premium to the closing price of VRM's shares on 8 March 2019, being the last Trading Day before the announcement of entry into the Scheme Implementation Agreement; and
- a 110% premium to VRM's 30-day volume weighted average price (**VWAP**) up to the last Trading Day before the announcement of entry into the Scheme Implementation Agreement of \$0.0152;
- a 92% premium to VRM's six month VWAP up to the last Trading Day before the announcement of entry into the Scheme Implementation Agreement of \$0.0167; and
- a 76% premium to VRM's 12 month VWAP up to the last Trading Day before the announcement of entry into the Scheme Implementation Agreement of \$0.0182.

Accordingly, the Scheme represents an opportunity for Scheme Shareholders to realise immediate value for their Scheme Shares at a very significant premium to VRM's recent trading price.

Alternatives to the Scheme

If the Scheme is not implemented, VRM will be required to urgently consider funding alternatives, such as immediately raising capital, to enable it to repay the amount owing under the loan from CD Capital (which will be repayable on or before 11 November 2019 and to meet its immediate liabilities. Any capital raising would most likely be at a significant discount to the closing price of VRM's shares on 8 March 2019, being the last Trading Day before the announcement of entry into the Scheme Implementation Agreement. Further, it is unlikely that VRM will be able to raise sufficient capital, at an acceptable cost, to proceed with the Ammaroo Phosphate Project.

Independent Board Committee

VRM formed a committee of independent directors, comprised of James Whiteside, Jason Conroy and Chris Tziolis (**Independent Board Committee**), to consider the proposed Scheme in the context of VRM's alternate funding options. The members of the Independent Committee unanimously recommend that Scheme shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is fair and reasonable to, and in the best interests of, VRM Shareholders.

Accordingly, each member of the Independent Board Committee intends to vote all of the VRM Shares held or controlled by them in favour of the Scheme.

Independent Expert

PwC Securities was engaged as the Independent Expert. The Independent Expert has concluded that the Scheme is fair and reasonable to, and in the best interests of, VRM Shareholders. Shareholders are strongly encouraged to read the Independent Expert's Report set out in Annexure A in full.

WHSP consents to the Scheme

WHSP has provided a letter to VRM stating that it intends to consent to the Scheme on the terms and conditions of the Scheme Implementation Agreement, in the absence of a superior proposal and provided the Deed of Irrevocable Undertaking is not terminated in accordance with its terms. WHSP has not received any benefit from CD Capital in return for entering into the Deed of Irrevocable Undertaking other than those benefits that accrue to WHSP under the Deed of Irrevocable Undertaking and Shareholders Agreement.

Voting

Reasons to vote in favour of the Scheme are included in Section 1 of the Scheme Booklet and reasons to vote against the Scheme are included in Section 2.

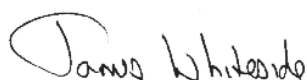
Your vote is important, regardless of how many VRM Shares you own. Information on how to vote is outlined in Annexure B. If you are unable to attend the Scheme Meeting in person, please complete the Proxy Form enclosed with this Scheme Booklet and returning it in accordance with the directions on the form.

Further information

If you are in any doubt as to what action you should take in relation to the Scheme, you should consult your legal, investment, taxation or other professional adviser.

If you have any questions in relation to this Scheme Booklet, please contact the toll-free VRM Shareholder Information Helpline on 1300 375 902 (callers in Australia) or +61 3 9415 4340 (callers outside of Australia). The Shareholder Information Helpline will be attended between 8.30am and 5.00pm (Melbourne time), Monday to Friday.

Yours sincerely



James Whiteside

Chairman

Key dates, location of Scheme Meeting and what to do next

KEY DATES

| Event | Time and date ¹ |
|---|--------------------------------------|
| Date of this Scheme Booklet | 16 April 2019 |
| Time and date by which the Proxy Form must be received for the Scheme Meeting | 9.15am, Monday 27 May 2019 |
| Voting Record Date – time and date for determining eligibility to vote at the Scheme Meeting | 7:00pm, Monday 27 May 2019 |
| Time and date of the Scheme Meeting | 9.15am, Wednesday 29 May 2019 |
| <i>If the Scheme is approved by VRM Shareholders and all other Conditions Precedent in connection with the Scheme are fulfilled or waived, the following key dates apply</i> | |
| Second Court Date (for approval of the Scheme by the Court) | Friday 31 May 2019 |
| Effective Date of the Scheme | Monday 3 June 2019 |
| Record Date – the time and date which determines the entitlements of Scheme Shareholders to the Scheme Consideration | 7:00pm, Tuesday 11 June 2019 |
| Implementation Date – the date of transfer of all Scheme Shares to CD Capital and issue of the Scheme Consideration to Scheme Shareholders | Tuesday 18 June 2019 |

LOCATION OF MEETING

Ashurst, Level 26, 181 William Street, Melbourne, Victoria

Time and date

9.15am, Wednesday 29 May 2019

WHAT TO DO NEXT

Step 1: Carefully read this Scheme Booklet in full

You should read this Scheme Booklet in full. It contains important information to assist you in deciding how to vote on the Scheme.

It is important that you consider the information disclosed in light of your own particular investment needs, objectives and financial circumstances.

¹ These dates and times are indicative only and are subject to change. Unless otherwise specified, all times and dates refer to Melbourne, Australia time. Any changes to the timetable will be announced to the ASX and notified on VRM's website at www.verdantminerals.com.au.

The 'Answers to key questions' in Section 1 may help answer some of your questions.

If you have any questions in relation to this Scheme Booklet, please contact the toll-free VRM Shareholder Information Helpline on 1300 375 902 (callers in Australia) or +61 3 9415 4340 (callers outside of Australia). The Shareholder Information Helpline will be attended between 8.30am and 5.00pm (Melbourne time), Monday to Friday.

Step 2: Vote on the Scheme

YOUR VOTE IS IMPORTANT

If you are a Scheme Shareholder on the Voting Record Date you are entitled to vote on the Scheme at the Scheme Meeting.

If the Scheme is not approved by the Requisite Majorities of Scheme Shareholders at the Scheme Meeting, the Scheme will not be implemented.

The Independent Expert has concluded that the Scheme is fair and reasonable to and in the best interests of VRM Shareholders.

The VRM Independent Board Committee unanimously recommends that VRM Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal.

Scheme Meeting

Scheme Shareholders are being asked to approve the Scheme at the Scheme Meeting.

If the Scheme Resolutions are passed at the Scheme Meeting, VRM will make an application to the Court to approve the Scheme at the Second Court Hearing.

For the Scheme to be approved, under paragraph 411(4)(a)(ii) of the Corporations Act, the Scheme must be passed by:

- **(50% of the members, by number)** more than 50% in number of Scheme Shareholders present and voting either in person, by proxy, by attorney or, in the case of a body corporate, its duly appointed corporate representative (the **Headcount Test**); and
- **(75% of the shares voted, in aggregate)** at least 75% of the total votes cast at the Scheme Meeting,

(together, the **Requisite Majority**).

The Court has discretion to dispense with the Headcount Test for the purposes of paragraph 411(4)(a)(ii) of the Corporations Act.

Voting at the Scheme Meeting will be by poll. Instructions on how to attend and vote at the Scheme Meeting are set out in Annexure B of this Scheme Booklet.

Step 3: Participate in the Scheme

If you are eligible and wish to participate in the Scheme you will need to ensure that you do not sell your VRM Shares prior to 7:00pm (Melbourne time) on 27 May 2019, being the expected Voting Record Date. Otherwise, and assuming the Scheme is approved by the Requisite Majorities and the Court, you do not need to do anything to participate in the Scheme.

1. **Reasons to vote in favour of the Scheme**

- 1.1 Taking into account VRM's cash requirements and the significant capital required to advance the Ammaroo Phosphate Project, VRM considered a number of funding alternatives and strategies over the twelve months prior to entry into the Scheme Implementation Agreement on 11 March 2019. The proposed Scheme is appropriate to realise the potential for the Ammaroo Phosphate Project as a global scale long term opportunity in the Northern Territory.

The Independent Board Committee has assessed the merits of the Scheme and funding alternatives available and unanimously recommends that you vote in favour of the Scheme. Each member of the Independent Board Committee intends to vote all VRM Shares held or controlled by them in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of, VRM Shareholders.

In reaching its recommendation, the Independent Board Committee has considered the advantages and disadvantages of the Scheme, including the information contained in:

- this Section 1 (Reasons to vote in favour of the Scheme);
- Section 2 (Reasons to vote against the Scheme);
- Section 7 (Risk Factors) and Section 9 (Tax Implications); and
- Annexure A (Independent Expert's Report).

1.2 **The Scheme Consideration represents an attractive premium**

If the Scheme is approved and implemented, VRM Shareholders (other than WHSP) who are registered as such on the Record Date will receive the Scheme Consideration of \$0.032 for each Scheme Share that they own.

The Scheme Consideration represents a:

- 113% premium to the closing price of VRM's shares on 8 March 2019, being the last Trading Day before the announcement of entry into the Scheme Implementation Agreement; and
- 110% premium to VRM's 30-day VWAP up to the last Trading Day before the announcement of entry into the Scheme Implementation Agreement of \$0.0152;
- 92% premium to VRM's six month VWAP up to the last Trading Day before the announcement of entry into the Scheme Implementation Agreement of \$0.0167; and
- 76% premium to VRM's 12 month VWAP up to the last Trading Day before the announcement of entry into the Scheme Implementation Agreement of \$0.0182.

1.3 **Since the announcement of the Scheme, no Superior Proposal has emerged**

Since the initial announcement of the Scheme on 11 March 2019 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the

Independent Board Committee are not aware of any Superior Proposal that is likely to emerge.

The Scheme Implementation Agreement includes terms which prevent VRM from seeking a Competing Transaction in certain circumstances (see Section 10.2 for more details). However, there remains the possibility that another party may make a Superior Proposal prior to the Scheme Meeting independent of this.

The Scheme Implementation Agreement does not prevent another party from proposing a Competing Transaction and does not prevent the Independent Board Committee from responding to a bona fide Competing Transaction (provided that the Competing Transaction was not solicited, invited, initiated or encouraged by VRM or its representatives in contravention of clause 9.2 of the Scheme Implementation Agreement and was not otherwise brought about as a result of any breach by VRM of its exclusivity obligations under the Scheme Implementation Agreement).

The Independent Board Committee will notify VRM Shareholders if a Superior Proposal is received before the Scheme Meeting.

1.4 **Funding alternatives**

If the Scheme is not implemented, VRM's cash position will be significantly constrained and the VRM Board of Directors will need to carefully assess VRM's financial position. VRM will need to seek alternate sources of funding to maintain VRM's cash position, advance VRM's projects (including the Ammaroo Phosphate Project) and, on written demand, repay within eight months of the date of the Scheme Implementation Agreement the amount outstanding under the Loan Agreement to CD Capital. The work reviewing alternative funding arrangements over the previous twelve months demonstrated that there are limited alternative funding sources available. One of the most likely would be a capital raising, however it is unlikely that sufficient funds could be raised to progress the Ammaroo Phosphate Project. In addition, this funding could lead to significant dilution to shareholders and a decline in VRM's share price.

1.5 **The scale of the Ammaroo Phosphate Project is beyond VRM's capacity in its current form**

The studies completed to date on the Ammaroo Phosphate Project, including the feasibility study, have demonstrated that the construction of the project either as a phosphate rock concentrate operation or expanding the project to include downstream manufacture of phosphoric acid and fertilisers will require significant capital, many multiples of VRM's historic market capitalisation. Any such capital raising will require significant new equity, which will likely have a substantially dilutive effect on VRM shareholders.

Additionally, there is considerable risk associated with the Ammaroo Phosphate Project reaching production. If the Scheme is not implemented, Scheme Shareholders will continue to be exposed to the funding and development risks associated with the Ammaroo Phosphate Project. Consequently, it is the opinion of the Independent Board Committee that Scheme Shareholders should vote in favour of the Scheme.

1.6 No brokerage or stamp duty will be payable by you for the transfer of your VRM Shares under the Scheme

You will not incur any brokerage or stamp duty on the transfer of your VRM Shares to CD Capital under the Scheme. It is possible that such charges may be incurred if you transfer your VRM Shares other than under the Scheme.

1.7 The Scheme Consideration offered under the Scheme delivers certainty and immediate value for your Scheme Shares

CD Capital has submitted a 100% cash offer. This offers a high degree of certainty with respect to value and timing. If the Scheme is implemented, Scheme Shareholders will receive the aggregate value of the Scheme Consideration in cash for each Scheme Share held by them at the Record Date, to be paid on the Implementation Date.

In contrast, if the Scheme is not implemented, the amount which VRM Shareholders will be able to realise for their investment in VRM Shares may be uncertain. The Independent Board Committee believes that if the Scheme is not implemented and in the absence of a Superior Proposal it is likely that the price of VRM Shares will fall from current levels.

In addition, if the Scheme is not implemented, VRM will need to consider funding alternatives and, as outlined in Section 1.4, it is unlikely that funding could be raised from a capital raising without significant dilution to existing shareholders and at a discount to the closing price of VRM's shares on 8 March 2019, being the last Trading Day before the announcement of entry into the Scheme Implementation Agreement.

For further details of the risks relating to remaining a VRM Shareholder if the Scheme is not implemented, please refer to Section 7.

2. **Reasons to vote against the Scheme**

Scheme Shareholders should take into consideration the following potential disadvantages and reasons to vote against the Scheme. Having identified these potential disadvantages, the Independent Board Committee considers that they are outweighed by the potential advantages of the Scheme set out in Section 1. This assessment has led to the Independent Board Committee unanimously recommending that Scheme Shareholders vote in favour of the Scheme in the absence of a Superior Proposal.

2.1 **You may disagree with the unanimous recommendation of the Independent Board Committee, the Independent Expert's conclusion and/or believe that the Scheme is not in your best interests**

Notwithstanding the unanimous recommendation of the Independent Board Committee and the conclusion of the Independent Expert, you may believe that the Scheme is not in your best interests. In reaching their decision, the Independent Board Committee has made various judgements and assumptions based on future trading conditions, circumstances and events, which cannot be predicted with certainty and which may prove to be positively or negatively inaccurate.

There is no obligation for Scheme Shareholders to agree with the unanimous recommendation of the Independent Board Committee, or agree with the conclusion of the Independent Expert.

2.2 **You will no longer be able to participate in the future financial performance and growth of the VRM business**

If the Scheme is approved and implemented, you will cease to be a VRM Shareholder and will lose the ability to participate in any potential upside that may result from maintaining your investment in VRM.

This means that you will not participate in the future financial performance and potential growth of VRM, and will not retain exposure to the value that could be created by VRM for its shareholders in the future.

2.3 **You may find it difficult to identify or invest in an alternative business with similar characteristics to that of VRM**

You may prefer to keep your VRM Shares to maintain your investment in a public company with VRM's specific characteristics, including but not limited to risk, return and liquidity characteristics. You may consider that it would be difficult to identify and invest in alternative investments that have a similar profile to VRM.

In addition, despite the risk factors relevant to VRM's future operations as a standalone entity (including those in Section 7.2), you may consider that VRM may be able to generate greater returns for its assets as a stand-alone entity, or by exploring alternative corporate transactions in the future.

2.4 **You may consider that there is the potential for a Superior Proposal to emerge**

You may believe that there is the potential for a Superior Proposal to be made in the foreseeable future. This may include a takeover offer or alternative transaction proposal which would deliver a total consideration to VRM Shareholders in excess of the Scheme Consideration.

However, as at the date of this Scheme Booklet, no Superior Proposal has emerged and the Independent Board Committee is not aware of any Superior Proposal that is likely to emerge.

2.5 The taxation implications of the Scheme may not be suitable to your financial circumstances or position

If the Scheme is implemented, there may be tax consequences that result for you as a VRM Shareholder, some of which may be adverse.

Further detail regarding the tax implications of the Scheme is contained in Section 9. This guide is expressed in general terms and is not intended to provide taxation advice in respect of the particular circumstances of any Scheme Shareholder.

3. Answers to key questions

The following set of questions and answers is intended to assist in your understanding of the Scheme. These are qualified by, and should be read together with, all other parts of this Scheme Booklet.

| No. | Question | Answer |
|---------------------|--|---|
| General information | | |
| 1. | Why have I received this Scheme Booklet? | This Scheme Booklet has been sent to you because you are a Scheme Shareholder and you are being asked to vote on the Scheme. This Scheme Booklet is intended to help you consider and decide on how to vote on the Scheme at the Scheme Meeting. |
| 2. | What is the Scheme? | <p>On 11 March 2019, VRM announced that it had entered into a Scheme Implementation Agreement with CD Capital, relating to CD Capital's proposed acquisition of all of the issued shares in VRM, other than any shares held by WHSP, for a cash price of \$0.032 per Share.</p> <p>A "scheme of arrangement" is a means of implementing an acquisition of securities under the Corporations Act. It requires a vote in favour of a resolution to implement the scheme of arrangement by the Requisite Majorities at a meeting of shareholders, and also requires Court approval.</p> <p>If the Scheme is approved by Scheme Shareholders and the Court, CD Capital will hold approximately 67% of the shares in VRM and WHSP will continue to hold approximately 33% of the shares in VRM. At this time, it is anticipated that VRM would be de-listed from the ASX. If the Scheme is not approved, the Scheme will not be implemented and VRM will continue as a standalone entity listed on the ASX.</p> <p>A summary of the Scheme Implementation Agreement is set out in Section 11.2. A copy of the Scheme is included in Annexure C of this Scheme Booklet.</p> |
| 3. | Who is CD Capital? | <p>CD Capital is a global private equity natural resources and mining fund.</p> <p>Please refer to Section 6 for further information in relation to CD Capital.</p> |

| No. | Question | Answer |
|-----|--|---|
| 4. | Who is on the Independent Board Committee and why was it formed? | <p>An independent board committee was established following engagement with CD Capital regarding the proposed Scheme. The Independent Board Committee is comprised of James Whiteside (Chair), Jason Conroy and Chris Tziolis, each of whom is independent of WHSP.</p> <p>The Independent Board Committee was established due to Robert Cooper's association with WHSP. Robert Cooper was not involved in Independent Board Committee meetings relating to the proposed Scheme prior to entry into the Scheme Implementation Agreement and has declined to make a recommendation in respect of the Scheme.</p> |
| 5. | What does the Independent Board Committee recommend? | <p>The members of Independent Board Committee believe that the Scheme is attractive to and in the best interests of VRM Shareholders and unanimously recommend that Scheme Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interest of, VRM Shareholders.</p> <p>The reasons for the Independent Board Committee's unanimous recommendation are set out in Section 1.</p> |
| 6. | What are the intentions of VRM's Board? | <p>Each member of the VRM Board intends to vote all of the VRM Shares held or controlled by them in favour of the Scheme.</p> <p>Please refer to Section 5.4(c) for further details of the interests of the VRM Directors.</p> |
| 7. | What is WHSP's intention? | <p>WHSP intends to consent to the Scheme, in the absence of a superior proposal and provided the Deed of Irrevocable Undertaking entered into by WHSP in favour of CD Capital is not terminated in accordance with its terms.</p> <p>WHSP is not a Scheme Shareholder and will not participate in the shareholder vote as its shares are not subject to the Scheme.</p> <p>WHSP also confirmed that, as at 11 March 2019, it had a Relevant Interest in 368,941,067 VRM Shares. This represents a Relevant Interest in 33.43% of the total number of VRM Shares as at that date.</p> <p>WHSP has not received any benefit from CD Capital in return for entering into the Deed of Irrevocable Undertaking other than those benefits that accrue to WHSP under the Deed of Irrevocable Undertaking and Shareholders Agreement.</p> |

| No. | Question | Answer |
|------------|--|---|
| 8. | What is the conclusion of the Independent Expert? | <p>The Independent Board Committee engaged PwC Securities as the Independent Expert to provide an opinion on the Scheme.</p> <p>The Independent Expert has concluded that the Scheme is fair and reasonable to, and in the best interests of, VRM Shareholders.</p> <p>A copy of the Independent Expert's Report is included in Annexure A of this Scheme Booklet. The VRM Directors encourage you to read this report in its entirety before making a decision as to whether or not to vote in favour of the Scheme.</p> |
| 9. | What if the Independent Expert changes its opinion? | If the Independent Expert changes its opinion this will be announced to the ASX and the Independent Board Committee will carefully consider the Independent Expert's revised opinion and advise you of its recommendation. |
| 10. | What are the prospects of receiving a Superior Proposal? | Since the announcement of the Scheme on 11 March 2019 and up to the date of this Scheme Booklet, no Superior Proposal has emerged and the VRM Directors are not aware of any Superior Proposal that is likely to emerge. |
| 11. | What are the reasons to vote in favour of the Scheme? | The reasons for the Independent Board Committee's unanimous recommendation to vote in favour of the Scheme are set out in Section 1. |
| 12. | What are the possible reasons not to vote in favour of the Scheme? | The possible reasons not to vote in favour of the Scheme are set out in Section 2. |
| 13. | What are the potential risks associated with VRM if the Scheme is not implemented? | If the Scheme is not implemented, the risks outlined in Section 7 will continue to be relevant to VRM. |

| No. | Question | Answer |
|----------------------|--|--|
| Scheme Consideration | | |
| 14. | What will I receive if the Scheme is implemented? | <p>If the Scheme is implemented, on the Implementation Date, VRM will dispatch a cheque to Scheme Shareholders for the aggregate value of the Scheme Consideration of \$0.032 for each Scheme Share held by them at the Record Date.</p> <p>If the number of Scheme Shares held by a Scheme Shareholder at the Record Date is such that the aggregate entitlement of the Scheme Shareholder to Scheme Consideration results in a fractional entitlement to a cent, then the entitlement of that Scheme Shareholder must be rounded up or down to the nearest cent (with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole cent and any such fractional entitlement of 0.5 or more being rounded up to the nearest whole cent).</p> <p>If the Scheme is not approved by the Requisite Majorities of Scheme Shareholders at the Scheme Meeting or by the Court, the Scheme will not be implemented and the Scheme Consideration will not be paid.</p> |
| 15. | When will the Scheme be implemented? | <p>If the Scheme becomes Effective, the Scheme will be implemented on the Implementation Date, which is expected to be 18 June 2019.</p> <p>Further information regarding how the Scheme will be implemented is set out in Section 8.</p> |
| 16. | Am I eligible to receive Scheme Consideration? | <p>If you hold Scheme Shares on the Record Date, you will participate in the Scheme and be paid any Scheme Consideration to which you are entitled under, and in accordance with, the terms of the Scheme in consideration for the transfer of your Scheme Shares.</p> |
| 17. | Do I need to sign anything to transfer my Scheme Shares? | <p>No, if the Scheme becomes Effective, VRM will have authority to sign a transfer on your behalf, and a cheque for the Scheme Consideration will be dispatched to you on the Implementation Date.</p> <p>Please refer to Section 8.10 for further information.</p> |
| 18. | Am I required to give any assurances in participating in the Scheme? | <p>Under the Scheme, you are deemed to have warranted to CD Capital that:</p> <ul style="list-style-type: none"> all your Scheme Shares will, as at the date of transfer to CD Capital, be fully paid and free from all security interests and from any restrictions on transfer of any kind; and you have full power and capacity to sell and to transfer those Scheme Shares together with any rights and entitlements attaching to such shares to CD Capital under the Scheme. <p>Please refer to Section 8.9 for further information.</p> |

| No. | Question | Answer |
|------------------------------|--|--|
| 19. | What are the tax consequences of the Scheme? | <p>Section 9 provides a description of the general tax implications of the Scheme for Australian residents.</p> <p>The tax consequences may vary depending on your specific circumstances. Accordingly, you should seek professional tax advice in relation to your particular circumstances.</p> |
| 20. | Will I need to pay brokerage or stamp duty? | No brokerage or stamp duty will be payable by Scheme Shareholders on the transfer of their Scheme Shares to CD Capital under the Scheme or on the receipt by Scheme Shareholders of the Scheme Consideration. |
| 21. | How is CD Capital funding the Scheme Consideration? | <p>CD Capital is funding the acquisition from committed undrawn funds.</p> <p>Please refer to Section 6.5 for further information.</p> |
| Voting to approve the Scheme | | |
| 22. | Am I entitled to vote at the Scheme Meeting? | If you hold Scheme Shares at 7.00pm on the Voting Record Date you will be entitled to attend and vote at the Scheme Meeting. |
| 23. | What shareholder vote is required to approve the Scheme? | <p>For the Scheme to be approved by Scheme Shareholders, votes in favour of the Scheme must be received from the Requisite Majorities, being:</p> <ul style="list-style-type: none"> • unless the Court orders otherwise, more than 50% of Scheme Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney or, in the case of a body corporate, its duly appointed corporate representative); and • at least 75% of the total votes cast at the Scheme Meeting. |
| 24. | What choices do I have as a Scheme Shareholder? | <p>As a Scheme Shareholder you have the following four options:</p> <ul style="list-style-type: none"> • vote in favour of the Scheme at the Scheme Meeting; • vote against the Scheme at the Scheme Meeting; • sell your VRM Shares on the ASX; or • do nothing. |
| 25. | Is voting compulsory? | Voting is not compulsory. However, the Independent Board Committee believes that the Scheme is in the best interests of Scheme Shareholders and unanimously recommend that, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is fair and reasonable to, and in the best interests of Scheme Shareholders, you vote in favour of the Scheme. |

| No. | Question | Answer |
|------------|---|--|
| 26. | How do I vote? | <p>You may vote at the Scheme Meeting in person, by proxy, by attorney or in the case of a body corporate by corporate representative.</p> <p>To vote by proxy, you must complete and lodge a Proxy Form with the VRM Registry by no later than 9.15am on the Voting Record Date. You may revoke the proxy by attending and voting at the Scheme Meeting.</p> <p>Please refer to Annexure B for detailed information on how to vote on the Scheme and a copy of the Proxy Form.</p> |
| 27. | What happens if I do not vote or I vote against the Scheme? | <p>The Scheme may not be approved at the Scheme Meeting by the Requisite Majorities of Scheme Shareholders. If this occurs, the Scheme will not be implemented, you will not receive the Scheme Consideration and you will remain a VRM Shareholder.</p> <p>However, you should note that if all of the Conditions Precedent to the Scheme are satisfied or waived (as applicable), including receipt of the approval of the Requisite Majorities of Scheme Shareholders, the Scheme will bind all Scheme Shareholders, including those who vote against the Scheme at the Scheme Meeting or those who do not vote at all.</p> |
| 28. | When will the results of the Scheme Meeting be available? | <p>The results of the Scheme Meeting will be declared at the Scheme Meeting and will be announced to ASX shortly after the conclusion of the Scheme Meeting.</p> |

| No. | Question | Answer |
|------------------------|--|--|
| Approval of the Scheme | | |
| 29. | Other than Scheme Shareholder approval, are any other approvals required? | <p>Yes, the Scheme must be approved by the Court in addition to being approved by the Requisite Majorities of Scheme Shareholders at the Scheme Meeting.</p> <p>VRM will apply to the Court for approval of the Scheme. The Second Court Hearing to approve the Scheme is expected to be held on 31 May 2019.</p> |
| 30. | What happens if the Scheme is not approved by shareholder vote at the Scheme Meeting and/or the Court? | <p>If the Scheme is not approved by the Requisite Majorities at the Scheme Meeting, or approved by the Court:</p> <ul style="list-style-type: none"> • Scheme Shareholders will not receive the Scheme Consideration; • Scheme Shares will not be transferred to CD Capital (and will be retained by VRM Shareholders); • VRM will continue to operate as a stand-alone entity, and remain listed on the ASX; • VRM Shareholders will continue to be exposed to the benefits and risks associated with an investment in VRM on a stand-alone basis (please refer to Sections 7.2 and 7.4 for further details about these risks); • the amount which VRM Shareholders will be able to realise for their investment in VRM Shares may be uncertain; and • VRM will need to investigate alternate sources of funding (please refer to Section 1.4). |
| 31. | What do I do if I oppose the Scheme? | <p>If you, as a Scheme Shareholder, oppose the Scheme you should:</p> <ul style="list-style-type: none"> • attend the Scheme Meeting and vote against the Scheme Resolution; and/or • if Scheme Shareholders pass the Scheme Resolution at the Scheme Meeting and you wish to oppose the approval of the Scheme at the Second Court Hearing, file with the Court and serve on VRM a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. Please see the "Disclaimer and important notices" section for further details under the heading "Notice of Second Court Hearing". |
| Other | | |
| 32. | Can I keep my VRM Shares? | If the Scheme is implemented, all Scheme Shares will be transferred to CD Capital. |

| No. | Question | Answer |
|-----|---|--|
| 33. | Can I sell my VRM Shares now? | <p>VRM intends to apply to the ASX for VRM Shares to be suspended from official quotation on the ASX from close of trading on the Effective Date.</p> <p>You can sell your VRM Shares on market at any time before close of trading on the ASX on the Effective Date. However, if you do so you will receive the prevailing on-market price at the time of sale, which may not be the same price as the Scheme Consideration, and you may be required to pay brokerage costs.</p> |
| 34. | What will happen to VRM Options? | <p>Under the Scheme Implementation Agreement, VRM must use reasonable endeavours to procure that each VRM Optionholder enters into an Option Cancellation Deed prior to the Second Court Date.</p> <p>Additional details are set out in Section 5.5(b).</p> |
| 35. | Is the Scheme subject to any Conditions? | <p>The implementation of the Scheme is subject to the Conditions Precedent, set out in full in clause 3.1 of the Scheme Implementation Agreement and summarised in Section 10.2.</p> <p>The Scheme will not proceed unless all of the Conditions Precedent are satisfied or waived (if applicable) in accordance with the Scheme Implementation Agreement. It is important to note that some of these conditions may not be satisfied even if the Scheme is approved at the Scheme Meeting (for example, the Court may refuse to grant the Second Court Order). However, as at the date of this Scheme Booklet, neither VRM or CD Capital are aware of any circumstances which would cause these conditions to not be satisfied.</p> |
| 36. | Under what circumstances can VRM or CD Capital terminate the transaction? | <p>The transaction can be terminated by VRM or CD Capital in certain circumstances, which are summarised in Section 10.2 and set out in full in clause 12 of the Scheme Implementation Agreement.</p> |
| 37. | What happens if VRM is approached in relation to a Competing Transaction? | <p>If VRM is approached with a Competing Transaction, the Independent Board Committee will carefully consider the proposal having regard to VRM's obligations under the Scheme Implementation Agreement.</p> <p>Under the Scheme Implementation Agreement, VRM must promptly notify CD Capital if it receives any unsolicited approach with respect to any Competing Transaction.</p> |

| No. | Question | Answer |
|-----|--|---|
| 38. | What happens if a Superior Proposal emerges? | <p>If a Superior Proposal emerges, this will be announced to the ASX and the Independent Board Committee will carefully reconsider the Scheme and advise you of their recommendation.</p> <p>Under the Scheme Implementation Agreement, VRM has granted CD Capital matching rights, which are summarised in Section 10.2 and set out in full in clause 9 of the Scheme Implementation Agreement.</p> <p>Under the Deed of Irrevocable Undertaking, in the event a third party proposal is announced to ASX which WHSP considers to be a superior proposal, WHSP may give notice of this fact to CD Capital and its obligations under the Deed of Irrevocable Undertaking will terminate immediately. If WHSP provides this notice, CD Capital may terminate the Scheme Implementation Agreement. Please refer to Section 10.2 and Section 10.5 for further information.</p> |
| 39. | Is there a reimbursement or break fee payable by VRM or CD Capital if the Scheme is not implemented? | <p>No.</p> <p>The amount owing under the Loan Agreement becomes immediately due and payable by VRM to CD Capital on written demand, among other circumstances, if the Scheme is not implemented within eight months of the date of the Scheme Implementation Agreement.</p> <p>There is no penalty interest rate or early repayment or termination fee payable in these circumstances.</p> <p>Please refer to Section 0 for further information.</p> |
| 40. | What costs will VRM have incurred before the Scheme Meeting? | <p>Before the Scheme Meeting, VRM estimates that it will have incurred or committed one-off transaction costs of approximately \$400,000 in relation to the Scheme. These costs have already been incurred or will be payable by VRM regardless of whether or not the Scheme is implemented.</p> |
| 41. | What if I have other questions? | <p>For information about your individual financial or taxation consequences, please consult your legal, financial or other professional adviser.</p> <p>If you have any questions in relation to this Scheme Booklet, please contact the toll-free VRM Shareholder Information Helpline on 1300 375 902 (callers in Australia) or +61 3 9415 4340 (callers outside of Australia). The Shareholder Information Helpline will be attended between 8.30am and 5.00pm (Melbourne time), Monday to Friday.</p> |

4. Independent Expert conclusions

The Independent Board Committee appointed PwC Securities as the Independent Expert to prepare an Independent Expert's Report, including an opinion as to whether the Scheme is fair and reasonable to, and in the best interests of, VRM Shareholders.

The Independent Expert has concluded that the Scheme is fair and reasonable to, and in the best interests of VRM Shareholders.

A complete copy of the Independent Expert's Report is included in Annexure A. The Independent Board Committee encourage you to read this report in its entirety before making a decision as to whether or not to vote in favour of the Scheme.

5. Profile of VRM

5.1 Overview

VRM is focussed on the discovery, development and operation of fertiliser and industrial mineral projects in the Northern Territory of Australia, all located in close proximity to existing transport infrastructure.

VRM's portfolio of projects includes:

- the 100% owned world class Ammaroo Phosphate Project located approximately 200km south-east of Tennant Creek and 300km north-east of Alice Springs in the Northern Territory;
- a portfolio of sulphate of potash projects in the Northern Territory; and
- the Dingo Hole Silica Project in the Northern Territory, which has the potential to produce high purity quartz.

Further information on VRM can be obtained from VRM's website at <http://www.verdantminerals.com.au>.

5.2 Principal activities and assets

Detailed information on each of VRM's exploration tenements and development projects can be found in the quarterly activities report released to the ASX on 31 January 2019. VRM's two most advanced projects and the principle focus of the company's activities are the Ammaroo Phosphate Project and the Karinga Lakes Sulphate of Potash Project. These projects are outlined below.

(a) Ammaroo Phosphate Project

VRM is focussed on developing its 100% owned long life Ammaroo Phosphate Project in the Northern Territory of Australia, close to underutilised rail, road and gas infrastructure and with advantaged access to key Asian markets through the port of Darwin. The Ammaroo Phosphate Project was granted major project status by the Northern Territory government in March 2017. The project, if developed, would be Australia's largest phosphate resource (reported in accordance with JORC Code standards).

| Ammaroo Phosphate Project resource* | | | |
|-------------------------------------|--------------|--------------|-------------|
| Cut Off | Category | Mt | P2O5 % |
| 10 | Measured | 136 | 15.4 |
| | Indicated | 165 | 15.5 |
| | Inferred | 840 | 13.0 |
| | Total | 1,141 | 14.0 |
| 15 | Measured | 61 | 18.5 |
| | Indicated | 72 | 19.0 |
| | Inferred | 200 | 17.0 |
| | Total | 333 | 18.0 |

*As announced to the ASX on 15 March 2017 (no material change since that date) and reported in accordance with the JORC Code standards.

The Ammaroo Phosphate Project has the potential to be a multi-generational project. Features of the project include:

- ultra low cadmium rock, ideally suited as feedstock for the production of phosphoric acid;
- low strip ratio, low cost mining operation;
- floatation beneficiation;
- feasibility study completed in May 2018 and announced to the ASX on 17 May 2018, with further test work required to confirm process flowsheet and recoveries to enable detailed engineering to commence;
- federal government environmental approval under the Environment Protection and Biodiversity Conservation Act has been completed;
- Northern Territory government environmental assessment process completed in October 2018. A full copy of the Northern Territory Environment Protection Agency assessment report can be found on their website at <https://ntepa.nt.gov.au/environmental-assessments>;
- non-binding offtake memorandums of understanding with potential customers for up to 450,000 tonnes per annum of phosphate rock concentrate; and
- conditional terms agreed for a \$160 million loan by the Federal Government's Northern Australia Infrastructure Development Fund, announced to the ASX on 3 December 2018.

(b) Karinga Lakes Sulphate of Potash Project

The Karinga Lakes Sulphate of Potash Project covers a chain of dry salt lakes along the Lasseter Highway between Alice Springs and Uluru in the Northern Territory. After completing bench scale test work and a scoping study based on the aMES™ concept, a joint venture was established with Consolidated Potash Corporation, as announced to the ASX on 7 February 2019 with a view of continuing to develop the aMES™ technology to establish an alternate process for separating potassium salts from brines.

As at the date of this Scheme Booklet, environmental approvals have not been progressed and a native title agreement has not been pursued because VRM's main focus and use of funds has been on the Ammaroo Phosphate Project.

5.3 Recent performance

(a) Recent share price performance

Outlined in the chart below is VRM's trading price performance since January 2017.



As at 15 April 2019, being the last Trading Day before the date of this Scheme Booklet:

- the last recorded trading price of VRM Shares was \$0.03, and
- the lowest and highest close prices of VRM Shares during the previous three months were \$0.013 and \$0.031 respectively.

As at 8 March 2019, being the Trading Day before the Scheme Implementation Agreement Announcement Date, the closing price of VRM Shares was \$0.015.

(b) Key events

The following table summarise the announcements made to the ASX by VRM that may have affected share price movements over the period between 31 December 2018 and the date of this Scheme Booklet.

| Date | Event |
|------------------|---|
| 31 January 2019 | Quarterly cash flow report 5B December 2018 released. |
| 31 January 2019 | Quarterly activities report released. |
| 7 February 2019 | Karinga Lakes Potash Project update released. |
| 18 February 2019 | Karinga Lakes Potash Project retraction released. |
| 11 March 2019 | Trading in VRM shares temporarily paused before entry into Scheme Implementation Agreement with CD Capital announced. |
| 13 March 2019 | Substantial shareholding notice from CD Capital released. |
| 15 March 2019 | Half-year accounts for period ended 31 December 2018 released. |

5.4 VRM Board and Senior Management

(a) VRM Board and key management personnel

The VRM Board and key management personnel include:

| Name | Position |
|-----------------|--|
| James Whiteside | Non-Executive Chairman, Non-Executive Director |
| Chris Tziolis | Chief Executive Officer, Managing Director |
| Robert Cooper | Non-Executive Director |
| Jason Conroy | Non-Executive Director |
| Bruce Arnold | Company Secretary, Chief Financial Officer |
| Nigel Doyle | Exploration Manager |

(b) Establishment of the Independent Board Committee

VRM formed a committee of independent directors to consider the proposed Scheme. The Independent Board Committee comprises James Whiteside (Chair), Chris Tziolis and Jason Conroy, each of whom is independent of WHSP.

As Robert Cooper is associated with WHSP, he is not a member of the committee which has considered the proposed Scheme and he has declined to make a recommendation to Scheme Shareholders as to whether to vote in favour of the Scheme. For further details regarding Robert Cooper's association with WHSP please refer to Section 5.4(f).

(c) Relevant Interests of VRM Directors

The following table lists the Relevant Interests of the directors of VRM as at the date of this Scheme Booklet:

| Director | Executive or non-executive | Relevant Interest in VRM Shares | Interest in VRM Options |
|-----------------|----------------------------|---------------------------------|-------------------------|
| James Whiteside | Non-executive | 400,000 | 3,500,000 |
| Jason Conroy | Non-executive | 200,000 | 1,750,000 |
| Robert Cooper | Non-executive | 1,500,000 | 1,750,000 |
| Chris Tziolis | Executive | 2,125,025 | 10,500,000 |

(d) VRM Directors' dealings in VRM Shares

No VRM Director acquired or disposed of a Relevant Interest in any VRM Shares in the four month period ending on the date immediately before the date of this Scheme Booklet.

(e) Relevant Interests in CD Capital

No securities or other interests in CD Capital are held by, or on behalf of, any VRM Director.

(f) Interests in WHSP

Robert Cooper is currently the Chief Executive Officer of Round Oak Minerals Pty Limited (formerly CopperChem Pty Limited), a 100% owned subsidiary of the WHSP. Robert Cooper was nominated to the VRM Board by WHSP.

5.5 VRM Capital Structure

(a) VRM Shares on issue

As at 31 December 2018, VRM had 1,103,761,492 VRM Shares on issue.

(b) VRM Options on issue

As at 31 December 2018, VRM had 171,216,634 VRM Options on issue, the particulars of which are set out in the following table:

| Number | Exercise Price | Grant Date | Expiry Date |
|------------|----------------|------------------|------------------|
| 9,000,000 | \$0.025 | 14 December 2016 | 30 June 2019 |
| 1,000,000 | \$0.032 | 15 December 2017 | 30 June 2019 |
| 2,500,000 | \$0.035 | 31 March 2017 | 30 June 2019 |
| 80,000,000 | \$0.025 | 14 December 2018 | 1 July 2019 |
| 3,550,000 | \$0.2171 | 1 July 2014 | 1 July 2019 |
| 6,500,000 | \$0.025 | 14 December 2016 | 31 December 2019 |
| 750,000 | \$0.032 | 15 December 2017 | 31 December 2019 |
| 1,250,000 | \$0.035 | 31 March 2017 | 31 December 2019 |
| 66,666,634 | \$0.03 | 14 December 2018 | 1 July 2020 |

Each VRM Optionholder has been provided with an Option Cancellation Deed to execute. Pursuant to the Option Cancellation Deed, subject to the Scheme being approved by Scheme Shareholders and the Court, and ASX granting a waiver to VRM from Listing Rule 6.23.2 prior to the Implementation Date, each VRM Optionholder agrees to the termination and cancellation of their VRM Options in consideration for a cash amount (**Cancellation Consideration**) to be paid to the VRM Optionholder on the Business Day after the Implementation Date.

ASX granted the waiver from Listing Rule 6.23.2 on 22 March 2019, and further details are set out in section 10.6(a).

In respect of an Option for which the Scheme Consideration is greater than the Option exercise price, the Cancellation Consideration per Option will be calculated as the Scheme Consideration less the exercise price of the relevant Option.

In respect of an Option for which the Scheme Consideration is less than or equal to the exercise price, the Cancellation Consideration per Option will be an amount to be determined by VRM, provided that the aggregate amount to be paid to the holders of all such Options must not exceed \$25,000.

VRM Optionholders have the right to exercise all or any of the VRM Options they hold and that are vested at any time prior to their cancellation on the Implementation Date, provided that any notice of such exercise must be received by VRM before 5.00pm on the Business Day before the Record Date. In such an event, VRM will issue the number of VRM Shares which corresponds to the number of VRM Options duly exercised by the VRM Optionholder and such VRM Shares will be eligible to participate in the Scheme.

(c) Substantial Shareholders

The following persons have notified VRM of the fact that they hold substantial holdings (within the meaning of the Corporations Act) in VRM Shares, based on substantial shareholder notice lodgements with the ASX, which are available on the ASX website:

| Shareholder | Number of shares | Voting interest |
|--------------------------------|------------------|-----------------|
| WHSP | 368,941,067 | 33.43% |
| Regal Funds Management Pty Ltd | 59,275,840 | 5.43% |

5.6 Financial information

This section contains financial information relating to VRM for the financial years ended 30 June 2017 and 30 June 2018, which has been audited by KPMG, and interim financial information for the six months ended 31 December 2018, which has been reviewed by KPMG.

Further details about VRM's financial performance can be found in the financial statements for the half year ended 31 December 2018, as announced to the ASX on 15 March 2019 and which can be found on VRM's website at <https://www.verdantminerals.com.au>.

VRM will provide, free of charge, a copy of the financial reports for the financial year ended 30 June 2018 and the half-year accounts for the period ended 31 December 2018 to anyone who requests a copy.

(a) Basis of preparation

The historical financial information of VRM presented is in an abbreviated form and does not contain all the disclosures, presentation, statements or comparatives that are usually provided in an annual report prepared in accordance with the Corporations Act. VRM considers that, for the purposes of this Scheme Booklet, the historical financial information presented is more meaningful to VRM Shareholders. The historical financial information of VRM has been prepared in

accordance with the recognition and measurement principles contained in the Australian Accounting Standards. The historical financial information in this Scheme Booklet is presented on a standalone basis and accordingly does not reflect any impact of the Scheme.

(b) Consolidated Statement of Profit or Loss and Other Comprehensive Income

The following table presents the historical consolidated statement of profit or loss and other comprehensive income for the six months ended 31 December 2018, and for the financial years ended to 30 June 2018 and 30 June 2017.

| | Half-year ended 31 Dec 2018 \$'000 | Year ended 30 Jun 2018 \$'000 | Year ended 30 Jun 2017 \$'000 |
|---|---|--|--|
| Other Income | 60 | 83 | 227 |
| Depreciation | (4) | (6) | (7) |
| Employee benefits expense | (404) | (830) | (1,089) |
| Exploration and evaluation assets impairment | (8,289) | (1,073) | (611) |
| Listing & Registry costs | (60) | (87) | (76) |
| Other expenses | (530) | (801) | (1,530) |
| Loss before income tax expense | (9,227) | (2,714) | (3,086) |
| Income tax benefit | - | - | - |
| Net loss for the period | (9,227) | (2,714) | (3,086) |
| Other comprehensive income | - | - | - |
| Total comprehensive income (loss) for the period attributable to owners of VRM | (9,227) | (2,714) | (3,086) |

(c) Consolidated Statement of Financial Position

The following table presents the historical consolidated statement of financial position as at 31 December 2018, and for the financial years ended to 30 June 2018 and 30 June 2017.

| | 31 Dec 2018 \$'000 | 30 Jun 2018 \$'000 | 30 Jun 2017 \$'000 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 703 | 2,490 | 6,540 |
| Trade and other receivables | 35 | 71 | 101 |
| Other | 4 | 6 | 6 |
| Total Current Assets | 742 | 2,567 | 6,647 |
| Non-Current Assets | | | |
| Exploration and evaluation assets | 39,599 | 47,105 | 43,333 |
| Property, plant and equipment | 502 | 553 | 632 |
| Other – Security Deposits | 190 | 210 | 390 |
| Total Non-Current Assets | 40,291 | 47,868 | 44,355 |
| TOTAL ASSETS | 41,033 | 50,435 | 51,002 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and other payables | 168 | 342 | 326 |
| Short-term provisions | 112 | 113 | 755 |
| Total Current Liabilities | 280 | 455 | 1,081 |
| TOTAL LIABILITIES | 280 | 455 | 1,081 |
| NET ASSETS | 40,753 | 49,980 | 49,921 |
| EQUITY | | | |
| Contributed equity | 86,732 | 86,732 | 83,977 |
| Share-based payments reserve | 1,730 | 1,730 | 1,711 |
| Accumulated losses | (47,709) | (38,482) | (35,767) |
| TOTAL EQUITY | 40,753 | 49,980 | 49,921 |

(d) Consolidated Statement of Cash Flows

The following table presents the historical consolidated statement of cash flow for the six months ended 31 December 2018, and for the financial years ended to 30 June 2018 and 30 June 2017.

| | Half-year ended 31 Dec 2018 \$'000 | Year ended 30 Jun 2018 \$'000 | Year ended 30 Jun 2017 \$'000 |
|--|---|--|--|
| Cash flow from operating activities | | | |
| Interest received | 14 | 90 | 219 |
| Payments to suppliers, employees and others | (1,086) | (2,348) | (1,745) |
| Net cash flows from operating activities | (1,072) | (2,258) | (1,526) |
| Cash flows from investing activities | | | |
| Purchase of non-current assets | (2) | (2) | (11) |
| Proceeds from sale of non-current assets | 66 | 700 | 111 |
| Payments for exploration and evaluation assets | (754) | (4,670) | (3,279) |
| Recovery (Payment) from / to secured term deposits | 20 | 180 | (40) |
| Net cash flows from investing activities | (670) | (3,792) | (3,219) |
| Cash flows from financing activities | | | |
| Proceeds from share issues | - | 2,000 | - |
| Payments for capital raising | (45) | - | (891) |
| Net cash flows from financing activities | (45) | 2,000 | (891) |
| Net (decrease) in cash and cash equivalents | (1,787) | (4,050) | (5,636) |
| Cash and cash equivalents at the beginning of the year | 2,490 | 6,540 | 12,176 |
| Cash and cash equivalents at end of the period | 703 | 2,490 | 6,540 |

5.7 No material changes in VRM's financial position

To the knowledge of the Independent Board Committee, other than as otherwise disclosed in this Scheme Booklet or as otherwise disclosed to the ASX by VRM, the financial position of VRM has not changed materially since 31 December 2018, being the date of the last balance sheet prepared before this Scheme Booklet was sent to VRM Shareholders in accordance with the Corporations Act.

5.8 No pre-transaction benefits

During the period of four months before the date of this Scheme Booklet, neither VRM nor any associate of VRM gave, or offered to give, a benefit to another person which was likely to induce the other person, or an associate of the other person to:

- vote in favour of the Scheme; or
- dispose of VRM Shares,

and which will not be provided to all Scheme Shareholders under the Scheme.

(a) Benefits in connection with retirement from office

No payment or other benefit is proposed to be made or given to any director, company secretary or executive officer of VRM (or its related bodies corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from office in VRM or any of its related bodies corporate in connection with the Scheme.

VRM pays premiums in respect of a directors and officers (D&O) insurance policy for the benefit of the directors of VRM and executive officers. VRM will enter into an arrangement to provide insurance coverage for all current Directors and the Company Secretary for seven years from the Implementation Date.

5.9 Intention regarding the continuation of VRM's business

The Corporations Regulations require a statement by the VRM Directors of their intentions regarding VRM's business. If the Scheme is implemented, the current VRM Directors will resign and the alternate board as nominated by CD Capital and WHSP will be appointed in accordance with VRM's constitution and the Shareholders' Agreement. It will be for the reconstituted VRM Board to determine its intentions as to:

- the continuation of the VRM business;
- any major changes, if any, to be made to the business of VRM, including any redeployment of the fixed assets of VRM; and
- the future employment of the present employees of VRM.

If the Scheme is implemented, CD Capital and WHSP will be the sole VRM shareholders. CD Capital, WHSP and VRM have entered into a Shareholders' Agreement to regulate their affairs with respect to VRM from implementation of the Scheme. Under the Shareholders' Agreement, WHSP will be entitled to appoint two VRM Directors and CD Capital will be entitled to appoint three VRM Directors. A copy of the Shareholders' Agreement was attached to the substantial holding notice lodged with the ASX on 13 March 2019.

The current intentions of CD Capital with respect to the matters listed above and VRM are set out in Section 6.

In the event the Scheme is not implemented, the VRM Directors intend to continue to operate in the ordinary course of business and for VRM to remain listed on the ASX.

5.10 Public information available for inspection

As an ASX listed company and a disclosing entity under the Corporations Act, VRM is subject to regular reporting and disclosure obligations. Among other things, these obligations require VRM to announce price sensitive information to the ASX as soon as VRM becomes aware of information, subject to some exceptions. VRM's most recent announcements are available from its website at <http://www.verdantminerals.com.au/investor-centre>. Further announcements concerning VRM will continue to be made available on this website after the date of this Scheme Booklet.

Pursuant to the Corporations Act, VRM is required to prepare and lodge with ASIC and ASX both annual and half-yearly financial statements accompanied by a statement and report from VRM Directors and an audit or review report respectively.

Verdant Minerals Ltd – Scheme Booklet

Copies of the documents filed with the ASX may be obtained from the ASX's website at <http://www.asx.com.au> and VRM's website at <http://www.verdantminerals.com.au>. Copies of documents lodged with ASIC in relation to VRM may be obtained from, or inspected at, an ASIC office. Copies of these documents lodged with ASIC for the full year ended 30 June 2018 and half year ended 31 December 2018 will also be made available free of charge following a request in writing to VRM at any time before the Second Court Date.

6. Profile of CD Capital

The information contained in this Section 6 has been prepared by CD Capital. The information concerning CD Capital and the intentions, views and opinions contained in this Section 6 are the responsibility of CD Capital. Neither VRM nor any of its directors, officers, employees and advisers, assume any responsibilities for the accuracy or completeness of this information.

6.1 Overview of CD Capital

CD Capital is a global natural resources and mining fund. CD Capital's core focus is to identify and invest in development opportunities in the mining sector.

CD Capital is a Cayman Islands exempted limited partnership registered in the Cayman Islands with number DM-80426 on 15 December 2014. The general partner of CD Capital is CD Capital Natural Resources Fund III GP Limited, a Cayman Islands limited company. The directors of the general partner are Roger Hanson and Tammy Seymour.

CD Capital is managed by CD Capital Management Group Limited (a Cayman Islands registered company with registered number 322311) (**CD Capital Group**) and advised by CD Capital Asset Management Limited (**CD Capital Asset Management**) (UK Companies House number 10734484, a registered Financial Conduct Authority (**FCA**) Fund Manager, FCA number 777665), headquartered in London. The Chief Investment Officer of CD Capital Asset Management is Carmel Daniele.

CD Capital is fully funded with capital of approximately US\$355 million predominantly from American endowments and foundations. CD Capital Asset Management is an established fund manager with over US\$650 million in funds under management. The thesis of the CD Capital Group is to provide long term capital for the development of mining projects into production.

CD Capital employs an active, hands-on approach working in partnership with all of its portfolio companies to maximise value of the resource and ultimate market value of the company. This involvement has included, and is not limited to: assisting portfolio companies with identifying the size and cost quartile of the asset, offering expertise in feasibility and certification, augmenting management, reviewing budgets and timelines, and making strategic introductions to key financial institutions for capital raising and liquidity events.

Current CD Capital investments include the following major projects:

(a) Prarie Mining – coking coal, Poland

Two major strategic large scale, low cost coking coal assets situated on existing infrastructure in close proximity to the heartland of the European coal market. Comprised of the Debiensko Hard Coking Coal project and the Jan Karski Semi Soft Coking Coal Mine.

(b) Los Calatos – copper, Peru

High grade copper porphyry in a stable jurisdiction nearby to strategic operators in the region. The project has proceeded with strong government support to progress mining projects and add to the Peru's gross domestic product, in a sparsely populated area with low social and environmental risk.

(c) Suhanko – platinum and palladium, Finland

One of the largest platinum-group metal (**PGM**) deposits outside Southern Africa and Russia, with a mining licence granted over the deposit for open cut mining. The project is ideally located in mining-friendly Finland near existing services and infrastructure, and operating in a PGM market anticipating undersupply until at least 2030.

6.2 CD Capital – key personnel

The CD Capital team brings technical expertise to portfolio companies in order to evaluate all aspects of geology, resource certification, engineering and financial structuring.

CD Capital is managed by Carmel Daniele. Carmel is supported by the following experienced geologists who have worked across the mining industry over the past three decades.

Underpinning the core team's resources expertise is a supporting team with significant experience across related fields such as legal, project finance and accounting. All of these areas aid the team in assessing the risk and opportunity of each project effectively.

Carmel Daniele –Chief Investment Officer

Carmel is Founder and Chief Investment Officer of CD Capital. Carmel has over 20 years of natural resources investment experience, ten of which were spent with Newmont Mining/Normandy Mining and acquired companies including LaSource SAS (a joint venture between BRGM and Normandy Mining). As Senior Executive (Corporate Advisory and M&A) at Newmont she structured cross-border M&A including the US\$24 billion three-way merger between Franco-Nevada, Newmont and Normandy Mining to create the largest gold company in the world. Post-merger Carmel structured the divestment of various non-core mining assets around the world for the merchant banking arm, Newmont Capital. Carmel started off her career at Deloitte Touche Tohmatsu where she spent eight years in various corporate finance roles including international taxation, audit, accounting and reconstructions. Prior to setting up CD Capital in September 2006, Carmel spent a year and half as investment advisor to RAB Capital's Special Situations Fund on sourcing and negotiating natural resource private equity investments. Carmel holds a Master of Laws (Corporate & Commercial) and Bachelor of Economics from the University of Adelaide and is a Fellow of the Institute of Chartered Accountants.

Gordon Riddler – Managing Director, Geoscientist and Engineer

Gordon Riddler has diverse experience at a senior level in the international mineral resource industry and related research organisations, delivering and evaluating mineral discoveries and technology innovation, and providing technical research for investment funds. Over a 40 year span he has been responsible for directing and managing large projects in the public and private sector. Gordon has held senior management and executive posts with Gold Fields Limited, Rio Tinto plc, British Geological Survey and the Mineral Industry Research Organisation. His leading contribution to rationalising international reporting standards for mineral reserves and resources was recognised in 2008 through the award of the Institute of Materials, Minerals and Mining Futers Gold Medal for outstanding service to the international minerals industry. Gordon holds a Bachelor of Science (First Class Hons) in Geology from the University of Aberdeen and a Master of Business Administration from the University of Strathclyde Graduate Business School. He is

a Chartered Engineer and a Fellow of the Institute of Materials, Minerals & Mining, and Competent (Qualified) Person to sign off on mineral reserves and resources.

Gary Hemming – Head Technical, Senior Resource Geologist

Gary has over 40 years experience as a managing director and exploration geologist and has served on the Board of several Australian and London based listed public companies. Gary's expertise is in locating projects and taking them from detailed exploration through feasibility studies and on to production. He has been involved in all aspects of listing and running public companies as a managing director, and has significant commodity experience including gold, platinum, base metals, iron ore, uranium, mineral sands, diamonds and rare metals. Gary holds a Bachelor of Applied Science applied Geology from the South Australian Institute of Technology and is a Member of the Australasian Institute of Mining and Metallurgy.

Julia Veloza Farajado, Technical Director, Mining Engineer

Julia brings more than 10 years of mining engineering experience to the Fund, in project and engineering roles both onsite and office based around the world including Latin America, Africa and Australia. Her wide array of experience includes energy deposit and materials auditing, quality coordination, economic evaluation, mine planning, design and application of mining cost models. Her commodity experience includes bauxite, coal, cobalt, copper, gold, mineral sands, nickel, silver, tin and zinc. Julia has a Bachelor of Mining and Metallurgical Engineering from the Universidad Nacional de Colombia, and a Masters of Mining Projects Evaluation from the Ecole nationale supérieure des Mines.

6.3 Rationale for the proposed Scheme

CD Capital Group is an established fund group with over \$650 million of funds under management. The thesis of the CD Capital Group is to provide long term capital for the development of mining projects into production. Based on their due diligence and understanding of VRM's project composition, CD Capital considers VRM and in particular the flagship Ammaroo Phosphate Project a strong candidate for investment and development within the mandate of the fund.

The investment mandate of CD Capital is that the fund must invest pre-dominantly in private entities. The offer of CD Capital to proceed with a transaction with Verdant was conditional upon CD Capital acquiring majority control of Verdant and there being no more than two shareholders of Verdant (including CD Capital).

CD Capital was introduced to WHSP following its approach to Verdant. WHSP indicated to CD Capital that it would prefer to not sell under the Scheme. As WHSP is the largest shareholder of Verdant, CD Capital decided to proceed on the basis of WHSP remaining as a shareholder.

6.4 CD Capital intentions if the Scheme is implemented

This section sets out the intentions of CD Capital in relation to the continuation of the business of VRM, any major changes to the business of VRM including any redeployment of the fixed assets of VRM and the future employment of the present employees of VRM, assuming CD Capital acquires the Scheme Shares as a result of implementation of the Scheme.

Conditional upon the successful implementation of the Scheme and the completion of the subsequent fundraising to raise additional capital for VRM:

- it is expected that VRM will be delisted as soon as practicable;

- CD Capital currently intends to retain all current employees of VRM on the same terms as they are currently engaged;
- CD Capital has not yet determined the nature or terms of future employee share options or incentive schemes;
- CD Capital currently does not intend to change the head office of VRM;
- CD Capital does not currently intend to alter any current agreements or dispose of any assets other than in the ordinary course of business; and
- pursuant to the Shareholders' Agreement, CD Capital will be entitled to appoint three VRM Directors. The identity of these Directors has not yet been determined, and is subject to further strategic consideration by CD Capital.

It is the view of CD Capital that the Ammaroo Phosphate Project could be utilised as a vehicle to facilitate the creation of an integrated fertiliser production plant in the Northern Territory. Two main strategic options are likely to be considered for an initial development:

- a) production and export of phosphate rock concentrate; and
- b) production and export of phosphoric acid.

However, all options for development will be considered in further detail following implementation of the Scheme and are subject to change.

6.5 **Funding of the Scheme**

(a) Cash consideration

The Scheme Consideration will be paid wholly in cash. In consideration for the Scheme Shares, each Scheme Shareholder will receive \$0.032 per share by CD Capital. Based on VRM's issued capital as at the date of this Scheme Booklet, the total Scheme Consideration to be paid amounts to \$23,514,253.60. In exchange for the surrender and cancellation of the 171,216,634 outstanding Options, assuming all Options are cancelled, it is anticipated that CD Capital will pay a total consideration of \$826,833.27. Total consideration to be paid under the Scheme is therefore expected to be \$24,341,086.87.

In accordance with the Scheme Implementation Agreement and Scheme, CD Capital will execute the Deed Poll in favour of Scheme Shareholders two Business Days before the First Court Date. Pursuant to the Deed Poll, CD Capital undertakes in favour of each Scheme Shareholder to pay the Scheme Consideration to Scheme Shareholders in accordance with the terms of the Scheme. The Scheme Implementation Agreement is summarised in Section 10.2, a copy of the Scheme is attached as Annexure C, and a copy of the Deed Poll is attached as Annexure D to this Scheme Booklet.

(b) Overview of funding arrangements

CD Capital has total commitments of US\$355 million and sufficient remaining available capital from these commitments to pay the full amount payable without any fundraising or further steps to require new funding.

(c) CD Capital interest in VRM Shares

As at the date of this Scheme Booklet, CD Capital and its associates have a Relevant Interest in those VRM Shares held by WHSP, as disclosed in the substantial holding notice lodged with the ASX on 13 March 2019. The relevant interest arose by virtue of entry into the Shareholders' Agreement and Deed of Irrevocable Undertaking, which are summarised in Section 10.4 and Section 10.5.

(d) No dealings in VRM Shares in the four months prior to the date of this Scheme Booklet

With the exception of the acquisition of a Relevant Interest as described in Section 6.5(c), CD Capital has had no dealings in VRM Shares in the four months prior to the date of this Scheme Booklet, and does not directly hold any shares in VRM as at the date of this Scheme Booklet.

6.6 No pre-transaction benefits

During the period of four months before the date of this Booklet, neither CD Capital nor any of its associates gave, or offered to give, or agreed to give, a benefit to another person which was likely to induce the other person or an associate of the other person to vote in favour of the Scheme or dispose of VRM shares.

6.7 Other material information

At the request of VRM management, and in order to fund the short-term cash needs of VRM whilst the Scheme is negotiated and implemented, VRM and CD Capital entered into the Loan Agreement signed on 11 March 2019, pursuant to which VRM has borrowed or will borrow from CD Capital a total sum of \$800,000, due to be paid in three instalments as follows:

- a. the first instalment of \$300,000 was paid to VRM on 13 March 2019;
- b. the second instalment of \$300,000 is due to be paid one month after the date of the Loan Agreement, being 11 April 2019; and
- c. the third instalment of \$200,000 is due to be paid on 3 May 2019.

The funds paid under the Loan Agreement are unsecured and interest will be payable at an interest rate of 6%. Further details regarding the Loan Agreement are summarised in Section 0.

7. Risk Factors

7.1 Introduction

VRM Shareholders should be aware that there are a number of risks, both generic and specific, associated with the Scheme.

Additional risks and uncertainties not currently known to VRM may also have a material adverse effect on VRM's financial and operational performance and the information set out in this Section 7 is a summary only and does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting VRM.

The Independent Board Committee consider, however, that it is appropriate for VRM Shareholders, in considering the Scheme, to be aware that there are a number of risk factors, general and specific, which could materially adversely affect the future operating and financial performance of VRM, the value of VRM Shares and any future dividends paid by VRM.

If the Scheme is implemented, Scheme Shareholders will receive the Scheme Consideration of \$0.032 for each Scheme Share held by them at the Record Date, and from implementation of the Scheme they will cease to be a VRM Shareholder and will no longer be exposed to the risks set out in this Section 7.

You should carefully consider the risk factors discussed in this Section 7, as well as the other information contained in this Scheme Booklet, before voting on the Scheme.

7.2 Risks associated with an investment in VRM Shares

There are a range of business specific risks associated with your current investment in VRM Shares. You will only continue to be exposed to these risks if the Scheme is not implemented, in which case, in the absence of a Competing Transaction which is ultimately implemented, VRM will continue to operate as a stand-alone entity.

(a) Business risk

The long term profitability and success of VRM is highly dependent on the ability of its Directors and/or management to assess business risks and make appropriate decisions. It cannot be expected nor is there any guarantee that a decision of VRM and/or its management will prove to be the correct decision or prove to be profitable. VRM may accordingly incur significant losses in carrying out their business objectives. As a result, no guarantee can be given in respect of the future earnings of VRM.

(b) Political, commodity price and exchange rate risks

The potential to establish investment in projects and operations will depend on expected revenues. Expected revenues are exposed to commodity price and exchange rate risk which are impacted by volatility in international markets and political factors including approvals to operate.

(c) Tenement title risk

Each tenement is for a specific term with annual expenditure and reporting obligations as well as conditions requiring compliance. Consequently VRM could lose tenements if conditions are not met or if insufficient funds are available to meet expenditure commitments as and when they arise. The inability to meet tenement conditions may affect the operations, financial position and/or performance of VRM.

(d) Native title risk

Areas of interest for VRM projects are potentially subject to native title claims and these areas may be identified as areas of cultural significance which may affect future activities or performance if relevant agreements cannot be established.

(e) Reserves and resources risk

Resource and reserve estimates are judgments based on knowledge, experience and industry practice in compliance with reporting codes such as the JORC Code. By their nature resource estimates are imprecise and depend on interpretations which can lead to variations through an ore body.

(f) Environmental risk

Exploration and project development activity has the potential to cause environmental disturbance and exposure if it is not managed. VRM is committed to meeting all applicable laws and regulatory environmental requirements. Rehabilitation work is conducted progressively after exploration activity. Notwithstanding this unforeseen environmental liabilities may arise. VRM has provided bank guarantees of \$190,000 to certain government bodies as security over VRM's performance of rehabilitation obligations on tenements. These bank guarantees are backed by secured term deposits amounting to \$190,000 at 31 December 2018.

(g) Key personnel risk

VRM depends on the talent, experience and knowledge of its personnel as a key asset. There can be no guarantee that VRM will be able to retain their key Directors and executives or, if those persons cease to be employed by VRM, that VRM will be able to attract and retain personnel of sufficient experience and expertise to manage its business. Additionally, any key VRM personnel who leave to work for a competitor may adversely impact VRM.

In summary, VRM's ability to attract, motivate and retain personnel will have a direct bearing upon its ability to deliver its commitments.

(h) Litigation risk

Exposure to litigation brought by third parties such as investors, regulators, employees or business associates could negatively impact VRM's operations and financial performance and position through increased costs, payment of damages and damage to reputation.

(i) Uninsured loss and liability risk

Exploration for phosphate and potash involves hazards and risks that could result in VRM incurring losses and liabilities to third parties. There is a risk that VRM may not be insured against all losses or liabilities that could arise from its activities. If VRM incurs losses or liabilities which are not covered by its insurance policies, the funds available for exploration and development will be reduced and the value and/or tenure of VRM's assets may be at risk.

7.3 Risks specific to the Scheme

(a) Conditions

The implementation of the Scheme is subject to a number of conditions, which are summarised in Section 10.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement. The Scheme will not proceed to the Second Court Date

unless all Conditions Precedent (other than approval by the Court) are satisfied or waived (if permitted).

If the Conditions Precedent are not satisfied or waived (as applicable) by the End Date, the Scheme Implementation Agreement may be terminated, which will mean the Scheme will not be implemented.

A failure to satisfy any of the Conditions Precedent, or a delay in satisfying the Conditions Precedent and implementing the Scheme, may adversely affect the trading price of VRM Shares.

(b) Court approval

The Court may not approve the Scheme, either at all or in the form proposed, or the Court's approval of the Scheme may be delayed. In particular, if there is a material change in circumstances between the Scheme Meeting and the Second Court Date, the Court will take the change into account in deciding whether it should approve the Scheme. If there is a material change of sufficient importance so as to materially alter the Scheme, there is a risk that the Court may not approve the Scheme on the Second Court Date.

(c) Tax consequences for Scheme Shareholders

If the Scheme is implemented, there may be tax consequences for Scheme Shareholders that may include tax being payable on any gain on the transfer of Scheme Shares to CD Capital.

The tax treatment may vary depending on the nature and characteristics of each Scheme Shareholder and their specific circumstances.

Accordingly, Scheme Shareholders should seek professional tax advice in relation to their particular circumstances.

For further information about the general Australian tax consequences of the Scheme, please refer to Section 9.

(d) Implications for VRM and VRM Shareholders if the Scheme is not implemented

If the Scheme is not approved by the Requisite Majorities at the Scheme Meeting, or approved by the Court, or the other Conditions Precedent (which are summarised in Section 10.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement) are not satisfied or waived (if permitted):

- (i) Scheme Shareholders will not receive the Scheme Consideration;
- (ii) Scheme Shares will not be transferred to CD Capital (and will be retained by Scheme Shareholders);
- (iii) VRM will continue to operate as a stand-alone entity, and remain listed on the ASX;
- (iv) VRM Shareholders will continue to be exposed to the benefits and risks associated with an investment in VRM on a stand-alone basis (please refer to Sections 7.2 and 7.4 for further details about these risks);
- (v) the amount which VRM Shareholders will be able to realise for their investment in VRM Shares may be uncertain. Further, if the Scheme is not implemented and in the absence of a Superior Proposal, the Independent

Board Committee believes that it is likely that the price of VRM Shares will fall from current levels;

- (vi) the amount drawn under the Loan Agreement must be repaid eight months after the date of the Loan Agreement; and
- (vii) VRM will need to consider alternative sources of funding for its continuing operations and to fund repayment of the amount drawn under the Loan Agreement. One of these alternatives is a capital raising, however it is unlikely a capital raising could proceed without significant dilution of existing shareholders.

7.4 General Risks

(a) General equity market risks

As an entity with listed ordinary shares on the ASX, the market price of VRM Shares is influenced by general business cycles and economic and political factors in Australia, including economic growth, interest rates, exchange rates, inflation, employment levels, changes in government fiscal, monetary and regulatory policy in relevant jurisdictions and changes to accounting or financial reporting standards.

(b) Economic conditions

Economic conditions, both domestic and global, may affect the performance of VRM. Adverse changes in such things as global and country-by-country economic growth, the level of economic activity and inflation, interest rates, insurance market conditions, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, employment rates and industrial disruption, amongst others, are outside the control of VRM and may result in material adverse impacts on the business and operating results of VRM.

(c) Share market conditions

There are risks associated with an investment in financial products quoted on a stock exchange. Share price movements could affect the value of any investment in VRM.

The performance of VRM and the price at which VRM Shares may trade on the ASX may be determined by a range of factors. These include movements in the local and international equity and bond markets and general investor sentiment in those markets, recommendations by brokers and analysts, inflation, interest rates, exchange rates, general economic conditions and outlooks, changes in government, fiscal, monetary and regulatory policies, global geo-political events and hostilities and acts of terrorism, the announcement of new technologies and changes in the supply of and demand for relevant stocks. Certain of these factors could affect the trading price of VRM Shares, regardless of operating performance.

(d) Liquidity and realisation risk

There may be few or many potential buyers or sellers of VRM Shares on the ASX at any time. This may affect the volatility of the market price of VRM Shares. It may also affect the prevailing market price at which shareholders are able to sell their VRM Shares.

(e) Taxation risks

A change to the current taxation regime may affect VRM and VRM Shareholders. Personal tax liabilities are the responsibility of each individual investor in VRM. VRM is not responsible for taxation or penalties incurred by investors in VRM.

(f) Accounting standards

Australian Accounting Standards are set by the Australian Accounting Standards Board and are outside the VRM Directors' and VRM's control. Changes to accounting standards issued by the Australian Accounting Standards Board could materially adversely affect the financial performance and position reported in VRM's financial statements.

8. Implementation of the Scheme

8.1 Key steps to implement the Scheme

The key steps to implement the Scheme are as follows:

- (a) the Conditions Precedent to the Scheme are satisfied or waived. The Conditions Precedent are summarised in Section 10.2 and set out in full in clause 3.1 of the Scheme Implementation Agreement.
- (b) Scheme Shareholders will vote on whether to approve the Scheme at the Scheme Meeting;
- (c) if the Scheme is approved by the Requisite Majorities at the Scheme Meeting, VRM will apply to the Court for orders approving the Scheme on the Second Court Date. Any VRM Shareholder may appear at the Second Court Hearing;
- (d) if the Court approves the Scheme, VRM will lodge with ASIC an official copy of the Court orders approving the Scheme in accordance with section 411(10) of the Corporations Act and the Scheme will become Effective. VRM will, on the Scheme becoming Effective, give notice of that event to the ASX;
- (e) it is expected that suspension of trading in VRM Shares on ASX will occur from close of trading on the Effective Date;
- (f) on the Implementation Date, VRM will dispatch a cheque to Scheme Shareholders for the aggregate value of the Scheme Consideration for every Scheme Share held on the Record Date; and
- (g) it is expected VRM will apply to the ASX for termination of official quotation of VRM Shares and to have itself removed from the official list of the ASX following the Implementation Date.

8.2 Scheme Meeting

In accordance with an order of the Court on 16 April 2019, Scheme Shareholders will be asked to approve the Scheme at the Scheme Meeting to be held at Ashurst, Level 26, 181 William Street, Melbourne, Victoria on 29 May 2019 commencing at 9.15am (Melbourne time). The Notice of Scheme Meeting is set out in Annexure B.

At the Scheme Meeting, Scheme Shareholders will be asked to consider and, if thought fit, to pass a resolution approving the Scheme. For the Scheme to be approved by Scheme Shareholders, votes “in favour” of the Scheme must be received from:

- (a) a majority in number (more than 50%) of Scheme Shareholders present and voting at the Scheme Meeting (either in person, by proxy or attorney or in the case of corporate Scheme Shareholders, by a duly appointed corporate representative) (the Headcount Test); and
- (b) at least 75% of the total number of votes cast on the Scheme Resolution by Scheme Shareholders at the Scheme Meeting.

If the Scheme is not approved by Scheme Shareholders at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test, VRM may apply to the Court for the Court to exercise its discretion to disregard the Headcount Test and make orders approving the Scheme.

8.3 Second Court Date

If the Scheme is approved by the Requisite Majorities of Scheme Shareholders, and all other Conditions Precedent to the Scheme (other than approval by the Court) and any other conditions to be imposed by the Court under section 411(6) of the Corporations Act have been satisfied or waived, VRM will apply to the Court for orders approving the Scheme following the Scheme Meeting. The date on which the Court hears VRM's application in relation to the Scheme is the Second Court Date. The Second Court Date is expected to be on 31 May 2019 and is open to all VRM Shareholders.

If the Scheme is not approved by the Requisite Majorities of Scheme Shareholders at the Scheme Meeting, the Scheme will not be implemented and VRM will not apply to the Court for any orders in connection with the Scheme.

The Court has discretion whether or not to approve the Scheme under section 411(4)(b) of the Corporations Act and may refuse to approve the Scheme even if the Scheme is approved by the Requisite Majorities of VRM Shareholders.

The Corporations Act and the relevant Court rules provide a procedure for VRM Shareholders to oppose the approval by the Court of the Scheme. Any VRM Shareholder who wishes to oppose the approval of the Scheme at the Second Court Hearing may do so by filing with the Court and serving on VRM a notice of appearance in the prescribed form together with any affidavit on which the VRM Shareholder will seek to rely at the Second Court Hearing. The notice of appearance and any affidavit must be served on VRM at least one day before the Second Court Date (which is expected to be 31 May 2019). Any change to the Second Court Date will be announced through the ASX and published on VRM's website at <http://www.verdantminerals.com.au>.

ASIC will be asked to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

8.4 Effective Date

The Scheme will, subject to the approvals being given as referred to above, become Effective on the Effective Date. VRM will, on the Scheme becoming Effective, give notice of that event to the ASX.

Subject to the Scheme becoming Effective, it is expected that suspension of trading in VRM Shares on the ASX will occur from the close of trading on the Effective Date.

If the Scheme has not become Effective by the End Date, the Scheme Implementation Agreement may be terminated, which will mean the Scheme will not be implemented.

8.5 Determination of persons entitled to the Scheme Consideration

(a) Record Date

Those VRM Shareholders, on the Register on the Record Date, other than WHSP, will become entitled to the Scheme Consideration in respect of the VRM Shares they hold at that time.

(b) Dealings on or prior to the Record Date

For the purposes of calculating entitlements under the Scheme, any dealing in VRM Shares will only be recognised if:

- (i) in the case of dealings of the type to be effected by CHESS, the transferee is registered in the Register as the holder of the relevant VRM Shares on or before the Record Date, and
- (ii) in all other cases, registrable transmission applications or transfers in respect of those dealings are received on or before 7.00pm on the Record Date at the VRM Registry.

Subject to the Corporations Act, Listing Rules and the constitutions of VRM, VRM must register registrable transmission applications or transfers of the kind recognised above by no later than 7.00pm on the Record Date.

VRM will not accept for registration or recognise for any purpose any transmission application or transfer in respect of VRM Shares received after 7.00pm on the Record Date or received prior to that time but not in registrable form.

(c) Dealings after the Record Date

For the purposes of determining the entitlement to the Scheme Consideration, VRM will, until the Scheme Consideration has been paid to the Scheme Shareholders and CD Capital has been registered as the holder of the Scheme Shares, maintain the Register in its form as at the Record Date. The Register in this form will solely determine entitlements to the Scheme Consideration.

From the Record Date, except as evidence of entitlement to the Scheme Consideration in respect of the VRM Shares relating to that entry:

- (i) all statements of holding in respect of VRM Shares cease to have effect as documents of title in respect of such VRM Shares; and
- (ii) each entry on the Register will cease to be of any effect.

8.6 Deed Poll

On Thursday 11 April 2019, CD Capital executed the Deed Poll, pursuant to which CD Capital has agreed to perform its obligations under the Scheme, including the obligation to provide Scheme Consideration to Scheme Shareholders, subject to the Scheme becoming Effective.

A copy of the Deed Poll is attached as Annexure D to this Scheme Booklet.

The Deed Poll may be relied on and enforced by an Scheme Shareholder in accordance with its terms, despite the fact that they are not a party to it.

8.7 Implementation Date

The Implementation Date is the date that is five Business Days after the Record Date. The Implementation Date is expected to be 18 June 2019.

On the Implementation Date, VRM will dispatch a cheque to Scheme Shareholders who are listed on the Register on the Record Date for the amount of \$0.032 for every Scheme Share they hold as at 7.00pm on the Record Date.

Once the cheque for the Scheme Consideration has been dispatched, the Scheme Shares will be transferred to CD Capital without any need for further actions by any Scheme Shareholder.

8.8 Payment of the Scheme Consideration

All payments will be made by cheque for the relevant amount in Australian currency, distributed through the post directed to the registered address of the Scheme Shareholder (in the case of a jointly held share, the address of the joint holder named first in the Register) or to any other address the Scheme Shareholder (or in the case of a jointly held sale, all the joint holders) directs in writing before the Record Date.

You should be aware that if the Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the cash payments described above may also be delayed.

Under the Scheme, CD Capital undertakes to pay or procure the payment of the aggregate Scheme Consideration payable to Scheme Shareholders on implementation into the Trust Account no later than two Business Days before the Implementation Date. On the Implementation Date, subject to CD Capital having deposited the necessary funds into the Trust Account, VRM will pay or procure the payment of the Scheme Consideration to each Scheme Shareholder from the Trust Account.

8.9 Warranty by Scheme Shareholders about their VRM Shares

Under clause 5.6 of the Scheme, each Scheme Shareholder is deemed to have warranted to CD Capital, and to the extent enforceable, appointed and authorised VRM as its agent to warrant to CD Capital, that:

- (a) all its Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to CD Capital, be fully paid and free from all security interests (including mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise) and from any restrictions on transfer of any kind; and
- (b) it has full power and capacity to sell and to transfer those Scheme Shares together with any rights and entitlements attaching to such shares to CD Capital under the Scheme.

8.10 Deemed consent for other incidental actions

Under clause 5.2 of the Scheme, each Scheme Shareholder will be deemed to have:

- (a) authorised VRM, and all its directors, officers and secretaries, to do an execute all acts, matters, things and documents on behalf of the Scheme Shareholder to implement the Scheme; and
- (b) irrevocably appointed and consented to VRM, and all of its directors, officers and secretaries as its attorney and agent for the purpose of executing any document necessary to give effect to the Scheme.

8.11 Suspension of trading in VRM Shares

It is anticipated that after the Scheme has been fully implemented, VRM will apply to the ASX for termination of the official quotation on VRM Shares on ASX and to have itself removed from the official list of the ASX.

9. Tax implications of the Scheme

The comments below provide a general summary of Australian tax issues for Australian tax resident Scheme Shareholders who hold their Shares on capital account for Australian income tax purposes.

These comments do not apply to Scheme Shareholders who hold their Scheme Shares on revenue account or as trading stock, or to non-Australian tax resident Scheme Shareholders. These Scheme Shareholders should seek independent professional advice.

These comments also do not consider the consequences of Division 230 of the Income Tax Assessment Act 1997 (the Taxation of Financial Arrangements or “**TOFA**” regime). If you are subject to TOFA, you should obtain your own tax advice as to the implications under the TOFA regime (if any).

The comments below are based on the tax laws in force as at 9.00 am on the date of this Scheme Booklet. The tax consequences discussed below may alter if there is a change to the tax law after the date of this Scheme Booklet. They do not take into account the tax law of countries other than Australia.

Australian tax laws are complex. The summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. The precise implications of disposal of the Scheme Shares will depend upon your specific circumstances. It is strongly recommended that you obtain specialist taxation advice on the consequences of disposing of the Scheme Shares, taking into account your own specific circumstances.

9.1 Income tax

The disposal of a Scheme Share will be a capital gains tax (**CGT**) event.

A capital gain will arise if the capital proceeds received on disposal (being the Scheme Consideration of \$0.032 per Scheme Share) exceed the CGT cost base of the Scheme Shares. The CGT cost base of each Scheme Share is broadly the amount paid to acquire the share plus any transaction/incidental costs.

The CGT discount may be applied against the net capital gain if you are an individual, complying superannuation entity or trustee, you have held the Scheme Shares for more than 12 months prior to sale and certain other requirements have been met.

If the CGT discount applies, any capital gain arising to individuals and entities acting as trustees (other than a trust that is a complying superannuation entity) may be reduced by one-half after offsetting current year or prior year capital losses. For complying superannuation entities, any capital gain may be reduced by one-third after offsetting current year or prior year capital losses.

A company is not entitled to a CGT discount.

Trustees should seek specific advice in relation to making distributions attributable to any capital gain to which the CGT discount applies.

You will realise a capital loss if the capital proceeds from the disposal are less than the reduced cost base of the Scheme Shares. Capital losses may only be offset against capital gains that you realise in the same income year or future income years, subject to certain loss recoupment tests being satisfied. Capital losses cannot be offset against other assessable income.

9.2 Stamp duty

You will not incur any stamp duty on the transfer of your VRM Shares to CD Capital under the Scheme.

9.3 Goods and Services Tax

You should not be liable to goods and services tax (**GST**) in respect of the transfer of your VRM Shares to CD Capital under the Scheme. You may be charged GST on costs (such as adviser fees relating to your participation in the Scheme) that relate to the Scheme. You may be entitled to input tax credits for such costs, but you should seek independent professional tax advice in relation to your individual circumstances.

10. **Additional information**

10.1 **Introduction**

This Section sets out additional information relating to the Scheme, including a summary of the Scheme Implementation Agreement and other material information.

10.2 **Summary of the Scheme Implementation Agreement**

VRM and CD Capital entered into the Scheme Implementation Agreement on 11 March 2019. The Scheme Implementation Agreement sets out the obligations of VRM and CD Capital in connection with implementation of the Scheme.

A full copy of the Scheme Implementation Agreement is attached to VRM's ASX announcement on 11 March 2019, which is available from VRM's website at <http://www.verdantminerals.com.au> and from the ASX website at <http://www.asx.com.au>.

The following is a summary only and qualified in its entirety by the full text of the Scheme Implementation Agreement. All capitalised terms have the meaning given to them in this Scheme Booklet, unless otherwise indicated.

Conditions Precedent

Implementation of the Scheme is subject to the satisfaction or waiver (as applicable) of the following Conditions Precedent. The Conditions Precedent in paragraphs (a) and (b) cannot be waived. VRM and CD Capital have agreed to use their reasonable endeavours to satisfy, or procure the satisfaction of, the Conditions Precedent.

As far as VRM is aware, immediately before the date of this Scheme Booklet no circumstances have occurred which will cause any of the Conditions Precedent not to be satisfied or to become incapable of satisfaction. These matters will continue to be assessed until the latest time each Condition Precedent is to be satisfied, which for many of the Conditions is 8.00am on the Second Court Date. A summary of the Conditions Precedent and status as at the date of this Scheme Booklet follows.

| Condition Precedent | Status |
|---|---|
| (a) Shareholder approval: Scheme Shareholders approve the Scheme by the Requisite Majorities at the Scheme Meeting. | The Scheme Meeting is scheduled to be held at 9.15am on 29 May 2019 at Ashurst, Level 26, 181 William Street, Melbourne, Victoria. |
| (b) Court approval: the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act. | An order of the Court in accordance with section 411(4)(b) of the Corporations Act will be sought at the Second Court Hearing. |
| (c) ASIC and ASX approvals, consents and waivers: as at 8:00am on the Second Court Date, ASIC and ASX have issued or provided, and not withdrawn, all approvals, consents and waivers which VRM and CD Capital agree in writing are reasonably necessary or desirable to implement the Scheme. | <p>ASIC granted Joint Bid Relief on Friday 8 March 2019.</p> <p>ASIC granted relief from clause 8302(h) of the Corporations Regulations on Monday 15 April 2019.</p> <p>ASX has granted a waiver of Listing Rule 6.23.2.</p> <p>Please refer to Section 10.6 for further information.</p> |

| Condition Precedent | Status |
|---|--|
| <p>(d) Regulatory intervention: no Court or Regulatory Authority has issued or taken steps to issue an order, temporary restraining order, preliminary or permanent injunction, decree or ruling or taken any action enjoining, restraining or otherwise imposing a legal restraint or prohibition preventing the Scheme and no such order, decree, ruling, other action or refusal is in effect as at 8.00am on the Second Court Date.</p> | <p>As at the date of this Scheme Booklet, neither VRM nor CD Capital is aware of anything that will cause this Condition Precedent not to be satisfied.</p> |
| <p>(e) FIRB approval: before 8am on the Second Court Date, one of the following occurs:</p> <ul style="list-style-type: none"> i) the day that is 10 days after the end of the decision period mentioned in section 77 of FATA passes without an order prohibiting the acquisition of Scheme Shares by CD Capital having been made under section 67 or 68 of FATA; ii) if an interim order has been made under section 68 of FATA to prohibit the acquisition of Scheme Shares by CD Capital, the end of the period specified in such order passes without any final order being made; or iii) CD Capital receives a no objection notice (within the meaning of FATA) in respect of the acquisition of Scheme Shares by CD Capital, such notice being unconditional or subject only to Standard Tax Conditions or any conditions other than Standard Tax Conditions which are acceptable to CD Capital acting reasonably. | <p>CD Capital has determined that FIRB approval will not be required prior to implementation of the Scheme. In accordance with the Scheme Implementation Agreement, CD Capital has provided VRM with written notice stating that this Condition Precedent will not be fulfilled and that it waives the non-fulfilment of this Condition Precedent.</p> |
| <p>(f) Independent Expert's Report: the Independent Expert issues its report which concludes that the Scheme is fair and reasonable and in the best interest of Scheme Shareholders before the Scheme Booklet is registered by ASIC under the Corporations Act, and does not change its conclusions or qualify or withdraw its report prior to 8.00am on the Second Court Date.</p> | <p>Satisfied as at the date of this Scheme Booklet.</p> |

| Condition Precedent | Status |
|---|---|
| (g) No Material Adverse Effect: no Material Adverse Effect occurs between the date of the Scheme Implementation Agreement and 8.00am on the Second Court Date. | As at the date of this Scheme Booklet, VRM is not aware of anything that will cause this Condition Precedent not to be satisfied. |
| (h) Options: by 8:00am on the Second Court Date, each Optionholder has either entered into an Option Cancellation Deed in respect of all Options held by such Optionholder or exercised all Options held by such Optionholder. | As at the date of this Scheme Booklet, VRM has provided each Optionholder with an Option Cancellation Deed and has received deeds signed by some but not all Optionholders. |

Exclusivity

From the date of the Scheme Implementation Agreement and ending on the earlier of termination of the Scheme Implementation Agreement and the End Date (**Exclusivity Period**), VRM will comply with the following exclusivity obligations.

(a) No-shop

VRM must ensure that it does not either directly or indirectly solicit, invite, encourage or initiate any enquiries, negotiations or discussions in relation to a Competing Transaction, or communicate any intention to do any of those things.

(b) No-talk

VRM must ensure that it does not negotiate or enter into, or participate in negotiations or discussions regarding, a Competing Transaction, even if that Competing Transaction was not directly or indirectly solicited, invited, encouraged or initiated by VRM or the Competing Transaction has been publicly announced.

(c) No due diligence

VRM must ensure that it does not facilitate or permit any person other than CD Capital to undertake due diligence investigations on VRM or make non-public due diligence information available to any person other than CD Capital.

(d) Notification obligations

VRM must promptly inform CD Capital if it receives any unsolicited approach with respect to any Competing Transaction and must disclose to CD Capital the material terms and conditions of such Competing Transaction (including price, conditions precedent, timetable and break fee (if any), but not the identity of person submitting the Competing Transaction (**Third Party**)).

(e) Matching right

VRM must not enter into any legally binding agreement, arrangement or understanding pursuant to which a Third Party, VRM or both propose to undertake or give effect to the Competing Transaction unless:

- (i) a majority of the Independent Board Committee, acting in good faith and in order to satisfy their statutory or fiduciary duties (having received advice from the VRM's external legal advisers), determines that the Competing Transaction would be or would be likely to be an actual, proposed or potential Superior Proposal;
- (ii) VRM has complied with its notification obligations;
- (iii) VRM has given CD Capital at least three Business Days after providing notice in accordance with its notification obligations to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction; and
- (iv) CD Capital has not submitted a matching or superior proposal to the terms of the actual, proposed or potential Competing Transaction by the expiry of the three Business Day period, which the Independent Board Committee, acting reasonably and in good faith, determines would provide an equivalent or superior outcome for Scheme Shareholders as a whole compared with the Competing Transaction.

(f) Exceptions to the exclusivity obligations

The exclusivity obligations outlined in paragraphs (b) – (d) do not apply to the extent that they restrict VRM from taking or refusing to take action with respect to a genuine Competing Transaction (which was not solicited in contravention of VRM's no-shop obligations) provided that the majority of the Independent Board Committee have determined, in good faith and acting reasonably that:

- (i) such a genuine Competing Transaction is, or could reasonably be considered to become, a Superior Proposal; and
- (ii) after receiving legal advice from VRM's external legal advisers, failing to respond to such a genuine Competing Transaction would be reasonably likely to constitute a breach of what the Independent Board Committee members consider to be their fiduciary or statutory obligations.

Representations and warranties

Each of VRM and CD Capital has given representations and warranties to the other which are customary for an agreement of this kind.

Termination

The Scheme Implementation Agreement may only be terminated by VRM or CD Capital in the circumstances contemplated below.

| Termination Right | VRM or CD Capital? |
|--|--------------------|
| (a) End Date: if the Scheme has not become Effective on or before the End Date. | Both |
| (b) Lack of support: at any time prior to 8.00am on the Second Court Date if a majority of the Independent Board Committee change their recommendation or fail to recommend to the Scheme Shareholders that they vote in favour of the Scheme Resolution. | CD Capital |

| Termination Right | VRM or CD Capital? |
|---|--------------------|
| (c) Material breach: at any time prior to 8.00am on the Second Court Date, if the other party is in material breach of a term of the Scheme Implementation Agreement (including any representation and warranty not being true and correct), taken in the context of the Scheme as a whole, provided that VRM or CD Capital (as the case may be) has, if practicable, given notice to the other setting out the relevant circumstances and the relevant circumstances continue to exist five Business Days (or any shorter period ending at 8.00am on the Second Court Date) after the time such notice is given. | Both |
| (d) Target Prescribed Event: at any time prior to 8.00am on the Second Court Date, there is a Target Prescribed Event. | CD Capital |
| (e) Competing interest: if a person (other than CD Capital's associates or a Scheme Shareholder as at the date of the Scheme Implementation Agreement) has a relevant interest in more than 20% of VRM's Shares. | CD Capital |
| (f) Superior Proposal: if a majority of the Independent Board Committee determines that a Competing Transaction that was not solicited, invited, encouraged or initiated in breach of VRM's no-shop obligations is a Superior Proposal. | VRM |
| (g) Deed of Irrevocable Undertaking: if WHSP gives notice under clause 4.1(i) of the Deed of Irrevocable Undertaking. | CD Capital |
| <p>(h) Consultation failure:</p> <p>If either VRM or CD Capital are unable to reach agreement in writing within five Business Days as to:</p> <p>(i) another way for the Scheme to proceed</p> <p>(ii) whether to adjourn or change the date of an application to the Court for an order approving the Scheme; or</p> <p>(iii) to extend the relevant time for satisfaction of a Condition Precedent or the End Date,</p> <p>where</p> <p>(iv) there is a breach or non-fulfilment of a Condition Precedent;</p> <p>(v) an act or failure to act the occurrence of which will prevent a Condition Precedent being satisfied; or</p> <p>(vi) it becomes more likely than not that the Scheme will not become Effective by the End Date.</p> <p>Appeal failure</p> <p>If the Court refuses to make orders convening the Scheme Meeting or approving the Scheme and VRM and CD Capital agree in writing not to appeal the Court's decision or an independent senior counsel of the Victorian Bar advises that, in their opinion, an appeal would have no reasonable prospect of success before the End Date.</p> | Both |

| Termination Right | VRM or CD Capital? |
|---|--------------------|
| (i) Agreement: if agreed in writing by VRM and CD Capital. | Both |

10.3 **Loan Agreement**

On 11 March 2019, VRM and CD Capital entered into a Loan Agreement pursuant to which CD Capital will advance an aggregate of \$800,000 in three tranches to VRM for the purposes of funding VRM's transaction costs in connection with the Scheme and for general working capital purposes. Interest will be payable on the amount drawn by VRM under this facility at a rate of 6% per annum, and the facility will mature in 12 months unless repaid or terminated earlier.

If a default event occurs, the money owing under the loan will become immediately due and payable by VRM to CD Capital on written demand. Events of default include:

- the Scheme is not implemented within eight months of the date of the Scheme Implementation Agreement;
- default is made in the due and punctual payment of any sum to be paid by VRM to CD Capital and such default is not remedied within five Business Days;
- VRM fails to observe and perform any of its obligations under the Loan Agreement and the failure is not remedied with 10 Business Days;
- VRM has an insolvency event which includes VRM entering into liquidation or a winding-up, becoming insolvent, or appointing a receiver, manager, administrator or provisional liquidator of its assets or any part of them with a value more than \$50,000;
- an encumbrance over any of the assets of VRM with an aggregate value of \$50,000 becomes enforceable against VRM;
- VRM enters into a transaction or series of transactions to sell, lease, transfer or otherwise dispose of assets with an aggregate value of \$50,000, unless CD Capital has provided its prior written consent;
- VRM is delisted from the ASX; or
- VRM undertakes a capital raising of A\$2,000,000 in aggregate.

10.4 **Shareholders' Agreement**

On 11 March 2019, CD Capital, WHSP and VRM entered into a Shareholders' Agreement which will regulate the affairs of CD Capital and WHSP with respect to VRM from implementation of the Scheme. Among other things, the Shareholders' Agreement governs CD Capital and WHSP's rights to appoint directors to the board of VRM (from the Implementation Date) and prevents CD Capital and WHSP from disposing of their VRM Shares in the 12 month period immediately following the Implementation Date.

A copy of the Shareholders' Agreement was attached to the substantial holding notice lodged with the ASX on 13 March 2019.

10.5 **Deed of Irrevocable Undertaking**

On 11 March 2019, WHSP executed the Deed of Irrevocable Undertaking in favour of CD Capital, pursuant to which, among other things, WHSP:

- (a) consents to VRM issuing an announcement to the ASX noting that WHSP intends to consent to the Scheme;
- (b) agrees not to sell, transfer, otherwise dispose or restrict the disposal of the VRM Shares it holds and not to give any undertaking or letter of intent to accept, vote in favour of or otherwise support any Competing Transaction.

WHSP's obligations under the deed terminate immediately and cease to be of any further force or effect if, among other things:

- (a) the Scheme is terminated by VRM, including if a Superior Proposal has emerged;
- (b) the Scheme fails to receive Scheme Shareholder and Court approval within four months of the date of the deed; and
- (c) a proposal is announced which WHSP, in its sole discretion, considers to be superior.

A copy of the Deed of Irrevocable Undertaking was attached to the substantial holding notice lodged with the ASX on 13 March 2019.

10.6 Regulatory conditions and relief

(a) ASX relief

VRM has applied for, and ASX has granted, a waiver from Listing Rule 6.23.2.

Listing Rule 6.23.2 Relief

The ASX has granted VRM a waiver from ASX Listing Rule 6.23.2 to enable all the Options to be cancelled for consideration without obtaining approval from VRM Shareholders.

ASX has granted the relief, subject to the following conditions:

- (i) Scheme Shareholders and the Court approving the Scheme; and
- (ii) full details of the cancellation of Options and the consideration payable for their cancellation being set out to the ASX's satisfaction in the Scheme Booklet.

(b) ASIC relief

VRM has applied for, and ASIC has granted, relief to VRM from the operation of the following provisions of the Corporations Act Clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations.

Clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations

Clause 8302(h) of Part 3 of Schedule 8 of the Corporations Regulations requires an explanatory statement to set out whether, within the knowledge of the VRM Directors, the financial position of VRM has materially changed since the date of the last balance sheet laid before VRM Shareholders in general meeting or sent to VRM Shareholders in accordance with section 314 or 317 of the Corporations Act, being 30 June 2018, and, if so, full particulars of any change.

ASIC has granted VRM relief from this requirement so that this Scheme Booklet only need set out whether, within the knowledge of the VRM Directors, the financial position of VRM has materially changes since 31 December 2018 (being the last

date of the period to which the financial statements for the half-year ended 31 December 2018 relate) and, if so, to provide full particulars of such change.

ASIC has granted this relief on the basis that:

- (i) VRM has complied with Division 2 of Part 2M.3 of the Corporations Act in respect of its financial report for the half year ended 31 December 2018;
- (ii) VRM will disclose all material changes in VRM's financial position occurring after the half-year ended 31 December 2018 and prior to the date of this Scheme Booklet, in the Scheme Booklet;
- (iii) VRM will disclose in announcements to the market operated by the ASX any material changes to its financial position that occur after the date of lodgement of the Scheme Booklet for registration with ASIC but prior to the Scheme being approved by the Court;
- (iv) this Scheme Booklet states that VRM will provide a copy of the financial reports for the financial year ended 30 June 2018 and half-year ended 31 December 2018 free of charge to anyone who requests a copy; and
- (v) this Scheme Booklet is substantially in the form provided to ASIC on 15 April 2019.

*Section 606 of the Corporations Act (**Joint Bid Relief**)*

ASIC has granted relief to CD Capital and WHSP from the operation of section 606 of the Corporations Act.

Section 606(1) of the Corporations Act prohibits the acquisition of a relevant interest in the issued voting shares in a listed company where because of the transaction a party's voting power increases from below 20% to more than 20%.

CD Capital and WHSP (the **Joint Bidders**) applied for relief from section 606 of the Corporations Act in respect of an acquisition by CD Capital of a relevant interest in the shares held by WHSP that would otherwise arise as a result of WHSP entering into the Deed of Irrevocable Undertaking and CD Capital and WHSP entering into the Shareholders' Agreement.

ASIC granted the requested relief to permit CD Capital, VRM and WHSP to proceed with the proposed Scheme as outlined in this Scheme Booklet.

ASIC granted the relief subject to the following conditions, including:

- (i) the Joint Bidders will immediately terminate, or procure the termination of the Deed of Irrevocable Undertaking and the Shareholders' Agreement if the Scheme does not, or will not, proceed (including because a Condition Precedent to the Scheme has not been, or cannot be, satisfied or waived);
- (ii) the Joint Bidders must notify ASIC of, and on request provide ASIC with:
 - (A) any amendment to the Deed of Irrevocable Undertaking, the Shareholders' Agreement or the Scheme Implementation Agreement;
 - (B) any other relevant agreement that affects a Joint Bidder's associate's voting power in VRM and relates to the Scheme;
- (iii) CD Capital must use its best endeavours to have VRM engage an independent expert to prepare a report on whether the Scheme is in the

best interests of Scheme Shareholders and the acquisition of VRM by the Joint Bidders is fair to Scheme Shareholders;

- (iv) at the Scheme Meeting, none of WHSP, CD Capital or their respective related bodies corporate or associates will exercise any voting rights attaching to ordinary shares in VRM in which they have a relevant interest; and
- (v) following execution of the Deed of Irrevocable Undertaking and Shareholders' Agreement, CD Capital will give a substantial holding notice in accordance with section 671B of the Corporations Act, specifying its voting power in VRM and CD Capital must attach a copy of the Deed of Irrevocable Undertaking to that substantial holding notice.

10.7 Consents

- (a) The following persons have given and have not before the date of this Scheme Booklet withdrawn their consent to:
 - (i) be named in this Scheme Booklet in the form and context in which they are named
 - (ii) the inclusion of their respective reports or statements noted next to their names and the references to those reports or statements in the form and context in which they are included in this Scheme Booklet, and
 - (iii) the inclusion of other statements in this Scheme Booklet which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included:

| Name of person | Named as | Reports or statements |
|-------------------|----------------------|---|
| Ashurst Australia | Legal adviser to VRM | - |
| PwC Securities | Independent Expert | Independent Expert's Report set out in Annexure A |
| Computershare | VRM Registry manager | - |
| WHSP | VRM Shareholders | WHSP intends to consent to the Scheme on the terms and conditions of the Scheme Implementation Agreement, in the absence of a superior proposal and provided the Deed of Irrevocable Undertaking entered into by WHSP in favour of CD Capital is not terminated in accordance with its terms. |

| Name of person | Named as | Reports or statements |
|----------------|--|--|
| KPMG | Auditor of VRM's financial information | Financial statements for the years ending 30 June 2017 and 30 June 2018 and the half-year ending 31 December 2018. |

- (b) Each of the above persons:
- (i) has not authorised or caused the issue of this Scheme Booklet;
 - (ii) does not make, or purport to make, any statement in this Scheme Booklet other than those statements referred to above and as consented to by that person, and
 - (iii) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Scheme Booklet other than with respect to the statements and references included in this Scheme Booklet with the consent of that party (as set out above).
- (c) CD Capital has given, and has not withdrawn before the date of this Scheme Booklet, its consent to be named in this Scheme Booklet in the form and context in which it is named, on the basis set out in the "Responsibility statement" paragraph contained in the "Disclaimer and important notices" Section at the start of this Scheme Booklet.

10.8 **Litigation**

As at the date of this Scheme Booklet, VRM is not aware of any material contractual disputes or litigation matters in respect of VRM, including with its customers or other third parties.

10.9 **No unacceptable circumstances**

The VRM Directors believe that the Scheme does not involve any circumstances in relation to the affairs of VRM that could reasonably be characterised as constituting "unacceptable circumstances" for the purposes of sections 657A of the Corporations Act.

10.10 **Supplementary information**

To the extent required by the Listing Rules, the Corporations Act or any other applicable law, VRM will issue a supplementary document to this Scheme Booklet if it becomes aware of any of the following between the date of this Scheme Booklet and the date of the Scheme Meeting:

- (a) a material statement in this Scheme Booklet is false or misleading
- (b) a material omission from this Scheme Booklet
- (c) a significant change affecting a matter included in this Scheme Booklet, or
- (d) a significant new matter has arisen and it would have been required to be included in this Scheme Booklet if it had arisen before the date of this Scheme Booklet.

Verdant Minerals Ltd – Scheme Booklet

Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, VRM may circulate and publish the supplementary document by any or all of:

- (e) placing an advertisement in a prominently published newspaper that is circulated in Australia
- (f) posting the supplementary document on VRM's website
- (g) making an announcement to the ASX, or
- (h) issuing a supplementary document.

10.11 **Directors' statements**

- (a) The issue of this Scheme Booklet has been authorised by the VRM Board.
- (b) The VRM Board has given (and not withdrawn) its consent to lodgement of this Scheme Booklet with ASIC.

10.12 **No other material information**

Other than as contained in this Scheme Booklet, there is no information within the knowledge of any member of the VRM Board material to the making of a decision in relation to the Scheme to be voted on by VRM Shareholders, and that has not been previously disclosed to VRM Shareholders.

11. Glossary, Definitions and interpretation

11.1 Definitions

The meanings of the terms used in this Scheme Booklet are set out below.

| | |
|----------------------------------|---|
| aMES™ | a mineral processing technology being developed for the efficient and cost effective production of minerals from salt lake brines. |
| Ammaroo Phosphate Project | the project to develop a significant phosphate fertiliser province in the western Georgina Basin of the Northern Territory to produce rock phosphate. |
| ASIC | the Australian Securities and Investments Commission or any replacement or successor authority. |
| ASX | ASX Limited (ABN 98 008 624 691) and, where the context requires, the financial market that it operates (that is the Australian Securities Exchange). |
| Business Day | a day that is not a Saturday, Sunday or public holiday or bank holiday in Melbourne, Australia. |
| CD Capital | CD Capital Natural Resources Fund III LP. |
| CD Capital Information | the information in Section 6. |
| Competing Transaction | <p>any proposal, transaction or arrangement (whether by way of takeover bid, scheme of arrangement, capital reduction, sale of assets, sale or issue of securities, joint venture or otherwise) which, if completed substantially in accordance with its terms, would mean a person (other than CD Capital or any of its related bodies corporate) whether alone or together with its Associates would:</p> <ul style="list-style-type: none"> (a) directly or indirectly acquire an interest or Relevant Interest in or become a holder of more than 20% of VRM Shares (other than as custodian, nominee or bare trustee); (b) acquire control of VRM or a material VRM subsidiary, within the meaning of section 50AA of the Corporations Act; (c) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in all of a substantial part of the assets of or business conducted by VRM and its subsidiaries; or (d) otherwise acquire or merge (including by reverse takeover bid or dual listed company structure) with VRM and its subsidiaries. |
| Computershare | Computershare Investor Services Pty Ltd (ABN 48 078 279 277) |
| Conditions Precedent | the conditions to implementation of the Scheme set out in clause 3.1 of the Scheme Implementation Agreement. |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth). |
| Corporations Regulations | the <i>Corporations Regulations 2001</i> (Cth). |
| Court | the Federal Court of Australia or any other court of competent jurisdiction under the Corporations Act as the parties may agree in writing. |

Verdant Minerals Ltd – Scheme Booklet

| | |
|---|---|
| Deed of Irrevocable Undertaking | the deed executed by WHSP in favour of CD Capital on 11 March 2019, a copy of which is attached to the substantial holding notice lodged with the ASX on 13 March 2019. |
| Deed Poll | the deed poll executed by CD Capital in favour of Scheme Shareholders on 11 April 2019, a copy of which is attached as Annexure D. |
| Dingo Hole Silica Project | the exploration project targeting potentially high-purity silica quartz rock from Dingo Hole tenements in the Northern Territory. |
| Dollars and \$ | unless the context requires otherwise, Australian currency. |
| Independent Board Committee | the committee established by the VRM Board to consider the proposed Scheme and any Competing Transaction, comprising James Whiteside, Jason Conroy and Chris Tziolis. |
| Effective | when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme. |
| Effective Date | the date on which the Scheme become Effective. |
| End Date | the earlier of: (a) 11 July 2019 (being four months after the date of the Scheme Implementation Agreement); or (b) such other date as the parties may agree in writing is the 'End Date' for the purposes of the Scheme Implementation Agreement. |
| Environmental Protection and Biodiversity Conservation Act | the <i>Environmental Protection and Biodiversity Conservation Act 1999</i> (Cth). |
| FATA | the <i>Foreign Acquisitions & Takeovers Act 1975</i> (Cth). |
| FIRB | the Foreign Investment Review Board. |
| First Court Date | the first day on which an application made to the Court for orders under section 411(1) of the Corporations Act convening the Scheme Meeting is heard. |
| Headcount Test | the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme at the Scheme Meeting is passed by a majority in number of VRM Shareholders present and voting, either in person or by proxy. |
| Implementation Date | the date on which the Scheme is to be implemented, being five Business Days after the Record Date, or such other date as VRM and CD Capital may agree in writing or as may be required by the ASX. |
| Independent Expert | PwC Securities |
| Independent Expert's Report | the report prepared by the Independent Expert dated 15 April 2019 set out in Annexure A of this Scheme Booklet. |
| JORC Code | means the Joint Ore Reserves Committee Code. |
| Karinga Lakes Sulphate of Potash Project | the project located along the Lasseter Highway between Alice Springs and Uluru being evaluated in studies to process brines through solar evaporation and flotation, or other means, to produce potash fertiliser minerals such as sulphate of potash. |

Verdant Minerals Ltd – Scheme Booklet

| | |
|---------------------------------|---|
| Listing Rules | the official listing rules of the ASX, as amended or replaced from time to time except to the extent of any express written waiver by the ASX. |
| Loan Agreement | the agreement between VRM and CD Capital dated 11 March 2019 pursuant to which CD Capital will advance an aggregate of \$800,000 in three tranches to VRM for the purposes of funding VRM's transaction costs in connection with the Scheme and for general working capital purposes. Interest will be payable on the amount drawn by VRM under this facility at a rate of 6% per annum, and the facility will mature in 12 months. |
| Material Adverse Effect | means a Specified Event which has, has had, or is reasonably likely to have, either individually or when aggregated with any Specified Events of a similar kind or category, the effect of: <ul style="list-style-type: none"> the value of the consolidated net assets of VRM being reduced by at least A\$3,500,000 against what it would have been but for that Specified Event; but does not include a Specified Event: <ul style="list-style-type: none"> occurring as a result of any matter, event or circumstance required or permitted by the Scheme Implementation Agreement or the Scheme or the transaction contemplated by either; occurring with the written consent of CD Capital; or resulting from a change in the generally accepted accounting principles of the interpretation of them. |
| Option | all outstanding options issued by VRM to acquire VRM Shares. |
| Option Cancellation Deed | each deed entered into between VRM and an Optionholder pursuant to which: <ul style="list-style-type: none"> the Optionholder agrees, subject to the receipt of all necessary ASX waivers and to the Scheme becoming Effective, the cancellation of its Options with effect from the Effective Date; and VRM agrees to pay, or procure the payment of, the Option Consideration in respect of the Optionholder's Options to the Optionholder on the Implementation Date. |
| Option Consideration | <ul style="list-style-type: none"> in respect of an Option for which the Scheme Consideration is greater than the exercise price, the amount equal to the Scheme Consideration less the exercise price in respect of that Option; and in respect of an Option for which the Scheme Consideration is less than the exercise price, an amount to be determined by VRM, provided that the aggregate amount to be paid to the holders of such Options must not exceed \$25,000. |
| Optionholder | each person who is the holder of one or more Options. |
| Proxy Form | the proxy form which accompanies this Scheme Booklet and provides for Scheme Shareholders to give voting instructions and appoint proxies for the Scheme Meeting. |
| PwC Securities | PricewaterhouseCoopers Securities Ltd |
| Record Date | 7.00pm (Melbourne time) on the fifth Business Day following the Effective Date or such other date as VRM and CD Capital agree in writing. |
| Register | the share register of VRM, being Computershare. |

Verdant Minerals Ltd – Scheme Booklet

| | |
|--|--|
| Regulatory Authority | includes: <ul style="list-style-type: none"> • ASX, ACCC, ASIC and the Takeovers Panel; • a government or governmental, semi-governmental or judicial entity or authority; • a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and • any regulatory organisation established under statute. |
| Relevant Interest | has the same meaning given by sections 608 and 609 of the Corporations Act. |
| Requisite Majority | means in relation to the resolution to be put to the Scheme Meeting, the resolution being passed by a majority in number (more than 50%) of Scheme Shareholders, who are present and voting, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative and passed by at least 75% of the votes cast on the resolution. |
| Scheme | the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between VRM and Scheme Shareholders in respect of all Scheme Shares, substantially in the form set out in Annexure C or in such other form as the parties agree in writing, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved in writing by each party. |
| Scheme Booklet | this document, including all of the Annexures and the Proxy Forms which accompany this Scheme Booklet. |
| Scheme Consideration | the consideration to be provided to Scheme Shareholders under the terms of the Scheme, being \$0.032 per VRM Share held |
| Scheme Implementation Agreement | means the scheme implementation agreement between CD Capital and VRM dated 11 March 2019. |
| Scheme Meeting | the meeting of VRM Shareholders to be convened pursuant to an order of the Court in relation to the Scheme pursuant to section 411(1) of the Corporations Act, and includes any adjournment of such meeting. |
| Scheme Resolution | the resolution to be put to VRM Shareholders to approve the Scheme. |
| Scheme Share | a VRM Share on issue as at the Record Date other than any VRM Share then held by WHSP. |
| Scheme Shareholder | a person who holds one or more Scheme Shares. |
| Second Court Date | the first day on which an application made to the Court for the Second Court Order is heard or scheduled to be heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard or scheduled to be heard. |
| Second Court Hearing | the hearing of an application made to the Court by VRM for the Second Court Order. |
| Second Court Order | the order, pursuant to section 411(4)(b) of the Corporations Act, approving the Scheme. |
| Section | is a reference to a section in this Scheme Booklet. |

Verdant Minerals Ltd – Scheme Booklet

| | |
|--------------------------------|---|
| Shareholders' Agreement | means the shareholders' agreement between CD Capital, WHSP and VRM dated 11 March 2019. |
| Specified Event | means an act of war, terrorism or coup which may result in the current government ceasing to rule Australia or the Northern Territory or nationalisation (in part or whole) of assets or some other similar fundamental change to the government in Australia or the Northern Territory as a whole or the ownership of resources that results in a diminution of a majority of the value of VRM to CD Capital due directly to the assets of VRM being located in Australia. |
| Standard Tax Conditions | means any condition included in the list of conditions published on the FIRB website at https://firb.gov.au/files/2016/05/Tax_conditions.pdf as at the date of this document. |
| Superior Proposal | a bona fide written Competing Transaction which a majority of the Independent Board Committee, acting in good faith, and after taking advice from VRM's legal and financial advisers, determines: (a) is reasonably capable of being completed taking into account all aspects of the Competing Transaction; and (b) would, if completed substantially in accordance with its terms, be more favourable to Scheme Shareholders than the Scheme, taking into account all aspects of the Competing Transaction, including the identity, reputation and financial condition of the person making such proposal, legal, regulatory and financial matters. |
| Target Prescribed Event | has the meaning given in clause 1.1 of the Scheme Implementation Agreement, |
| Trading Day | has the meaning given in the Listing Rules. |
| Trust Account | the trust account operated by or on behalf of VRM to hold the aggregate Scheme Consideration payable to Scheme Shareholders on trust for the purpose of paying the Scheme Consideration to the Scheme Shareholders in accounts with clause 6.2 of the Scheme. |
| US\$ | American currency. |
| Voting Record Date | 27 May 2019, the date when the holdings of VRM Shareholders are ascertained and, if applicable, by when Proxy Forms are to be received, for the purposes of attendance and voting at the Scheme Meeting to consider the Resolutions. |
| VRM | Verdant Minerals Ltd (ACN 122 131 622). |
| VRM Board | the board of directors of VRM from time to time. |
| VRM Director | means a director of VRM from time to time. |

Verdant Minerals Ltd – Scheme Booklet

| | |
|-------------------------|---|
| VRM Information | the information in this Scheme Booklet other than the information contained in Section 6 and Independent Expert's Report. |
| VRM Option | an option granted by VRM to acquire by way of issue one or more VRM Shares. |
| VRM Optionholder | the person who is recorded in the register maintained by VRM under section 168(1) of the Corporations Act as the holder of VRM Options. |
| VRM Registry | Computershare. |
| VRM Share | an ordinary share in VRM. |
| VRM Shareholder | each person who is registered in the Register as a holder of VRM Shares. |
| WHSP | Washington H. Soul Pattinson and Company Limited. |

11.2 Interpretation

Headings and words in bold are inserted for convenience and do not affect the interpretation of this Scheme Booklet and unless the contrary intention appears:

- (a) a reference to an instrument includes any variation or replacement of it;
- (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes the plural and vice versa;
- (d) a word which suggests one gender includes other genders;
- (e) the word person includes an individual, a firm, a body corporate, an unincorporated association or an authority;
- (f) mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included;
- (g) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (h) a reference to time is a reference to Melbourne time;
- (i) a reference to anything (including any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to any one or more of them;
- (j) a reference to a section, part, clause, annexure, exhibit or schedule is a reference to a section, part or clause of, or part, annexure, exhibit or schedule to, the relevant document;

Verdant Minerals Ltd – Scheme Booklet

- (k) a reference to \$, \$A, A\$ or cents is to Australian currency unless denominated otherwise; and
- (l) words and phrases defined in the Corporations Act have the same meaning in this Scheme Booklet.

ANNEXURE A

Independent Expert's Report

Verdant Minerals Ltd

Independent Expert's Report

15 April 2019

PWC Securities has concluded that the Scheme is fair
and reasonable and in the best interests of Shareholders

Table of contents

| | | |
|---|--|----|
| 1 | Purpose of report | 1 |
| 2 | VRM company overview | 3 |
| | Capital structure and ownership | 9 |
| | Historical financial performance | 11 |
| | Historical financial position | 12 |
| | Recent share price analysis | 13 |
| 3 | Industry overview | 16 |
| | Industry description | 16 |
| 4 | Valuation approach | 18 |
| 5 | Valuation of VRM ordinary shares | 22 |
| 6 | Evaluation of the Scheme | 35 |
| | Appendices | 39 |
| | Appendix A Financial Services Guide | |
| | Appendix B Sources of information | |
| | Appendix C Qualifications, disclaimers and consents | |
| | Appendix D Glossary of terms | |
| | Appendix E Independent Specialist's Report | |
| | Appendix F Resource project valuation approaches and methodologies | |
| | Appendix G DCF assessment of the Ammaroo Phosphate Project | |
| | Appendix H Discount rate assessment | |



15 April 2019

The Directors
Verdant Minerals Ltd
20/90 Frances Bay Drive
STUART PARK NT 0820

Dear Directors

Independent expert's report in relation to proposed scheme of arrangement

Introduction

1. Verdant Minerals Limited (**VRM** or the **Company**) is an exploration and development company listed on the Australian Securities Exchange (**ASX**).
2. On 11 March 2019, VRM announced that it had entered into a scheme implementation agreement (**SIA**) with CD Capital Natural Resources Fund III L.P. (**CD Capital**), a Cayman Island registered global private equity natural resources and mining fund.
3. If implemented, CD Capital will acquire all of the issued shares in VRM, other than any shares held by Washington H. Soul Pattinson and Company Limited (**WHSP**) or in which WHSP has a relevant interest, by scheme of arrangement (**Scheme**) under the Corporations Act 2001 (Cth) (**Corporations Act**).
4. Under the Scheme, the shareholders of VRM, other than WHSP (**Shareholders**), will receive cash consideration of \$0.032 per share (**Scheme Consideration**).

About the Company

5. VRM is focused on the discovery, development and operation of fertiliser and industrial mineral projects, located in close proximity to existing transport infrastructure and primarily in the Northern Territory (**NT**) of Australia.
6. The Company's flagship project is the 100% owned Ammaroo Phosphate Project located approximately 200km south-east of Tennant Creek and 300km north-east of Alice Springs in the NT. The Company has completed a feasibility study on the Ammaroo Phosphate Project and Ore Reserves have been defined. However, significant capital is required to proceed with the development of the project.
7. Whilst the primary focus of the business is the Ammaroo Phosphate Project, VRM has a number of other projects with varying levels of development, which focus on the exploration and development of:
 - a. phosphate
 - b. potash
 - c. silica (high purity quartz)
 - d. other (potential base metals).

Overview of the Proposed Transaction

1. Under the Scheme, Shareholders, other than WHSP, will receive \$0.032 per VRM share held as at the Scheme Record Date.
2. The Scheme Consideration values 100% of VRM at approximately \$35.0 million on an undiluted basis and \$40.5 million on a fully diluted basis, ie assuming that all options that have an exercise price of less than the Scheme Consideration are exercised.
3. Should the Scheme be implemented, CD Capital will hold approximately 67% of the shares in VRM and WHSP will continue to hold approximately 33% of the shares in VRM. At this time, it is anticipated that VRM would be de-listed from the ASX. CD Capital, WHSP and VRM have entered into a shareholders' agreement to govern the management of the Company which will come into effect following implementation of the Scheme (**Shareholders' Agreement**).
4. WHSP has provided a letter to VRM stating that it intends to consent to the Scheme on the terms and conditions of the SIA, in the absence of a superior proposal and provided the deed of irrevocable undertaking entered into by WHSP in favour of CD Capital is not terminated in accordance with its terms.
5. VRM has formed a committee of independent directors, comprised of James Whiteside, Jason Conroy and Chris Tziolis (**Independent Board Committee**), to consider the proposed Scheme¹. The Independent Board Committee has unanimously recommended that Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable to, and in the best interests of, Shareholders.
6. The Scheme is subject to a number of conditions, as set out in clause 3.1 of the SIA, including:
 - a. VRM shareholder and Court approval
 - b. ASIC and ASX approvals, consents and waivers
 - c. no regulatory intervention
 - d. FIRB approval
 - e. the independent expert concluding that the Scheme is in the best interests of shareholders
 - f. no material adverse effect
 - g. all options in VRM shares being cancelled or exercised.
7. The SIA also contains customary exclusivity provisions including no shop and no talk restrictions, a notification obligation and a matching right, with a customary carve out to ensure VRM's independent directors can continue to comply with their fiduciary and statutory duties.

¹Rob Cooper, the fourth director of VRM, is not considered independent of WHSP and accordingly an independent board committee was formed.

8. VRM and CD Capital have also entered into a short term loan facility agreement. Under that agreement, CD Capital will advance an aggregate of \$800,000 in three tranches to VRM for the purposes of funding VRM's transaction costs in connection with the Scheme and for general working capital purposes. Interest will be payable on the amount drawn by VRM under this facility at a rate of 6% per annum, and the facility will mature in 12 months.

Purpose of report

9. Implementation of the Scheme is subject to approval by Shareholders at a general meeting, pursuant to Section 411 of the Corporations Act.
10. Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed Scheme include information that is material to making of a decision by a creditor or member as to whether or not to agree with the relevant proposal.
11. To assist Shareholders with evaluating the Scheme, PricewaterhouseCoopers Securities Ltd (**PwC Securities**) has been engaged to prepare this independent expert's report (**IER**) setting out whether, in our opinion, the Scheme is in the best interests of Shareholders under the Corporations Act.
12. The IER is expected to be provided to the Shareholders on or before 26 April 2019, together with a notice of meeting and explanatory statement.
13. In preparing our report, PwC Securities has had regard to the Corporations Act and Australian Securities and Investment Commission (**ASIC**) Regulatory Guide 111 *Content of expert reports* (**RG111**).

Summary of opinion

--- PwC Securities has concluded that the Scheme is fair and reasonable and in the best interests of Shareholders ---

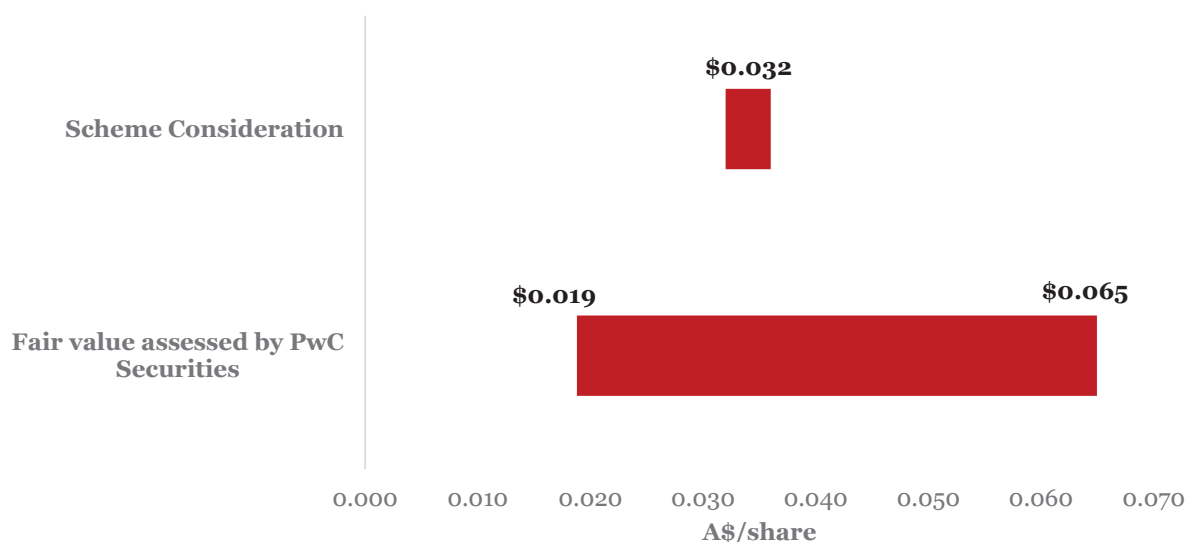
14. In forming our opinion on whether the Scheme is in the best interests of Shareholders, we have considered whether the Scheme is fair and reasonable, in accordance with the principles set out in RG111. The reasons for our opinion are set out below and should be read in conjunction with our detailed report which sets out our scope, analysis and findings.

The Scheme is Fair

15. To assess the fairness of the Proposed Transaction, we have considered the value of a share in VRM in the absence of the Scheme, on a controlling interest basis and compared this to the Scheme Consideration.
16. The figure below summarises our assessment of the fair value of a share in VRM in the absence of the Scheme (on a controlling interest basis) as at 11 March 2019 (**Valuation Date**), compared to the Scheme Consideration.

17. On the basis that the Scheme Consideration is within our assessed valuation range, we consider that it is fair². Although the Scheme Consideration is below the mid-point of our valuation range, no value within our assessed range is more appropriate than any other.
18. We note that our valuation range is relatively wide, however we consider this to be reasonable because:
 - a. VRM is currently a small pre-development company that is seeking to develop the large-scale Ammaroo Phosphate Project.
 - b. The Ammaroo Phosphate Project is highly sensitive to the discount rate and a number of other key assumptions.
 - c. In our opinion, it is not meaningful to reduce the valuation range because it would require us to assume an unrealistic level of precision in key assumptions.

PwC Securities assessed value of a VRM share compared to the Scheme Consideration



The Scheme is Reasonable

19. For the purpose of assessing whether or not the Scheme is reasonable to Shareholders, we have considered the following likely advantages, disadvantages and other factors associated with the Scheme. In accordance with RG111, we have assessed that the Scheme is fair and therefore it is also reasonable.

Advantages

20. The advantages of the Scheme are as follows:

The Scheme Consideration represents an attractive premium

21. If the Scheme is implemented, Shareholders (other than WHSP) will receive the Scheme Consideration of \$0.032 per share, which represents a premium of:

² Considering the value of a share in VRM, in the absence of the Scheme and on a controlling interest basis

- a. 113% to the last closing price on the ASX on 8 March 2019, being the last practicable date prior to announcement of the Scheme
- b. 111% to the volume weighted average price of VRM shares over the one month trading period prior to announcement of the Scheme
- c. 92% to the volume weighted average price of VRM shares over the six month period prior to announcement of the Scheme.

In the absence of the Scheme, the VRM share price is likely to fall

22. If the Scheme is not implemented, and in the absence of a superior proposal, the VRM share price may fall below its current trading levels in the near term, having regard to the constrained cash position of the Company and the relatively low level of trading liquidity.
23. In VRM's ASX release dated 28 September 2018, the notes to the FY18 financial statements raised a going-concern issue. The board disclosed material uncertainty over whether the Company will continue as a going concern if VRM is not able to raise additional finance. Further, if the Scheme is not implemented within eight months of the date of the SIA, VRM is required to repay any monies borrowed from CD Capital under the \$800,000 short-term loan facility agreement on written demand. Given the circumstances, any future funding obtained by VRM is likely to be highly dilutive to shareholders and negatively impact the VRM share price.

Since the announcement of the Scheme, no superior proposal has emerged

24. Since the announcement of the Scheme on 11 March 2019, no superior proposal has emerged. The SIA includes terms that limit VRM's ability to seek a superior proposal, however, there remains the possibility that another party may make a superior proposal.

Funding alternatives

25. If the Scheme is not implemented, VRM's cash position will be significantly constrained and VRM will need to seek alternate sources of funding in order to maintain its cash position, advance its projects (including the Ammaroo Phosphate Project) and, on written demand, repay within eight months of the date of the SIA, the amount outstanding under the loan provided by CD Capital.
26. VRM management has considered alternative funding arrangements over the previous twelve months and considers there are limited alternative funding sources available. A capital raising would be challenging given the funding required to progress the Ammaroo Phosphate Project and could lead to significant dilution to shareholders and further decline in the share price.

No brokerage or stamp duty will be payable to transfer VRM shares under the Scheme

27. Shareholders will not incur any brokerage or stamp duty on the transfer of their shares to CD Capital under the Scheme.

The Scheme Consideration delivers certainty and immediate value for VRM shares

28. CD Capital has submitted a 100% cash offer. This offers a high degree of certainty with respect to value and timing. If the Scheme is implemented, Shareholders will receive the Scheme Consideration in cash for each share held by them at the Scheme Record Date.

29. In contrast, if the Scheme is not implemented, the amount which Shareholders will be able to realise for their investment in VRM shares may be uncertain.

The outcome of the Ammaroo Phosphate Project is highly uncertain

30. There is considerable risk associated with the Ammaroo Phosphate Project reaching production and the value of the project is highly sensitive to a number of key assumptions.
31. If the Scheme is not implemented, VRM shareholders will continue to be exposed to the funding and development risks associated with the Ammaroo Phosphate Project.

Independent Board Committee has recommend Shareholders vote in favour of the Scheme

32. The Independent Board Committee has unanimously recommended that Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable to, and in the best interests of, Shareholders.
33. Each director of VRM intends to vote all VRM shares held or controlled by them in favour of the Scheme.

Disadvantages

34. The disadvantages of the Scheme are as follows:

Individual VRM Shareholders may consider that the Scheme is not in their best interests

35. Notwithstanding the unanimous recommendation of the Independent Board Committee, VRM Shareholders may believe, that the Scheme is not, individually, in their respective interests. In reaching their decision, the Independent Board Committee has made various judgements and assumptions based on future trading conditions, circumstances and events, which cannot be predicted with certainty and which may prove to be inaccurate.
36. There is no obligation for Shareholders to agree with the unanimous recommendation of the Independent Board Committee, or agree with the conclusion of the Independent Expert.

Unable to participate in the future financial performance and growth of the VRM business

37. If the Scheme is approved and implemented, Shareholders, other than WHSP, will cease to be shareholders in the Company and will lose the ability to participate in any potential upside from VRM's business.

It may be difficult to identify or invest in an alternative business with similar characteristics to that of VRM

38. Shareholders may prefer to keep their VRM shares to maintain an investment in a public company with VRM's specific characteristics, including but not limited to risk, return and liquidity characteristics. It may be difficult to identify and invest in alternative investments that have a similar risk profile to VRM.

39. In addition, despite the risk factors relevant to VRM's future operations as a standalone entity, VRM Shareholders may consider it possible for VRM to generate greater returns for its assets as a stand-alone entity, or by exploring alternative corporate transactions in the future.

There is potential for a Superior Proposal to emerge

40. It is possible that a superior proposal may be made in the foreseeable future. This may include a takeover offer or alternative transaction proposal that could deliver a total consideration to VRM shareholders in excess of the Scheme Consideration.
41. However, as at the date of this IER, no Superior Proposal has emerged and the Independent Board Committee is not aware of any superior proposal that is likely to emerge.

The taxation implications of the Scheme may not be suitable to specific individual's financial circumstances or position

42. If the Scheme is implemented, there may be tax consequences, some of which may be adverse.
43. After consideration of the above factors, in our opinion, the advantages of the Scheme outweigh the potential disadvantages.

Overall conclusion – in the best interests of VRM shareholders

44. Having regard to the above, we consider that the Scheme is fair and reasonable to, and in the best interests of VRM Shareholders, in the absence of a superior proposal.

Other matters

45. In preparing this IER, PwC Securities has had regard to and complied with:
 - a. the relevant regulatory guides issued by ASIC, with particular reference to RG111 and RG112 *Independence of experts*
 - b. the professional standards issued by the Accounting Professional & Ethical Standards Board Limited (**APES**), with particular reference to APES 225 *Valuation Services*
 - c. the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 Edition (**VALMIN Code**), which provides a set of fundamental principles, minimum requirements and supporting recommendations to assist in the preparation of relevant public reports on mineral assets.
46. The decision of whether to vote in favour or against the Scheme is a matter for individual VRM shareholders, based on each shareholder's view as to value, their expectations about future market conditions and their particular circumstances including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary from shareholder to shareholder. If VRM shareholders are in any doubt as to the action they should take in relation to the Scheme, they may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence (**AFSL**) to assist with this assessment.
47. This IER has been prepared solely for the benefit of the directors of VRM and for the benefit of VRM Shareholders. Neither PwC Securities nor its employees, officers or agents undertake responsibility to any person, other than the directors of VRM or VRM Shareholders, in respect of this IER, including any errors or omissions, howsoever caused.

48. VRM has indemnified PwC Securities, PricewaterhouseCoopers Australia (**PwC**) and PwC's employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by VRM or their advisors, which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.
49. Our assessment was completed using available information as at the Valuation Date. We have reviewed publicly available information subsequent to the Valuation Date and do not consider this to alter our opinion presented above.
50. A draft of this report (excluding our valuation and consideration of the merits of the Scheme) was provided to the directors of VRM for factual checking on 26 March 2019 and a final draft was provided to VRM on 29 March 2019 for the purpose of ASIC's review.

This letter must be read in conjunction with the remainder of this IER, including the attached appendices.

Yours faithfully



Richard Stewart
Authorised Representative
PricewaterhouseCoopers Securities Ltd.



Campbell Jaski
FAusIMM (CP Geology and Management)

1 Purpose of report

Scope of independent expert's report

51. PwC Securities has been engaged to prepare this IER setting out whether, in our opinion, the Scheme is in the best interests of Shareholders under the Corporations Act and to state the reasons for that opinion.
52. For the Scheme to be implemented, Shareholders are required to approve the Scheme at a general meeting, pursuant to Section 411 of the Corporations Act. It is also a condition precedent of the SIA that Shareholder approval be obtained for the Scheme.
53. Section 412(1) of the Corporations Act requires that an explanatory statement issued in relation to a proposed Scheme includes information that is material to making of a decision by a creditor or member as to whether or not to agree with the relevant proposal.
54. PwC Securities has been engaged to prepare this IER, which is to be provided to Shareholders to assist them with evaluating the Scheme.
55. If the Scheme is approved by Shareholders and the Court, it will result in CD Capital holding 66.57% of the shares in VRM and WHSP will continue to hold approximately 33.43% of the shares in VRM.

Basis of assessment

56. We have prepared this IER for the purpose of stating, in our opinion, whether or not the Scheme is in the best interests of Shareholders, and to set out our reasons for that opinion. This report has been prepared in accordance with the Corporations Act and RG111.
57. RG111 provides guidance on the content of an expert report. RG111 sets out the principles and issues which it expects an independent expert to consider in determining whether or not a Scheme is in the best interests of the members of the company.
58. In considering the meaning of 'in the best interests', RG111 requires the form of analysis to be substantially the same as that for a takeover bid, even though the wording of the opinion is different. In this regard, the expert is expected to apply the analysis and provide an opinion as to whether the proposal is 'fair and reasonable' as set out in RG 111.10–RG 111.17 as if:
 - a. the 'bidder' was the 'other party'
 - b. the 'target' was the company that is the subject of the proposed scheme.
59. RG111 discusses the separate concepts of 'fair' and 'reasonable' to be applied by an independent expert assessing an offer such that:
 - a. an offer is regarded as fair if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer
 - b. an offer is reasonable if it is fair, or despite not being fair, but after considering other significant factors, shareholders should accept the offer in the absence of any higher bid before the close of the offer.

60. If an expert would conclude that a proposal was 'fair and reasonable' if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of the members of the company.
61. If an expert would conclude that the proposal was 'not fair but reasonable' if it was in the form of a takeover bid, using the analysis described in RG 111.10–RG 111.17, it is still open to the expert to also conclude that the scheme is 'in the best interests of the members of the company'. The expert should clearly state that the consideration is not equal to or greater than the value of the securities, the subject of the scheme, but there are sufficient reasons for security holders to vote in favour of the scheme in the absence of a higher offer.
62. If an expert concludes that a scheme proposal is 'not fair and not reasonable', then the expert would conclude that the scheme is not in the best interests of the members of the company.
63. RG111.11 requires that the assessment of fairness of a control transaction assumes 100% ownership of the target, irrespective of whether the consideration is made by way of scrip or cash, and therefore reflects ASIC's underlying philosophy that the premium for control of a company, subject to a takeover, be shared by all members of that company.
64. Accordingly, our assessment of the value of VRM's ordinary shares, in the absence of the Scheme, is assessed on a controlling interest basis.
65. In assessing the fairness of the Scheme, we have relied on the following definition of value:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.
66. In evaluating the reasonableness of the Scheme, we have considered whether the advantages afforded to Shareholders in approving the Scheme outweigh the potential disadvantages, the likelihood of an alternate proposal on better terms being received by the Company and the likely position of Shareholders if the Scheme is rejected.

Independent Specialist's Report

67. To assist with our assessment, SRK Consulting (Australasia) Pty Ltd (**SRK**) has been engaged to undertake an independent technical assessment and valuation of certain mineral assets held by VRM. The SRK report dated, 15 April 2019 (**Independent Specialist's Report**) is attached as **Appendix E**.
68. The Independent Specialist's Report has been prepared in accordance with the VALMIN Code and includes:
 - a. an assessment of the market value of all of the exploration projects owned by VRM
 - b. a review of the technical inputs and assumptions contained in the cash flow projections for the Ammaroo Phosphate Project.
69. We have relied on the Independent Specialist's Report in our assessment and are satisfied that:
 - a. the valuation methodologies adopted by SRK are appropriate based on generally accepted industry practices and guidance
 - b. it is compliant with the requirements of the VALMIN Code.

2 VRM company overview

Business overview

70. VRM is an ASX listed company focused on exploration and development of fertilizers and other minerals in Central and Northern Australia. The company was formerly known as Rum Jungle Resources Limited and changed its name to Verdant Minerals Ltd in November 2016. Verdant Minerals Ltd is headquartered in Stuart Park, NT, Australia.
71. The Company's primary focus is on the development of its flagship project, a 100% interest in the Ammaroo Phosphate Project, situated approximately 200km southeast of Tennant Creek, NT.
72. Whilst the primary focus of the business is on the Ammaroo Phosphate Project, VRM has a number of other projects with varying levels of development, focusing on the exploration and development of:
 - a. phosphate
 - b. potash
 - c. silica (high purity quartz)
 - d. other (potential base metals).
73. A full list of VRM's projects is summarised in the table below. In total, the Company holds 48 tenements, all of which are located in the NT.

Summary of VRM's projects

| Phosphate Projects ¹ | Tenements | Area | Description |
|---------------------------------|--|-------------------------|--|
| Ammaroo | ELA 31791, EL 24726, EL 25184 | 923 km ² | The Company's flagship project, located approximately 200km southeast of Tennant Creek and 300km northeast of Alice Springs in the NT. A Feasibility Study has been completed and Ore Reserves defined at the project, however significant capital is required to proceed with the development. |
| | ELRA 31739, ELRA 31740, ELRA 31741, ELRA 31742, ELRA 31743, ELRA 31744, ELRA 31745, ELRA 31746, ELRA 31747, ELRA 31748, ELRA 31749, ELRA 31750 | 221,605 km ² | |
| | MLA 29463, MLA 29854, MLA 31713 (borefield), MLA 31717 | 123 km ² | |
| Ammaroo South | ELA 31789 | 760 km ² | Lies to the southeast of the main Ammaroo Phosphate Project resource |
| Rockhole | ELA 31790 | 746 km ² | Lies to the northeast of the main Ammaroo Phosphate Project resource |
| Singleton | EL 30613 | 58 km ² | Close to the Ammaroo Project, covers potentially prospective rocks (phosphate) which were intersected in waterbores |
| Patanella | EL 24716, EL 24724 | 235 km ² | 265 km northeast of Alice Springs on the southern margin of the Georgina Basin. Contains approximately 50 Mt and 100 Mt at 10% to 17% P ₂ O ₅ at a cut-off grade of 5% P ₂ O ₅ or approximately 20 Mt to 50 Mt at 15% to 20% P ₂ O ₅ at a cut-off grade of 10% P ₂ O ₅ |

| | | | | |
|--|---|-------|-----------------|---|
| Brunchilly | EL 30222, EL 30223, EL 30224 | 325 | km ² | Phosphate exploration project near Tennant Creek |
| Burge Bore | EL 30225 | 326 | km ² | Located 6 km west of Newcastle Waters and 60km southwest of Elliot, on the edge of Lake Woods, intercepts indicate phosphate prospectivity |
| Sulphate of Potash Projects² | | | | |
| Karinga Lakes (85%) | EL 24987, EL25080, EL 28205, EL 28272, EL 28872, EL 30381, EL 30382 | 1,041 | km ² | A potash brine deposit below the surface, encompassing the potassium bearing mineral salts potassium sulfate (SOP), and potassium magnesium sulfate (Schoenite) |
| Lake Amadeus | ELA 30194, ELA 30195, ELA 30196, ELA 30197, ELA 30389, ELA 30650 | 2,639 | km ² | All of Lake Amadeus in the NT, a total 1,010 km ² of lake area along a 130km length |
| Silica Projects³ | | | | |
| Dingo Hole | EL 31078 | 35 | km ² | Contains high-purity quartz rock |
| Tobermorey | ELA 31033, ELA 31034 | 709 | km ² | Located along the Plenty Highway, covers mapped Austral Downs Limestone containing chalcedonic quartz |
| Dneiper | ELA 31035, ELA 31036 | 244 | km ² | North of Plenty Highway and 120km south of Ammaro, covers mapped Wait Formation investigated for Uranium and base metals |
| Old South Road | ELA 31041 | 44 | km ² | Located 36km southeast of Alice Springs, several formations described as hosting chalcedonic white silica in various forms |
| Other Commodity Projects⁴ | | | | |
| Silver Valley | EL 31340 | 158 | km ² | Murray Downs Dome between the Singleton and Ammaroo Projects showing for vein-style polymetallic mineralisation |

Source: VRM Tenement Schedule as at 31 December 2018

Notes

1) Phosphate Projects owned by Territory Phosphate Pty Ltd

2) Sulphate of Potash Projects owned by Territory Potash Pty Ltd, VRM's ultimate interest is 85%

3) Silica Projects owned by Territory Mining Pty Ltd, apart from the Dingo Hole Silica which is owned by Verdant Minerals Ltd

4) Other Commodity Projects are held by Territory Mining Pty Ltd

Ore Reserves and Mineral Resources

74. The table below summarises VRM's phosphate Ore Reserves.

VRM reported Ore Reserves

| Commodity | Project | Resource category | | Mt P ₂ O ₅ | Grade P ₂ O ₅ % | Grade Fe ₂ O ₃ % |
|----------------|---------|-------------------|-----------|----------------------------------|---------------------------------------|--|
| Phosphate | Ammaroo | Proved | Measured | 11.8 | 18.91 | 2.01 |
| | | Probable | Measured | 4.1 | 18.92 | 1.94 |
| | | | Indicated | 16.4 | 17.51 | 1.58 |
| | | Total | Proved | 11.8 | 18.91 | 2.01 |
| | | | Probable | 20.6 | 17.79 | 1.65 |
| Total Reserves | | | | 32.4 | 18.20 | 1.78 |

Source: VRM 31 December 2018 Quarterly Activities Report

75. The table below summarises VRM's reported phosphate and potash Mineral Resources.

VRM reported Mineral Resources

| Commodity | Project | Resource category | Mt P ₂ O ₅ | Grade P ₂ O ₅ % |
|-----------|---------------|-------------------|-----------------------------------|---------------------------------------|
| Phosphate | Ammaroo | Measured | 136 | 15.4 |
| | | Indicated | 165 | 15.5 |
| | | Inferred | 840 | 13.0 |
| | | Total | 1,141 | 14.0 |
| | Ammaroo South | Inferred | 70 | 13.0 |
| Commodity | Project | Resource category | Mt K ₂ SO ₄ | Grade mg/L K |
| Potash | Karinga Lakes | Measured | 5.8 | 0 |
| | | Indicated | 0.5 | 0 |
| | | Inferred | 2.1 | 0 |
| | | Total | 8.4 | average 4,760 |

Source: VRM 31 December 2018 Quarterly Activities Report

76. The core value of all mineral assets resides in the Ore Reserves and Mineral Resources (or the potential to discover them).
77. The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (**JORC Code**) is a professional code of practice that sets minimum standards for public reporting of exploration results, Mineral Resources and Ore Reserves in Australia and internationally and has been adopted in the ASX listing rules.
78. The JORC Code provides the following definitions of an Ore Reserve:

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource... Ore Reserves are those portions of Mineral Resources that, after the application of all Modifying Factors, result in an estimated tonnage and grade which, in the opinion of the Competent Person making the estimates, can be the basis of a technically and economically viable project, after taking account of material relevant Modifying Factors.

79. Ore Reserves are the economically mineable part of a Mineral Resource. Detailed studies on mining, processing, metallurgical, infrastructure, economic, marketing, legal, environment, social and government factors (referred to in the JORC Code as the ‘Modifying Factors’) are required to be undertaken in order to provide the necessary confidence that all or part of the Indicated Resources and Measured Resources will be economically mineable and therefore can be converted to Ore Reserves.

80. The JORC Code provides the following definition of a Mineral Resource:

A ‘Mineral Resource’ is a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Overview of Projects

Phosphate Projects³

Ammaroo Phosphate Project, NT

- 81. Located 220km southeast of Tennant Creek in central Australia, the project consists of a 40km long Ammaroo Phosphate Resource of one billion tonnes, the satellite Ammaroo South JORC Resource and the Rockhole exploration target.
- 82. A feasibility study has already been completed for the Ammaroo Phosphate Reserve with environment approvals and native title agreement negotiations nearing completion with the intention of developing a 2 million tonne per annum phosphate rock concentrate production operation.

Ammaroo South Phosphate Project, NT

- 83. The Ammaroo South Project lies to the southeast of the main Ammaroo Phosphate Project resource. The mineralisation is separated into a North and South Domain by a cultural feature the Sandover River.
- 84. The phosphate deposit is considered to be a satellite deposit to the main Ammaroo deposit located along strike to the northwest.

Brunchilly Phosphate Project, NT

- 85. The Brunchilly Project consist of three contiguous phosphate ELs near Tennant Creek. The area was previously targeted for Cambrian phosphate by Minemakers and Vale, however the joint venture was dissolved with Minemakers focused on its Wonarah deposit.
- 86. The target zone for the project is in the Northern portion which remains untested. Research by Verdant Minerals has identified highly anomalous vanadium – commonly haloing high-grade Georgina basin phosphate deposits.

Burge Bore Phosphate Project, NT

- 87. The Burge Bore project entails a single EL that straddles the Central Australian Railway with prospects indicated by water bore intercepts of phosphate.

³ Verdant Minerals Ltd 2018 Financial Report

Patanella Phosphate Project, NT

88. Formerly named Luck Creek, the Patanella Phosphate project is located 265km northeast of Alice Springs, 155km southwest of the Ammaroo Phosphate Project.
89. The project contains the Patanella prospect of approximately 50 Mt and 100 Mt at 10% to 17% P_2O_5 at a cut-off grade of 5% P_2O_5 or approximately 20 Mt at 15% to 20% P_2O_5 at a cut-off grade of 10% P_2O_5 .
90. Potential quantities and grades are conceptual in nature with insufficient mining exploration performed.

Singleton Phosphate Project, NT

91. The Singleton Project covers a single tenement across prospective rocks which were intersected in water bores.
92. No ground work has been completed.

Potash Projects

Karinga Lakes Potash Project, NT

93. Located in isolated sparsely populated desert country but less than 20 km south of the sealed Lasseter Highway, approximately 280 km southwest of Alice Springs in the Northern Territory, the Karinga Lakes Project comprises seven granted exploration licences covering 1,041 km².
94. In August 2017, VRM and Consolidated Potash Corporation (CPC) entered into a concurrent joint venture and technology licensing agreement allowing CPC to acquire up to 40% of the Karinga Lakes Potash Project, following a staged investment of up to \$3 million.
95. The project consists of a potash brine deposit below the surface, encompassing the potassium bearing mineral salts potassium sulfate (SOP), and potassium magnesium sulfate (Schoenite). SOP and Schoenite are utilized as high-end fertilizer products globally, with a lower salt index than other forms of potash and are often preferred in crops susceptible to fertilizer burn. As a result these products attract a premium when traded.
96. The current resource is estimated at 8.4 Mt SOP (K_2SO_4), including over 70% in the Measured and Indicated category. This is equivalent to 19 Mt of schoenite.

Lake Amadeus Potash Project, NT

97. Comprises six contiguous exploration licence applications (ELA) covering a combined area of 2,639 km² located over Lake Amadeus approximately 20km north of the township of Yulara and 50 km north of Uluru in the Macdonell region of the NT.
98. Lake Amadeus is located on Aboriginal land and is currently in moratorium under the Aboriginal Land Rights Act. No work can be undertaken at the project until the moratorium is lifted and there is no certainty on when, or if, that will occur.
99. SRK considers the Lake Amadeus tenements to represent an early stage exploration project that is prospective for potassium-bearing brines and is strategically located along strike from the Kalinga Project.

Silica Projects

Dingo Hole Silica, NT

100. The Dingo Hole Silica Project comprises a single granted EL covering an area of 35 km² located 10 km north of the Company's Ammaroo Phosphate Project and 230 km south-southeast of Tennant Creek.
101. Dingo Hole is the most advanced of VRM's silica projects. The geology of the project is characterised by tertiary silcrete unconformably overlaying sedimentary units of the Cambrian Georgina Basin. The target is hard-rock high-purity quartz (HPQ) (not silica sand) associated with this silcrete layer.
102. In 2019, a clear glass substrate has been successfully produced at Swinburne University using novel, proprietary processing methods, which enabled the removal of bubbles associated with small quantities of carbonate elements.
103. The glass substrate, produced at laboratory scale, may be able to meet the high purity chemical and optical properties required for use in LED / OLED markets. Further testing including piloting is required before commercial production rates are assured and a viable market found.

Tobermorey Silica Project, NT

104. The Tobermorey Silica Project is situated along the unsealed Plenty Highway, which links Alice Springs to Mount Isa in Queensland. The project covers mapped Austral Downs Limestone which contains white chalcedonic quartz.
105. To date, no work has been undertaken by VRM at Tobermorey as the tenements remain in application. The grant of the titles has been deferred until the results of the Dingo Hole analytical and test work are understood.

Dneiper Silica Project, NT

106. The project lies to the north of the Hartz Range and tributaries to the Plenty River, 120 km south of VRM's Ammaroo project, 135 km east of the Central Australian Railway line and 150 km northeast of Alice Springs.
107. The target lithology is a relatively thin veneer of unconsolidated Cainozoic sediments comprising chalcedonic limestone, sandstone, mudstone and sandy conglomerates of the Waite Formation (including associated laterite and silcrete). Historical exploration has been directed towards uranium, base metals and diamonds.
108. The grant of titles is subject to the findings of the Dingo Hole analytical and test work.

Old South Road Silica Project, NT

109. The project is located 36 km southeast of Alice Springs and 19 km from the Central Australian Railway. Previous exploration in the region has been exclusively for uranium or base metals and there are no samples of relevance to silica.
110. There are several formations which are described as hosting chalcedonic white silica in various forms. To date, no work has been undertaken by VRM as the tenement remains in application.
111. The grant of titles is subject to the findings of the Dingo Hole analytical and test work.

Other Projects

Silver Valley, NT

112. This polymetallic exploration license covers the Murray Downs Dome between the Singleton and Ammaroo projects. Previous work done by AMI resources is encouraging for vein-style polymetallic mineralisation.
113. To date, VRM has only conducted limited desk-top evaluation of the project but has proposed a modern geophysical survey program in the near future to advance the present understanding of potential for further base metal mineralisation.

Company structure

114. The charts below summarises the Verdant Minerals Ltd company structure.

VRM company structure



Source: Management; all subsidiaries are 100% owned

Key personnel

115. The company's current board members and senior management includes:
 - a. James Whiteside – Non-Executive Director
 - b. Jason Conroy – Non-Executive Director
 - c. Robert Cooper – Non-Executive Director
 - d. Chris Tziolis – Managing Director
 - e. Bruce Arnold – Chief Financial Officer/Company Secretary
 - f. Nigel Doyle – Exploration Manager.

Source: Management

Capital structure and ownership

116. At the Valuation Date, Verdant Minerals Ltd had on issue:
 - a. 1,103,761,492 ordinary shares
 - b. 171,216,634 options over ordinary shares issued.

Ordinary shares

117. The distribution of shares held by VRM's shareholders, at 21 September 2018, is summarised in the table below.

Distribution of VRM shareholders

| Range of holding | Shareholders | Number of Ordinary Shares |
|------------------|--------------|---------------------------|
| 100,001 and over | 629 | 1,054,272,623 |
| 10,001 – 100,000 | 1,077 | 45,494,858 |
| 5,001 – 10,000 | 314 | 2,594,311 |
| 1,001 – 5,000 | 451 | 1,210,492 |
| 1 – 1,000 | 566 | 189,208 |
| Totals | 3,037 | 1,103,761,492 |

Source: VRM FY18 Annual Report

118. The current substantial shareholders of VRM, based on substantial shareholder notices lodged with ASX, are summarised in the table below.

VRM substantial shareholders

| Shareholder | Number of shares | Voting interest |
|--------------------------------|----------------------|-----------------|
| WHSP | 368,941,067 | 33.43% |
| Regal Funds Management Pty Ltd | 59,275,840 | 5.43% |
| Other shareholders | 675,544,585 | 61.14% |
| Total Shares | 1,103,761,492 | 100.00% |

Source: VRM ASX announcements

Options over ordinary shares

119. The key details of the VRM options, including exercise date and price, are summarised in the table below.

Summary of VRM options

| Status | Number | Exercise price | Grant date | Expiry date |
|-------------------------|--------------------|----------------|------------|-------------|
| In-the-money | 9,000,000 | \$0.0250 | 14-Dec-16 | 30-Jun-19 |
| | 80,000,000 | \$0.0250 | 14-Dec-18 | 1-Jul-19 |
| | 6,500,000 | \$0.0250 | 14-Dec-16 | 31-Dec-19 |
| | 66,666,634 | \$0.0300 | 14-Dec-18 | 1-Jul-20 |
| At-the-money | 1,000,000 | \$0.0320 | 15-Dec-17 | 30-Jun-19 |
| | 750,000 | \$0.0320 | 15-Dec-17 | 31-Dec-19 |
| Out-of-the-money | 2,500,000 | \$0.0350 | 31-Mar-17 | 30-Jun-19 |
| | 1,250,000 | \$0.0350 | 31-Mar-17 | 31-Dec-19 |
| | 3,550,000 | \$0.2171 | 1-Jul-14 | 1-Jul-19 |
| Total options | 171,216,634 | | | |

Source: VRM ASX announcement 16 November 2018

Notes: An option is:

- 'in-the-money', if the exercise price is less than the Scheme Consideration
- 'at-the-money', if the exercise price is equal to the Scheme Consideration
- 'out-of-the-money', if the exercise price is greater than the Scheme Consideration

120. There are 162,166,634 options that have an exercise price of less than the Scheme Consideration and are therefore 'in-the-money'. Each VRM option holder has been provided with an Option Cancellation Deed to execute. It is a condition precedent of the SIA that by the Second Court Date, all option holders agree to the termination and cancellation of their VRM Options in consideration for a cash amount.

Historical financial performance

121. The operating performance of VRM for the financial years FY15 to FY18 are summarised in the table below.

Summary of VRM income statement for FY15 to FY18

| A\$000s | FY15 | FY16 | FY17 | FY18 |
|---|----------------|----------------|----------------|----------------|
| Total revenues (other income) | 1,145 | 340 | 227 | 83 |
| Employee benefit expense | (1,175) | (780) | (1,089) | (830) |
| Occupancy | (102) | (98) | (95) | (101) |
| Audit fee | (77) | (74) | (77) | (63) |
| Corporate advisory costs | (342) | (263) | (141) | (128) |
| Office service costs | (242) | (309) | (289) | (219) |
| Travel | (188) | (114) | (201) | (117) |
| R&D grant expense | - | - | (641) | (103) |
| Other expenses | (10) | (3) | (6) | (15) |
| Insurance | (53) | (61) | (69) | (55) |
| Depreciation | (16) | (14) | - | - |
| Depreciation and amortization | - | - | (7) | (6) |
| Impairment of exploration and evaluation assets | (786) | (3,543) | (611) | (1,073) |
| Stock exchange fees | (35) | (56) | (42) | (53) |
| Share registry fees | (43) | (86) | (34) | (34) |
| Loss on disposal of assets | - | - | (13) | - |
| Earnings before taxes | (1,922) | (5,060) | (3,086) | (2,714) |
| Taxes and other expenses | | | | |
| Net income (loss) | (1,922) | (5,060) | (3,086) | (2,714) |

Source: VRM FY15 to FY18 financial statements

122. In relation to the historical financial performance of Verdant Minerals Ltd, we note the impairment of exploration and evaluation assets of \$3.50 million in FY16, \$0.61 million in FY17 and \$1.07 million in FY18 reflected the assessment of future potential made in relation to areas of interest that have been deemed non-prospective and where no further testing is anticipated.
123. The operating performance of VRM for the half-years ended 31 December 2018 and 2017 comparatives are summarised in the table below.
124. The first-half FY19 financial performance was generally in line with first-half FY18 performance. However VRM recognised a large impairment in the first-half of FY19 in relation to the Company's projects.

Summary of VRM income statement for half-year FY19

| \$'ooo | First half FY19 | First half FY18 |
|--|-----------------|-----------------|
| Other income | 60 | 61 |
| Depreciation | (4) | (5) |
| Employee benefits expense | (404) | (499) |
| Exploration and evaluation assets impairment | (8,289) | (456) |
| Listing & registry costs | (60) | (56) |
| Other expenses | (530) | (503) |
| Loss before income tax expense | (9,227) | (1,458) |
| Income tax benefit | - | - |
| Net loss for the half year | (9,227) | (1,458) |

Source: VRM first-half FY19 financial statements

Historical financial position

125. The summary of financial position for Verdant Minerals Ltd as at 30 June 2015, 2016, 2017, 2018 and 31 December 2018 is set out in the table below.

Summary of VRM historical financial position

| A\$000s | 30-Jun-15 | 30-Jun-16 | 30-Jun-17 | 30-Jun-18 | 31-Dec-18 |
|--|---------------|---------------|---------------|---------------|---------------|
| Cash and cash equivalents | 3,624 | 12,176 | 6,540 | 2,490 | 703 |
| Trade and other receivables | 48 | 126 | 100 | 71 | 35 |
| Other assets | 781 | 357 | 395 | 6 | 4 |
| Total current assets | 4,453 | 12,658 | 7,036 | 2,567 | 742 |
| Exploration and evaluation expenditure | 42,292 | 40,667 | 43,333 | 47,105 | 39,599 |
| Property, plant and equipment | 878 | 750 | 632 | 553 | 502 |
| Security deposit | - | - | - | 210 | 190 |
| Total non-current assets | 43,169 | 41,417 | 43,965 | 47,868 | 40,291 |
| Total assets | 47,622 | 54,075 | 51,002 | 50,435 | 41,033 |
| Trade and other payables | 350 | 1,227 | 326 | 342 | 168 |
| Short-term provisions | 89 | 104 | 754 | 113 | 112 |
| Total current liabilities | 439 | 1,332 | 1,081 | 455 | 280 |
| Net assets | 47,184 | 52,743 | 49,921 | 49,980 | 40,753 |

Source: VRM FY15 to FY18, and first half FY19 financial statements

126. In relation to the historical financial position of Verdant Minerals Ltd, we make the following observations:
- Cash and cash equivalents increased from \$3.62 million at 30 June 2015 to \$12.18 million at 30 June 2016. The increase was primarily a result of a rights issues amounting to \$10.62 million (net of costs).
 - Cash and cash equivalents declined from \$12.18 million at 30 June 2016 to \$6.54 million at 30 June 2017. The decrease of \$5.64 million was primarily driven by payments to suppliers and employers of \$1.75 million, payments for exploration and evaluation assets of \$3.28 million and capital raising costs of \$0.89 million.

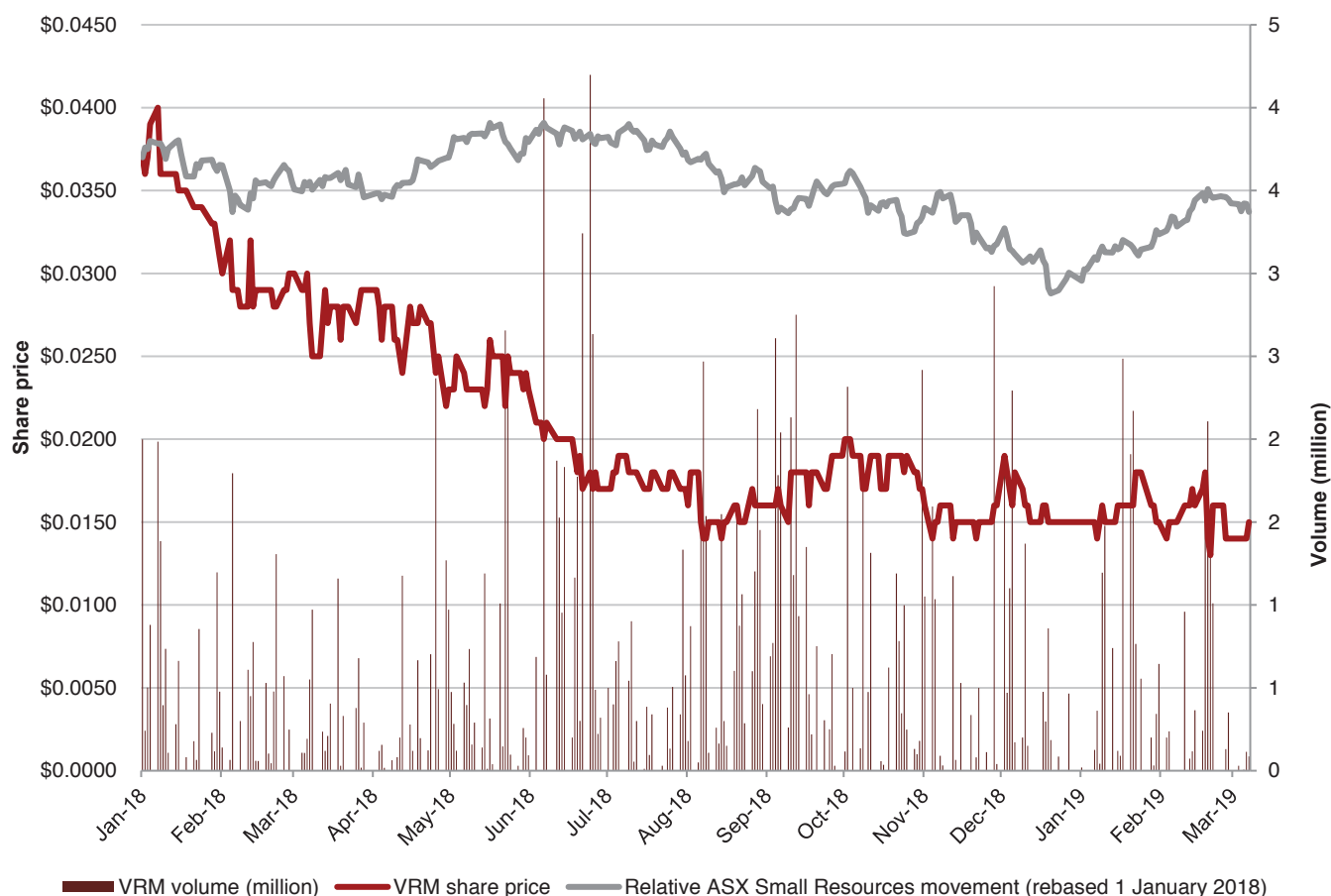
- c. Cash and cash equivalents continued to decline from \$6.54 million at 30 June 2017 to \$2.49 million at 30 June 2018. The decrease of \$4.05 million was primarily driven by payments to suppliers and employers of \$2.35 million, payments for exploration and evaluation assets of \$4.67 million, offset by a share issuance of \$2 million (net of costs).
- d. Trade and other receivables declined from \$0.13 million at 30 June 2016 to \$0.07 million mainly representing collected interest receivables from term deposits and recoverable GST.
- e. Other Assets declined from \$0.36 million at 30 June 2016 to \$0.22 million at 30 June 2018. These assets are largely characterized by term deposits.
- f. Exploration and evaluation expenditure increased from \$40.67 million at 30 June 2016 to \$47.11 million at 30 June 2018, which included a \$1.68 million impairment expenditure offset over the same 2-year period.
- g. Trade and other payables reduced from \$1.23 million at 30 June 2016 to \$0.34 million at 30 June 2018.
- h. Short-term provisions remained constant across the period at \$0.10 million at 30 June 2016 and \$0.11 million at 30 June 2018. However, there was a spike to \$0.75 million at 30 June 2017 due to a provision for R&D grant review following concerns around a tax offset received for certain projects that was under review.

Recent share price analysis

- 127. The figure below sets out the VRM share price from 2 January 2018 to 8 March 2019, the last trading day prior to the announcement of the Scheme.
- 128. VRM shares were trading at \$0.015 per share on 8 March 2019, the last trading day prior to the announcement of the Scheme, implying a market capitalisation of \$16.6 million.⁴

⁴ S&P Capital IQ

Historical share price and trading volumes



Source: S&P Capital IQ and VRM ASX announcements

129. The table below summarises the key events that occurred between 2 January 2018 and 11 March 2019.

VRM key events since January 2018

| | |
|-------------------|--|
| 15 March 2018 | VRM announces consolidated earnings results for the half year ended December 31 2017 |
| 19 March 2018 | VRM signs a non-binding Memorandum of Understanding with Wilson International Trading in relation to offtake from the Ammaroo Phosphate Project |
| 16 April 2018 | VRM announces it is nearing completion of the Ammaroo Phosphate Project Feasibility Study |
| 17 May 2018 | VRM advises the feasibility study at Ammaroo Phosphate Project |
| 21 May 2018 | VRM and Ameropa Australia signs non-binding Memorandum of Understanding in relation to offtake from the Ammaroo Phosphate Project |
| 14 June 2018 | VRM announces it has received \$A2m in funding from Regal Funds Management Pty Limited |
| 25 June 2018 | VRM announces Federal Government environmental approval has been received for the Ammaroo Phosphate Project |
| 4 September 2018 | VRM enters into a sale and purchase agreement to sell its 50% interest in Lagoon Creek Joint Venture Tenement to Laramide Resources Ltd for AUD 0.13 million |
| 27 September 2018 | VRM announces consolidated earnings results for the year ended June 30 2018 |

| | |
|------------------|---|
| 18 October 2018 | VRM announces that the Northern Territory Environmental Protection Authority has approved the environmental impact assessment for the Ammaroo Phosphate Project |
| 3 December 2018 | VRM receives conditional debt facility for Ammaroo Phosphate Project |
| 31 January 2019 | VRM quarterly activities report released |
| 7 February 2019 | VRM announces establishment of Joint Venture with Consolidation Potash Corporation |
| 18 February 2019 | Karinga Lakes Establishment of Joint Venture – notice of retraction of references to production in 7 February 2019 announce due to failure to comply with ASX listing rule 5.16 |
| 11 March 2019 | VRM announces Scheme |

Source: S&P Capital IQ and VRM ASX announcements

3 *Industry overview*

Industry description

- 130. VRM is a mineral exploration and development company targeting phosphate, potash, silica (high purity quartz) and base metals.
- 131. Mineral exploration is the process by which geological information is collected and analysed to identify mineral deposits as well as determining the economic feasibility of their extraction through future mine development.
- 132. Mineral exploration and development companies typically rely on equity funding for their activities, at least until such time that they are either able to sell projects that they have advanced or bring those projects into production.
- 133. A key measure of the exploration industry performance is total metres drilled. In 2013 an estimated 7,100 km was drilled. This declined to an estimated 5,900 km in 2015. Despite this, the exploration industry has shown signs of recovery with consistent growth from 2015. Forecasts for 2018 drilling estimates are for 9,500 km.⁵
- 134. The key drivers of the broader resources sector are the capital expenditure and US dollar to Australian dollar exchange rate.
- 135. Increased investment in the resources sector typically supports increased drilling, exploration and evaluation near existing mining sites. When overall expenditure on mining activities rises, many firms allocate proportionally more of their budget to exploration. Actual capital expenditure on mining is expected to fall in 2019.
- 136. As most mineral commodities are traded in US dollars, a stronger Australian dollar generally makes Australian commodities comparably more expensive for international buyers, lowering demand. With lower demand for commodities, exploration and development demand also falls.

Phosphate

- 137. Phosphate rock is a general term referring to rock with high concentrations of phosphate minerals. Phosphate rock is primarily used to produce chemical fertilisers for the agriculture sector.
- 138. The most common source of phosphate rock is phosphorite, which is a marine sedimentary deposit. The other source is guano, an accumulation of bird or bat excrement. The phosphate assets held by VRM are marine sedimentary deposits.
- 139. Australia has two main phosphate mines. The larger is in northwest Queensland at Phosphate Hill, 140 kilometres southeast of Mount Isa, and the other is on the remote offshore territory of Christmas Island in the Indian Ocean.
- 140. Currently, the majority of the world's seaborne traded phosphate originates from the Middle East and Northern Africa. Australia currently imports approximately 80% of its phosphate requirements from countries such as Morocco, China, Saudi Arabia and the USA.

⁵ IBIS World Mining Exploration in Australia (September 2018)

Potash

141. The term potash refers to potassic fertilisers, which are typically potassium chlorides, potassium sulphates or potassium-magnesium sulphates. Potassium chloride is the main fertiliser product.
142. Australia imports all its potash requirements and historically has always been deficient in known resources of potash. However, ongoing exploration has led to published Mineral Resources in recent years for a number of deposits, mostly in NT and Western Australia, although there are currently no published Ore Reserves for potash resources in Australia.
143. The main producers of potash are Canada, Russia, and Belarus. The three account for over 60% of world production.

Silica

144. Silica is found in the form of hard rock quartz and naturally weathered sand. It is one of the most naturally occurring minerals on earth. Despite this, naturally occurring high-grade silica sand is relatively rare.
145. The uses of silica are extremely diverse and there are a number of established and emerging markets for varying grades of silica sand and quartz products. High-grade silica sands, where the silica component is greater than 99.5% SiO₂ are used in the glass, LCD, ophthalmic, ceramic and other industries.
146. Naturally occurring ultra-pure silica (High Purity Quartz or HPQ) with greater than 99.997% silica is suitable for production of high purity filters, silicon metals, solar panels and semi-conductors however, it is extremely rare and trades at a significant premium over the price of lower grade Silica materials.
147. The markets for HPQ products are relatively small but potentially valuable. The global industry is dominated by a small number of players that are integrated from the mine through to the high end downstream processing.
148. Prices for low to medium grade HPQ material are typically in the range of USD300-500/t with the highest grade processed silica rocks commanding prices up to USD5,000/t. Deposits of this chemical quality and composition are rare and the largest known occurrence is in North Carolina, USA.

Key Competitors

149. There are no dominant players within the industry. Industry fragmentation is reflective of the large number of entities that are involved in mineral exploration and development activities.
150. Avenira Limited (**Avenira**) is an ASX-listed mining company that explores for and develops mineral deposits in Australia and Africa. Avenira is the most comparable company to VRM. Avenira's flagship asset is the Baobab phosphate project located in the Republic of Senegal which has previously been in production, however is currently in suspension⁶. Avenira also holds a 100% interest in the Wonarah phosphate project located in the Northern Territory.

⁶ Avenira ASX release 19 March 2019

4 Valuation approach

Valuation date

151. We have undertaken our assessment of value as at the Valuation Date of 11 March 2019.

Basis of value

152. In accordance with section 667C of the Corporations Act, we have undertaken our assessment on the basis of fair value. There is no generally accepted definition of fair value. Accordingly, for the purpose of our opinion, we have assumed fair value to be the same as market value, as defined by the International Valuation Standards Council:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

153. Our assessment does not include potential special value that may be available to specific parties. RG 111.11 states that any special value of the target to a particular bidder (eg synergies that are not available to other bidders) should not be taken into account.

Valuation approaches considered

154. There is no single generally accepted approach to determining value and the approach adopted depends upon the specific circumstances. We have considered common market practices and the valuation methodologies recommended by the VALMIN Code and ASIC Practice Note 43 – *Valuation Reports and Profit Forecasts* and guidance provided by RG 111. The approaches we have considered are discussed below.
155. There are three fundamental valuation approaches that can be used to value any type of asset, including mineral assets:
- a. Income Approach – provides an indication of value by converting future cash flows to a single current value.
 - b. Market Approach – provides an indication of value by comparing the asset with identical or comparable assets for which pricing information is known.
 - c. Cost approach – provides an indication of value by calculating the current replacement or reproduction cost of an asset.
156. Under each valuation approach there are a number of valuation methodologies that are commonly used to value mineral assets. The most common examples are summarised in the table below. Refer to **Appendix F** for an overview of resource project valuation approaches and methodologies.

Summary of common valuation methodologies

| Income Approach | Market Approach | Cost Approach |
|----------------------|-------------------------|---|
| Discounted cash flow | Comparable transactions | Multiple of exploration expenditure |
| Option pricing | Comparable trading | Geoscience matrix (also known as the Kilburn methodology) |

157. The selection of an appropriate valuation methodology is primarily dependent on:
- the basis of value
 - the development status of the project / mineral asset being valued
 - the availability and reliability of relevant information.
158. The VALMIN Code provides a general guide to the applicability of each valuation approach based on the development status, summarised in the table below.

VALMIN guidance on valuation approach based on development status

| | Exploration Projects | Pre-Development Projects | Development Projects | Production Projects |
|-----------------|----------------------|--------------------------|----------------------|---------------------|
| Income Approach | No | In some cases | Yes | Yes |
| Market Approach | Yes | Yes | Yes | Yes |
| Cost Approach | Yes | In some cases | No | No |

Source: VALMIN Code

Adopted valuation approach

Ammaroo Phosphate Project

Primary valuation methodology

159. We have adopted the Discounted Cash Flow (DCF) method (an income based approach) as the primary valuation methodology to assess the value of the Ammaroo Phosphate Project having regard to the following:
- the Ammaroo Project can be classified as a pre-development project based on the VALMIN definition⁷.
 - Ore Reserves have been defined at the project
 - a Feasibility Study has been conducted on the project
 - no decision on whether to proceed with the development of the project has been made.

⁷ VALMIN Code defines Pre-Development Projects as: "Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken."

- b. sufficiently robust long-term earnings projections are available from the Feasibility Study (Class 3 representing capital costs with a +/- 15% degree of confidence)
 - c. DCF is an accepted method to value a pre-development projects where reasonably accurate forecast cash flows are available
 - d. there is limited information available in respect of comparable phosphate transactions and companies
 - e. unlike other valuation methodologies, DCF specifically accounts for the limited life and irregular capital expenditure requirements of the project.
160. The DCF approach is premised directly on the principle that the value of a company or project is dependent upon the future economic benefits it can generate.
161. This method assesses the value of a project based on the present value of the free cash flows that the project is expected to generate in the future. Such cash flows are discounted at a discount rate (the cost of capital) that reflects the time value of money and the risks associated with the forecast cash flows.
162. The adoption of the DCF methodology as our primary valuation methodology is consistent with the recommendations in the Independent Specialist's Report.

Valuation cross-check

163. We have used the comparable trading methodology, a market based approach, to cross-check the reasonableness of the value assessed for the Ammaroo Phosphate Project.
164. The comparable trading methodology estimates the value of a company or project with reference to the market value of comparable publicly listed companies. The method involves the assessment of an appropriate multiple based on the market value of the comparable publicly listed company. This multiple is then applied to the subject project to derive a value.
165. We have used the *Enterprise Value / Ore Reserve* multiple (**Reserve Multiple**) implied from comparable trading companies to cross-check the reasonableness of our assessment of the Ammaroo Phosphate Project.
166. We were unable to identify any comparable transaction multiples either in Australia or globally involving phosphate projects with Ore Reserves.

Exploration Projects

167. We have relied on the market value assessed by SRK in the Independent Specialist's Report for all of VRM's exploration and advanced exploration projects (ie all projects other than the Ammaroo Phosphate Project) (**Exploration Projects**). The Independent Specialist's Report has assessed the market value of the Exploration Projects using the following valuation methodologies:
- a. Comparable transactions methodology (market approach)
 - b. Geoscience rating methodology (cost approach)
 - c. Multiples of exploration expenditure (cost approach).
168. Refer to the Independent Specialist's Report, attached as Appendix E, for an overview of the methodologies adopted by SRK.

169. In our opinion, the methodologies adopted by SRK to assess the market value of the Exploration Projects are reasonable and in compliance with generally accepted valuation principles, APES 225 and the VALMIN Code.

Cross-check of total assessed value for VRM

170. We have used the quoted market price (**QMP**) methodology to cross-check our total assessed value of VRM. The QMP method considers the market value of VRM based on the historical trading price of its shares on the ASX.
171. In our QMP assessment of VRM, we have considered the prevailing spot price at the Valuation Date and the volume weighted average price (**VWAP**) for the 1-month, 3-months, 6-months and 12-months prior to the Valuation Date.

5 Valuation of VRM ordinary shares

Summary of value of VRM ordinary shares

172. The table below summarises our assessment of the fair value of VRM ordinary shares as at the Valuation Date.

Summary of valuation assessment

| A\$m | Unit | Low | High | Mid |
|---|-------------|---------------|---------------|---------------|
| Ammaroo Phosphate Project | A\$m | 14.1 | 61.2 | 36.1 |
| Exploration Projects | A\$m | 6.7 | 16.8 | 9.2 |
| Enterprise Value | A\$m | 20.7 | 78.0 | 45.3 |
| Plus: net debt | A\$m | nil | nil | nil |
| Plus: capital raised from exercised options | A\$m | nil | 4.6 | 4.6 |
| Equity Value | A\$m | 20.7 | 82.6 | 49.9 |
| Total shares outstanding | # | 1,103,761,492 | 1,271,428,126 | 1,271,428,126 |
| Value per share | A\$ | 0.019 | 0.065 | 0.039 |

Source: PwC Securities analysis

173. In accordance with the requirements of RG111, we have assessed the value per share of VRM before the Scheme on a control basis.
174. Our assessment of the value of the Ammaroo Phosphate Project was derived using the DCF methodology. We have cross-checked the results of our DCF methodology using the comparable trading methodology.
175. We have relied on the Independent Specialist's Report for the value of the Exploration Projects.
176. Our assessment involved the following steps:
- Assessing the value of the Ammaroo Phosphate Project using the DCF methodology
 - Adding the value of the Exploration Projects to determine the enterprise value of VRM
 - Adjusting the enterprise value for VRM's net debt to determine the equity value
 - Dividing the equity value by the number of shares outstanding to determine the value per VRM share.
177. Each of these steps is discussed in the sections below.

Valuation of Ammaroo Phosphate Project

Summary

178. Our assessed value of the Ammaroo Phosphate Project, using the DCF methodology, is summarised in the table below. Our detailed DCF assessment is attached as **Appendix G**.

Summary of DCF assessment of the Ammaroo Phosphate Project

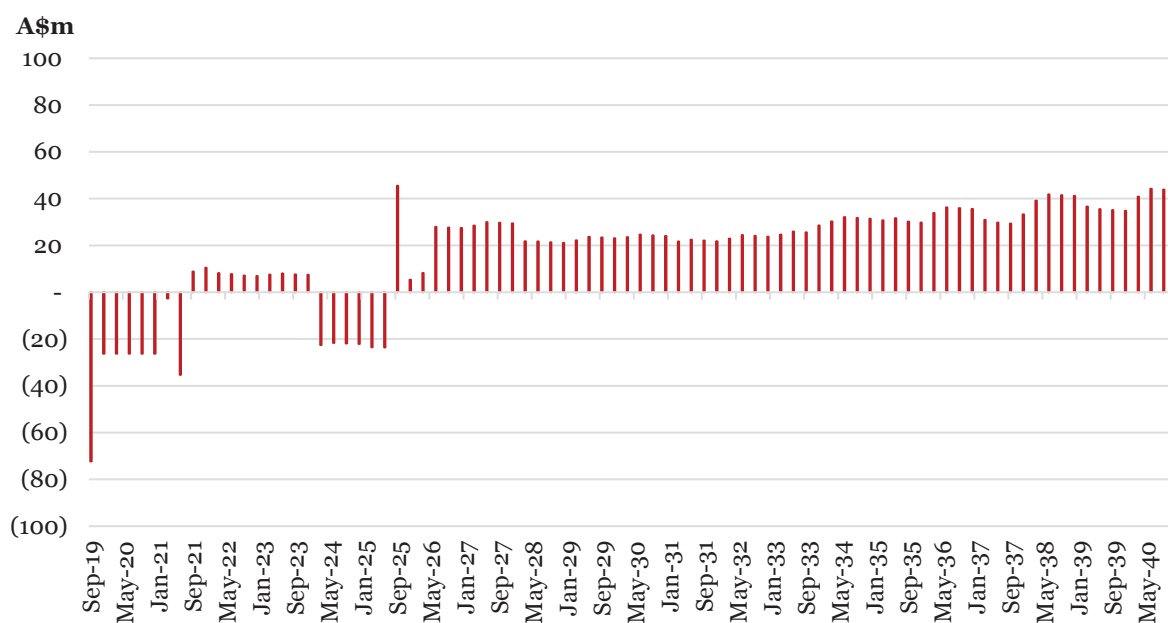
| | \$Am |
|--|--|
| Revenues | 8,731 |
| Operating Expenditure | (5,031) |
| Royalties | (585) |
| EBITDA | 3,115 |
| Capex - Stage 1 and 2 (incl sustainable Capex) | (743) |
| Tax | (625) |
| Free Cash Flow for the Project | 1,748 |
| Debt Service Payments (net of drawdowns) | (191) |
| Free Cash Flow to Equity (undiscounted) | 1,557 |
| Discount rate | 15% to 17% |
| NPV of Free Cash Flow to Equity | 14.1 to 61.2 (mid-point 36.1) |

Source: PwC Securities analysis and Adjusted Financial Model

Cash flow projections

179. Management has provided PwC Securities with a financial model for the Ammaroo Phosphate Project (**Financial Model**). The Financial Model was prepared as part of a feasibility study and the results were released in an ASX announcement dated 17 May 2018 (**Feasibility Study**). The Financial Model forecasts the nominal after-tax free cash flows to equity from the Ammaroo Phosphate Project on the quarterly basis over the life of the mine.
180. PwC Securities has reviewed the economic assumptions in the Financial Model and made an adjustment to the AUD/USD exchange rate to reflect the spot rate on the Valuation Date of US\$0.71, compared to US\$0.75 adopted in the Financial Model. In our opinion, all of the other economic assumptions in the Financial Model are reasonable.
181. PwC Securities appointed SRK to review the technical assumptions in the Financial Model. SRK recommended PwC Securities make the following adjustments to the Financial Model:
- stress-test the Financial Model using a P₂O₅ processing recovery of 52.8% (70% was adopted in the Financial Model)
 - adopt a 15% contingency for capital expenditure (**Capex**) in the base case and stress-test using a 20.0% contingency
 - add sustainable Capex of A\$2.5 million per annum during the first stage of the project and \$A4.0 million per annum during the next stage of the project

- d. adopt a 7.5% contingency for operating expenditure in the base case and stress-test using a 15.0% contingency
 - e. escalate all operating and sustainable Capex by one year's Australian inflation (PwC Securities has assumed annual inflation of 2.5%).
182. For the purpose of our DCF assessment, we have relied on the Financial Model adjusted for the SRK recommended adjustments and the updated foreign exchange rate (**Adjusted Financial Model**). We consider the cash flow projections in the Adjusted Financial Model to be sufficiently robust and reliable for the purpose of our assessment, having regard to the following:
- a. the original Financial Model was independently prepared as part of the Feasibility Study
 - b. we have undertaken a high-level review of the veracity of the Financial Model and we have not identified any issues
 - c. capital and operating costs are defined to a Class 3 estimate (+/- 15%) in the Feasibility Study which we consider to be an appropriate degree of accuracy given the stage of the project
 - d. SRK was appointed to review the technical assumptions in the Financial Model and PwC Securities has made appropriate adjustments based on their recommendations
 - e. contingencies for capital and operating risk have been incorporated in the base case as part of the SRK recommendations
 - f. there has been no material change to the Ammaroo Phosphate Project or the phosphate industry since the Financial Model was originally prepared in May 2018
 - g. there is a sufficiently high level of detail surrounding the design, capital and operating metrics of the project
 - h. the cash flows are based on JORC compliant Mineral Resources and Reserves
 - i. the economic assumptions have been reviewed and updated as necessary by PwC Securities
 - j. a sensitivity analysis has been conducted to consider the change in value as a result of changes to the key inputs and assumptions in the Adjusted Financial Model.
183. The figure below summarise the after-tax nominal free cash flows to equity over the life of the mine in the Adjusted Financial Model.



Key inputs and assumptions

184. The key assumptions underpinning our DCF assessment and the Adjusted Financial Model include:

- a. production volumes
- b. phosphate price
- c. capital expenditure
- d. operating expenditure
- e. exchange rate
- f. financing
- g. royalty payments
- h. tax
- i. discount rate.

Production volumes

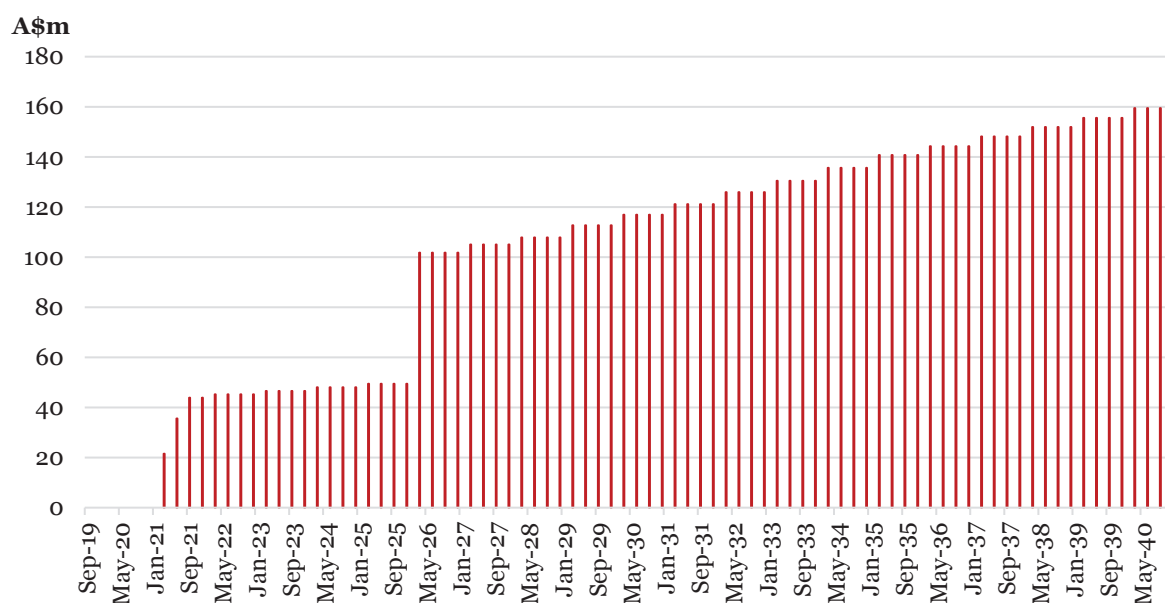
185. One million tonnes of phosphate rock concentrate is expected to be produced per annum in the first 5-years of the project (**Stage 1**) and two million tonnes per annum from year 6 until the end of the life of mine (**Stage 2**).
186. Production is based on conventional truck and shovel open pit mining, together with a screening, crushing, grinding and floatation circuit to produce a low cadmium, high quality rock concentrate at approximately 33% P_2O_5 .

187. VRM has entered into two non-binding offtake memorandums of understanding for the potential sale of up to 450,000 tonnes of phosphate rock concentrate per annum from the Ammaroo Phosphate Project⁸.

Phosphate rock concentrate prices and revenue

188. The revenues in the Adjusted Financial Model are summarised in the figure below.

Projected revenues for the Ammaroo Phosphate Project



Source: Adjusted Financial Model

189. There is no readily observable publicly disclosed market for phosphate rock concentrate. The price forecasts assumed in the Adjusted Financial Model are based on long-term nominal price forecasts prepared by CRU Consulting of London. CRU Consulting is a commodities consulting company who was engaged as part of the Feasibility Study to conduct a market study in relation to the price that may be achieved from the sale of phosphate rock concentrate from the Ammaroo Phosphate Project over the life of the mine from 2021 to 2040. The study took into account the specific characteristics of the Ammaroo Phosphate Project, including the premium grade and freight differential relative to the pricing benchmarks.
190. CRU has estimated a price of US\$125/tonne free on board (**FOB**) in 2021, increasing by approximately 3% per annum. This is consistent with the most recent pricing data available to us which indicates that benchmark phosphate rock concentrate prices are less than US\$100/tonne and forecast to increase, therefore we consider it appropriate to rely on the CRU projections.

Capital expenditure

191. The Feasibility Study assumed total Capex of A\$368 million for Stage 1 and A\$200 million for Stage 2 of the project.

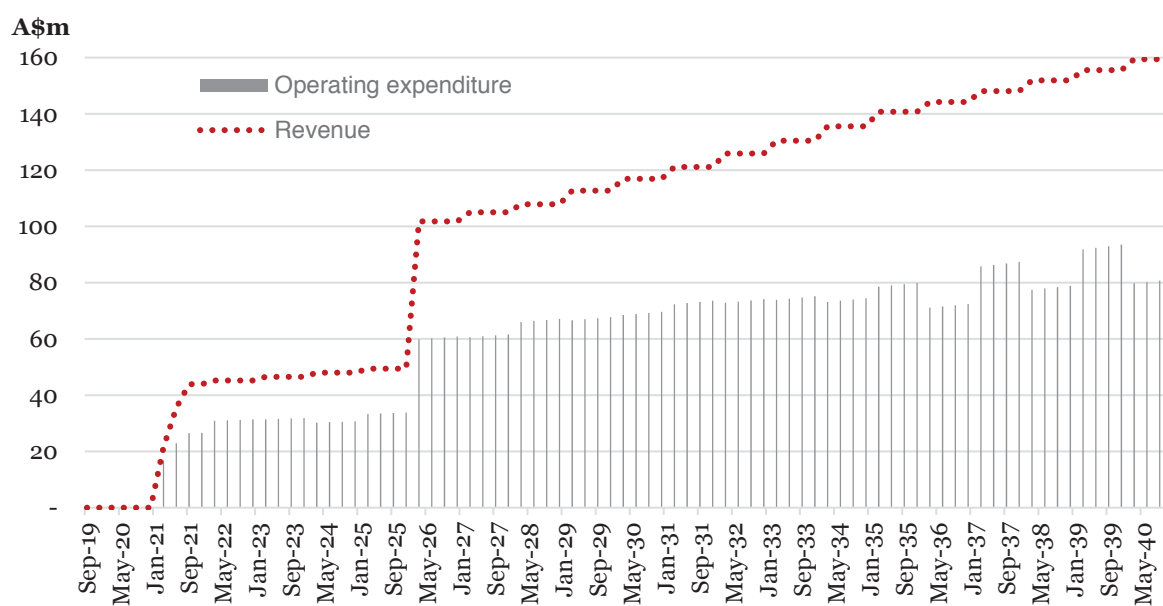
⁸ VRM Quarterly Activities Report for the period ended 30 September 2018

192. After inflating the Capex by one year's inflation at 2.5% and incorporating a contingency of 15%, in accordance with the SRK recommendations, the total Capex assumed in the Adjusted Financial Model is A\$434 million for Stage 1 and A\$236 million for Stage 2.
193. The construction timeframe for Stage 1 is 15 months and includes enabling infrastructure, mine site and processing infrastructure, engineering, procurement and construction management costs and contingency.
194. The Stage 2 Capex is to expand production from one million tonnes to two million tonnes of phosphate rock concentrate production per annum from year 6 onwards.
195. Based on the SRK recommendations, we have included sustainable Capex of A2.5 million during Stage 1 and A\$4.0 million during Stage 2 in the Adjusted Financial Model.

Operating expenditure

196. Total FOB operating costs include site production costs, drying and loading, transport and logistics costs to port, ship loading and forecast compensation for Native Title Holders.
197. The total aggregate FOB operating costs in nominal terms over the 20-year mine life is forecast to be A\$5.031 billion in the Adjusted Financial Model (compared to A\$4.358 billion in the Financial Model), after adjusting for one year's inflation at 2.5% and adding a contingency of 7.5%, in accordance with the SRK recommendations. The operating costs over the life of the mine are summarised in the figure below.

Projected operating expenditure for the Ammaroo Phosphate Project



Source: Adjusted Financial Model

Exchange rate

198. An AUD/USD exchange rate of US\$0.71 cents has been assumed in the Adjusted Financial Model based on the prevailing exchange rate on or around the Valuation Date, as reported by the Reserve Bank of Australia.

Financing

199. The Adjusted Financial Model assumes the following funding structure:

- a. A\$230 million of financing is secured for the construction of Stage 1 from a combination of bank debt and the Federal Government's Northern Australia Infrastructure Fund (**NAIF**), representing approximately 53% of total Stage 1 Capex. NAIF has provided a non-binding indicative term sheet for a long-term concessional NAIF debt facility for up to A\$160 million for the Ammaroo Phosphate Project, subject to a number of conditions⁹.
- b. A\$45 million of bank debt is obtained to fund Stage 2, representing approximately 19% of total Stage 2 Capex.
- c. The balance of financing for Stage 1 and Stage 2 is assumed to be equity funded.

200. The assumed interest rate on the debt is approximately 6.2% plus establishment fees. In order to secure debt financing, VRM has advised that at least 600,000 tonnes of Stage 1 production will need to be underwritten by binding offtake agreements¹⁰. VRM has entered into non-binding memorandums of understanding for up to 450,000 tonnes per annum.

Royalty payments

201. A royalty rate of 20% of profits has been assumed in the Adjusted Financial Model which equates to total royalty payments over the life of mine of A\$585 million.

Tax

202. The Australian corporate tax rate of 30% has been assumed in the Adjusted Financial Model.

Discount rate

203. For the purpose of our DCF assessment, we have selected a discount rate of 15% to 17%. Our discount rate reflects a nominal after-tax cost of equity to match the projected free cash flows in the Adjusted Financial Model.

204. Applying the discount rates to the projected free cash flows results in the calculation of a net present value at the Valuation Date.

205. Our discount rate has been assessed using the Capital Asset Pricing Model (**CAPM**). The CAPM is a fundamental and generally accepted theory in modern finance that is used to assess the appropriate rate of return of an asset, having regard to the expected returns of the asset and the risk profile of those returns. Our CAPM assessment is attached as **Appendix H**.

206. In selecting an appropriate discount rate we have also had regard to the following factors:

- a. Our experience in valuing pre-development mining projects and determining acceptable returns on shareholder equity.
- b. The specific risk profile of the Ammaroo Phosphate Project:

⁹ VRM ASX release dated 3 December 2018

¹⁰ VRM ASX release dated 17 May 2018

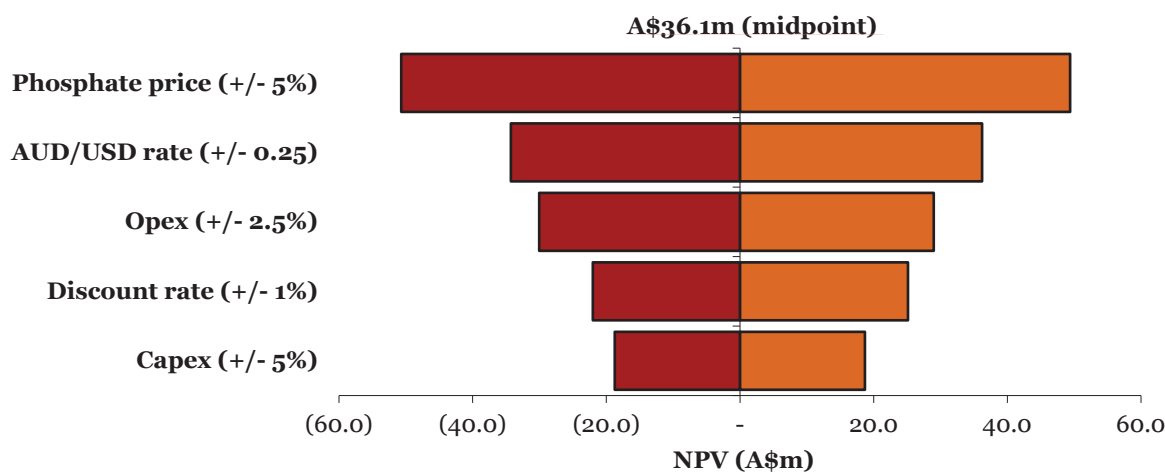
- i. The Feasibility Study is not a 'bankable feasibility study'. Although there is a relatively high level of detail in the basis of design and accuracy associated with the capital and operating cost estimates in the Adjusted Financial Model, there remain a number of key activities to be completed and milestones to be achieved before the project can be considered ready for a final investment decision.¹¹
- ii. Construction risk in bringing the new project into production, on time and on budget, given the technical aspects of the proposed mine and plant and the practical aspects of the project location in the outback NT.
- iii. The market position of VRM. The rock phosphate concentrate market is dominated by large overseas producers with no shortage of supply.
- iv. Remoteness of the project, which impacts on factors including operating and construction costs.
- v. There are no material contracts or agreements in place.
- c. The risk profile of the projected cash flows in the Adjusted Financial Model. The risk of the cash flows has been reduced significantly through the SRK recommended adjustments. SRK has advised that the contingencies added to Capex and operating expenditure are to cover part of the high risk issues identified in the Independent Specialist's Report. Accordingly, these risks are largely accounted for in the cash flows.
- d. The Feasibility Study incorporates approximately 8% of the known Mineral Resources at the Ammaroo Phosphate Project, therefore there is potential upside through the extension of the life of mine beyond 20 years. We have excluded any potential cash flows from the residual Mineral Resources because those potential cash flows will not commence for more than 20 years and therefore their present value is not material. Nevertheless, we have considered this potential upside in our selected discount rate.
- e. Local regulatory environment that is generally amenable to new mine developments.
- f. General economic conditions at and around the Valuation Date.

Sensitivity analysis

- 207. The figure below summarises the value assessed using the DCF methodology after adjusting for key inputs and assumptions. The DCF valuation is particularly sensitive to changes to the key inputs and assumptions which highlights the volatility and risk associated with the Ammaroo Phosphate Project.
- 208. We have run a 'stress case' which incorporates SRK's recommended stress testing of the Financial Model (refer to the SRK recommended adjustments to the Financial Model summarised above). The 'stress case' results in a negative value for the Ammaroo Phosphate Project.

¹¹ VRM ASX release dated 17 May 2018

Projected operating expenditure for the Ammaroo Phosphate Project



Valuation cross-check

209. We have cross-checked the value assessed using the DCF methodology using the Comparable Trading methodology.
210. Due to the tightly held and private nature of the phosphate market, we have only identified one sufficiently comparable publicly listed company, Avenira. Avenira is an ASX-listed phosphate rock mining company. Its flagship asset is its 80%-owned Baobab Phosphate Project in the Republic of Senegal.
211. On 18 March 2019, shortly after the Valuation Date, Avenira released the results of a feasibility study for the Baobab Phosphate Project. The feasibility study announcement included the reporting of a maiden Ore Reserve of 39.3Mt at 18.9% P₂O₅. We have calculated the implied Reserve Multiple for Avenira and applied it to the Ore Reserves of the Ammaroo Phosphate Project to assess an implied value of the Ammaroo Phosphate Project, summarised in the table below.

Summary of comparable trading analysis

| | A\$m |
|---|-------------|
| Avenira market capitalisation on 18 March 2018 | 15.9 |
| <i>Plus:</i> | |
| Control premium (35%) | 5.6 |
| Net debt | 9.6 |
| Enterprise Value | 31.0 |
| Reported Ore Reserves at Baobab Phosphate Project (Mt) | 39.3 |
| Avenira 80% share (Mt) | 31.4 |
| Reserve Multiple | 0.99 |
| Reported Ore Reserves at Ammaroo Phosphate Project (Mt) | 32.4 |
| Implied value of Ammaroo Phosphate Project | 31.9 |

Source: Avenira ASX release dated 18 March 2018, PwC Securities analysis

212. The implied value of the Ammaroo Phosphate Project assessed using the comparable trading method is within our valuation range assessed using the DCF method, therefore we consider our assessment to be reasonable. Our analysis assumes all of the value of Avenira is attributed to the Baobab Phosphate Project. However, we note that Avenira also owns another large phosphate project in Australia (the Wonarah Phosphate Project in the NT).
213. In our opinion, the Baobab Phosphate Project has a reasonable degree of comparability to the Ammaroo Phosphate Project based on the size, nature and stage of its projects. Specifically, both projects:
- are focussed on the production of phosphate rock concentrate
 - have similar size and grade of reported Ore Reserves
 - have significant reported Mineral Resources.
214. However, we note that Avenira's Baobab Phosphate Project is:
- more advanced than the Ammaroo Phosphate Project and has previously been in production (currently suspended)
 - located in the Republic of Senegal which has a higher sovereign risk
 - located close to the coast and does not have the long haulage distance of the Ammaroo Phosphate Project or the requirement to invest in a rail spur and other enabling infrastructure.

Valuation of Exploration Projects

215. We have relied on the market value assessed by SRK in the Independent Specialist's Report for the Exploration Projects owned by VRM, summarised in the below table. Refer to the Independent Specialist's Report in Appendix E, for further details.

Summary of values assessed by SRK for the Exploration Projects

| Mineral Occurrence | Project/ Prospect Name | Tenure | Low (A\$m) | High (A\$m) | Preferred (A\$m) |
|--------------------|---------------------------|---|-------------|-------------|------------------|
| Phosphate | Ammaroo South | ELA 3789 | 1.46 | 3.83 | 2.05 |
| | Rockhole | ELA 31790 | 0.59 | 1.67 | 0.86 |
| | Brunchilly | EL 30222, EL 30223, EL 30224 | 0.16 | 0.49 | 0.24 |
| | Burge Bore | EL 30225 | 0.18 | 0.53 | 0.26 |
| | Patanella | EL 24716, EL 24724 | 0.24 | 0.65 | 0.34 |
| | Singleton | EL 30613 | 0.03 | 0.09 | 0.04 |
| | Subtotal | | 2.66 | 7.25 | 3.81 |
| Potash | Karinga Lakes | EL 24987, EL25080, EL 28205, EL 28272, EL 28872, EL 30381, EL 30382 | 2.54 | 5.61 | 3.20 |
| | Lake Amadeus | ELA 30194, ELA 30195, ELA 30196, ELA 30197, ELA 30389, ELA 30650 | 0.66 | 1.48 | 1.10 |
| | Subtotal | | 3.20 | 7.09 | 4.30 |
| Silica | Dingo Hole | EL 31078 | 0.07 | 0.26 | 0.11 |
| | Tobermorey | ELA 31033, ELA 31034 | 0.36 | 0.53 | 0.37 |
| | Dneiper | ELA 31035, ELA 31036 | 0.09 | 0.14 | 0.10 |
| | Old South Road | ELA 31041 | 0.02 | 0.03 | 0.02 |
| | Subtotal | | 0.53 | 0.95 | 0.60 |

| Mineral Occurrence | Project/ Prospect Name | Tenure | Low (A\$m) | High (A\$m) | Preferred (A\$m) |
|--------------------|---------------------------|----------|---------------|----------------|---------------------|
| Other | Silver Valley | EL 31340 | 0.30 | 1.50 | 0.50 |
| | Subtotal | | 0.30 | 1.50 | 0.50 |
| | Total | | 6.69 | 16.80 | 9.21 |

Source: Independent Specialist's Report

216. We have undertaken a high level review of the Independent Specialist's Report and are satisfied that:

- a. the valuation methodologies adopted by SRK are appropriate based on generally accepted industry practices and guidance
- b. it is compliant with the requirements of the VALMIN Code.

217. The table below summarises our assessment of the total enterprise value of VRM, including the Ammaroo Phosphate Project and the Exploration Projects.

Summary of assessed enterprise value of VRM

| A\$m | Low | High | Mid |
|---------------------------|-------------|-------------|-------------|
| Ammaroo Phosphate Project | 14.1 | 61.2 | 36.1 |
| Exploration Projects | 6.7 | 16.8 | 9.2 |
| Enterprise Value | 20.7 | 78.0 | 45.3 |

Source: PwC Securities analysis, Independent Specialist's Report

Net Debt

218. For the purpose of our opinion, we have assumed VRM has net debt of nil on the Valuation Date.

219. As at 31 December 2018¹² VRM had cash and equivalents of \$703,000 and no debt. VRM has subsequently entered into a short-term loan agreement with CD Capital to borrow an amount of \$800,000 in three tranches to fund the costs of the Scheme and for working capital purposes. The first tranche of the loan agreement was drawn on 13 March 2019, therefore we have assumed a net debt position for the purpose of our assessment of nil.

220. As discussed in the section below, we have assumed that all VRM options with an exercise price less than our assessed value will be exercised. Accordingly, the capital raised from the exercise of these options has been included in our assessment.

221. After adjusting the enterprise value for VRM's net debt and capital raised from exercised options, our equity value for 100% of VRM is summarised in the table below.

¹² VRM Interim Financial Report for the period ended 31 December 2018

Summary of assessed equity value of VRM

| A\$m | Low | High | Mid |
|---------------------------------------|-------------|-------------|-------------|
| Enterprise Value | 20.7 | 78.0 | 45.3 |
| Plus | | | |
| Net debt | 0.0 | 0.0 | 0.0 |
| Capital raised from exercised options | 0.0 | 4.6 | 4.6 |
| Equity Value | 20.7 | 82.6 | 49.9 |

Source: PwC Securities analysis, VRM financial statements for half year ended 31 December 2018

Number of shares outstanding

222. As at the Valuation Date there were 1,103,761,492 ordinary shares outstanding.
223. We have also assumed that all VRM options with an exercise price of less than the assessed valuation will be exercised and have included these exercised options in the total shares outstanding.
224. Our assessment of the total shares outstanding after accounting for the options that are assumed to be exercised is summarised in the table below.

Summary of total shares outstanding assessment

| | Low | High | Mid |
|--|----------------------|----------------------|----------------------|
| Ordinary VRM shares outstanding | 1,103,761,492 | 1,103,761,492 | 1,103,761,492 |
| Plus options assumed to be exercised at: | | | |
| A\$0.025 | nil | 95,500,000 | 95,500,000 |
| A\$0.030 | nil | 66,666,634 | 66,666,634 |
| A\$0.032 | nil | 1,750,000 | 1,750,000 |
| A\$0.035 | nil | 3,750,000 | 3,750,000 |
| Total options | nil | 167,666,634 | 167,666,634 |
| Total shares outstanding | 1,103,761,492 | 1,271,428,126 | 1,271,428,126 |

Source: PwC Securities analysis

Assessed value per share

225. The table below summarises our assessment of the value per VRM share

Summary of assessed value per VRM share

| | Low | High | Mid |
|-------------------------------------|---------------|---------------|---------------|
| Equity Value (A\$m) | 20.7 | 82.6 | 49.9 |
| Divided by total shares outstanding | 1,103,761,492 | 1,271,428,126 | 1,271,428,126 |
| Value per share (A\$) | 0.019 | 0.065 | 0.039 |

Source: PwC Securities analysis

Valuation cross-check

226. We have used the QMP methodology to cross-check our total assessed value of VRM. We have considered the market value of VRM shares based on the historical trading price of its shares on the ASX, summarised in the table below.

Analysis of historical trading price of VRM shares

| A\$ | Minority basis | Control basis |
|--|----------------|---------------|
| Last closing price prior to the Valuation Date | 0.0150 | 0.0203 |
| 1-month VWAP prior to the Valuation Date | 0.0152 | 0.0205 |
| 3-month VWAP prior to the Valuation Date | 0.0156 | 0.0211 |
| 6-month VWAP prior to the Valuation Date | 0.0167 | 0.0225 |
| 12-month VWAP prior to the Valuation Date | 0.0182 | 0.0246 |

Source: PwC Securities analysis, VRM ASX release dated 11 March 2019

227. VRM's shares trade on the ASX on a minority interest basis. Therefore, in accordance with RG111, we have added a control premium to the implied market value. Publicly available research¹³ indicates that the average equity control premium in Australia for full control has historically been in the range of 15% to 35%. However, this varies widely depending on the circumstances and may, in some circumstances, include an element reflecting a strategic premium paid by purchasers. We have selected a control premium of 35%, which is the high-end of the generally accepted range.
228. The implied equity value of VRM, based on the historic trading price of VRM's shares, is within our assessed valuation range.
229. We note that the implied equity value based on VRM's historical trading price is toward the low end of our assessed range of value. We have considered this further and in our opinion, VRM's market capitalisation may not have fully reflected the market value of its underlying assets due to:
- the incorporation of a discount on account that the resources that sit outside of the Ammaroo Phosphate Project would not likely be advanced or developed due to the extent of the resources available to VRM
 - the incorporation of a discount on account of the significant capital required to advance the Ammaroo Phosphate Project and potential for existing shareholders to be significantly diluted from any capital raising
 - the relatively low level of trading liquidity in VRM's shares.
230. VRM shares were trading at \$0.030 on 28 March 2019, the most recent trading day prior to the date of this report.

¹³ PwC Securities analysis of publicly available information. Publicly available information includes the *Control Premium Study 2017* published by RSM Australia Pty Ltd on 20 April 2017

6 *Evaluation of the Scheme*

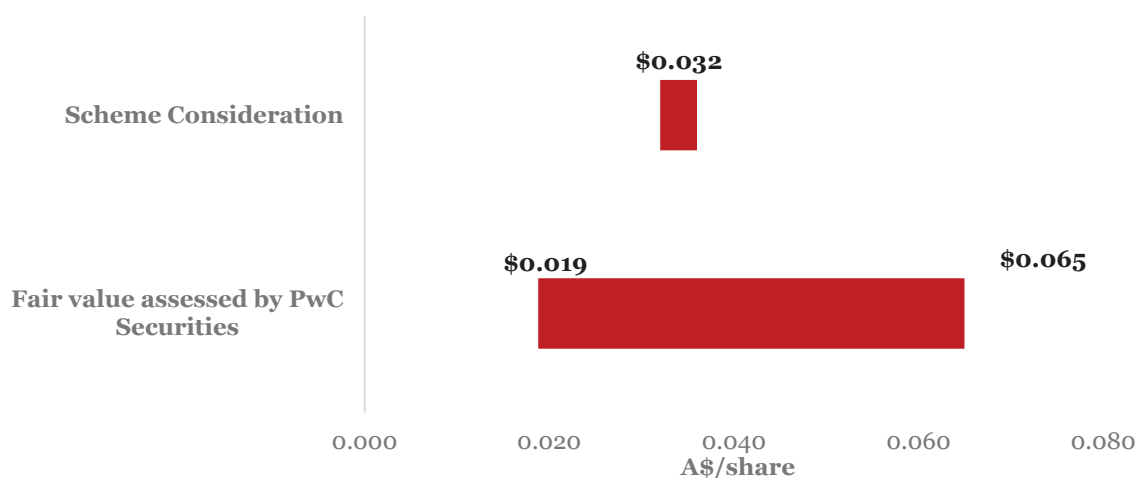
231. In forming our opinion on whether the Scheme is in the best interests of Shareholders, we have considered whether the Scheme is fair and reasonable, in accordance with the principles set out in RG111. The reasons for our opinion are set out below and should be read in conjunction with our detailed report which sets out our scope, analysis and findings.

The Scheme is Fair

232. To assess the fairness of the Proposed Transaction, we have considered the value of a share in VRM in the absence of the Scheme, on a controlling interest basis and compared this to the Scheme Consideration.
233. The figure below summarises our assessment of the fair value of a share in VRM in the absence of the Scheme (on a controlling interest basis) as at the Valuation Date, compared to the Scheme Consideration.
234. On the basis that the Scheme Consideration is within our assessed valuation range, we consider that it is fair¹⁴. Although the Scheme Consideration is below the mid-point of our valuation range, no value within our assessed range is more appropriate than any other.
235. We note that our valuation range is relatively wide, however we consider this to be reasonable because:
- VRM is currently a small pre-development company that is seeking to develop the large-scale Ammaroo Phosphate Project.
 - The Ammaroo Phosphate Project is highly sensitive to the discount rate and a number of other key assumptions.
 - In our opinion, it is not meaningful to reduce the valuation range because it would require us to assume an unrealistic level of precision in key assumptions.

¹⁴ Considering the value of a share in VRM, in the absence of the Scheme and on a controlling interest basis

PwC Securities assessed value of a VRM share compared to the Scheme Consideration



The Scheme is Reasonable

236. For the purpose of assessing whether or not the Scheme is reasonable to Shareholders, we have considered the following likely advantages, disadvantages and other factors associated with the Scheme. In accordance with RG111, we have assessed that the Scheme is fair and therefore it is also reasonable.

Advantages

237. The advantages of the Scheme are as follows:

The Scheme Consideration represents an attractive premium

238. If the Scheme is implemented, Shareholders (other than WHSP) will receive the Scheme Consideration of \$0.032 per share, which represents a premium of:

- a. 113% to the last closing price on the ASX on 8 March 2019, being the last practicable date prior to announcement of the Scheme
- b. 111% to the volume weighted average price of VRM shares over the one month trading period prior to announcement of the Scheme
- c. 92% to the volume weighted average price of VRM shares over the six month period prior to announcement of the Scheme.

In the absence of the Scheme, the VRM share price is likely to fall

239. If the Scheme is not implemented, and in the absence of a superior proposal, the VRM share price may fall below its current trading levels in the near term, having regard to the constrained cash position of the Company and the relatively low level of trading liquidity.

240. In VRM's ASX release dated 28 September 2018, the notes to the FY18 financial statements raised a going-concern issue. The board disclosed material uncertainty over whether the Company will continue as a going concern if VRM is not able to raise additional finance. Further, if the Scheme is not implemented within eight months of the date of the SIA, VRM is required to repay any monies borrowed from CD Capital under the \$800,000 short-term loan facility agreement on written demand. Given the

circumstances, any future funding obtained by VRM is likely to be highly dilutive to shareholders and negatively impact the VRM share price.

Since the announcement of the Scheme, no superior proposal has emerged

241. Since the announcement of the Scheme on 11 March 2019, no superior proposal has emerged. The SIA includes terms that limit VRM's ability to seek a superior proposal, however, there remains the possibility that another party may make a superior proposal.

Funding alternatives

242. If the Scheme is not implemented, VRM's cash position will be significantly constrained and VRM will need to seek alternate sources of funding in order to maintain its cash position, advance its projects (including the Ammaroo Phosphate Project) and, on written demand, repay within eight months of the date of the SIA, the amount outstanding under the loan provided by CD Capital.
243. VRM management has considered alternative funding arrangements over the previous twelve months and considers there are limited alternative funding sources available. A capital raising would be challenging given the funding required to progress the Ammaroo Phosphate Project and could lead to significant dilution to shareholders and further decline in the share price.

No brokerage or stamp duty will be payable to transfer VRM shares under the Scheme

244. Shareholders will not incur any brokerage or stamp duty on the transfer of their shares to CD Capital under the Scheme.

The Scheme Consideration delivers certainty and immediate value for VRM shares

245. CD Capital has submitted a 100% cash offer. This offers a high degree of certainty with respect to value and timing. If the Scheme is implemented, Shareholders will receive the Scheme Consideration in cash for each share held by them at the Scheme Record Date.
246. In contrast, if the Scheme is not implemented, the amount which Shareholders will be able to realise for their investment in VRM shares may be uncertain.

The outcome of the Ammaroo Phosphate Project is highly uncertain

247. There is considerable risk associated with the Ammaroo Phosphate Project reaching production and the value of the project is highly sensitive to a number of key assumptions.
248. If the Scheme is not implemented, VRM shareholders will continue to be exposed to the funding and development risks associated with the Ammaroo Phosphate Project.

Independent Board Committee has recommend Shareholders vote in favour of the Scheme

249. The Independent Board Committee has unanimously recommended that Shareholders vote in favour of the Scheme, in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Scheme is fair and reasonable to, and in the best interests of, Shareholders.
250. Each director of VRM intends to vote all VRM shares held or controlled by them in favour of the Scheme.

Disadvantages

251. The disadvantages of the Scheme are as follows:

Individual VRM Shareholders may consider that the Scheme is not in their best interests

252. Notwithstanding the unanimous recommendation of the Independent Board Committee, VRM Shareholders may believe, that the Scheme is not, individually, in their respective interests. In reaching their decision, the Independent Board Committee has made various judgements and assumptions based on future trading conditions, circumstances and events, which cannot be predicted with certainty and which may prove to be inaccurate.

253. There is no obligation for Shareholders to agree with the unanimous recommendation of the Independent Board Committee, or agree with the conclusion of the Independent Expert.

Unable to participate in the future financial performance and growth of the VRM business

254. If the Scheme is approved and implemented, Shareholders, other than WHSP, will cease to be shareholders in the Company and will lose the ability to participate in any potential upside from VRM's business.

It may be difficult to identify or invest in an alternative business with similar characteristics to that of VRM

255. Shareholders may prefer to keep their VRM shares to maintain an investment in a public company with VRM's specific characteristics, including but not limited to risk, return and liquidity characteristics. It may be difficult to identify and invest in alternative investments that have a similar risk profile to VRM.

256. In addition, despite the risk factors relevant to VRM's future operations as a standalone entity, VRM Shareholders may consider it possible for VRM to generate greater returns for its assets as a stand-alone entity, or by exploring alternative corporate transactions in the future.

There is potential for a Superior Proposal to emerge

257. It is possible that a superior proposal may be made in the foreseeable future. This may include a takeover offer or alternative transaction proposal that could deliver a total consideration to VRM shareholders in excess of the Scheme Consideration.

258. However, as at the date of this IER, no Superior Proposal has emerged and the Independent Board Committee is not aware of any superior proposal that is likely to emerge.

The taxation implications of the Scheme may not be suitable to specific individual's financial circumstances or position

259. If the Scheme is implemented, there may be tax consequences, some of which may be adverse.

260. After consideration of the above factors, in our opinion, the advantages of the Scheme outweigh the potential disadvantages.

Overall conclusion – in the best interests of VRM shareholders

261. Having regard to the above, we consider that the Scheme is fair and reasonable to, and in the best interests of VRM Shareholders, in the absence of a superior proposal.

Appendices

Appendix A Financial Services Guide

PricewaterhouseCoopers Securities Limited

This Financial Services Guide (FSG) is dated 25 March 2019.

About us

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) (**PwC Securities**) has been engaged by the directors of Verdant Minerals Limited to provide a report in the form of an IER in relation to the Scheme for inclusion in the notice of meeting and explanatory statement.

You have not engaged us directly but have been provided with a copy of the IER as a retail client because of your connection to the matters set out in the IER.

This Financial Services Guide

This Financial Services Guide (FSG) is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about PwC Securities generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and how complaints against us will be dealt with.

Financial services we are licensed to provide

Our Australian financial services licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds, and deposit products.

General financial product advice

The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

PwC Securities charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages PwC Securities to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this IER our fees are charged on a fixed basis and are \$65,000 (excluding GST) and will be reimbursed for out of pocket expenses incurred.

Directors or employees of PwC Securities, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

Associations with issuers of financial products

PwC Securities and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwC Securities may provide financial services to the issuer of a financial product in the ordinary course of its business.

Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Australian Financial Complaints Authority (AFCA), an external complaints resolution service. AFCA can be contacted by calling 1800 931 678. You will not be charged for using the AFCA service.

Contact details

PwC Securities can be contacted by sending a letter to the following address:

Mr Richard Stewart
Authorised Representative
PricewaterhouseCoopers Securities Limited
GPO Box 1331
MELBOURNE VIC 3001

Appendix B Sources of information

In preparing this IER, we have had access to and relied upon the following major sources of information:

Company provided information

- VRM Annual Financial Report for the year ended 30 June 2015, 2016, 2017 and 2018
- VRM Quarterly Activities Report for the period ended 31 December 2018
- VRM Interim Financial Report for the period ended 31 December 2018
- VRM draft scheme booklet dated 21 March 2019
- Discussions and correspondence with VRM Management

Public and external sources

- VRM website
- the Independent Specialist's Report dated 22 March 2019
- the VALMIN Code 2015
- ASIC RG111 – Context of Expert Reports
- Avenira reserve and feasibility ASX announcement dated 18 March 2019
- share market data and financial information from S&P Capital IQ and Bloomberg
- IBISWorld Industry Report– IBIS World Mining Exploration in Australia (September 2018)
- VRM Investor Presentation November 2018
- VRM ASX releases
- other publicly available information including company web sites, government statistical data sets, industry web sites, industry reports, media releases and ASX announcements.

The information on VRM contained in the IER has been prepared by PwC Securities using publicly available information and limited non-public information made available to PwC Securities by VRM. The assets and liabilities, financial position and performance, profits and losses and prospects of these entities have not been independently verified by PwC Securities. Accordingly PwC Securities does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Appendix C Qualifications, disclaimers and consents

Qualifications

PricewaterhouseCoopers Securities Ltd (PwC Securities) is beneficially owned by PwC, a large international firm of Chartered Accountants. The individuals responsible for the preparation of this report are Richard Stewart and Campbell Jaski.

Mr Richard Stewart OAM is a Senior Fellow of the Financial Services Institute of Australasia, Chartered Accountants in Australia and New Zealand (CAANZ) and the Society of Certified Practising Accountants in Australia. He is also an adjunct professor in Business Valuation at the University of Technology, Sydney and is Business Valuations Specialist Accredited, CAANZ. He holds a Bachelor of Economics and a Masters of Business Administration. He has over 30 years of experience with PwC and extensive experience in preparing valuations and independent expert reports as well as providing merger and acquisition advice. He is also a partner of PwC, and is an authorised representative of PwC Securities.

Mr Campbell Jaski is a partner in the Corporate Value Advisory practice of PricewaterhouseCoopers Australia. He holds a Bachelor of Science (Honours) and Masters of Business Administration (Rupert Murdoch Fellow) and is an Affiliate of Chartered Accountants Australia and New Zealand, an accredited Business Valuation Specialist and a Fellow of the Financial Services Institute of Australasia. Campbell is a Fellow of the Australasian Institute of Mining and Metallurgy and a Chartered Professional in Geology and Management. Campbell has over 25 years' experience in mining, finance and management and specialise in the financial analysis and valuation of businesses, shares, major projects, markets and financial instruments. Campbell's experience covers public and private company valuations both in Australia and overseas and the preparation of IERs.

Declarations

Neither PwC Securities nor PwC has any interest in the outcome of the Scheme. PwC Securities is entitled to receive a fixed fee for the preparation of this IER of \$65,000 (excluding GST) and will be reimbursed for out of pocket expenses incurred. The fee payable to PwC Securities is payable regardless of the outcome of the Scheme. None of PwC Securities, PwC, Mr Stewart or Mr Jaski holds securities in VRM and have not held any such beneficial interest in the previous two years.

Purpose of Report

This IER has been prepared at the request of the Company's directors to accompany the Company's Notice of Meeting relating to the Scheme and should not be used for any other purpose. Neither the whole or any part of this IER nor any reference to it may be included in or attached to any document, circular, resolution, letter or statement without the prior written consent of PwC Securities to the form and context in which it appears.

Special note regarding forward-looking statements and forecast financial information

Certain statements in this IER may constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance and achievements of VRM, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the following:

- general economic conditions
- the future movements in interest rates and taxes
- changes in laws, regulations or governmental policies or the interpretation of those laws, the regulations or VRM in particular
- other factors referenced in this IER.

Disclaimer and consents

PwC Securities has consented to the inclusion of this IER in the form and context in which it is included as an attachment to the Company's Notice of Meeting relating to the Scheme. PwC Securities' sole involvement in the Company's Notice of Meeting relating to the Scheme has been the preparation of this IER and PwC Securities' liability is limited to the inclusion of this IER in the Company's announcement of the Scheme. PwC Securities has not been involved in, makes no representation regarding, and has no liability for, any other statements or other material in, or any omissions from, the Company's announcement of the Scheme.

In preparing this IER, VRM has indemnified PwC Securities, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage, including legal costs on a solicitor client basis, arising out of reliance on any information or documentation provided by VRM which is false and misleading or omits any material particulars or arising from a failure to supply relevant documentation or information.

In addition, VRM has agreed that if it makes any claim against PwC or PwC Securities for loss as a result of a breach of our contract, and that loss is contributed to by its own actions, then liability for its loss will be apportioned and is appropriate having regard to the respective responsibility for the loss, and the amount VRM may recover from PwC Securities will be reduced by the extent of its contribution to that loss.

Independent Specialist's Report

To assist with the assessment in this IER, PwC Securities engaged SRK to undertake an independent technical assessment and valuation of all of the mineral assets owned by VRM except for the Ammaroo Phosphate Project and a review of the technical assumptions in the Financial Model (the Independent Specialist's Report). The Independent Specialist's Report has been prepared in accordance with the VALMIN Code.

PwC Securities has relied on the Independent Specialist's Report for the purpose of our assessment and are satisfied that:

- SRK is appropriately qualified and experienced to prepare such an assessment
- the valuation methodologies adopted by SRK are appropriate based on generally accepted industry practices and guidance
- the Independent Specialist's Report is compliant with the requirements of the VALMIN Code.

SRK has provided its consent for PwC Securities to rely on the Independent Specialist's Report for the purpose of the valuation assessment included in this IER and to attach a copy of the Independent Specialist's Report to this IER.

Compliance

This IER has been prepared in accordance with:

- APES 225 *Valuation Services*
- the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 Edition.

Appendix D Glossary of terms

| Term | Definition |
|---------------------------------|--|
| A\$, \$, or AUD | Australian Dollars |
| Adjusted Financial Model | Financial Model adjusted for the SRK recommended adjustments and the updated foreign exchange rate |
| AFCA | Australian Financial Complaints Authority |
| AFSL | Australian Financial Services Licence |
| AGM | Annual General Meeting |
| APES | Accounting Professional & Ethical Standards Board Limited |
| ASIC | Australian Securities and Investment Commission |
| ASX | Australian Securities Exchange |
| Avenira | Avenira Limited |
| Capex | Capital expenditure |
| CAPM | Capital Asset Pricing Model |
| CD Capital | CD Capital Natural Resources Fund III L.P. |
| Corporations Act | The Corporations Act 2001 including the Corporations Regulations 2001 |
| DCF | Discounted Cash Flow |
| EBIT | Earnings Before Interest & Tax |
| EBITDA | Earnings Before Interest, Tax, Depreciation & Amortisation |
| Enterprise Value or EV | Value of the business (including all values attributable to all security holders) |
| Exploration Projects | All projects other than the Ammaroo Phosphate Project |
| Feasibility Study | Feasibility study and its results which were released in a VRM ASX announcement dated 17 May 2018 |
| Financial Model | Financial model for the Ammaroo Phosphate Project |
| FSG | Financial Services Guide |
| FY | Financial year ended 30 June |
| FY15, FY16, FY17, FY18 and FY19 | Financial years for the periods ended 30 June 2015, 30 June 2016, 30 June 2017, 30 June 2018, and 30 June 2019 respectively. |
| IER | This independent expert's report |
| Independent Board Committee | Independent directors: James Whiteside, Jason Conroy and Chris Tziolis |
| Independent Expert | PricewaterhouseCoopers Securities Ltd (in relation to this IER) |
| Independent Specialist's Report | Independent report of SRK dated 25 March 2019 regarding the technical assessment and valuation of certain mineral assets held by VRM |
| JORC Code | Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition |
| Management | The Management of VRM |
| MRP | Market Risk Premium |
| NAIF | Federal Government's Northern Australia Infrastructure Fund |
| NAV | Net Asset Value |

| Term | Definition |
|-------------------------|---|
| NT | Northern Territory |
| PP&E | Property, plant and equipment |
| PwC | PricewaterhouseCoopers Australia |
| PwC Securities | PricewaterhouseCoopers Securities Ltd |
| QMP | Quoted market price |
| Record Date | the time and date which determines the entitlements of Scheme Shareholders to the Scheme Consideration |
| Reserve Multiple | Enterprise Value / Mineral Reserve multiple |
| RG111 | ASIC Regulatory Guide 111 Content of expert reports |
| Second Court Date | The date on which the Court hears VRM's application in relation to the Scheme for Court approval |
| Scheme | CD Capital acquire all issued shares in VRM, other than any shares held by WHSP or in which WHSP has a relevant interest |
| Scheme Consideration | Cash consideration of \$0.032 per share |
| Shareholders | The shareholders of VRM |
| Shareholders' Agreement | Shareholders' agreement between CD Capital, WHSP and VRM to govern management of the Company following implementation of the Scheme |
| SIA | Scheme Implementation Agreement |
| SRK | SRK Consulting (Australasia) Pty Ltd |
| Stage 1 | The first 5-years of the Ammaroo Phosphate Project |
| Stage 2 | From year 6 until the end of the mine life of the Ammaroo Phosphate Project |
| VALMIN Code | Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets, 2015 Edition |
| Valuation Date | 11 March 2019 |
| VRM or the Company | Verdant Minerals Limited |
| VWAP | Volume Weighted Average Price |
| WHSP | Washington H. Soul Pattinson and Company Limited |

Appendix E Independent Specialist's Report

Independent Specialist Report on the mineral assets held by Verdant Minerals Limited

Report Prepared for

PricewaterhouseCoopers



Report Prepared by



SRK Consulting (Australasia) Pty Ltd

PWC002

April 2019

Independent Specialist Report on the mineral assets held by Verdant Minerals Limited

Verdant Minerals Limited

Unit 20, 90 Frances Bay Drive, Stuart Park NT 0820

PricewaterhouseCoopers

2 Riverside Quay, Southbank VIC 3006

SRK Consulting (Australasia) Pty Ltd

Level 1, 10 Richardson Street, West Perth WA 6005

e-mail: perth@srk.com.au
website: www.asia-pacific.srk.com

Tel: +61 8 9288 2000
Fax: +61 8 9288 2001

SRK Project Number: PWC002

April 2019

Compiled by

Jeames McKibben
Principal Consultant

Email: jmckibben@srk.com.au

Peer Reviewed by

Karen Lloyd
Principal Associate Consultant

Authors:

M Davies; C Araujo; A-M Ebbels; R Getty; D Kentwell; S Walsh.

Executive Summary

Verdant Minerals Limited (Verdant or the Company) has entered into a Scheme Implementation Agreement (Scheme or Proposed Transaction, ASX Announcement 11 March 2019) with CD Capital Natural Resources Fund III LP (CD Capital). The Scheme relates to the acquisition by CD Capital of all the issued shares in Verdant, other than the shares held by Washington H. Soul Pattinson and Company Limited (WHSP) or in which WHSP has a relevant interest.

PricewaterhouseCoopers (PWC) has been appointed by Verdant to provide an Independent Expert Report (IER) in relation to the Scheme. PWC has subsequently contacted SRK Consulting (Australasia) Pty Ltd (SRK) to provide an Independent Specialist Report (Report) incorporating a technical assessment and valuation of certain mineral assets held by Verdant to accompany the IER.

Summary of principal objectives

The objective of this Report is to provide an independent assessment of the techno-economic assumptions that would likely be considered by the market as part of a potential investment or transaction process involving the mineral assets of Verdant. The Report is to be included as an appendix to PWC's IER, which will provide an opinion on whether the Proposed Transaction is in the best interest of Verdant's shareholders.

SRK was provided with the Company's financial model (Ammaroo Cashflow MCA 20180517.xls, otherwise known as the Model) supporting the Ammaroo Project (the main asset) and was requested to provide PWC with a technical assessment of the inputs for use in its cashflow model informing the IER.

SRK has selected the most appropriate valuation techniques based on the perceived maturity of each project and the available information. This Report expresses an opinion regarding the value of the Projects as directed in SRK's mandate from PWC. This Report does not comment on the merits of any transaction between the owners of these mineral interests and any other parties.

This Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessment and Valuation of Mineral Assets – VALMIN Code (2015), which incorporates the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – JORC Code (2012).

Outline of work program

In accordance with SRK's mandate from PWC, SRK's work program included:

- Compiling a description of all mineral assets held by Verdant including ownership status, provisions and encumbrances
- A review of the technical inputs to PWC's discounted cashflow valuation model and provision of SRK's recommendations to those technical inputs
- An outline of the valuation methodologies and principal assumptions adopted by SRK in determining the valuation ranges, including details of the relevant market factors.

SRK has not carried out any Mineral Resource or Ore Reserve estimation/ calculation activities for the purposes of its Report.

SRK has considered that a site visit was not likely to reveal information that was material to the preparation of this Report.

Overview

In SRK's opinion, the Mineral Resource and Ore Reserve estimates for the Projects are acceptable as a reasonable representation of global grades and tonnages and are suitable for valuation purposes.

SRK has reviewed the proposed mine plan and associated assumptions with respect to mining, processing and cost estimation contained in the Ammaroo Project financial model (the Model). SRK was instructed by PWC to review and comment on 'Scenario Number 2', which aligns with the Feasibility Study report (FS report) announced to the ASX on 17 May 2018.

When valuing the exploration and advanced exploration assets, SRK has considered methods commonly used to value mineral assets at these stages of development. These methods are outlined in this Report. SRK has produced a Market Value as defined by the VALMIN Code (2015).

All monetary figures used in this Report are expressed in either United States (US\$) or Australian dollar (A\$) terms, unless otherwise stated. The final valuation is presented in Australian dollars. This Report has adopted a Valuation Date of 11 March 2019.

SRK's recommended valuation ranges and preferred values for the Projects are summarised in Table ES-1.

Table ES-1: Valuation summary – 100% basis (except for Karinga Lakes 85%) – as at 11 March 2019

| Mineral Occurrences | Project/ Prospect Name | Tenure | Low (A\$M) | High (A\$M) | Preferred (A\$M) |
|---------------------|---------------------------|--|------------|-------------|------------------|
| Phosphate | Ammaroo South | EL31789* | 1.46 | 3.83 | 2.05 |
| | Rockhole | EL31790* | 0.59 | 1.67 | 0.86 |
| | Brunchilly | EL30222, EL30223, EL30224 | 0.16 | 0.49 | 0.24 |
| | Burge Bore | EL30225 | 0.18 | 0.53 | 0.26 |
| | Patanella | EL24716*, EL24724 | 0.24 | 0.65 | 0.34 |
| | Singleton | EL30613 | 0.03 | 0.09 | 0.04 |
| | Subtotal | | 2.66 | 7.25 | 3.81 |
| Potash | Karinga Lakes (85%) | EL24987, EL25080, EL28205, EL28272, EL28872, EL30381, EL30382 | 2.54 | 5.61 | 3.20 |
| | Lake Amadeus | ELA 30194, ELA 30195, ELA 30196, ELA 30197, ELA 30389, ELA 30650 | 0.66 | 1.48 | 1.10 |
| | Subtotal | | 3.20 | 7.09 | 4.30 |
| Silica | Dingo Hole | EL31078 | 0.07 | 0.26 | 0.11 |
| | Tobermorey | ELA 31033, ELA 31034 | 0.36 | 0.53 | 0.37 |
| | Dneiper | ELA 31035, ELA 31036 | 0.09 | 0.14 | 0.10 |
| | Old South Road | ELA 31041 | 0.02 | 0.03 | 0.02 |
| | Subtotal | | 0.53 | 0.95 | 0.60 |
| Other | Silver Valley | EL31340 | 0.30 | 1.50 | 0.50 |
| | Subtotal | | 0.30 | 1.50 | 0.50 |
| Total | | | 6.69 | 16.80 | 9.21 |

Note: Any discrepancies between values in the table are due to rounding. Verdant has an 85% interest in the Karinga Lakes potash resources.

Table of Contents

| | |
|--|-----------|
| Executive Summary | ii |
| Disclaimer..... | x |
| List of Abbreviations | xi |
| 1 Introduction and Scope of Report..... | 1 |
| 1.1 Nature of the brief and summary of principal objectives..... | 2 |
| 1.2 Reporting standard..... | 2 |
| 1.3 Work program | 3 |
| 1.3.1 Legal matters..... | 3 |
| 1.4 Key data sources | 3 |
| 1.5 Effective date | 3 |
| 1.6 Project team | 3 |
| 1.7 Limitations, reliance on information, declaration and consent..... | 5 |
| 1.7.1 Limitations | 5 |
| 1.7.2 Statement of independence | 6 |
| 1.7.3 Indemnities | 6 |
| 1.7.4 Consent | 6 |
| 1.7.5 Consulting fees..... | 6 |
| 2 Valuation Preface | 7 |
| 2.1 Introduction | 7 |
| 2.2 Valuation approaches | 7 |
| 2.3 Valuation basis..... | 9 |
| 2.4 Valuation methodology | 9 |
| 2.5 Valuation of Mineral Resources | 10 |
| 2.5.1 Introduction..... | 10 |
| 2.5.2 Phosphate resource multiples..... | 10 |
| 2.6 Valuation of exploration tenure | 13 |
| 2.6.1 Phosphate exploration multiples | 13 |
| 2.6.2 Geoscientific rating..... | 14 |
| 3 Other Considerations | 17 |
| 3.1 Commodity trends and prices | 17 |
| 3.1.1 Phosphate | 17 |
| 3.1.2 Potash | 18 |
| 3.1.3 Silica - high purity quartz | 20 |
| 3.1.4 Silver, Zinc and Lead..... | 21 |
| 3.2 Previous valuations | 22 |
| 4 Phosphate Projects | 24 |
| 4.1 Regional setting | 24 |
| 4.2 Ammaroo Project | 26 |
| 4.2.1 Ownership and tenements | 26 |

| | | |
|--------|---|----|
| 4.2.2 | Royalties and material contracts | 28 |
| 4.2.3 | Geology and Mineral Resources | 28 |
| 4.2.4 | Ore Reserve | 29 |
| 4.2.5 | Processing | 30 |
| 4.2.6 | Throughput and recovery | 34 |
| 4.2.7 | Infrastructure and logistics | 37 |
| 4.2.8 | High-risk issues identified | 39 |
| 4.2.9 | Valuation of the Ammaroo Project – SRK’s recommendations | 40 |
| 4.2.10 | Valuation of Ammaroo’s exploration tenure | 40 |
| 4.3 | Ammaroo South Project | 42 |
| 4.3.1 | Ownership and tenements | 42 |
| 4.3.2 | Geology | 42 |
| 4.3.3 | History | 43 |
| 4.3.4 | Current Mineral Resources | 43 |
| 4.3.5 | Valuation of the Mineral Resource estimate and exploration target | 44 |
| 4.3.6 | Valuation of the Ammaroo South exploration tenure | 45 |
| 4.4 | Rockhole Project | 48 |
| 4.4.1 | Ownership and tenements | 48 |
| 4.4.2 | Geology | 48 |
| 4.4.3 | History | 49 |
| 4.4.4 | Current Mineral Resources | 50 |
| 4.4.5 | Valuation of exploration target | 50 |
| 4.4.6 | Valuation of exploration tenure | 51 |
| 4.5 | Brunchilly Project | 53 |
| 4.5.1 | Ownership and tenements | 54 |
| 4.5.2 | Geology | 54 |
| 4.5.3 | History | 55 |
| 4.5.4 | Current Mineral Resource | 55 |
| 4.5.5 | Valuation of exploration tenure | 55 |
| 4.6 | Burge Bore Project | 57 |
| 4.6.1 | Ownership and tenements | 58 |
| 4.6.2 | Geology | 59 |
| 4.6.3 | History | 60 |
| 4.6.4 | Mineral Resource estimates | 61 |
| 4.6.5 | Valuation of exploration tenure | 61 |
| 4.7 | Patanella Project | 63 |
| 4.7.1 | Ownership and tenements | 64 |
| 4.7.2 | Geology | 64 |
| 4.7.3 | History | 66 |
| 4.7.4 | Mineral Resource estimates | 66 |
| 4.7.5 | Valuation of exploration target | 66 |

| | | |
|----------|---|------------|
| 4.7.6 | Valuation of exploration tenure | 67 |
| 4.8 | Singleton Project | 69 |
| 4.8.1 | Ownership and tenements | 70 |
| 4.8.2 | Geology | 70 |
| 4.8.3 | History | 71 |
| 4.8.4 | Mineral Resource estimates | 71 |
| 4.8.5 | Valuation of exploration tenure | 71 |
| 5 | Potash Projects | 74 |
| 5.1 | Introduction | 74 |
| 5.2 | Karinga Lakes Project | 75 |
| 5.2.1 | Royalties and agreements | 76 |
| 5.2.2 | Geology | 78 |
| 5.2.3 | History | 78 |
| 5.2.4 | Mineral Resource estimates | 81 |
| 5.2.1 | Valuation | 82 |
| 5.3 | Lake Amadeus Project | 86 |
| 5.3.1 | Valuation of exploration tenure | 87 |
| 6 | Silica Projects | 90 |
| 6.1 | Dingo Hole Project | 91 |
| 6.1.1 | Valuation of exploration tenure | 92 |
| 6.2 | Tobermorey Project | 93 |
| 6.2.1 | Valuation of exploration tenure | 94 |
| 6.3 | Dneiper Project | 95 |
| 6.3.1 | Valuation of exploration tenure | 96 |
| 6.4 | Old South Road Project | 97 |
| 6.4.1 | Valuation of exploration tenure | 97 |
| 7 | Other Commodities | 99 |
| 7.1 | Silver Valley Project | 99 |
| 8 | Valuation Summary | 102 |
| 8.1 | Discussion on SRK's valuation range | 102 |
| 8.2 | Valuation risks | 103 |
| 8.2.1 | Resources and Reserves | 103 |
| 8.2.2 | Mining and production risk | 104 |
| 8.2.3 | Environmental risk | 104 |
| 8.2.4 | Land access | 104 |
| 9 | References | 105 |

List of Tables

| | | |
|-------------|---|----|
| Table 2-1: | VALMIN – page 29 – valuation approaches according to development status | 8 |
| Table 2-2: | Valuation basis | 9 |
| Table 2-3: | Resource based multiple transaction analysis for phosphate projects | 11 |
| Table 2-4: | Comparable Transactions considered by SRK for resource multiples | 12 |
| Table 2-5: | Selected Company – Enterprise value multiple analysis | 12 |
| Table 2-6: | Area-based multiples for early to advanced exploration assets | 14 |
| Table 2-7: | Comparable Transactions considered by SRK for area-based multiples | 14 |
| Table 2-8: | SRK's modified property rating criteria | 16 |
| Table 3-1: | High purity quartz producers | 20 |
| Table 4-1: | Ammaroo Project – tenure status | 27 |
| Table 4-2: | Ammaroo Mineral Resource at 10% P ₂ O ₅ cut-off (March 2017) | 29 |
| Table 4-3: | Ore Reserve estimate for Ammaroo (17 May 2018) | 29 |
| Table 4-4: | Ammaroo phosphate project mining schedule (first 9 Years) | 36 |
| Table 4-5: | Water consumption summary | 37 |
| Table 4-6: | Storage capacity at the site | 38 |
| Table 4-7: | Storage capacity at the port | 38 |
| Table 4-8: | Cases A and C infrastructure and logistics advantages and disadvantages | 39 |
| Table 4-9: | Ammaroo South Project – tenure status | 42 |
| Table 4-10: | Ammaroo South Mineral Resource estimate (June 2014) | 44 |
| Table 4-11: | Ammaroo South exploration target (June 2014) | 44 |
| Table 4-12: | Ammaroo South – Comparable transactions | 44 |
| Table 4-13: | Ammaroo South – Enterprise value | 45 |
| Table 4-14: | Ammaroo South exploration tenure – Comparable transactions | 45 |
| Table 4-15: | Ammaroo South exploration tenure – Geoscientific approach – modified Kilburn rating | 46 |
| Table 4-16: | Ammaroo South Project – Valuation summary | 47 |
| Table 4-17: | Rockhole Project – tenure status | 48 |
| Table 4-18: | Rockhole exploration target (June 2014) | 50 |
| Table 4-19: | Rockhole exploration target – Comparable transactions | 50 |
| Table 4-20: | Rockhole exploration target – Enterprise value | 51 |
| Table 4-21: | Rockhole exploration tenure – Comparable transactions | 51 |
| Table 4-22: | Rockhole's Exploration tenure – Geoscientific approach – modified Kilburn rating | 52 |
| Table 4-23: | Rockhole Project – Valuation summary | 53 |
| Table 4-24: | Brunchilly Project – tenure status | 54 |
| Table 4-25: | Brunchilly exploration tenure – Comparable transactions | 55 |
| Table 4-26: | Brunchilly exploration tenure – Geoscientific approach – modified Kilburn rating | 56 |
| Table 4-27: | Brunchilly Project – Valuation summary | 57 |
| Table 4-28: | Burge Bore Project – tenure status | 58 |
| Table 4-29: | Burge Bore exploration tenure – Comparable transactions | 61 |
| Table 4-30: | Burge Bore exploration tenure – Geoscientific approach – modified Kilburn rating | 62 |

| | | |
|-------------|--|-----|
| Table 4-31: | Burge Bore Project – Valuation summary..... | 63 |
| Table 4-32: | Patanella Project – tenure status | 64 |
| Table 4-33: | Patanella’s Exploration Target (June 2014) within EL24716 | 66 |
| Table 4-34: | Patanella’s Exploration Target – Comparable transactions..... | 66 |
| Table 4-35: | Patanella’s Exploration Target – Enterprise value | 67 |
| Table 4-36: | Patanella exploration tenure – Comparable transactions | 67 |
| Table 4-37: | Patanella exploration tenure – Geoscientific approach – modified Kilburn rating | 68 |
| Table 4-38: | Patanella Project – Valuation summary | 69 |
| Table 4-39: | Singleton Project - tenure status | 70 |
| Table 4-40: | Singleton’s exploration tenure – Comparable transactions | 71 |
| Table 4-41: | Singleton exploration tenure – Geoscientific approach – modified Kilburn rating | 72 |
| Table 4-42: | Singleton Project – Valuation summary | 73 |
| Table 5-1: | Karinga Lakes – tenure status | 76 |
| Table 5-2: | Karinga Lakes Mineral Resource (cut-off of 3000 mg/L K)..... | 81 |
| Table 5-3: | Analysis of properties with reported resources | 83 |
| Table 5-4: | Analysis of peer potash companies and implied multiples | 84 |
| Table 5-5: | Valuation summary – Karinga Lakes Project..... | 85 |
| Table 5-6: | Lake Amadeus – exploration tenure valuation..... | 88 |
| Table 5-7: | Statistics of the potash transaction dataset | 88 |
| Table 5-8: | Valuation summary – Lake Amadeus Project..... | 89 |
| Table 6-1: | Dingo Hole silica – exploration tenure valuation | 92 |
| Table 6-2: | Summary of exploration work evaluated on the Dingo Hole Project | 93 |
| Table 6-3: | Valuation summary – Dingo Hole Project | 93 |
| Table 6-4: | Tobermorey silica – exploration tenure Valuation..... | 95 |
| Table 6-5: | Dneiper silica – exploration tenure valuation | 96 |
| Table 6-6: | Old South Dam silica – exploration tenure valuation | 97 |
| Table 7-1: | Silver Valley lead-silver – exploration tenure valuation | 100 |
| Table 7-2: | Comparable transactions analysis – Silver Valley | 100 |
| Table 7-3: | Valuation summary – Silver Valley Project | 101 |
| Table 8-1: | Valuation summary – 100% basis (except for Karinga Lakes 85%) – as at 11 March 2019... | 102 |
| Table 8-2: | General guide regarding confidence for target and Resource/ Reserve estimates..... | 103 |

List of Figures

| | | |
|-------------|---|----|
| Figure 2-1: | Analysis of resource multiple vs resource grade (with resource shown as bubble size)..... | 11 |
| Figure 2-2: | All transactions – implied multiple vs area (with area shown as bubble size) | 13 |
| Figure 3-1: | Rock phosphate price | 18 |
| Figure 3-2: | Raw materials and DAP/ MAP prices (prices in US\$) | 18 |
| Figure 3-3: | Pricing of MOP and SOP products | 19 |
| Figure 3-4: | Silver price | 21 |
| Figure 3-5: | Zinc price..... | 22 |

| | |
|--|-----|
| Figure 3-6: Lead price | 22 |
| Figure 4-1: Regional setting of phosphate and potash projects in Northern Territory | 25 |
| Figure 4-2: Location and proposed infrastructure corridor – Ammaroo Project | 26 |
| Figure 4-3: Ammaroo phosphate concentrate production flowsheet..... | 32 |
| Figure 4-4: Ammaroo phosphate leach and filtration flowsheet | 33 |
| Figure 4-5: Ammaroo phosphoric acid concentration flowsheet | 34 |
| Figure 4-6: Case C – logistics chain..... | 39 |
| Figure 4-7: Ammaroo area – drilling and tenure locations | 41 |
| Figure 4-8: Location of Ammaroo South Project | 42 |
| Figure 4-9: Ammaroo South Resource polygons and drilling locations | 43 |
| Figure 4-10: Location of Rockhole Project | 48 |
| Figure 4-11: Rockhole – Project location and soil samples | 49 |
| Figure 4-12: Location of Brunchilly Project..... | 54 |
| Figure 4-13: Location of Burge Bore Project | 58 |
| Figure 4-14: Burge Bore Project..... | 60 |
| Figure 4-15: Location of Patanella Project | 64 |
| Figure 4-16: Pantanella exploration map | 65 |
| Figure 4-17: Location of Singleton Project | 70 |
| Figure 5-1: Location of Verdant’s potash projects relative to established infrastructure..... | 74 |
| Figure 5-2: Karinga Lakes Project titles showing location of all sampling to date | 77 |
| Figure 5-3: Brine hosted by various hydraulically interconnected stratigraphic lithologies | 79 |
| Figure 6-1: Location of Verdant’s silica projects relative to established infrastructure | 90 |
| Figure 8-1: Uncertainty by advancing exploration stage | 103 |

List of Appendices

- Appendix A: Letter of Good Standing – Verdant Minerals Ltd
- Appendix B: Phosphate Valuation Analysis
- Appendix C: Potash Valuation Analysis
- Appendix D: Polymetallic Transactions
- Appendix E: Estimation of Base Acquisition Cost

Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Verdant Minerals Limited (Verdant). The opinions in this Report are provided in response to a specific request from PWC to do so. SRK has exercised all due care in reviewing the supplied information and the publicly available market information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data and the market information. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

List of Abbreviations

| Abbreviation | Meaning |
|-------------------------|--|
| % | Percentage |
| μm | Micrometre (unit of measurement) |
| A\$ | Australian dollars |
| AA | Access Authority |
| ABM Resources | ABM Resources NL |
| Agrimin | ASX Code - AMN |
| Al_2O_3 | Alumina |
| ALEC | Arid Lands Environment Centre |
| AMD | Acid Mine Drainage |
| AME | Australian Mineral Economics Group |
| aMES™ or AMES™ | Proprietary activated water technology |
| ASIC | Australian Securities and Investment Commission |
| ASL | Above Sea Level |
| ASLP | Australian Standard Leaching Procedure |
| ASX | Australian Securities Exchange |
| Australian Potash | ASX Code - APC |
| BAC | Base Acquisition Cost |
| bcm | Billion cubic centimetres |
| BHP | BHP Billiton |
| BMI | Benchmark Mineral Intelligence |
| BMR | Bureau of Mineral Resources |
| BOO | Build Own Operate |
| Bt | billion tonnes |
| CAPEX | Capital expenditure or capital expense |
| CD Capital | CD Capital Natural Resources Fund III LP |
| CEN | Central Australian Phosphate |
| CICCC | China International Chemical Consulting Corporation |
| CLC | Central Land Council |
| Company | Verdant Minerals Limited |
| CPC | Consolidated Potash Corporation (formerly Aqua Guardian Group Limited) |
| CRA | CRA Exploration Pty Ltd |
| CSIRO | Commonwealth Scientific and Industrial Research Organisation |
| CTM | Complete Tenement Management Pty Ltd |
| Danakali | ASX Code - DNK |
| DAP | Diammonium phosphate |
| Datamine | 3D modelling and mining software package for manage mining operations |
| DCF | Discounted Cash Flow |
| DENR | Department of Environment and Natural Resources |

| Abbreviation | Meaning |
|--------------------------------|---|
| DGPS | Digital Ground Positioning System |
| DH | Dihydrate |
| DPIR | Department of Primary Industry and Resources |
| EIS | Environmental Impact Statement |
| EL | Exploration Licence |
| ELA | Exploration Licence Application |
| ELRA | Exploration Licence in Retention |
| EPA | Environmental Protection Authority |
| EPBC | Environmental Protection and Biodiversity Conservation |
| EPM | Exploration Permit for Minerals |
| EPS | Enhanced Production Scheduler |
| EV | Enterprise Value |
| Fe ₂ O ₃ | Iron Oxide |
| FEL | Front End Loader |
| FS | Feasibility Study |
| FSA | Fluorosilicic acid |
| G&A | General and Administrative |
| g/L | Gram/liter |
| GDMS | Gas Discharge Mass Spectrometry |
| GEMS™ | 3D modelling and mining software package for manage mining operations |
| GHD | GHD Australia |
| GJ | Gigajoules |
| GSQ | Genealogical Society of Queensland |
| HG | High Grade |
| Highfield | ASX Code - HER |
| HPQ | High Purity Quartz |
| HPQM | High Purity Quartz Material |
| ICG | Infrastructure Capital Group |
| ICP-MS | Inductively Coupled Plasma Mass Spectrometry |
| IER | Independent Expert Report |
| IFA | International Fertilizer Association |
| IOTA® | Industry standard product for High Purity Quartz |
| ISO | International Organization for Standardization |
| IVSC | International Valuation Standards Council |
| JORC Code | The Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition) |
| JV | Joint Venture |
| Kalium Lakes | ASX Code - KLL |
| KCl | Potassium chloride |
| kg | Kilogram |

| Abbreviation | Meaning |
|---------------------|---|
| km | Kilometre |
| km ² | Square kilometre |
| Kore Potash | ASX Code – K ₂ P |
| ktpa | Kilotonnes per annum |
| LDC | Least Developed Countries |
| Leapfrog | Leapfrog 3D geological modelling software |
| LED | Light Emitting Diode |
| LG | Low Grade |
| LME | London Metals Exchange |
| LOM | Life of Mine |
| M | Million |
| m | Metres |
| MAP | Monoammonium Phosphate |
| MEE | Multiples of exploration expenditure |
| MEND | Mine Environment Neutral Drainage |
| MER | Minor Elements Ratio |
| MG | Medium Grade |
| mg/L | milligrams per litre |
| MineMax | Minemax Planner Pit optimization software |
| Mineral Resources | Mineral Resources – as defined by the JORC Code (2012) |
| Mining Plus | Mining Plus Pty Ltd |
| ML | Mineral Lease |
| MLA | Mineral Lease Application |
| mm | Millimetres |
| MOP | Muriate of Potash |
| MOU | Memorandum of Understanding |
| MPR | MPR Geological Consultants Pty Ltd |
| Mt | Million tonnes |
| Mtpa | Million tonnes per annum |
| MTR | Metal Transaction Ratio |
| MW | Megawatts |
| N | Nitrogen |
| NI 43-101 | National Instrument 43-101 for the Standards of Disclosure for Mineral Projects within Canada |
| NOP | Nitrate of Potash (KNO ₃) |
| NPV | Net Present Value |
| NT | Northern Territory |
| NTGS | Northern Territory Geological Survey |
| NTIDF or Trust | Northern Territory Infrastructure Development Fund |
| NuPower | NuPower Resources |

| Abbreviation | Meaning |
|-------------------------------|--|
| NW | North-West |
| OCE | Office of the Chief Economist |
| OK | Ordinary Kriging |
| OLED | Organic Light Emitting Diode |
| OPEX | Operating expenses |
| P ₂ O ₅ | Phosphate |
| Pb | Lead |
| PEM | Prospectivity Enhancement Multiplier |
| PFS | Pre-Feasibility Study |
| PMC | Project Management Contractor |
| POD | Port of Darwin |
| ppm | Parts per million |
| PSD | Particle size distribution |
| PWC | PricewaterhouseCoopers |
| Q1 | Quarter 1 |
| RC | Reverse Circulation |
| Reward Minerals | ASX Code - RWD |
| ROM | Run of Mine |
| RUM | Rum Jungle Resources Limited |
| S&P | S&P Global Market Intelligence (formerly SNL) |
| SAG | Semi-Autogenous Grinding |
| Salt Lake | ASX Code – SO ₄ |
| SAP | Sulphuric Acid Plant |
| SE | South-East |
| Simulus | Simulus Engineers Pty Ltd |
| SLEADS | Salt Lakes Evaporites and Aeolian Deposits |
| SMC | The SMC Test is a laboratory comminution test which provides a range of information on the breakage characteristics of rock samples for use in the mining/ minerals processing industry. |
| SOP | Sulphate of Potash (K ₂ SO ₄) |
| SOPM | Sulphate of Potash Magnesia |
| SRK | SRK Consulting (Australasia) Pty Ltd |
| STRIKE | NT STRIKE online database. |
| Surpac™ | GEOVIA Surpac™ is the world's most popular geology and mine planning software, supporting open pit and underground operations and exploration projects |
| t | Tonnes |
| t/m ³ | Tonnes per cubic metre |
| TDS | Total dissolved solids |
| the Project | Ammaroo Phosphate Project in the Northern Territory |
| tpa | Tonnes per annum |

| Abbreviation | Meaning |
|---------------------|---|
| TSF | Tailings Storage Facility |
| TSP | Triple Superphosphate |
| US\$ | United States dollars |
| US | United States |
| USA | United States of America |
| VALMIN Code | The Australasian Code for the Public Reporting of the Technical Assessment and Valuation of Mineral Assets |
| Verdant | Verdant Minerals Limited |
| VOPAK | Royal Vopak N.V. is a Dutch company that stores and handles various oil, chemicals, edible oils and natural gas-related products. |
| Vulcan | 3D modelling and mining software package for manage mining operations |
| Whittle | Strategic mine planning software used to determine and optimize the economics of open pit mining projects. |
| WHSP | Washington H. Soul Pattinson |
| WorleyParsons | WorleyParsons Resources & Energy |
| XRF | X-ray fluorescence |

1 Introduction and Scope of Report

Verdant Minerals Limited (Verdant or the Company) has entered into a Scheme Implementation Agreement (Scheme or Proposed Transaction, ASX Announcement 11 March 2019) with CD Capital Natural Resources Fund III LP (CD Capital). The Scheme relates to the acquisition by CD Capital of all the issued shares in Verdant, other than the shares held by Washington H. Soul Pattinson and Company Limited (WHSP) or in which WHSP has a relevant interest.

PricewaterhouseCoopers (PWC) has been appointed by Verdant to provide an Independent Expert Report (IER) in relation to the Scheme. PWC has subsequently contacted SRK Consulting Australasia Pty Ltd (SRK) to provide an Independent Specialist Report (Report) incorporating a technical assessment and valuation of certain mineral assets held by Verdant to accompany the IER.

Verdant's principal mineral asset is the Ammaroo Phosphate Project (Ammaroo) located in the Northern Territory, Australia. In addition, Verdant holds interests in a number of other early stage phosphate, potash, high purity quartz (HPQ) and base metal assets in the Northern Territory. Collectively, Verdant's mineral assets are referred to as the Projects.

As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in relation to the exploration, development of and production from those tenures. This may include plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals relating to that tenure.

For this valuation, the Projects and associated tenure were classified in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of development projects will be proven by at least a Pre-Feasibility Study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants that have been commissioned and are in production.

SRK has classified the Ammaroo Project as a pre-development project, with the other projects classified as either advanced exploration or early stage exploration projects.

1.1 Nature of the brief and summary of principal objectives

The Report was initiated by PWC. The Report is to be included as an appendix to PWC's IER, which will provide an opinion on the merits of the Proposed Transaction.

The objective of the Report is to provide an independent assessment of the techno-economic assumptions that would likely be considered by the market as part of a potential investment or transaction process involving Verdant.

SRK was provided with the Company's financial model (Ammaroo Cashflow MCA 20180517.xls, otherwise known as the Model) supporting the Ammaroo Project and was requested to provide PWC with a technical assessment of the inputs and comment on their reasonableness for use in its cashflow model which supports its IER.

Key areas reviewed by SRK include:

- Mineral Resources and Ore Reserves incorporated into the Model (excluding estimation or calculations)
- Reasonableness of any timing assumptions incorporated in the Model
- Mining physicals (including tonnes of ore mined, ore grade mined and waste material)
- Processing physicals
- Operating costs
- Capital expenditure
- Any other relevant technical assumptions not specified above.

SRK has selected the most appropriate valuation technique for the Projects, based on their perceived maturity and the available information. This Report expresses an opinion regarding the value of the Projects as directed in SRK's mandate from PWC. This Report does not comment on the merits of any transaction between the owners of these mineral interests and any other parties.

1.2 Reporting standard

For the avoidance of doubt, this report has been prepared according to:

- 2015 edition of the Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

This Report has been prepared by SRK as a Technical Assessment and Valuation Report under the VALMIN Code, as well as the Australian Securities and Investment Commission (ASIC) Regulatory Guides 111 and 112.

For the purposes of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

1.3 Work program

This assignment commenced in February 2019, with a review of information supplied by Verdant, as well as other publicly available data and information sourced by SRK, including subscription databases such as S&P Global Market Intelligence (formerly SNL) database services. Company information was uploaded to an online data room and SRK consultants worked through the datasets, the Model and completed research on comparable market transactions to assist with the valuation.

1.3.1 Legal matters

SRK has not been engaged to comment on any legal matters.

SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

SRK has sighted documentation provided by Verdant that indicates that Verdant has the legal rights to the minerals which are the subject of this Report. SRK has made all reasonable enquiries into this status as at 11 March 2019.

1.4 Key data sources

Data and information relating to the assets as used by SRK during the preparation of this Report are referenced throughout the Report.

SRK has been provided with a letter from Complete Tenement Management Pty Ltd (CTM), Verdant's tenement managers, confirming the Company's mineral titles were all in good standing as at 12 February 2019 (Appendix A).

1.5 Effective date

The Effective Date of this Report is 28 March 2019, and the Valuation Date is 11 March 2019.

1.6 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below.

Jeames McKibben, BSc Hons, MBA, Chartered Valuation Surveyor (MRICS), MAusIMM(CP), MAIG – Principal Consultant

Jeames McKibben is an experienced international mining professional having operated in a variety of roles including consultant, project manager, geologist and analyst over more than 25 years. He has a strong record in mineral asset valuation, project due diligence, independent technical review and deposit evaluation. As a consultant, he specialises in mineral asset valuations and Independent Technical Reports for equity transactions and in support of project finance. Jeames has been responsible for multi-disciplinary teams covering precious metals, base metals, bulk commodities (ferrous and energy) and other minerals in Australia, Asia, Africa, North and South America and Europe. He has assisted numerous mineral companies, financial, accounting and legal institutions and has been actively involved in arbitration and litigation proceedings. Jeames is a current member of the VALMIN Committee.

Caue ‘Paul’ Araujo, BSc (Geology), MBA (Project Management & Finance), MAusIMM – Principal Consultant

Caue Araujo is an experienced mining professional with skills & experience encompass geology, commercial leadership, mining finance & investment strategy, mineral economics, economic modelling and project management. Caue has participated in mining project evaluations and technical due diligence (Mergers & Acquisitions), and Mineral Resource/ Ore Reserve audits (NI 43-101, JORC, VALMIN and US SEC). He has prepared independent technical reports, exploration valuations and global strategic geological exploration assessments across a range of geological environments and commodities. Most recently Caue held the roles of Global Iron Ore Industry Director at the Australian Mineral Economics Group (AME) and General Manager SRK Consulting Brazil. He has in-depth knowledge of technical and commercial aspects of the iron ore industry, and significant exposure to other base metal, precious metal and industrial mineral deposits in Australia, Brazil, Canada, Africa and Russia. Prior to consultancy, Caue gained experience in iron ore open pit grade control, brownfield exploration target generation, geologic 3D modelling, long-term planning and ISO quality internal audits while working for Vale S.A. in Brazil.

Danny Kentwell, MSc (Mathematics & Planning; Geostatistics), FAusIMM – Principal Consultant

Danny Kentwell is a geostatistician with a background in geological modelling, mine planning and surveying. He has 25 years’ international experience with varied commodities including gold, copper, mineral sands, iron ore, nickel laterites, nickel sulphides and phosphate. Danny’s skills cover 3D geological modelling, resource estimation and technical reviews as well as open pit optimisation scheduling and design. His software skills include Isatis, Leapfrog, EDGE, Supervisor, Surpac, Vulcan, Datamine, GEMS, Whittle and MineMax Scheduler. Danny is a Competent Person for JORC Code and a Qualified Person for NI 43-101 reporting of resources for numerous commodities and deposit types. Danny has experience with many change of support and selective mining unit scale estimation and simulation methods, including local uniform conditioning, multivariate uniform conditioning, localised multiple indicator kriging with a change of support, direct block simulation, turning bands simulation, sequential Gaussian simulation and sequential indicator simulation.

Anne-Marie Ebbels, BEng (Mining), GradDip (Computer Studies), MAusIMM(CP) – Principal Consultant

Anne-Marie Ebbels is a mining engineer with 22 years’ experience in mining operations and consultancy in Australia and overseas. Her expertise includes mine design, scheduling, drill and blast, economic modelling, supervision and contract management. Anne-Marie has significant practical experience in mine planning and scheduling using 5D Planner and EPS. Consulting experience includes scoping, pre-feasibility and feasibility studies, technical reviews, due diligence, economic modelling and site support. Anne-Marie has mining experience in open stoping, narrow vein mining, caving and drift and fill mining. Anne-Marie is a competent person for JORC and NI 43-101 Reporting and has completed numerous Ore Reserve reports for lead-zinc, copper and gold deposits.

Simon Walsh, BSc (Extractive Metallurgy & Chemistry), MBA, MAusIMM, GAICD – Principal Associate (Metallurgy) – Simulus

Simon Walsh is the Principal Metallurgist with Simulus Engineers. He has extensive design and operational expertise across a range of mineral processing and hydrometallurgical processes, including nickel, cobalt, alumina, copper, gold and iron ore. His broad range of experience covers both management, supervisory and technical roles in plant operations, commissioning, process simulation, project studies, detailed engineering design, metallurgical testwork management and competent person reporting.

Mathew Davies, BSc Hons (Exploration & Resource Geology), MAusIMM – Senior Consultant

Mathew Davies is a geologist with over nine years' experience in the Australian mining industry. Mathew's multi-commodity experience includes coal and mineral exploration, with technical competency in exploration management and planning; drill rig supervision; core logging and sampling; regional- to prospect-scale geological mapping; target generation; prospectivity analysis; legislative compliance and reporting. Mathew is also competent in the development of geological models using Leapfrog and Minex, supported by a high level of competence in spatial packages such as ArcGIS and MapInfo. Mathew has been developing his skills in project valuation and has experience in valuation for a broad range of commodities and geological settings, including coal, iron ore, copper, gold, lead, zinc, silver, tin, nickel, molybdenum, phosphate, potash, uranium, mineral sands, niobium, tantalum and graphite.

Karen Lloyd, BSc (Hons), MBA, FAusIMM – Associate Principal Consultant

Karen has more than 20 years' international resource industry experience gained with some of the major mining consulting and investment houses globally. She specialises in independent reporting, mineral asset valuation, project due diligence and corporate advisory services. Karen has worked in funds management and analysis for debt, mezzanine and equity financing and provides consulting and advisory in support of project finance. She has been responsible for multidisciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities in Australia, Asia Africa, the Americas and Europe. Karen is a Fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and has the appropriate relevant qualifications, experience competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

Rebecca Getty, BSc Hons (Geology), MAusIMM, MAIG – Consultant

Rebecca Getty is an environmental management professional with 10 years' experience in the mining industry. Her experience as an environmental advisor includes mine closure, environmental management plans and environmental approvals. She commenced her career as an exploration geologist, responsible for supervising drill programs and preparing technical and statutory reports. She has designed, implemented and managed exploration programs for greenfields, mine definition and multi-stage projects in Australia and Canada. Rebecca's experience in technical reporting includes authoring and co-authoring of reports across scoping, pre-feasibility and feasibility study levels according to international reporting guidelines, JORC Code and NI 43-101. Rebecca has strong project management and risk assessment skills.

1.7 Limitations, reliance on information, declaration and consent

1.7.1 Limitations

SRK's opinion contained herein is based on information provided to SRK by Verdant throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by Verdant was taken in good faith by SRK. SRK has not independently verified the Mineral Resource or Ore Reserve estimates by means of recalculation.

This Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

As far as SRK has been able to ascertain, the information provided by Verdant was complete and not incorrect, misleading or irrelevant in any material aspect. Verdant has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Verdant was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect. SRK has no reason to believe that any material facts have been withheld.

1.7.2 Statement of independence

Neither SRK, nor any of its personnel involved in the preparation of this Report have:

- any material present or contingent interest in Verdant or any of the properties or mineral assets described herein; or
- any association with Verdant, or related parties of either, which may lead to bias.

SRK warrants that its team of consultants is competent to undertake the Services as requested by PWC, and to the best of SRK's knowledge and belief, having made reasonable enquiries, SRK has no conflicts, real or perceived capable of preventing SRK from performing the Services.

SRK discloses that it has previously completed technical due diligence reviews for third-party financiers on the mineral assets that are the subject of this Report.

SRK has no beneficial interest in the outcome of this technical assessment capable of affecting its independence.

1.7.3 Indemnities

As recommended by the VALMIN Code (2015), Verdant has provided SRK with an indemnity under which SRK is to be compensated for any liability and/ or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Verdant or this party not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

1.7.4 Consent

SRK consents to this Report being included, in full, in PWC's IER in the form and context in which the technical assessment is provided. SRK provides this consent on the basis that the technical assessment expressed in the Summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete report. SRK does not consent to this Report being used for any other purpose.

1.7.5 Consulting fees

SRK was remunerated with a time-based fee for the preparation of this Report, with no part of the fee contingent on the conclusions reached, or the content or future use of this Report. Except for these fees, SRK has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report.

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$35,000.

2 Valuation Preface

2.1 Introduction

SRK was engaged by PWC to assist in the preparation of an assessment of the market value of the mineral assets owned by Verdant. Specifically, SRK was requested to provide:

- commentary as to whether the mining technical data/ assumptions in the Company financial model are consistent with the underlying source data provided by Verdant and reasonable for valuation purposes and to provide suggested modifications to the input parameters as required
- a technical assessment and valuation of any reported Mineral Resources not considered in the Ammaroo life of mine (LOM) schedule
- an independent appraisal and valuation of Verdant's exploration stage mineral assets.

In determining the appropriate parameters for valuation, SRK has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of the Projects and the Projects' associated tenure.

In assessing the technical aspects relevant to this Valuation, SRK has relied on information provided by Verdant, as well as information sourced from the public domain.

The opinions expressed, and conclusions drawn with respect to this valuation are appropriate at the Valuation Date of 11 March 2019. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to the receipt of new exploration information.

2.2 Valuation approaches

While the VALMIN Code (2015) states that the selection of the valuation approach and methodology is the responsibility of the practitioner, where possible, SRK considers a number of methods.

The aim of this approach is to compare the results achieved using different methods to select a preferred value within a valuation range. This reflects the uncertainty in the data and interaction of the various assumptions inherent in the valuation.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

- 1 Market Approach
- 2 Income Approach
- 3 Cost Approach.

The *Market Approach* is based primarily on the principle of substitution and is also called the comparison transactions approach. The mineral asset being valued is compared with the transaction value of similar mineral assets, transacted in an open market (CIMVAL, 2003). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The *Income Approach* is based on the principle of anticipation of economic benefits and includes all methods that are based on the income or cashflow generation potential of the mineral asset (CIMVAL, 2003). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The *Cost Approach* is based on the principle of contribution to value (CIMVAL, 2003). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration tenure of the mineral asset.

The applicability of the various valuation approaches and methods vary depending on the stage of exploration or development of the mineral asset, and hence the amount and quality of the information available on the mineral potential of the assets. Table 2-1 presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

Table 2-1: VALMIN – page 29 – valuation approaches according to development status

| Valuation Approach | Exploration Projects | Pre-development Projects | Development Projects | Production Projects |
|--------------------|----------------------|--------------------------|----------------------|---------------------|
| Market | Yes | Yes | Yes | Yes |
| Income | No | In some cases | Yes | Yes |
| Cost | Yes | In some cases | No | No |

Source: VALMIN Code (2015).

The market-based approach to valuation is generally accepted as the most suitable approach for valuation of a Production Project.

An income-based method, such as a DCF model is commonly adopted for assessing the Value of a Tenure containing a deposit where an Ore Reserve has been reported following an appropriate level of technical studies and to accepted technical guidelines such as the JORC Code (2012). However, an income-based method is not considered an appropriate method for deposits that are less advanced, i.e. where there is no declared Ore Reserve and supporting mining and related technical studies.

The use of cost-based methods, such as considering suitable multiples of exploration expenditure is best suited to exploration properties, i.e. prior to estimation of Mineral Resources. As current Mineral Resources have been declared for the development and advanced exploration projects, cost-based methods of valuation are considered less suitable than market-based methods of valuation for these properties.

In general, these methods are accepted analytical valuation approaches that are in common use for determining Market Value (defined below) of mineral assets, using market-derived data.

The **'Market Value'** is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Council (IVSC) term of the same name. This has the same meaning as Fair Value in Regulatory Guide 111. In the 2005 edition of the VALMIN Code this was known as Fair Market Value.

The **'Technical Value'** is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term 'Technical Value' has an intended meaning that is similar to the IVSC term 'Investment Value'.

Valuation methods are, in general, subsets of valuation approaches. For example, the income-based approach comprises several methods. Furthermore, some methods can be considered to be primary methods for valuation while others are secondary methods or rules of thumb that are considered suitable only to benchmark valuations completed using primary methods.

The methods traditionally used to value exploration and development properties include:

- Multiples of exploration expenditure (MEE)
- Joint venture terms (expenditure-based)

- Geoscience rating (e.g. Kilburn – area-based)
- Comparable market value (real estate based)
- Metal transaction ratio (MTR) analysis (ratio of the transaction value to the gross dollar metal content, expressed as a percentage – real estate based)
- Yardstick/ rule of thumb (e.g. \$/resource or production unit, percentage of an in situ value)
- Geological risk.

In summary, however, the various recognised valuation methods are designed to provide an estimate of the mineral asset or property value in each of the various categories of development. In some instances, a particular mineral asset or property or project may comprise assets which logically fall under more than one of the previously discussed development categories.

2.3 Valuation basis

In estimating the value of Verdant's Projects as at the valuation date, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK has considered the Mineral Resources and Ore Reserves associated with the Projects, as well as the extent and exploration tenure of the granted tenure associated with the Projects.

The valuation method applied depends on the relative maturity of assessment for each asset, as well as the amount of available data supporting the project. In preparing its valuation of the Projects, SRK has considered the three main approaches (income, market and cost) as well as the available methodologies under each approach.

Table 2-2: Valuation basis

| Development Stage | Description | Valuation basis |
|-------------------------|---|---|
| Advanced Exploration | Current focus of exploration work program | Market: Comparable transactions Cost: Geoscientific rating |
| Early Stage Exploration | Associated tenure not currently the focus of the exploration work program | Market: Comparable transactions Cost: Geoscientific rating Cost: Multiples of exploration expenditure |

2.4 Valuation methodology

Where Measured and Indicated Mineral Resources and Ore Reserves have been defined, SRK's approach is to excise them from the mineral property and value them separately on a value per resource tonne or on the basis of a DCF. The value of the exploration tenure of the remainder of the property is then assessed.

Once a resource has been assessed for mining by considering revenues and operating costs, the economically viable component of the resource becomes the Ore Reserve. When this is scheduled for mining and all capital costs are considered, the net present value (NPV) of the project is established by discounting future annual cashflows using an appropriate discount rate.

In this instance, SRK has been requested to provide technical inputs into PWC's DCF model for the valuation of the Mineral Resources and Ore Reserves at the Ammaroo Project. Commentary regarding the technical inputs as presented to PWC are outlined elsewhere within this Report.

When only a resource has been outlined and its economic viability has still to be established, i.e. there is no Ore Reserve, typically SRK employs a 'rule of thumb' approach to resource valuation. This means allocating a dollar value to each resource tonne in the ground. Where appropriate, discounts are applied to the estimated contained mineral to reflect SRK's opinion of the uncertainty in the estimates.

2.5 Valuation of Mineral Resources

2.5.1 Introduction

To value the Mineral Resources/ Exploration Targets, SRK has carried out a search for publicly available information on market transactions involving similar projects (excluding those with associated mine infrastructure) that have occurred in the period leading up to, or about, the Effective Date of this valuation. Notably, SRK considered global transactions given the dearth of recent transactions involving similar assets in Australia. SRK has also completed a research of peer companies to determine resource multiples through the analysis of mineral resources and enterprise value.

In arriving at a market value for Verdant's mineral assets, SRK has considered the market for phosphate, potash, base metals and HPQ exploration properties in Australia in late 2018 to early 2019. In doing so, SRK has taken into consideration Verdant's equity position in the Projects and their status with respect to farm-in, joint venture or option to purchase arrangements.

SRK notes that the dataset compiled by SRK for analysis occurs over a long period of time (2010-2019). The transaction multiples have been adjusted by normalising the multiples using the difference between the relevant commodity price at the time of the transaction and the relevant current commodity price. Both the raw and normalised values are presented where adjustments have been made.

Importantly, while both peer company and transaction multiples are widely used in valuation, they both rely on the assumption that the reported Mineral Resources or Ore Reserves have been appropriately reported and can be taken at face value. As such, the method assumes that differences in reporting regimes, between different Competent Persons, resource classification, metal recovery and adopted cut-off grades (which may change between assets and/or companies) do not materially influence the implied multiple. The method implicitly assumes total recoverability of all metal tonnes, as reliable and accurate data is generally not disclosed or available around the time of most transactions or for all companies. Importantly, SRK's implied value calculations are for the purposes of our valuation and does not attempt to estimate or reflect the metal likely to be recovered as required under JORC Code (2012).

2.5.2 Phosphate resource multiples

Comparable Transactions

SRK has reviewed phosphate transactions globally over the past 10 years to identify comparables for analysis. Of the 68 transactions identified, 23 transactions had sufficient information with which to derive meaningful transaction value multiples (\$/resource tonne or \$/km) that were considered useful.

Of those transactions 23 transactions, 9 transactions (Appendix B) had sufficient information to derive resource-based transaction multiples. Three of the 9 transactions involved mineral assets at the production or pre-production stage, and four transactions involved assets at the pre-development/development stage. The remaining two transactions involved assets at the early to advanced exploration stage.

Where exploration targets were reported in accordance with the guidelines of the JORC Code (2012), SRK calculated the mid-point of the tonnage and grade ranges to derive a proxy for an implied resource value multiple for comparable purposes.

SRK's analysis of the implied resource value multiples based on the reported Mineral Resources is described in Figure 2-1 and Table 2-3. The selected comparable transactions are presented in Table 2-4.

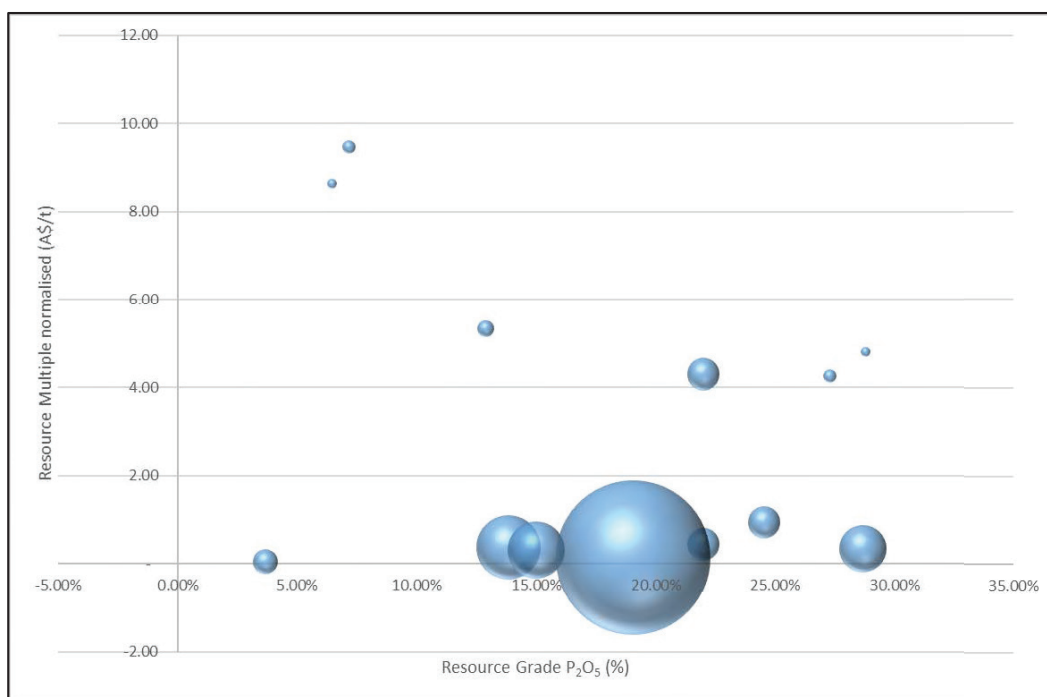


Figure 2-1: Analysis of resource multiple vs resource grade (with resource shown as bubble size)

Source: SRK analysis.

Note: Outliers have been removed for graphical purposes.

Table 2-3: Resource based multiple transaction analysis for phosphate projects

| Statistical analysis | Transaction Resource multiple – Raw (A\$/t P ₂ O ₅) | Transaction Resource multiple – Normalised (A\$/t P ₂ O ₅) |
|--|--|---|
| All resource multiples | | |
| Minimum | 0.37 | 0.31 |
| Median | 1.22 | 0.93 |
| Average | 3.11 | 2.91 |
| Maximum | 10.86 | 9.47 |
| Weighted average | 1.04 | 0.89 |
| All resources (excluding outliers) | | |
| Minimum | 0.42 | 0.33 |
| Median | 0.82 | 0.63 |
| Average | 0.82 | 0.63 |
| Maximum | 1.22 | 0.93 |
| Weighted average | 0.67 | 0.52 |
| Early to advanced exploration projects (excluding outliers) | | |
| Minimum | 0.37 | 0.31 |
| Median | 0.43 | 0.40 |
| Average | 0.61 | 0.62 |
| Maximum | 1.22 | 1.38 |
| Weighted average | 0.43 | 0.39 |

Table 2-4: Comparable Transactions considered by SRK for resource multiples

| Date | Project/ Company Name | Asset's acquired | Buyer | Seller | Country |
|------------|------------------------------|---------------------|------------------------------------|------------------------------|-----------|
| 2/02/2017 | Ardmore project | Ardmore | Centrex Metals Limited | Incitec Pivot Limited | Australia |
| 24/05/2013 | Central Australian phosphate | Arganara | Rum Jungle Resources Limited (RUM) | Central Australian Phosphate | Australia |

The Ardmore Project was drilled in the 1970's and has been held under a ML ever since, subject to renewal at the time of the deal. The project had over 300 drill holes and was historically considered as a potential satellite project to the Duchess Mine. At the time of the transaction, the Ardmore Project had an Exploration Target reported in accordance with the JORC Code (2012). The large historical dataset and location with a ML preclude direct comparison between Ardmore and Verdant's early to advanced exploration stage projects.

SRK believes the most comparable transaction is Rum Jungle Resources Limited (RUM)'s acquisition of Central Australian Phosphate. This transaction implies a resource multiple of A\$0.37/t on a raw basis and A\$0.31/t on a normalised basis. SRK has therefore derived a range for Australian inferred phosphate resources of between A\$0.20/t and A\$0.50/t. SRK has applied a further 50% discount to this range based on market factors for early stage phosphate assets in Australia.

Based on the available data, SRK considers the current market would pay between A\$0.10/t and A\$0.25/t for Inferred phosphate resources not included in the current Ammaroo Project. In selecting this range, SRK is cognisant of the size and grade of the residual resource outside of the Ammaroo Project and that based on forecast production rates, their eventual development is likely to be more than 15 years away, which would imply a significant discount to their current value (hence towards the lower end of the normalised range for all resources (excluding outliers) as presented in the preceding table.

Enterprise Value

To assess the market value of the Verdant's phosphate resources outside of the current LOM, SRK has reviewed the enterprise value (EV) per resource tonne of selected ASX-listed companies with phosphate resources. The enterprise value is based on each company's share price as at 1 March 2019 and the most recently reported financial and share registry information.

SRK has identified three ASX-listed companies with projects that contain phosphate resource estimates broadly comparable to those held by Verdant – Arafura Resources Limited (ARU), Avenira Limited (AEV) and Minbos Resources Limited (MNB). Both ARU and MNB hold interests in projects considered prospective for minerals other than phosphate (e.g. rare earths), which provide significant contributions to its enterprise value. These were therefore considered less comparable and excluded by SRK. AEV was considered reasonably comparable, albeit the company holds an operating mine in Senegal (Baobab). Table 2-5 summarises the results of SRK's enterprise multiple analysis.

Table 2-5: Selected Company – Enterprise value multiple analysis

| Company | Resource | Contained P ₂ O ₅ (Mt) | EV (A\$M) | EV/P ₂ O ₅ (A\$/t) | Observations |
|---------|--|--|--------------|---|---|
| Avenira | M+I+I of 912.1 Mt @ 19.2% P ₂ O ₅ | 148 | 17.98 | 0.12 | Two projects, one in Australia, and an operating mine in Senegal |

Given the operational nature of some of Avenira's assets, SRK considers the market would apply a discount to the implied multiples and as such SRK has elected to adopt a multiple of between A\$0.04 to A\$0.12/t for the valuation of Verdant's phosphate resources at Ammaroo South. SRK notes further that it has adopted an 80% discount to these values for the valuation of Verdant's Exploration Target given the greater uncertainty (and lower confidence) associated with Exploration Targets relative to defined Mineral Resources.

2.6 Valuation of exploration tenure

2.6.1 Phosphate exploration multiples

To establish a benchmark market value for phosphate exploration properties, a search for transactions involving sizeable phosphate exploration projects in Australia was carried out in the period leading up to or about the Effective Date of this valuation.

Using SRK's internal databases and the S&P Global Intelligence subscription database, SRK compiled transactions involving early to advanced exploration stage assets with no reported Mineral Resources. The mineral assets incumbent in these transactions were assessed according to commodity type and project development categories as outlined in the VALMIN Code (2015).

Of the transactions identified, 10 transactions had no reported Mineral Resources or Exploration Targets (Appendix B).

SRK's analysis of the area-based transaction multiples is presented in Table 2-6. Details of the transactions are presented in Appendix B. The selected transactions are shown in Table 2-7. Analysis of the transaction dataset on an area basis highlighted that projects with a larger area tend to have lower derived multiples (A\$/km²) relative to projects with smaller areas (Figure 2-2), which is similar to the results of the analysis undertaken on resource-based comparable transactions.

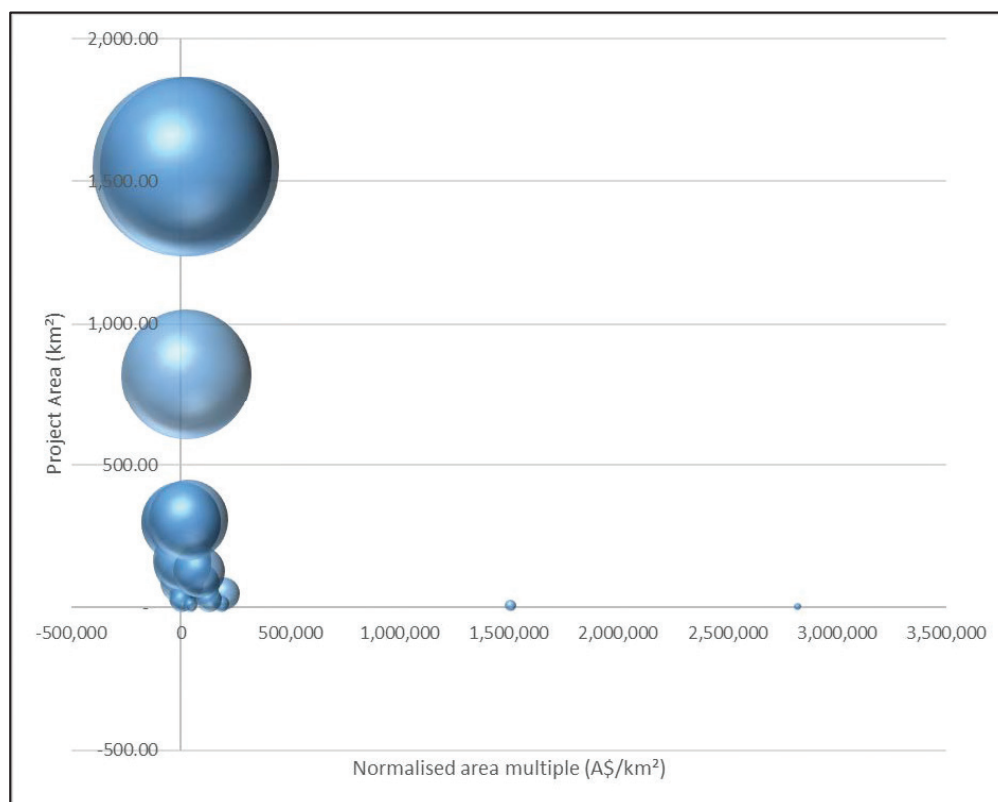


Figure 2-2: All transactions – implied multiple vs area (with area shown as bubble size)

Table 2-6: Area-based multiples for early to advanced exploration assets

| Statistical analysis | Transaction Resource multiple – Raw (A\$/km ²) | Transaction Resource multiple – Normalised (A\$/km ²) |
|--|--|---|
| All areas (excluding outliers) | | |
| Minimum | 28.67 | 33.99 |
| Median | 46,421.27 | 50,138.89 |
| Average | 46,421.27 | 50,138.89 |
| Maximum | 164,044.79 | 197,232.30 |
| Weighted Average | 27,442.70 | 22,692.39 |
| Early stage (excluding development projects and outliers) | | |
| Minimum | 1,016.95 | 1,020.84 |
| Median | 65,469.28 | 79,421.10 |
| Average | 65,469.28 | 79,421.10 |
| Maximum | 164,044.79 | 197,232.30 |
| Weighted Average | 25,661.65 | 31,965.81 |
| Early stage (Australian projects) | | |
| Dandaragan Transaction | 1,016.95 | 1,020.84 |

Source: SRK analysis.

Table 2-7: Comparable Transactions considered by SRK for area-based multiples

| Project | Country | Date | Vendor | Purchaser |
|------------|-----------|------------|-------------------------|----------------------|
| Dandaragan | Australia | 17/03/2011 | Kimba Resources Pty Ltd | Dempsey Minerals Ltd |

SRK has only identified Dandaragan as a reasonable comparable transaction involving exploration tenure only, based mostly on jurisdiction and tenure size. Therefore, SRK has selected a low multiple of A\$500/km² and high multiple of A\$1,500/km² when valuing the exploration tenure of the phosphate tenements. SRK has adopted these multiples (which approximate the minimum and average values of the normalised dataset for early stage phosphate projects) on the assumption that these areas have a low likelihood of being developed on a standalone basis by Verdant prior to the development of the main Ammaroo Project.

2.6.2 Geoscientific rating

SRK has used the geoscientific rating method as a further method to estimate the market value of the advanced exploration and the early stage exploration tenure. The geoscientific rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value. The intrinsic value is referred to as the base acquisition cost (BAC) and is critical because it forms the standard base from which to commence a valuation. It represents the 'average cost to identify, apply for and retain a base unit of area of title'.

Multipliers are considered for off-property aspects, on-property aspects, anomaly aspects and geology aspects. These multipliers are applied sequentially to the BAC to estimate the technical value for each tenement. A further market factor is then considered to derive a market value.

A BAC of A\$500/km² (average of exploration and prospecting leases) has been assumed in this valuation (Appendix E). This BAC incorporates annual rental, administration and application fees, in addition to nominal indicative minimum expenditure on acquisition.

In converting its implied technical value to a market value, SRK considers that market participants would apply a discount to the technical value of the advanced exploration tenure given the current market sentiment (Section 3). SRK has therefore allocated a market factor of 0.5 to the analysis. The rating criteria used for assessing the modifying factors are provided in Table 2-8. These rating criteria have been modified by SRK.

Table 2-8: SRK's modified property rating criteria

| Rating | Off-property factor | On-property factor | Geological factor | Anomaly factor |
|---------------|--|--|--|--|
| 0.1 | | | Unfavourable geological setting | No mineralisation identified – area sterilised |
| 0.5 | Unfavourable district/ basin | Unfavourable area | Poor geological setting | Extensive previous exploration provided poor results |
| 0.9 | | | Generally favourable geological setting, under cover or complexly deformed or metamorphosed | Poor results to date |
| 1.0 | No known mineralisation in district | No known mineralisation on lease | Generally favourable geological setting | No targets outlined |
| 1.5 | Minor workings | Minor workings or mineralised zones exposed | | Target identified, initial indications positive |
| 2.0 | Several old workings in district | Several old workings or exploration targets identified | Multiple exploration models being applied simultaneously | |
| 2.5 | | | Well-defined exploration model applied to new areas | Significant grade intercepts evident but not linked on cross sections or long sections |
| 3.0 | Mine or abundant workings with significant previous production | Mine or abundant workings with significant previous production | Significant mineralised zones exposed in prospective host rock | Several economic grade intercepts on adjacent sections |
| 3.5 | | | | |
| 4.0 | Along strike from a major deposit | Major mine with significant historical production | Well-understood exploration model, with valid targets in structurally complex area, or under cover | |
| 5.0 | Along strike for a world class deposit | | Well-understood exploration model, with valid targets in well understood stratigraphy | |
| 6.0 | | | Advanced exploration model constrained by known and well-understood mineralisation | |
| 10.0 | | World class mine | | |

Source: Modified after Xstrat, 2009 and Agricola Mining Consultants, 2011.

3 Other Considerations

3.1 Commodity trends and prices

3.1.1 Phosphate

When used in an untreated form, phosphate rock is largely insoluble and provides little available phosphorus to plants, except in some moist acidic soils. Treating phosphate rock with sulphuric acid creates phosphoric acid, the basic material for producing most phosphatic fertilisers.

Major fertilisers include diammonium phosphate (DAP), monoammonium phosphate (MAP) and triple superphosphate (TSP). DAP and MAP are produced by reacting phosphoric acid with ammonia. TSP is produced by treating phosphate rock with phosphoric acid.

DAP contains 18% N (nitrogen) and 46% P_2O_5 . It is widely produced in granular form for direct application as a fertiliser or for blending with other types of fertilisers, and in the non-granular form for use in liquid fertilisers. DAP is stored and transported as a solid at ambient temperatures.

The most common grade for MAP is 11% N and 52% P_2O_5 . MAP is widely produced in granular form for direct application as a fertiliser or in bulk blending of dry fertilisers. MAP is stored and transported as a solid at ambient temperatures.

TSP typically contains 46% P_2O_5 . It is produced in granular and non-granular form and is used in fertiliser blends (with potassium and nitrogen fertilisers) and by itself.

The balance of world phosphate rock consumption (approximately 5%) is used in a variety of other products, such as vitamins, pharmaceuticals, soft drinks, toothpaste, flame retardants, glass, photographic film and other consumer goods.

Cost inputs for DAP and MAP products including costs with sulphur and ammonia have generally also increased in price resulting in increased cost pressures on producers. DAP requires less ammonia to produce than MAP, while MAP is generally a better product the increased cost makes its use prohibitive in some areas.

The World Bank's Fertiliser Price Index rose 8% per t in the third quarter (q/q) of 2018 due to high energy costs and tight supplies. It stands more than 18% higher than at same period in 2017. Fertiliser consumption remains constrained by relatively weak crop prices and because of ample grain and oilseeds supplies. Fertiliser prices are projected to rise 2% in 2019 due to modest growth in global demand (World Bank, 2018).

The phosphate rock price is forecast to rise steadily from US\$91/t in 2020 to US\$105/t in 2030. Prices are forecast to increase as a result of rising energy costs, supply constraints and changes in China's environmental policy which has limited production and exports of nitrogen fertilisers and strong demand from India due to low inventory levels. Downside risks include newly discovered reserves in Saudi Arabia and increased capacity coming online in Morocco which accounts for >70% of global reserves.

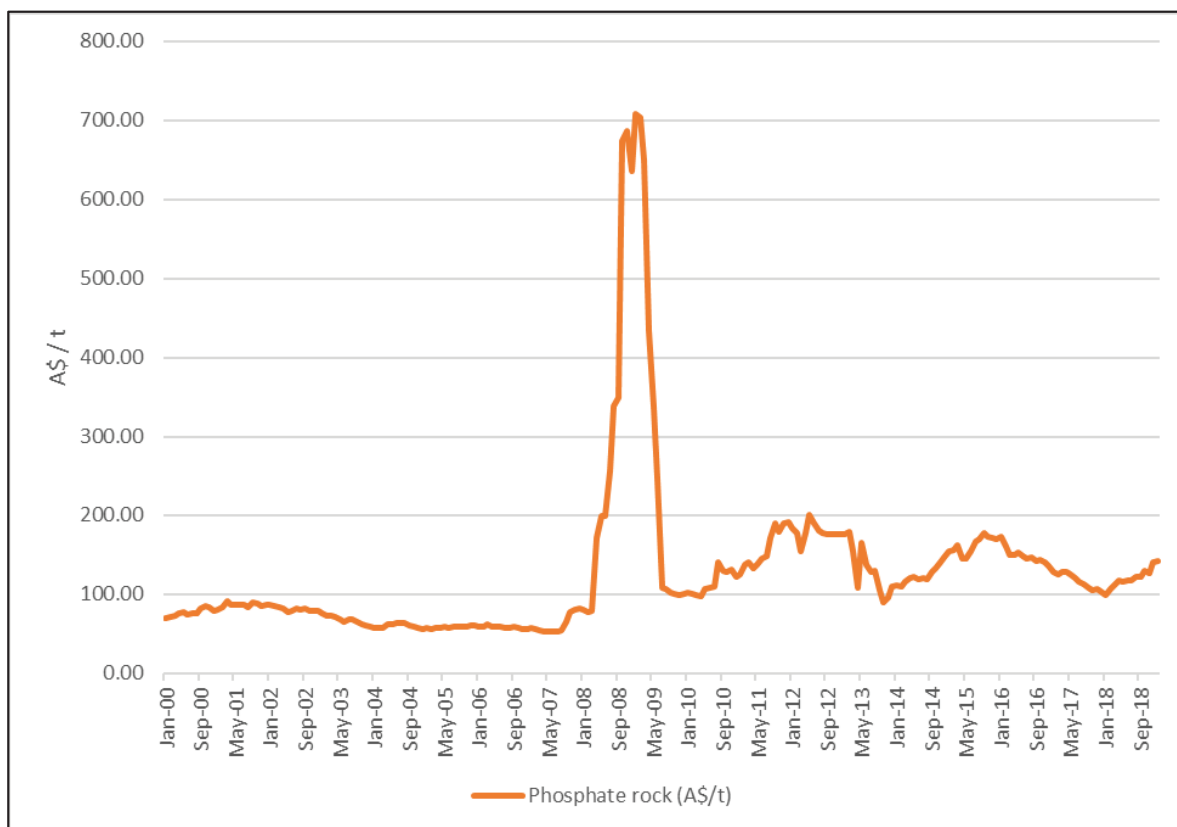


Figure 3-1: Rock phosphate price

Source: SRK analysis of World Bank commodity price data.

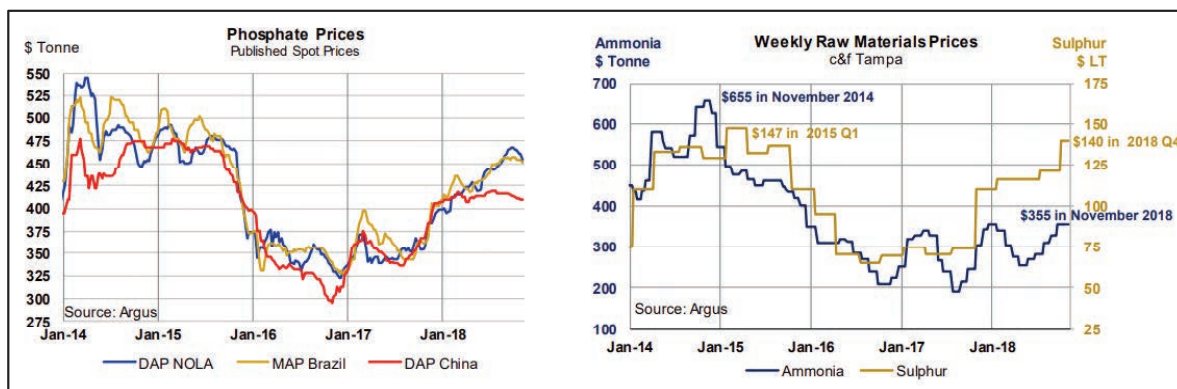


Figure 3-2: Raw materials and DAP/ MAP prices (prices in US\$)

Source: Rahn, 2018.

3.1.2 Potash

The main sources of potassium for agricultural purposes are Muriate of Potash (MOP or KCl) and Sulphate of Potash (SOP – K_2SO_4). Other sources include Nitrate of Potash (NOP – KNO_3) and potash in various forms with trace elements such as magnesium (SOPM). Polyhalite is a new product that emerged in 2011.

MOP is the cheapest source of potassium and has the largest market share. However, due to its chlorine content, MOP cannot be used in soils where acidity is an issue or for a number of plant types. The acidity issue means that SOP, which typically contains less than 1% Cl (chloride), is effectively servicing a separate market to MOP. SOP also provides S (sulphur), which is also essential for plant growth. For these reasons, SOP is considered a higher quality form of potash and attracts a price premium over MOP.

The MOP and SOP markets have surprisingly different price dynamics. The evidence for this is the stability of the SOP price since 2012, in a period of falling MOP price. SOP can be produced from MOP using the Mannheim process; this accounts for almost 50% of current supply.

The long-term SOP price has averaged above US\$500/t (Figure 3-3).

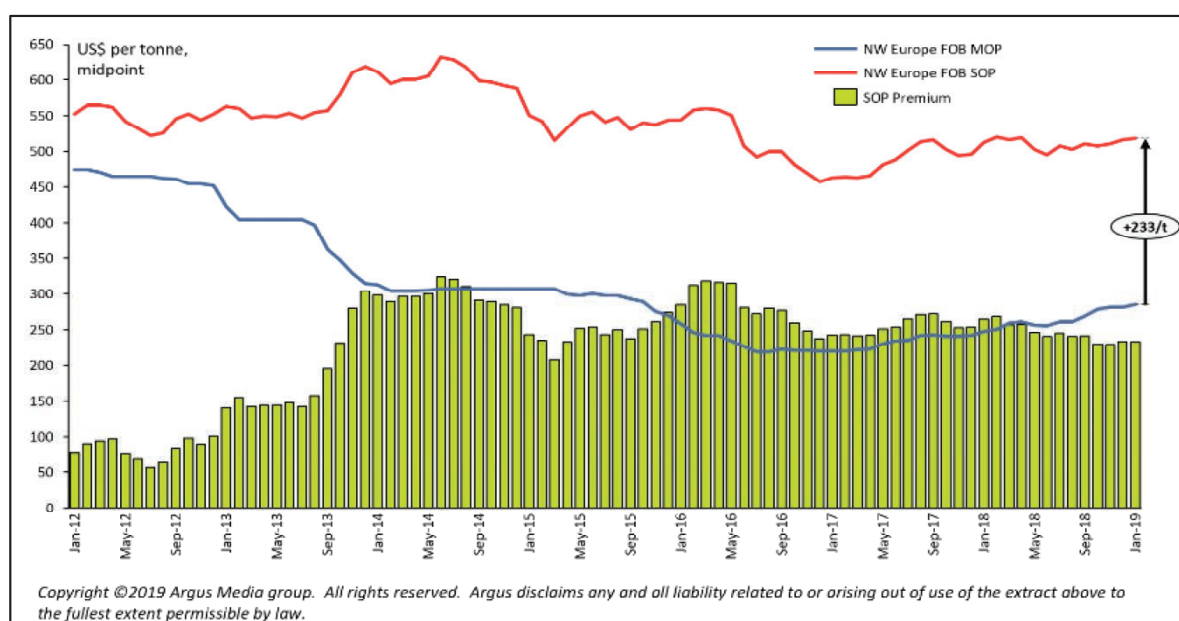


Figure 3-3: Pricing of MOP and SOP products

Source: Kalium Lakes presentation (February 2019) incorporating analysis by Argus Media Group.

Since 2014, China has imposed a RMB600/t (US\$89/t to US\$97/t) export tariff on the export of potash. On 1 January 2019, this tariff was removed, which may have a significant impact on the future direction of the SOP market. China typically exports less than 100 ktpa, making it a marginal producer, with exports typically opportunistic. In the short term, market commentators consider the impact will be muted as Chinese SOP prices prompt local producers to service Chinese domestic markets.

Going forward, potash demand is forecast to increase firmly in the near term, driven by Asian countries – by approximately 1.8% over the period 2018–2022, resulting in moderate to strong growth in prices (International Fertilizer Association (IFA), 2018). Global potassium capacity is forecast to grow by an overall 10%, to 64.4 Mt K₂O in 2022, with the majority of these increases occurring in Eastern Europe and Central Asia, North America and China, with decreases in Europe.

3.1.3 Silica - high purity quartz

Verdant's website (verdantminerals.com.au) provides an overview of the global silica market.

Silica (silicon dioxide, SiO₂) has a multitude of uses depending on the degree of purity of the initial feedstock. Very few deposits can be classified as high purity quartz (HPQ), which can be defined as having an SiO₂ content of at least 99.995%. The industry standard for HPQ is defined by a product marketed as IOTA®, mined by Sibelco, a Unimin Corp. subsidiary, at Spruce Pine in North Carolina, USA. IOTA® has set the high purity benchmark for the HPQ market and contains 20 ppm of impurities as standard, equating to 99.998% SiO₂.

HPQ is non-reactive in high temperatures, thermally stable and an ideal source to make crucibles. Grades up to 99.5% SiO₂ are used in the manufacture of glass, optical fibres and ceramics.

There are various classifications of HPQ. While modern processing methods can remove much of the contamination, it is the substitutional elements such as aluminium, titanium and lithium which are impossible to remove if they are structurally bound to the silica, that constrain the ultimate purity of the silica. Naturally occurring ultra-pure silica (greater than 99.97% SiO₂), which is suitable for production of high-purity fillers, silicon metal and use in solar panels and semi-conductors, is geologically rare.

While the current production capacity of the HPQ market is estimated at between 0.05 Mtpa and 0.1 Mtpa (BMI Research, 2016), the lower grade silica market is estimated to be greater than 70 Mtpa. There are two main sources of silica – sand deposits and lump vein quartz. HPQ is generally produced from lump vein quartz, while lower grade product (<99.95% SiO₂) is produced from silica sand deposits.

Deposits of high chemical quality and composition are rare, and deposits of substantial size and economically viable are rarer still. The largest known vein quartz deposit is located near Spruce Pine, North Carolina, USA. In addition, other HPQ deposits of various types are present elsewhere in the USA, Mauritania, Russia, Germany and Norway. The global industry is dominated by a small number of players that are integrated from mining through to the high-end downstream processing. Table 3-1 is a non-exhaustive list of companies involved in HPQ production.

Table 3-1: High purity quartz producers

| Company | Deposits |
|--------------------------------------|---|
| Creswick Quartz Pty Ltd | Creswick, Victoria, Australia |
| Unimin/ Sibelco | Spruce Pine, North Carolina, USA |
| The Quartz Corp | Drag, Norway and Spruce Pine, North Carolina, USA |
| Jiangsui Pacific Quartz Co. Ltd | Lianyungang, China |
| I-Minerals | Helmer-Bovill, Idaho, USA |
| Mauritanian Minerals Co | Oum Agueneina, Mauritania |
| Momentive Performance Materials Inc | Geesthacht, Germany and Hebron, Ohio, USA |
| Nordic Mining | Kvinnherad, Hordaland, Norway |
| Polar Quart, OJSC, RUSANO | Yugra, western Siberia, Russia |
| Russia Quartz LLC, RUSNANO, KGOK JSC | Kyshtym, Chelyabinsk, Russia |

Source: Industrial Minerals, December 2013, p 23.

Globally, there are several HPQ projects in varying stages of development. For example, Australian-based HPQ Materials (HPQM) is seeking to develop a mine and processing facility in Queensland and Victoria capable of producing speciality, solar and semi-conductor grade quartz for export to Asia.

Prices are noteworthy, albeit hard to specify as the major producers are privately held and sell on a contract basis. Purity and demand levels are important price determinants, with the material sold primarily to Asian-based crucible manufacturers.

According to Industrial Minerals (2013), prices for quartz with minimum silica contents of 99.5% and 99.8% can typically be US\$30/t and US\$150/t, respectively. Prices for low- to medium-grade HPQ materials are typically between US\$300/t and US\$500/t. The very best processed silica rock can sell for more than US\$5,000/t.

More recent figures by BMI (2016) suggest HPQ sand starts at US\$5,000/t, with most material sold between US\$6,000/t and US\$7,000/t. Ultimate-quality HPQ sand commands more than US\$10,000/t.

Solar grade HPQ currently sells between US\$6,500/t and US\$7,500/t, with semi-conductor grade selling between US\$10,000/t and US\$12,000/t, with an increasing trend (<http://www.hpquartz.com>).

3.1.4 Silver, Zinc and Lead

Silver is a precious metal that is traded typically around 1/80 the price of gold. Demand for silver comes equally from both industrial and investment avenues. This unique balance means that the economic outlook for the world economy can directly affect the price.



Figure 3-4: Silver price

Source: 5 Year Silver Prices – <https://www.kitco.com/charts/popup/ag1825nyb.html> (accessed 28 March 2019).

According to the Office of the Chief Economist at the Australian Department of Industry, Innovation and Science (OCE, 2018), world refined zinc consumption is expected to lift moderately from 14.2 Mt in 2018 to 15.4 Mt by 2020. Construction is expected to account for around half of global zinc demand, with consumer products and industrial equipment accounting for most of the remaining demand.

Global mined output is also expected to grow steadily as previous capital investment begins to pay off. While production has faced some disruptions in 2018, significant supply was expected in late 2018 and 2019, including Vedanta's Gamsberg mine and expansion/ re-opening of zinc mines in Australia, i.e. Century and Dugald River.

Despite a strong start in 2018, London Metals Exchange (LME) zinc prices have retreated recently. Monthly average prices peaked at US\$3,540/t in February 2018 before easing in June and then dropping sharply to below US\$2,500/t in August 2018, before rising slightly to finish the year around US\$2,518/t. Prices are expected to remain under pressure over the short to medium term, averaging US\$2,660/t in 2019 and US\$2,625/t by 2020.



Figure 3-5: Zinc price

Source: 3 Year Zinc Prices – S&P Global Market Intelligence (accessed 4 February 2019).

Lead is often mined with zinc and silver. Like zinc, lead endured dismal investor sentiment over the course of 2018. From a starting value of US\$2,543/t on 1 January 2018, lead lost 22.3% of its value over 2018.

Analysts predict that 2019 will hold even lower prices for lead as supply deficits are plagued by existing stockpiles of the metal. The key trend likely to unfold for lead over 2019 is the speed and scale of lead mine production as primary suppliers respond to the threat of lithium ion batteries and its use in electric vehicles. Other factors likely to affect lead prices, going forward, include the likelihood of further escalation in the US–China trade tariffs and strength of the US dollar.

Current consensus forecasts for lead are US\$2,221/t for 2019 and US\$2,237/t in 2020.

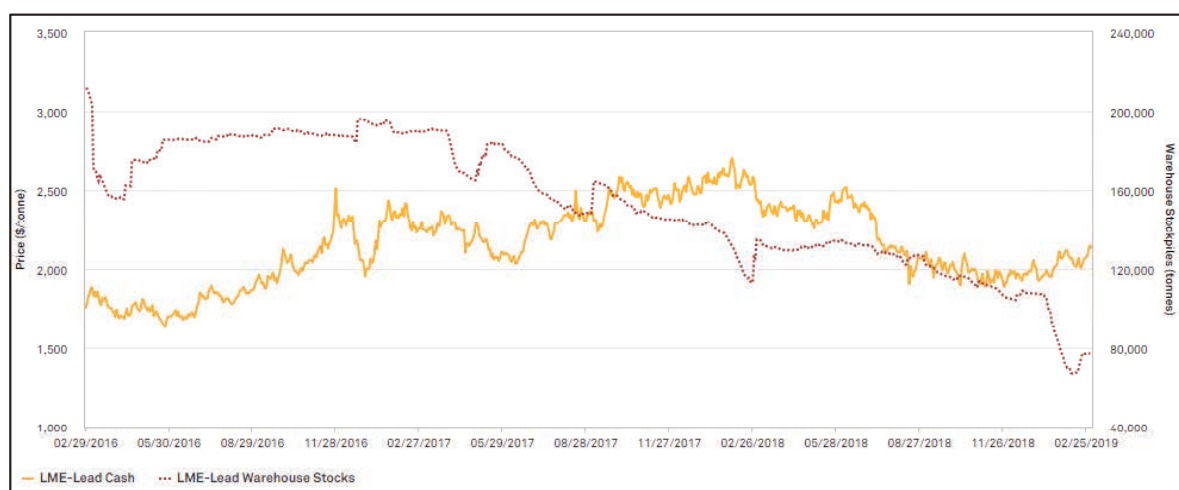


Figure 3-6: Lead price

Source: 3 Year Lead Prices – S&P Global Market Intelligence (accessed 4 February 2019).

3.2 Previous valuations

The VALMIN Code (2015) requires that an Independent Valuation Report should refer to other recent valuations or Expert Reports undertaken on the mineral properties being assessed.

SRK notes that in March 2013, Xstract Mining Consultants Pty Ltd (Xstract) compiled a Technical Report and Valuation of the mineral assets of Central Australian Phosphate Limited (CEN), in support of an IER relating to an off-market takeover offer by RUM. Xstract's report relates to the current Ammaroo Project area.

CEN's Arganara Project was at the Advanced Exploration stage in 2013 and contributed much to the value in Xstract's valuation. Arganara was merged with the Barrow Creek Project to form what is now the Ammaroo Project. Subsequently, the Ammaroo Project has been the subject of Mineral Resource update and a PFS.

SRK notes that the valuation multiples (resource and area multiples) implied in this Report are not significantly different from those considered in Xstract's valuation. Furthermore, SRK considers that the increase in value now attributed to these assets is reasonable given the intervening period (5 years) and material changes to the Mineral Resource base (including upgrading to defined Ore Reserves), development stage, level of techno-economic study and state of the market since the preparation of Xstract's 2013 valuation.

SRK also notes that there was a valuation done by Xstract on Lucy Creek (now Pantanella) in April 2013.

4 Phosphate Projects

Verdant's phosphate projects are located in the Northern Territory (Figure 4-1). The Georgina Basin is a world-class source of phosphate and the Wonarah (Avenira Ltd) and Ammaroo (Verdant) projects are Australia's largest undeveloped phosphate deposits. The Georgina Basin is also host to the operating Duchess project in Queensland. The phosphate deposits are all contained within Cambrian-aged sediments.

The Middle Cambrian Arthur Creek Formation, consisting of fossiliferous organic-rich calcareous and dolomitic siltstone, silty limestone and silty dolostone, is the principal target and contains the highest concentrations of phosphate.

4.1 Regional setting

Georgina Basin development initiated during the Neoproterozoic as a series of localised fault-bounded (sub-) basins or grabens, during a northeast directed extension along the eastern margin of the North Australian Craton (Greene, 2010). In these Neoproterozoic depocentres, two main successions of predominantly immature, coarse, clastic sedimentary rocks relating to two distinct periods of extension have been defined:

- An older diamictite and siltstone, including boulder conglomerates, initiating around 700 Ma
- An overlying predominantly arkosic sequence, from around 600 Ma (Greene, 2010).

The two Neoproterozoic successions have been interpreted as glaciogenic sediments deposited in developing rift basins, with major basement faults having had a fundamental control on the development of these early local depocentres (Greene, 2010; Dunster et al., 2007). Later Neoproterozoic clastic sedimentation has also been documented, overlying both earlier rift-related sequences and older Proterozoic basement areas on the margins of the rift basins (Greene, 2010).

A major plate reorganisation occurred around 550 Ma (late Ediacaran). This corresponded to the main phase of the Petermann Orogeny, during which dextral transpression caused strike slip movement between northern and southern blocks in central Australia and opened several basins (Dunster et al, 2007).

The earliest Cambrian sedimentary rocks in the Georgina Basin (lower Shadow Group) were probably deposited in a distal foreland-sag setting and are persevered in the Southern Georgina Basin. Younger Cambrian-Ordovician sequences preserved in the Georgina Basin indicate that a more tectonically stable period followed. During this period, Cambrian-Ordovician sedimentation was dominated by marine carbonate platform sequences. Locally preserved representations of these carbonate formations include the Arthur Creek Formation, Red Heart Dolostone, Thornton Limestone and Georgina Limestone. A number of depositional hiatuses, local erosion or deposition of deeper water facies separate the platform carbonate sequences.

Phosphate deposits predominantly occur in the Middle Cambrian carbonate platform rocks. The phosphate deposits have often developed in restricted shallow marine environments, such as embayments separated from the open sea and/ or carbonate banks adjacent to a seaway, with minimal terrigenous sedimentation and adjacent to Cambrian growth faults. Typically, the phosphate-rich zone consists of repeating units of phosphorite, phosphatic limestone and organic-rich shales. More specifically, the larger phosphate deposits are believed to have either formed near to historical shorelines within these embayments, such as the world-class Phosphate Hill deposit and the D Tree and the Paradise deposits, or in shallow marine waters over basement highs separating the open sea from shallower embayments, such as the Wonarah deposit.

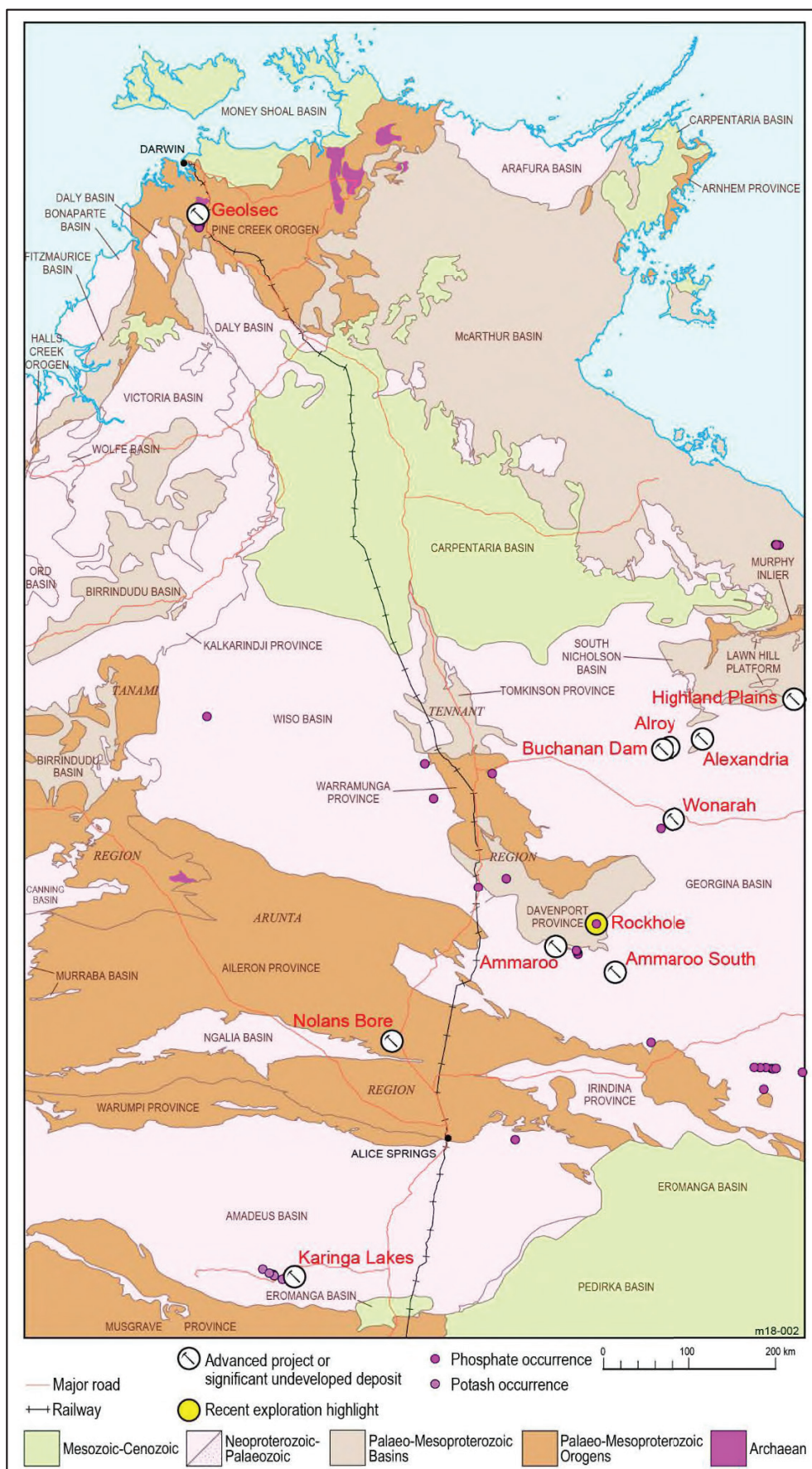


Figure 4-1: Regional setting of phosphate and potash projects in Northern Territory

Source: Phosphate Factsheet – accessed 01/03/2019 - https://core.nt.gov.au/_data/assets/pdf_file/0010/377623/Phosphate-Factsheet.pdf.

4.2 Ammaroo Project

The Ammaroo Project is located 350 km northeast of Alice Springs on the western side of the Georgina Basin (Figure 4-2).

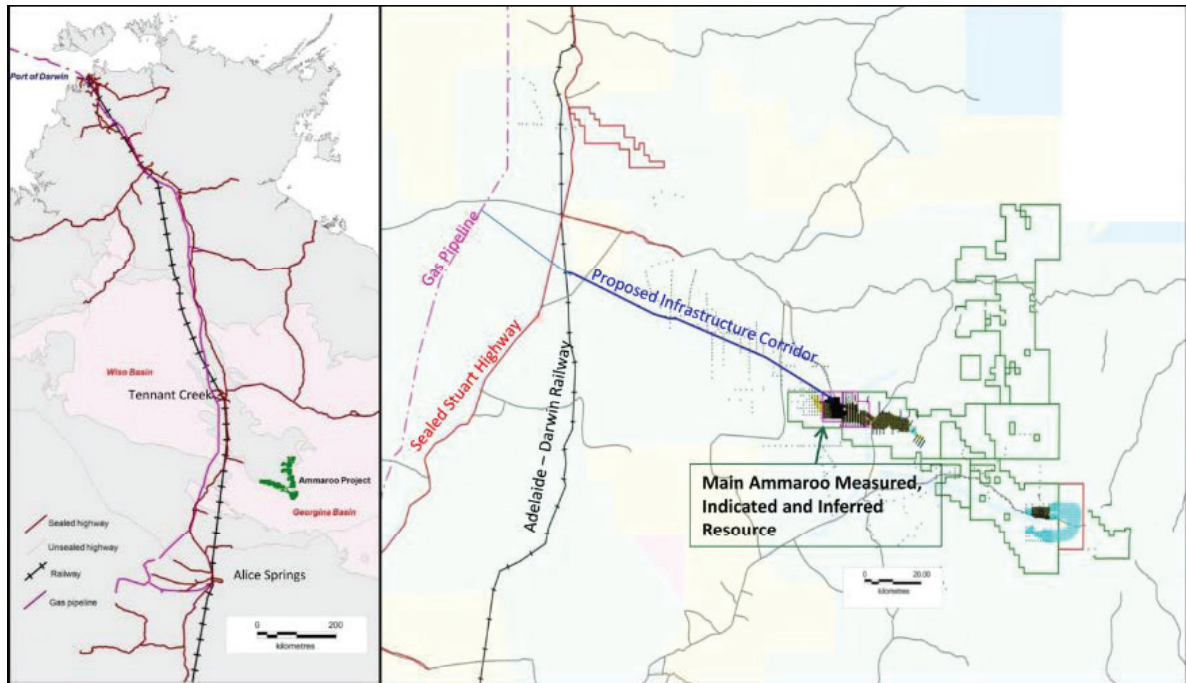


Figure 4-2: Location and proposed infrastructure corridor – Ammaroo Project

Source: Verdant Minerals.

Verdant completed the Ammaroo Feasibility Study and announced the results to the ASX on 17 May 2018. The Feasibility Study provided the main source of information for SRK's technical review and valuation report.

4.2.1 Ownership and tenements

The Ammaroo resource lies within granted exploration licences, EL25184, EL24726 and EL31789, which are approximately coincident with the mining lease applications (MLAs), as shown in Table 4-1. Verdant has been rearranging its tenure to simplify dealings with stakeholders and reduce rental payments and expenditure commitments to the NT Government.

Table 4-1: Ammaroo Project – tenure status

| Licence No. | Sub-Status | Company Holder | Percentage Held | Expiry Date | Sub-blocks | Area (ha) | Area (km ²) |
|-------------|----------------------------------|-----------------------------|-----------------|-------------|------------|-----------|-------------------------|
| EL24726 | Granted | Territory Phosphate Pty Ltd | 100% | 3/31/2020 | 20 | 6,391 | 63.91 |
| EL25184 | Granted | Territory Phosphate Pty Ltd | 100% | 4/18/2019 | 19 | 6,072 | 60.72 |
| ELA31791 | Application | Territory Phosphate Pty Ltd | 100% | na | 250 | 79,847 | 798.5 |
| ELRA31739 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 44,080 | 440.8 |
| ELRA31740 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 7,658 | 76.58 |
| ELRA31741 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 7,829 | 78.29 |
| ELRA31742 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 40,825 | 408.3 |
| ELRA31743 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 1,599 | 15.99 |
| ELRA31744 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 7,027 | 70.27 |
| ELRA31745 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 21,402 | 214 |
| ELRA31746 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 1,281 | 12.81 |
| ELRA31747 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 30,669 | 306.7 |
| ELRA31748 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 40,068 | 400.7 |
| ELRA31749 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 8,642 | 86.42 |
| ELRA31750 | Exploration Licence in Retention | Territory Phosphate Pty Ltd | 100% | na | na | 10,525 | 105.3 |
| MLA29463 | ML Application | Territory Phosphate Pty Ltd | 100% | na | na | 5,912 | 59.12 |
| MLA29854 | ML Application | Territory Phosphate Pty Ltd | 100% | na | na | 6,072 | 60.72 |
| MLA31713 | ML Application | Territory Phosphate Pty Ltd | 100% | na | na | 171 | 1.71 |
| MLA31717 | ML Application | Territory Phosphate Pty Ltd | 100% | na | na | 167.17 | 1.672 |

Source: Verdant, NT STRIKE online database.

Most of the Company's phosphate tenure is held by Territory Phosphate Pty Ltd, which is a wholly owned subsidiary of Verdant Minerals Limited. According to the NT Government's STRIKE online database, Territory Phosphate Pty Ltd is the registered holder of several Exploration Licences under Retention (ELRs) which secured tenure while the underlying Exploration Licences were reapplied for.

MLA31713 relates to the project borefield, while MLA31717 relates to a tenement held for ancillary purposes, the remaining two MLAs (MLA29463 and 29854) relate to the defined resource/ reserve area. The MLAs will only be granted after both of the following have been complete: i) signing a Native Title Agreement, ii) ground surveying completed by a chartered surveyor and iii) payment of rent.

To date, all exploration activities have been conducted with the prior approval of the pastoralist leaseholder, NT Department of Primary Industries and Resources and the Central Land Council (CLC).

4.2.2 Royalties and material contracts

Royalties

The following information has been provided to SRK:

- Currently no royalties are payable;
- Upon achieving production, State 'profit based' royalties will become payable from the current MLAs (MLA29463 and 29854) based on '*net value of the saleable mineral commodity sold or removed without sale from the production unit for a six-monthly period*';
- Based on Verdant's current mine plan, the Company estimates State royalties are payable from 2021 onwards;
- No other third-party royalties are payable; and
- There was previously a residual production royalty payable on some of the tenements; however, this royalty was subsequently terminated under an option deed (termination of royalty) in December 2017. This was settled by way of the issue of Verdant shares as approved by shareholders in November 2016.

Material contracts

SRK understands that there are no material agreements or contracts currently in place.

All tenements are 100% owned and operated by Verdant, and/or its wholly owned subsidiary, Territory Phosphate Pty Ltd. As such, there are no joint venture parties or obligations.

No binding off-take agreements have been negotiated or signed. Two non-binding Memorandums of Understanding (MOUs) have been entered into by the company, namely:

- On 21 May 2018, Verdant advised the ASX that it had entered into a non-binding MOU for 100,000 tonnes per annum (tpa) of phosphate rock concentrate with Ameropa Australia Pty Ltd, a leading Australian manufacturer and marketer of fertilisers.
- On 20 March 2018, Verdant advised the ASX that it had entered into a non-binding MOU for 350,000 tpa of phosphate rock concentrate with Wilson International Trading Limited, a trader supplying India fertiliser manufacturers, and marketers Greenstar Fertilisers.

Verdant's announcement of the feasibility study results in May 2018 stated that in order to secure debt financing, at least 600,000 t of Stage 1 production will need to be underwritten by binding offtake agreements.

SRK understands that negotiations for a Native Title Agreement are still in progress. Infrastructure access (rail and port) remain to be negotiated and will be undertaken upon granting on the Mining Lease.

4.2.3 Geology and Mineral Resources

The mineralisation is hosted by Cambrian marine sedimentary phosphorite rocks of the Arthur Creek Formation. The mineralisation is flat-lying to gently undulating with a slight general inclination towards the south. It is overlain by between 1 m and 56 m of generally barren material, with an average depth to mineralisation of around 23 m. The resource estimates extend to around 60 m depth, with approximately 90% at depths of less than 40 m below surface.

Ammaroo West mineralised domain measures 19.5 km east-west at an average width of around 3.3 km, with an average thickness for the combined mineralised domains of around 5.7 m. The high-grade domain comprises several isolated zones with an average thickness of approximately 2.7 m. The interpreted Ammaroo East domain is approximately 13.5 km east-west by 3.9 km north-south with an average thickness of 8.1 m.

SRK has reviewed the resource report and the PFS and Feasibility Study documents. Access database information has also been extracted and loaded into 3D and ioGAS to check data variability. The currently stated Mineral Resource at Ammaroo is shown in Table 4-2.

Table 4-2: Ammaroo Mineral Resource at 10% P₂O₅ cut-off (March 2017)

| Category | Tonnage (Mt) | P ₂ O ₅ (%) | Al ₂ O ₃ (%) | CaO (%) | Fe ₂ O ₃ (%) | K ₂ O (%) | MgO (%) | MnO (%) | Na ₂ O (%) | SiO ₂ (%) | U ₃ O ₈ (ppm) |
|--------------|--------------|-----------------------------------|------------------------------------|-------------|------------------------------------|----------------------|-------------|-------------|-----------------------|----------------------|-------------------------------------|
| Measured | 136 | 15.4 | 7.2 | 21.1 | 4.9 | 1.1 | 0.79 | 0.18 | 0.19 | 44 | 23 |
| Indicated | 165 | 15.5 | 7.0 | 20.9 | 5.5 | 1.3 | 0.76 | 0.16 | 0.18 | 43 | 21 |
| Inferred | 840 | 13.0 | 6.8 | 18.0 | 6.9 | 1.4 | 0.70 | 0.20 | 0.20 | 47 | 26 |
| Total | 1,141 | 14.3 | 7.0 | 19.4 | 6.3 | 1.4 | 0.72 | 0.20 | 0.20 | 46 | 25 |

SRK makes the following observations:

- The phosphate mineralisation appears to be friable and has contributed to poor recovery and poor density determination.
- There is a large resource base with a Minor Elements Ratio (MER) approaching 1% in most locations. The base of the sequence and some blocks within the model have high Fe (particularly towards the base of the sequence) and high Mg (dolomitic limestone).
- A total of 180 bulk density samples have been used to determine a single density used for the entire resource. The spread of samples is not uniform. Density of material changes with depth in productive sequence and secondary weathering (depth from current surface).
- Block model size is 25 m by 50 m by 0.5 m. In SRK's opinion, a thickness of 0.5 m in the vertical direction is too small for a deposit that has been drilled with reverse circulation (RC) on 1 m sample intervals.
- While the global resource appears reasonable, it could be improved by means of additional geological control and use of a larger block size.

4.2.4 Ore Reserve

The Ammaroo Ore Reserve is presented in Table 4-3. SRK has not reviewed details of the conversion of the Mineral Resource to Ore Reserve (by applying Modifying Factors) in detail.

Table 4-3: Ore Reserve estimate for Ammaroo (17 May 2018)

| Category | Resource Classification | Tonnage (Mt) | Average Grade (% P ₂ O ₅) |
|--------------|-------------------------|--------------|--|
| Proved | Measured | 11.8 | 18.9 |
| Probable | Measured | 4.1 | 18.9 |
| Probable | Indicated | 16.4 | 17.5 |
| TOTAL | | 32.4 | 18.2 |

Note: Contains "rounding errors".

Mine plans were developed based on selective mining from only part of the Measured and Indicated Mineral Resource at a 10% P₂O₅ cut-off grade. Relatively low tonnage conversion (11%) of Measured and Indicated Mineral Resource to Ore Reserve seems to be a result of the following:

- Ore Reserve grades are closer to the Mineral Resource estimated grade at 15% P_2O_5 cut-off (Measured & Indicated total of 133 Mt), which is 24% conversion
- The shallow sequence, particularly closer to surface, is prone to fines weathering to clay
- The shallow sequence has inherently higher fines (low recovery) and is not considered economic
- Some P_2O_5 is at depths >60 m and would not likely be economic (possibly should not be considered Mineral Resource at all)
- High Fe and Mg resource blocks have been excluded
- Depth of cover seems to be a limiting factor in some locations.

4.2.5 Processing

Metallurgical testwork

A metallurgical batch testwork program was completed as part of the PFS, including:

- Comminution testwork to establish Bond impact, rod mill and ball mill work indices, Bond abrasion index, specific gravity, and SAG mill comminution (SMC) tests
- Ore characterisation, including size by assay analysis and QEMSCAN analysis
- Flotation testwork
- Scrubbing tests
- Phosphoric acid, MAP and DAP production tests
- Thickening and filtration tests
- Flotation tailings geochemical assessment.

Additional batch testwork and piloting testwork was completed to confirm that the PFS design can produce >32% P_2O_5 concentrate from a range of feed ores and to support the FS engineering design. The FS testwork program included:

- Comminution testwork to establish Bond impact, rod mill and ball mill work indices, Bond abrasion index, specific gravity, and SAG mill comminution (SMC) tests
- Ore characterisation including size by assay analysis
- Flotation testwork including batch and piloting
- Scrubbing tests
- Phosphoric acid, MAP and DAP production tests
- Thickening and filtration tests
- Concentrate drying testwork
- Flotation tailings geochemical assessment.

The testwork programs were completed at reputable laboratories, with vendor laboratories used appropriately for specialised parts of the flowsheet – thickening, filtration, drying, and phosphoric acid production.

The key conclusions from the PFS testwork of relevance to this review were:

- Phosphorous is mainly contained in clean apatite and silicate-bearing apatite across the full range of size fractions
- Apatite grain size is typically 110–150 μm
- Ores are soft to medium, with low abrasion index (<0.1)
- Ground ore can be floated without desliming, to improve P_2O_5 recovery

- Concentrate could potentially be produced from both high-grade and low-grade ores
- The actual and corrected MER of the concentrate produced was approximately 3.5 times higher than the target values, with operational difficulties expected when producing phosphoric acid
- Phosphoric acid of good quality (>55% w/w P_2O_5) was produced, with lower than typical sulphuric acid consumption, an acceptable MER, lead (Pb) content slightly elevated and higher than typical P_2O_5 recovery.

The key conclusions from the FS testwork program were:

- Apatite crystals are mainly <10 μm needles that are prone to breakage during comminution, generating excessive amounts of slimes and or fines
- Samples of weathered, near-surface material with a P_2O_5 grade of approximately 10% were included in the FS testwork program. SRK expects these grades may have been estimated higher, but the true grade was lower than expected
- Particle size distribution (PSD) problems were encountered, with excessive amounts of ultra-fines (<20 μm) present in the feed to the bench testwork, including the comminution tests
- The target P_2O_5 recovery of 70%, for a 32%–33% P_2O_5 concentrate was not met. Only 52.8% recovery was achieved for a 32% P_2O_5 concentrate.

The number and breadth of tests completed are considered appropriate for the PFS and FS levels of study. The work is well documented, and the conclusions reached are corroborated by the data, at least as far as can be determined within the timeframe of this review.

No detailed mineralogical characterisation was completed as part of the FS. The high proportion of ultra-fines in the feed to the FS testwork program resulted in poor recovery. An assertion made in the FS report is that this can be avoided during mining by rejecting a thin layer of low-grade, weathered surface material to waste.

In SRK's opinion, there are several aspects of the FS design that are not fully supported by testwork data:

- The assumed P_2O_5 recovery figure of 70% is not supported by either the batch or pilot plant testwork data
- The reproducibility of the flotation tests in the PFS was exceptional, with less than 5% variation in the results from two tests. The results were not reproduced during the FS, which reported much lower recovery, with greater variability in the results
- The reasons for the variability of the FS flotation results are not conclusively established
- Optimum flotation operating parameters including reagent dosages and pulp density are expected to vary with the properties of the feed. More work is required to determine the optimum conditions over the full range of feed lithologies, P_2O_5 grades and MER.

SRK considers the completion of a variability testwork program that successfully demonstrates alignment of the flotation circuit performance and design to be a necessary step that must be undertaken to provide confidence that the design circuit parameters will be achieved in operation.

Regarding the phosphoric acid production option, no testwork was completed as part of the FS. The PFS pilot campaign (Prayon Technologies S.A., 2014) used a single concentrate composition as feed. The results were mostly positive, with phosphoric acid produced to 54% P_2O_5 strength.

In SRK's opinion, while the phosphoric acid production option is likely to succeed if implemented, further testwork is required if the option is to be progressed to an FS level. This includes a pilot plant campaign, using phosphate concentrate produced from Ammaroo ore that meets the achievable specification from the Ammaroo flotation circuit, and a variability testwork program, to ensure that phosphoric acid of acceptable quality can be produced throughout the life of mine.

Processing flowsheet options

The Ammaroo process flowsheet design and engineering work was conducted by WorleyParsons Ltd, both for the PFS (phosphate concentrate/ phosphoric acid product options) and FS (phosphate concentrate product only). The engineering work appears well documented and of an appropriate quality for the level of study.

Phosphate concentrate production option

A block flow diagram of the Ammaroo Phosphate process flowsheet to produce phosphate concentrate is shown in Figure 4-3.

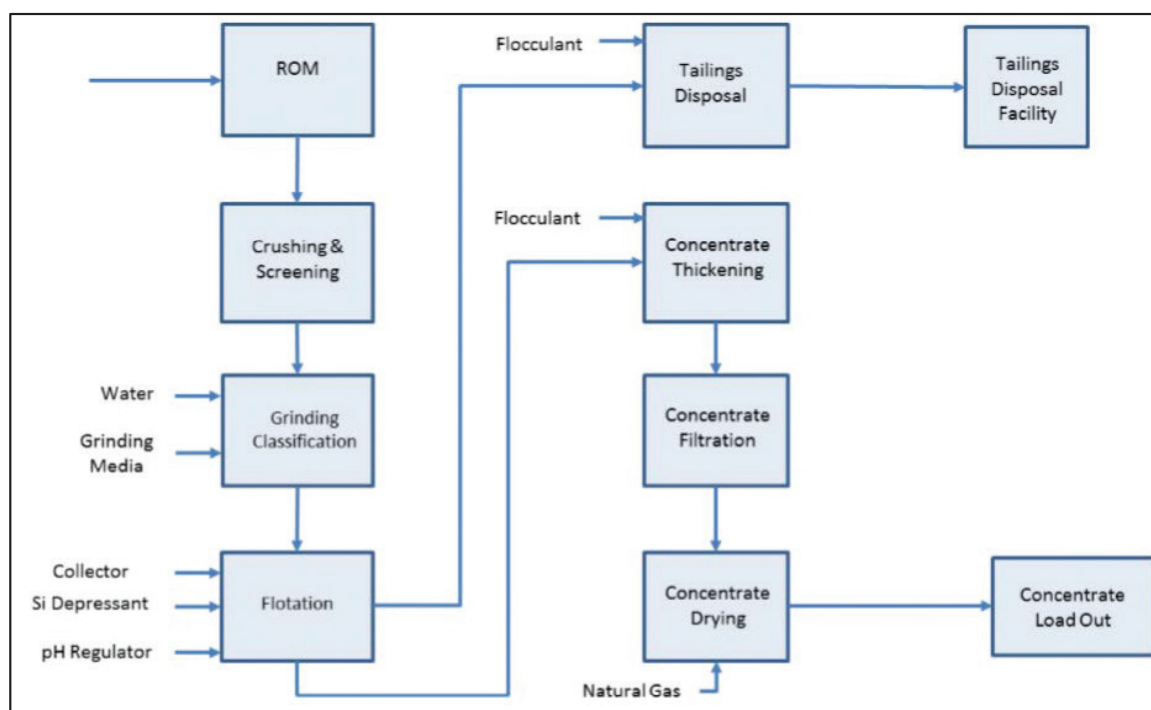


Figure 4-3: Ammaroo phosphate concentrate production flowsheet

Source: Verdant Minerals Ammaroo Phosphate Project Feasibility Study, WorleyParsons, May 2018.

The project is to produce 1 Mtpa of phosphate concentrate, at 32%–33% P_2O_5 . A second processing train could optionally be constructed as a second stage of the project, to produce 2 Mtpa of concentrate in total over Years 6 to 20. Mined ore is trucked to the ROM pad. It is crushed to 100% passing 20 mm by a 3-stage mobile crushing circuit. The crushed ore is wet screened at 3.5 mm, with the undersize and ball mill discharge classified by cross-flow separators. The ball mill is fed the >3.5 mm and cross-flow separator oversize (>215 μm) material. Online PSD measurement of the cross-flow separator undersize ensures that the target grind is met.

Conditioning of the flotation plant feed includes a dewatering cyclone cluster to increase the solids content and remove the <10 μm fines. Flotation reagents including depressant, pH regulator and collector are added in tanks agitated with 2.5 to 5.0 kW/m³. Trough flotation cells with 30 m³ capacity are used in rougher-scavenger-cleaner arrangement, with three cleaner stages.

The concentrate from the third cleaner cell is thickened to 52% solids and filtered by two plate and frame pressure filters to <20% cake moisture. The concentrate is dried to <7% moisture by a rotary gas-fired dryer equipped with off-gas dust collection.

SRK considers the flowsheet to be conventional and well established. The flotation collector reagent SAOK5 is relatively new; however, it performed better during testwork than the other collectors tested, so this is not considered a problem. The main concern relates to the generation of fines, which was difficult to manage during testwork. While SRK expects that concentrate meeting the necessary standard is likely to be produced over the LOM, attaining the target P_2O_5 recovery will likely be difficult to consistently achieve without careful control of the crushing and grinding circuit.

Phosphoric acid production option

The process flowsheet to produce phosphoric acid developed as part of the PFS used the conventional dihydrate (DH) wet-process route. The phosphate concentrate is leached in sulphuric acid, and the residue filtered and washed to produce weak phosphoric acid. The weak acid is further concentrated by evaporation to nominally 42% to 54% P_2O_5 , with fluorosilicic acid (FSA) scrubbing of the evaporator vapours. The leach and filtration and evaporation flowsheet is summarised by block flow diagram in Figure 4-4 and Figure 4-5.

The phosphoric acid process could operate with a higher MER than the concentrate production option, although a higher MER typically consumes more sulphuric acid which adds to the cost of production.

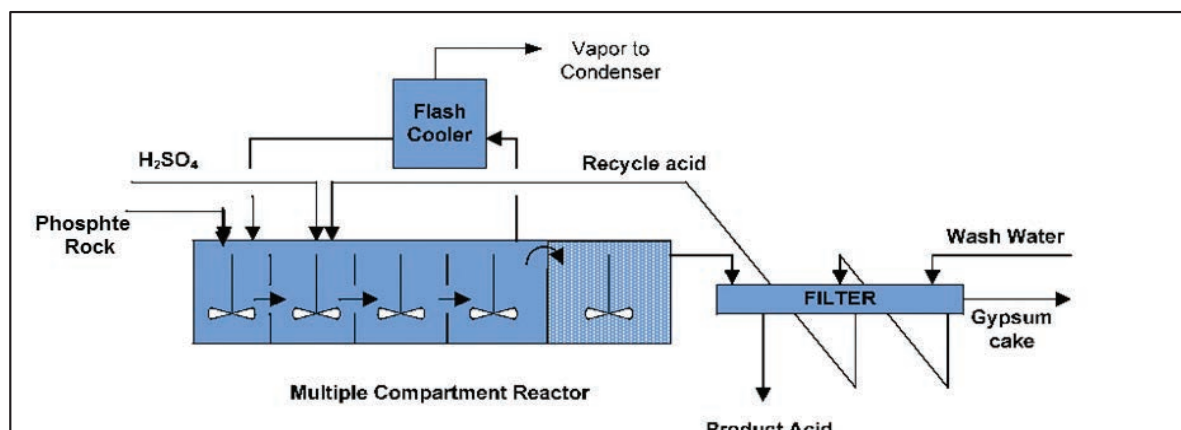


Figure 4-4: Ammaroo phosphate leach and filtration flowsheet

Source: RUM Ammaroo Phosphate Project Prefeasibility Study, WorleyParsons, September 2014.

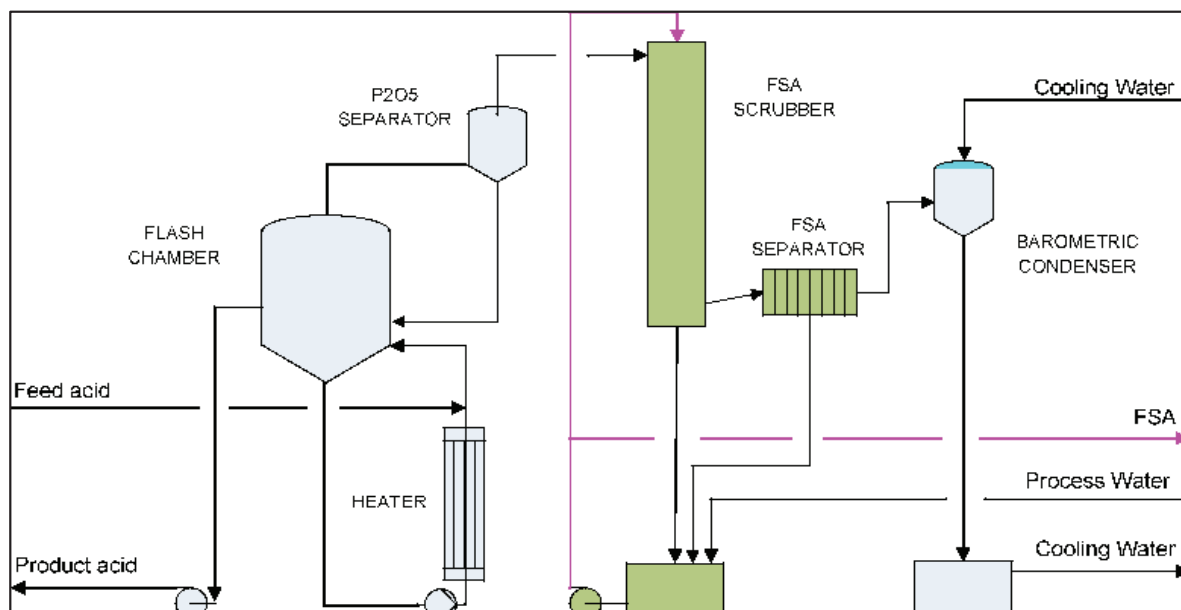


Figure 4-5: Ammaroo phosphoric acid concentration flowsheet

Source: RUM Ammaroo Phosphate Project Prefeasibility Study, WorleyParsons, September 2014.

The DH process route is the most common, least complex wet process to make phosphoric acid. SRK considers the selected flowsheet for the phosphoric acid production option to be conventional and low risk, provided the necessary feed grade can be provided by the flotation circuit upstream.

The FSA by-product can be a saleable product, or neutralised and discarded along with the gypsum tailings. The PFS report body mentions the two options for the FSA but does not state which option is assumed for the operating cost estimate and does not mention the need for neutralisation prior to mixing with the gypsum tails. More detail is likely contained in the PFS appendices, but these were not available for review.

4.2.6 Throughput and recovery

Phosphate concentrate production option

The comminution and flotation circuits are designed to produce 1.0 Mtpa of 32% P_2O_5 concentrate in Years 1-5, with an expansion to 2.0 Mtpa from Year 6 onwards. The design ore feed rate for phase one is 3.05 Mtpa. The design uptime for the comminution circuit is 75% and 85% for the flotation circuit. SRK considers these allowances to be appropriate for the nature of the equipment and materials involved. The mining schedule for the first nine production years is presented in Table 4-4. The scheduled feed is below the design throughput over the first nine years, and SRK expects that the design plant throughput is achievable.

As already highlighted in the metallurgical testwork section, the main risk to the project relates to the recovery of P_2O_5 . The FS design assumes 70% recovery, but this is not seen by SRK as being supported adequately by the existing testwork data.

There is considerable variability in the recovery achieved during the FS testwork program, with only 52.8% recovery achieved at best and with most results much lower.

SRK recommends that a detailed feed to recovery model be developed to provide confidence in the anticipated recovery over the life of mine.

SRK also notes:

- The sulphuric acid plant design capacity is based on the Prayon testwork, which was on a single feed composition. Demand for sulphuric acid will vary with the impurity profile and the capacity should be meet the worst-case demand over the life of mine. This should be confirmed with more work at Prayon.
- Product specification for phosphoric acid is likely to be achievable, but should be confirmed with variability testwork.
- Capital cost:
 - Excludes owner's costs
 - Excludes power plant cost (BOO assumed)
 - Considerable cost cutting measures are implemented: removal of scrubber with scrubbing assumed to happen by slurry pumping shear alone; number of operating bores reduced from three to one; the risk to the capital cost should be increased by these measures
 - Cost estimate is otherwise generally sound and meets the standard for an FS.
- Operating cost:
 - The natural gas price assumption may be too low (A\$5.80/GJ delivered on site). SRK suggests a natural gas price of A\$6/GJ to A\$8/GJ plus delivery may be closer to the actual cost in the medium term.

Table 4-4: Ammaroo phosphate project mining schedule (first 9 Years)

| Description | Units | Pre-strip | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|--|--------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|------------|------------|
| Mined Waste | Tonnes | 5,217,048 | 1,617,223 | 4,198,045 | 4,369,086 | 4,078,083 | 7,543,962 | 9,471,384 | 8,826,465 | 12,828,562 | 10,774,913 |
| | Volume (bcm) | 3,068,750 | 951,250 | 2,476,250 | 2,614,375 | 2,398,750 | 4,437,500 | 5,585,000 | 5,193,281 | 7,546,094 | 6,338,125 |
| Mined Ore | Tonnes | 2,007,864 | 788,650 | 2,875,067 | 2,794,459 | 2,222,493 | 2,437,202 | 4,559,918 | 4,478,437 | 5,062,459 | 5,139,850 |
| | Volume (bcm) | 1,180,625 | 463,750 | 1,690,625 | 1,643,125 | 1,306,875 | 1,433,125 | 2,681,250 | 2,633,625 | 2,977,000 | 3,022,500 |
| Mined Ore - Measured | Tonnes | 2,007,864 | | 308,248 | 2,288,484 | 2,194,855 | 2,437,202 | 4,559,918 | | 1,953,469 | 177,494 |
| Mined Ore - Indicated | Tonnes | | 788,650 | 2,566,819 | 505,975 | 27,638 | | | 4,889,960 | 3,107,927 | 4,962,356 |
| Mined Ore - Inferred | Tonnes | | | | | | | | 1,063 | 1,063 | |
| Feed Ore | Tonnes | | 2,796,514 | 2,875,067 | 2,794,459 | 2,222,493 | 2,437,202 | 4,559,918 | 4,478,437 | 5,062,459 | 5,139,850 |
| | Volume (bcm) | | 1,644,375 | 1,690,625 | 1,643,125 | 1,306,875 | 1,433,125 | 2,681,250 | 2,633,625 | 2,977,000 | 3,022,500 |
| Concentrate | Tonnes | | 1,019,985 | 993,967 | 1,080,051 | 1,011,182 | 1,006,383 | 1,930,220 | 2,014,949 | 2,038,763 | 1,974,518 |
| Ore Feed P ₂ O ₅ Grade (Diluted) | % | | 16.42 | 15.57 | 17.40 | 20.51 | 18.59 | 19.06 | 20.43 | 18.20 | 16.87 |
| Ore Feed Process Yield (%) | % | | 36.47% | 34.57% | 38.65% | 45.50% | 41.29% | 42.33% | 44.99% | 40.27% | 38.42% |
| Total Mined | Tonnes | 7,224,912 | 2,405,873 | 7,073,112 | 7,163,545 | 6,300,576 | 9,981,164 | 14,031,302 | 13,304,902 | 17,891,021 | 15,914,763 |

Source: Verdant Minerals Ammaroo Phosphate Project Feasibility Mining Study, Mining Plus, May 2018.

4.2.7 Infrastructure and logistics

SRK has conducted a high-level review of two development cases to determine the scope and scale of any key risks and upside to the Ammaroo Project:

- Case A – Annual production of 1 Mtpa of 32% P₂O₅ phosphate ore concentrate for export via the Port of Darwin from Years 0 to 5. Reference document for this case is FS report by WorleyParsons completed in May 2018.
- Case C – 500,000 tpa phosphoric acid (100% P₂O₅) for export via the Port of Darwin. Reference document for this case is PFS report by WorleyParsons completed in October 2018.

Infrastructure and logistics comparison between development cases

Water supply

The Project has significant water requirements for mining, processing and domestic uses. Table 4-5 summarises the overall water consumption for the process plant and associated facilities.

Table 4-5: Water consumption summary

| Area during operation | Case A – 1 Mtpa | Case C |
|---|-----------------|--------|
| Raw bore water (make-up) (m ³ /h) | 249 | 1,330 |
| Water treated by reverse osmosis (RO) plant (m ³ /h) | 520 | 1,195 |
| Potable water (m ³ /h) | 5 | 10 |

Source: 02.01.03.06.04 Verdant FS Report Final & 02.01.02.02.02 RJR PFS Report - FINAL.

For Case A, raw water for the process plant is pumped from the local bore field using one well to supply the raw water make-up requirements for the 1 Mtpa production.

For Case C, the demand is much higher, and it is required to supply the bore water from other sources and other locations across the mine site which have yet to be established.

Power supply

- Case A – The turnkey power gas engine generator set packages (10 MW continuous power) based on Build Own Operate (BOO) contract.
- Case C – Electrical load for the Case C is the similar as the Case A, with the addition of Sulphuric Acid and Phosphoric Acid Plants. Power will be generated by the steam turbine using the steam from the Sulphuric Acid Plant (SAP) and will be sufficient to cover the entire plant power demand. Initially, diesel generators will be used in the start-up of the plants and as a back-up.

Gas supply

- Case A – An estimated gas demand of 98 GJ/h is required for a 10 MW gas power station and 56 GJ/h for the dryer, resulting in a total site gas demand of approximately 160 GJ/h for the 1 Mtpa base case. Gas to be delivered via proposed construction of a new 137 km gas pipeline from the Amadeus gas pipeline to the Ammaroo site.
- Case C – No requirement for the gas supply. Power will be generated by the steam turbine. Start-up power and emergency power produced by diesel.

Rail access

- Case A – The phosphate concentrate will be transported from the site to the Port of Darwin for export via a new rail spur and the Alice Springs to Darwin railway. The rail spur is approximately 102 km long.
- Case C – Same requirements.

Port access

- Case A – The current port requires additional material handling infrastructure for the export of phosphate concentrate ore:
 - Bulk storage of P_2O_5 concentrate
 - Mobile equipment
- Case C – Phosphoric acid storage facilities will be established within the existing tank farm operated by VOPAK under build-own-operate (BOO) contract.

Logistics

- Case A – The preferred logistics is:
 - Construction of a dedicated 102 km spur and balloon loop from the mine site to the Tarcoola-Darwin railway
 - Loading a bulk P_2O_5 at the site and railing bulk product to the Port of Darwin (POD)
 - Unloading of the product at the POD using existing bottom wagon unloading facility
 - Transfer of product via a new conveyor to a new covered storage
 - Loading and trucking of product from the covered stockpile to the shiploader for loading to the vessels via the existing port infrastructure.

SRK considers this is a very straightforward, easily achievable logistics strategy.

- Case C – Logistics requirements are:
 - Construction of a dedicated 102 km spur and balloon loop from the mine site to the Tarcoola-Darwin railway
 - Required product and sulphur storage capacity at the site and port are summarised in Table 4-6 and Table 4-7.

Table 4-6: Storage capacity at the site

| Logistics | Commodity | Consignment (t) | Buffer Capacity (t) | Minimum Total Storage (t) |
|-----------|-----------------|-----------------------|---------------------|---------------------------|
| Case C | Phosphoric Acid | 5,200 | 19,200 | 24,400 |
| | Sulphur | 2,600 (76 containers) | | |

Source: 02.01.02.02.02 RJR PFS Report - FINAL.

Table 4-7: Storage capacity at the port

| Logistics | Commodity | Consignment (kt) | Shipping Interval |
|-----------|-----------------|------------------|-------------------|
| Case C | Phosphoric Acid | 27 | 10 days |
| | Sulphur | 14 | 10 days |

Source: 02.01.02.02.02 RJR PFS Report - FINAL.

Figure 4-6 shows the supply chain diagrammatically.

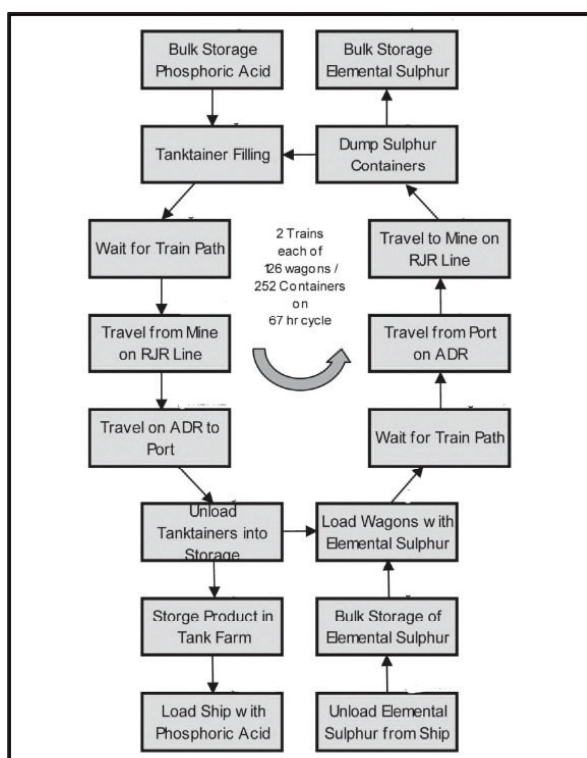


Figure 4-6: Case C – logistics chain

SRK suggests the logistics is very complex for Case C and it is not backed by a logistics study. As it stands, there is an inherent high risk of interruptions.

Advantages and disadvantages

Table 4-8 summarises, from the infrastructure and logistics perspective, the advantages and disadvantages of each of the development cases.

Table 4-8: Cases A and C infrastructure and logistics advantages and disadvantages

| Case | Advantage | Disadvantage |
|--------|---|---|
| Case A | Moderate water consumption | Power gas engine generator set packages required |
| | Simple logistics chain | Gas supply required - to be delivered via a new 137 km gas pipeline from the Amadeus gas pipeline to the Ammaroo site |
| Case C | Power will be generated by the steam turbine using steam from the SAP | Water demand is high and supply to be investigated |
| | Gas is not required | Complex logistics with a high risk of interruptions |

4.2.8 High-risk issues identified

SRK has conducted a very high-level review of the Project PFS and Feasibility Study and identified some significant risks related to the development Case C:

- Water supply – Water demand is high and there is a risk that the water demand will not be met. Additional bore field sources need to be investigated and established.
- Logistics – Inbound and outbound logistics is very complex with multiple rehandling of the containerised cargo. Allocated train cycle time in the PFS is 67 hours per trip and 71 hours per trip is the longest that could theoretically achieve the annual throughput. This is not backed-up by any logistics study and probability of interrupted logistics chain is extremely high.

4.2.9 Valuation of the Ammaroo Project – SRK’s recommendations

Income approach – discounted cashflow model

Verdant has reviewed a cashflow budget model for the Ammaroo Project (the Model). SRK has provided the following recommendations to PWC with regards to the technical assumptions and projections for valuation purposes.

- The assumed P_2O_5 recovery figure of 70% is not supported by either the batch or pilot plant testwork data. SRK recommends a Processing Recovery of 52.8% in the stress case (as per FS testwork results – Section 4.2.6);
- SRK recommends adopting 15% Contingency for CAPEX in the base case and 20% Contingency in the stress case. This should cover part of the high risks identified in the high-level technical review previously completed by SRK. The CAPEX excludes owner’s costs and power plant cost (BOO assumed). In addition, considerable cost cutting measures were implemented: removal of scrubber with scrubbing assumed to happen by slurry pumping shear alone; number of operating bores reduced from three to one. Therefore, SRK estimates that 15% Contingency should cover the risk to the capital cost;
- Add Sustaining Capex: A\$2.5M/yr Stage 1, A\$4M/yr Stage 2 to Base Case. This should cover some of the risks associated with additional water bore holes and logistics;
- Add 7.5% to OPEX base case, 15% to OPEX Stress Case. Once again, to account for the risks identified by SRK; and
- Escalate all OPEX & CAPEX in Model by 1 years’ Australian inflation, as the base date for OPEX assumptions was January 2018.

SRK understands that PWC has tested the Model mechanics and has provided feedback to Verdant in this regard.

Past acquisitions of the Assets

On 24 May 2013, RUM increased their bid for an on-market takeover of Central Australian Phosphate (CEN). The transaction was subject to competitive bids from Monument Resources (Canadian publicly traded company) with whom CEN had a signed joint venture agreement. The deal proceeded to compulsory acquisition on 6 January 2014. At the time of the deal CEN had a declared 310 Mt Inferred Phosphate Resource at the Arganara prospect, which was strategically located adjacent to RUM’s Barrow Creek project. The Ammaroo Project today represents the merger of these two assets.

SRK understands that CEN also held additional phosphate, assets which were at an early to advanced exploration stage with no declared Mineral Resources. Additionally, they held the Eva Project which was prospective for uranium and gold including Resources (Inferred and Indicated) of 535,800 t at 0.12 U_3O_8 for 1.43M lb of U_3O_8 and 101,600 t grading 3.77g/t gold for 12,300 contained oz (RUM, 2013).

The final implied deal value on a phosphate only basis was A\$17M or 2.88 cents per share. The implied Resource multiple for the deal was A\$0.37/t on a raw basis and A\$0.31/t on a normalised basis.

4.2.10 Valuation of Ammaroo’s exploration tenure

SRK notes that, historic and current exploration across this nearly contiguous area identified the Ammaroo, Rockhole and Ammaroo South prospects. These prospects represent the most prospective areas around Ammaroo as identified by drilling to date (Figure 4-7). SRK notes that this additional tenure is likely being held for strategic reasons such as future infrastructure requirements. Therefore, the values ascribed to these areas would likely be immaterial to the proposed transaction.

SRK notes for the avoidance of doubt that the tenure containing the Rockhole and Ammaroo South prospects (EL31789 and EL31790) have been valued separately below.

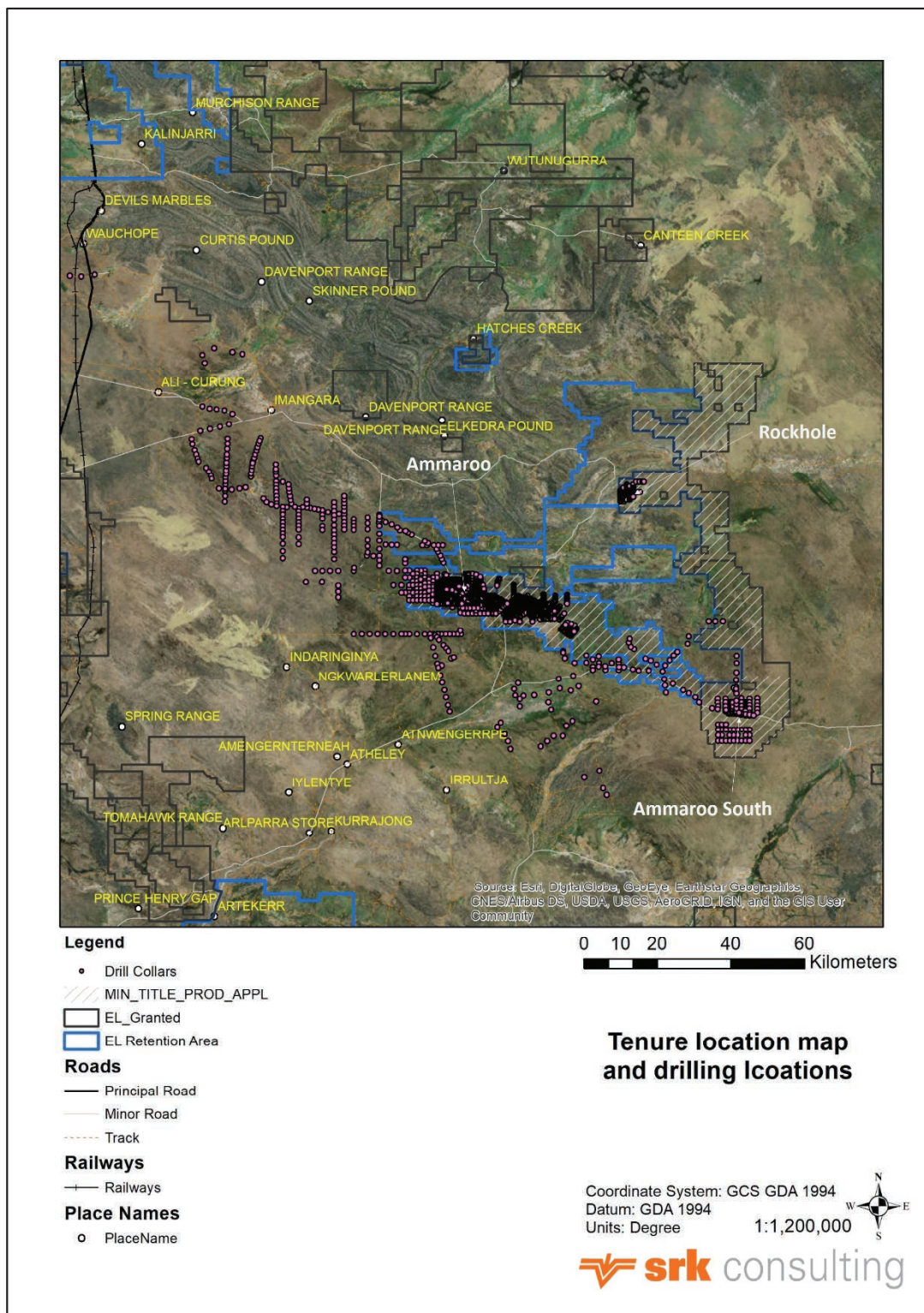


Figure 4-7: Ammaroo area – drilling and tenure locations

Source: Strike - tenure and geoscience information.

4.3 Ammaroo South Project

The Ammaroo South Project lies to the southeast of the main Ammaroo Resource area (Figure 4-8).

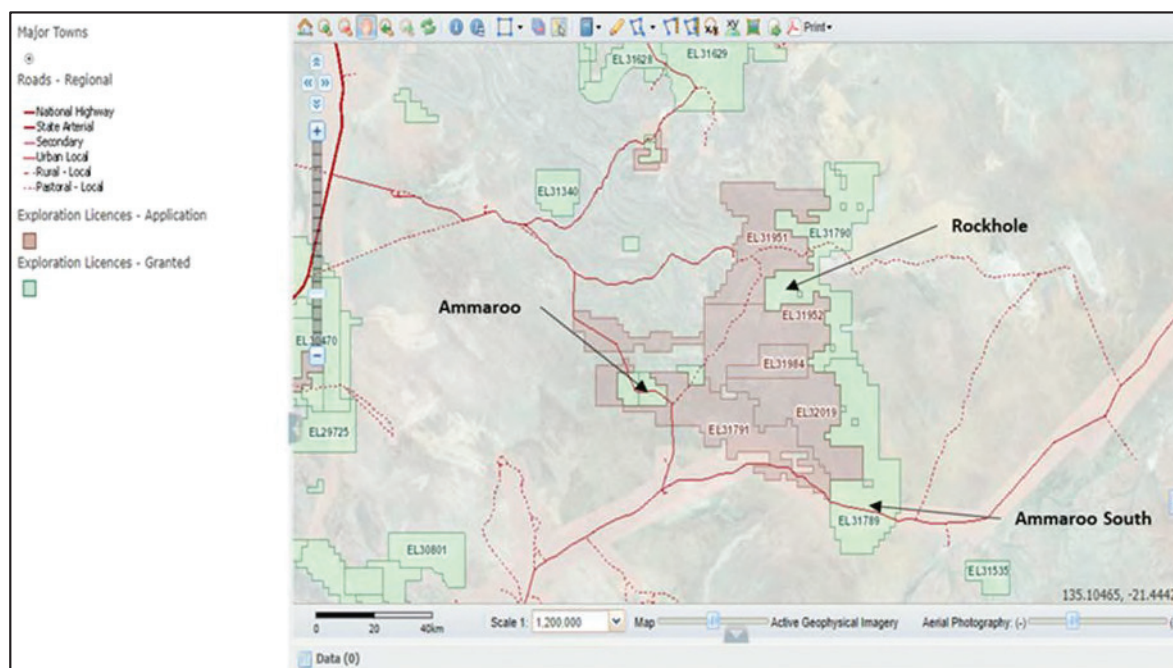


Figure 4-8: Location of Ammaroo South Project

Source: Strike - tenure and geoscience information.

4.3.1 Ownership and tenements

The Ammaroo South Resource lies within the large contiguous tenure holding that also includes the Ammaroo main deposit as shown in Table 4-1. The Resource is located wholly within exploration licence EL31789 (Table 4-9).

Table 4-9: Ammaroo South Project – tenure status

| Project Name | Licence No. | Company Holder | Percentage Held | Expiry Date | Sub-blocks | Area (km²) |
|---------------|-------------|-----------------------------|-----------------|-------------|------------|------------|
| Ammaroo South | EL31789 | Territory Phosphate Pty Ltd | 100% | 14/08/2024 | 238 | 759.58 |

4.3.2 Geology

The mineralisation is hosted by Cambrian marine sedimentary phosphorite rocks of the Arthur Creek Formation. The mineralisation within shallow water, basin-edge facies of the Arthur Creek, is flat-lying to gently undulating is divided into two areas, north and south, bisected by a 3.1 km wide cultural exclusion zone along the Sandover River (Figure 4-9).

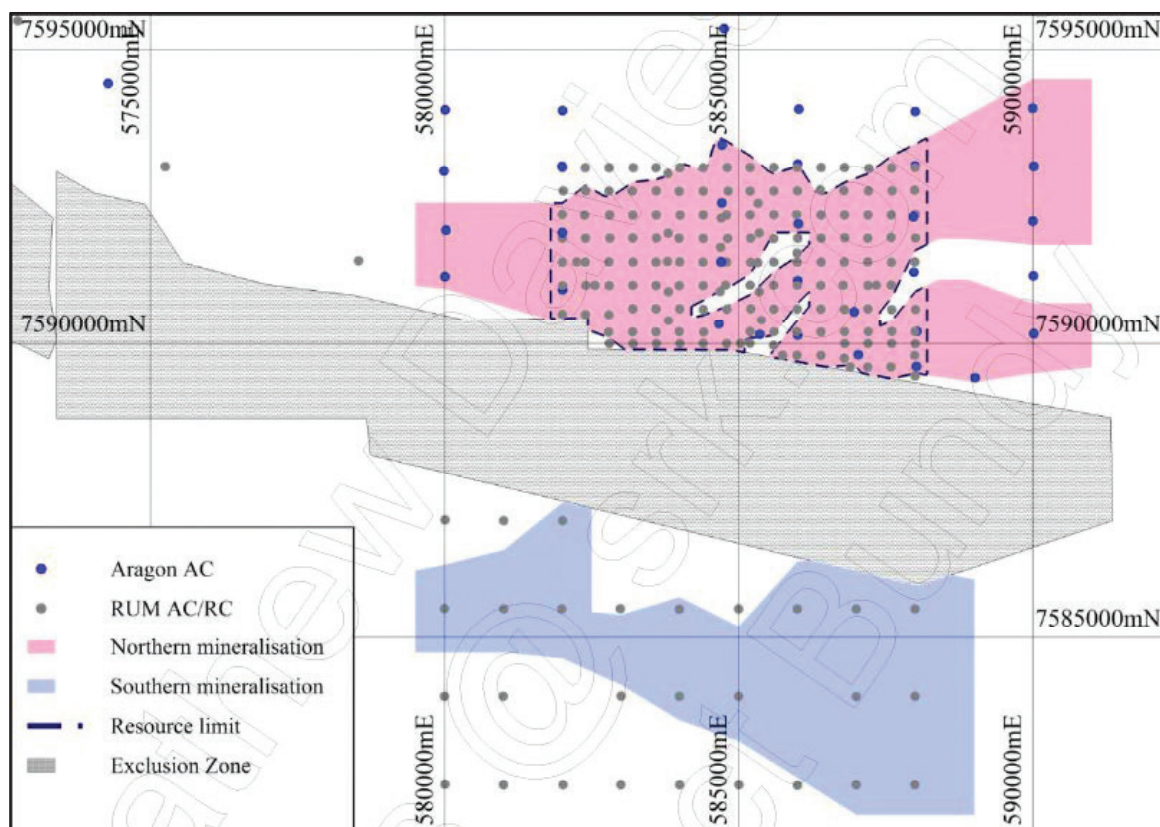


Figure 4-9: Ammaroo South Resource polygons and drilling locations

Source: MPR Geological Consultants Pty Ltd - Resource Estimation for the Ammaroo South Phosphate.

4.3.3 History

Aragon Resources undertook an initial aircore drilling program in 2009 with a total of 42 holes for 3,094 m and which initially identified the prospect then called Ammaroo 1 prospect.

Between 2010 and 2014 RUM drilled an additional 251 boreholes including aircore (63) and reverse circulation (188) holes for 10,545 m of drilling. This included gridded RC resource definition drilling undertaken in 2012.

In June 2014 RUM reported an Inferred resource for the Ammaroo South phosphate deposit. The deposit is considered to be a satellite deposit to the main Ammaroo deposit located along strike to the northwest.

4.3.4 Current Mineral Resources

The following summary information is derived from the June 2014 Resource Report prepared by MPR Consultants Pty Ltd.

The Ammaroo South Resource mineralisation is separated into a North and South Domain by a cultural feature the Sandover River. The low-grade North Domain is 11.5 km east-west and 3.2 km north-south and average thickness of 6.2 m; this area is drilled on a roughly 400 × 400 m drill spacing. The low-grade southern domain extends around 9.5 km east-west and 2.6 km north-south with an average thickness of 5.2 m; this area is sampled on a 1.5 km × 1.0 km spaced drilling.

- Resources were only estimated (Table 4-10) within the northern domain with the southern domain sampling density considered to be insufficient for estimation of Resources.
- The southern domain has an exploration target of 200-400 Mt at 7% to 10% P_2O_5 at a cut-off grade of 5%, and 50 to 100 Mt at 12%-15% P_2O_5 with a cut-off of 10% P_2O_5 .

- A block model was constructed, and grades estimated by Ordinary Kriging using 1m down-hole composites.
- No density information was available for the Resource estimate. A density of 1.7 t/bcm was adopted which was consistent with the main Ammaroo deposit.
- Duplicates, standards and blanks were submitted for blind analysis with results with lab performance considered acceptable on all counts.
- Prior to Resource estimation the mineralised domains were un-folded using the top of the relevant domain as a reference. The Kriged estimates were re-folded to their correct positions in the final block model.
- The main Ammaroo deposit grade variograms were used in the Ammaroo South model as the Ammaroo South area is sampled to broadly for reliable variogram modelling.

Table 4-10: Ammaroo South Mineral Resource estimate (June 2014)

| Category | Cut off P ₂ O ₅ % | Tonnes (Mt) | P ₂ O ₅ (%) | Al ₂ O ₃ (%) | CaO (%) | Fe ₂ O ₃ (%) | K ₂ O (%) | MgO (%) | MnO (%) | Na ₂ O (%) | SiO ₂ (%) | U ₃ O ₈ (ppm) |
|------------------|---|-------------|-----------------------------------|------------------------------------|-----------|------------------------------------|----------------------|------------|-------------|-----------------------|----------------------|-------------------------------------|
| Inferred | 5 | 170 | 9.5 | 5.0 | 13 | 1.8 | 0.6 | 0.3 | 0.09 | 0.07 | 66 | 21 |
| Inferred | 10 | 70 | 13.0 | 3.8 | 18 | 1.4 | 0.4 | 0.3 | 0.06 | 0.06 | 59 | 26 |
| Inferred | 13 | 13 | 17.0 | 2.8 | 25 | 1.1 | 0.3 | 0.2 | 0.05 | 0.06 | 50 | 33 |
| Preferred | 10 | 70 | 13.0 | 3.8 | 18 | 1.4 | 0.4 | 0.3 | 0.06 | 0.06 | 59 | 26 |

Table 4-11: Ammaroo South exploration target (June 2014)

| Cut Off P ₂ O ₅ % | Low (Mt) | High (Mt) | Low P ₂ O ₅ % | High P ₂ O ₅ % | Mid-Point (Mt) | Mid-Point Grade P ₂ O ₅ % | Contained P ₂ O ₅ Tonnes |
|---|----------|-----------|-------------------------------------|--------------------------------------|----------------|---|--|
| 5 | 200 | 400 | 7% | 10% | 300 | 9% | 25.50 |
| 10 | 50 | 100 | 12% | 15% | 75 | 14% | 10.13 |

4.3.5 Valuation of the Mineral Resource estimate and exploration target

Comparable transactions

SRK's valuation of the Mineral Resource estimate at Ammaroo South based on analysis of comparable transactions is presented in Table 4-12.

Table 4-12: Ammaroo South – Comparable transactions

| Prospect | Resource Category | Total Contained Resources P ₂ O ₅ (Mt) | Multiple Low (A\$/t) | Multiple High (A\$/t) | Low (A\$M) | High (A\$M) |
|----------------------------------|--------------------|--|----------------------|-----------------------|------------|-------------|
| Ammaroo South Resources | Inferred | 9.10 | 0.10 | 0.25 | 0.91 | 2.28 |
| Ammaroo South Exploration Target | Exploration Target | 10.13 | 0.02 | 0.05 | 0.20 | 0.51 |

SRK's value range for the defined Resources is primarily based on RUM acquisition of CEN's assets. SRK then elected to apply a 50% discount to the implied multiples from this transaction to account for the fact that these resources would likely only be mined if the Ammaroo Project was implemented, and the associated tonnages would only inform the schedule towards the end of the currently planned life of mine, mostly due to the lower average phosphate grades presented at Ammaroo South. SRK notes further than it has adopted an 80% discount to these values for the valuation of Verdant's Exploration

Target given the greater uncertainty (and lower confidence) associated with Exploration Targets relative to defined Mineral Resources.

Enterprise Value

SRK's valuation of the Ammaroo South Resource and Exploration Target using EV multiples is presented in Table 4-13.

Table 4-13: Ammaroo South – Enterprise value

| Prospects | EL | Contained P ₂ O ₅ (Mt) | Multiple Low (A\$/t) | Multiple High (A\$/t) | Low (A\$M) | High (A\$M) |
|-----------------------------------|---------|--|----------------------|-----------------------|------------|-------------|
| Ammaroo South - Resource | EL31789 | 9.10 | 0.04 | 0.12 | 0.36 | 1.09 |
| Ammaroo South Exploration Target* | EL31789 | 10.13 | 0.008 | 0.024 | 0.08 | 0.24 |

Note: *A 50% discount has been applied to the multiples for the Exploration Targets, to account for the lower level of confidence of those estimates.

4.3.6 Valuation of the Ammaroo South exploration tenure

Comparable transactions

SRK's valuation of the exploration tenure at Ammaroo South using comparable transactions as outlined in Section 2.6.1 is presented in Table 4-14.

Table 4-14: Ammaroo South exploration tenure – Comparable transactions

| Exploration Licence | Total Area (km ²) | Multiple Low (A\$/km ²) | Multiple High (A\$/km ²) | Low (A\$M) | High (A\$M) |
|---------------------|-------------------------------|-------------------------------------|--------------------------------------|------------|-------------|
| Ammaroo South | 698.08 | 500 | 1,500 | 0.35 | 1.05 |

Note: *Resource and or Exploration Target areas subtracted from total area.

The supporting reasoning for the adoption of these multiples is outlined in Section 2.6.1.

Geoscientific

SRK's valuation of the Ammaroo South exploration tenure using the geoscientific method is shown in Table 4-15.

Details of the geoscientific rating method are outlined in Section 2.6.2.

SRK has adopted a market factor of 0.5 to reflect the recent market for early stage phosphate projects as indicated by transaction data and recent initial public offerings.

Table 4-15: Ammaroo South exploration tenure – Geoscientific approach – modified Kilburn rating

| BAC/km ² A\$500 | | Off-property | | On-property | | Geology | | Anomaly | | Technical value (A\$M) | | Market Factor | Valuation (A\$M) | |
|----------------------------|--|-------------------------|---------|-------------|-----|---------|-----|---------|-----|------------------------|------|---------------|------------------|------|
| | | Area (km ²) | BAC | Equity | Low | High | Low | High | Low | High | Low | High | Low | High |
| Tenement/ sub-block | | | | | | | | | | | | | | |
| EL31789* | | 698.1 | 349,040 | 100% | 1 | 1.5 | 1 | 1.5 | 1.5 | 3 | 0.79 | 5.89 | 0.39 | 2.95 |

Note: *Resource and or Exploration Target areas subtracted from total area.

Summary

The valuation of the Ammaroo South Project is summarised in Table 4-16.

Table 4-16: Ammaroo South Project – Valuation summary

| Valuation Basis | Valuation Methodology | Contained Mineral Content (Mt) | Area (km ²) | Project Multiple Low | Project Multiple High | Low (A\$M) | High (A\$M) | Preferred (A\$M) |
|----------------------------|--|--------------------------------|-------------------------|----------------------|-----------------------|-------------|-------------|------------------|
| Resources | Comparable Sales (\$/t P ₂ O ₅) | 9.10 | - | 0.10 | 0.25 | 0.91 | 2.28 | |
| Resources | Enterprise Value (\$/t P ₂ O ₅) | 9.10 | - | 0.04 | 0.12 | 0.36 | 1.09 | |
| Selected | | | | | | 0.91 | 2.28 | 1.25 |
| Exploration Target | Comparable Sales (\$/t P ₂ O ₅) | 10.13 | - | 0.02 | 0.05 | 0.20 | 0.51 | |
| Exploration Target | Enterprise Value (\$/t P ₂ O ₅) | 10.13 | - | 0.008 | 0.024 | 0.08 | 0.24 | |
| Selected | | | | | | 0.20 | 0.51 | 0.28 |
| Remaining Exploration Area | Comparable Sales(\$/km ²) | - | 698.08 | 500 | 1,500 | 0.35 | 1.05 | |
| Remaining Exploration Area | Geoscientific Method | - | 698.08 | | | 0.39 | 2.95 | |
| Selected | | | | | | 0.35 | 1.05 | 0.52 |
| Subtotal | | | | | | 1.46 | 3.83 | 2.05 |

SRK has selected the value ranges obtained through the analysis of comparable transactions, as these have been supported by the other methods.

SRK has preferred a value towards the low end of the range (first quartile) due to some of the existing challenges involved in the development of the main Ammaroo Project itself. These include challenges in obtaining financing to develop plant and infrastructure, additional metallurgical work requirements, and uncertainties around the optimum suite of products (market) to be produced at Ammaroo.

4.4 Rockhole Project

The Rockhole Project lies to the northeast of the main Ammaroo resource area.

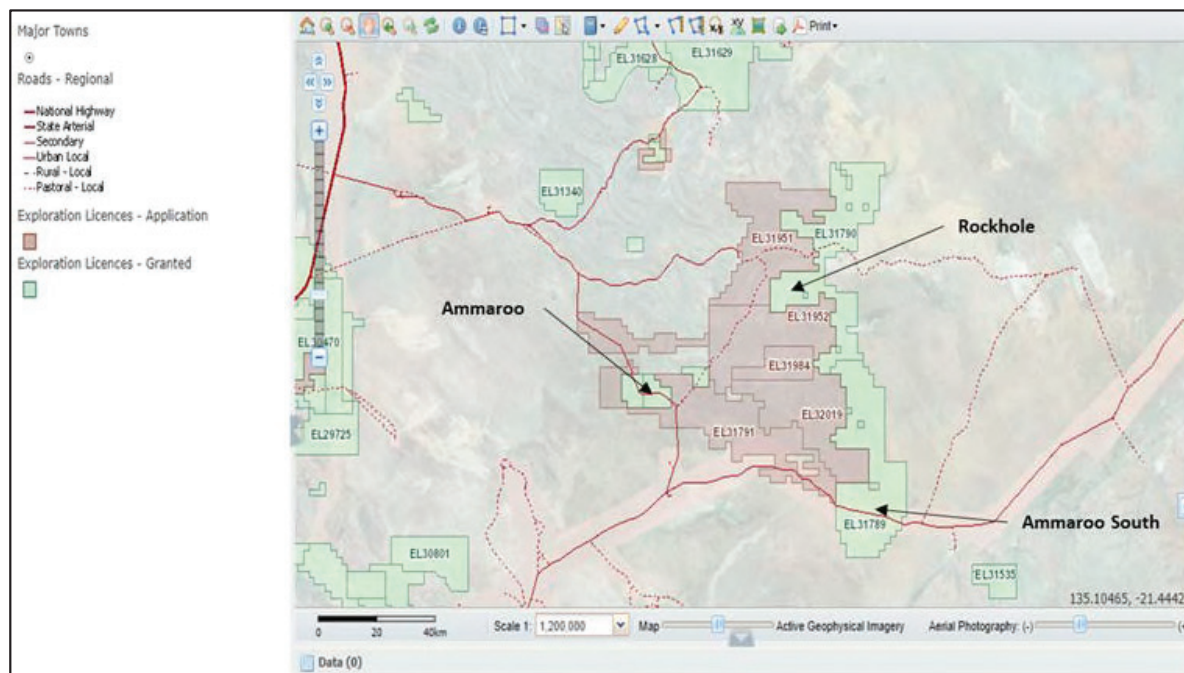


Figure 4-10: Location of Rockhole Project

Source: STRIKE - tenure and geoscience information.

4.4.1 Ownership and tenements

The Rockhole Project lies within the broader contiguous tenure holding that includes the Ammaroo main deposit (Table 4-1). The Rockhole Project lies wholly within EL31790 (Table 4-17).

Table 4-17: Rockhole Project – tenure status

| Project Name | Licence No. | Sub-Status | Company Holder | Percentage Held | Expiry Date | Sub-blocks | Area (km²) |
|--------------|-------------|-------------|-----------------------------|-----------------|-------------|------------|------------|
| Rockhole | EL31790 | Application | Territory Phosphate Pty Ltd | 100% | 14/08/2024 | 233 | 746.27 |

4.4.2 Geology

The mineralisation is hosted by Cambrian marine sedimentary phosphorite rocks of the Arthur Creek Formation. Local occurrences of turquoise mineralisation provided the original vector to phosphatic mineralisation which occur over a strike length of approximately 1 km within shallow water, basin-edge facies of the Arthur Creek. Collectively, exploration to date suggests that an area between 9 km² and 15 km² may be prospective for shallow phosphatic accumulations. Within that area, two zones with sufficient information to estimate an exploration target have been identified, including an area in excess of 8.6 km².

SRK understands a total of 63 RC holes/ 1,457 m of drilling were used in this Exploration Target estimate.

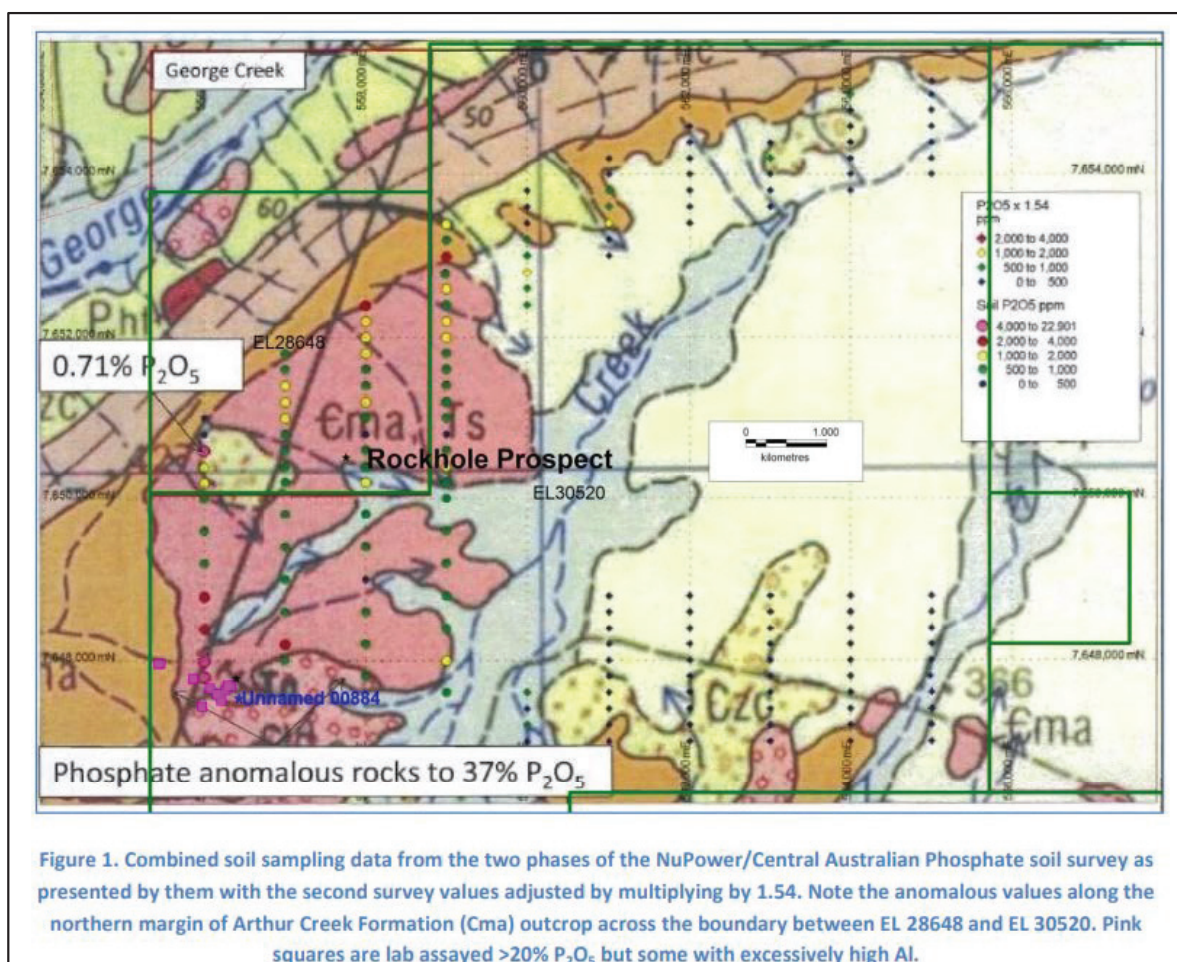


Figure 4-11: Rockhole – Project location and soil samples

Source: Verdant Minerals – Annual Report Rockhole Prospect – 2016.

4.4.3 History

Rockhole has historically been referred to as a turquoise prospect circa 1970.

Since the late 1980s Cambrian-aged rocks of the basal Arthur Creek Formation were reported in the Elkedra 1:250,000 NTGS/ BMR Geological map.

In the early 2000s Rio Tinto was conducting widespread exploration for phosphate before withdrawing from all phosphate projects. Arafura reported surface samples completed by Rio Tinto in 2006 which reported phosphatic minerals with results of up to 40.7% P_2O_5 recorded.

In 2010 NuPower as part of their exploration for Uranium at Anomaly L, revisited the area and noted phosphatic occurrences later reporting the same 40% P_2O_5 and called the area Rockhole Bore Prospect. NuPower recorded additional rock chip samples containing phosphate which were reportedly taken from the basal Arthur Creek Formation.

Central Australian Phosphate later undertook an initial soil sampling program targeting the known phosphatic mineralisation, which was later followed up with a secondary sampling program at 1 km by 200 m spaced lines for 95 samples (Figure 4-11).

The most recent information including drilling by Verdant was compiled by MPR Geological who used the drilling information to estimate an Exploration Target at Rockhole in August 2017.

4.4.4 Current Mineral Resources

There are no known Resources at the Rockhole Project.

An exploration target was estimated based on the historic drilling and sampling information.

- An exploration target of 100-170 Mt at 10% to 15% P₂O₅ at a cut-off grade of 5%, 40-70 Mt at 17% to 24% P₂O₅ at a cut-off grade of 10%, and 30 to 50 Mt at 20%-27% P₂O₅ with a cut-off of 15% P₂O₅.
- The block model was constructed, and grades estimated by ordinary kriging using 1 m down-hole composites from a total of 521 assayed sample intervals.
- No density information was available for the Resource estimate. A density of 1.7 t/bcm was adopted which was consistent with the main Ammaroo deposit.
- Duplicates (field scoops and rarely spearing) and lab internal standard data was available and checked by MPR. However, no blind standards or blanks were submitted for blind analysis. Laboratory performance is considered acceptable for the level of the study.
- Prior to Resource estimation the mineralised domains were un-folded using the top of the relevant domain as a reference. The kriged estimates were re-folded to their correct positions in the final block model.
- The exploration target is wholly contained within EL31790.

Table 4-18: Rockhole exploration target (June 2014)

| Cut-off P ₂ O ₅ % | Low Mt | High Mt | Low P ₂ O ₅ % | High P ₂ O ₅ % | Mid-Point Mt | Mid-Point Grade P ₂ O ₅ % | Contained P ₂ O ₅ Tonnes |
|---|--------|---------|-------------------------------------|--------------------------------------|--------------|---|--|
| 5 | 100 | 170 | 10% | 15% | 135 | 13% | 16.88 |
| 10 | 40 | 70 | 17% | 24% | 55 | 21% | 11.28 |
| 15 | 30 | 50 | 20% | 27% | 40 | 24% | 9.40 |

Source: MPR Geological Consultants Pty Ltd – Exploration Target for the Rockhole Phosphate deposit.

4.4.5 Valuation of exploration target

Comparable transactions

The valuation of Rockhole's Exploration Target using comparable transactions is presented in Table 4-19.

Table 4-19: Rockhole exploration target – Comparable transactions

| Prospect | Resource Category | Total Contained Resources P ₂ O ₅ (t) | Multiple Low (A\$/t) | Multiple High (A\$/t) | Low (A\$M) | High (A\$M) |
|-----------------------------|-------------------------------|---|----------------------|-----------------------|------------|-------------|
| Rockhole Exploration Target | Exploration Target (midpoint) | 11.28 | 0.02 | 0.05 | 0.11 | 0.56 |

The reasoning for the adopted multiples is outlined in Section 2.5.2. However, SRK notes further than it has adopted an 80% discount to the values for Inferred Mineral Resources in order to value Verdant's Exploration Target given the greater uncertainty (and lower confidence) associated with Exploration Targets relative to defined Mineral Resources.

Enterprise value

The valuation of Rockhole's Exploration Target using enterprise value is presented in Table 4-20.

Table 4-20: Rockhole exploration target – Enterprise value

| Prospects | EPM | Contained P ₂ O ₅ Mt | Multiple Low (A\$/t) | Multiple High (A\$/t) | Low (A\$M) | High (A\$M) |
|------------------------------|---------|---|----------------------------|-----------------------------|---------------|----------------|
| Rockhole Exploration Target* | EL31790 | 11.28 | 0.008 | 0.024 | 0.09 | 0.24 |

Note: *An 80% discount has been applied to the Resource multiples for the Exploration Targets, in order to take account for the lower level of confidence of those estimates.

4.4.6 Valuation of exploration tenure

Comparable transactions

The valuation of the Rockhole exploration tenure using comparable transactions is shown in Table 4-21.

Table 4-21: Rockhole exploration tenure – Comparable transactions

| Exploration Licence | Total Area (km ²) | Multiple Low (A\$/km ²) | Multiple High (A\$/km ²) | Low (A\$M) | High (A\$M) |
|---------------------|----------------------------------|---|--|---------------|----------------|
| EL31790 | 737.67 | 500 | 1,500 | 0.34 | 1.11 |

Geoscientific

The valuation of the Rockhole exploration tenure using the geoscientific method is shown in Table 4-22.

SRK has adopted a market factor of 0.5 to reflect the recent market for early stage phosphate projects as indicated by transaction data and recent initial public offerings.

Table 4-22: Rockhole's Exploration tenure – Geoscientific approach – modified Kilburn rating

| Tenement/ sub-block | BAC/km ² A\$500 | | | Off-property | | On-property | | Geology | | Anomaly | | Technical value (A\$M) | | Market Factor | | Valuation (A\$M) | |
|---------------------|----------------------------|---------|--------|--------------|------|-------------|------|---------|------|---------|------|------------------------|------|---------------|--|------------------|------|
| | Area (km ²) | BAC | Equity | Low | High | Low | High | Low | High | Low | High | Low | High | | | Low | High |
| EL31790* | 737.7 | 368,835 | 100% | 1 | 1.5 | 1 | 1.5 | 1.5 | 2.5 | 1.2 | 2 | 0.66 | 4.15 | 0.50 | | 0.33 | 2.07 |

Summary

The valuation of the Rockhole Project is summarised in Table 4-23 below.

Table 4-23: Rockhole Project – Valuation summary

| Valuation Basis | Valuation Methodology | Contained Mineral Content (Mt) | Area (km ²) | Project Multiple Low | Project Multiple High | Low (A\$M) | High (A\$M) | Preferred (A\$M) |
|----------------------------|--|--------------------------------|-------------------------|----------------------|-----------------------|-------------|-------------|------------------|
| Exploration Target | Comparable Sales (\$/t P ₂ O ₅) | 11.28 | - | 0.02 | 0.05 | 0.23 | 0.56 | |
| Exploration Target | Enterprise Value (\$/t P ₂ O ₅) | 11.28 | - | 0.008 | 0.024 | 0.09 | 0.27 | |
| Selected | | | | | | 0.23 | 0.56 | 0.31 |
| Remaining Exploration Area | Comparable Sales(\$/km ²) | - | 737.67 | 500 | 1,500 | 0.37 | 1.11 | |
| Remaining Exploration Area | Geoscientific Method | - | 737.67 | | | 0.33 | 2.07 | |
| Selected | | | | | | 0.37 | 1.11 | 0.55 |
| Subtotal | | | | | | 0.59 | 1.67 | 0.86 |

SRK has selected the value ranges obtained through the analysis of comparable transactions, as these have been supported by the other methods.

SRK has preferred a value towards the low end of the range (first quartile) due to some of the existing challenges involved in the development of the main Ammaroo Project itself, such as: 1) challenges in obtaining financing to develop plant and infrastructure; 2) additional metallurgical work requirements, and 3) there are still uncertainties around the optimum suite of products (market) to be produced at Ammaroo.

4.5 Brunchilly Project

The Brunchilly Project consists of three contiguous phosphate exploration licences (Figure 4-12) near Tennant Creek. The area was previously targeted for Cambrian Phosphate by two past explorers Minemakers Limited and Vale.

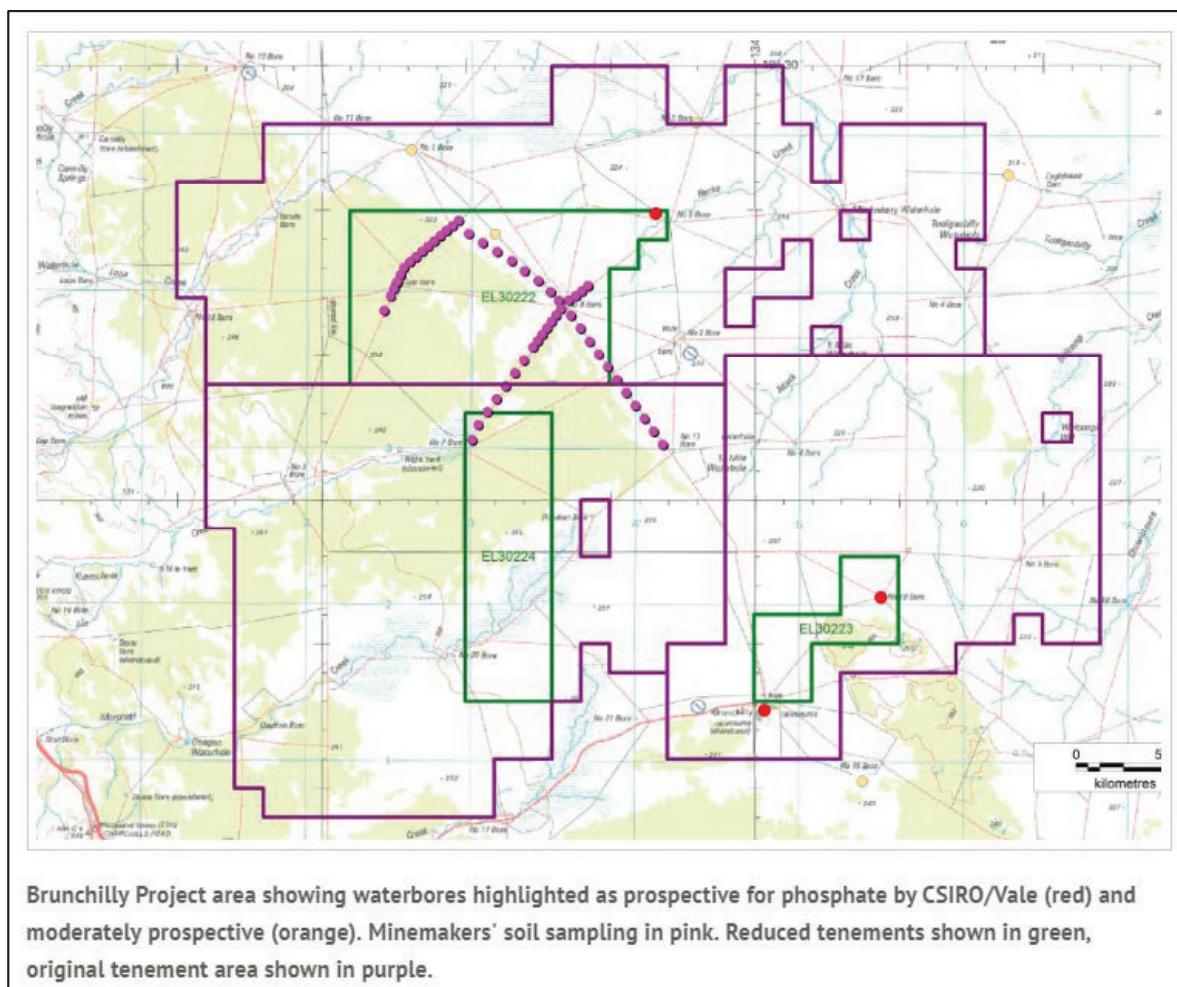


Figure 4-12: Location of Brunchilly Project

Source: Verdant Minerals.

4.5.1 Ownership and tenements

The Brunchilly Project exploration licences are shown in Table 4-24.

Table 4-24: Brunchilly Project – tenure status

| Project Name | Licence No. | Company Holder | Percentage Held | Expiry Date | Sub-blocks | Area (km ²) |
|--------------|-------------|-----------------------------|-----------------|-------------|------------|-------------------------|
| Brunchilly | EL30222 | Territory Phosphate Pty Ltd | 100% | 14/10/2020 | 57 | 185.52 |
| Brunchilly | EL30223 | Territory Phosphate Pty Ltd | 100% | 14/10/2020 | 13 | 42.26 |
| Brunchilly | EL30224 | Territory Phosphate Pty Ltd | 100% | 14/10/2020 | 30 | 97.55 |

4.5.2 Geology

The project area is on the eastern edge of the Paleoproterozoic Tomkinson Creek Group. These basement sequences are unconformably overlain by Cambrian marine sedimentary rocks that comprise the western edge of the Georgina Basin which has been divided into the Barkly and Undilla sub-basins. Early Cambrian deposition is represented by the Helen Springs Volcanics which include basalt and basal sandstone.

The Middle Cambrian Gum Ridge Formation overlies the Helen Springs Volcanics and was deposited in a shallow shelf epicontinental sea. The rock types consist principally of limestone sandstone and mudstone. The Gum Ridge Formation forms represents the primary target for Phosphate Mineralisation.

4.5.3 History

The area was previously targeted for Cambrian phosphate by Minemakers and Vale. Minemakers' exploration was mapped out in a prospective 35 km by 10 km northwest trending Cambrian embayment, partly based on soil sampling. Planned drill testing of this prospect was never completed as the JV partnership was dissolved, with Minemakers deciding to focus on its Wonarah Project.

Vale has only previously held the southern part of the Brunchilly Phosphate Project area. Vale commissioned a water bore study by CSIRO; of the 12 water bores tested, three were rated as highly prospective and five were considered as moderately prospective. The area was not adequately drill tested, but no details of drilling are described.

4.5.4 Current Mineral Resource

There are no Mineral Resources currently defined at the Brunchilly Project.

4.5.5 Valuation of exploration tenure

Comparable transactions

The valuation of Brunchilly exploration tenure using comparable transactions is presented in Table 4-25.

Table 4-25: Brunchilly exploration tenure – Comparable transactions

| Exploration Licence | Total Area (km ²) | Multiple Low (A\$/km ²) | Multiple High (A\$/km ²) | Low (A\$M) | High (A\$M) |
|---------------------|-------------------------------|-------------------------------------|--------------------------------------|------------|-------------|
| EL30222 | 185.52 | 500 | 1,500 | 0.09 | 0.28 |
| EL30223 | 42.26 | 500 | 1,500 | 0.02 | 0.06 |
| EL30224 | 97.55 | 500 | 1,500 | 0.05 | 0.15 |

Geoscientific

The valuation of Brunchilly exploration tenure using the geoscientific method is presented in Table 4-26.

SRK has adopted a market factor of 0.5 to reflect the recent market for early stage phosphate projects as indicated by transaction data and recent initial public offerings.

Table 4-26: Brunchilly exploration tenure – Geoscientific approach – modified Kilburn rating

| BAC/km ² A\$500 | | | Off-property | | On-property | Geology | | Anomaly | | Technical value (A\$M) | | Market Factor | Valuation (A\$M) | |
|----------------------------|-------------------------|--------|--------------|-----|-------------|---------|------|---------|------|------------------------|------|---------------|------------------|------|
| Tenement/ sub-block | Area (km ²) | BAC | Equity | Low | High | Low | High | Low | High | Low | High | | Low | High |
| EL30222 | 185.52 | 92,760 | 100% | 1 | 1.5 | 1 | 1.5 | 1 | 2 | 0.14 | 1.04 | 0.50 | 0.07 | 0.52 |
| EL30223 | 42.26 | 21,130 | 100% | 1 | 1.5 | 1 | 1.5 | 1 | 1.5 | 0.03 | 0.18 | 0.50 | 0.02 | 0.09 |
| EL30224 | 97.55 | 48,775 | 100% | 1 | 1.5 | 1 | 1.5 | 1 | 1.5 | 0.07 | 0.41 | 0.50 | 0.04 | 0.21 |

Summary

The valuation of the Brunchilly Project is summarised in Table 4-27 below.

Table 4-27: Brunchilly Project – Valuation summary

| Valuation Basis | Valuation Methodology | Contained Mineral Content (Mt) | Area (km ²) | Project Multiple Low | Project Multiple High | Low (A\$M) | High (A\$M) | Preferred (A\$M) |
|----------------------------|---------------------------------------|--------------------------------|-------------------------|----------------------|-----------------------|-------------|-------------|------------------|
| Remaining Exploration Area | Comparable Sales(\$/km ²) | - | 325.33 | 500 | 1,500 | 0.16 | 0.49 | |
| Remaining Exploration Area | Geoscientific Method | - | 325.33 | | | 0.12 | 0.82 | |
| Selected | | | | | | 0.16 | 0.49 | 0.24 |
| Subtotal | | | | | | 0.16 | 0.49 | 0.24 |

SRK has selected the value ranges obtained through the analysis of comparable transactions, as these have been supported by the other methods.

SRK has preferred a value towards the low end of the range (first quartile) due to some of the existing challenges involved in the development of the main Ammaroo Project itself, such as: 1) challenges in obtaining financing to develop plant and infrastructure; 2) additional metallurgical work requirements, and 3) there are still uncertainties around the optimum suite of products (market) to be produced at Ammaroo.

4.6 Burge Bore Project

EL30225 (Figure 4-13) is located approximately 6 km west of Newcastle Waters and 60 km southwest of Elliot, on the edge of Lake Woods. The project area can be accessed via the Stuart Highway which is located to the east of the exploration licence and can be easily accessed via station tracks. The central Australian Railway runs through the exploration licence

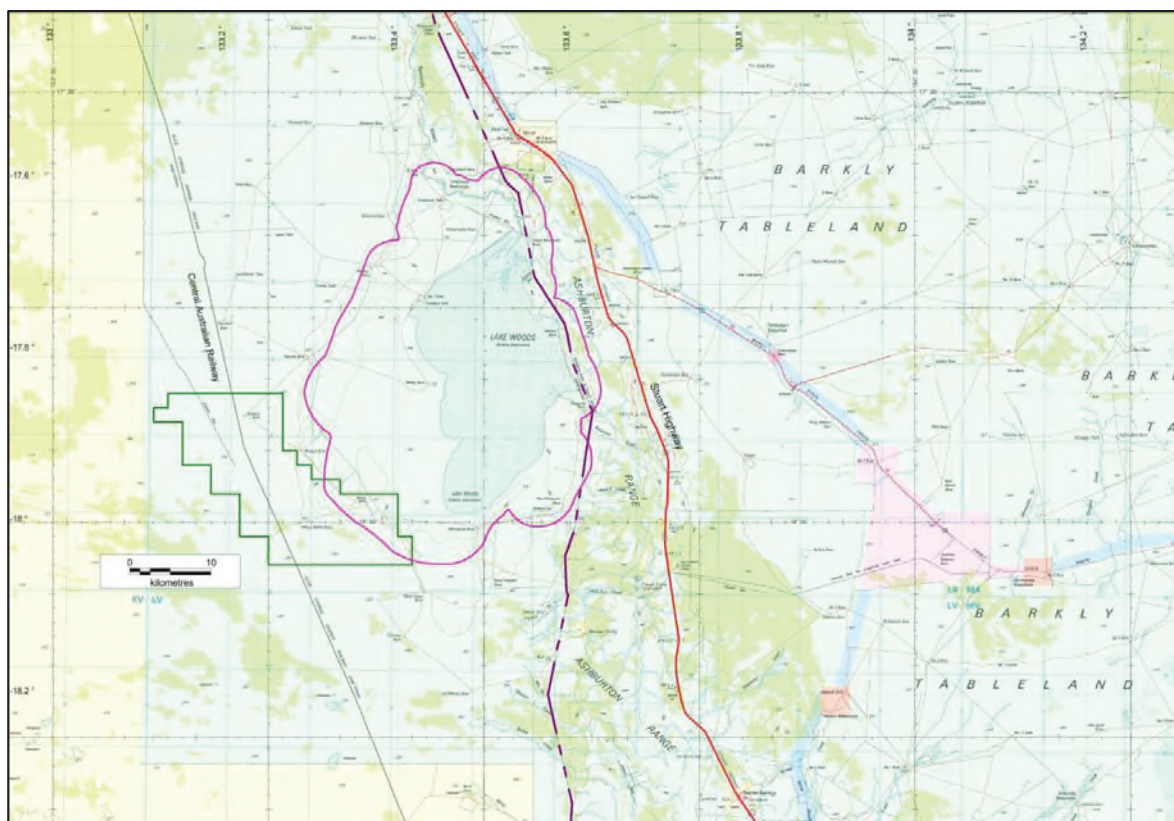


Figure 4-13: Location of Burge Bore Project

Source: Verdant Minerals.

4.6.1 Ownership and tenements

The Burge Bore Project consists of a single exploration licence Table 4-28. Initially granted in May 2015 for 163 sub-blocks, the licence was reduced to 108 sub-blocks in March 2016 by voluntary relinquishment.

The climate is mainly dry with an average annual rainfall of 604mm of which the majority falls in November to March.

The project area is generally flat lying while land use is mainly pastoral natural grazing and the project area is covered entirely by the Powell Creek station.

Lake Woods is an ephemeral wetland that is registered as a site of conservation significance (Figure 4-14), due to the bird populations it supports when in flood.

Table 4-28: Burge Bore Project – tenure status

| Project Name | Licence No. | Company Holder | Percentage Held | Expiry Date | Sub-blocks | Area (km ²) |
|--------------|-------------|-----------------------------|-----------------|-------------|------------|-------------------------|
| Burge Bore | EL30225 | Territory Phosphate Pty Ltd | 100% | 14/05/2021 | 108 | 352.87 |

4.6.2 Geology

EL30225 is located within the Wiso Basin which is generally separated from the Georgina Basin in the south by basement rocks along a NW SE trend consisting of the Palaeo–Mesoproterozoic Tomkinson, Warramunga and Davenport provinces of the Tennant Region. Verdant's reports indicate that the basins are believed to be joined in the north under younger cover. These two intra-cratonic basins share a similar Cambrian aged limestone succession, and particular a Middle Cambrian aged succession the Montejinni Limestones, Hooker Creek Formation Lothlari Hill Sandstone and the Point Wakefield Beds. The Montejinni and Hooker Creek Formations are considered to be correlatives of the Thornton Limestone which is generally older than the main host horizons within the Georgina Basin of the Arthur Creek Formation and its correlatives. However; outcrops of carbonate rocks in and around EL20225 have been mapped as potentially Point Wakefield Formation or Tindall Limestone which are considered to be a correlative of these slightly younger and potentially more prospective units.

While the presence and occurrence of phosphate in the Wiso Basin is well known, significant scale deposits such as Wonarah and Ammaroo have not been identified within the basin to date.

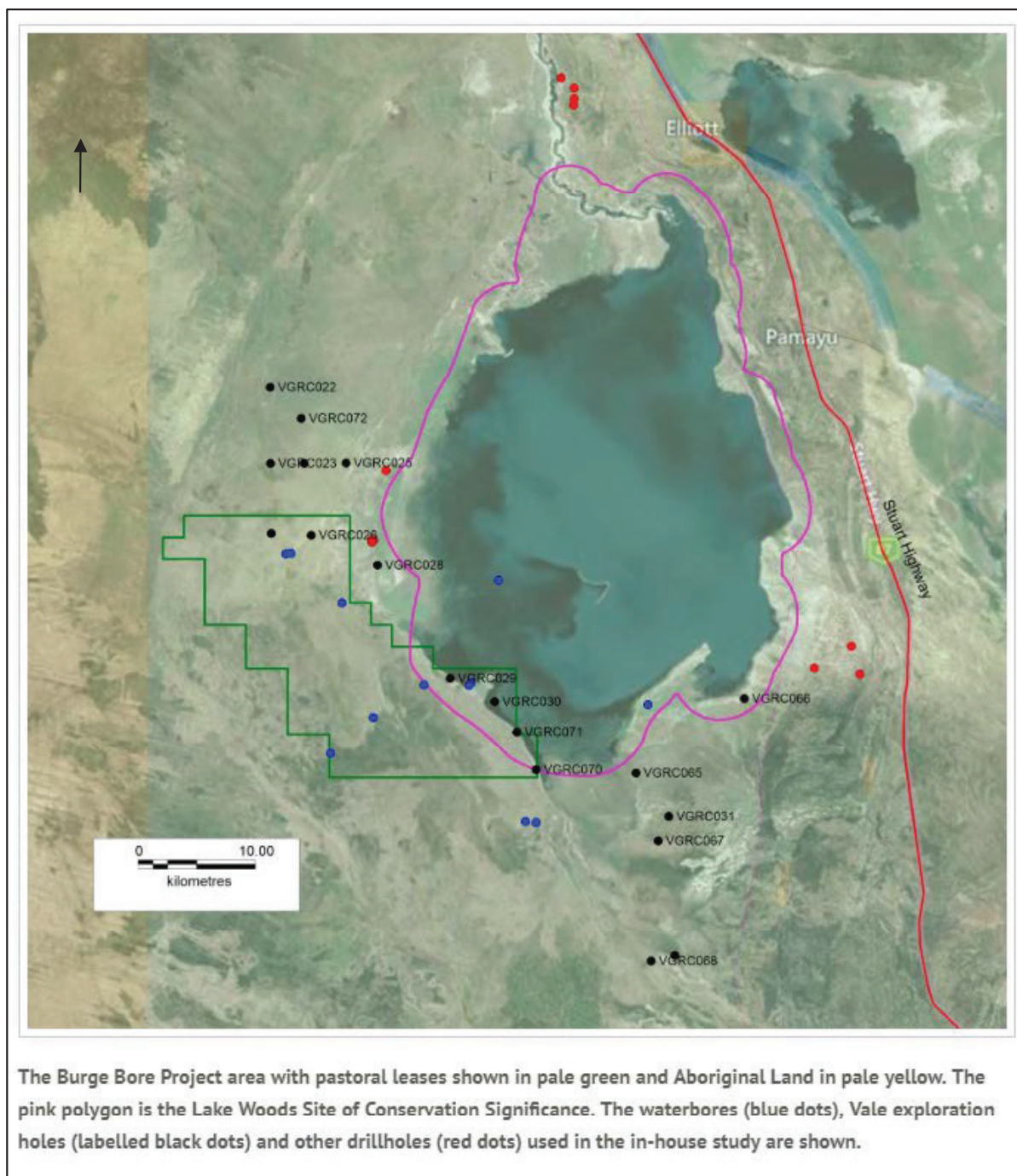


Figure 4-14: Burge Bore Project

Source: Verdant Minerals.

4.6.3 History

The area now held under EL20225 was previously held by Vale who was exploring for phosphate. Works completed by Vale included commissioning of a water bore study by CSIRO, who used hand-held XRF to test water bore cuttings. Vale followed up this work drilling 10 RC holes for 1,326 m. Six of these holes are located within EL30225.

Depth to basement modelling was also completed which suggested a favourable basement ridge setting for phosphate mineralisation; however, more recent reinterpretation suggests a more complex setting with multiple ridges in a NW-SE trending folded basement package.

4.6.4 Mineral Resource estimates

There are no known Mineral Resources or Exploration Targets currently defined at the Burge Bore Project.

4.6.5 Valuation of exploration tenure

Comparable transactions analysis

A valuation of Burge Bore exploration tenure using comparable transactions is presented in Table 4-29. SRK has positioned its value towards the lower end of the range in consideration of the risks imposed by the proximity of the conservation area and the limited geological information available.

Table 4-29: Burge Bore exploration tenure – Comparable transactions

| Exploration Licence | Total Area (km ²) | Multiple Low (A\$/km ²) | Multiple High (A\$/km ²) | Low (A\$M) | High (A\$M) |
|---------------------|-------------------------------|-------------------------------------|--------------------------------------|------------|-------------|
| EL30225 | 352.87 | 500 | 1,500 | 0.18 | 0.53 |

Geoscientific rating analysis

The valuation of the Burge Bore exploration tenure using the geoscientific method is presented in Table 4-30.

SRK has adopted a market factor of 0.5 to reflect the recent market for early stage phosphate projects as indicated by transaction data and recent initial public offerings.

Table 4-30: Burge Bore exploration tenure – Geoscientific approach – modified Kilburn rating

| Tenement/ sub-block | BAC/km ² A\$500 | | | Off-property | | On-property | | Geology | | Anomaly | | Technical value (A\$M) | | Market Factor | | Valuation (A\$M) | |
|------------------------|----------------------------|---------|--------|--------------|------|-------------|------|---------|------|---------|------|------------------------|------|---------------|------|------------------|------|
| | Area (km ²) | BAC | Equity | Low | High | Low | High | Low | High | Low | High | Low | High | 0.50 | 0.07 | Low | High |
| EL30225 | 352.87 | 176,435 | 100% | 1 | 1.5 | 0.9 | 1.2 | 0.9 | 1.5 | 1 | 1.4 | 0.14 | 0.67 | | | 0.07 | 0.33 |

Summary

The valuation of the Burge Bore Project is summarised in Table 4-31.

Table 4-31: Burge Bore Project – Valuation summary

| Valuation Basis | Valuation Methodology | Contained Mineral Content (Mt) | Area (km ²) | Project Multiple Low | Project Multiple High | Low (A\$M) | High (A\$M) | Preferred (A\$M) |
|----------------------------|---|--------------------------------|-------------------------|----------------------|-----------------------|-------------|-------------|------------------|
| Remaining Exploration Area | Comparable transactions (\$/km ²) | - | 352.87 | 500 | 1,500 | 0.18 | 0.53 | |
| Remaining Exploration Area | Geoscientific method | - | 352.87 | | | 0.07 | 0.33 | |
| Selected | | | | | | 0.18 | 0.53 | 0.26 |
| Subtotal | | | | | | 0.18 | 0.53 | 0.26 |

SRK has selected the value ranges obtained through the analysis of comparable transactions, as these have been supported by the other methods.

SRK has preferred a value towards the low end of the range (first quartile) due to some of the existing challenges involved in the development of the main Ammaroo Project. These include challenges in obtaining financing to develop plant and infrastructure, additional metallurgical work requirements, and uncertainties around the optimum suite of products (market) to be produced at Ammaroo.

4.7 Patanella Project

The Patanella Project formerly called the Lucy Creek project is a rock phosphate deposit on the opposite side of the Georgina Basin from Verdant Minerals Ammaroo Project. Patanella is located 265 km northeast of Alice Springs, 155 km southwest of the Ammaroo Project and 100 km south-southeast of Ammaroo South.

Access to the Project is via the Stuart highway which runs to the South of the project area then by unsealed roads and station tracks.

The climate is mainly dry with an average annual rainfall of 290 mm of which the majority falls in December to March. With average temperatures ranging between 22-38°C in summer and 5-22°C in winter. SRK believes that exploration activities can continue unimpeded by weather year-round.

The project area is generally flat lying with elevation ranging from 350 m ASL to 500 m ASL in the Jervois range. The entire area is drained by the ephemeral Arthur Creek and its tributaries which flow northeast. There are no permanent rivers and few perennial waterholes in the region.

Land use is mainly pastoral natural grazing and the project area is covered by parts of the Lucy Creek and Jervois Stations.

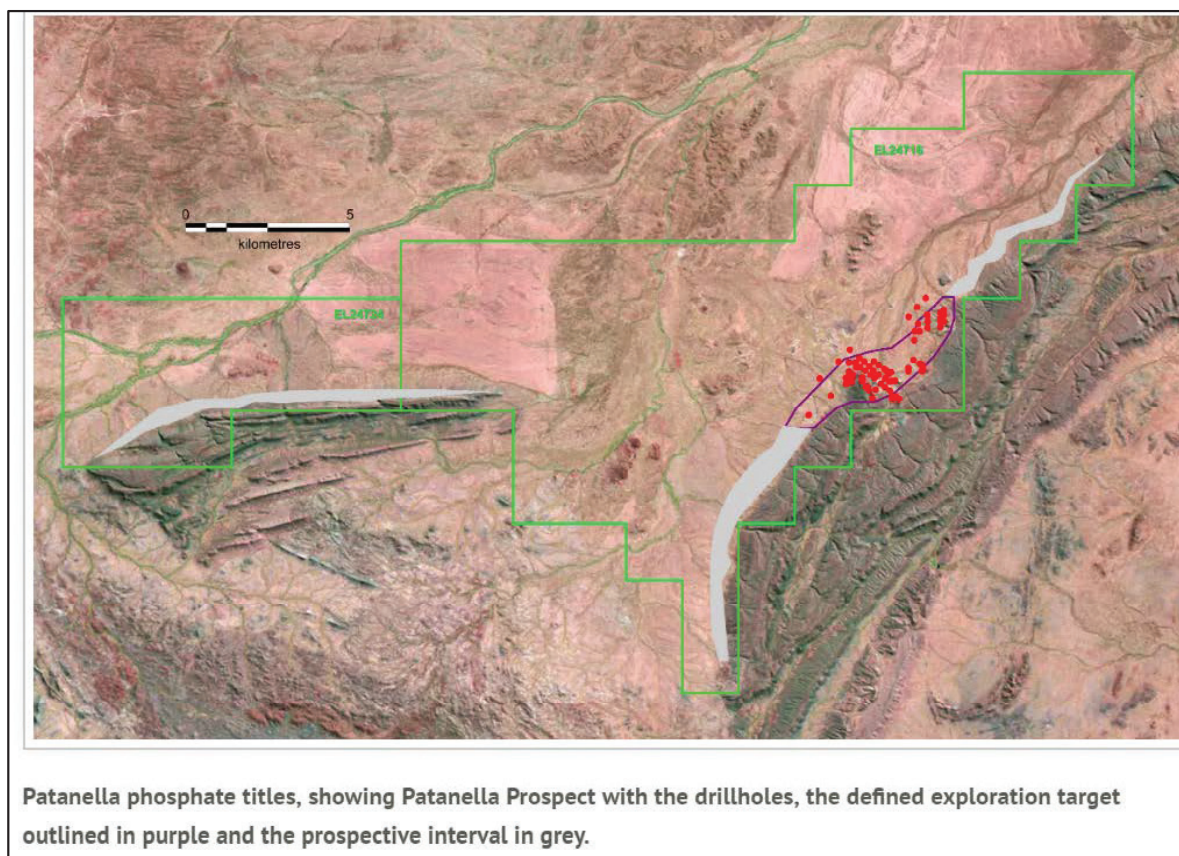


Figure 4-15: Location of Patanella Project

Source: Verdant Minerals – Internal Report

4.7.1 Ownership and tenements

The Patanella Project comprises two granted exploration licences as shown in Table 4-32.

Table 4-32: Patanella Project – tenure status

| Project Name | Licence No. | Company Holder | Percentage Held | Expiry Date | Sub-blocks | Area (km ²) |
|--------------|-------------|-----------------------------|-----------------|-------------|------------|-------------------------|
| Patanella | EL24716 | Territory Phosphate Pty Ltd | 100% | 03/11/2019 | 59 | 187.11 |
| Patanella | EL24724 | Territory Phosphate Pty Ltd | 100% | 01/12/2019 | 15 | 47.57 |

4.7.2 Geology

The Patanella Project is underlain by sediments of the Georgina Basin with basement elements consisting of the Arunta/ Aileron Province.

The earliest sediments within the project area are the Grant Bluff Formation consisting of thin to thickly bedded coarse-grained quartz arenites. These are in turn overlain by the Elkera Formation consisting of siltstone, mudstone and quartz arenite. Variably the Elkera Formation contains a stromatolitic dolostone unit which is capped by a pebbly orthoquartzite.

The Mount Baldwin Formation unconformably overlies the Elkera Formation and consists of quartz arenites, which are in turn unconformably overlain by the Red Heart Dolostone. The Red Heart Dolostone consists of a basal sandstone which grades upwards into silty shales and then dolostones which are typically up to 23 m thick. This unit is overlain by a silt sandstone to siltstone unit which is typically 36 m thick and topped by 67 m thick limestone and dolostone unit.

The Arthur Creek Formation and or Red Heart Dolostone is generally overlain by the Arrinthrunga Formation which contains a thick well-bedded sequence of dolostone and limestone. Locally, the area is unconformably overlain by Quaternary alluvium.

The mineralised domain at Patanella extends over a length of 6.2 km and has a width of approximately 1 km. The thickness ranges between 3 m and 42 m, with an average thickness of 8 m. Outcrop is minimal and the average depth to mineralisation is 23 m.

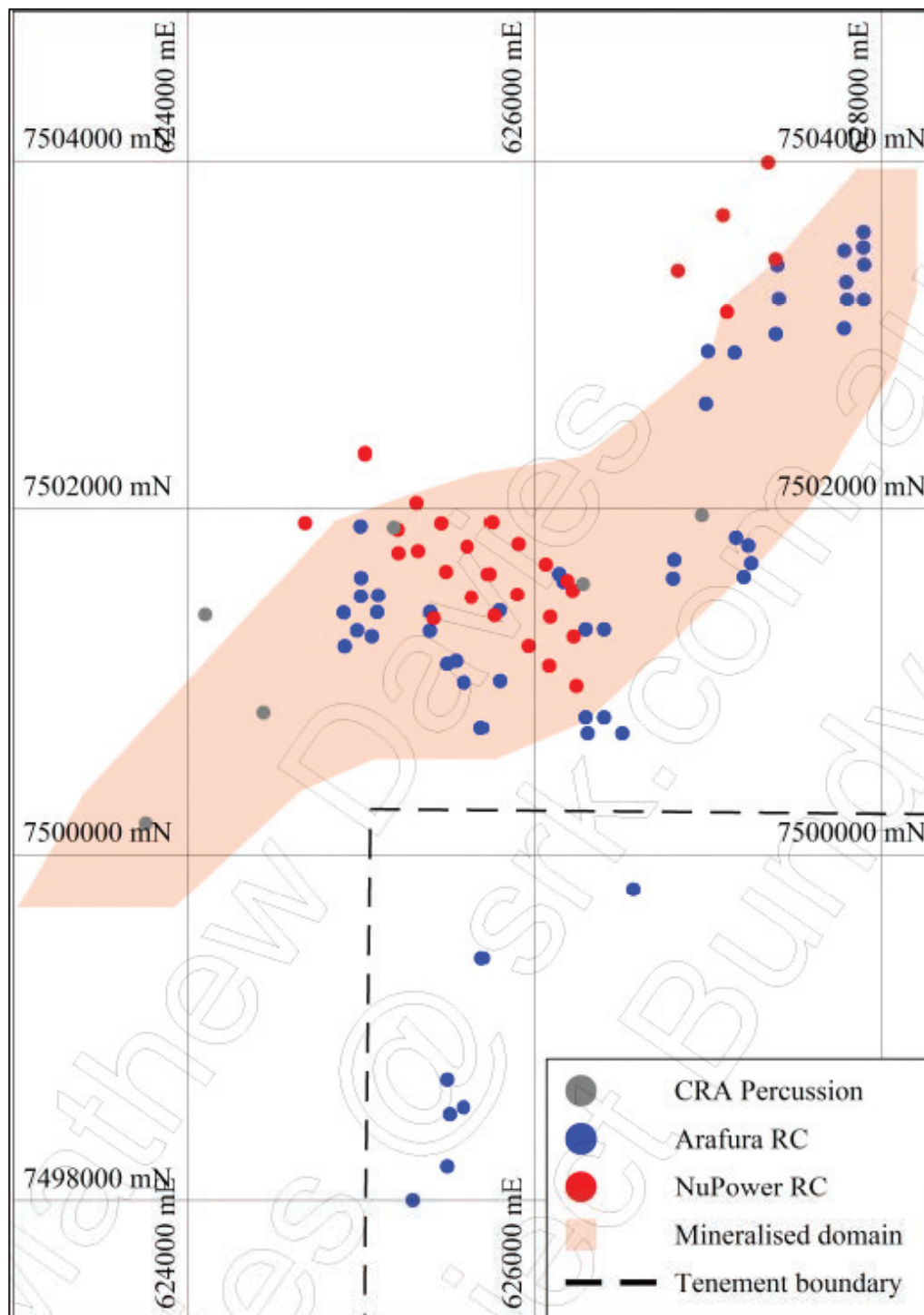


Figure 4-16: Pantanella exploration map

Source: MPR Geological Consultants Pty Ltd – Exploration Target for the Patanella Phosphate deposit.

4.7.3 History

CRA drilled six scout percussion holes for 530m in 1994 unsuccessfully targeting base metals and uranium (not phosphate). After the phosphate potential was recognised, Arafura Resources and NuPower Resources re-assayed the CRA holes and drilled 81 reverse circulation holes (Figure 4-16) between 2006 and 2009 for a total of 3,524 m. The project was by then called the Lucy Creek Phosphate Prospect. Verdant renamed the prospect to Patanella Phosphate to avoid confusion with the earlier work for other commodities at this location and another unrelated Lucy Creek Prospect.

4.7.4 Mineral Resource estimates

SRK understands that no Mineral Resources were estimated at the Patanella Project due to insufficient sampling density; however, an Exploration Target was reported in June 2014 under JORC Code (2012) guidelines.

- An Exploration Target of 50-100 Mt at 10% to 17% P₂O₅ at a cut-off grade of 5%, and 25 to 50 Mt at 15%-20% P₂O₅ with a cut-off of 10% P₂O₅ was reported.
- The Exploration Target is wholly contained within EL24716.

SRK notes that the drilling to date at Patanella is not on a regular grid.

Table 4-33: Patanella's Exploration Target (June 2014) within EL24716

| Cut-off P ₂ O ₅ % | Low Mt | High Mt | Low P ₂ O ₅ % | High P ₂ O ₅ % | Mid-Point Mt | Mid-Point Grade P ₂ O ₅ % | Contained P ₂ O ₅ Tonnes |
|---|--------|---------|-------------------------------------|--------------------------------------|--------------|---|--|
| 5 | 200 | 400 | 7% | 10% | 300 | 9% | 25.50 |
| 10 | 50 | 100 | 12% | 15% | 75 | 14% | 10.13 |

Source: MPR Geological Consultants Pty Ltd – Exploration Target for the Patanella Phosphate deposit.

4.7.5 Valuation of exploration target

Comparable transactions

SRK's valuation of the Patanella Exploration Target using comparable transactions is presented in Table 4-34.

Table 4-34: Patanella's Exploration Target – Comparable transactions

| Prospect | Resource Category | Total Contained Resources P ₂ O ₅ (t) | Multiple Low (A\$/t) | Multiple High (A\$/t) | Low (A\$M) | High (A\$M) |
|------------------------------|--------------------|---|----------------------|-----------------------|------------|-------------|
| Patanella Exploration Target | Exploration Target | 6.13 | 0.02 | 0.05 | 0.12 | 0.31 |

The reasoning for the adopted multiples is outlined in Section 2.5.2. However, SRK notes further than it has adopted an 80% discount to the values implied for Inferred Mineral Resources in order to value Verdant's Exploration Target given the greater uncertainty (and lower confidence) associated with Exploration Targets relative to defined Mineral Resources.

Enterprise Value

SRK's valuation of the Exploration Target at Patanella using enterprise value is presented in Table 4-35.

Table 4-35: Patanella's Exploration Target – Enterprise value

| Prospects | EPM | Contained P ₂ O ₅ Mt | Multiple Low (A\$/t) | Multiple High (A\$/t) | Low (A\$M) | High (A\$M) |
|-------------------------------|---------|---|----------------------------|-----------------------------|---------------|----------------|
| Patanella Exploration Target* | EL24716 | 6.13 | 0.008 | 0.024 | 0.05 | 0.15 |

Note: *A 50% discount has been applied to the Resource multiples for the Exploration Targets.

4.7.6 Valuation of exploration tenure

Comparable transactions

The valuation of Patanella exploration tenure using comparable transactions is presented in Table 4-36.

Table 4-36: Patanella exploration tenure – Comparable transactions

| Exploration Licence | Total Area (km ²) | Multiple Low (A\$/km ²) | Multiple High (A\$/km ²) | Low (A\$M) | High (A\$M) |
|------------------------|-------------------------------------|---|--|---------------|----------------|
| EL24716* | 180.91 | 500 | 1,500 | 0.09 | 0.27 |
| EL24724 | 47.57 | 500 | 1,500 | 0.02 | 0.07 |

Note: * Exploration Target areas subtracted from total area.

Geoscientific

The valuation of the Pantanella exploration tenure using the geoscientific method is presented in Table 4-37.

SRK has adopted a market factor of 0.5 to reflect the recent market for early stage phosphate projects as indicated by transaction data and recent initial public offerings.

Table 4-37: Patanella exploration tenure – Geoscientific approach – modified Kilburn rating

| BAC/km² A\$500 | | | | Off-property | | On-property | | Geology | | Anomaly | | Technical value (A\$M) | | Market Factor | Valuation (A\$M) | |
|---------------------|------------|--------|--------|--------------|------|-------------|------|---------|------|---------|------|------------------------|------|---------------|------------------|------|
| Tenement/ sub-block | Area (km²) | BAC | Equity | Low | High | Low | High | Low | High | Low | High | Low | High | | Low | High |
| EL24716* | 180.91 | 90,455 | 100% | 1 | 1.5 | 1 | 1.5 | 1.5 | 2.5 | 1.5 | 3 | 0.20 | 1.53 | 0.50 | 0.10 | 0.76 |
| EL24724 | 47.57 | 23,785 | 100% | 1 | 1.4 | 1 | 1.5 | 1 | 2 | 1.1 | 2.5 | 0.03 | 0.25 | 0.50 | 0.01 | 0.12 |

Note: * Exploration Target areas subtracted from total area.

Summary

The valuation of the Pantanella Project is summarised in Table 4-38.

Table 4-38: Pantanella Project – Valuation summary

| Valuation Basis | Valuation Methodology | Contained Mineral Content (Mt) | Area (km ²) | Project Multiple Low | Project Multiple High | Low (A\$M) | High (A\$M) | Preferred (A\$M) |
|----------------------------|---|--------------------------------|-------------------------|----------------------|-----------------------|-------------|-------------|------------------|
| Exploration Target | Comparable transactions (\$/t P ₂ O ₅) | 6.13 | - | 0.02 | 0.05 | 0.12 | 0.31 | |
| Exploration Target | Enterprise Value (\$/t P ₂ O ₅) | 6.13 | - | 0.008 | 0.024 | 0.05 | 0.15 | |
| Selected | | | | | | 0.12 | 0.31 | 0.17 |
| Remaining Exploration Area | Comparable transactions (\$/km ²) | - | 228.48 | 500 | 1,500 | 0.11 | 0.34 | |
| Remaining Exploration Area | Geoscientific Method | - | 228.48 | | | 0.11 | 0.89 | |
| Selected | | | | | | 0.11 | 0.34 | 0.17 |
| Subtotal | | | | | | 0.24 | 0.65 | 0.34 |

SRK has selected the value ranges obtained through the analysis of comparable transactions, as these have been supported by the other methods.

SRK has preferred a value towards the low end of the range (first quartile) due to some of the existing challenges involved in the development of the main Ammaroo Project itself. These include challenges in obtaining financing to develop plant and infrastructure, additional metallurgical work requirements, and uncertainties around the optimum suite of products (market) to be produced at Ammaroo.

4.8 Singleton Project

The Singleton Project consists of a single exploration licence (Table 4-39) located approximately 15 km northeast of the township of Wycliffe Well, close to the Central Australian Railway, the main north-south Stuart Highway and the gas pipeline.

Access to the Project is achieved via the Stuart highway which runs to the west of the project area; further access is attained by unsealed roads and station tracks.

The climate is variable and affected by monsoonal rainfall patterns at times with an annual rainfall ranging between 86.4 mm and 914 mm of which the majority falls in December to March. The average temperatures range between 21-38°C in summer and 7-27°C in winter. SRK considers exploration activities can continue unimpeded by weather year-round.

The project is generally flat lying, consisting of undulating plains and ranges. Land use is mainly pastoral natural grazing and the project area is covered by parts of the Alinga and Singleton Land Systems. The project is covered by the Singleton and Murray Downs stations.

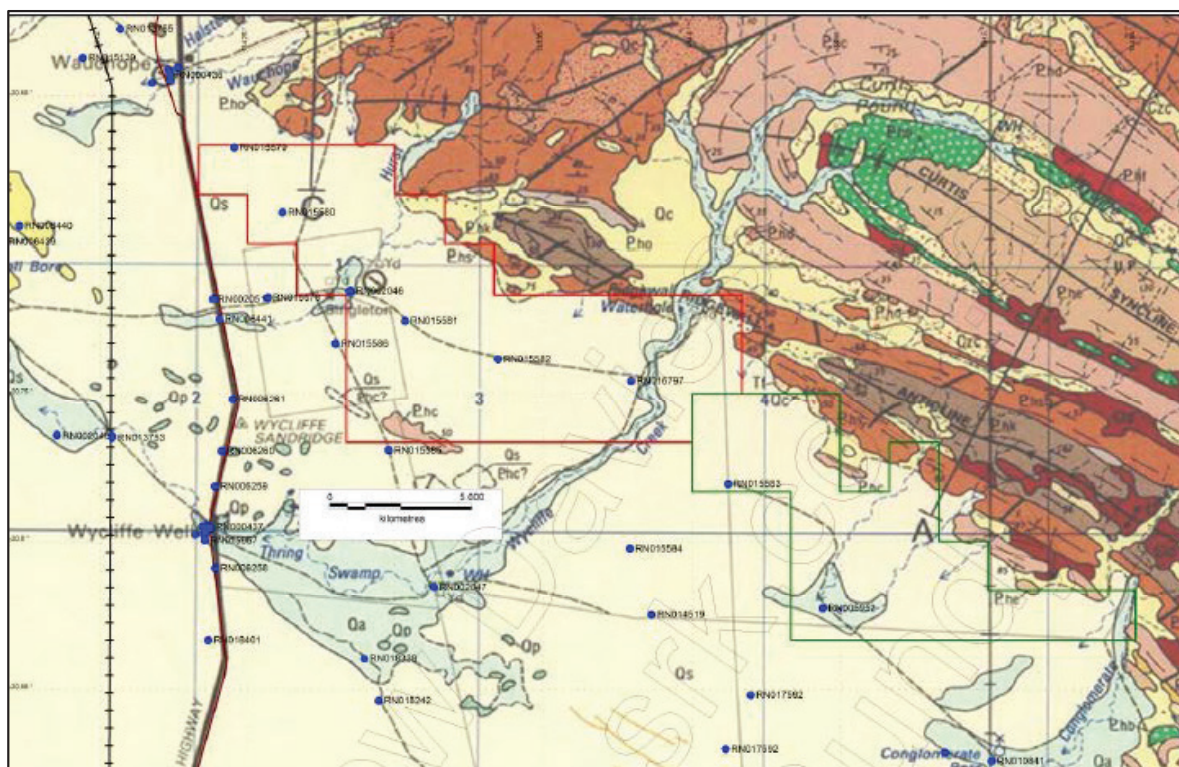


Figure 4-17: Location of Singleton Project

Source: Verdant Minerals.

Note: The current tenure is shown by the green outline and the relinquished area is shown by the red outline. The location of water bores is shown by blue dots.

4.8.1 Ownership and tenements

The Singleton Project comprises a single granted exploration licence as shown in Table 4-39.

Table 4-39: Singleton Project - tenure status

| Project Name | Licence No. | Company Holder | Percentage Held | Expiry Date | Sub-blocks | Area (km ²) |
|--------------|-------------|-----------------------------|-----------------|-------------|------------|-------------------------|
| Singleton | EL30613 | Territory Phosphate Pty Ltd | 100% | 14/06/2021 | 18 | 57.79 |

4.8.2 Geology

The Singleton Project is located on the margin of the Georgina Basin, near the arch that connects the Wiso and Georgina basins. The sedimentary succession ranges from Neoproterozoic to Devonian, with extensive local Quaternary cover sequences.

The Singleton exploration licence area is mostly undercover and to date no formal identification of the sub-surface units has been confirmed with references to Tomahawk beds, Arthur Creek Formation, Thornton Limestone, Arrintringa Formation and the Hay River Formation all mentioned.

Cover sequences are Cenozoic and may be tens of metres thick, these sequences were shed as paleochannels from the Proterozoic ranges to the north. There is no Cambrian-aged outcrop and little to no Proterozoic outcrop within the tenure.

4.8.3 History

EL30613 was initially applied for in October 2010 and 56 sub-blocks (179.86km²) by NuPower Resources who was originally targeting uranium. A partial relinquishment was undertaken in 2015. This relinquishment reduced the area to 21 sub-blocks, followed by additional relinquishments which reduced the tenure to 18 sub-blocks for 57.79 km².

4.8.4 Mineral Resource estimates

There are no known Mineral Resources or Exploration Targets current reported for the Singleton Project.

4.8.5 Valuation of exploration tenure

Comparable transactions

Valuation of the Singleton exploration tenure using comparable transactions and based on SRK's analysis of those transactions (Section 2.3) is presented in Table 4-40. SRK has positioned its value towards the lower end of the range in consideration of the risks imposed by the proximity of a conservation area and the limited geological and drilling information available.

Table 4-40: Singleton's exploration tenure – Comparable transactions

| Exploration Licence | Total Area (km ²) | Multiple Low (A\$/km ²) | Multiple High (A\$/km ²) | Low (A\$M) | High (A\$M) |
|---------------------|-------------------------------|-------------------------------------|--------------------------------------|------------|-------------|
| EL30613 | 57.79 | 500 | 1,500 | 0.03 | 0.09 |

Geoscientific

The valuation of the Singleton exploration tenure using the geoscientific method is presented in Table 4-41.

SRK has adopted a market factor of 0.5 to reflect the recent market for early stage phosphate projects as indicated by transaction data and recent initial public offerings.

Table 4-41: Singleton exploration tenure – Geoscientific approach – modified Kilburn rating

| BAC/km² A\$500 | | | | Off-property | | On-property | | Geology | | Anomaly | | Technical value (A\$M) | | Market Factor | Valuation (A\$M) | |
|---------------------|------------|--------|--------|--------------|------|-------------|------|---------|------|---------|------|------------------------|------|---------------|------------------|------|
| Tenement/ sub-block | Area (km²) | BAC | Equity | Low | High | Low | High | Low | High | Low | High | Low | High | | Low | High |
| EL30613 | 57.79 | 28,895 | 100% | 1 | 1.5 | 1 | 1.2 | 0.9 | 1.5 | 0.9 | 1.5 | 0.02 | 0.12 | 0.50 | 0.01 | 0.06 |

Summary

The valuation of the Singleton Project is summarised in Table 4-42.

Table 4-42: Singleton Project – Valuation summary

| Valuation Basis | Valuation Methodology | Contained Mineral Content (Mt) | Area (km ²) | Project Multiple Low | Project Multiple High | Low (A\$M) | High (A\$M) | Preferred (A\$M) |
|----------------------------|---|--------------------------------|-------------------------|----------------------|-----------------------|-------------|-------------|------------------|
| Remaining Exploration Area | Comparable transactions (\$/km ²) | - | 57.79 | 500 | 1,500 | 0.03 | 0.09 | |
| Remaining Exploration Area | Geoscientific Method | - | 57.79 | | | 0.01 | 0.06 | |
| Selected | | | | | | 0.03 | 0.09 | 0.04 |
| Subtotal | | | | | | 0.03 | 0.09 | 0.04 |

SRK has selected the value ranges obtained through the analysis of comparable transactions, as these have been supported by the other methods.

SRK has preferred a value towards the low end of the range (first quartile) due to some of the existing challenges involved in the development of the main Ammaroo Project itself, such as: 1) challenges in obtaining financing to develop plant and infrastructure; 2) additional metallurgical work requirements, and 3) there are still uncertainties around the optimum suite of products (market) to be produced at Ammaroo.

5 Potash Projects

5.1 Introduction

Since 2010, Verdant's (formerly RUM) potash strategy has been to target salt lakes and sub-surface aquifers considered prospective for potassium and magnesium rich brines. Potash and/or schoenite fertiliser can be produced by simple staged solar evaporation and flotation and/or other onsite treatments.

Karinga Lakes is the most advanced of Verdant's Potash Projects and is supported by Mineral Resources (reported under the 2012 JORC Code) located adjacent to the Lasseter Highway and within close proximity to the Central Australian Railway, providing access to the north to the Port of Darwin and onto Asian markets or southwards to Adelaide and the Australia east coast marketplace.

In addition, the Company has applied for a number of adjacent exploration licences to the east of its Karinga Project, known as the Lake Amadeus Project (Figure 5-1).

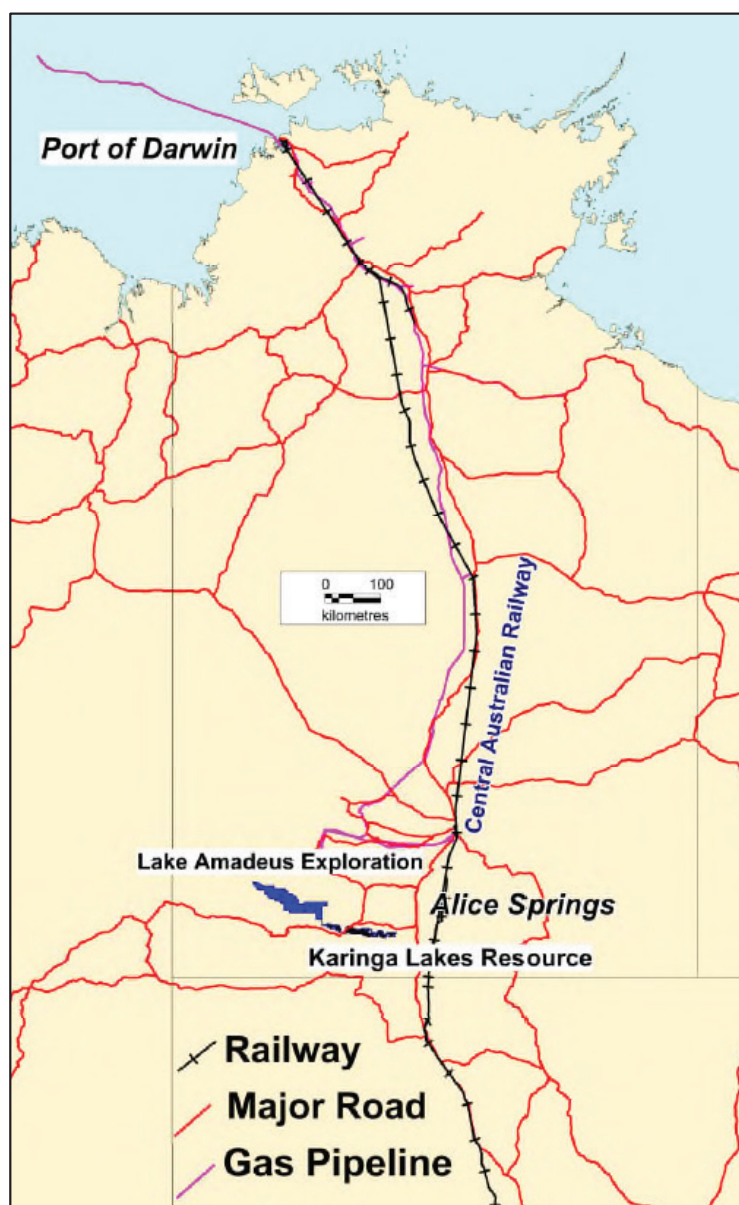


Figure 5-1: Location of Verdant's potash projects relative to established infrastructure

Source: Verdant Quarterly Report (date 31 January 2019).

Sulphate of potash (SOP - K_2SO_4) is a product that attracts a price premium relative to other forms of potash fertiliser. There is currently no commercial SOP production in Australia.

Potassium bearing brines in salt lakes represent a special form of natural potash deposit, with recovery of these resources highly dependent on climate, as sunlight is used to evaporate the brine solution. Evaporation plants for potash recovery operate in China, USA and Chile.

The Karinga Lakes and Lake Amadeus form part of a chain of playa lakes that extend northwest-southeast for over 500 km from Lake Hopkins in Western Australia to the Finke River in the Northern Territory. On a broad scale the playa string follows palaeodrainage of the Amadeus Basin, flanked to the north by outcropping Neoproterozoic sediments of the Amadeus Basin and to the south by outcropping and thinly covered Proterozoic granite and gneiss of the Musgrave Block. This chain of dry lakes represents the coincidence of present-day topographic lows and the area of regional groundwater discharge of the Central Australian Groundwater Discharge Zone.

The lakes have numerous islands, many of this have stable vegetated sand dune cover and are surrounded by a bench or terrace of gypsum sand and kopi (gypsum bull dust). There are several active springs which discharge under pressure and the area surrounding these are typically boggy at surface.

Three basic conditions are required to form salt lakes, namely:

- Absence of, or restricted outflow the ensure hydrological closure (i.e. basins acting as focus for local discharge)
- Evaporation must exceed inflow
- Inflow must be sufficient to form a body of water at or close to surface.

Fluids are derived from direct precipitation, associated surface flow and/or groundwater.

5.2 Karinga Lakes Project

Verdant's Karinga Lakes Project is located in isolated sparsely populated desert country but less than 20 km south of the sealed Lasseter Highway, approximately 280 km southwest of Alice Springs in the Northern Territory. The Karinga Lakes Project covers portions of the Angus Downs, Mount Ebenezer, Curtin Springs, Lyndavale and Erlduna cattle stations, with other population centres including the Imanpa (180–250 people) and the Mount Ebenezer Roadhouse.

Access to the Karinga Lakes Project is via the Lasseter Highway which runs east west through the project area. Unmarked and station tracks, and exploration trails provide secondary access.

The project experiences a semi-arid climate with long hot summers and relatively mild winters. The winter months are marked by diurnal fluctuations in temperatures, which can vary from sub-zero overnight to mid-20°C or higher during the day. Summer daytime temperatures rarely fall below 30°C and there are often long periods with temperatures above 40°C. The average rainfall is ~250–300 mm per annum (mostly during mid to late summer) and the average annual evaporation is between 3,000 mm and 4,000 mm. SRK believes that exploration activities can continue unimpeded by weather year-round.

The Karinga Lakes Project comprises seven granted exploration licences registered under Territory Potash Pty Ltd and covering a combined area of 1,040.82 km² as outlined in Table 5-1. Territory Potash Pty Ltd is a wholly owned subsidiary of Verdant.

Table 5-1: Karinga Lakes – tenure status

| No | Registered Holder | Grant | Expiry | Area (km ²) |
|---------|--------------------------|------------|---------------|-------------------------|
| EL24987 | Territory Potash Pty Ltd | 10/10/2006 | 09/10/2020 | 220.37 |
| EL25080 | Territory Potash Pty Ltd | 09/10/2006 | 08/10/2018* | 633.58 |
| EL28205 | Territory Potash Pty Ltd | 09/03/2011 | 08/03/2019** | 59.04 |
| EL28272 | Territory Potash Pty Ltd | 14/04/2011 | 13/04/2019 | 59.03 |
| EL28872 | Territory Potash Pty Ltd | 06/03/2012 | 05/03/2018*** | 34.15 |
| EL30381 | Territory Potash Pty Ltd | 16/05/2015 | 15/03/2021 | 12.43 |
| EL30382 | Territory Potash Pty Ltd | 16/05/2015 | 15/03/2021 | 22.20 |

Notes:

*renewal lodged 20/10/2018

** renewal lodged 31/01/2019

*** renewal lodged 28/02/2018.

5.2.1 Royalties and agreements

Royalties

SRK is not aware of any third-party royalties pertaining to the Karinga Lakes titles.

Agreement

In August 2017, Consolidated Potash Corporation (CPC – formerly Aqua Guardian Group Limited) entered into a concurrent joint venture (JV) and Technology licencing agreement, whereby CPC could earn up to a 40% interest in the Karinga Lakes Sulphate of Potash Project through a staged A\$3 million (M) investment comprising:

- 15% for completion of A\$1M expenditure over an 18-month on bench-scale pilot plant testing and associated testwork using the proprietary aMES™ technology (Stage 1)
- 15% to 25% interest through further contributions of A\$1 to A\$2M in the project, respectively.

On 7 February 2019, Verdant announced that CPC had satisfied the requirements to acquire an initial 15% interest in the Project.

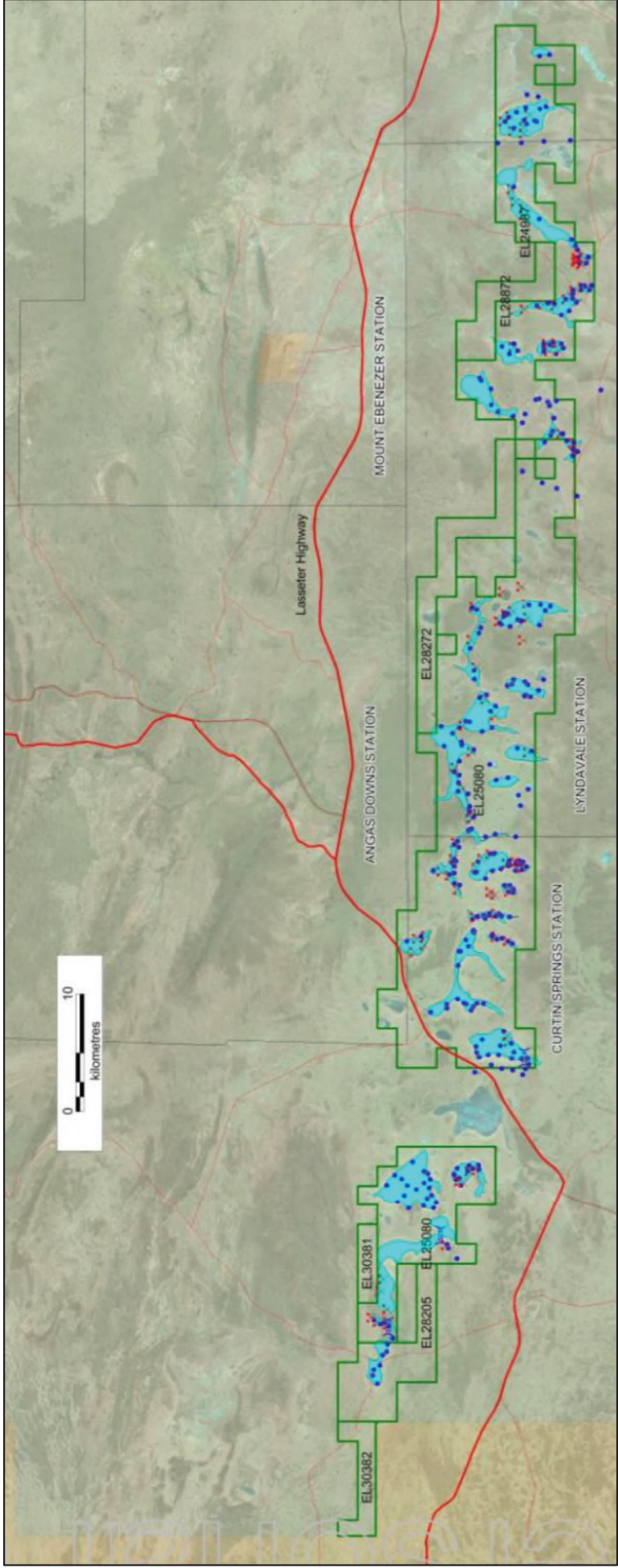


Figure 5-2: Karinga Lakes Project titles showing location of all sampling to date

Source: Verdant Quarterly Report (date 31 January 2019).

Notes:

Drilling (dark blue dots), shovel sampling (red crosses) and trenches (blue Symbols, not to scale).
JORC Code resources shown in light blue.

5.2.2 Geology

The Karinga Lakes Potash Project overlies the southwestern sector of the Amadeus Basin in the Northern Territory. The Amadeus Basin is a Neoproterozoic to mid-Palaeozoic basin covering approximately 150,000 km² and extending from the Northern Territory into Western Australia. It comprises succession of predominantly shallow marine sedimentary rocks and attains a thickness of up to 14,000 m. The siltstones of the central Amadeus Basin have weathered into a modern topographic low. This depression contains a chain of Cenozoic playa salt lakes. Quaternary sand dunes, up to 30 m high, encroach onto the depression. The dunes are mostly vegetated and stable.

The playas presently occupy only the lowermost topographic depressions in swales between dunes. Quaternary calcrete and silcrete duricrusts (of vadose origin) are characteristically superimposed on Amadeus Basin outcrops, forming escarpments, several metres high along the margins of some of the playa lakes. Low-relief gypsum-sand 'islands' are also present in some of the playas.

The sediments in the modern playa lakes and their palaeodrainages contain brines formed by the evaporation of surface and near-surface water from infrequent and largely unpredictable rain and flooding events. Most importantly, the playa lakes are also fed from groundwater discharge in the Central Australian Groundwater Discharge Zone.

In the Karinga Lakes and Lake Amadeus, brine is hosted within two stratigraphic units:

- Lacustrine lake bed sediments (Aquifer 1)
- Weathered siltstone of the Devonian Horseshoe Bend Shale (Aquifer 2).

The Horseshoe Bend Shale of the Devonian aged Finke Group is the basement to most of the playa lakes in the region and where it is fractured, it contains free flowing brine. The Horseshoe Bend shale is evaporitic and crops out in proximity to most salt lakes. It is hydraulically connected to the brine in the modern lake sediments, to collectively form a single brine aquifer. The Horseshoe Bend Shale was/is evaporitic, containing sulphate and chloride evaporites. It also contains locally abundant detrital biotite. The evaporites have been leached out over geological time and have almost certainly contributed to the brine, both within the shale and within the lake sediments. These migrating brines have also liberated additional potassium from the weathering biotite.

5.2.3 History

In May 2010, RUM entered into an option agreement to acquire a 100% interest in EL24987.

This was promptly followed in June 2010, when RUM entered into a 50:50 joint venture (JV) with Reward Minerals to explore two exploration licences (EL24987 and 25080) for potash within the Karinga Lake system. The stated geological model for the JV was to "*locate sufficient brine solution enriched in potassium and sulphate compounds capable of producing economic quantities of fertiliser grade potassium sulphate... analogous to the Great Salt Lake in Utah... and the Dead Sea*". The results from 62 brine samples were also reported at this time. Potassium values range from 1,800 ppm to 11,000 ppm with an average of 4,777 ppm. The average sulphate content of all samples was 31,404 ppm thereby confirming the high sulphate nature of the brines. These results suggested that while economic grades of potash may be available, substantial quantities of brine would be required.

Vibracore drilling commenced in 2011 and eight holes were completed to a maximum depth of 3.5 m, which was followed shortly thereafter by sonic drilling.

In 2012, the JV reported a maiden Indicated and Inferred Mineral Resource estimate of 530,000 t of sulphate of Potash (SOP). Between May and August 2012, hydrogeological investigations including air core drilling (99 holes), well construction and pumping tests were carried out. Ten test bores were pumped at rates from 0.5 to 5.5 L/s.

These bores demonstrate that the groundwater beneath the lakes are essentially a single brine in one interconnected regional aquifer system that links the different host rocks (Figure 5-3).

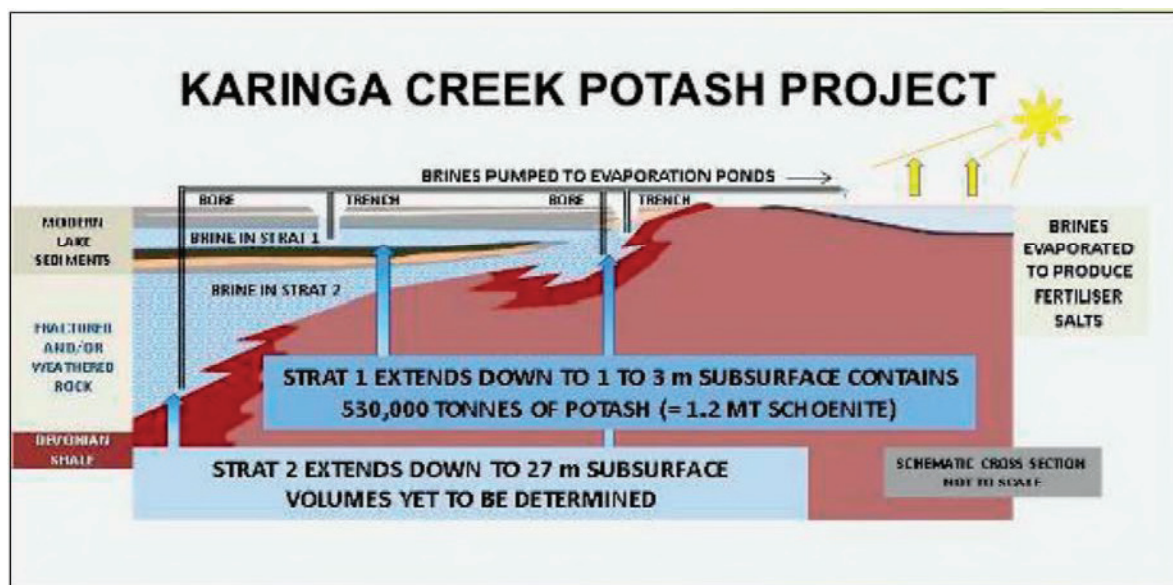


Figure 5-3: Brine hosted by various hydraulically interconnected stratigraphic lithologies

Source: RUM Annual Report (2012).

In November 2012, the JV (RUM 85%, Reward 15%) announced an update to the Mineral Resource estimate with 5.5 Mt of potassium sulphate (potash) outlined at an average aquifer thickness of 15 m and an average depth to the water table of 1 m.

In 2013, aircore drilling was completed with 102 holes for 1,895 m completed at an average depth of 18.5 m. These holes were restricted to the lake edges due to most lakes being inundated with water. Of these holes, 47 were turned into 100 mm cased water bores with 30 piezometers installed, prior to conducting bore performance and constant rate tests (to determine transmissivity, storage coefficient and specific yield and boundary conditions). This demonstrated that 24 piezometers flowed at over 1 L/s and a further 10 holes had a flow rate between 0.5 L/s and 1 L/s from 3-inch diameter exploration holes.

This program was followed by sonic drilling with 17 holes being completed for 259 m.

Process route testing was carried out on a composite 100 L brine sample was also trialled. Several environmental studies were also completed during 2013, including the potential for acid generating material.

Two trials were conducted at Karinga Lakes during 2013/2014:

- The first trial contained a mixed brine from four salt lakes for 12,000 L of brine. Potassium concentration was 0.54% at the start of the trial which commenced on 30 May 2013. By mid-November, the potassium concentration in brine had risen to over 3% potassium with sulphate rising from 4% to 15% during this period. Volume reduction from 12,000 L to 3,000 L also occurred as halite (common salt) precipitated out of the brine. Brine was then transferred to Stage 2 evaporation tanks and the trial continued. In February 2014, the mixed potash salts were harvested along with 250 L of mother liquor. Approximately 590 kg of potash salts were collected with final potassium concentration of between 4.5% to 5.0%.
- The second trial commenced in November 2013 with 3,000 L of brine from two individual lakes. Potassium concentrations at the start of the trial (>0.5%) reached 3.0% to 4.5% by end of the trial, with potassium concentrations in the precipitated salts reaching 7% to 8%.

A further upgrade was reported to the ASX on 20 February 2014 with Measured, Indicated and Inferred Resource estimates totalling 8.4 Mt SOP (in situ brine with no recovery factor applied) reported.

The acquisition of Reward Minerals' 10% interest in the Karinga Lakes project was finalised on 25 March 2014, with RUM moving to a 100% interest in the project.

Also, in March 2014, China International Chemical Consulting Corporation (CICCC) were commissioned to prepare a scoping study, which was completed in December 2014. Two development scenarios were evaluated:

- i) 125 ktpa of SOP for minimum 10-year period
- ii) 100 ktpa of schoenite (potassium magnesium sulphate, an intermediate product) for a minimum 15-year period.

In November 2015, a consortium of GHD Australia and Norwest commenced a preliminary feasibility study (PFS) of the project. In March 2016, it was announced that the progress of the PFS was being reviewed.

In early 2016, the results from eleven deeper RC holes located along the edge of selected salt lakes in the central Karinga Lakes were reported. Five of these holes successfully flowed brines from depths exceeding 30 m with four of these holes flowing brines with potassium levels in line with the existing SOP resource and a number of SOP grades exceeding 12,000 mg/l (equating to more than 12 kg/m³ SOP).

In August 2017, Verdant announced that it had entered into an earn-in agreement with Aqua Guardian Group Limited (subsequently changed to Consolidated Potash Corporation - CPC) whereby CPC could earn up to a 40% interest in the Karinga Lakes project through a staged A\$3 million investment based on the staged commercialisation of aMES™ – a novel mineral processing technology for extracting valuable minerals from salt lake brines.

A trial was then conducted using an 8,000 L brine sample from Karinga Lakes to provide mixed potash salts for initial aMES™ pilot testing. This demonstrated that SOP can be produced from Karinga Lakes using the aMES™ technology and lead to modifications in the process flow sheet designs.

To further optimise and validate the performance of the aMES™ flow sheet and generate process design and performance data, a scaled-up Pilot Plant was constructed in late 2018. In September 2018, a trial using 11,400 L of brine commenced.

In February 2019, Verdant announced that CPC's work over the ensuing 18-month period had confirmed that the aMES™ technology was able to efficiently concentrate potassium salts and remove impurities from the Karinga Lakes brines and that associated techno-economic modelling had satisfied CPC's requirements to acquire an initial 15% interest in the project.

Key findings of the aMES Scoping™ Study included:

- The aMES™ flowsheet is able to effectively produce high-grade halite, sylvite, leonite and SOP
- SOP was produced at room temperature, without the use of any reagents or external reactants
- While not fully optimised, the produced SOP was of ultra-high grade (>K₂O-52)
- Potentially eliminates the requirement for flotation, process steam, gas pipeline and freshwater bore field for project development
- Likely elimination of process reagents, offsite borefield and brine processing.

5.2.4 Mineral Resource estimates

The Karinga Lakes Mineral Resource is a brine-hosted resource where the potassium and sulphate are dissolved in brines contained within aquifers below the dry salt lake (playa) surface. The delineated potash resource is contained within a series of lakes with the average thickness of the identified resource of approximately 15 m.

The most recent Karinga Lakes brine potash resource estimate was prepared in February 2014 by Mr Ben Jeuken, a hydrologist with Groundwater Science Pty Ltd (refer ASX Announcements dated 20 and 24 February 2014) and SRK understands that the estimate has not been updated since this time. The resource was reported in accordance with the 2012 JORC Code; however, the Company noted that the JORC Code was not designed for use in conjunction with dissolved minerals in brines which generally are accepted to have a higher uncertainty than conventional metals projects.

The current resource is estimated at 8.4 Mt SOP (K_2SO_4), including over 70% in the Measured and Indicated category. This is equivalent to 19 Mt of schoenite.

Table 5-2: Karinga Lakes Mineral Resource (cut-off of 3000 mg/L K)

| Resource Category | Potassium (t) | SOP (t) | Schoenite (t) |
|-------------------|------------------|------------------|-------------------|
| Measured | 2,600,000 | 5,800,000 | 13,000,000 |
| Indicated | 210,000 | 460,000 | 1,100,000 |
| Inferred | 950,000 | 2,100,000 | 4,900,000 |
| Total | 3,800,000 | 8,400,000 | 19,000,000 |

Source: RUM ASX Announcement dated 20 February 2014.

Note: Entries have been rounded.

The potash brine resource is based on data acquired over four years, including:

- 93 brine samples from hand dug pits
- 4 small backhoe trenches which were pump tested
- 8 vibrocore drill holes
- 73 sonic drill holes
- 200 aircore drill holes
- 42 installed 50 mm piezometers around drill holes and 48 piezometers around trenches
- 47 installed 100 mm wells
- 10 pumping tests from 100 mm wells
- 4 long term pump tests from 3 trenches and a well
- 142 porosity samples.

The sulphate of potash tonnage represents the in situ brine with no recovery factor applied. It will not be possible to extract all of the contained brine by pumping of trenches; the amount which can be extracted depends on many factors including the permeability of the sediments, the drainable porosity, and the recharge dynamics of the aquifers.

Potassium tonnage was calculated individually for each stratigraphic unit at each lake. Potassium tonnage was calculated as:

$$\text{Bulk volume} \times \text{porosity} \times \text{brine concentration.}$$

Ordinary kriging interpolation was used for resource estimation at a cut-off of 3,000 mg/L potassium. The average potassium grade of the lakes using this cut-off is 4,760 mg/L.

Porosity values were assigned to each stratigraphic unit on the basis of measured porosity in 142 samples obtained from the 2013 sonic drill core samples. In total, 71 porosity samples were sent to E-Precision Laboratory in Perth and 71 porosity samples to the British Geological Survey Hydrogeological Properties and Processes Laboratory in Wales.

Median porosity values for each stratigraphic unit were determined as follows:

- Modern lake bed sediments – 33%
- Devonian Horseshoe Bend Shale – 36%.

The total resource is contained beneath 25 lakes with a total area of 132 km². The average thickness of the identified resource is 17 m.

SRK has reviewed the resource estimate and considers it appropriate for valuation purposes.

5.2.1 Valuation

Mineral Resource estimate

For the valuation of the Karinga Lakes Mineral Resource, SRK favours the use of the Actual transaction, Comparable Transaction and Peer Analysis methods of valuation, which are all market-based approaches. SRK does not consider that the Karinga Lakes Project is not sufficiently advanced to provide certainty around the likely input parameters to a techno-economic model under the Income approach. Further, CPC's expenditure to earn an initial 15% interest in the project as outlined in Transaction 2 (below) is instructive regarding the cost valuation approach.

Actual Transaction

In considering the value of the Karinga Lakes resources, SRK notes the project has transacted twice previously. The implied values associated with each of these previous transactions are outlined below.

Transaction 1

In February 2014, RUM acquired the residual 10% interest that it did not already own in the Karinga Lakes Project from Reward Minerals Ltd for A\$140,000 cash and 4M ordinary shares (deemed value of A\$0.14/share). The defined resource at this time was 8.4 Mt SOP at an average grade of 4,760 mg/L K (Measured 5.8 Mt, Indicated 0.46 Mt and Inferred 2.1 Mt). The implied value of this transaction is A\$1.29/t K₂O (after normalisation to account for changes in potash price since that time).

Applying this metric to Verdant's current Mineral Resource estimate implies a value of A\$5.84M. On a pro-rata basis, Verdant's 85% interest in the Karinga Lakes Mineral Resource estimate would then be valued at A\$4.96M.

Transaction 2

In February 2019, Verdant announced that CPC had met the requirement to earn an initial 15% interest in the project. Furthermore, CPC had the right to earn an additional 25% interest by spending a further A\$2M. There had been no change in the resource position since 2014.

Stage 1 of this transaction implies a 100% interest in the project was valued at A\$6.6M (A\$1M/ 15%) for the project; however, SRK notes that as part of Stage 1, CPC also were able to trial the AMES™ processing technology and advance the project design. On a pro-rata basis, Verdant's 85% interest in the Karinga Lakes Mineral Resource estimate would then be valued at A\$5.61M.

If completed, Stage 2 of this transaction implies a value for the entire project of A\$8M (A\$2M/ 25%). On a pro-rata basis, Verdant's 85% interest in the Karinga Lakes Mineral Resource estimate would then be valued at A\$6.8M.

Comparable Transactions - Resources

For its evaluation of Verdant's Karinga Lakes resources, SRK has compiled potash resource transactions using the S&P Capital Market Intelligence subscription database (formerly SNL). SRK's search considered transactions involving potash brine resource projects located in similarly developed jurisdictions. Importantly, SRK was unable to locate any recent potash brine resource transactions in Australia and had to rely on transaction involving projects in USA, Russia, Ethiopia and Kazakhstan. Based on this, eight transactions were identified, of which only three involved brine extraction (Appendix C). Two distinct populations were evident in this limited dataset, one at below A\$0.10/t K₂O and a second above A\$1.70/t K₂O.

Table 5-3: Analysis of properties with reported resources

| Analysis | | A\$/t K ₂ O | Normalised A\$/t K ₂ O |
|--------------------|------------------|------------------------|-----------------------------------|
| Reported Resources | Number | 8 | 8 |
| | Minimum | 0.01 | 0.01 |
| | Maximum | 5.13 | 3.83 |
| | Median | 0.07 | 0.08 |
| | Mean | 0.98 | 0.73 |
| | Weighted Average | 0.87 | 0.66 |

From its analysis of the limited dataset (refer to Appendix C), SRK has adopted Low (A\$0.05/t) and High (A\$0.66/t) multipliers to define the range likely to be applied by the market in the valuation of contained K₂O (equivalent) at Verdant's Karinga Lakes Project. This range reflects the value implied by the Monument brine transaction in 2016 (being the most recent transaction and best analogue from a geopolitical perspective to Australia) and the median of the entire dataset (normalised) to inform the low end of the range, while the high end of the range is informed by the weighted average of the entire dataset (normalised). Converting Verdant's stated mineral resources to a K₂O equivalent results in some 4.53 Mt, and an implied a range of between A\$0.23M to A\$2.99M.

On a pro-rata basis, Verdant's 85% interest in the Karinga Lakes Mineral Resource estimate would then be valued at between A\$0.2M and A\$2.54M.

Peer Analysis

To verify the multiples implied by recent comparable transaction analysis of Verdant's Karinga Lakes project, SRK has reviewed the enterprise value per SOP resource tonne of selected companies with comparable Mineral Resources considered to be their primary value driver. To ensure comparability between all companies, SRK has had to convert the various forms of potassium salts to K₂O (the easiest element for conversion based on Company disclosures).

The enterprise value is based upon the respective foreign exchange rate and company share prices as at 25 February 2019 and the most recently reported financial and share registry information.

The Enterprise Values per t K₂O display a large range of values but the most comparable companies are considered to be Salt Lake and Australian Potash based on the development status and size of the projects. These companies are trading at an EV per t K₂O of A\$2.10 and A\$3.00/t, respectively.

Table 5-4: Analysis of peer potash companies and implied multiples

| Peer company | ASX Code | EV* (A\$M) | Attributable Resources | | EV/t K ₂ O (A\$) |
|--------------------|----------|---------------|------------------------|------------------------------------|--------------------------------|
| | | | Classification | K ₂ O (Mt Contained) | |
| Agrimin | ASX:AMN | \$98.1 | Ind + Inf | 14.11 | 6.95 |
| Australian Potash | ASX:APC | \$23.8 | Ind + Inf | 7.95 | 3.00 |
| <i>Danakali</i> | ASX:DNK | \$179.9 | Meas + Ind + Inf | 145.87 | 2.47 |
| <i>Kore Potash</i> | ASX:K2P | \$26.0 | Meas + Ind + Inf | 908.77 | 0.03 |
| <i>Highfield</i> | ASX:HFR | \$140.8 | Meas + Ind + Inf | 51.73 | 2.72 |
| Kalium Lakes | ASX:KLL | \$71.9 | Meas + Ind + Inf | 14.74 | 4.88 |
| Reward Minerals | ASX:RWD | \$18.9 | Meas + Ind + Inf | 76.65 | 0.25 |
| Salt Lake | ASX:SO4 | \$101.6 | Ind + Inf | 48.38 | 2.10 |

Source: S&P Global Market Intelligence and Google Finance.

Note: *Enterprise Value (EV) as at 25 February 2019.

In considering the values to be applied to Verdant's stated resources, SRK notes:

- The resources held by Danakali, Kore Potash and Highfield are all located outside of Australia, namely the Colluli Project in Eritrea, the Kola Project in the Democratic republic of Congo, and the Muga and Sierra del Perdon projects in Spain. These all have different economics to Verdant's Karinga Lakes brines as:
 - Danakali's Colluli Project is amenable to open cut mining extracting sylvanite, carnallite and Kainite cores to produce SOP
 - Kore's flagship Kola Project is a hard rock sylvanite project and its Dougou project is a carnallite deposit which are planned to be mined from underground to produce MOP
 - Highfield's Muga Project is a hard rock sylvanite project planned to be mined from underground to produce MOP.

Key physical metrics for the Australian SOP potash projects are summarised as:

| | Agrimin | Aust. Potash | Kalium | Reward | Salt Lake |
|--|---------|-----------------|-----------|-----------|-----------|
| Ownership | 100% | 100% | 100% | 100% | 100% |
| Using CIM Brine Standard | Yes | Yes | Yes | No | No |
| Using AMEC Potash Guidelines | ? | Yes | Yes | No | No |
| JORC SOP Drainable Resource | 26.1 | 14.7 | 19.6 | 153 (?) | ? |
| Resource Brine Grade (kg/m ³ SOP) | 8.00 | 7.896 | 12.434 | 11.34 | 8.74 |
| Resource Brine Grade (kg/m ³ K) | 3.600 | 3.541 | 5.565 | 4.747 | 3.814 |
| K/SOP ratio | 0.436 | 0.448 | 0.419 | 0.419 | 0.436 |
| Cut-off grade (kg/m ³ SOP) | None | None | 7.8 | None | None |
| Sodium/Potassium ratio | ? | 17.6 | 8.8 | 15.2 | 21.5 |
| JORC SOP Drainable Reserve | None | None | 5.1 | None | None |
| SOP Production ktpa | 426 | 150-300 | 82 - 164 | 400 | 200-400 |
| Brine Extraction GLpa | 66.5 | 17-37 | 7.9-17.8 | 63 | 32-64 |
| Evaporation Rate mm pa | 3400 | 3200 | 4100 | 4100 | 3200 |
| Distance from sealed road km | 590 | 168 | 78 | 355 | 195 |
| Distance to gas pipeline km | 400 | 245 | 78 | 175 | 245 |
| Distance to port km | 980 | 940 | 862-1,088 | 776-1,371 | 968 |
| Large Scale trial approved | Yes | No | Yes | Yes | Yes |
| Scoping Study | Yes | Yes | Yes | Yes | Yes |
| PFS complete | Yes | - | Yes | Yes | |
| DFS underway | Yes | Yes | Yes* | Yes | |
| Offtake | | Yes | Yes | | Yes |
| Financing | | | Yes** | | |

Source: Company reports.

Note: *Completed.

** Secured Debt funding ASX release 19 March 2019.

- Verdant's defined Mineral Resource estimates are hosted within a series of salt lakes rather than palaeochannels and as such there is little to no upfield potential associated with the lakes forming the Karinga Lakes Project, as would be considered for Western Australian analogues
- To date, Verdant's Karinga Lakes project has been the subject of scoping level studies and initial pre-feasibility studies. This is less advanced than competing projects, the majority of which have completed PFS level studies and are currently the subject of Feasibility level studies.
- Reserves have been defined at projects held by Danakali, Kore Potash, Highfield and Kalium Lakes.
- Only Salt Lake, Australian Potash and Agrimin have yet to define Measured Resources and/or Ore Reserves.
- The defined resources held by Reward Minerals, Agrimin and Salt Lake are significantly larger than that held by Verdant. Only Australian Potash holds a similar sized resource base (albeit larger) than Verdant.
- SRK understands that explorers/ developers of potash brine projects in Western Australia receive significant support from the State Government by way of reduced rentals to promote exploration. No such relief is available to Northern Territory developers, which may detract from the attractiveness of Northern Territory based projects relative to those in Western Australia.
- SRK's analysis of the implied values for Salt Lake includes exploration targets. Removing these results in an implied EV/t K₂O of A\$12.13/t.

Based on its review of the peer companies and the factors supporting their underlying assets, SRK is of the opinion that the market would value the SOP resources held by Verdant at between A\$1.50 to A\$2.00/t K₂O, based on the market value of Salt Lake.

Converting Verdant's stated mineral resources to a K₂O equivalent results in some 4.53 Mt, and an implied a range of between A\$4.53 and A\$9.06M. On a pro rata basis, Verdant's 85% interest in the Karinga Lakes Mineral Resource estimate would then be valued at between A\$3.85M and A\$7.70M.

Exploration tenure

Verdant has advised SRK that there is little to no upside potential associated with the Karinga Lakes Project outside the currently defined Mineral Resources. On this basis, SRK has not attempted to assign any value to the exploration tenure outside of the defined Mineral Resources.

Summary

SRK's recommended valuation ranges and preferred values for the Mineral Resources associated with Verdant's 85% interest in the Karinga Lakes Project are summarised in Table 5-5.

Table 5-5: Valuation summary – Karinga Lakes Project

| Project | Valuation method | Low | High | Preferred |
|------------------------------|-------------------------------|-------------|-------------|-------------|
| | | (A\$M) | (A\$M) | (A\$M) |
| Karinga Lakes Resource (85%) | Actual Transaction (2014) | 4.96 | | |
| | Actual Transaction (2019) - 1 | 5.61 | | |
| | Actual Transaction (2019) - 2 | 6.80 | | |
| | Comparable Transaction | 0.20 | 2.54 | |
| | Peer analysis | 3.85 | 7.70 | |
| | Selected | 2.54 | 5.61 | 3.20 |
| Total | | 2.54 | 5.61 | 3.20 |

In selecting its overall value range and preferred value for the Mineral Resources at the Karinga Lakes Project, SRK notes its preference towards the values implied through actual transaction analysis and peer analysis, given the limited comparable transaction dataset available, specifically the paucity of Australian potash brine transactions.

The low end of SRK's overall value range is based on the upper threshold implied by the comparable transaction method, with the high end of the range based on the 2019 actual transaction value. For its preferred value, SRK has selected a value towards the lower end of its selected value range (median of the high end of the Comparable transaction method and low end of the Peer Analysis) to reflect the lack of exploration upside associated with the defined resource, the relatively slow rate of progress relative to its peers since the Mineral Resource was first reported and the risk associated with upscaling the results of ongoing bench-scale testing to commercial production rates.

5.3 Lake Amadeus Project

SRK has used the geoscientific method to arrive at a current market value for the exploration tenure of Verdant's interest in the potash rights associated with the Lake Amadeus project and has considered the following factors from its assessment of the exploration data:

- Verdant's Lake Amadeus project comprises six contiguous exploration licence applications covering a combined area of 2,638.57 km² located over Lake Amadeus approximately 20 km north of the township of Yulara and 50 km north of Uluru (Ayers Rock) in the Macdonell region of the Northern Territory.
- The applications are all held by Territory Potash Pty Ltd (a wholly owned subsidiary of Verdant) and cover Aboriginal land under the Aboriginal Land Rights Act. The applications have been placed into a 5-year moratorium during which the Traditional Owners can reopen negotiations but not Verdant.
- Access to the area is gained from the Lasseter Highway and thereafter along poorly maintained station tracks
- The eastern boundary of the project is contiguous with Verdant's Karinga Lakes Project.
- Previous studies have shown the Lake Amadeus sequence comprises a Proterozoic basement of the evaporitic Bitter Springs Formation (and the Horseshoe Bend Shale which underlies the Karinga Lakes may also be present), basal clay horizons with intercalated gypsum known as the Uluru Clay (at least 65 m thick) which is overlain by aeolian sand, gypsum-clay sands of the Winmatti Beds.
- The lake is ringed by three stratigraphic units, comprising:
 - An outer ring of the remnants of oldest gypsum dune system
 - A younger inner gypsum dune
 - A relatively thin shallow-water gypsum capping unit
- The Lake Amadeus water table is generally within 0.3 to 0.4 m of the surface in flatter areas and within 0.3 to 0.6 m in the heaved gypsum ground with decimetre fluctuations supposedly due to diurnal variations in barometric pressure. Some shallow groundwater in both the Cenozoic aquifer and in bedrock is within the range of 1.5–8.0 g/L TDS.
- Groundwater is known to extend to at least 10 m subsurface and possibly more. It has only once been drilled beyond that depth. This drill hole returned a brine density of about 1.13 g/cm³ (180 g/L total dissolved solids (TDS) from 110 m in unknown stratigraphy.
- The underlying Amadeus Basin sedimentary rocks are also known to contain brine, both within sandstones and in fracture-porosity in other rocks.

- Mineral exploration in the surrounding area has been sporadic and largely focused on investigating surface mineralisation rather than strategically testing at depth for major styles or models of mineralisation.
- The Australian Bureau of Mineral Resources (BMR Bulletin 230) conducted regional geological mapping and hydrogeological studies within the Amadeus Basin from the 1960s to 1980s. During this period, BMR collected a sample (#90201) from Yulara Creek Spring at the southern edge of Lake Amadeus, which returned 6,100 mg/l (ppm) potassium. This sample was extracted from a depth of 1 ft in gypsum sand and is likely to be affected by surface water and subject to diurnal flux, but may also be suggestive of deeper mineralised aquifers.
- In the late 1960s to 1970, Newmont carried out reconnaissance sampled near the edge of Lake Amadeus and returned a brine assay of 3,950 ppm potassium at an unspecified location “from a soakage near the surface of the lake”;
- Newmont attempted to drill a deep hole on the edge of Lake Amadeus to test for diapiric sulphur. They completed two holes on what is now EL30195 with:
 - The first hole abandoned at a depth of 88.4 m, having intersected 65.5 m of lake sediments above the Bitter Springs Formation.
 - The second hole was abandoned at 122 m in the Bitter Springs Formation due to excessively slow penetration rates.
- Chemical analysis of waters from these drill holes returned potassium levels of between 1,350 and 1,380 ppm which are interpreted to be derived from an aquifer at approximately 80 to 100 m depth.
- There are a handful of very early assays of evaporites collected in and around Lake Amadeus. Thenardite (Na_2SO_4)/ mirabilite ($\text{Na}_2\text{SO}_4 \cdot 10\text{H}_2\text{O}$), halite and gypsum/ selenite have been positively identified by flame photometer. Sodium, potassium, calcium, magnesium and strontium were detected as the main constituents of various samples. Borate was less than 1 ppm.
- Lake Amadeus was included in Salt Lakes Evaporites and Aeolian Deposits (SLEADS) Project (Chivas and Bowler, 1986) and work by Jacobson (1988), Jacobson et al (1989), Chen (1989 et seq) and Australian Groundwater Consultants Pty Ltd. These studies were used by Geoscience Australia in their 2013 compilation. Either ends of Lake Amadeus were highlighted as most prospective for potassium.
- As the tenements remain in application, Verdant is yet to commence any field reconnaissance activities.
- SRK considers the Lake Amadeus tenements to represent an early stage exploration project that is prospective for potassium-bearing brines and is strategically located along strike from the Kalinga Project; and
- All tenure remains in application and hence attracts a 25% discount.
- Furthermore, it is likely that the market would apply a significant discount to the Lake Amadeus tenure to reflect that it remains subject to a rolling 5-year moratorium on exploration at the discretion of the Traditional Owners. To reflect this, SRK has elected to apply a further discount of 25% (50% discount to the project value in total).

5.3.1 Valuation of exploration tenure

Geoscientific Rating (Kilburn Method)

SRK's estimate of the market value of a 100% interest in the exploration tenure associated with Verdant's Lake Amadeus tenements is summarised in Table 5-6. A market factor of 1 (i.e. balanced market which is neither unduly positive or negative) has been considered by SRK based on the recent initial public offerings (IPO) and transaction data involving Australian potash projects.

Table 5-6: Lake Amadeus – exploration tenure valuation

| Lease | Area (km ²) | BAC (A\$) | Share | Off property | | On property | | Anomaly | | Geology | | Lower | Upper |
|--------------|-------------------------|-----------|-------|--------------|---|-------------|---|---------|-----|---------|-----|------------------|--------------------|
| ELA30194 | 218 | \$109,000 | 100% | 1 | 1 | 1 | 1 | 1 | 1.5 | 1 | 1.5 | \$55,000 | \$123,000 |
| ELA30195 | 623 | \$311,440 | 100% | 1 | 1 | 1 | 1 | 1 | 1.5 | 1 | 1.5 | \$156,000 | \$350,000 |
| ELA30196 | 446 | \$223,090 | 100% | 1 | 1 | 1 | 1 | 1 | 1.5 | 1 | 1.5 | \$112,000 | \$251,000 |
| ELA30197 | 633 | \$316,720 | 100% | 1 | 1 | 1 | 1 | 1 | 1.5 | 1 | 1.5 | \$158,000 | \$356,000 |
| ELA30389 | 527 | \$263,780 | 100% | 1 | 1 | 1 | 1 | 1 | 1.5 | 1 | 1.5 | \$132,000 | \$297,000 |
| ELA30650 | 190 | \$95,255 | 100% | 1 | 1 | 1 | 1 | 1 | 1.5 | 1 | 1.5 | \$48,000 | \$107,000 |
| Total | | | | | | | | | | | | \$661,000 | \$1,484,000 |

The derivation of these metrics is based on the parameters outlined in (Appendix B) along with the 50% discount to reflect the tenure remains in application and subject to a rolling 5-year moratorium at the discretion of the Traditional Owners.

In SRK's opinion, the market value of a 100% interest in the exploration tenure associated with Verdant's Lake Amadeus tenements lies in the range between A\$661,000 and A\$1,484,000.

Comparable Transactions

As a cross check to the values implied by the Geoscientific rating method, SRK has also considered recent transactions involving early stage potash exploration projects where no resources have been defined.

For the purposes of this valuation, SRK has derived an implied A\$/km² (area based) comparable transaction multiple. The transaction multiple is calculated by determining the transaction value (on a 100% equity basis) divided by the total exploration area of the Exploration Licences being the subject of the transaction. The transaction multiple is then normalised, based on the potash price at the time of the transaction.

SRK was able to locate seven Australian transactions involving projects considered broadly comparable to Lake Amadeus. Notably all were located in Western Australia.

Table 5-7 summarises the statistics of the comparable transaction dataset.

Table 5-7: Statistics of the potash transaction dataset

| Preferred Comparables | Implied value (A\$/km ²) | Implied normalised value (A\$/km ²) |
|-----------------------|--------------------------------------|---|
| Minimum | 16.13 | 17.80 |
| Median | 4,086.07 | 3,798.79 |
| Average | 4,086.07 | 3,798.79 |
| Maximum | 14,541.34 | 14,143.46 |
| Weighted average | 533.09 | 518.27 |

On further review of these transactions, SRK notes that:

- The acquisition of a portion of E69/3247 by Kalium Lakes in 2018 was strategically motivated as the acquired tenure is located immediately adjacent to its Beyondie SOP project and secures the remaining western section of the palaeochannel for future resource delineation activities.

- The Carnegie Joint Venture between Kalium and BC Potash in March 2017 was also strategically motivated as it represented BC's entry into the fertiliser entry and thus fulfilled a stated corporate objective as well as the expertise of potash specialist.
- The Oxley transaction involved a hard rock potash source (exposed ultrapotassic microsyenite) as opposed to brines as contemplated by Verdant at Karinga Lakes.
- Dakota's sale of E77/2347 was for strategic reasons to focus on the development of its European lithium assets and represented the Company's exit from potash.
- Australian Potash's acquisition of three tenements near its Lake Wells project in 2017 provided the company with additional access to more potential SOP resource areas and additional flexibility with respect to siting of evaporation ponds.
- The remaining transactions involved a combination of granted tenure and tenements in application.

In consideration of these factors, SRK deems the market would attribute a value of between A\$1,000/km² and A\$1,600/km² to the exploration tenure associated with Verdant's Lake Amadeus Project. These values are largely based on the implied values from Goldphyre's 2015 and Trigg's 2017 transactions (Appendix C). However, as noted previously Verdant's entire tenure at Lake Amadeus remains in application and under moratorium, SRK has elected to apply a discount of 50% to these values to reflect the uncertainty in both the timing of grant and potential imposition of unfavourable conditions on grant.

On this basis, SRK considers a 100% interest in the exploration tenure of the Lake Amadeus Project resides within a valuation range of A\$1,319,000 to A\$2,111,000.

Summary

SRK's recommended valuation ranges and preferred values for the exploration tenure associated with Verdant's 100% interest in the Lake Amadeus Project are summarised in Table 5-8.

Table 5-8: Valuation summary – Lake Amadeus Project

| Project | Valuation method | Low | High | Preferred |
|--|------------------|-------------|-------------|-------------|
| | | (A\$M) | (A\$M) | (A\$M) |
| Lakes Amadeus exploration tenure (100%) | Geoscientific | 0.66 | 1.48 | |
| | Comparable Sales | 1.32 | 2.11 | |
| | Selected | 0.66 | 1.48 | 1.10 |
| Total | | 0.66 | 1.48 | 1.10 |

In selecting its overall value range and preferred value for the exploration tenure at the Lake Amadeus Project, SRK notes its preference towards the values implied through the geoscientific rating method, given the limited comparable transaction dataset available. SRK's preferred value is located around the midpoint of its valuation range, as based on the available information regarding the project it is not inclined towards either end of the range.

6 Silica Projects

Verdant is also exploring tenements with potential to host Silica deposits (Figure 6-1).

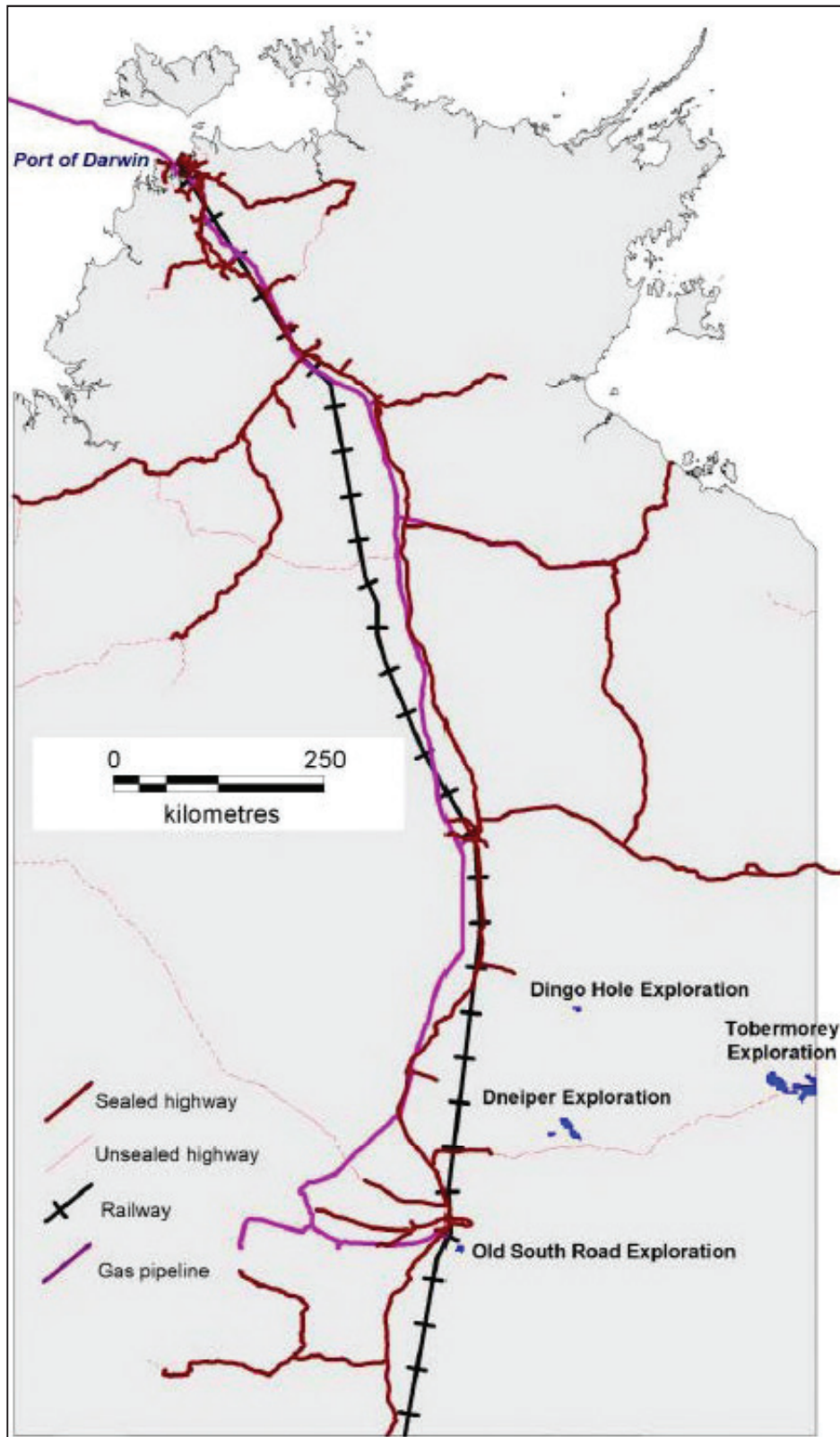


Figure 6-1: Location of Verdant's silica projects relative to established infrastructure

Source: Verdant Quarterly Report (date 31 January 2019).

6.1 Dingo Hole Project

SRK has used the geoscientific method to arrive at a current market value of Verdant's interest in the silica rights associated with the Dingo Hole High Purity Quartz (HPQ) Project and has considered the following factors from its assessment of the exploration data:

- Verdant's Dingo Hole Project comprises a single granted exploration licence covering an area of 35.16 km² located 10 km north of the Company's Ammaroo Phosphate Project and 230 km south-southeast of Tennant Creek.
- It is situated approximately 100 km east of the Stuart Highway and Central Australian Railway line. It covers portions of the Ammaroo and Murray Downs pastoral leases.
- It is accessible from both the Sandover and Plenty Highways and the Murray Downs Road with other station tracks providing additional access.
- The terrain is described as comprising low hills and stony plateaux on sandstone, siltstone, quartzite and conglomerate (deeply weathered in places and outcrop with shallow stony soils).
- The geology of the Project is characterised by Tertiary silcrete unconformably overlying sedimentary units of the Cambrian Georgina Basin.
- The target is hard-rock high-purity quartz (HPQ – not silica sand) associated with this silcrete layer.
- Various modes of formation have been proposed for the HPQ including:
 - Silcrete developed on, and replacing a Cambrian Limestone precursor
 - Silcrete over an isolated pocket of much younger, possibly freshwater, carbonate akin to other 25 Ma deposits throughout northern Australia; or
 - A 'sinter hot spring' paleodrainage discharge.
- Preliminary and cursory microscopic examination has not been able to determine the origin of the HPQ.
- To date most of the work at this project has been carried out by Verdant since 2015 and has comprised satellite imagery interpretation, on-ground geological mapping and surface rock chip sampling.
- In July 2015, RUM announced the results from visually selected samples (analysed by Gas Discharge Mass Spectrometry [GDMS] on four samples and inductively coupled plasma mass spectrometry [ICP-MS] on a further 30 samples) at Dingo Hole compared favourably to the IOTA®¹ standards for HPQ and contained low levels of aluminium, titanium and lithium contaminants.
- Initial processing testwork in late 2015 on additional surface samples from Dingo Hole returned relatively high levels of initial measured impurities (2,600 ppm including approximately 2,055 ppm Ca). Importantly, primary process testwork was able to reduce the level of these impurities to approximately 119 ppm (considered low to medium grade HPQ). Most of the remaining impurities were calcium, magnesium, iron and boron which collectively have a detrimental effect on the creation of high-end silica products due to excessive bubbling on melting of the silica. As such, the sample did not meet IOTA® standard for varying uses of HPQ.
- Additional surface sampling (nominally 1 tonne bulk sample) was collected by visual means (while ensuring representivity across the entire outcrop) but results proved contradictory and inconclusive.

¹ Industry standard for High purity quartz

- In 2019, a clear glass substrate has been successfully produced at Swinburne University using novel, proprietary processing methods, which enabled the removal of bubbles associated with small quantities of carbonate elements. This glass substrate, produced at laboratory scale, may be able to meet the high purity chemical and optical properties required for use in LED/ OLED markets. Further testing including piloting is required before commercial production rates are assured and a viable market found.
- To date, no Mineral Resource estimate has been prepared in accordance with the guidelines of the JORC Code 2016.
- SRK considers the Dingo Hole Project to be an early stage exploration project, which offers Verdant entry into the HPQ market, should ongoing metallurgical trials prove successful and a viable market located or established.

6.1.1 Valuation of exploration tenure

Geoscientific Rating (Kilburn Method)

SRK's estimate of the market value of a 100% interest in the exploration tenure associated with Verdant's Dingo Hole tenements is summarised in Table 6-1. A market factor of 1 (i.e. balanced market which is neither unduly positive or negative) has been considered by SRK based on recent transaction data involving Australian silica sand projects (note the closest analogue to HPQ on the Australian market).

Table 6-1: Dingo Hole silica – exploration tenure valuation

| Lease | Area | | BAC | Share | Off property | | On property | | Anomaly | | Geology | | Lower | Upper |
|--------------|------|-----|----------|-------|--------------|---|-------------|---|---------|-----|---------|-----|-----------------|------------------|
| EL31078 | 35.2 | skm | \$17,580 | 100% | 1 | 1 | 1 | 1 | 2 | 2.5 | 2 | 2.5 | \$70,000 | \$110,000 |
| TOTAL | | | | | | | | | | | | | \$70,000 | \$110,000 |

The derivation of these metrics is based on the parameters outlined in Appendix E.

In SRK's opinion, the market value of a 100% interest in the exploration tenure associated with Verdant's Dingo Hole tenure lies in the range A\$70,000 to A\$110,000.

Comparable transactions

As a cross check to the values implied by the Geoscientific rating method, SRK considered recent transactions involving silica exploration projects where no resources have been defined. No transactions involving HPQ were identified, with only Australian three silica sands transactions identified. SRK understands that the market pricing for HPQ is distinctly different to that for lower quality silica feedstock. As such SRK has been unable to use the comparable transaction method for the determination of value.

Multiples of Exploration Expenditure

The Dingo Hole Project has limited previous exploration directed towards the assessment of HPQ including comprising mapping, surface geochemical sampling, specialist analytical services (at various national and international laboratories, including more recently at Swinburne University) and land access surveys dating back to 2015. Registered expenditures with the NT Government total approximately A\$225,000.

Since 2015, Verdant has spent approximately A\$153,000 on metallurgical studies evaluating various processing technologies to economically produce a viable feedstock from the available HPQ at Dingo Hole. Recent studies at Swinburne University are reportedly close to producing a bubble-free glass capable of meeting the specifications of the LED/OELD markets. If successful, the work enabled by this expenditure will have been successful in adding value to the project. SRK has considered a Prospectivity Enhancement Multiplier (PEM) of 1.5 appropriate for this work.

All other expenditures have been attributed a PEM of 1.0 as they have been useful in delineating the potential area of the HPQ and securing access to the site.

Table 6-2: Summary of exploration work evaluated on the Dingo Hole Project

| Exploration work | PEM | Value (A\$) | Comment |
|-----------------------|------------|--------------------------|--|
| Metallurgical studies | 1.0 | 72,000 | Past exploration drilling has collated geological information and knowledge of mineralisation at deposit scale, but additional work to develop resource is required. |
| Metallurgical studies | 1.25 - 1.5 | 191,000 - 230,000 | Recent metallurgical studies have shown the deposit is capable of producing a low to medium quality HPQ, with ongoing testing directed towards lowering the carbonate content to prevent and/or remove bubbles from the feedstock. |
| Total | | 263,000 - 302,000 | |

Based on the Multiples of Exploration Expenditure method, SRK considers the market would pay in the range A\$263,000 to A\$302,000 for the Dingo Hole Project. SRK notes that should ongoing testwork resolve issues associated with the removal of impurities from the feedstock, this value could increase significantly.

Summary

SRK's recommended valuation ranges and preferred values for the exploration tenure associated with Verdant's 100% interest in the Dingo Hole Project are summarised in Table 6-3.

Table 6-3: Valuation summary – Dingo Hole Project

| Project | Valuation method | Low | High | Preferred |
|---|------------------|-------------|-------------|-------------|
| | | (A\$M) | (A\$M) | (A\$M) |
| Dingo Hole Exploration tenure (100%) | Geoscientific | 0.07 | 0.11 | |
| | MEE | 0.26 | 0.30 | |
| | Selected | 0.07 | 0.26 | 0.11 |
| Total | | 0.07 | 0.26 | 0.11 |

In selecting its overall value range and preferred value for the exploration tenure at the Dingo Hole Project, SRK notes its preference towards the values implied through the geoscientific rating method, given a viable production route and market remain to be determined. SRK's preferred value is located at the upper end of the values implied by the Geoscientific rating method.

6.2 Tobermorey Project

SRK has used the Kilburn method to arrive at a current market value for the exploration tenure of Verdant's interest in the silica rights associated with the Tobermorey Project and has considered the following factors from its assessment of the exploration data:

- Verdant's Tobermorey Project comprises two semi-contiguous exploration licence applications (ELA31033 and ELA31034) covering a combined area of 708.78 km².
- The project is located approximately 20 km west of the Queensland - Northern Territory border, 390 km east of the Central Australian Railway (via the Company's Ammaroo Project), 170 km from the Kajarra railhead in Queensland and 240 km west of Mount Isa and 400 km northeast of Alice Springs.
- The project is situated along the unsealed Plenty Highway, which links Alice Springs to Mount Isa in Queensland.
- Station tracks associated with the Tobermorey and Manners Creek Stations provide reasonable access throughout the project.
- The project is located on the northern edge of the Simpson Desert and is characterised by plains and rolling hills with elevation of 180 to 210 m with minor relief provided by the Tarlton and Toko Ranges.
- Vegetation is predominantly grassland and acacia tall open-shrub land with occasional large Bluebush swamps.
- Within the Tobermorey area, Cambro – Ordovician platform sediments of the southern Georgina Basin are evident, principally the Nimaroo Formation (dolostone, limestone and minor sandstone), which are overlain by the Tertiary Austral Downs Limestone and recent, sand, silt and ferricrete.
- Strongly silicified limestone, silicified chert and white chalcedonic quartz of the Austral Downs Limestone forms prominent, extensive plateaux in the region, in particular around Tobermorey homestead, where cliffs of up to 2 to 3 m are evident.
- The Astral Downs Limestone sequence consists of an upper chalcedonic cap overlying grey, cream or white limestone up to 10 m thick. Fossils are rarely apparent within the unit.
- Previous explorers in the Tobermorey area were predominantly focussed on oil, diamonds, copper, zinc-lead-silver, uranium and phosphate mineralisation. Based on the information made available by Verdant, it is unclear if there has been any previous silica exploration of significance in the area.
- To date, no work has been undertaken by Verdant at Tobermorey as the tenements remain in application. As such, SRK has elected to apply a 25% discount to reflect the uncertainty in the likely timing of grant and associated conditions which may be imposed.
- As such, SRK considers the Tobermorey Project is best classified as an early stage exploration project.

6.2.1 Valuation of exploration tenure

Geoscientific Rating (Kilburn Method)

SRK's estimate of the market value of a 100% interest in the exploration tenure associated with Verdant's Tobermorey tenements is summarised in Table 6-4. A market factor of 1 (i.e. balanced market which is neither unduly positive or negative) has been considered by SRK based on recent transaction data involving Australian silica sand projects (note the closest analogue to HPQ on the Australian market).

Table 6-4: Tobermorey silica – exploration tenure Valuation

| Lease | Area | | BAC | Share | Off property | | On property | | Anomaly | | Geology | | Lower | Upper |
|--------------|------|-----|-----------|-------|--------------|---|-------------|---|---------|---|---------|-----|------------------|------------------|
| ELA31033 | 350 | skm | \$174,850 | 100% | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.5 | \$175,000 | \$262,000 |
| ELA31034 | 359 | skm | \$179,540 | 100% | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.5 | \$180,000 | \$269,000 |
| TOTAL | | | | | | | | | | | | | \$355,000 | \$531,000 |

In SRK's opinion, the market value of a 100% interest in the exploration tenure associated with Verdant's Tobermorey tenements lies in the range of A\$355,000 and A\$531,000 with a preferred value of A\$370,000 (towards the lower end of the range given that future exploration is dependent on ongoing evaluation activities at Dingo Hole).

Other valuation methods

SRK considered the other available valuation methods to support the valuation range determined using the geoscientific rating method:

- As noted previously SRK was unable to identify any relevant transactions pertaining to HPQ assets. As such, SRK is unable to use a Comparable Transaction method as a determinant of value.
- Techno-economic studies at the project are not sufficiently advanced to allow the estimation of Mineral Resources or Ore Reserves. As such, the use of an Income based valuation method is not warranted.
- The project tenure remains in application and hence there is no reasonable basis for the assessment of value using the Multiples of Exploration Expenditure method.

6.3 Dneiper Project

SRK has used the Kilburn method to arrive at a current market value for the exploration tenure of Verdant's interest in the silica rights associated with the Dneiper Project and has considered the following factors from its assessment of the exploration data:

- The Dneiper Project comprises two separate exploration licence applications (ELA31035 and ELA31036) covering a combined area of 243.21 km² within the Huckitta (SF53-11) 1:250,000 and Dneiper (5952) 1:100,000 scale map sheets.
- The project lies to the north of the Hartz Range and tributaries to the Plenty River, 120 km south of Verdant's Ammaroo project, 135 km east of the Central Australian Railway line and 150 km northeast of Alice Springs.
- There are no townships within the area, only Aboriginal settlements at Baikal, Derry Downs and MacDonald Downs. Other homesteads included Huckitta and Mount Swan.
- It can be access from the unsealed Plenty Highway and along gravel station tracks.
- The topography of the area is characterised by sand plains rising in the north to ranges and table hills and plateaux (to 50 m height) covered by sparse low trees and grasses with low shrubs.
- The project area lies within the Aileron Province, southeast Arunta region, a Palaeoproterozoic to Mesoproterozoic mobile belt in central Australia.
- The target lithology is a relatively thin veneer of unconsolidated Cainozoic sediments comprising chalcidonic limestone, sandstone, mudstone and sandy conglomerates of the Waite Formation (including associated laterite and silcrete).
- Historical exploration has been directed towards uranium, base metals and diamonds.
- Rio Tinto collected some rock chip geochemical samples, but their locations were not recorded.

- ABM Resources previously sampled silcrete associated with the Waite Formation (EL24454, CR2010-0521) and the results from these samples captured. While SiO₂ was not tested, the lowest alumina value was over 2% and ranged up to 3.66%, which is considered too high for High quality quartz.
- Aircore drilling by Hale Energy in the surrounding region reportedly encountered on average 60 m of Tertiary sediments.
- Based on the information made available by Verdant, it is unclear if there has been any previous silica exploration of significance in the area.
- To date, no work has been undertaken by Verdant at Dneiper as the tenements remain in application. As such, SRK has elected to apply a 25% discount to reflect the uncertainty in the likely timing of grant and associated conditions which may be imposed.
- SRK considers the Dneiper Project is best classified as an Early stage exploration project.

6.3.1 Valuation of exploration tenure

Geoscientific Rating (Kilburn Method)

SRK's estimate of the market value of a 100% interest in the exploration tenure associated with Verdant's Dneiper tenements is summarised in Table 6-5. A market factor of 1 (i.e. balanced market which is neither unduly positive or negative) has been considered by SRK based on recent transaction data involving Australian silica sand projects (note the closest analogue to HPQ on the Australian market).

Table 6-5: Dneiper silica – exploration tenure valuation

| Lease | Area | | BAC | Share | Off property | | On property | | Anomaly | | Geology | | Lower | Upper |
|--------------|------|-----|-----------|-------|--------------|---|-------------|---|---------|---|---------|-----|-----------------|------------------|
| ELA31035 | 38 | skm | \$18,995 | 100% | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.5 | \$14,000 | \$21,000 |
| ELA31036 | 206 | skm | \$102,610 | 100% | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.5 | \$77,000 | \$116,000 |
| TOTAL | | | | | | | | | | | | | \$91,000 | \$137,000 |

In SRK's opinion, the market value of a 100% interest in the exploration tenure associated with Verdant's Dneiper tenements lies in the range of A\$91,000 and A\$137,000 with a preferred value of A\$100,000 (towards the lower end of the range given that future exploration is dependent on ongoing evaluation activities at Dingo Hole).

Other valuation methods

SRK considered the other available valuation methods to support the valuation range determined using the geoscientific rating method:

- As noted previously SRK was unable to identify any relevant transactions pertaining to HPQ assets. As such, SRK is unable to use a Comparable Transaction method as a determinant of value.
- Techno-economic studies at the project are not sufficiently advanced to allow the estimation of Mineral Resources or Ore Reserves. As such, the use of an Income based valuation method is not warranted.
- The project tenure remains in application and hence there is no reasonable basis for the assessment of value using the Multiples of Exploration Expenditure method.

6.4 Old South Road Project

SRK has used the Kilburn method to arrive at a current market value for the exploration tenure of Verdant's interest in the silica rights associated with the Old South Road Project and has considered the following factors from its assessment of the exploration data:

- The Old South Road Project comprises a single exploration licence application (ELA31041) covering an area of 43.80 km².
- It is situated along the old abandoned railway corridor (which will sterilise some of the exploration licence upon grant), 36 km southeast of Alice Springs and 19 km from the Central Australia Railway.
- It can be accessed from tracks emanating off the Santa Teresa Road.
- Previous exploration in the region has been exclusively for uranium or base metals and there are no samples of relevance to silica. These programs produced different geological interpretations of the ELA area.
- The area covers the central eastern part of the Amadeus Basin, a Neoproterozoic to Date Devonian intracratonic basin.
- Tertiary sediments comprising ferricrete, silcrete, conglomerate and freshwater limestone are common throughout the area and occur as mesas and eroded hills.
- Several formations are described as hosting chalcedonic white silica either part of, or above a silcrete, either with or without a limestone host.
- Based on the information made available by Verdant, it is unclear if there has been any previous silica exploration of significance in the area.
- To date, no work has been undertaken by Verdant at Old South Road Project as the tenement remains in application. As such, SRK has elected to apply a 25% discount to reflect the uncertainty in the likely timing of grant and associated conditions which may be imposed.
- SRK considers the Old South Road Project is best classified as an early stage exploration project.

6.4.1 Valuation of exploration tenure

Geoscientific Rating (Kilburn Method)

SRK's estimate of the market value of a 100% interest in the exploration tenure associated with Verdant's Old South Road tenements is summarised in Table 6-6. A market factor of 1 (i.e. balanced market which is neither unduly positive or negative) has been considered by SRK based on recent transaction data involving Australian silica sand projects (note the closest analogue to HPQ on the Australian market).

Table 6-6: Old South Dam silica – exploration tenure valuation

| Lease | Area | | BAC | Share | Off property | | On property | | Anomaly | | Geology | | Lower | Upper |
|--------------|------|-----|----------|-------|--------------|---|-------------|---|---------|---|---------|-----|-----------------|-----------------|
| ELA31041 | 44 | skm | \$21,900 | 100% | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.5 | \$18,000 | \$26,000 |
| TOTAL | | | | | | | | | | | | | \$18,000 | \$26,000 |

In SRK's opinion, the market value of a 100% interest in the exploration tenure associated with Verdant's Old South Road tenements lies in the range of A\$18,000 and A\$26,000 with a preferred value of A\$20,000 (towards the lower end of the range given that future exploration is dependent on ongoing evaluation activities at Dingo Hole).

Other valuation methods

SRK considered the other available valuation methods to support the valuation range determined using the geoscientific rating method:

- As noted previously SRK was unable to identify any relevant transactions pertaining to HPQ assets. As such, SRK is unable to use a Comparable Transaction method as a determinant of value.
- Techno-economic studies at the project are not sufficiently advanced to allow the estimation of Mineral Resources or Ore Reserves. As such, the use of an Income based valuation method is not warranted.
- The project tenure remains in application and hence there is no reasonable basis for the assessment of value using the Multiples of Exploration Expenditure method.

7 Other Commodities

7.1 Silver Valley Project

SRK has used the Kilburn method to arrive at a current market value for the exploration tenure of Verdant's interest in the metal rights associated with the Silver Valley Project and has considered the following factors from its assessment of the exploration data:

- Verdant's Silver Valley Project comprises a single granted exploration licence (EL31340) which covers a 157.98 km² area located 170 km south-southeast of Tennant Creek and approximately 315 km from Alice Springs.
- The project resides entirely within the Murray Downs Perpetual Pastoral Lease and borders Aboriginal land and the Davenport Ranges National Park to the north.
- It falls within a Zone of Conservation Significance and is partly overlapped by a Zone of Conservation Significance associated with the Davenport Ranges.
- Access to the area is from the west being gained by bush tracks and graded fence lines with the country being moderately rough with locally elevated sandstone ridges surrounding the structural/intrusive Murray Downs Dome. The centre of the dome is relatively flat open country but the concentric sandstone ridges around the rim of the dome impede vehicular access. Key water bodies in the area include tributaries to Murray Creek and associated water holes.
- The project covers a folded succession of Paleoproterozoic shallow marine sedimentary rocks and volcanic units within the Davenport Province. Key rock types include sandstone, conglomerate, siltstone, shale, mafic and felsic volcanics and granite which have been folded about the Murray Downs Dome.
- The Davenport Province is known to host tungsten, molybdenum, gold, copper, cobalt and uranium mineralisation mainly associated with quartz veining.
- The project area has been intermittently explored by various government agencies (Australian Bureau of Mineral Resources and NT Geological Survey) and companies (including Geopeko, CRA, BHP, Meekatharra Minerals, PanAust and Arafura) since the 1950s, principally for base metal and uranium vein-hosted mineralisation. During this time, reconnaissance style pan/stream, soil and rock chip geochemical sampling, as well as radiometric/magnetic geophysical surveying and limited percussion drilling (no supporting data) was carried out.
- The most comprehensive mineralisation encountered is at the Silver Valley lead-silver prospects (four separate veins located within a 1.12 km² area), where lead-silver bearing quartz veins were worked from a number of costeans, pits and limited underground shafts. Several tonnes of ore containing 20% to 25% lead and silver assays to 20 oz/ton (620 g/t) were reportedly extracted (accurate records not available).
- In addition to the Silver Valley historic workings, three mineral occurrences are recorded at Chablo (east of the exploration licence), #0888 (copper-lead-zinc-silver quartz vein in southwest of the exploration licence) and #01454 (galena and chalcopryrite in centre of the exploration licence and 1.6 km northwest of Silver Valley).
- No Mineral Resources prepared in accordance with the guidelines of the JORC Code (2012) are presently defined within the confines of the tenure.
- To date, Verdant has only conducted limited desk-top evaluation of the project but has proposed a modern geophysical survey program in the near future to advance the present understanding of the potential for further base metal mineralisation.
- On this basis, SRK considers the Silver Valley Project to represent an advanced stage exploration project offering some limited potential for polymetallic vein-hosted mineralisation.

SRK's estimate of the market value of a 100% interest in the exploration tenure associated with Verdant's Silver Valley tenements is summarised in Table 7-1. A market factor of 1 (i.e. balanced market which is neither unduly positive or negative) has been considered by SRK based on recent IPO and transaction data involving Australian base metal projects.

Table 7-1: Silver Valley lead-silver – exploration tenure valuation

| Lease | Area | | BAC | Share | Off property | | On property | | Anomaly | | Geology | | Lower | Upper |
|--------------|------|-----|----------|-------|--------------|-----|-------------|-----|---------|-----|---------|-----|------------------|------------------|
| EL31340 | 158 | skm | \$78,990 | 100% | 1 | 1.5 | 1.5 | 2.0 | 1.5 | 2.0 | 1.5 | 2.0 | \$267,000 | \$948,000 |
| TOTAL | | | | | | | | | | | | | \$267,000 | \$948,000 |

In SRK's opinion, the market value of a 100% interest in the exploration tenure associated with Verdant's Silver Valley tenure lies in the range of A\$267,000 and A\$948,000.

Comparable transactions – Exploration tenure

As a cross check to the values implied by the Geoscientific rating method, SRK considered recent transactions involving Australian Early to Advanced Stage polymetallic exploration projects where no exploration targets or resources have been reported.

For the purposes of this valuation, SRK has derived an implied A\$/km² (area based) comparable transaction multiple. The transaction multiple is calculated by determining the transaction value (on a 100% equity basis) divided by the total exploration area of the Exploration Licences being the subject of the transaction. The transaction multiple is then normalised, based on the potash price per t at the time of the transaction.

SRK was able to locate 20 Australian transactions involving projects considered broadly comparable to Silver Valley (Appendix D).

Table 7-2 summarises the comparable transaction metrics associated with these transactions.

Table 7-2: Comparable transactions analysis – Silver Valley

| | Transaction multiple (A\$/km ²) | Normalised (A\$/km ²) |
|------------------|--|--------------------------------------|
| Minimum | 156.05 | 128.07 |
| Median | 3,737.22 | 4,453.88 |
| Average | 9,843.07 | 9,544.44 |
| Maximum | 40,830.39 | 38,488.34 |
| Weighted average | 9,592.79 | 10,183.27 |

Based on its review of these transactions, SRK considers the market would attribute a value of between A\$4,500 and A\$10,000/km² to the exploration tenure associated with Verdant's Silver Valley Project (based on median and weighted average values).

Using a Comparable Transaction area multiple approach only, the multiples adopted imply a 100% interest in the exploration tenure of Silver Valley Project resides within a valuation range of A\$711,000 to A\$1,580,000.

Summary

SRK's recommended valuation ranges and preferred values for the exploration tenure associated with Verdant's 100% interest in the Silver Valley Project are summarised in Table 7-3.

Table 7-3: Valuation summary – Silver Valley Project

| Project | Valuation method | Low | High | Preferred |
|--|-------------------------|-------------|-------------|-------------|
| | | (A\$M) | (A\$M) | (A\$M) |
| Silver Valley Exploration tenure (100%) | Geoscientific | 0.27 | 0.95 | |
| | Comparable transactions | 0.71 | 1.58 | |
| | Selected | 0.30 | 1.50 | 0.50 |
| Total | | 0.30 | 1.50 | 0.50 |

In selecting its overall value range and preferred value for the exploration tenure at the Silver Valley Project, SRK notes it has given greater weighting to the values implied by the Geoscientific rating method in its determination of its preferred value. SRK understands that Verdant has only completed limited exploration to date and that the project is considered by the Company to be non-core.

8 Valuation Summary

Table 8-1 summarises the market value at the effective Valuation Date. Based on its review of the values implied by the various valuation methodologies, SRK considers the market would pay in the range between A\$6.69M and A\$16.80M, with a preferred value of A\$9.21M for a 100% interest in the assets held by Verdant (except Karinga Lakes 85%), as at the Valuation Date.

Table 8-1: Valuation summary – 100% basis (except for Karinga Lakes 85%) – as at 11 March 2019

| Mineral Occurrences | Project/ Prospect Name | Tenure | Low (A\$M) | High (A\$M) | Preferred (A\$M) |
|---------------------|---------------------------|--|------------|-------------|------------------|
| Phosphate | Ammaroo South | EL31789* | 1.46 | 3.83 | 2.05 |
| | Rockhole | EL31790* | 0.59 | 1.67 | 0.86 |
| | Brunchilly | EL30222, EL30223, EL30224 | 0.16 | 0.49 | 0.24 |
| | Burge Bore | EL30225 | 0.18 | 0.53 | 0.26 |
| | Patanella | EL24716*, EL24724 | 0.24 | 0.65 | 0.34 |
| | Singleton | EL30613 | 0.03 | 0.09 | 0.04 |
| | Subtotal | | 2.66 | 7.25 | 3.81 |
| Potash | Karinga Lakes (85%) | EL24987, EL25080, EL28205, EL28272, EL28872, EL30381, EL30382 | 2.54 | 5.61 | 3.20 |
| | Lake Amadeus | ELA 30194, ELA 30195, ELA 30196, ELA 30197, ELA 30389, ELA 30650 | 0.66 | 1.48 | 1.10 |
| | Subtotal | | 3.20 | 7.09 | 4.30 |
| Silica | Dingo Hole | EL31078 | 0.07 | 0.26 | 0.11 |
| | Tobermorey | ELA 31033, ELA 31034 | 0.36 | 0.53 | 0.37 |
| | Dneiper | ELA 31035, ELA 31036 | 0.09 | 0.14 | 0.10 |
| | Old South Road | ELA 31041 | 0.02 | 0.03 | 0.02 |
| | Subtotal | | 0.53 | 0.95 | 0.60 |
| Other | Silver Valley | EL31340 | 0.30 | 1.50 | 0.50 |
| | Subtotal | | 0.30 | 1.50 | 0.50 |
| Total | | | 6.69 | 16.80 | 9.21 |

Note: Any discrepancies between values in the table are due to rounding. Verdant has 85% interest in the Karinga Lakes potash resources.

8.1 Discussion on SRK's valuation range

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with Early to Advanced Stage exploration assets.

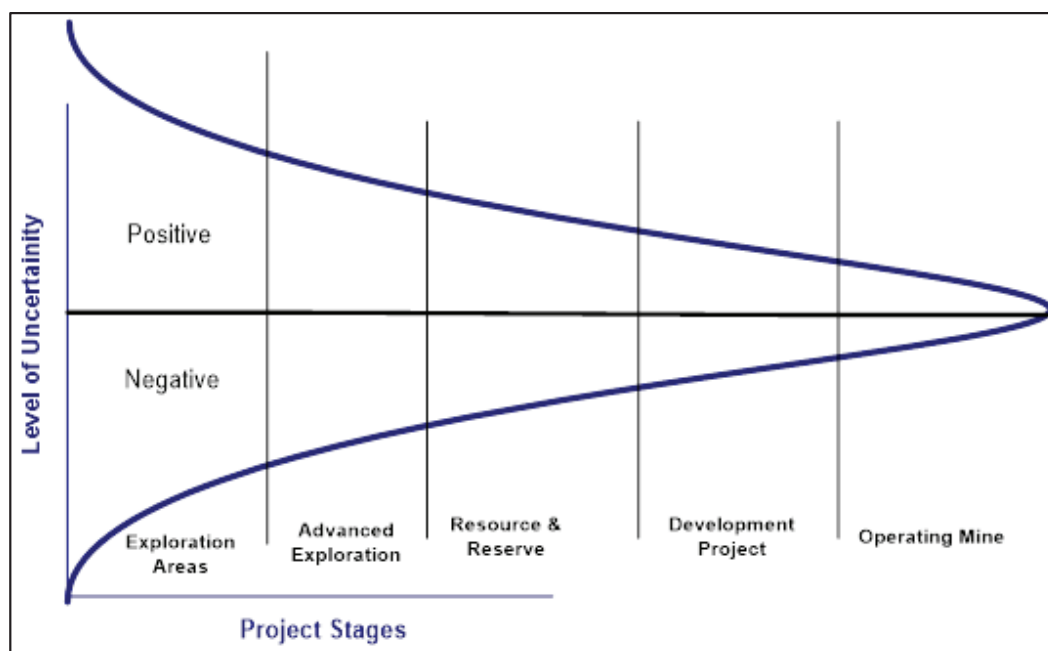
The range in value is driven by the confidence limits placed around the size and grade of mineralised occurrences assumed to occur within each project area. Typically, this means that as exploration progresses, and a prospect moves from an Early to Advanced Stage prospect, through Inferred, Indicated or Measured Resource categories to Reserve status, there is greater confidence around the likely size and quality of the contained coal and its potential to be extracted profitably.

Table 8-2 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

Table 8-2: General guide regarding confidence for target and Resource/ Reserve estimates

| Classification | Estimate range (90% confidence limit) |
|---------------------------|---------------------------------------|
| Proven/ Probable Reserves | ±5 to 10% |
| Measured Resources | ±10 to 20% |
| Indicated Resources | ±30 to 50% |
| Inferred Resources | ±50 to 100% |
| Exploration target | +100% |

This level of uncertainty with advancing project stages can be seen in Figure 8-1.

**Figure 8-1: Uncertainty by advancing exploration stage**

Estimated confidence of +/-60% to 100% or more, are not uncommon for exploration areas and are within acceptable bounds, given the level of uncertainty associated with Early Stage exploration assets. By applying narrower confidence ranges, one is actually implying a greater degree of certainty regarding these assets than may be the case in reality. Where possible, SRK has endeavoured to narrow its valuation range.

8.2 Valuation risks

SRK is conscious of the risks associated with valuing assets which can impact the valuation range. In defining its valuation range, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time. The key risks include but are not limited to risks outlined in the following subsections.

8.2.1 Resources and Reserves

Resources and Reserve estimates prepared under the JORC Code (2012) are best estimates based on individual judgement and reliance upon knowledge and experience using industry standards and the available database. SRK deems the resource to reserve conversion to be moderate risk when considering the resources outside those considered in the cashflow model.

8.2.2 Mining and production risk

While SRK considers the risk associated with mining and processing to be low, it considers the infrastructure risk to be moderate.

8.2.3 Environmental risk

SRK considers the environmental risk at the Project to be low, given the appropriate approvals and permits are in place.

8.2.4 Land access

SRK considers the land access risk to be low, given the status of the tenure at the Valuation Date.

Compiled by

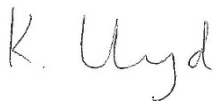


This signature has been scanned. The author has given permission to its use for this document. The original signature is held on file

Jeames McKibben

Principal Consultant

Peer Reviewed by

A handwritten signature in black ink, appearing to read "K. Lloyd".

Karen Lloyd

Associate Principal Consultant

9 References

- Benchmark Mineral Intelligence (BMI), 2016, Solar Resurgence, Critical Minerals & Metals, June 2016, p 50-57.
- Chai, A, 2011 Tobermorey Project Annual Technical Report for Exploration Licence 26928, Georgina Basin Northern Territory for the Period 30 July 2010 to 29 July 2011, Australis Exploration Limited, dated August 2011.
- Davies, A., 1998, Centre Basins Cu, EL9334 New Year Dam, EL9339 Mt Ooraminna, EL9338 Eagle Bore and EL9339 Mt Burrell Final Report, Rio Tinto Exploration Pty Ltd.
- Dunster JN, Kruse PD, Duffett ML & Ambrose GJ. 2007. Geology and resource potential of the southern Georgina Basin. Northern Territory Geological Survey, Digital Information Package DIP007
- Dunster JN & Munson TJ, 2017, Georgina Basin phosphate deposits. Australian Ore Deposits Monograph AusIMM.
- Dunster, J., 2018, Silver Valley, First Annual report on EL31340, Silver Valley, 07/04/2017 to 06/04/2018, Report prepared on behalf of Verdant Minerals Ltd.
- Dunster, J., 2019, Dingo Hole Silica, Third Annual report on EL31078, Dingo Hole Silica, 15/01/2018 to 14/01/2019, Report prepared on behalf of Verdant Minerals Ltd.
- Freeman, M.J., 1986, Huckitta, Northern Territory, Sheet SF 53-11, 1:250,000 Geological Map Series Explanatory Notes, Northern Territory Geological Survey.
- Greene, 2010, Neoproterozoic rifting in the southern Georgina Basin, Central Australia: Implications for reconstructing Australia in Rodinia; *Tectonics, Volume 29, TC5010*
- Geoscience Australia, 2013, A Review of Australian Salt Lakes and Assessment of their Potential for Strategic Resources, Geoscience Australia record 2013/39, Edited by T.P. Mernagh with contributions by E.N. Bastrakov, J.D.A. Clarke, P. de Caritat, P.M. English, F.J.F. Howard, S. Jaireth, J.W. Magee, A.A. McPherson, I.C. Roach, I.F. Schroder, M. Thomas, and J.R. Wilford.
- Industrial Minerals Magazine, 2013, Projects in the Pipeline, High purity quartz: a cut above, p 22-25.
- International Fertilizer Association, 2018, Fertilizer Outlook, 2018- 2022 IFA Annual Conference 18-20 June 2018, Berlin (Germany).
- JORC (2012), "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (JORC).
- Kruse, P.D., Brakel, A.T., Dunster, J.N., and Duffett, M.L., 2002, Tobermorey, Northern Territory, Sheet SF 53-12, 1:250,000 Geological Map Series Explanatory Notes, Northern Territory Geological Survey.
- Mackie, A.W., 2015, EL28837 Partial relinquishment 2015 final report, Pulpit Rock Huckitta SF53-111 and Dnieper 5952.
- Office of the Chief Economist (OCE), 2018, Resources and Energy Quarterly – December 2018.
- Orris, G.J., Cocker, M.D., Dunlap, P., Wynn, Jeff, Spanski, G.T., Briggs, D.A., and Gass, L., with contributions from Bliss, J.D., Bolm, K.S., Yang, C., Lipin, B.R., Ludington, S., Miller, R.J., and Slowakiewicz, M., 2014, Potash—A global overview of evaporite-related potash resources, including spatial databases of deposits, occurrences, and permissive tracts: U.S. Geological Survey Scientific Investigations Report 2010–5090–S, 76 p., and spatial data, <http://dx.doi.org/10.3133/sir20105090S>.

Rahn Michael, November 2018, *Phosphate Supply/Demand outlook*, Fertilizer Outlook and Technology Conference Jacksonville, FL.

Rum Jungle Resources Limited (RUM), March 2013, *ASX Realease - Dispatch of Bidders statement in connection with takeover bid for Central Australian Phosphate Limited*.

VALMIN, 2015, Code for the technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent expert reports (The VALMIN Code).

World Bank Group. 2018. Commodity Markets Outlook, October. World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0 IGO.

Appendices

Appendix A: Letter of Good Standing – Verdant Minerals Ltd

Campbell Jaski/SRK Consulting
PricewaterhouseCoopers
2 Riverside Quay
SOUTHBANK VIC 3006

Dear Sir

**VERDANT MINERALS LTD
NORTHERN TERRITORY MINERAL TENEMENTS
STATEMENT OF GOOD STANDING**

We confirm we are the Tenement Manager for Verdant Minerals Ltd and have been since 2013.

We can confirm that as at today's date the Northern Territory Mineral Titles are in good standing with the Department of Primary Industry and Resources and all statutory obligations have been fulfilled.

To our knowledge there are no Notices of Intention to Cancel issued in relation to Verdant Minerals Ltd or its subsidiaries.

Please don't hesitate to contact the undersigned should you have any queries in relation to this matter.

Yours faithfully



**Wendy JETTNER
MANAGING DIRECTOR**

12 February 2019

TENEMENT SCHEDULE at 31 December 2018

| Commodity | Project & Tenements | Registered Holder | Tenement Ownership | Expiry Date | Area Blocks | Area km ² |
|-----------|-------------------------|-----------------------------|--------------------|-------------|-------------|----------------------|
| Phosphate | Ammaroo NT | | | | | |
| | EL 24726 | Territory Phosphate Pty Ltd | 100% | 31-Mar-20 | 20 | 63.91 |
| | EL 25184 | Territory Phosphate Pty Ltd | 100% | 18-Apr-19 | 19 | 60.72 |
| | EL 31789 | Territory Phosphate Pty Ltd | 100% | 14-Aug-24 | 238 | 759.58 |
| | ELA 31790 | Territory Phosphate Pty Ltd | 100% | 14-Aug-24 | 233 | 746.27 |
| | ELA 31791 | Territory Phosphate Pty Ltd | 100% | na | 250 | 798.47 |
| | ELRA 31739 | Territory Phosphate Pty Ltd | 100% | na | na | 44,080 ha |
| | ELRA 31740 | Territory Phosphate Pty Ltd | 100% | na | na | 7,658 ha |
| | ELRA 31741 | Territory Phosphate Pty Ltd | 100% | na | na | 7,829 ha |
| | ELRA 31742 | Territory Phosphate Pty Ltd | 100% | na | na | 40,825 ha |
| | ELRA 31743 | Territory Phosphate Pty Ltd | 100% | na | na | 1,599 ha |
| | ELRA 31744 | Territory Phosphate Pty Ltd | 100% | na | na | 7,027 ha |
| | ELRA 31745 | Territory Phosphate Pty Ltd | 100% | na | na | 21,402 ha |
| | ELRA 31746 | Territory Phosphate Pty Ltd | 100% | na | na | 1,281 ha |
| | ELRA 31747 | Territory Phosphate Pty Ltd | 100% | na | na | 30,669 ha |
| | ELRA 31748 | Territory Phosphate Pty Ltd | 100% | na | na | 40,068 ha |
| | ELRA 31749 | Territory Phosphate Pty Ltd | 100% | na | na | 8,642 ha |
| | ELRA 31750 | Territory Phosphate Pty Ltd | 100% | na | na | 10,525 ha |
| | MLA 29463 | Territory Phosphate Pty Ltd | 100% | na | na | 5,912 ha |
| | MLA 29854 | Territory Phosphate Pty Ltd | 100% | na | na | 6,072 ha |
| | MLA 31713 | Territory Phosphate Pty Ltd | 100% | na | na | 171 ha |
| | MLA 31717 | Territory Phosphate Pty Ltd | 100% | na | na | 167.17 ha |
| Phosphate | Singleton NT | | | | | |
| | EL 30613 | Territory Phosphate Pty Ltd | 100% | 14-Jun-21 | 18 | 57.79 |
| Phosphate | Patanella NT | | | | | |
| | EL 24716 | Territory Phosphate Pty Ltd | 100% | 30-Nov-19 | 59 | 187.11 |
| | EL 24724 | Territory Phosphate Pty Ltd | 100% | 1-Dec-19 | 15 | 47.57 |
| Phosphate | Brunchilly NT | | | | | |
| | EL 30222 | Territory Phosphate Pty Ltd | 100% | 14-Oct-20 | 57 | 185.52 |
| | EL 30223 | Territory Phosphate Pty Ltd | 100% | 14-Oct-20 | 13 | 42.26 |
| | EL 30224 | Territory Phosphate Pty Ltd | 100% | 14-Oct-20 | 30 | 97.55 |
| Phosphate | Burge Bore NT | | | | | |
| | EL 30225 | Territory Phosphate Pty Ltd | 100% | 14-May-21 | 108 | 352.87 |
| Potash | Karinga Lakes NT | | | | | |
| | EL 24987 | Territory Potash Pty Ltd | 100% | 9-Oct-18* | 71 | 220.37 |
| | EL 25080 | Territory Potash Pty Ltd | 100% | 8-Oct-18* | 204 | 633.58 |
| | EL 28205 | Territory Potash Pty Ltd | 100% | 8-Mar-19 | 19 | 59.04 |
| | EL 28272 | Territory Potash Pty Ltd | 100% | 13-Apr-19 | 19 | 59.03 |
| | EL 28872 | Territory Potash Pty Ltd | 100% | 5-Mar-20 | 11 | 34.15 |
| | EL 30381 | Territory Potash Pty Ltd | 100% | 15-Mar-21 | 4 | 12.43 |
| | EL 30382 | Territory Potash Pty Ltd | 100% | 15-Mar-21 | 8 | 22.22 |

| | | | | | | |
|--------------------|--------------------------|--------------------------|------|-----------|-----|--------|
| Potash | Lake Amadeus NT | | | | | |
| | ELA 30194 | Territory Potash Pty Ltd | 100% | na | 70 | 218 |
| | ELA 30195 | Territory Potash Pty Ltd | 100% | na | 200 | 622.88 |
| | ELA 30196 | Territory Potash Pty Ltd | 100% | na | 143 | 446.18 |
| | ELA 30197 | Territory Potash Pty Ltd | 100% | na | 203 | 633.44 |
| | ELA 30389 | Territory Potash Pty Ltd | 100% | na | 186 | 527.56 |
| | ELA 30650 | Territory Potash Pty Ltd | 100% | na | 61 | 190.51 |
| Silica | Dingo Hole NT | | | | | |
| | EL 31078 | Verdant Minerals Ltd | 100% | 14-Jan-22 | 11 | 35.16 |
| Silica | Tobermorey NT | | | | | |
| | ELA 31033 | Territory Mining Pty Ltd | 100% | na | 110 | 349.70 |
| | ELA 31034 | Territory Mining Pty Ltd | 100% | na | 113 | 359.08 |
| Silica | Dneiper NT | | | | | |
| | ELA 31035 | Territory Mining Pty Ltd | 100% | na | 12 | 37.99 |
| | ELA 31036 | Territory Mining Pty Ltd | 100% | na | 65 | 205.92 |
| Silica | Old South Road NT | | | | | |
| | ELA 31041 | Territory Mining Pty Ltd | 100% | na | 14 | 43.80 |
| Silver Lead | Silver Valley | | | | | |
| | EL 31340 | Territory Mining Pty Ltd | 100% | 6-Apr-23 | 50 | 157.98 |

key: EL / E - Exploration Licence ELR – Exploration Licence in Retention ML - Mineral Lease A - Application

*EL24987 Renewal lodged 02/10/2018

*EL25080 Renewal lodged 02/10/2018

Appendix B: Phosphate Valuation Analysis

Table B-1: Phosphate transactions with Resources

| Project | Country | Date | Vendor | Purchaser | Consideration (100% basis) (A\$M) | Tonnage (Mt) | Total P ₂ O ₅ (%) | Contained P ₂ O ₅ (Mt) | Implied Value (A\$/t) | Implied Value Normalised (A\$/t) |
|------------------------------|---------------|------------|---|------------------------------------|---|-----------------|---|--|-----------------------------|---|
| Ardmore project | Australia | 2/02/2017 | Incitec Pivot Limited | Centrex Metals Limited | 5.00 | 14.25 | 29% | 4,104,000.00 | 1.22 | 1.38 |
| Bayovar (5-8) Property | Peru | 1/02/2016 | Peruvian Group | Americas Potash Peru S.A. | 24.67 | 430.20 | 14% | 59,552,586.00 | 0.41 | 0.36 |
| Baobab project | Senegal | 4/11/2015 | Minemakers Limited | Mimran Natural Resources | 78.00 | 68.00 | 22% | 14,960,000.00 | 5.21 | 4.30 |
| Baobab project | Senegal | 27/04/2015 | Investor group | Minemakers Limited | 6.70 | 68.00 | 22% | 14,960,000.00 | 0.45 | 0.44 |
| Central Australian phosphate | Australia | 24/05/2013 | Central Australian Phosphate | Rum Jungle Resources Limited (RUM) | 17.00 | 310.00 | 15% | 46,500,000.00 | 0.37 | 0.31 |
| Duyker Eiland project | South Africa | 2/03/2015 | Montero Mining and Exploration Limited | Ovation Capital | 25.47 | 32.80 | 7% | 2,345,200.00 | 10.86 | 9.47 |
| Bomfim project | Brazil | 12/09/2014 | Quantum Fertilizantes do Tocantins Ltda | DuSolo Fertilizers Inc. | 9.40 | 18.66 | 6% | 1,205,196.88 | 7.80 | 8.63 |
| Farim | Guinea-Bissau | 25/02/2013 | Investor Group | Plains Creek Phosphate Corp | 13.40 | 110.90 | 29% | 31,800,575.00 | 0.42 | 0.33 |
| Yichang Maple Leaf Chemicals | China | 10/01/2012 | Spur Ventures Inc | Hong Tang Vision Ltd | 18.00 | 60.26 | 25% | 14,789,009.20 | 1.22 | 0.93 |

Notes:

Transactions shaded grey were selected by SRK. The Ardmore Project had only exploration targets, the midpoint of the tonnes and grade has been used to provide comparable datasets for analysis.

Table B-2: Phosphate transactions with no Resources (Exploration tenure only)

| Project | Country | Date | Vendor | Purchaser | Consideration (100% basis) (A\$M) | Total area (km ²) | Transaction Area multiple (\$A/km ²) | Transaction Area multiple Normalised (\$A/km ²) |
|---------------------------|-----------|------------|-------------------------|--------------------------------------|---|-------------------------------------|---|---|
| Busumbu project | Uganda | 15/06/2018 | Hipo Resources Limited | North Atlantic Mining Associates Ltd | 7.89 | 48.10 | 164,044.79 | 197,232.30 |
| Picnic phosphate property | Canada | 16/04/2014 | Satori Resources Inc | Jourdan Resources Inc. | 1.82 | 11.60 | 156,684.10 | 183,942.70 |
| Mejillones project | Chile | 31/01/2018 | Buccaneer Holdings Ltd. | Handa Mining Corporation | 4.60 | 82.00 | 56,096.47 | 79,601.52 |
| Itouk Lake property | Canada | 30/03/2015 | Investor group | Glen Eagle Resources Inc. | 0.28 | 35.53 | 7,834.36 | 6,828.45 |
| Arapua fertilizer project | Brazil | 5/09/2014 | Undisclosed seller | Triunfo Mineracao do Brasil Ltda | 1.07 | 149.46 | 7,139.00 | 7,900.77 |
| Dandaragan | Australia | 17/03/2011 | Kimba Resources Pty Ltd | Dempsey Minerals Ltd | 0.30 | 295.00 | 1,016.95 | 1,020.84 |

Note: Shaded row - the most comparable transaction selected by SRK was the Dandaragan Project in Australia

Appendix C: Potash Valuation Analysis

Table C-1: Potash transactions with Resources

| Project | State | Date | Vendor | Purchaser | Consideration (100% basis) (A\$M) | Tonnage (Mt) | Total K ₂ O (%) | Contained K ₂ O (Mt) | Implied Value (A\$/t) | Implied Value Normalised (A\$/t) |
|-----------------------------------|--------------------------------------|------------|--|--|---|-----------------|-------------------------------|------------------------------------|-----------------------------|--|
| Satimola | Kazakhstan (underground) | 26/10/2017 | Satimola Limited | Kazakhstan Potash Corporation Limited | 57.87 | 6,000 | 15.48% | 928.5 | 0.06 | 0.07 |
| Ochoa | New Mexico, USA (underground) | 18/09/2017 | IC Potash Corp. | Cartesian Capital Group, LLC | 4.27 | 335.6 | 14.28% | 47.9 | 0.09 | 0.10 |
| Talitsky | Russia (underground, open pit) | 26/04/2016 | Eurasian Development Bank | Joint Stock Company Acron | 1,918.97 | 2,289.8 | 16.35% | 374.3 | 5.13 | 3.83 |
| South Harz Potash | Germany (underground) | 18/08/2015 | Potash West NL | Davenport Pty Ltd | 13.71 | 4,500 | 16.13% | 725.6 | 0.02 | 0.01 |
| Blawn Mountain mining lease | Utah, USA | 21/08/2012 | School and Institutional Trust Lands Administration | Potash Ridge Corporation | 0.46 | 582.4 | 6.09% | 35.5 | 0.01 | 0.01 |
| Monument | Utah, USA (brine) | 4/03/2016 | Paradox Basin Resources Corp. | Sennen Potash Corporation | 3.61 | 188.3 | 25.08% | 47.2 | 0.08 | 0.06 |
| Dalol | Afar, Ethiopia (brine) | 30/11/2015 | Investor group | Liberty Metals & Mining Holdings, LLC | 283.38 | 418.2 | 28.21% | 117.9 | 2.40 | 1.71 |
| Danakil | Afar, Ethiopia (brine) | 19/03/2014 | AgriMinco Corp. | Premier African Minerals Limited | 16.05 | 1,825.3 | 19.22% | 350.8 | 0.05 | 0.05 |

Table C-2: Potash transactions with no Resources (Exploration tenure only)

| Project | State | Date | Vendor | Purchaser | Consideration (100% basis) (A\$M) | Total area (km ²) | Transaction Area multiple (\$A/km ²) | Transaction Area multiple Normalised (\$A/km ²) |
|---|-------|------------|-------------------------|-------------------------|---|----------------------------------|--|--|
| Portion of tenement E69/3247 | WA | 29/10/2018 | AIC Resources Ltd | Kalium Lakes Ltd | 1.90 | 130.66 | 14,541.34 | 14,143.46 |
| Laverton Links and Lake Throssell projects | WA | 17/07/2017 | K2O Minerals Pty Ltd. | Trigg Mining Ltd | 0.91 | 640.00 | 1,420.45 | 1,625.25 |
| Three tenements | WA | 26/06/2017 | AngloGold Ashanti Ltd | Australian Potash Ltd | 0.30 | 18,598.50 | 16.13 | 17.80 |
| Tenement E77/2347 | WA | 22/02/2017 | Dakota Minerals Ltd | Parkway Minerals NL | 0.02 | 210.00 | 71.43 | 53.76 |
| Carnegie Project | WA | 1/03/2017 | Kalium Lakes Ltd | BC Potash Pty Ltd. | 5.00 | 1,700.00 | 2,941.18 | 3,219.60 |
| Potash rights | WA | 2/12/2015 | | Goldphyre Resources Ltd | 1.42 | 1,000.00 | 1,415.24 | 1,012.53 |
| Oxley potash tenements | WA | 8/03/2015 | Sheffield Resources Ltd | Centrex Metals Ltd | 2.50 | 305.00 | 8,196.72 | 6,519.10 |

Notes:

The Queens Mine transaction was excluded as an outlier as its area was for a Mining Licence and not an Exploration Licence.
Transactions shaded in blue were excluded from the final analysis as they contained Declared Resources or Exploration Targets.

Comparable Potash Companies

Agrimin Limited is an Australia-based company engaged in the exploration and development of its Mackay SOP Project located in Western Australia. The Mackay SOP Project covers an area of over 4,335 km² across Lake Mackay, some 785 km south of Wyndham in Western Australia and approximately 540 km northwest of Alice Springs, Northern Territory. A Prefeasibility study was completed in May 2018 with a Definitive Feasibility now underway. The project has Indicated Resources of approximately 10.0 Mt and Inferred Resources of approximately 16.1 Mt of SOP (based on specific yield). Agrimin Limited is based in Nedlands, Australia.

Australian Potash is a minerals exploration company focused on the Lake Wells Potash Project located approximately 400 km northeast of Kalgoorlie. The Lake Wells Potash Project is being explored for SOP contained within the lake brines. Its project portfolio includes the gold and base metals prospective Laverton Downs and Mailman Hill projects, and the Beretta project, located in base metals minerals province in the Albany Fraser Orogen. Its Laverton Downs Project is located over 15 km north of the Laverton Township, lying in the Laverton Tectonic Zone. Its Great Central project occupies a portion of Lake Wells Station and Vacant Crown Land. The company was formerly known as Goldphyre Resources Limited and changed its name to Australian Potash Limited in November 2016. Australian Potash Limited was founded in 2011 and is based in West Perth, Australia.

Davenport Resources Limited (ASX: DAV) through its wholly owned German subsidiary, East Exploration GmbH, holds potash project licences, in the South Harz potash district in Germany.

Danakali Limited is engaged in advancing the Colluli Potash Project in Eritrea, East Africa. The Company's Colluli Potash Project is located in the Danakil region of Eritrea, East Africa. Colluli Potash Project is located approximately 177 km southeast of the capital, Asmara and 180 km from the port of Massawa. The project is a joint venture between Eritrean National Mining Corporation and the Company. The Danakil region is a potash province. The Colluli resource comprises three potassium-bearing salts in solid form: sylvinite, carnallite and kainite. The potassium bearing salts produce range of potash types, including muriate of potash (MOP), SOP, and sulphate of potash magnesia (SOPM). The Company also offers Industrial Rock Salt. Danakali Limited is based in Subiaco, Australia.

Kore Potash PLC is an advanced-stage mineral exploration and development company. The Company is engaged in the exploration for potash minerals prospect. It operates through the mineral exploration in central Africa segment. Its primary asset is Sintoukola Potash Permit located in the Republic of Congo. It has over three projects at varying development-stages all within approximately 1,070 km² Sintoukola Permit. Its other projects include Kola Sylvinite Project (Kola), Dougou and Yangala. The Dougou Deposit is located approximately 10 km southwest of Kola and is a carnallite deposit. The Yangala sylvinite Prospect lies immediately west of Dougou. The company was incorporated in 2017 and is based in London, the United Kingdom.

Highfield Resources Limited is an Australia-based company engaged in mineral exploration. The Company has four potash projects. The Company's Muga, Vipasca, Izaga, Pintanos and Sierra del Perdon potash projects are located in the Ebro potash producing basin in northern Spain covering a project area of over 550 km². The Muga project targets the shallow sylvinite beds to the southeast of the project area. The Muga project is located approximately 50 km to the southeast of Pamplona. The Sierra del Perdon project is located approximately 10 km from Pamplona. The Vipasca project area includes the Vipasca permit, the Borneau permit and the Osquia permit. The Pintanos project covers an area of around 125 km² abutting the Muga-Vipasca project. The Izaga project is located in a syncline structure abutting the northern extent of the expanded Vipasca project.

Kalium Lakes Limited is an Australia-based exploration and development company focused on developing the Beyondie Potash Project in Western Australia. The Beyondie Potash Project consists of over 10 granted exploration licenses and a miscellaneous license, which cover an area of approximately 2,400 km². The Company is also seeking to develop a sub-surface brine deposit to produce a SOP product, by undertaking an evaporation and processing operation at the Beyondie Potash Project, which is located 160 km southeast of Newman, in the Pilbara region of Western Australia. Kalium Lakes Potash Pty Ltd is a subsidiary of the Company.

Reward Minerals Limited is an Australia-based company focusing on the exploration and development of potash resources amenable to the production of SOP. The Company's primary focus is the advancement of its LD Potash Project located in the Little Sandy Desert, Western Australia, approximately 340 km east of Newman and accessed through the Talawana Track. The Project consists of over 5,000 km of granted exploration licenses. Its other Projects include the Karly Project and Lake Dora Project. Its Karly Project covers the Waukarlycarly Embayment and is located approximately 200 km northwest of LD Potash project. Its Lake Dora is located north of LD Potash project. The Company's tenements cover approximately 10,000 km².

Salt Lake Potash Limited, formerly Wildhorse Energy Limited, is a mineral exploration company. The Company's principal activities include exploration and development of resource projects. Its segments include United States of America and Australia Potash. It holds a range of salt lake brine projects (Projects) in Western Australia, South Australia and the Northern Territory. Its primary focus is the advancement of the Lake Wells' Project, which is located approximately 80 km north of the Great Central Road and over 180 km northeast of Laverton in the West Australian Goldfields. The Project consists of over 1,130 km² of exploration licenses, covering the Lake Wells Playa and the area immediately contiguous to the Lake. It also holds exploration licenses or applications covering all or parts of Lake Irwin and Lake Minigwal and Lake Ballard in Western Australia; Lake Lewis in the Northern Territory, and Lake Macfarlane and Island Lagoon in South Australia.

Appendix D: Polymetallic Transactions

Table D-1: Polymetallic metal transactions

| Project | Country(s) | State/ Province(s) | Date | Vendor | Purchaser | Consideration (100% basis) (A\$M) | Total area (km ²) | Transaction multiple (\$A/km ²) | Transaction multiple (normalised A\$/km ²) |
|-----------------------------------|------------|--------------------------------------|------------|---------------------------------------|-----------------------------------|---|-------------------------------------|---|---|
| NT Zinc project | Australia | Northern Territory | 30/06/2016 | Imperial Granite & Minerals Pty. Ltd. | TNG Limited | 0.02 | 50.45 | 396.43 | 489.07 |
| Mendooran project | Australia | New South Wales | 8/03/2017 | Alice Queen Limited | Newcrest Operations Ltd. | 9.80 | 468.00 | 20,948.55 | 19,439.10 |
| EL5497 | Australia | South Australia | 15/12/2017 | Musgrave Minerals Limited | Petratherm Limited | 0.98 | 260.00 | 3,770.74 | 3,055.01 |
| EL5306 & 5717 (Walparuta Project) | Australia | South Australia | 15/12/2017 | SAEX Pty Ltd | Petratherm Limited | 0.05 | 78.00 | 641.03 | 519.35 |
| Crowl Creek project | Australia | New South Wales | 9/01/2018 | Kidman Resources Limited | Talisman Mining Limited | 0.25 | 278.00 | 899.28 | 702.77 |
| Six exploration licences | Australia | New South Wales | 9/01/2018 | Bacchus Resources Pty Ltd. | Talisman Mining Limited | 2.55 | 1,067.00 | 2,388.96 | 1,866.92 |
| Quartz Bore project | Australia | Western Australia | 21/08/2017 | VMS Resources Proprietary Limited | Tando Resources Ltd. | 0.30 | 15.00 | 20,000.00 | 17,958.68 |
| Northampton project | Australia | Western Australia | 20/08/2018 | Red Field Pty Ltd. | Caprice Resources Limited | 0.18 | 130.00 | 1,346.15 | 1,327.81 |
| Yamarna project | Australia | Western Australia | 4/10/2018 | Ausgold Limited | Great Boulder Resources Limited | 1.11 | 300.00 | 3,688.89 | 3,688.89 |
| Mt. Elephant project | Australia | Western Australia | 25/07/2018 | Korab Resources Limited | Great Fingall Mining Company N.L. | 0.55 | 402.00 | 1,368.16 | 1,289.68 |
| Doolgunna Station project | Australia | Western Australia | 4/06/2018 | Ausgold Limited | Intrepid Mines Limited | 2.69 | 176.00 | 15,269.89 | 12,531.65 |
| Windsor joint venture | Australia | Queensland | 15/10/2018 | Undisclosed seller | Minotaur Exploration Limited | 3.92 | 629.00 | 6,234.61 | 6,234.61 |
| Montejinni & Claypan Dam | Australia | Northern Territory / South Australia | 12/06/2018 | Aurum Fabri Pty Limited | Tempus Resources Limited | 0.14 | 890.00 | 156.05 | 128.07 |

| Project | Country(s) | State/ Province(s) | Date | Vendor | Purchaser | Consideration (100% basis) (A\$M) | Total area (km ²) | Transaction multiple (\$A/km ²) | Transaction multiple (normalised A\$/km ²) |
|--|------------|--------------------------------|------------|--|------------------------------|---|-------------------------------------|---|---|
| Bonaventura zinc project & Arden Project | Australia | South Australia | 6/03/2018 | Zinc Mining Pty Ltd. | Auroch Minerals Limited | 1.23 | 873.00 | 1,406.64 | 1,128.71 |
| Unca Creek project | Australia | Northern Territory | 27/03/2017 | Natural Resources Exploration Pty Ltd | KGL Resources Limited | 0.50 | 72.90 | 6,858.71 | 6,364.51 |
| Pulchera Project | Australia | Queensland | 26/07/2018 | MRG Metals Limited | Magnaver Group | 3.20 | 78.37 | 40,830.39 | 38,488.34 |
| Chunderloo mining tenements | Australia | Western Australia | 5/04/2017 | Westgold Resources Limited | Auris Exploration Pty Ltd | 0.33 | 14.05 | 23,131.67 | 22,535.57 |
| Wagga Tank project | Australia | New South Wales | 22/02/2016 | Golden Cross Resources Ltd | Peel Mining Limited | 0.20 | 54.00 | 3,703.70 | 5,218.86 |
| Bowdens project | Australia | New South Wales | 30/06/2016 | Kingsgate Consolidated Limited | Silver Mines Limited | 33.33 | 1,654.00 | 20,153.16 | 24,862.74 |
| Three base metals projects | Australia | Queensland, South Australia | 24/04/2017 | Teck Resources Limited | NorthernX Pty Limited | 17.70 | 748.00 | 23,668.45 | 23,058.51 |

Appendix E: Estimation of Base Acquisition Cost

SRK has considered the likely Base Acquisition Cost (BAC) for the Northern Territory (NT) based on a build up from first principles, namely estimation using the following assumptions:

- Given the BAC assesses the exploration tenure of an area, the minimum form of tenure required is an Exploration Licence.
- Based on the NT tenement database and NT Mineral Titles Act, SRK estimated that the average age for exploration licences in the Northern Territory is 4.5 years and the average size of these licences is approximately 200 km².
- The deemed cost to identify an area of interest of A\$10,000 was assumed, as well as A\$250,000 for the cost of landholder notices, negotiations, legal costs and compensation.
- An application fee of A\$400/licence is payable.
- An administration fee of A\$287/licence is payable.
- The holding costs include an annual rental of A\$35/block in Years 1 and 2, A\$71/block in Years 3 and 4 and A\$143/block in Years 5 and 6.
- The NT has a minimum annual expenditure requirement of A\$10,000 + A\$150/block in Year 1, A\$10,000 + A\$250/block in Year 2, A\$10,000 + A\$500/block in Year 3, A\$10,000 + A\$750/block in Year 4, and A\$10,000 + A\$1,000/block in Year 5. It should be noted that currently the NT is not enforcing these expenditures, due to the downturn in exploration in the NT.
- No shire rates are payable on mineral exploration in the NT.

Altogether these assumptions provide for an assumed BAC for an average NT Exploration Licence of approximately A\$500/km².

SRK Report Client Distribution Record

Project Number: PWC002

Report Title: Independent Specialist Report on Mineral Assets of Verdant Minerals Limited

Date Issued: 15 April 2019

| Name/Title | Company |
|----------------|------------------------|
| Campbell Jaski | PricewaterhouseCoopers |

| Rev No. | Date | Revised By | Revision Details |
|---------|------------|-----------------|-------------------------------|
| 0 | 15/03/2019 | Jeames McKibben | Draft Report |
| 1 | 15/03/2019 | Jeames McKibben | Revised Draft Report |
| 2 | 21/03/2019 | Jeames McKibben | Revised Draft Report |
| 3 | 22/03/2019 | Jeames McKibben | Revised Draft Report |
| 4 | 25/03/2019 | Jeames McKibben | Revised Draft Report |
| 5 | 28/03/2019 | Jeames McKibben | Revised Draft Report |
| 6 | 15/04/2019 | Jeames McKibben | Final report issued to client |

This Report is protected by copyright vested in SRK Consulting (Australasia) Pty Ltd. It may not be reproduced or transmitted in any form or by any means whatsoever to any person without the written permission of the copyright holder, SRK.

Appendix F Resource project valuation approaches and methodologies

The common valuation approaches that are generally accepted for valuing Mineral Assets typically fall within one of three categories:

- market based approach
- income based approach
- cost based approach.

Each approach is appropriate in certain circumstances. The decision as to which approach and specific methodology to apply generally depends on the nature of the company, project or asset being valued, the methodology most commonly adopted in valuing such companies, projects or assets and the availability of appropriate information.

These approaches are summarised below.

Income Based Methods

Discounted Cash Flow (DCF)

Under the income approach, the Discounted Cash Flow (DCF) methodology estimates the value by discounting a company or resource project's future cash flows to a net present value using an appropriate discount rate. The DCF method is appropriate where there are long term projections of future cash flows of at least five to ten years and the projections can be made with a reasonable level of confidence. The DCF method is typically used where:

- the businesses' earnings are capable of being forecast for a reasonable period (preferably five to 10 years) with reasonable accuracy
- earnings or cash flows are expected to fluctuate significantly from year to year
- the business or asset has a finite life
- the business is in a 'start up' or in early stages of development
- the business has irregular capital expenditure requirements
- the business involves infrastructure projects with major capital expenditure requirements
- the business is currently making losses but is expected to recover.

Generally speaking, when valuing a resource project, it is only appropriate to use the DCF methodology for Development Projects or Operating Mines, where Ore Reserves have been defined. This is because both the revenue and costs of projects at earlier stages typically have not been evaluated to a sufficient degree of accuracy and therefore generate unreliable (inaccurate) forecast cash flows.

Cost Based Methods

These methods consider the costs incurred in connection with the exploration, development and/or production of a mining tenement (accumulated costs expended to date). In some circumstance, only successful exploration activity is considered when using this method.

Cost based methods do not reflect future economic benefit. Common cost based methods include:

Multiple of Exploration Expenditure

This method involves determining how much money has been spent on the project in the past and/or future (must be effective expenditure). The total figure is adjusted by a Prospectivity Enhancement Multiplier (PEM), a factor related to the prospectivity of the area.

Kilburn Method (Geoscience Matrix)

Originally developed by Woodcock in 1985 and later enhanced by Kilburn in 1990 to systematically assess the physical attributes of the exploration property using a scoring system relating to:

- location
- proximity to known mineralisation
- geophysical, geochemical and geological targets.

Scores are adjusted for local market conditions and multiplied against a standard cost (\$ per km²) for a typical exploration project - Basic Acquisition Cost (BAC). This is the average cost incurred to acquire a tenement and pay all Government charges for the next 12 months.

The methodology is very subjective and relies heavily on the judgment of the valuer.

Market Based Methods

Comparable transactions method

This method uses the sales price of other projects to determine the value of the exploration project. Comparable transactions should have similarity to the subject property in commodity, geology, mineralisation, neighbourhood, and be within a reasonable time period before the valuation date.

This approach considers the amount at which the project can be sold i.e. the highest value that an informed buyer is prepared to pay in an open market on a willing buyer and willing seller basis.

It is often difficult to find truly comparative transactions. In such circumstances, it may be appropriate to adjust the value of transactions to increase their comparability. Transaction values can be adjusted by taking into account:

- Type of commodity
- Grade/quality of the resource
- Genesis of the resource
- Depth of the deposit
- Size of the resource
- Location of the deposit
- Stage of development

Due to the substantial number of project variables, it is not practical to attribute value in isolation to each of the above characteristics. Instead, the above characteristics should be assessed as a whole and a single overall adjustment made if deemed appropriate.

Joint venture method

Value is directly related to how much the Joint Venture (JV) partner will spend on exploration to earn his interest in the project.

$$\begin{array}{lcl} \text{Value of 100\%} & & \\ \text{of Project} & = & \frac{(\text{Exploration Expenditures})}{(\text{Equity share for JV Partner})} \end{array}$$

$$\begin{array}{lcl} \text{Remaining Value} & & \\ \text{to Original Owner} & = & (\text{Value of 100\% of Project}) \times (\text{Owner's Equity Share}) \end{array}$$

An adjustment is required to account for the delay in when the money is spent (time-value-of-money) as well as the likelihood that the JV partner will continue to fund the project.

To some extent this method does reflect market conditions, however it does not reflect the fact that most properties are put up for JV because the owner puts a low value on them.

Comparable trading method

This method assesses the trading value of comparable publicly listed companies to determine the value of the project.

Appendix G DCF assessment of the Ammaroo Phosphate Project

| Total | | Sep-19 | Dec-19 | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 |
|--|-------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|--------------|--------------|--------------|--------------|
| Revenue | A\$m | 8,731 | - | - | - | - | - | 21.51 | 35.55 | 43.89 | 43.89 | 45.24 | 45.24 |
| Revenue Growth | % | | n.a | n.a | n.a | n.a | n.a | n.a | 65.3% | 23.5% | 0.0% | 3.1% | 0.0% |
| Revenue | A\$m | 8,731 | - | - | - | - | - | 22 | 36 | 44 | 44 | 45 | 45 |
| Operating Expenses | A\$m | (5,031) | - | - | - | - | - | (17) | (23) | (26) | (27) | (31) | (31) |
| Royalties | A\$m | (585) | - | - | - | - | - | - | - | (1) | (1) | (0) | (0) |
| Expenses | A\$m | (5,616) | - | - | - | - | - | (17) | (23) | (27) | (27) | (31) | (31) |
| EBITDA | A\$m | 3,115 | - | - | - | - | - | 5 | 13 | 17 | 17 | 14 | 14 |
| Capex - Stage 1 (incl sust capex) | A\$m | (484) | (72) | (72) | (72) | (72) | (72) | (1) | (1) | (1) | (1) | (1) | (1) |
| Capex - Stage 2 (incl sust capex) | A\$m | (259) | - | - | - | - | - | - | - | - | - | - | - |
| movements in NWC | A\$m | - | - | - | - | - | - | (7) | (6) | (3) | 0 | 0 | 0 |
| Tax | A\$m | (625) | - | - | - | - | - | - | - | - | - | - | - |
| FCFF to Verdant Minerals | A\$m | 1,748 | (72.30) | (72.30) | (72.30) | (72.30) | (72.30) | (2.67) | 6.47 | 12.69 | 15.91 | 13.61 | 13.17 |
| Debt drawdowns | A\$m | 275 | - | 46.00 | 46.00 | 46.00 | 46.00 | - | - | - | - | - | - |
| Debt service | A\$m | (466) | - | - | - | - | - | - | (3.90) | (3.90) | (5.46) | (5.46) | (5.46) |
| Reserve accounts movement | A\$m | - | - | - | - | - | - | - | (37.89) | - | - | - | - |
| FCFE to Verdant Minerals | A\$m | 1,557 | (72.30) | (26.30) | (26.30) | (26.30) | (26.30) | (2.67) | (35.32) | 8.79 | 10.45 | 8.15 | 7.71 |
| Partial periods | Years | | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Present Value periods (mid-period discounting) | Years | | 0.51 | 1.51 | 3.53 | 4.48 | 5.48 | 6.62 | 7.54 | 8.45 | 9.45 | 10.67 | 11.55 |
| Discount factor | # | | 0.98 | 0.95 | 0.88 | 0.85 | 0.82 | 0.78 | 0.76 | 0.73 | 0.70 | 0.67 | 0.65 |
| Project NPV (midpoint) | A\$m | 36.1 | (71) | (25) | (23) | (22) | (21) | (2) | (27) | 6 | 7 | 5 | 5 |

| | | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| Revenue | A\$m | 45.24 | 45.24 | 46.54 | 46.54 | 46.54 | 46.54 | 48.01 | 48.01 | 48.01 | 48.01 | 49.42 | 49.42 | 49.42 |
| Revenue Growth | % | 0.0% | 0.0% | 2.9% | 0.0% | 0.0% | 0.0% | 3.2% | 0.0% | 0.0% | 0.0% | 2.9% | 0.0% | 0.0% |
| Revenue | A\$m | 45 | 45 | 47 | 47 | 47 | 47 | 48 | 48 | 48 | 48 | 49 | 49 | 49 |
| Operating Expenses | A\$m | (31) | (31) | (31) | (32) | (32) | (32) | (30) | (30) | (31) | (31) | (33) | (33) | (34) |
| Royalties | A\$m | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Expenses | A\$m | (32) | (32) | (32) | (32) | (33) | (33) | (31) | (32) | (32) | (32) | (35) | (35) | (35) |
| EBITDA | A\$m | 13 | 13 | 14 | 14 | 14 | 13 | 17 | 16 | 16 | 16 | 15 | 15 | 15 |
| Capex - Stage 1 (incl sust capex) | A\$m | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Capex - Stage 2 (incl sust capex) | A\$m | - | - | - | - | - | - | (39) | (39) | (39) | (39) | (39) | (39) | (0) |
| movements in NWC | A\$m | 0 | 0 | (1) | 0 | 0 | 0 | (1) | 0 | 0 | 0 | (0) | 0 | 0 |
| Tax | A\$m | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FCFF to Verdant Minerals | A\$m | 12.54 | 12.37 | 12.97 | 13.48 | 13.07 | 12.90 | (24.45) | (23.46) | (23.63) | (23.80) | (25.13) | (25.17) | 13.56 |
| Debt drawdowns | A\$m | - | - | - | - | - | - | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | 7.50 | - |
| Debt service | A\$m | (5.46) | (5.46) | (5.46) | (5.46) | (5.47) | (5.47) | (5.65) | (5.71) | (5.77) | (5.83) | (5.89) | (5.95) | (5.99) |
| Reserve accounts movement | A\$m | - | - | - | - | - | - | - | - | - | - | - | - | 37.89 |
| FCFE to Verdant Minerals | A\$m | 7.08 | 6.91 | 7.51 | 8.02 | 7.61 | 7.43 | (22.60) | (21.68) | (21.90) | (22.13) | (23.52) | (23.62) | 45.46 |
| Partial periods | Years | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Present Value periods (mid-period discounting) | Years | 12.42 | 13.42 | 14.73 | 15.56 | 16.39 | 17.39 | 18.58 | 19.58 | 20.36 | 21.36 | 22.85 | 23.59 | 24.33 |
| Discount factor | # | 0.63 | 0.61 | 0.58 | 0.56 | 0.54 | 0.52 | 0.50 | 0.48 | 0.47 | 0.45 | 0.43 | 0.42 | 0.41 |
| Project NPV (midpoint) | A\$m | 4 | 4 | 4 | 5 | 4 | 4 | (11) | (10) | (10) | (10) | (10) | (10) | 18 |

| | | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 | Jun-27 | Sep-27 | Dec-27 | Mar-28 | Jun-28 | Sep-28 | Dec-28 |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | A\$m | 49.42 | 101.79 | 101.79 | 101.79 | 101.79 | 105.02 | 105.02 | 105.02 | 105.02 | 107.84 | 107.84 | 107.84 | 107.84 |
| Revenue Growth | % | 0.0% | 106.0% | 0.0% | 0.0% | 0.0% | 3.2% | 0.0% | 0.0% | 0.0% | 2.7% | 0.0% | 0.0% | 0.0% |
| Revenue | A\$m | 49 | 102 | 102 | 102 | 102 | 105 | 105 | 105 | 105 | 108 | 108 | 108 | 108 |
| Operating Expenses | A\$m | (34) | (60) | (60) | (61) | (61) | (61) | (61) | (61) | (62) | (66) | (66) | (67) | (67) |
| Royalties | A\$m | (1) | (4) | (4) | (4) | (4) | (5) | (5) | (4) | (4) | (4) | (4) | (4) | (4) |
| Expenses | A\$m | (35) | (64) | (64) | (65) | (65) | (65) | (65) | (66) | (66) | (70) | (70) | (71) | (71) |
| EBITDA | A\$m | 14 | 38 | 38 | 37 | 37 | 40 | 40 | 39 | 39 | 38 | 37 | 37 | 37 |
| Capex - Stage 1 (incl sust capex) | A\$m | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Capex - Stage 2 (incl sust capex) | A\$m | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| movements in NWC | A\$m | 0 | (20) | 0 | 0 | 0 | (2) | 0 | 0 | 0 | (0) | 0 | 0 | 0 |
| Tax | A\$m | - | - | - | - | - | - | - | - | - | (6) | (6) | (6) | (6) |
| FCFF to Verdant Minerals | A\$m | 13.38 | 16.88 | 36.60 | 36.34 | 36.08 | 37.15 | 38.62 | 38.36 | 38.10 | 30.46 | 30.36 | 30.07 | 29.77 |
| Debt drawdowns | A\$m | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service | A\$m | (8.03) | (8.67) | (8.68) | (8.68) | (8.68) | (8.68) | (8.69) | (8.69) | (8.69) | (8.69) | (8.70) | (8.70) | (8.70) |
| Reserve accounts movement | A\$m | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FCFE to Verdant Minerals | A\$m | 5.35 | 8.21 | 27.92 | 27.66 | 27.40 | 28.46 | 29.94 | 29.67 | 29.41 | 21.76 | 21.67 | 21.37 | 21.07 |
| Partial periods | Years | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Present Value periods (mid-period discounting) | Years | 25.33 | 26.91 | 27.60 | 28.30 | 29.30 | 30.96 | 31.62 | 32.27 | 33.27 | 34.64 | 35.64 | 36.24 | 37.24 |
| Discount factor | # | 0.39 | 0.37 | 0.36 | 0.35 | 0.34 | 0.32 | 0.31 | 0.30 | 0.29 | 0.28 | 0.27 | 0.26 | 0.25 |
| Project NPV (midpoint) | A\$m | 2 | 3 | 10 | 10 | 9 | 9 | 9 | 9 | 9 | 6 | 6 | 6 | 5 |

| | Mar-29 | Jun-29 | Sep-29 | Dec-29 | Mar-30 | Jun-30 | Sep-30 | Dec-30 | Mar-31 | Jun-31 | Sep-31 | Dec-31 | Mar-32 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 112.69 | 112.69 | 112.69 | 112.69 | 116.90 | 116.90 | 116.90 | 116.90 | 121.12 | 121.12 | 121.12 | 121.12 | 125.90 |
| Revenue Growth | 4.5% | 0.0% | 0.0% | 0.0% | 3.7% | 0.0% | 0.0% | 0.0% | 3.6% | 0.0% | 0.0% | 0.0% | 4.0% |
| Revenue | 113 | 113 | 113 | 113 | 117 | 117 | 117 | 117 | 121 | 121 | 121 | 121 | 126 |
| Operating Expenses | (67) | (67) | (67) | (68) | (68) | (69) | (69) | (70) | (72) | (73) | (73) | (74) | (73) |
| Royalties | (5) | (5) | (5) | (5) | (5) | (5) | (5) | (5) | (8) | (8) | (8) | (8) | (9) |
| Expenses | (72) | (72) | (72) | (72) | (74) | (74) | (74) | (75) | (81) | (81) | (81) | (82) | (82) |
| EBITDA | 41 | 41 | 41 | 40 | 43 | 43 | 42 | 42 | 41 | 40 | 40 | 40 | 44 |
| Capex - Stage 1 (incl sust capex) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Capex - Stage 2 (incl sust capex) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| movements in NWC | (3) | 0 | 0 | 0 | (2) | 0 | 0 | 0 | (1) | 0 | 0 | 0 | (3) |
| Tax | (7) | (8) | (8) | (8) | (8) | (9) | (9) | (9) | (8) | (8) | (8) | (8) | (9) |
| FCFF to Verdant Minerals | 30.85 | 32.37 | 32.07 | 31.77 | 32.23 | 33.33 | 33.02 | 32.71 | 30.39 | 31.15 | 30.81 | 30.48 | 31.63 |
| Debt drawdowns | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service | (8.71) | (8.71) | (8.71) | (8.71) | (8.72) | (8.72) | (8.72) | (8.73) | (8.73) | (8.73) | (8.74) | (8.74) | (8.74) |
| Reserve accounts movement | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FCFE to Verdant Minerals | 22.15 | 23.67 | 23.36 | 23.06 | 23.51 | 24.61 | 24.30 | 23.98 | 21.66 | 22.41 | 22.08 | 21.74 | 22.88 |
| Partial periods | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Present Value periods (mid-period discounting) | 39.08 | 39.65 | 40.21 | 41.21 | 43.14 | 43.66 | 44.18 | 45.18 | 47.19 | 47.67 | 48.15 | 49.15 | 50.69 |
| Discount factor | 0.23 | 0.23 | 0.22 | 0.22 | 0.20 | 0.20 | 0.19 | 0.19 | 0.17 | 0.17 | 0.17 | 0.16 | 0.15 |
| Project NPV (midpoint) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 3 |

| | | Jun-32 | Sep-32 | Dec-32 | Mar-33 | Jun-33 | Sep-33 | Dec-33 | Mar-34 | Jun-34 | Sep-34 | Dec-34 | Mar-35 | Jun-35 |
|--|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Revenue | A\$m | 125.90 | 125.90 | 125.90 | 130.47 | 130.47 | 130.47 | 130.47 | 135.60 | 135.60 | 135.60 | 135.60 | 140.74 | 140.74 |
| Revenue Growth | % | 0.0% | 0.0% | 0.0% | 3.6% | 0.0% | 0.0% | 0.0% | 3.9% | 0.0% | 0.0% | 0.0% | 3.8% | 0.0% |
| Revenue | A\$m | 126 | 126 | 126 | 130 | 130 | 130 | 130 | 136 | 136 | 136 | 136 | 141 | 141 |
| Operating Expenses | A\$m | (73) | (74) | (74) | (74) | (74) | (75) | (75) | (73) | (74) | (74) | (74) | (79) | (79) |
| Royalties | A\$m | (9) | (9) | (9) | (10) | (10) | (10) | (10) | (11) | (11) | (11) | (11) | (11) | (11) |
| Expenses | A\$m | (82) | (83) | (83) | (84) | (84) | (84) | (85) | (84) | (84) | (85) | (85) | (89) | (90) |
| EBITDA | A\$m | 44 | 43 | 43 | 47 | 46 | 46 | 46 | 51 | 51 | 51 | 50 | 51 | 51 |
| Capex - Stage 1 (incl sust capex) | A\$m | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Capex - Stage 2 (incl sust capex) | A\$m | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| movements in NWC | A\$m | 0 | 0 | 0 | (2) | 0 | 0 | 0 | (3) | 0 | 0 | 0 | (2) | 0 |
| Tax | A\$m | (10) | (10) | (10) | (10) | (11) | (11) | (11) | (12) | (13) | (13) | (13) | (12) | (13) |
| FCFF to Verdant Minerals | A\$m | 33.14 | 32.80 | 32.46 | 33.37 | 34.72 | 34.37 | 34.03 | 35.76 | 37.61 | 37.28 | 36.95 | 36.26 | 37.11 |
| Debt drawdowns | A\$m | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service | A\$m | (8.75) | (8.75) | (8.75) | (8.76) | (8.76) | (8.77) | (5.51) | (5.52) | (5.52) | (5.52) | (5.53) | (5.53) | (5.54) |
| Reserve accounts movement | A\$m | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FCFE to Verdant Minerals | A\$m | 24.39 | 24.05 | 23.71 | 24.61 | 25.95 | 25.61 | 28.52 | 30.25 | 32.09 | 31.76 | 31.42 | 30.73 | 31.57 |
| Partial periods | Years | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Present Value periods (mid-period discounting) | Years | 51.69 | 52.13 | 53.13 | 55.32 | 55.70 | 56.09 | 57.09 | 59.37 | 59.71 | 60.06 | 61.06 | 63.43 | 63.73 |
| Discount factor | # | 0.15 | 0.14 | 0.14 | 0.13 | 0.13 | 0.12 | 0.12 | 0.11 | 0.11 | 0.11 | 0.10 | 0.10 | 0.09 |
| Project NPV (midpoint) | A\$m | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |

| | | Sep-35 | Dec-35 | Mar-36 | Jun-36 | Sep-36 | Dec-36 | Mar-37 | Jun-37 | Sep-37 | Dec-37 | Mar-38 | Jun-38 | Sep-38 |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | A\$m | 140.74 | 140.74 | 144.25 | 144.25 | 144.25 | 144.25 | 148.12 | 148.12 | 148.12 | 148.12 | 151.92 | 151.92 | 151.92 |
| Revenue Growth | % | 0.0% | 0.0% | 2.5% | 0.0% | 0.0% | 0.0% | 2.7% | 0.0% | 0.0% | 0.0% | 2.6% | 0.0% | 0.0% |
| Revenue | A\$m | 141 | 141 | 144 | 144 | 144 | 144 | 148 | 148 | 148 | 148 | 152 | 152 | 152 |
| Operating Expenses | A\$m | (79) | (80) | (71) | (72) | (72) | (72) | (86) | (86) | (87) | (87) | (77) | (78) | (78) |
| Royalties | A\$m | (12) | (12) | (15) | (15) | (14) | (14) | (12) | (12) | (12) | (12) | (15) | (15) | (15) |
| Expenses | A\$m | (92) | (92) | (86) | (86) | (86) | (87) | (98) | (99) | (99) | (100) | (92) | (93) | (93) |
| EBITDA | A\$m | 49 | 49 | 59 | 58 | 58 | 57 | 50 | 49 | 49 | 49 | 60 | 59 | 59 |
| Capex - Stage 1 (incl sust capex) | A\$m | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Capex - Stage 2 (incl sust capex) | A\$m | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| movements in NWC | A\$m | 0 | 0 | (4) | 0 | 0 | 0 | 1 | 0 | 0 | 0 | (4) | 0 | 0 |
| Tax | A\$m | (12) | (12) | (14) | (15) | (15) | (15) | (14) | (13) | (13) | (13) | (15) | (16) | (16) |
| FCFF to Verdant Minerals | A\$m | 35.68 | 35.33 | 39.42 | 41.80 | 41.47 | 41.14 | 36.45 | 35.33 | 34.94 | 34.56 | 39.16 | 41.82 | 41.49 |
| Debt drawdowns | A\$m | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt service | A\$m | (5.54) | (5.54) | (5.55) | (5.55) | (5.56) | (5.56) | (5.57) | (5.57) | (5.58) | (1.34) | 0.00 | 0.00 | 0.00 |
| Reserve accounts movement | A\$m | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FCFE to Verdant Minerals | A\$m | 30.14 | 29.78 | 33.87 | 36.24 | 35.91 | 35.57 | 30.89 | 29.75 | 29.37 | 33.22 | 39.16 | 41.82 | 41.49 |
| Partial periods | Years | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Present Value periods (mid-period discounting) | Years | 64.03 | 65.03 | 66.75 | 67.75 | 68.01 | 69.01 | 71.55 | 71.76 | 71.97 | 72.97 | 75.61 | 75.77 | 75.94 |
| Discount factor | # | 0.09 | 0.09 | 0.08 | 0.08 | 0.08 | 0.08 | 0.07 | 0.07 | 0.07 | 0.07 | 0.06 | 0.06 | 0.06 |
| Project NPV (midpoint) | A\$m | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 3 | 2 |

| | | Dec-38 | Mar-39 | Jun-39 | Sep-39 | Dec-39 | Mar-40 | Jun-40 | Sep-40 | Dec-40 |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | A\$m | 151.92 | 155.57 | 155.57 | 155.57 | 155.57 | 159.43 | 159.43 | 159.43 | 159.43 |
| Revenue Growth | % | 0.0% | 2.4% | 0.0% | 0.0% | 0.0% | 2.5% | 0.0% | 0.0% | 0.0% |
| Revenue | A\$m | 152 | 156 | 156 | 156 | 156 | 159 | 159 | 159 | 159 |
| Operating Expenses | A\$m | (79) | (92) | (92) | (93) | (94) | (80) | (80) | (81) | (81) |
| Royalties | A\$m | (15) | (13) | (13) | (13) | (12) | (16) | (16) | (16) | (16) |
| Expenses | A\$m | (93) | (105) | (105) | (105) | (106) | (96) | (96) | (96) | (97) |
| EBITDA | A\$m | 58 | 51 | 51 | 50 | 50 | 64 | 63 | 63 | 63 |
| Capex - Stage 1 (incl sust capex) | A\$m | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) | (1) |
| Capex - Stage 2 (incl sust capex) | A\$m | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) | (0) |
| movements in NWC | A\$m | 0 | 1 | 0 | 0 | 0 | (5) | 0 | 0 | 60 |
| Tax | A\$m | (16) | (15) | (14) | (14) | (14) | (17) | (18) | (18) | (36) |
| FCFF to Verdant Minerals | A\$m | 41.16 | 36.61 | 35.48 | 35.10 | 34.72 | 40.87 | 44.17 | 43.83 | 85.56 |
| Debt drawdowns | A\$m | - | - | - | - | - | - | - | - | - |
| Debt service | A\$m | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Reserve accounts movement | A\$m | - | - | - | - | - | - | - | - | - |
| FCFE to Verdant Minerals | A\$m | 41.16 | 36.61 | 35.48 | 35.10 | 34.72 | 40.87 | 44.17 | 43.83 | 85.56 |
| Partial periods | Years | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Present Value periods (mid-period discounting) | Years | 76.94 | 79.66 | 79.78 | 79.91 | 80.91 | 82.80 | 83.80 | 83.89 | 84.89 |
| Discount factor | # | 0.06 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.04 | 0.04 | 0.04 |
| Project NPV (midpoint) | A\$m | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 4 |

Appendix H Discount rate assessment

We have selected a discount rate of 15% to 17% summarised in the table below. Our discount rate reflects a nominal after-tax cost of equity to match the projected free cash flows in the Adjusted Financial Model.

| | Low | Mid | High |
|-----------------------------|--------------|--------------|--------------|
| Long term risk free | 4.0% | 4.0% | 4.0% |
| Asset beta | 0.90 | 0.95 | 1.00 |
| (D/E) | 42.9% | 42.9% | 42.9% |
| Gearing (D/EV) | 30.0% | 30.0% | 30.0% |
| Equity beta | 1.29 | 1.36 | 1.43 |
| MRP | 6.0% | 6.0% | 6.0% |
| Asset specific risk premium | 3.0% | 4.0% | 5.0% |
| Cost of equity (ke) | 14.7% | 16.1% | 17.6% |
| Selected | 15.0% | 16.0% | 17.0% |

Source: S&P Capital IQ, Bloomberg, RBA and PwC assessment

Cost of equity

The cost of equity is the rate of return that investors require to make an equity investment. It is the minimum rate of return that the company must earn on the equity-financed portion of its capital to leave the market price of its shares unchanged.

CAPM is a fundamental and generally accepted theory in modern finance that is used to assess the appropriate rate of return of an asset, having regard to the expected returns of the asset and the risk profile of those returns. The CAPM formula that we have used to cross check the cost of equity is as follows:

$$K_e = R_f + \beta_L (R_m - R_f) + \alpha$$

Where:

| | |
|-----------|--|
| K_e | required return on equity |
| R_f | the risk-free rate of return |
| MRP | the excess return over the risk-free rate |
| β_L | beta, the systematic risk of a stock can be objectively measured by the responsiveness of company returns to movements in returns earned on the market portfolio |
| α | Alpha or specific risk premium |

Risk Free Rate

We have used a nominal risk free rate of 4.0%.

The risk-free rate is the return on a risk-free security, typically for a long-term period. It compensates the investor for the time value of money and the expected inflation rate over the investment period. In practice, longer term government bonds are used as a benchmark for a risk-free security.

Historically in Australia, the spot yield-to-maturity on 10 year CGBs has been widely accepted as a proxy for the risk-free rate when determining the cost of equity. The market for the 10 year CGB is considered to be liquid such that the 10 year CGB yield represents the most appropriate indicator of the risk-free opportunity cost of assets in Australia for the forthcoming 10 year period at any given time.

There has been a significant decline in nominal government bond yields in recent years. This decline has largely been driven by the decline in real Australian government bond yields due to the heightened uncertainty and volatility in the global and domestic macroeconomic environment.

The low level of current real returns reflect a 'flight to quality' with investors accepting a significantly lower real return as compensation for the greater security offered by an Australian government backed bond. The increased demand for Australian Government bonds has resulted in depressed bond yields.

Our normalised estimate of the risk-free rate of 4.0% for Australia reflects an inflationary component of 2.50% (in line with the mid-point of the Reserve Bank of Australia (RBA) target range for inflation) and an assumed real risk-free rate of 1.5%. The real risk-free rate component has been considered based on the range observed in the period prior to 2011 as well as the rolling ten year average bond yield over the last five years. With the additional data point provided by the 30 year government bond successfully issued in September 2016 (yield of 2.7% as at 1 March 2019), we have assessed a real risk-free rate component of 1.5%.

Market risk premium

A Market Risk Premium (**MRP**) of 6.0% is appropriate for long term investment horizons in the Australian market.

The MRP represents the additional return that investors expect for holding risk in the form of a well-diversified portfolio of risky assets (such as a market index) over risk-free assets (such as a CGB). Whilst in the short term, MRPs do change, as investors seek to price the overall equity market, based on the perceived risks associated with it at the time, the long term MRP has generally been found to be quite stable.

In this regard, asset pricing theory holds that the:

- required MRP is an input to the CAPM
- historical MRP is the same for all investors and reflects the historical differential return of the stock over CGBs
- expected MRP reflects the expected differential return of the stock market over risk free assets. CAPM assumes that the required MRP equals the expected MRP.

It is difficult to observe the MRP in practice. Generally, the estimate of MRP is based on historical data. Where longer term data is used, it may not reflect market conditions and investor sentiment at any specific valuation date as perceptions that equities are more or less risky than at other times, may prevail. In this regard, we note that the expected MRP is a function of expected earnings, the expected growth in those earnings and the risk free rate of return at any given point in time.

Beta

We have selected an asset beta of range of 0.90 to 1.00.

Equity beta reflects the expected volatility of a company's stock relative to the market. It is a historical measure against the returns of a market portfolio (in general the higher the volatility the higher the beta).

In determining an appropriate beta, we have considered the observed beta of selected comparable company Avenira, an ASX-listed phosphate rock mining company, and our experience with betas appropriate mining companies in general. The table below summarises the observed beta of Avenira over a five year period by regressing monthly returns against the ASX 200 share index.

Based on the gearing levels in the Adjusted Financial Model, we have assumed gearing (debt / EV) of 30%¹⁵. This results in an equity beta range of 1.29 to 1.43.

¹⁵ The project is initially geared at approximately 45% (debt / EV) and then reduces gradually to 0% over the life of the project

| Company | Equity beta | No. of monthly observations | R - Squared | Standard error | Market capitalisation (AUD million) | 5 year average debt / equity ⁴ | 5 year average debt / EV ⁴ | Asset beta |
|-----------------|-------------|-----------------------------|-------------|----------------|-------------------------------------|---|---------------------------------------|------------|
| Avenira Limited | 0.94 | 61 | 0.03 | 0.66 | 15.9 | - | 207.9% | 0.94 |

Notes:

1. Equity betas derived from share price (monthly, 5 year where available, against local index, bayesian adjusted)
2. Market Capitalisation as at 11 Mar 2019 from Capital IQ
3. Equity betas have been unlevered using the formula discussed in Brealey and Myers "Principles of Corporate Finance", 5th Edition, Ch 9
4. Formula for unlevering equity betas: equity beta / (1+ debt / equity), gearing derived from balance sheet (annual, 5 year where available)
5. Comparators chosen on basis of industry sector and statistically sufficient number of beta observations

Alpha

We have added a specific risk of 3% to 5%. In doing so, we have considered the specific risk profile of VRM, including:

- the Feasibility Study is not a 'bankable' study. Although there is a relatively high level of detail in the basis of design and accuracy associated with the capital and operating cost estimates in the Adjusted Financial Model, there remain a number of key activities to be completed and milestones to be achieved before the project can be considered fully bankable and ready for a final investment decision.¹⁶
- construction risk in bringing the new project into production, on time and on budget, given the technical aspects of the proposed mine and plant and the practical aspects of the project location in the outback NT
- the market position of VRM. The rock phosphate concentrate market is dominated by large overseas producers with no shortage of supply
- the results of our sensitivity analysis and the volatility of the valuation outcomes resulting from changes to key inputs and assumptions
- remoteness of the project, which impacts on factors including operating and construction costs
- there are no material contracts or agreements in place.

¹⁶ VRM ASX release dated 17 May 2018

ANNEXURE B

Notice of Scheme Meeting

Verdant Minerals Ltd (ACN 122 131 622)

Notice is hereby given that, by an order of the Federal Court of Australia made on 16 April 2019 pursuant to section 411(1) of the *Corporations Act 2001* (Cth), a meeting of the members of Verdant Minerals Ltd other than Washington H. Soul Pattinson and Company Ltd (**Scheme Shareholders**) will be held at:

Time: 9.15am
Meeting Date: Wednesday, 29 May 2019
Place: Ashurst, Level 26, 181 William Street, Melbourne, Victoria

Business of the Meeting

The purpose of the meeting to be held pursuant to this notice is to consider, and if thought fit, to agree (with or without modification) to a scheme of arrangement proposed to be made between Verdant Minerals Ltd and the holders of its fully paid ordinary shares (other than Washington H. Soul Pattinson and Company Limited).

The Independent Expert has concluded that the Scheme is fair and reasonable to, and in the best interests of, VRM Shareholders.

Scheme Resolution

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the *Corporations Act 2001* (Cth):

That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth) the proposed scheme of arrangement between Verdant Minerals Ltd and the holders of its fully paid ordinary shares (other than Washington H. Soul Pattinson and Company Limited), the terms of which are contained and more particularly described in the Scheme Booklet, is approved (with or without modification as approved by the Federal Court of Australia).

By order of the Court



Bruce Arnold
Company Secretary

NOTES TO THE NOTICE OF SCHEME MEETING

Explanatory notes

These notes should be read in conjunction with the Notice of Scheme Meeting and the information in the Scheme Booklet of which that notice forms part (**Scheme Booklet**). Unless the context requires otherwise, terms used in the Notice of Scheme Meeting and in these notes have the same meaning as set out in the glossary in the Scheme Booklet.

Quorum

The Constitution of VRM provides that a quorum for a meeting of VRM Shareholders is two VRM Shareholders entitled to vote. The quorum must be present at all times during the meeting. In determining whether a quorum is present at the Scheme Meeting the Chairman must count those Scheme Shareholders attending via their proxies, attorneys or corporate representatives. If a Scheme Shareholder has more than one proxy, attorney or corporate representative, only one of them may be counted toward a quorum.

Required majorities

In accordance with section 411(4)(a)(ii) of the *Corporations Act 2001* (Cth), the Scheme Resolution must be approved by:

- more than 50% in number of Scheme Shareholders (in their capacity as Scheme Shareholders) present and voting at the Scheme Meeting (whether in person or by proxy, attorney or, in the case of a body corporate, a duly appointed corporate representative) (the **Headcount Test**), and
- at least 75% of the votes cast on the Scheme Resolution.

The Court has discretion to dispense with the Headcount Test for the purposes of paragraph 411(4)(a)(ii) of the Corporations Act.

Entitlement to vote

Pursuant to Corporations Regulations 7.11.37 and 7.11.38, the VRM Board have determined that, subject to the voting exclusions in the notice, for the purposes of determining voting entitlement at the meeting, Scheme Shares will be taken to be held by persons who are registered as Scheme Shareholders on the Register at 7:00pm (Melbourne time) on the Voting Record Date.

Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Scheme Meeting.

Voting will be conducted by poll.

Voting at the Scheme Meeting

You may vote in person at the Scheme Meeting or appoint a proxy, attorney or, if you are a body corporate, a duly appointed corporate representative to attend and vote on your behalf.

(a) Voting in person

To vote in person, attend the Scheme Meeting on the date and at the place set out in the Notice of Scheme Meeting.

(b) Voting by proxy

A Scheme Shareholder entitled to attend and vote at the Scheme Meeting can vote by proxy. The Proxy Form is enclosed with the Scheme Booklet.

You may appoint not more than two proxies to attend and act for you at the Scheme Meeting. A proxy need not be a VRM Shareholder. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half of your votes.

If you do not instruct your proxy on how to vote, you will be taken (for all relevant purposes) to have given your proxy discretion as to how to vote and your proxy may vote as he or she sees fit at the Scheme Meeting. Scheme Shareholders who return their Proxy Form with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chair of the Scheme Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Scheme Meeting, the Chair of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with any instructions.

Instructions on how to complete and lodge the Proxy Form are included on the form. Please note that the Proxy Form must be received by the VRM Registry, whose details are listed below, by no later than 9.15am on the Voting Record Date. If you have an attorney sign a Proxy Form on your behalf, the original or a certified copy of the power of attorney or other evidence of your attorney's authority must be received by the VRM Registry at the same time as the Proxy Form (unless previously provided to the VRM Registry). A proxy will be admitted to the Scheme Meeting upon providing evidence of their name and address at the point of entry to the meeting.

Scheme Shareholders who have returned a Proxy Form may revoke the proxy by attending and voting at the Scheme Meeting.

(c) Voting by attorney

Powers of attorney must be received by the VRM Registry by no later than 9.15am on the Voting Record Date.

Persons attending the Scheme Meeting as an attorney should bring to the Scheme Meeting the original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Scheme Meeting.

(d) Voting by corporate representative

If you are a body corporate, you can appoint a corporate representative to attend and vote at the Scheme Meeting on your behalf. The appointment must comply with section 250D of the Corporations Act.

A corporate representative should bring to the Scheme Meeting evidence of their appointment including any authority under which the document appointing them as corporate representative was signed.

(e) Jointly held shares

If Scheme Shares are jointly held, either one of the joint shareholders is entitled to vote at the Scheme Meeting. If more than one joint shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the Register will be counted.

Lodgement of proxies

There are a number of ways that the Proxy Form may be lodged:

Mail - Sent to the VRM Registry (using the reply paid envelope included with the Scheme Booklet), addressed to Computershare Investor Services Pty Ltd, GPO Box 1282, Melbourne VIC 3001;

Fax - Sent to Computershare's fax number 1800 783 447 or +61 9473 2555 (outside Australia);
or

Verdant Minerals Ltd – Scheme Booklet

Online - via www.investorvote.com.au using the details printed on the Proxy Forms.

An instrument appointing a proxy shall not be valid unless the original instrument and the power of attorney or other authority (if any) under which the instrument is signed, or a copy or facsimile which appears on its face to be an authentic copy of that proxy, power or authority, is or are deposited or sent by fax to the VRM Registry by no later than 9.15am on the Voting Record Date.

Scheme Shareholders should contact the VRM Registry on 1300 555 159 (callers in Australia) or +61 3 9415 4062 (callers outside Australia) between 8am and 7pm (Melbourne time) Monday to Friday with any queries regarding the number of Scheme Shares they hold, how to vote at the Scheme Meeting or how to lodge the Proxy Form.



Verdant Minerals Ltd
ACN 122 131 622

VRM

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX



Lodge proxy form and view Scheme Booklet online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999 **PIN:** 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 9:15am (Melbourne time) on Monday 27 May 2019

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on the item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Verdant Minerals Ltd hereby appoint

☐

the Chairman
of the Meeting **OR**



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Scheme Meeting of Verdant Minerals Ltd to be held at Ashurst, Level 26, 181 William Street, Melbourne on Wednesday 29 May 2019 at 9:15 am (Melbourne time) and at any adjournment or postponement of that Meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Verdant Minerals Ltd Scheme Meeting

| | | For | Against | Abstain |
|--|--------------------|--------------------------|--------------------------|--------------------------|
| Resolution | Approval of Scheme | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| That, pursuant to and in accordance with section 411 of the Corporations Act 2001 (Cth) the proposed scheme of arrangement between Verdant Minerals Ltd and the holders of its fully paid ordinary shares (other than Washington H. Soul Pattinson and Company Limited), the terms of which are contained and more particularly described in the Scheme Booklet, is approved (with or without modification as approved by the Federal Court of Australia). | | | | |

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on the resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

VRM

9 9 9 9 9 9 A

Computershare +

ANNEXURE C

Scheme

SCHEME OF ARRANGEMENT

Dated __ March 2019

Verdant Minerals Ltd (ACN 122 131 622) (“Target”)

Scheme Participants

Table of contents

| | | |
|-----|---|----|
| 1. | Definitions and interpretation | 2 |
| 1.1 | Definitions | 2 |
| 1.2 | General interpretation | 4 |
| 2. | Preliminary | 5 |
| 2.1 | Target | 5 |
| 2.2 | Bidder | 5 |
| 2.3 | If Scheme becomes Effective | 5 |
| 2.4 | Scheme Implementation Agreement | 6 |
| 2.5 | Deed Poll | 6 |
| 3. | Conditions precedent | 6 |
| 3.1 | Conditions precedent to Scheme | 6 |
| 3.2 | Certificate in relation to conditions precedent | 6 |
| 4. | Scheme | 6 |
| 4.1 | Effective Date | 6 |
| 4.2 | End Date | 7 |
| 5. | Implementation of Scheme | 7 |
| 5.1 | Lodgement of Court orders with ASIC | 7 |
| 5.2 | Transfer and registration of Target Shares | 7 |
| 5.3 | Entitlement to Scheme Consideration | 7 |
| 5.4 | Title and rights in Target Shares | 7 |
| 5.5 | Scheme Participants' agreements | 7 |
| 5.6 | Warranty by Scheme Participants | 8 |
| 5.7 | Transfer free of encumbrances | 8 |
| 5.8 | Appointment of Bidder as sole proxy | 8 |
| 6. | Scheme Consideration | 8 |
| 6.1 | Payment of Scheme Consideration | 8 |
| 6.2 | Satisfaction of cash payment obligations | 9 |
| 6.3 | Orders of a court or Regulatory Authority | 9 |
| 6.4 | Unclaimed monies | 9 |
| 6.5 | Joint holders | 10 |
| 7. | Dealings in Target Shares | 10 |
| 7.1 | Determination of Scheme Participants | 10 |
| 7.2 | Register | 10 |
| 7.3 | No disposals after Effective Date | 10 |
| 7.4 | Maintenance of Target Register | 10 |
| 7.5 | Effect of certificates and holding statements | 11 |
| 7.6 | Details of Scheme Participants | 11 |
| 7.7 | Suspension of trading | 11 |
| 7.8 | Termination of quotation of Target Shares | 11 |
| 8. | Power of attorney | 11 |
| 9. | Notices | 11 |
| 9.1 | No deemed receipt | 11 |
| 9.2 | Accidental omission | 11 |
| 10. | General | 12 |

| | | |
|------|--|----|
| 10.1 | Stamp duty | 12 |
| 10.2 | Binding effect of Scheme | 12 |
| 10.3 | Variations, alterations and conditions..... | 12 |
| 10.4 | Further action by Target | 12 |
| 10.5 | Authority and acknowledgement..... | 12 |
| 10.6 | No liability when acting in good faith | 12 |
| 10.7 | Enforcement of Deed Poll | 12 |
| 11. | Governing law | 13 |
| 11.1 | Governing law and jurisdiction | 13 |
| 11.2 | Serving documents | 13 |

Details

Parties

| | | |
|----------------------------|--|--|
| Target | Name | Verdant Minerals Limited |
| | ACN | 122 131 622 |
| | Formed in | Victoria |
| | Address | Unit 20 Frances Bay Drive Stuart Park NT 0820 |
| | Email | ctziolis@verdantminerals.com.au |
| | Attention | Chris Tziolis |
| Scheme Participants | (as defined in section 1.1 of this Scheme) | |
| Governing law | Victoria, Australia | |

General terms

1. Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited or the market operated by it, as the context requires.

Bidder means CD Capital Natural Resources Fund III LP (DM-80426), a limited partnership registered in the Cayman Islands with its registered address at DMS House, 20 Genesis Close, PO Box 2587, KY1 1103, Cayman Islands.

Business Day means a business day as defined in the Listing Rules, and a day, not being a Saturday, Sunday or public holiday in George Town, the Cayman Islands.

CHESS Holding means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Ltd and ASX Clear Pty Ltd.

CHESS Holding has the meaning given in the Settlement Rules.

Court means the Federal Court of Australia, or such other court of competent jurisdiction under the Corporations Act agreed by Bidder and Target in writing.

Deed Poll means the deed poll dated on or around 11 March 2019 executed by Bidder under which each of Bidder covenants in favour of each Scheme Participant to perform its obligations under this Scheme.

Details means the section of this agreement headed "Details".

Effective means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power or title retention or flawed deposit arrangement and any "security interest" as defined in sections 12(1) or 12(2) of the PPSA or any agreement to create any of them or allow them to exist.

End Date means the date that is 4 months after the date of the Scheme Implementation Agreement or such other date as is agreed by Bidder and Target in writing (provided that the 'End Date' for the purposes of this Scheme will always be the same date as the 'End Date' under the Scheme Implementation Agreement).

First Court Date means the first day on which an application made to the Court, for orders under section 411(1) of the Corporations Act convening the Scheme Meeting is heard.

Immediately Available Funds means a bank cheque or other form of cleared funds acceptable to Target.

Implementation Date means the 5th Business Day following the Record Date or such other date as Target and Bidder agree in writing.

Issuer Sponsored Holding has the meaning given in the Settlement Rules.

Listing Rules means the Listing Rules of the ASX.

Local Agent means Ernst & Young, 200 George St, Sydney, NSW 2000..

Options means all outstanding options issued by Target Group to acquire Target Shares.

Record Date means 7.00pm on the 5th Business Day following the Effective Date or such other date as Target and Bidder agree in writing.

Register means the share register of Target and **Registry** has a corresponding meaning.

Registered Address means, in relation to a Target Shareholder, the address shown in the Register.

Regulatory Authority includes:

- (a) ASX, ASIC, the Australian Competition and Consumer Commission and the Takeovers Panel;
- (b) a government or governmental, semi-governmental or judicial entity or authority;
- (c) a minister, department, office, commission, delegate, instrumentality, agency, board, authority or organisation of any government; and

any regulatory organisation established under statute.

Relevant Interest has the meaning it has in sections 608 and 609 of the Corporations Act.

Scheme means this scheme of arrangement between Target and Scheme Participants under which all of the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act as described in clause 6 of this Scheme, in consideration for the Scheme Consideration, subject to any amendments or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act to the extent they are approved in writing by Target and Bidder in accordance with clause 8 of this Scheme.

Scheme Consideration means AUD \$0.032 cash per Scheme Share held by a Scheme Participant, payable by Bidder for the transfer of Scheme Shares held by a Scheme Participant to Bidder.

Scheme Implementation Agreement means the scheme implementation agreement dated on or around 11 March 2019 between Target and Bidder under which, amongst other things, Target has agreed to propose this Scheme to Target Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to this Scheme.

Scheme Meeting means the meeting convened by the Court at which Scheme Shareholders vote on the Scheme.

Scheme Participant means each person who is a Scheme Shareholder at the Record Date.

Scheme Share means all Target Shares, other than any Target Shares held by WHSP or in which WHSP has a Relevant Interest.

Scheme Shareholder means a holder of Scheme Shares.

Second Court Date means the day on which the Court makes an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme.

Settlement Rules means the ASX Settlement Operating Rules, being the official operating rules of the settlement facility provided by ASX Settlement Pty Ltd.

Share Scheme Transfer means, for each Scheme Participant, a duly completed and executed proper instrument of transfer of the Scheme Shares held by that Scheme Participant for the purposes of section 1071B of the Corporations Act, which may be a master transfer of all Scheme Shares.

Target Share means an ordinary fully paid share in the capital of Target.

Target Shareholder means each person registered in the Register as a holder of Target Shares.

Trust Account means the trust account operated by or on behalf of Target to hold the Cash Consideration on trust for the purpose of paying the Scheme Consideration to the Scheme Participants in accordance with clause 6.2 of this Scheme.

WHSP means Washington H. Soul Pattinson and Company Limited (ACN: 000 002 728).

1.2 General interpretation

Headings and labels used for definitions are for convenience only and do not affect interpretation. Unless the contrary intention appears, in this document:

- (a) the singular includes the plural and vice versa;
- (b) a reference to a document includes any agreement or other legally enforceable arrangement created by it (whether the document is in the form of an agreement, deed or otherwise);
- (c) a reference to a document also includes any variation, replacement or novation of it;
- (d) the meaning of general words is not limited by specific examples introduced by “including”, “for example”, “such as” or similar expressions;
- (e) a reference to “**person**” includes an individual, a body corporate, a partnership, a joint venture, an unincorporated association and an authority or any other entity or organisation;
- (f) a reference to a particular person includes the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (g) a reference to a time of day is a reference to Sydney time;
- (h) a reference to dollars, \$ or A\$ is a reference to the currency of Australia;
- (i) a reference to “**law**” includes common law, principles of equity and legislation (including regulations);
- (j) a reference to any legislation includes regulations under it and any consolidations, amendments, re-enactments or replacements of any of them;
- (k) a reference to “**regulations**” includes instruments of a legislative character under legislation (such as regulations, rules, by-laws, ordinances and proclamations);

- (l) a reference to a group of persons is a reference to any 2 or more of them jointly and to each of them individually;
- (m) a reference to anything (including an amount) is a reference to the whole and each part of it;
- (n) a period of time starting from a given day or the day of an act or event, is to be calculated exclusive of that day;
- (o) if a party must do something under this document on or by a given day that is not a Business Day, that thing must be done by the next Business Day; and
- (p) if a party does something under this document after 5.00pm on any day, it is taken to be done on the next Business Day.

2. Preliminary

2.1 Target

- (a) Target is:
 - (i) a public company limited by shares;
 - (ii) incorporated in Australia and registered in Victoria, Australia; and
 - (iii) admitted to the official list of the ASX (and Target Shares are officially quoted on the stock market conducted by ASX).
- (b) As at the date of the Scheme Implementation Agreement, Target's issued securities are:
 - (i) Target Shares: 1,103,761,492 (of which 794,820,425 are Scheme Shares and 368,941,067 are shares held by WHSP or in which WHSP has a Relevant Interest); and
 - (ii) Options: 171,216,634.

2.2 Bidder

Bidder is:

- (a) a limited partnership; and
- (b) registered in the Cayman Islands.

2.3 If Scheme becomes Effective

If this Scheme becomes Effective:

- (a) in consideration of the transfer of each Scheme Share to Bidder, Bidder will pay the Scheme Consideration to Target on behalf of each Scheme Participant in accordance with the terms of this Scheme; and
- (b) Target will enter the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

2.4 Scheme Implementation Agreement

Target and Bidder have agreed by executing the Scheme Implementation Agreement to implement the terms of this Scheme.

2.5 Deed Poll

Bidder has executed the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform (or procure the performance of) its obligations as contemplated by this Scheme, including to provide the Scheme Consideration.

3. Conditions precedent

3.1 Conditions precedent to Scheme

This Scheme is conditional on, and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) as at 8.00am on the Second Court Date, neither the Scheme Implementation Agreement nor the Deed Poll have been terminated;
- (b) all of the conditions precedent in clause 3.1 of the Scheme Implementation Agreement having been satisfied or waived (other than the conditions precedent which cannot be waived or the condition precedent in the Scheme Implementation Agreement relating to Court approval of this Scheme) in accordance with the terms of the Scheme Implementation Agreement by 8.00am on the Second Court Date;
- (c) the Court having approved this Scheme, with or without any modification or condition, pursuant to section 411(4)(b) of the Corporations Act, and if applicable, Target and Bidder having accepted in writing any modification or condition made or required by the Court under section 411(6) of the Corporations Act;
- (d) any other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme and agreed to by Bidder and Target having been satisfied or waived; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to this Scheme on or before the End Date.

3.2 Certificate in relation to conditions precedent

Target and Bidder must each provide to the Court on the Second Court Date a certificate confirming (in respect of matters within their knowledge) whether or not the conditions precedent set out in clauses 3.1(a) and 3.1(b) of this Scheme have been satisfied or waived as at 8.00am on the Second Court Date. The certificate referred to in this clause 3.2 will, in the absence of manifest error, constitute conclusive evidence of the matters referred to in the certificate.

4. Scheme

4.1 Effective Date

This Scheme will come into effect pursuant to section 411(10) of the Corporations Act on and from the Effective Date.

4.2 End Date

This Scheme will lapse and be of no further force or effect if the Effective Date does not occur on or before the End Date.

5. Implementation of Scheme

5.1 Lodgement of Court orders with ASIC

If the conditions precedent set out in clause 3.1 of this Scheme (other than the condition precedent in clause 3.1(e) of this Scheme) are satisfied, Target must lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving this Scheme as soon as possible, and in any event by no later than 5.00pm on the first Business Day after the day on which the Court approves this Scheme or such later time as Bidder and Target agree in writing.

5.2 Transfer and registration of Target Shares

On the Implementation Date, but subject to the provision of the Scheme Consideration for the Scheme Shares in accordance with clauses 6.1 and 6.2 of this Scheme and Bidder having provided Target with written confirmation of the provision of the Scheme Consideration:

- (a) the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Bidder without the need for any further act by any Scheme Participant (other than acts performed by Target as attorney and agent for Scheme Participants under clause 8 of this Scheme) by:
 - (i) Target delivering to Bidder a duly completed and executed Share Scheme Transfer executed by Target or any of its directors and secretaries as the attorney and agent of each Scheme Shareholder as transferor; and
 - (ii) Bidder duly executing the Share Scheme Transfer (and subsequently attending to the stamping of the Share Scheme Transfer if required) as transferee and delivering it to Target for registration; and
- (b) as soon as practicable after receipt of the duly executed Share Scheme Transfer in accordance with clause 5.2(a)(ii), Target must enter the name of Bidder in the Register in respect of all Scheme Shares transferred to Bidder in accordance with the terms of this Scheme.

5.3 Entitlement to Scheme Consideration

On the Implementation Date, in consideration for the transfer to Bidder of the Scheme Shares, each Scheme Participant will be entitled to receive the Scheme Consideration in respect of each of their Scheme Shares in accordance with clause 6 of this Scheme.

5.4 Title and rights in Target Shares

Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clause 6 of this Scheme, on and from the Implementation Date, Bidder will be beneficially entitled to the Scheme Shares transferred to it under the Scheme, pending registration by Target of Bidder in the Register as the holder of the Scheme Shares.

5.5 Scheme Participants' agreements

Under this Scheme, each Scheme Participant agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, in accordance with the terms of this Scheme.

5.6 Warranty by Scheme Participants

Each Scheme Participant is deemed to have warranted to Bidder, and is deemed to have authorised Target to warrant to Bidder as agent and attorney for the Scheme Participant by virtue of this clause 5.6, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those shares) transferred to Bidder under the Scheme will, as at the date of the transfer under this Scheme, be fully paid and free from all Encumbrances; and
- (b) they have full power and capacity to sell and to transfer their Scheme Shares (including any rights and entitlements attaching to those shares) to Bidder under the Scheme.

5.7 Transfer free of encumbrances

To the extent permitted by law, all Scheme Shares (including any rights and entitlements attaching to those shares) which are transferred to Bidder under this Scheme will, at the date of the transfer of them to Bidder, vest in Bidder free from all Encumbrances and interests of third parties of any kind, whether legal or otherwise, and free from any restrictions on transfer of any kind not referred to in this Scheme.

5.8 Appointment of Bidder as sole proxy

- (a) Subject to the provision of the Scheme Consideration for the Scheme Shares as contemplated by clauses 5.3 and 6 of this Scheme, on and from the Implementation Date until Target registers Bidder as the holder of all of Target Shares in the Register, each Scheme Participant:
 - (i) irrevocably appoints Target as attorney and agent (and directs Target in such capacity) to appoint Bidder and each of its directors from time to time (jointly and each of them individually) as its sole proxy, and where applicable corporate representative, to attend shareholders' meetings, exercise the votes attaching to Scheme Shares registered in its name and sign any shareholders resolution, and no Scheme Participant may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 5.8(a)(i); and
 - (ii) must take all other actions in the capacity of the registered holder of Scheme Shares as Bidder directs.
- (b) Target undertakes in favour of each Scheme Participant that it will appoint Bidder and each of its directors from time to time (jointly and each of them individually) as that Scheme Participant's proxy or, where applicable, corporate representative in accordance with clause 5.8(a)(i) of this Scheme.

6. Scheme Consideration

6.1 Payment of Scheme Consideration

Subject to this Scheme, Bidder undertakes to Target (in Target's own right and separately as trustee or nominee of each Scheme Participant) that, in consideration of the transfer to Bidder of each Scheme Share held by a Scheme Participant, it will, or will procure (as applicable), the following on the Implementation Date:

- (a) Bidder will accept that transfer; and
- (b) Bidder will pay or procure the payment of the Scheme Consideration in accordance with the Scheme.

Where the calculation of the Scheme Consideration to be provided to a particular Scheme Participant would result in the Scheme Participant becoming entitled to a fraction of a cent, the fractional entitlement will be rounded up or down (as applicable) to the nearest cent, and if the fractional entitlement is exactly one half of a cent, the entitlement will be rounded up to the nearest cent.

6.2 Satisfaction of cash payment obligations

- (a) The obligation of Bidder to pay or to procure payment of the Scheme Consideration pursuant to clause 6.1 of this Scheme will be satisfied by Bidder, no later than 2 Business Days before the Implementation Date, depositing (or procuring the deposit of) in Immediately Available Funds, the aggregate amount of the Scheme Consideration payable to all Scheme Participants into the Trust Account (except that the amount of any interest on the amount deposited, less bank fees and other charges, will be to Bidder's account).
- (b) On the Implementation Date and subject to funds having been deposited in accordance with clause 6.2(a), Target must pay or procure the payment of the Scheme Consideration to each Scheme Participant who is entitled to receive it from the Trust Account by doing any of the following at its election:
 - (i) paying, or procuring the payment of, the relevant amount in Australian currency by electronic means to a bank account nominated by the Scheme Participant by an appropriate authority from the Scheme Participant to Target; or
 - (ii) dispatching, or procuring the dispatch, of a cheque for the relevant amount in Australian currency to the Scheme Participant by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Scheme Participant (or in the case of joint holders in accordance with the procedures set out in clause 6.5).

6.3 Orders of a court or Regulatory Authority

In the case of notice having been given to Target (or the Registry) of an order or direction made by a court of competent jurisdiction or other Regulatory Authority:

- (a) which requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Participant, which would otherwise be payable to that Scheme Participant in accordance with clause 6.1 of this Scheme, then Target must procure that payment is made in accordance with that order; or
- (b) which would prevent Target from dispatching payment to any particular Scheme Participant in accordance with clause 6.1 of this Scheme, Target will retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Participant multiplied by the Scheme Consideration until such time as payment in accordance with clause 6.1 of this Scheme is permitted by law.

6.4 Unclaimed monies

- (a) Target may cancel a cheque issued under this clause 6 if the cheque:
 - (i) is returned to Target; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Target (or the office of Register) (which request may not be made until the date which is 20 Business Days after the

Implementation Date), Target must reissue a cheque that was previously cancelled under this clause 6.4.

- (c) The *Unclaimed Money Act 2008* (VIC) will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008* (VIC)).

6.5 Joint holders

In the case of Scheme Shares held in joint names any bank cheque required to be paid to Scheme Participants under this clause 6 must be payable to the joint holders and be forwarded to the holder whose name appears first in the Register as at 7.00pm on the Record Date.

7. Dealings in Target Shares

7.1 Determination of Scheme Participants

To establish the identity of the Scheme Participants, dealings in Target Shares will only be recognised by Target if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Target Shares on or before 7.00pm on the Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received on or before 7.00pm on the Record Date at the place where the Register is kept.

7.2 Register

Target must register any registrable transmission applications or transfers of Target Shares received in accordance with clause 7.1(b) of this Scheme on or before 7.00pm on the Record Date.

7.3 No disposals after Effective Date

- (a) If this Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Effective Date in any way except as set out in this Scheme and any such disposal will be void and of no legal effect whatsoever.
- (b) Target will not accept for registration or recognise for any purpose any transmission, application or transfer in respect of Scheme Shares received after 7.00pm on the Record Date (except a transfer to Bidder pursuant to this Scheme and any subsequent transfer by Bidder or its successors in title).

7.4 Maintenance of Target Register

For the purpose of determining entitlements to the Scheme Consideration, Target will maintain the Register in accordance with the provisions of this clause 7 until the Scheme Consideration has been paid to the Scheme Participants and Bidder has been entered in the Register as the holder of all the Scheme Shares. The Register in this form will solely determine entitlements to the Scheme Consideration.

7.5 Effect of certificates and holding statements

Subject to provision of the Scheme Consideration and registration of the transfer to Bidder contemplated in clauses 5.2 and 7.4 of this Scheme, any statements of holding in favour of Scheme Participants in respect of Scheme Shares will cease to have effect after 7.00pm on the Record Date as documents of title in respect of those shares (other than statements of holding in favour of Bidder and its successors in title). After 7.00pm on the Record Date, each entry current on the Register as at 7.00pm on the Record Date (other than entries in respect of Bidder or its successors in title) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

7.6 Details of Scheme Participants

Within 3 Business Days after the Record Date, Target will ensure that details of the names, Registered Addresses and holdings of Scheme Shares for each Scheme Participant, as shown in the Register at 7.00pm on the Record Date are available to Bidder in such form as Bidder reasonably requires.

7.7 Suspension of trading

Suspension of trading on ASX in Target Shares will occur from the close of trading on ASX on the Effective Date.

7.8 Termination of quotation of Target Shares

After the Scheme has been fully implemented, within a period of time agreed between Bidder and Target in writing, Target will apply:

- (a) for termination of the official quotation of Target Shares on ASX; and
- (b) to have itself removed from the official list of the ASX.

8. Power of attorney

Each Scheme Participant, without the need for any further act by any Scheme Participant, irrevocably appoints Target and each of its directors and secretaries (jointly and each of them individually) as its attorney and agent for the purpose of:

- (a) executing any document necessary or expedient to give effect to this Scheme including the Share Scheme Transfer; and
- (b) enforcing the Deed Poll against Bidder, and Target accepts such appointment.

9. Notices

9.1 No deemed receipt

If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Target, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Target's registered office or at the office of the Register.

9.2 Accidental omission

The accidental omission to give notice of the Scheme Meeting or the non-receipt of such a notice by any Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

10. General

10.1 Stamp duty

Bidder must:

- (a) pay all stamp duty and any related fines, penalties and other costs related to stamp duty in respect of this Scheme, the performance of this Scheme and each transaction effected by or made or any instrument executed under this Scheme or the Deed Poll, including the transfer of Scheme Shares under the Scheme; and
- (b) indemnify each Scheme Participant on demand against any liability arising from the failure of Bidder to comply with clause 10.1(a).

10.2 Binding effect of Scheme

This Scheme binds Target and all Target Shareholders (including those who did not attend the Scheme Meeting to vote on this Scheme, did not vote at the Scheme Meeting or voted against this Scheme at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Target.

10.3 Variations, alterations and conditions

Target may, with the written consent of Bidder (which cannot be unreasonably withheld), by its counsel or solicitor consent on behalf of all persons concerned to any variations, alterations or conditions to this Scheme which the Court thinks fit to impose.

10.4 Further action by Target

Target will execute all documents and do all things (on its own behalf and on behalf of each Scheme Participant) necessary or expedient to implement, and perform its obligations under, this Scheme.

10.5 Authority and acknowledgement

Each of the Scheme Participants:

- (a) irrevocably consents to Target, Bidder doing all things necessary or expedient for or incidental to the implementation of this Scheme;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Target Shares constituted by or resulting from this Scheme; and
- (c) who holds their Target Shares in a CHESS Holding agrees to the conversion of those Target Shares to an Issuer Sponsored Holding and irrevocably authorises Target to do anything necessary or expedient (whether required by the Settlement Rules or otherwise) to effect or facilitate such conversion.

10.6 No liability when acting in good faith

Neither Target, nor Bidder, nor any of their respective officers, will be liable for anything done or omitted to be done in the performance of this Scheme in good faith.

10.7 Enforcement of Deed Poll

Target undertakes in favour of each Scheme Participant to enforce the Deed Poll against Bidder on behalf of and as agent and attorney for the Scheme Participants.

11. Governing law

11.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. The parties submit to the non-exclusive jurisdiction of the courts of that place.

11.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on a party by being delivered or left at that party's address set out in the Details or, in relation to service on Bidder, by being delivered to or served on the Local Agent.

ANNEXURE D

Deed Poll

DEED POLL

Dated

11 April 2019

Given by **CD Capital Natural Resources Fund III LP (DM-80426)**

In favour of **each Scheme Participant**

Table of contents

| | | |
|-----|---|---|
| 1. | Definitions and interpretation | 2 |
| 1.1 | Definitions..... | 2 |
| 1.2 | General interpretation | 2 |
| 1.3 | Nature of deed poll..... | 2 |
| 2. | Conditions precedent and termination..... | 2 |
| 2.1 | Conditions precedent | 2 |
| 2.2 | Termination..... | 2 |
| 2.3 | Consequences of termination | 3 |
| 3. | Scheme Consideration | 3 |
| 3.1 | Compliance with Scheme obligations generally..... | 3 |
| 3.2 | Payment of Scheme Consideration | 3 |
| 4. | Representations and warranties..... | 3 |
| 5. | Continuing obligations | 4 |
| 6. | Notices | 4 |
| 7. | General..... | 4 |
| 7.1 | Variation | 4 |
| 7.2 | Partial exercising of rights | 4 |
| 7.3 | Remedies cumulative | 4 |
| 7.4 | Assignment or other dealings..... | 4 |
| 7.5 | Further steps | 4 |
| 8. | Governing law and jurisdiction..... | 5 |
| 8.1 | Governing law and jurisdiction | 5 |
| 8.2 | Serving documents | 5 |
| | Signing page..... | 6 |

Details

| | | |
|----------------------|--|---|
| Parties | | |
| Bidder | Name | CD Capital Natural Resources Fund III LP |
| | Registered Number | DM-80426 |
| | Formed in | Cayman Islands |
| | Address | C/- CD Asset Management Limited DMS House, 20 Genesis Close PO Box 2587 KY1 1103 Cayman Islands |
| | Email | carmel@cd-capital.com |
| | Attention | Carmel Danielle |
| In favour of | Each Scheme Participant. | |
| Governing law | Victoria, Australia | |
| Recitals | <p>A. Target and Bidder have entered into the Scheme Implementation Agreement.</p> <p>B. In the Scheme Implementation Agreement, Target agreed (amongst other things) to propose the Scheme, and Bidder agreed (amongst other things) to pay or procure the payment of the Scheme Consideration to Scheme Participants, subject to the satisfaction of certain conditions.</p> <p>C. Bidder is entering into this deed poll for the purpose of covenanting in favour of each Scheme Participant to perform their respective obligations in relation to the Scheme.</p> | |

General terms

1. Definitions and interpretation

1.1 Definitions

Unless the contrary intention appears, these meanings apply:

Scheme means the proposed scheme of arrangement between Target and Scheme Participants under which all the Scheme Shares will be transferred to Bidder under Part 5.1 of the Corporations Act, in the form attached to the Scheme Implementation Agreement, subject to any amendments or conditions agreed in writing between Bidder and Target or made or required by the Court pursuant to section 411(6) of the Corporations Act.

Scheme Implementation Agreement means the scheme implementation agreement dated 26 February 2019 between Target and Bidder under which, amongst other things, Target has agreed to propose the Scheme to Scheme Shareholders, and each of Bidder and Target has agreed to take certain steps to give effect to the Scheme.

All other words and phrases used in this document have the same meaning as given to them in the Scheme Implementation Agreement.

1.2 General interpretation

Clause 1.2 of the Scheme Implementation Agreement applies to this document, except that references to “this document” in that clause are to be read as references to this deed poll.

1.3 Nature of deed poll

Bidder acknowledges that:

- (a) this document is a deed poll in favour of each Scheme Participant and may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not parties to it; and
- (b) under the Scheme, each Scheme Participant irrevocably appoints the Target and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Bidder.

2. Conditions precedent and termination

2.1 Conditions precedent

Bidder's obligations under clause 3 are subject to the Scheme becoming Effective.

2.2 Termination

Bidder's obligations under this document will automatically terminate and the terms of this document will be of no further force or effect if:

- (a) the Scheme has not become Effective on or before the End Date; or
- (b) the Scheme Implementation Agreement is terminated in accordance with its terms.

2.3 Consequences of termination

If this document is terminated under clause 2.2, then, in addition and without prejudice to any other rights, powers or remedies available to Scheme Participants:

- (a) Bidder is released from its obligations to further perform this document, except any obligations which by their nature survive termination; and
- (b) each Scheme Participant retains the rights, powers or remedies they have against Bidder in respect of any breach of this document which occurs before it is terminated.

3. Scheme Consideration

3.1 Compliance with Scheme obligations generally

Subject to clause 2, Bidder covenants in favour of Scheme Participants to observe and perform the steps attributed to it under, and otherwise to comply with, the Scheme as if named as a party to the Scheme and do all acts and things necessary to give effect to the Scheme.

3.2 Payment of Scheme Consideration

Subject to clause 2, and without limiting clause 3.1, in consideration of the transfer to Bidder of each Scheme Share held by a Scheme Participant, Bidder undertakes in favour of each Scheme Participant to pay the Scheme Consideration to each Scheme Participant in accordance with the terms of the Scheme.

4. Representations and warranties

Bidder represents and warrants to each Scheme Participant that:

- (a) **(status)** it has been incorporated or formed in accordance with the laws of its place of incorporation or formation, is validly existing under those laws and has power and authority to own its assets and carry on its business as it is now being conducted;
- (b) **(power)** it has power to enter into this document, to comply with its obligations under it and exercise its rights under it;
- (c) **(no contravention)** the entry by it into, its compliance with its obligations and the exercise of its rights under, this document do not and will not conflict with:
 - (i) its constituent documents or cause a limitation on its powers or the powers of its directors to be exceeded;
 - (ii) any law binding on or applicable to it or its assets; or
 - (iii) any Encumbrance or document binding on or applicable to it;
- (d) **(authorisations)** it has in full force and effect each authorisation necessary for it to enter into this document, to comply with its obligations and exercise its rights under it, and to allow them to be enforced;
- (e) **(no adverse regulatory action)** no regulatory action of any nature has been taken which would prevent, inhibit or otherwise have a material adverse effect on its ability to fulfill its obligations under this document and, to the knowledge of Bidder, no such regulatory action has been threatened or is proposed to be taken against Bidder;

(f) **(validity of obligations)** its obligations under this document are valid and binding and are enforceable against it in accordance with its terms; and

(g) **(solvency)** it is not Insolvent.

5. Continuing obligations

This document is irrevocable and, subject to clause 2, remains in full force and effect until:

(a) Bidder has fully performed its obligations under this document; or

(b) the earlier termination of this document under clause 2.2.

6. Notices

Notices and other communications in connection with this document must be in writing. They must be sent to the address or email address referred to in the Details and (except in the case of email) marked for the attention of the person referred to in the Details. If the intended recipient has notified changed contact details, then communications must be sent to the changed contact details.

7. General

7.1 Variation

A provision of this document or any right created under it may not be varied, altered or otherwise amended unless:

(a) the variation, alteration or amendment is agreed to by Target and Bidder in writing; and

(b) if required, the Court approves the variation, alteration or amendment,

in which event Bidder must enter into a further deed poll in favour of the Scheme Participants giving effect to the variation, alteration or amendment.

7.2 Partial exercising of rights

Unless this document expressly states otherwise, if Bidder does not exercise a right, power or remedy in connection with this document fully or at a given time, it may still exercise it later.

7.3 Remedies cumulative

The rights, powers and remedies in connection with this document are in addition to other rights, powers and remedies given by law independently of this document.

7.4 Assignment or other dealings

Neither Bidder nor any Scheme Participant may assign or otherwise deal with its rights under this document or allow any interest in them to arise or be varied without the prior written consent of Bidder and Target.

7.5 Further steps

Bidder agrees to do anything including executing all documents and do all things (on its own behalf or on behalf of each Scheme Participant) necessary or expedient to give full effect to this document and the transactions contemplated by it.

8. Governing law and jurisdiction

8.1 Governing law and jurisdiction

The law in force in the place specified in the Details governs this document. Bidder irrevocably submits to the non-exclusive jurisdiction of the courts of that place.

8.2 Serving documents

Without preventing any other method of service, any document in an action in connection with this document may be served on Bidder by being delivered or left at Bidder's address (as applicable) set out in the Details or, in relation to service on Bidder, by being delivered to or served on the Local Agent.

EXECUTED as a deed poll

Signing page

SIGNED by **CD Capital Natural Resources Fund III LP (DM-80426)**
by its authorised representative in the
presence of:



Signature of Witness



Full Name of Witness



Signature of Authorised Representative



Full Name of Authorised Representative

This page has been left blank intentionally

CORPORATE DIRECTORY

ASX trading code

VRM

Verdant Minerals Ltd

ACN 122 131 622

Registered office of VRM

Unit 20, 90 Frances Bay Drive, Stuart Park NT 0820

Directors of VRM

James Whiteside

Jason Conroy

Robert Cooper

Chris Tziolis

Company Secretary

Bruce Arnold

VRM Registry

Computershare Investor Services Pty Ltd

Further information

If you have any questions in relation to this Scheme Booklet, please contact the toll-free VRM Shareholder Information Helpline on **1300 375 902** (callers in Australia) or +61 3 9415 4340 (callers outside of Australia). The Shareholder Information Helpline will be attended between 8.30am and 5.00pm (Melbourne time), Monday to Friday.

If you are in any doubt as to what action you should take in relation to the Scheme, you should consult your legal, investment, taxation or other professional adviser.

Legal adviser

Ashurst

Level 26, 181 William Street

Melbourne VIC 3000



www.verdantminerals.com.au