

COZIRON RESOURCES LIMITED ACN 112 866 869

NOTICE OF GENERAL MEETING, EXPLANATORY STATEMENT AND INDEPENDENT EXPERT'S REPORT

General Meeting to be held at Level 24, 44 St Georges Terrace, Perth on 28 October 2014 commencing at 10.00am (WST).

This Notice of General Meeting, Explanatory Statement and Independent Expert's Report should be read in its entirety.

If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Coziron Resources Limited (**Company**) will be held at Level 24, 44 St Georges Terrace, Perth on 28 October 2014, commencing at 10.00am (WST).

AGENDA

The business to be transacted at the General Meeting is the proposal of Resolutions 1 to 7 (inclusive) below.

Resolution 1 – Approval of issue of Shares to Yandal to extinguish the Yandal Liability pursuant to the Buddadoo Agreement and KingX Agreement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to the approval of Resolutions 2 to 4 (inclusive) and for the purposes of sections 611 (Item 7) and 208 of the Corporations Act, ASX Listing Rules 10.1 and 10.11, and for all other purposes, Shareholder approval is given for the Directors to issue 30,696,668 Shares to Yandal to extinguish the Yandal Liability, in accordance with the Buddadoo Agreement and the KingX Agreement, as set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

Further it is a condition of approval under Item 7(a) of section 611 of the Corporations Act that no votes are cast in favour of Resolution 3 by the person proposing to make the acquisition and their Associates and the persons (if any) from whom the acquisition is to be made and their Associates.

2. Resolution 2 – Approval of issue of Shares to Mark Creasy to extinguish the Creasy Liability in the Zanthus Agreement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to the approval of Resolutions 1, 3 and 4 and for the purposes of sections 611 (Item 7) and 208 of the Corporations Act, ASX Listing Rules 10.1 and 10.11, and for all other purposes, Shareholder approval is given for the Directors to issue 35,969,998 Shares to Mark Creasy to extinguish the Creasy Liability, in accordance with the Zanthus Agreement, as set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

Further it is a condition of approval under Item 7(a) of section 611 of the Corporations Act that no votes are cast in favour of Resolution 3 by the person proposing to make the acquisition and their Associates and the persons (if any) from whom the acquisition is to be made and their Associates.

Resolution 3 – Approval of payment of consideration and issue of Shares to Croydon under the Shepherd's Well Tenement Sale and JV Agreement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to the approval of Resolutions 1, 2 and 4 and for the purposes of sections 611 (Item 7) and 208 of the Corporations Act and ASX Listing Rules 10.1 and 10.11, and for all other purposes, Shareholder approval is given for the Directors to issue 10,000,000 Shares and effect payment of the Croydon Consideration Cash to Croydon in accordance with the Shepherd's Well Tenement Sale and JV Agreement, as set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

Further it is a condition of approval under Item 7(a) of section 611 of the Corporations Act that no votes are cast in favour of Resolution 3 by the person proposing to make the acquisition and their Associates and the persons (if any) from whom the acquisition is to be made and their Associates.

4. Resolution 4 – Approval of payment of consideration and issue of Shares to XFE under the Yarrie Option Agreement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to the approval of Resolutions 1 to 3 (inclusive) and for the purposes of sections 611 (Item 7) and 208 of the Corporations Act and ASX Listing Rules 10.1 and 10.11, and for all other purposes, Shareholder approval is given for the Directors to issue 100,000,000 Shares and effect payment of the XFE Consideration Cash to XFE in accordance with the Yarrie Option Agreement, as set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

Further it is a condition of approval under Item 7(a) of section 611 of the Corporations Act that no votes are cast in favour of Resolution 3 by the person proposing to make the acquisition and their Associates and the persons (if any) from whom the acquisition is to be made and their Associates.

5. Resolution 5 – Approval of issue of Options to Adam Sierakowski

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to the approval of Resolutions 6 and 7 and for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 2,500,000 Tranche 1 Options and 2,500,000 Tranche 2 Options to Adam Sierakowski (and/or his nominee) as set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Adam Sierakowski and any of his Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

6. Resolution 6 – Approval of issue of Options to Steve Lowe

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to the approval of Resolutions 5 and 7 and for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 2,500,000 Tranche 1 Options and 2,500,000 Tranche 2 Options to Steve Lowe (and/or his nominee) as set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution by Steve Lowe and any of his Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

7. Resolution 7 – Approval of issue of Options to Robert Ramsay

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That subject to the approval of Resolutions 5 and 6 and for the purposes of section 208 of the Corporations Act and Listing Rule 10.11, and for all other purposes, approval is given for the issue of 2,500,000 Tranche 1 Options and 2,500,000 Tranche 2 Options to Robert Ramsay (and/or his nominee) as set out in the Explanatory Statement."

Voting Exclusion Statement

The Company will disregard any votes cast on this resolution by Robert Ramsay and any of his Associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the Proxy Form to vote as the proxy decides.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of Meeting and should be read in conjunction with it.

Resolutions 1 to 4 (inclusive) are subject to and conditional upon each of these Resolutions being passed. Accordingly, these Resolutions should be considered collectively as well as individually.

Similarly, Resolutions 5 to 7 (inclusive) are subject to and conditional upon each of these Resolutions being passed. Accordingly, these Resolutions should be considered collectively as well as individually.

The Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of Meeting and the Explanatory Statement.

Proxies

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company;
- (c) a Shareholder may appoint a body corporate or an individual as its proxy;
- (d) a body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy; and
- (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the General

Meeting or handed in at the General Meeting when registering as a corporate representative.

Members of Key Management Personnel and their Closely Related Parties will not be able to vote as proxy on Resolutions 5 to 7 unless the Shareholder directs them how to vote or, in the case of the Chair, unless the Shareholder expressly authorises him to do so. If a Shareholder intends to appoint a member of Key Management Personnel or their Closely Related Parties (other than the Chair) as its proxy, the Shareholder should ensure that it directs the proxy how to vote on Resolutions 5 to 7.

If a Shareholder intends to appoint the Chair as its proxy on Resolutions 5 to 7, the Shareholder can direct the Chair how to vote by marking one of the boxes for those Resolutions (for example, if the Shareholder wishes to vote 'for', 'against' or to 'abstain' from voting). If a Shareholder does not direct the Chair how to vote, the Shareholder can expressly authorise the Chair to vote as the Chair thinks fit on Resolutions 5 to 7 by marking the appropriate box on the Proxy Form even though those Resolutions are connected to the remuneration of members of Key Management Personnel and even if the Chair has an interest in the outcome of those Resolutions.

Voting Entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5.00pm (WST) on 24 October 2014. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

By Order of the Board

Stephen Hewitt-Dutton

Company Secretary
Coziron Resources Limited

5 September 2014

Explanatory Statement

1. INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the General Meeting to be held at Level 24, 44 St Georges Terrace, Perth on 28 October 2014, commencing at 10.00am (WST).

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the Resolutions in the accompanying Notice of Meeting.

This Explanatory Statement should be read in conjunction with the Notice of Meeting. Capitalised terms in this Explanatory Statement are defined in the Glossary.

2. GENERAL MEETING

2.1 Action to be taken by the Shareholders

Shareholders should read the Notice of Meeting, this Explanatory Statement and the Independent Expert's Report before deciding how to vote on the Resolutions.

A Proxy Form is enclosed with the Notice of Meeting and this Explanatory Statement. This is to be used by Shareholders if they wish to appoint a proxy to vote in their place. All Shareholders are invited and encouraged to attend the General Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions set out in the Proxy Form. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the General Meeting in person. For further details about voting by proxy, please see the Proxy Form.

2.2 Resolutions

There are 7 Resolutions to be put to the General Meeting. All Resolutions are ordinary Resolutions.

Resolutions 1 and 2 relate to the issue of the Liability Shares to Creasy and Yandal pursuant to the Buddadoo Agreement, KingX Agreement and Zanthus Agreement.

Resolution 3 relates to the issue of the Croydon Consideration Shares and the payment of the Croydon Consideration Cash to Croydon pursuant to the Shepherd's Well Tenement Sale and JV Agreement.

Resolution 4 relates to the issue of the XFE Consideration Shares and the payment of the XFE Consideration Cash to XFE pursuant to the Yarrie Option Agreement.

Resolutions 5 to 7 (inclusive) relate to the issue of Options to the Directors.

3. ISSUE OF SHARES TO EXTINGUISH THE YANDAL LIABILITY AND CREASY LIABILITY

3.1 Resolutions 1 and 2

The Company is seeking Shareholder approval as required under sections 611 (Item 7) and 208 of the Corporations Act, and ASX Listing Rules 10.1 and 10.11 in order to extinguish the Yandal Liability and the Creasy Liability pursuant to the Buddadoo Agreement, the KingX Agreement and the Zanthus Agreement.

3.2 Background to proposed transaction

On 2 January 2012, the Company entered into the Buddadoo Agreement, the KingX Agreement and the Zanthus Agreement. These agreements were subsequently varied by Deeds of Variations dated 16 July 2012.

- (a) Pursuant to the terms and conditions of the Buddadoo Agreement, the Company purchased 100% of the ordinary fully paid shares in Buddadoo from Yandal, which resulted in the issue of 117,346,667 Shares to Yandal on 12 October 2012. The Buddadoo Agreement also set out the terms and conditions for the payment of the Buddadoo Liability. Please see section 3.3 below for further details.
- (b) Pursuant to the terms and conditions of the KingX Agreement, the Company purchased 100% of the ordinary fully paid shares in KingX from Yandal, which resulted in the issue of 104,480,000 Shares to Yandal on 12 October 2012. The KingX Agreement also set out the terms and conditions for the payment of the KingX Liability. Please see section 3.4 below for further details.
- (c) Pursuant to the terms and conditions of the Zanthus Agreement, the Company purchased 100% of the ordinary fully paid shares in Zanthus from Motwil, which resulted in the issue of 278,173,333 Shares to Motwil on 12 October 2012. The Zanthus Agreement also set out the terms and conditions for the payment of the Creasy Liability. Please see section 3.5 below for further details.

Yandal and Motwil are both entities controlled by Creasy.

On 13 September 2012 a general meeting of Shareholders was held and the Shareholders approved the Company's purchase of all of the issued shares in Buddadoo, KingX and Zanthus.

Under the agreements, the Yandal Liability and Creasy Liability were to be reimbursed subject to ASX's approval and the Company raising a minimum of \$7,000,000 by 30 June 2013. In the event that the Company did not raise \$7,000,000 by 30 June 2013, the date may be extended on application to 30 June 2014 or the debt obligation created by the Yandal Liability and Creasy Liability would be extinguished by converting the debt into Shares (**Liability Shares**). Details relating to the repayment of the Yandal Liability and Creasy Liability are set out in clause 3.3 to 3.5 below.

3.3 Payment of the Buddadoo Liability under the Buddadoo Agreement

The Buddadoo Agreement relevantly provides in relation to the Buddadoo Liability:

- (a) as at the date of the Buddadoo Agreement the liability owing to Yandal was \$565,697.15;
- (b) the liability is owed to Yandal as the amount was advanced by Yandal to the Company between the date of the agreement and completion under the agreement for the purpose of expenditure incurred in developing the tenements acquired under the agreement;
- (c) the Buddadoo Liability comprises the original liability of \$565,697.15 plus interest;
- (d) the Buddadoo Liability was repayable on the following terms:
 - (i) if the Company raised \$7,000,000 or more at \$0.05 per Share by 30 June 2013 the Company could have elected to use those funds to pay the Buddadoo Liability to Yandal by bank cheque or in full and final satisfaction of the debt owing; or
 - (ii) if the Company failed to raise \$7,000,000 or more at \$0.05 per Share by 30 June 2013 the Company is required to pay the Buddadoo Liability by bank cheque;
- (e) the Company's failure to repay the Buddadoo Liability in accordance with paragraphs (c)(i) and (c)(ii) above allows Yandal to:
 - (i) convert the Buddadoo Liability into Shares; or
 - (ii) extend the date for repayment to 30 June 2014,

and where no election notice was given by Yandal on or before 7 July 2013, Yandal would be deemed to have elected to convert the Buddadoo Liability into Shares by default (deemed notice);

(f) the number of Shares to be issued is the number equal to the Buddadoo Liability divided by the lesser of \$0.03 and the price equal to the 5 day volume weighted average price for Shares on the last 5 days of trading in Shares on ASX before 30 June 2013.

The amount to be paid and the number of Liability Shares to be issued to Yandal to extinguish the Buddadoo Liability under the Buddadoo Agreement is set out in the table in section 3.6.

3.4 Payment of the KingX Liability under the KingX Agreement

The KingX Agreement relevantly provides in relation to the KingX Liability:

- (a) as at the date of the KingX Agreement the liability owing to Yandal was \$267,011.00;
- (b) the liability is owed to Yandal as the amount was advanced by Yandal to the Company between the date of the agreement and completion

- under the agreement for the purpose of expenditure incurred in the developing tenements acquired under the agreement;
- (c) the KingX Liability comprises the original liability of \$267,011.00 plus interest;
- (d) the KingX Liability was repayable on the following terms:
 - (i) if the Company raised \$7,000,000 or more at \$0.05 per Share by 30 June 2013 the Company could have elected to use those funds to pay the KingX Liability to Yandal by bank cheque or in full and final satisfaction of the debt owing; or
 - (ii) if the Company failed to raise \$7,000,000 or more at \$0.05 per Share by 30 June 2013 the Company was required to pay the KingX Liability by bank cheque;
- (e) the Company's failure to repay the KingX Liability in accordance with paragraphs (c)(i) and (c)(ii) above allowed Yandal to:
 - (i) convert the KingX Liability into Shares; or
 - (ii) extend the date for repayment to 30 June 2014,

and where no election notice was given by Yandal on or before 7 July 2013, Yandal would be deemed to have elected to convert the KingX Liability into Shares by default (deemed notice);

(f) the number of Shares to be issued is the number equal to the KingX Liability divided by the lesser of \$0.03 and the price equal to the 5 day volume weighted average price for Shares on the last 5 days of trading in Shares on ASX before 30 June 2013.

The amount to be paid and the number of Liability Shares to be issued to Yandal to extinguish the KingX Liability under the KingX Agreement is set out in the table in section 3.6.

3.5 Payment of the Creasy Liability under the Zanthus Agreement

The Zanthus Agreement relevantly provides in relation to the Creasy Liability:

- (a) as at the date of the Zanthus Agreement the liability owing to Creasy was \$975,757.70;
- (b) the liability was owed to Creasy as the amount was advanced by Creasy to the Company between the date of the agreement and completion under the agreement for the purpose of expenditure incurred in developing the tenements acquired under the agreement;
- (c) the Creasy Liability comprises the original liability of \$975,757.70 plus interest:
- (d) the Creasy Liability was repayable on the following terms:
 - (i) if the Company raised \$7,000,000 or more at \$0.05 per Share by 30 June 2013 the Company could have elected to use those

funds to pay the Creasy Liability to Creasy by bank cheque or in full and final satisfaction of the debt owing; or

- (ii) if the Company failed to raise \$7,000,000 or more at \$0.05 per Share by 30 June 2013 the Company was required to pay the Creasy Liability by bank cheque;
- (e) the Company's failure to repay the Creasy Liability (plus interest) in accordance with paragraphs (c)(i) and (c)(ii) above allows Creasy to:
 - (i) convert the Creasy Liability into Shares; or
 - (ii) extend the date for repayment to 30 June 2014,

and where no election notice was given by Creasy on or before 7 July 2013, Creasy would be deemed to have elected to convert the Creasy Liability into Shares by default (deemed notice);

(f) the number of Shares to be issued is the number equal to the Creasy Liability divided by the lesser of \$0.03 and the price equal to the 5 day volume weighted average price for Shares on the last 5 days of trading in Shares on ASX before 30 June 2013.

The amount to be paid and the number of Liability Shares to be issued to Creasy to extinguish the Creasy Liability is set out in the table in section 3.6.

3.6 Total Liability Shares

Liability	Agreement	Principal	Interest	Total	No. of Liability Shares
Yandal	Buddadoo Agreement	\$565,697.15	\$59,912,84	\$625,609.99	20,853,666
Liability	KingX Agreement	\$267,011.00	\$28,279.07	\$295,290.07	9,843,002
Creasy Liability	Zanthus Agreement	\$975,757.70	\$103,342.25	\$1,079,099.95	35,969,998

3.7 Regulatory Requirements

The Corporations Act and the ASX Listing Rules requires particular information to be provided to Shareholders for approval of Resolutions 1 and 2. This information is set out in section 6 below.

3.8 Recommendation by Directors

The Directors do not have a material personal interest in Resolution 1 or 2. The Directors have considered the Company's current financial position and difficulties that may arise in the Company's cash flow position should it be required to pay the Yandal Liability and/or the Creasy Liability, the current market conditions and economic conditions for mining exploration operations and the low rate of conversion at \$0.03 per Share whilst the current 30 day VWAP rate is approximately \$0.0363 per share (which is beneficial to the

Company) and formed the view that the issue of the Liability Shares as contemplated by Resolutions 1 and 2 and this Explanatory Statement is in the best interests of the Company.

If the Shareholders do not vote in favour of either of Resolutions 1 or 2, Resolutions 1 to 4 (inclusive) will all fail, and Creasy may call for repayment of the Yandal Liability and the Creasy Liability which may leave the Company in a financially difficult position, less than optimally capitalised to operate effectively and vulnerable to missing out on possible profitable opportunities.

The Directors recommend that Shareholders approve Resolutions 1 and 2. However, Shareholders must decide how to vote based on the contents of the Notice of Meeting, this Explanatory Statement and the Independent Expert's Report.

4. PAYMENT OF CONSIDERATION TO CROYDON UNDER THE SHEPHERD'S WELL TENEMENT SALE AND JV AGREEMENT

4.1 Resolution 3

The Company is seeking Shareholder approval as required under sections 611 (Item 7) and 208 of the Corporations Act, and ASX Listing Rules 10.1 and 10.11, in order to give effect to completion of the sale and purchase of 70% of the Shepherd's Well Tenement and terms and conditions of the Shepherd's Well Tenement Sale and JV Agreement.

4.2 Background to proposed transaction

On 4 October 2013, the Company and Croydon entered into the Shepherd's Well Tenement Sale and JV Agreement, a company owned and controlled by Mark Creasy who holds a controlling interest in the Company through the Creasy Group. Under the Shepherd's Well Tenement Sale and JV Agreement, the Company will acquire a 70% interest in the Shepherd's Well Tenement and the mining information associated with the Shepherd's Well Tenement in consideration of:

- (a) 10,000,000 fully paid ordinary shares in the Company at a deemed issue price of \$0.05 each ("Croydon Consideration Shares"); and
- (b) approximately \$121,483 in cash as reimbursement of expenditure by Croydon in the development of the Shepherd's Well Tenement ("Croydon Consideration Cash").

Croydon forms part of the Creasy Group and is therefore a related party of the Company as Mark Creasy holds a controlling interest in both the Company and Croydon. Accordingly, the Company is seeking Shareholder approval to the issue of the Croydon Consideration Shares and payment of the Croydon Consideration Cash in accordance with sections 208 and 611 (item 7) of the Corporations Act and ASX Listing Rules 10.1 and 10.11.

4.3 Shepherd's Well project

The Shepherd's Well project (comprising the Shepherd's Well Tenement) is located 65 km² south-west of Karratha (running adjacent to the Company's existing Yarraloola project) and is prospective for iron-ore. Please refer to the Company's announcement to ASX on 8 October 2013 for further information on the Shepherd's Well project including its geography and prospectivity.

4.4 Key aspects of the Agreement

The key aspects of the Shepherd's Well Tenement Sale and JV Agreement are as follows:

- (a) completion of the agreement will be subject to the satisfaction or waiver of the following conditions by 10 November 2014:
 - (i) the Company obtaining all necessary shareholder approval to give effect to the transaction;
 - (ii) the Company completing due diligence to its sole satisfaction; and
 - (iii) the parties obtaining the consent of Buckland Minerals Transport Pty Ltd to the transaction pursuant to an access deed in respect of the Shepherd's Well Tenement.
- (b) If required by ASX, Croydon must enter into an escrow agreement restricting the disposal of the Croydon Consideration Shares in accordance with Appendix 7A of the ASX Listing Rules.
- (c) Completion will occur 5 business days after the conditions are satisfied or waived.
- (d) The Company must issue the Croydon Consideration Shares to Croydon (or its nominee) at completion and pay the Croydon Consideration Cash within 90 days.
- (e) The transfer of the 70% interest in the Shepherd's Well Tenement to the Company will not be registered with the Department of Mines and Petroleum until Minister approval is no longer required to register the transfer (i.e. after 12 August 2014 being 12 months after the grant of the Shepherd's Well Tenement). Until then, the Company's interest in the Shepherd's Well Tenement will be held on trust by Croydon for the sole benefit of the Company. If required by the Company sooner, Croydon must assist the Company with any application to the Minister to register the transfer of the 70% interest in the Shepherd's Well Tenement to the Company.
- (f) Upon completion, the Company and Croydon will form an unincorporated joint venture with the Company holding a 70% interest and Croydon holding a 30% free carried interest.
- (g) From completion and until the Bankable Feasibility Study is achieved, the Company will be responsible for all exploration costs.

- (h) Once the Bankable Feasibility Study is achieved, Croydon will have 90 days to elect to either:
 - (i) participate in the mining operations and contribute to costs in proportion to its interest in the Shepherd's Well Tenement;
 - (ii) not participate in the mining operations; or
 - (iii) attempt to sell its entitlement to participate in the mining operations.
- (i) If Croydon does not participate in the mining operations, or is unable to find a buyer for its entitlement, then its interest in the mining area the subject of the BFS will be converted into a 2% net smelter royalty. Croydon's interest in the area of the Shepherd's Well Tenement that is outside the mining area will be unaffected.
- (j) If work on the mining operation has not commenced within 3 years (i.e. 70% of the first 2 years' budget or 20% of the total budget in respect of the BFS has not been incurred) then Croydon's percentage interest in the area will be restored and the royalty will terminate.
- (k) If a party's interest in a mining operation falls below 5% then its interest will automatically be converted into a 2% net smelter royalty.
- (I) The Company will continue to be responsible for 100% of exploration costs in respect of the area of the Shepherd's Well Tenement which is outside a mining area.
- (m) If a party defaults under the Agreement, the non-defaulting party will be entitled to buy the defaulting party's interest for 90% of its fair value based on 2 independent valuations.
- (n) The Agreement will otherwise be on terms considered standard for tenement sale and joint venture agreements.

4.5 Technical Information - Regulatory Requirements

The Corporations Act and the ASX Listing Rules requires particular information to be provided to Shareholders for approval of Resolution 3. This information is set out in section 6 below.

4.6 Recommendation by Directors

The Directors do not have a material personal interest in Resolution 3. The Directors have considered the potential advantages of acquiring an interest in the Shepherd's Well Tenement and of the Company's joint venture with Croydon and consider that it is in the Company's best interest to proceed with the transaction. The Directors have considered the need to issue the Croydon Consideration Shares and payment of the Croydon Consideration Cash and the Company's current cash flow position and formed the view that the structure of the purchase price to issue the Croydon Consideration Shares and payment of the Croydon Cash Consideration is appropriate from the Company's perspective.

If the Shareholders do not vote in favour of Resolution 3, Resolutions 1 to 4 (inclusive) will all fail and for the purposes of Resolution 3 the Company will lose the opportunity to acquire in the Shepherd's Well Tenement.

The Directors recommend that Shareholders approve Resolution 3. However, Shareholders must decide how to vote on this resolution based on the contents of the Notice of Meeting, this Explanatory Statement and the Independent Expert's Report.

5. PAYMENT OF CONSIDERATION TO XFE UNDER THE YARRIE OPTION AGREEMENT

5.1 Resolution 4

The Company is seeking Shareholder approval as required under sections 611 (Item 7) and 208 of the Corporations Act, and ASX Listing Rules 10.1 and 10.11 in order to give effect to completion of the sale and purchase of 70% of the Yarrie Tenements and terms and conditions of the Yarrie Option Agreement.

5.2 Background to proposed transaction

Pursuant to the Yarrie Option Agreement, XFE granted to the Company the sole and exclusive option to purchase 70% of the Yarrie Tenements ("Yarrie Option").

Under the terms of the Yarrie Option, the Company is entitled to spend the amount of \$230,000 on the Yarrie Tenements at its sole discretion, however at a minimum, must keep the Yarrie Tenements in good standing. The term of the Yarrie Option expires on 30 September 2014 and the Company may exercise the option at any time during this term by written notice to XFE.

Upon exercise of the Yarrie Option the Company will enter into a Tenement Sale and Joint Venture Agreement in relation to the Yarrie Tenements. Under the Yarrie Option Agreement, the Company must pay consideration of 100,000,000 Shares ("**XFE Consideration Shares**") at a deemed issue price of \$0.02 each and pay \$711,234 in cash ("**XFE Consideration Cash**")

XFE forms part of the Creasy Group and is therefore a related party of the Company as Mark Creasy holds a controlling interest in both the Company and XFE. Accordingly, the Company is seeking Shareholder approval to the issue of XFE Consideration Shares and payment of the XFE Consideration Cash in accordance with section 208 of the Corporations Act and ASX Listing Rules 10.1 and 10.11.

5.3 Yarrie Tenements

Yarrie consists of four contiguous exploration licences held by XFE Pty Ltd (three granted, E45/3725, E45/3728, E45/4065 and one application E47/3727) covering a total of 1,022.2km2 and located 160km east of Port Hedland, Western Australia (Fig 1). The Yarrie Tenements are largely underexplored. They share boundaries in the central part with the Yarrie-Goldsworthy mining project which was until recently, operated by BHP Billiton PLC (BHP), while Fortescue Metals Group Ltd (FMG) hold granted exploration licences along the northern boundary of the project.

The tenements are serviced by a bitumen road and natural gas pipeline between Port Hedland and the Telfer copper-gold mine and major regional roads which service the cattle industry and other mining towns in the region. The BHP owned rail connection between the Yarrie-Goldsworthy mining area and Port Hedland also services this area (see figure 1 below for details)

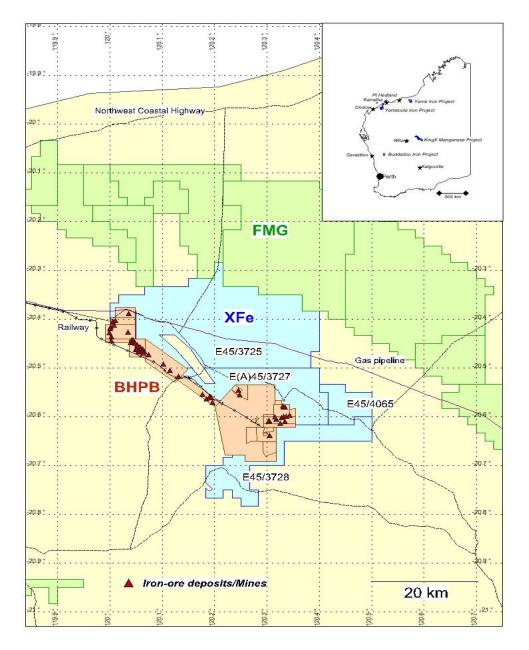


Fig 1- Location of the Yarrie Tenements in relation to the other major iron-ore tenement holders and BHP mines in the North Pilbara of Western Australia.

Prospectivity

The Yarrie project, located in the North Pilbara, is prospective for high-grade iron-ore (Fe>62%) deposits within Archaean-age sequences of volcanics and sediments termed the Cleaverville Terrain (Fig 2). These rocks unconformably overlie the granite basement, but underlie units of the Hamersley Basin. The Yarrie project covers outcrop extensions of the Cleaverville in the central and southern areas. In addition, there is significant tenement coverage to the east and north where interpretations of magnetic surveys indicate the presence of highly magnetic iron-formation subcrop beneath shallow cover. Within the sequence, the priority exploration targets are the parts of the Nimingarra Iron Formation which may be altered to high-grade haematite.

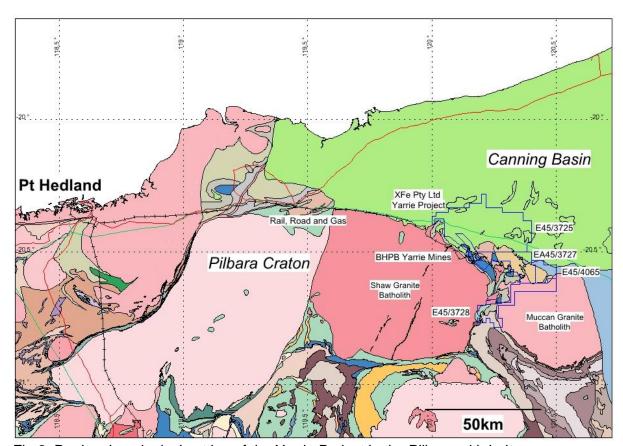


Fig 2. Regional geological setting of the Yarrie Project in the Pilbara with belts of Archaean sediments (including iron formations) marginal to the granite batholiths.

5.4 Technical Information - Regulatory Requirements

The Corporations Act and the ASX Listing Rules requires particular information to be provided to Shareholders for approval of Resolution 4. This information is set out in section 6 below.

5.5 Recommendation by Directors

The Directors do not have a material personal interest in Resolution 4. The Directors have considered the potential advantages and disadvantages of acquiring an interest in the Yarrie Tenements and entering into a joint venture with XFE and consider that it is in the best interests of the Company to proceed with the transaction. The Directors consider that the structure of the

purchase price being the issue of the XFE Consideration Shares and payment of the XFE Consideration Cash is appropriate in light of the Company's current cash flow position.

If the Shareholders do not vote in favour of Resolution 4, Resolutions 1 to 4 (inclusive) will all fail and for the purposes of Resolution 4 the Company will lose its opportunity to acquire an interest in the Yarrie Tenements.

The Directors recommend that Shareholders approve Resolution 4. However, Shareholders must decide how to vote on this resolution based on the contents of the Notice of Meeting, this Explanatory Statement and the Independent Expert's Report.

6. REGULATORY REQUIREMENTS

The General Meeting has been called to approve specific aspects of Resolutions 1 to 4 (inclusive) in accordance with the ASX Listing Rules and the Corporations Act which are summarised below.

6.1 Section 611 of the Corporations Act

Resolutions 1 to 4 (inclusive) seek Shareholder approval under Item 7 of section 611 of the Corporations Act for the issue of the Liability Shares to Yandal and Creasy and the Croydon Consideration Shares to Croydon and the issue of the XFE Consideration Shares to XFE.

Section 606(1) of the Corporations Act, subject to the exceptions in section 611 of the Corporations Act, prohibits a person from acquiring shares in a company if, after the acquisition of those shares, that person or any other person would increase their relevant interest in the voting shares of a company from:

- (a) below 20% to above 20%; and
- (b) from some point above 20% but below 90%.

Item 7 of section 611 of the Corporations Act provides that section 606(1) of the Corporations Act does not apply to an acquisition of a relevant interest in the voting shares in a company, if the company has agreed to the acquisition by resolution passed at a general meeting at which no votes are cast in relation to the resolution by the person to whom the shares are to be issued or by an Associate of that person.

Under section 610 of the Corporations Act, a person's voting power is defined as the percentage of the total voting shares in a company held by the person and the person's Associates.

Creasy is the sole shareholder and director of Yandal, Motwil, Croydon and XFE, which individually and combined form the Creasy Group.

Prior to any issue of Liability Shares, Croydon Consideration Shares and XFE Consideration Shares to the Creasy Group pursuant to Resolutions 1 to 4 (inclusive) the Creasy Group holds 674,857,000 Shares, being 61.38% of the Existing Shares.

In the event that Resolutions 1 to 4 are approved by Shareholders and the relevant transactions complete, the relevant interest in the voting Shares of the Company held by the Creasy Group will increase from 61.38% to 66.73%.

Number of Shares held by Creasy Group					
Creasy Group	Shares held at the date of this Notice	Shares to be issued under this Notice	Total Shares in Company held by Creasy Group following approval of Resolutions 1 to 4 (inclusive)	% Voting Power in the Company	
Yandal	396,683,667	30,696,668	427,380,335	33.40%	
Motwil	278,173,333	-	278,173,333	21.74%	
Mark Creasy	-	35,969,998	35,969,998	2.82%	
Croydon	-	10,000,000	10,000,000	0.78%	
XFE	-	100,000,000	100,000,000	7.82%	
TOTAL	674,857,000	176,666,666	851,523,666	66.56%	

The Directors of the Company are seeking Shareholder approval pursuant to section 611 Item 7 of the Corporations Act to:

- (a) issue Liability Shares, Croydon Consideration Shares and XFE Consideration Shares to the Creasy Group as contemplated by Resolutions 1 to 4 (inclusive) and otherwise on the terms and conditions set out in this Explanatory Statement; and
- (b) give effect to the Buddadoo Agreement, KingX Agreement, Zanthus Agreement, Shepherd's Well Tenement Sale and JV Agreement and the Yarrie Option Agreement.

As set out in the voting exclusion statements in the notice of meeting, it is a condition of approval under Item 7(a) of section 611 of the Corporations Act that no votes are cast in favour of Resolutions 1 to 4 (inclusive) by:

- (a) the person proposing to make the acquisition or their Associates; and
- (b) the persons (if any) from whom the acquisition is to be made and their Associates.

6.2 ASIC Regulatory Guide 74

The following information is included in accordance with the requirements of Item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 to the extent that it applies pursuant to ASIC Regulatory Guide 6:

(a) Identity of persons who will hold a relevant interest in the securities to be issued

If Resolutions 1 to 4 (inclusive) are passed, 176,666,666 Shares will be issued to members of the Creasy Group as set out in the table in section 6.1 above.

(b) Impact of issue of the Liability Shares and Consideration Shares on the voting power in the Company's Shares

(i) Current voting power of the Creasy Group and/or its nominees

As at the date of this Notice of Meeting, the Creasy Group and or its Associates have a 61.20% relevant interest in the Existing Shares and Shareholders, other than the Creasy Group, hold a 38.80% relevant interest in the Existing Shares. Please see the table below.

(ii) Voting power of Creasy Group after the issue of Shares

Once all the securities referred to in Resolutions 1 to 4 (inclusive) have been issued, the number of Shares in which the Creasy Group will have a relevant interest in 851,523,666 Shares and its voting power will be 66.56%. This represents an increase in the voting power of the Creasy Group of 5.36%.

Company	Current		If Resolutions 1 to 4 (inclusive) are approved	
Shareholding	No. of Shares	%	No. of Shares	%
Creasy Group	674,857,000	61.20%	851,523,666	66.56%
Other Shareholders	427,886,654	38.80%	427,886,654	33.44%
Total Shares on an undiluted basis	1,102,743,654	100%	1,279,410,320	100%

Note: The numbers and percentages in the table above assume that the Company does not issue any other Shares to any person other than those proposed in Resolutions 1 to 4 (inclusive) and no Options are exercised.

(c) Intentions as to the Future of the Company

Other than as disclosed in this Explanatory Statement and changes pursuant to the Resolutions, the Company understands that the Creasy Group:

(i) intends to maintain the Company's current business, which is focused on exploration and the development of mining projects;

- (ii) has no intention to otherwise redeploy the fixed assets of the Company;
- (iii) does not propose that any property will be transferred between the Company and the Creasy Group or any person associated with the Creasy Group;
- (iv) does not intend to make any changes with regards to the employees or directors of the Company; and
- (v) does not presently propose to inject further capital in the Company.

(d) Financial and Dividend Policies of the Company

The Board has not adopted a formal dividend distribution policy since being re-admitted to the ASX on 1 March 2011. Since then the Company has not declared a dividend distribution to Shareholders.

There is no immediate intention on the part of the Creasy Group or the Directors to change the financial and dividend policies of the Company or to declare a dividend.

(e) Independent Expert's Report

The Independent Expert's Report has been provided to assist Shareholders in assessing Resolutions 1 to 4 and concludes that the issue of the Liability Shares, the Croydon Consideration Shares and the XFE Consideration Shares as contemplated by Resolutions 1 to 4 (inclusive) is not fair, but reasonable to non-associated Shareholders.

The Directors recommend all Shareholders carefully read the Independent Expert's Report before considering and deciding on how to vote on Resolutions 1 to 4 (inclusive).

(f) ASIC and ASX's Role

For the purposes of Resolutions 1 to 4 (inclusive), in accordance with ASIC Regulatory Guide 74, the Company must lodge the Notice of Meeting and this Explanatory Statement with ASIC before the Notice of Meeting can be dispatched.

The fact that the Notice of Meeting, Explanatory Statement and other relevant documentation has been received by ASX and ASIC is not to be taken as an indication of the merits of the Resolutions or the Company. ASIC, ASX and their respective officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

(g) Recommendation by Directors

The Directors recommend that Shareholders approve Resolutions 1 to 4 (inclusive). However, Shareholders must decide how to vote on these Resolutions based on the contents of the Notice of Meeting, this

Explanatory Statement and the Independent Expert's Report. For further details regarding the Directors' recommendation in respect of:

- (i) Resolutions 1 and 2, please see section 3.8;
- (ii) Resolution 3, please see section 4.6; and
- (iii) Resolution 4, please see section 5.5.

6.3 Section 208 of the Corporations Act

Resolutions 1 to 4 (inclusive) require Shareholder approval under section 208 of the Corporations Act with respect to related party transactions.

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of shares or options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

The Creasy Group is a related party of the Company as a result of its relevant interest in voting shares of the Company, and the control that this allows it to have in determining decisions in relation to the Company's financial and operating policies. The financial benefit being obtained by the Creasy Group pursuant to Resolutions 1 to 4 (inclusive) is:

- (a) the issue of 30,696,668 Liability Shares to Yandal, a related party;
- (b) the issue of 35,969,998 Liability Shares to Mark Creasy, a related party;
- (c) the issue of 10,000,000 Croydon Consideration Shares and the payment of the \$121,483 Croydon Consideration Cash to Croydon, a related party; and
- (d) the issue of 100,000,000 XFE Consideration Shares and the payment of the \$711,234 XFE Consideration Cash to XFE, a related party.

Resolutions 1 to 4 (inclusive) therefore require Shareholder approval under section 208 of the Corporations Act to allow the Directors to issue the Liability Shares, Croydon Consideration Shares and the XFE Consideration Shares and pay the cash amounts to members of the Creasy Group as related parties, on the terms set out in this Explanatory Statement.

6.4 Section 219 of the Corporations Act

Section 219 of the Corporations Act requires the following information be provided to Shareholder for approval to be granted under section 208 of the Corporations Act for Resolutions 1 to 4:

(a) The related parties to whom financial benefits will be given

The related party to which Liability Shares are being issued under Resolution 1 is Yandal as a member of the Creasy Group.

The related party to which Liability Shares are being issued under Resolution 2 is Mark Creasy as a member of the Creasy Group.

The related party to which Croydon Consideration Shares are being issued and Croydon cash Consideration is being paid under Resolution 3 is Croydon as a member of the Creasy Group.

The related party to which XFE Consideration Shares are being issued and the XFE Consideration Cash is being paid under Resolution 4 is XFE as a member of the Creasy Group.

(b) The nature of the financial benefits

The financial benefit being obtained by the Creasy Group is set out in the table below:

Creasy Group	Shares to be issued	Value of Shares at Deemed Issue Price	Value of Shares at Current Market Price	Cash Consideration	Total Financial Benefit	Total Financial Benefit at Current Market Price
Yandal	30,696,668	920,900	920,900	-	920,900	920,900
Mark Creasy	35,969,998	1,079,100	1,079,100	-	1,079,100	1,079,100
Croydon	10,000,000	500,000	300,000	121,483	621,483	421,483
XFE	100,000,000	2,000,000	3,000,000	711,234	2,711,234	3,711,234
TOTAL	176,666,666	4,500,000	5,3,000,000	832,717	5,332,717	6,132,717

^{*} Market Price is 3.0cents being the closing market sale price of Shares on the ASX on 4 September 2014.

(c) Directors' Recommendation

The Directors recommend that Shareholders approve Resolutions 1 to 4 (inclusive). However, Shareholders must decide how to vote on these Resolutions based on the contents of the Notice of Meeting, this Explanatory Statement and the Independent Expert's Report. For further details regarding the Directors' recommendation in respect of:

- (i) Resolutions 1 and 2, please see section 3.8;
- (ii) Resolution 3, please see section 4.6; and
- (iii) Resolution 4, please see section 5.5.

(d) Interest of Directors

None of the Directors have a material personal interest in the outcome of Resolutions 1 to 4.

(e) Terms of the Financial Benefits

The agreements giving rise to the financial benefits are summarised in sections 3.3, 3.4, 3.5, 4.4 and 5.2. All Shares to be issued pursuant to

Resolutions 1 to 4 will rank equally in all respects with existing fully paid ordinary shares on issue.

(f) Other Information

If Resolutions 1 to 4 are approved and the Shares are issued to the Creasy Group, the existing Shareholders will be diluted from an existing 38.80% interest to 33.44% as shown in the table below.

As at the date of the Notice of Meeting, the Company had 1,102,743,654 Shares on issue. The highest and lowest market sale price of the Shares in the Company during the twelve months immediately preceding the date of this Notice was \$0.05 on 14 July 2014 and \$0.019 on 16 May 2014. The closing market sale price of Shares on the ASX on 4 September 2014 was \$0.030.

The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods means that the issue of the Croydon Consideration Shares and payment of the Croydon Consideration Cash to Croydon will be recognised as an investment in the equity of the Company.

The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods means that the issue of the XFE Consideration Shares and payment of the XFE Consideration Cash to XFE will be recognised as an investment in the equity of the Company.

Other than as set out in this Explanatory Statement, there is no further information that is known to the Company or any of the Directors which Shareholders would reasonably require in order to decide whether or not to vote in favour of Resolutions 1 to 4.

(g) Effect of issue of securities contemplated by Resolutions 1 to 4 (inclusive)

	Curre	nt	If Resolutions 1 to 4 (inclusive) are approved		
	No. of Shares	%	No. of Shares	%	
Yandal	396,683,667	35.97%	427,380,335	33.40%	
Motwil	278,173,333	25.23%	278,173,333	21.74%	
Mark Creasy	-	-	35,969,998	2.81%	
Croydon	-	-	10,000,000	0.78%	
XFE	-	-	100,000,000	7.83%	
Total	674,857,000	61.20%	851,523,666	66.56%	

Note: The numbers and percentages in the table above assume that the Company does not issue any other Shares to any person other than those proposed in Resolutions 1 to 4 (inclusive) and no Options are exercised.

6.5 ASX Listing Rule 10.1

Chapter 10 of the ASX Listing Rules contains certain provisions in relation to transactions between the Company and persons in a position of influence. ASX Listing Rule 10.1 provides that the Company must ensure that, subject to the exceptions described in ASX Listing Rule 10.3, it does not acquire a substantial asset from a substantial holder or dispose of a substantial asset to a substantial holder, without the approval of the holders of the Company's ordinary securities.

ASX Listing Rule 10.1.3 states that a person is a substantial holder if the person or the person's Associates have a relevant interest at any time in the 6 months before the transaction in at least 10% of the total votes allocated to the voting securities. At the date of this Notice, the Creasy Group holds a 61.2% interest in the total voting securities of the Company. The Creasy Group is therefore a substantial holder.

ASX Listing Rule 10.2 provides that an asset is a substantial asset if its value or the value of the consideration for it is 5% or more of the equity interest of the Company as set out in the latest accounts given to the ASX under the ASX Listing Rules.

Under the Buddadoo Agreement, KingX Agreement and Zanthus Agreement, the Company intends to issue 66,666,666 Liability Shares to members of the Creasy Group. The value of these Liability Shares is \$2,000,000 based on a deemed issue price of \$0.03 per share. The value of these Liability Shares equates to 19.4% of the equity interest of \$10,304,944 held by the Company on 31 December 2013, being the date of the latest accounts provided to the ASX under the ASX Listing Rules. The payment of the Liability Shares ultimately forms part of the consideration payable by the Company for the mining tenements acquired under the Buddadoo Agreement, KingX

Agreement and Zanthus Agreement. As such, the issue of the Liability Shares is being made in connection with an acquisition of substantial assets.

Under the Shepherd's Well Tenement Sale and JV Agreement, the consideration is the issue of 10,000,000 Croydon Consideration Shares at the deemed issue price of \$0.05 and payment of \$121,483 in cash. The value of the Croydon Consideration Shares equates to 4.9%. In addition, the payment of the Croydon Consideration Cash equates to 1.2% of the equity interest of \$10,304,944 held by the Company (as above). As such the assets being acquired by the Company from Croydon are substantial assets.

Under the Yarrie Option Agreement, the consideration is the issue of 100,000,000 XFE Consideration Shares at the deemed issue price of \$0.02 and the payment of \$711,234 in cash. The value of the XFE Consideration Shares equates to 19.4%. In addition, the payment of the XFE Consideration Cash equates to 6.9% of the equity interest of \$10,304,944 held by the Company (as above). As such the assets being acquired by the Company from XFE are substantial assets.

The Directors are therefore seeking Shareholder approval pursuant to ASX Listing Rule 10.1 to allow the Directors to issue the Liability Shares, the Croydon Consideration Shares and the XFE Consideration Shares and pay the cash amounts to members of the Creasy Group, on the terms set out in this Explanatory Statement.

6.6 Technical Information – ASX Listing Rule 10.10

The following information is included in accordance with the requirements of Listing Rule 10.10. As set out in the voting exclusion statements in the Notice of Meeting and in accordance with the ASX Listing Rules, the Creasy Group is precluded from voting on Resolution 1 to 4 (inclusive).

The Company must also provide an Independent Expert's Report stating whether the transaction is fair and reasonable to the holder of ordinary shares whose votes are not disregarded pursuant to the voting exclusion.

The Independent Expert's Report in respect of the issue of Liability Shares to Mark Creasy and Yandal, the issue of Croydon Consideration Shares and payment of Croydon Consideration Cash to Croydon and the issue of XFE Consideration Shares and payment of XFE Consideration Cash to XFE, has been prepared by BDO, and is enclosed as Annexure A. This Independent Expert's Report concludes that the issue of the Liability Shares, the Croydon Consideration Shares and the XFE Consideration Shares as contemplated by Resolutions 1 to 4 (inclusive) is not fair, but reasonable to non-associated Shareholders.

6.7 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a company must not issue equity securities to a "related party" without the approval of holders of ordinary securities, or to a person whose relationship with the company or a related party of the company is, in ASX's opinion, such that approval should be obtained.

As members of the Creasy Group, Yandal, Mark Creasy, Croydon and XFE are related parties of the Company within the definition set out in ASX Listing Rule 19.12. The Directors are therefore seeking Shareholder approval pursuant to ASX Listing Rule 10.11 to allow the Directors to issue the Liability Shares, Croydon Consideration Shares and the XFE Consideration Shares and pay the cash amounts to members of the Creasy Group, on the terms set out in this Explanatory Statement.

The issue of the Liability Shares, the Croydon Consideration Shares and the XFE Consideration Shares will not affect the capacity of the Company to issue securities in the next 12 months under ASX Listing Rule 7.1, as those securities (once issued) will be excluded from the calculations under ASX Listing Rule 7.1.

6.8 Technical Information – ASX Listing Rule 10.13

As required by Listing Rule 10.13, the following information is provided in relation to Resolutions 1 to 4 (inclusive).

(a) Resolution 1

- (i) The related party to which Shares are to be allotted and issued under Resolution 1 is Yandal.
- (ii) The maximum number of Liability Shares to be issued under Resolution 1 is 30,696,668.
- (iii) The Liability Shares will be issued as soon as practicable after Shareholders approve Resolutions 1 to 4 (inclusive) and, in any event, no later than 1 month after the General Meeting (or such later date to the extent permitted by any waiver of the ASX Listing Rules).
- (iv) Yandal is a related party of the Company as it is a company controlled by Mark Creasy who, through the Creasy Group, has a controlling interest in the Company.
- (v) The Liability Shares will be issued at a deemed issue price of \$0.03 each.
- (vi) The Liability Shares to be issued under Resolution 1 are ordinary fully paid shares which on issue will rank equally with the Existing Shares.
- (vii) No funds raised by the issue of the Liability Shares under Resolution 1. These Liability Shares are to be issued pursuant to the Buddadoo Agreement and KingX Agreement.

(b) Resolution 2

- (i) The related party to which Liability Shares are to be allotted and issued under Resolution 2 is Mark Creasy.
- (ii) The maximum number of Liability Shares to be issued under Resolution 2 is 35,969,998.

- (iii) The Liability Shares will be issued as soon as practicable after Shareholders approve Resolutions 1 to 4 (inclusive) and, in any event, no later than 1 month after the General Meeting (or such later date to the extent permitted by any waiver of the ASX Listing Rules).
- (iv) Mark Creasy is a related party of the Company who, through the Creasy Group, has a controlling interest in the Company.
- (v) The Liability Shares will be issued at a deemed issue price of \$0.03 each.
- (vi) The Liability Shares to be issued under Resolution 2 are ordinary fully paid shares which on issue will rank equally with the Existing Shares.
- (vii) No funds raised by the issue of the Liability Shares under Resolution 2. These Liability Shares are to be issued pursuant to the Zanthus Agreement.

(c) Resolution 3

- (i) The related party to which Croydon Considerations Shares are to be allotted and issued under Resolution 3 is Croydon.
- (ii) The maximum number of Shares to be issued under Resolution 3 is 10,000,000.
- (iii) The Croydon Consideration Shares will be issued as soon as practicable after the satisfaction or waiver of the conditions to completion of the Shepherd's Well Tenement Sale and JV Agreement and, in any event, no later than 1 month after the General Meeting (or such later date to the extent permitted by any waiver of the ASX Listing Rules).
- (i) Croydon is a related party as it is a company controlled by Mark Creasy who, through the Creasy Group, has a controlling interest in the Company.
- (ii) The Croydon Consideration Shares to be issued under Resolution 3 will be issued at a deemed issue price of \$0.05 each.
- (iii) The Croydon Consideration Shares will be issued as part of the consideration payable by the Company to Croydon for a 70% interest in the Shepherd's Well Tenement and associated mining information in accordance with the Agreement. Upon issue, the Croydon Consideration Shares will rank equally in all respects with other Shares on issue.
- (iv) No funds will be raised in connection with the issue of the Croydon Consideration Shares as they are to be issued as part of the consideration payable by the Company to Croydon in accordance with the Shepherd's Well Tenement Sale and JV Agreement.

(d) Resolution 4

- (i) The related party to which XFE Considerations Shares are to be allotted and issued under Resolution 4 is XFE.
- (ii) The maximum number of Shares to be issued under Resolution 4 is 100,000,000.
- (iii) The XFE Consideration Shares will be issued as soon as practicable after the satisfaction or waiver of the conditions to completion of the Yarrie Option Agreement and, in any event, no later than 1 month after the General Meeting (or such later date to the extent permitted by any waiver of the ASX Listing Rules).
- (v) XFE is a related party as it is a company controlled by Mark Creasy who, through the Creasy Group, has a controlling interest in the Company.
- (vi) The XFE Consideration Shares to be issued under Resolution 4 will be issued at a deemed issue price of \$0.02 each.
- (vii) The XFE Consideration Shares will be issued as part of the consideration payable by the Company to XFE for a 70% interest in the Yarrie Tenements and associated mining information in accordance with the Yarrie Option Agreement. Upon issue, the XFE Consideration Shares will rank equally in all respects with other Shares on issue.
- (viii) No funds will be raised in connection with the issue of the XFE Consideration Shares as they are to be issued as part of the consideration payable by the Company to XFE in accordance with the Yarrie Option Agreement.

7. PROPOSED ISSUE OF OPTIONS TO DIRECTORS AND/OR THEIR NOMINEES

7.1 Resolutions 5 to 7

Resolutions 5 to 7 (inclusive) seek the approval of Shareholders to issue a total of 15,000,000 Options to the Directors, Mr Adam Sierakowski, Mr Steve Lowe and Mr Robert Ramsay, and/or their nominees. Approval is sought pursuant to section 208 of the Corporations Act and Listing Rule 10.11.

7.2 Background

The issue of Options contemplated by Resolutions 5 to 7 will be issued to the Directors to align the long term goals of the Directors with that of Shareholders and to establish an incentive for the Directors to provide ongoing dedicated services to the Company. These Options are intended to provide remuneration to the Directors (and/or their nominees) that is linked to the performance of the Company. The benefit would only be received from the Options upon the Share price exceeding the exercise price of the Options and thereby warranting their exercise.

Under the Company's current circumstances, the Directors consider that the incentive noted above, represented by the issue of Options, is a cost effective and efficient reward and incentive to provide the Directors, as opposed to alternative forms of incentive such as the payment of cash compensation only. In addition, the Directors consider it prudent to remunerate the Directors by way of Options so as to preserve the cash reserves of the Company.

The Company proposes that there will be two tranches of Options. Tranche 1 Options will have an exercise price that is 143% of the volume weighted average market price of the Company's Shares, calculated over the last 5 days on which sales in the Shares were recorded before the date of issue. The Options shall be issued and vest upon approval by the Shareholders of Resolutions 5 to 7, and they must be exercised within 36 months of being issued. Tranche 2 Options will have an exercise price that is 167% of the volume weighted average market price of the Company's Shares, calculated over the last 5 days on which sales in the Shares were recorded before the date of issue. The Options shall be issued and vest upon approval by the Shareholders of Resolutions 5 to 7, and they must be exercised within 48 months of being issued.

The full terms and conditions of the Options to be granted to the Directors and/or their nominee(s) are set out in Annexure B.

The number of Options to be proposed to be issued to each Director, and/or his nominee(s), is as follows:

Director	Number of Tranche 1 Options	Number of Tranche 2 Options
Adam Sierakowski	2,500,000	2,500,000
Steve Lowe	2,500,000	2,500,000
Robert Ramsay	2,500,000	2,500,000
Total	7,500,000	7,500,000

7.3 Section 208 of the Corporations Act

Section 208 of the Corporations Act states that a public company cannot give a "financial benefit" (including an issue of shares and options) to a "related party" of the Company unless one of the exceptions set out in section 210 to 216 of the Corporations Act apply, or the holders of ordinary securities have approved the giving of the financial benefit to the related party in a general meeting.

Each of the Directors is a related party of the Company within the meaning specified under section 228 of the Corporations Act. Further, the provision of the Options constitutes a financial benefit within the meaning of section 229 of the Corporations Act. Accordingly, Shareholder approval is sought under section 208 of the Corporations Act to permit the issue of the Options on the terms set out in Resolutions 5 to 7 (inclusive) to the Directors and/or their nominees as related parties of the Company.

7.4 Technical Information – Section 219 of the Corporations Act

The following information is provided in accordance with section 219 of the Corporations Act to enable Shareholders to assess the merits of Resolutions 5 to 7 (inclusive):

(e) The related party to whom the proposed resolutions would permit the financial benefit to be given

- (i) Mr Adam Sierakowski and/or his nominee.
- (ii) Mr Steve Lowe and/or his nominee.
- (iii) Mr Robert Ramsay and/or his nominee.

(f) The nature of the financial benefit

The nature of the financial benefit is the proposed issue of 15,000,000 Options to the Directors and/or their nominees. The Options will be issued for no cash consideration and will be issued on the terms and conditions set out in this Explanatory Statement and in Annexure B.

The number of Options proposed to be issued is as follows:

Desirient	Number of Options		
Recipient	Tranche 1	Tranche 2	
Adam Sierakowski and/or his nominee.	2,500,000	2,500,000	
Steve Lowe and/or his nominee.	2,500,000	2,500,000	
Robert Ramsay and/or his nominee.	2,500,000	2,500,000	
Total	7,500,000	7,500,000	

(g) Black-Scholes Valuation of Options

The Company has prepared a valuation of the Options. The Black-Scholes option pricing model ("B&S Model") has been applied in providing valuation information in respect to the Options to be granted to the Directors.

Each Option is valued at:

Tranche 1	Tranche 2
\$0.0119	\$0.0132

This value has been calculated based on the following assumptions and variables.

Assumptions:

- (i) The Options can be exercised at any time during the period after the issue date.
- (ii) There are no transaction costs, options and shares are infinitely divisible, and information is available to all without cost.
- (iii) Short selling is allowed without restriction or penalty.
- (iv) The risk free interest rate is known and constant throughout the duration of the option contract.
- (v) The underlying Shares do not currently pay a dividend.
- (vi) Share prices behave in a manner consistent with a random walk in continuous time.

Variables:

- (i) Share price of \$0.0030 (assumed closing price on the day of the General Meeting).
- (ii) A risk free interest rate of 3.0% assumed on the day of the Annual General Meeting.
- (iii) An expiry date for the Options of:
 - Tranche 1 36 Months.
 - Tranche 2 48 months.
- (iv) An exercise price for the Options of
 - Tranche 1 \$0.0463 (based on a 5 day VWAP of \$0.03238).
 - Tranche 2 \$0.0541 (based on a 5 day VWAP of \$0.03238).
- (v) Volatility of 75%.
- (vi) Discount for non-transferability of 0%.

The aggregate values of the Options to be issued to each Director are set out below:

	Expiry date	Exercise price	Number	Value
Tranche 1	36 months from the date of issue	\$0.0463	2,500,000	\$29,681
Tranche 2	48 months from the date of issue	\$0.054153	2,500,000	\$32,935
Total	\$62,616			

Note: Any change in the variables applied in the B&S Model between the date of the valuation and the date that the Options are issued would have an impact on their value.

(h) Current Remuneration and Interest

Details of the Directors' current annualised pro-rata remuneration, as well as their interests (both direct and interest) in the Company as at the date of the Notice of Meeting are outlined below:

Director	Salary/Fees p.a. (incl. superannuation)	Share Interests	Option Interests
Adam Sierakowski	\$64,000	6,203,800	-
Steve Lowe	\$54,000	6,450,000	-
Robert Ramsay	\$189,000	-	-

(i) Dilution

If all of the Options under the Resolutions 5 to 7 (inclusive) were exercised, and no other Shares were issued by the Company (including pursuant to Resolutions 1 to 4), the shareholding of existing Shareholders would, based on the current issued capital of the Company, be diluted by approximately 1.3%.

(j) Exercise

The market price of the Company's Shares during the period of the Options will normally determine whether or not the Directors (and/or their nominees) exercise the Options. It is unlikely that Options will be exercised at a time when Shares are trading on the ASX at a price which is higher than the exercise price of the Options.

(k) Accounting

The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods means that, under AASB2 Share-based Payment, equity-based compensation (such as the Options under Resolutions 5 to 7 (inclusive)) will be recognised as an expense in respect of the services received.

(I) Trading History

As at the date of the Notice of Meeting, the Company had 1,102,743,654 Shares on issue. The highest and lowest market sale price of the Shares in the Company during the 12 months immediately preceding the date of the Notice of Meeting was \$0.05 on 14 July 2014 and \$0.019 on 16 May 2014. The closing market sale price of the Shares on the ASX on 4 September 2014 (the date before the lodgement date of the Notice of Meeting with the ASIC) was \$0.030.

As at the date of the Notice Meeting, the Company does not have any listed or unlisted options on issue.

(m) Terms of Options

Full terms and conditions of the Options are set out in Annexure B.

(n) Opportunity costs to the Company

The Directors do not consider that there are any opportunity costs to the Company or benefits foregone by the Company in granting the Options.

(o) Funds raised

No funds will be raised from the issue of the Options. Funds raised in the event of exercise of the Options will be applied towards working capital requirements or in any other manner that the Board considers appropriate at the relevant time. However, there is no guarantee that any of the Options will be exercised at any future time.

(p) Directors interests in the proposed resolution

Each Director, as a recipient of the Options, has a material personal interest in the outcome of the Resolution that applies specifically to him.

No Director has a material personal interest in the outcome of Resolutions 5 to 7 other than in respect of the proposed issue of Options to him or his nominee.

(q) Directors' recommendations or reason for declining to make recommendations

Resolution 5:

Adam Sierakowski expresses no opinion and makes no recommendation in respect of the issue of the Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 5.

Each of the other Directors recommend that Shareholders vote in favour of the issue of the Options to Adam Sierakowski (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Options:

- (i) provides a long-term incentive to Mr Sierakowski linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment of Director's fees:
- (iii) recognises the contribution Mr Sierakowski has and will continue to make to the Company; and
- (iv) is necessary to reflect remuneration benefits payable to directors of other companies operating in the Company's industry and in an international business environment.

Resolution 6:

Steve Lowe expresses no opinion and makes no recommendation in respect of the issue of the Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 6.

Each of the other Directors recommend that Shareholders vote in favour of the issue of the Options to Steve Lowe (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Options:

- (i) provides a long-term incentive to Mr Lowe linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment of Director's fees;
- (iii) recognises the contribution Mr Lowe has and will continue to make to the Company; and
- (iv) is necessary to reflect remuneration benefits payable to directors of other companies operating in the Company's industry and in an international business environment.

Resolution 7:

Robert Ramsay expresses no opinion and makes no recommendation in respect of the issue of the Options to him (and/or his nominee) as he has a material personal interest in the outcome of Resolution 7.

Each of the other Directors recommend that Shareholders vote in favour of the issue of the Options to Robert Ramsay (and/or his nominee) for the reasons set out in this Explanatory Statement and on the basis that, in their opinion, the proposed issue of Options:

- (i) provides a long-term incentive to the Mr Ramsay linked to the future success of the Company;
- (ii) is a fair and reasonable alternative to additional cash payment of Director's fees;
- (iii) recognises the contribution Mr Ramsay has and will continue to make to the Company; and
- (iv) is necessary to reflect remuneration benefits payable to directors of other companies operating in the Company's industry and in an international business environment.

(r) Any other information that is reasonably required by the members to make a decision and that is known to the Company or any of its directors

Other than as set out in this Explanatory Statement, there is no further information which the Shareholders would reasonably require in order to decide whether or not it is in the Company's best interests to pass Resolutions 5 to 7 (inclusive).

7.5 ASX Listing Rule 10.11

ASX Listing Rule 10.11 provides that a company must not issue equity securities to a "related party" without the approval of holders of ordinary securities, or to a person whose relationship with the company or a related party of the company is, in ASX's opinion, such that approval should be obtained. Further, ASX Listing Rule 7.2 (Exception 14) states that approval pursuant to ASX Listing Rule 7.1 is not required if shareholder approval is obtained under ASX Listing Rule 10.11.

The Directors are related parties of the Company within the definition specified in ASX Listing Rule 19.12. Accordingly, Shareholder approval is sought under ASX Listing Rule 10.11 to permit the issue of 15,000,000 Options to the Directors and/or their nominees as related parties of the Company on the terms set out in this Explanatory Statement and Annexure B.

The issue of the Options under Resolutions 5 to 7 (inclusive) will not affect the capacity of the Company to issue securities in the next 12 months under ASX Listing Rule 7.1, as those Options (once issued) will be excluded from the calculations under ASX Listing Rule 7.1.

7.6 Technical Information – ASX Listing Rule 10.13

ASX Listing Rule 10.13 requires that the following information be provided to the Shareholders in relation to obtaining approval of Resolution 5 to 7 (inclusive) as an exception to ASX Listing Rule 10.11:

(a) The name of the allottee of the securities

- (i) Mr Adam Sierakowski and/or his nominee.
- (ii) Mr Steve Lowe and/or his nominee.
- (iii) Mr Robert Ramsay and/or his nominee.

(b) The maximum number of securities to be allotted and issued

A total of 15,000,000 Options will be issued as follows:

Desirient	Number of Options		
Recipient	Tranche 1	Tranche 2	
Adam Sierakowski and/or his nominee.	2,500,000	2,500,000	
Steve Lowe and/or his nominee.	2,500,000	2,500,000	
Robert Ramsay and/or his nominee.	2,500,000	2,500,000	
Total	7,500,000	7,500,000	

(c) The date of allotment and issue of the securities

The Options will be issued as soon as possible after the General Meeting and in any event, no later than 1 month after the General Meeting (or such later date to the extent permitted by any ASX waiver of the ASX Listing Rules).

(d) The relationship that requires Shareholder approval

Adam Sierakowski, Steve Lowe and Robert Ramsay are all related parties to the Company by virtue of being a Director.

(e) The issue price of the securities

The Options are issued for no cash consideration.

(f) The terms of the securities

The key terms of the Options to be issued under Resolutions 5 to 7 (inclusive) are set out in the following table:

	Tranche 1	Tranche 2
Expiry Date	36 months from the date of issue	48 months from the date of issue
Exercise Price	143% of the volume weighted average market price of the Company's Shares, calculated over the last 5 days on which sales in the Shares were recorded before the issue date	167% of the volume weighted average market price of the Company's Shares, calculated over the last 5 days on which sales in the Shares were recorded before the issue date
Shares Issued	Fully paid ordinary shares which rank equally with existing Shares on issue	Fully paid ordinary shares which rank equally with existing Shares on issue
Vesting Criteria	Immediately upon issue	Immediately upon issue

Full terms and conditions of the Options are set out in Annexure B.

(g) The intended use of the funds

No funds will be raised from the issue of the Options under Resolutions 5 to 7 (inclusive). The funds raised on exercise of these Options will be applied to working capital requirements of the Company at that stage or in any other manner that the Board considers appropriate at the relevant time. However there is no guarantee that any of the Options will be exercised at any future time.

8. OTHER INFORMATION

8.1 Scope of disclosure

The related party provisions of the Corporations Act require that this Explanatory Statement sets out all other information that is reasonably required by Shareholders in order to decide whether or not it is in the Company's interests to pass the Resolutions and which is known to the Company.

The Company is not aware of any relevant information that is material to the decision on how to vote on the Resolutions other than as is disclosed in this Explanatory Statement or by the Company by notification to the ASX.

8.2 Independent Expert's Report

BDO has prepared the Independent Expert's Report to give Shareholders a full understanding in relation to Resolutions 1 to 4 (inclusive) which deal with the extinguishment of the Yandal Liability and Creasy Liability and the acquisition of the Shepherd's Well Tenement and the Yarrie Tenements.

BDO, in its Independent Expert's Report states that in its opinion the issue of the Liability Shares, the Croydon Consideration Shares and the XFE Consideration Shares as contemplated by Resolutions 1 to 4 (inclusive) is not fair, but reasonable.

Shareholders are encouraged to carefully read the Independent Expert's Report to understand its scope, method of valuation, sources of information and assumptions made. The Board has reviewed and considered the Independent Expert's Report and has formed the view that it supports the approval of Resolutions 1 to 4 (inclusive).

8.3 Voting Exclusion Statements

The voting exclusion statements required by the ASX Listing Rules and other voting restrictions imposed by the Corporations Act are set out in the Notice of Meeting. This Explanatory Statement is to be read as if such statements and restrictions are also set out in full in the Explanatory Statement.

8.4 Voting intentions and interests of the Directors

At the date of this Explanatory Statement, each Director intends to exercise all votes attached to Shares controlled by him in favour of all Resolutions (subject to the voting exclusion statements and restrictions set out in the Notice of Meeting).

The number of Shares each Director or their Associates hold (directly or indirectly), and their percentage ownership is set out in the table below.

Director	Shares held directly	Shares held indirectly	Interest in Shares*
Adam Sierakowski	0	6,203,800 ¹	0.56%
Stephen Lowe	0	6,450,000 ²	0.53%
Robert Ramsay	0	0	0%
Total number of Shares held directly or indirectly by Directors	0	12,653,800	1.09%

^{*}Based on the total number of Existing Shares, being 1,102,743,654.

- 1 IML Holdings Pty Ltd, Trident Capital Pty Ltd, Warsaw Super Fund
- 2 Lantana Super Fund

Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

Annexure means an annexure to this Explanatory Statement.

ASIC means the Australian Securities and Investments

Commission.

Associate has the meaning set out in sections 11-17 of the

Corporations Act.

ASX means ASX Limited (ACN 008 624 691) trading as

the Australian Securities Exchange.

ASX Listing Rules means the ASX Listing Rules of the ASX.

Bankable Feasibility Study

or **BFS**

means a formal detailed study carried out in respect of the Tenement on terms and conditions set out in the Shepherd's Well Tenement Sale and

JV Agreement.

B&S Model has the meaning given to it in section 7.3 of this

Explanatory Statement.

Board means the board of Directors.

BDO means BDO Corporate Finance (WA) Pty Ltd

(ACN 124 031 045).

Buddadoo Metals Pty Ltd (ACN 123 476

764) owned by Yandal.

Buddadoo Agreement means the share sale and purchase agreement

between the Company, Yandal and Buddadoo 2 January 2012 as varied by a deed of variation

dated 16 July 2012.

Buddadoo Liability means the amount owing by the Company to

Yandal under the Buddadoo Agreement, as

described in sections 3.3 and 3.6.

Chair means the chair of the Meeting.

Corporations Act means the *Corporations Act 2001* (Cth).

Creasy Group means Yandal, Mark Creasy, Motwil, Croydon and

XFE all individually and combined.

Creasy Liability means the amount owing by the Company to

Creasy under the Zanthus Agreement, as

described in sections 3.5 and 3.6.

Croydon means Croydon Gold Pty Ltd (ACN 079 086 623).

Croydon Consideration Cash has the meaning given to it in section 4.2 of this

Explanatory Statement.

Croydon Consideration

Shares

has the meaning given to it in section 4.2 of this

Explanatory Statement.

Director a director of the Company.

Existing Shares means the 1,099,493,654 fully paid ordinary

Shares issued as at the date of the Notice of

Meeting.

Explanatory Statement means this Explanatory Statement accompanying

the Notice of Meeting.

General Meeting or Meeting means the general meeting of the Shareholders

convened by the Notice of Meeting.

Independent Expert's Report means the report by BDO and enclosed as

Annexure A.

KingX means KingX Pty Ltd (ACN 133 537 274).

KingX Agreement means the share sale and purchase agreement

between the Company, Yandal and Buddadoo dated 2 January 2012 as varied by a deed of

variation dated 16 July 2012.

KingX Liability means the amount owing by the Company to

Yandal under the KingX Agreement, as described

in sections 3.4 and 3.6.

Liability Shares means the Shares to be issued to Yandal and/or

Motwil as contemplated by Resolutions 1 and 2.

Mark Creasy means Mark Gareth Creasy.

Motwil means Motwil Pty Ltd (ACN 076 409 884).

Notice or Notice of Meeting means the notice convening the General Meeting

accompanying this Explanatory Statement.

Options means an option to acquire a Share to be issued

to the Directors (as contemplated by Resolutions 5 to 7 (inclusive)), the terms and conditions of which

are set out in Annexure B.

Resolution means a resolution to be considered at the

General Meeting or contained in the Notice of

Meeting.

Share means a fully paid ordinary share in the capital of

the Company.

Shareholder means a holder of a Share.

Shepherd's Well Tenement means exploration licence E08/2361 (known as

Shepherd's Well project).

Sale and JV Agreement

Shepherd's Well Tenement means the Shepherd's Well Tenement Sale and JV Agreement dated 4 October 2013 between the Company and Croydon as varied by the letter agreements dated 20 December 2013, 21 March

2014 and 23 July 2014.

Tranche 1 Option means an option to acquire a share on the terms

set out in Annexure B.

Tranche 2 Option means an option to acquire a share on the terms

set out in Annexure B.

WST Western Standard Time in Australia.

XFE means XFE Pty Ltd (ACN 084 350 765).

XFE Consideration Cash has the meaning given to it in section 5.2 of this

Explanatory Statement.

XFE Consideration Shares has the meaning given to it in section 5.2 of this

Explanatory Statement.

Yandal means Yandal Investments Pty Ltd (ACN 070 684

810).

Yandal Liability means the Buddadoo Liability and the KingX

Liability.

Yarrie Option has the meaning given to it in section 5.2 of this

Explanatory Statement.

means the option agreement dated 14 April 2014 **Yarrie Option Agreement**

between XFE as grantor and the Company as

grantee.

Yarrie Tenements means the exploration licence application 45/3727

and exploration licences E45/3725-I, E45/3728-I

and E45/4065.

Zanthus means Zanthus Resources Pty Ltd (ACN 077 454

963).

Zanthus Agreement means the share sale and purchase agreement

> between the Company, Motwil Zanthus and Creasy dated 2 January 2012 as varied by a deed

of variation dated 16 July 2012.

41 MG161314

PROXY FORM

Coziron Resources Limited ACN 112 866 869

I/We					
of					
L	being a member of Coziron Resources Limited ACN 112 866 869 enti- General Meeting, hereby	tled to atte	end and vote at	the	
Appoint					
	Name of Proxy				
OR	the Chair of the Annual General Meeting as your proxy				
vote in accorda	berson so named or, if no person is named, the Chair of the General Meeti ance with the following directions, or, if no directions have been given, ar sees fit, at the General Meeting to be held at 10.00 (WST) on 28 Octo	d subject	to the relevant la	ws	
Important for	Resolutions 5, 6 and 7 if the Chair is your proxy or is appointed as y	our proxy	by default.		
voting intentior vote on Resolu counted in calc direct the Cha	e box in this section, you are expressly authorising the Chair to vote in ns on Resolutions 5, 6 and 7. If you do not mark this box, and you have rutions 5, 6 and 7, the Chair will not cast your votes on Resolutions 5, 6 are culating the required majority if a poll is called on those Resolutions. If the lir how to vote by either marking the boxes in the section below (for stain' from voting) or by marking this box (in which case the Chair will vot	not directe od 7 and yo e Chair is example,	d your proxy how our votes will not your proxy you o if you wish to v	to be can ote	
col Clo an inte	We acknowledge that the Chair may exercise my/our proxy even though nnected directly or indirectly with the remuneration of a member of Key Mosely Related Parties and even if the Chair has an interest in the outco d that votes cast by the Chair, other than as proxy holder, would be erest. ands to vote all available proxies in favour of all Resolutions.	anagemer me of Res	nt Personnel or the solutions 5, 6 and	neir d 7	
OR					
Voting on Bus	siness of the Annual General Meeting	FOR	AGAINST	ABSTAIN	
Resolution 1	Approval of payment of consideration and issue of Shares to Yandal to extinguish the Yandal Liability pursuant to the Buddadoo Agreement and KingX Agreement				
Resolution 2	Approval of payment of consideration and issue of Shares to Mark Creasy to extinguish the Creasy Liability in the Zanthus Agreement				
Resolution 3	Approval of payment of consideration and issue of Shares to Croydon under the Shepherd's Well Tenement Sale and JV Agreement				
Resolution 4	Approval of payment of consideration and issue of Shares to XFE under the Yarrie Option Agreement				
Resolution 5	Approval of issue of Options to Adam Sierakowski				
Resolution 6	Approval of issue of Options to Steve Lowe				
Resolution 7	Approval of issue of Options to Robert Ramsay				
	mark the abstain box for a particular Resolution, you are directing yo a show of hands or on a poll and your votes will not to be counted in com				
If two proxies a	are being appointed, the proportion of voting rights this proxy represents is	3	%		
Signature of M	Member(s): Date:				
Individual or Me	Individual or Member 1 Member 2 Member 3				
ole Director/Con	npany Secretary Director	Director	/Company Secreta	iry	
Contact Name	e:Contact Ph (daytime):				

How to complete this Proxy Form

1 Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

2 Appointment of a Proxy

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chair of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

3 Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy please write the name of that person.

To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders

should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this

document with the company's share registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the

appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

6 Lodgment of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting ie. no later than 10.00am (WST) on Sunday, 26 October 2014. Any Proxy Form received after that time will not be valid for the scheduled meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be delivered to the Company's registered office or sent to PO Box Z5183, PERTH WA 6831 or sent by facsimile to the registered office on (08) 9218 8875.

Annexure A – Independent Expert's Report







Financial Services Guide

19 August 2014

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Coziron Resources Limited ('Coziron') to provide an independent expert's report on the proposal to issue shares and cash as consideration to extinguish the Yandal and Creasy Liability, acquire an interest in the Shepherd's Well Tenement and acquire an interest in the Yarrie Tenements. You will be provided with a copy of our report as a retail client because you are a shareholder of Coziron

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.



Financial Services Guide

Page 2

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$25,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other Assignments

BDO Corporate Finance (WA) Pty Ltd prepared an independent experts report for Coziron in July 2012, for a fee of \$30,000.

BDO Audit and Assurance (WA) Pty Ltd is the appointed Auditor of Coziron. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Coziron for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

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

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ('FOS'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service GPO Box 3 Melbourne VIC 3001

Toll free: 1300 78 08 08 Facsimile: (03) 9613 6399

Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.



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Appendix 1 - Glossary

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report prepared by Optiro Pty Ltd



38 Station Street Subiaco, WA 6008 PO Box 700 West Perth WA 6872 Australia

19 August 2014

The Directors Coziron Resources Limited Level 24, 44 St George's Terrace PERTH WA, 6000

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 17 April 2014 Coziron Resources Limited ('Coziron' or 'the Company') announced that it had entered into an agreement with entities controlled by Mark Creasy ('Creasy Group') to:

- 1. Issue approximately 66.67 million shares in order to extinguish the Yandal Liability and the Creasy Liability pursuant to the Buddaboo Agreement, the KingX Agreement and the Zanthus Agreement entered into on 2 January 2014. The total liability is approximately \$2.0 million. (Resolutions 1 and 2) ('Yandal Liability' and 'Creasy Liability').
- 2. Complete the purchase a 70% interest in the Shepherd's Well Tenement (Resolution 3). The consideration payable is:
 - 10 million fully paid ordinary shares in Coziron; and
 - b. Approximately \$121,483 in cash as reimbursement of expenditure on the development of the Shepherd's Well Tenement ('Shepherd's Well Acquisition').
- 3. Complete the purchase a 70% interest in the Yarrie Tenements (Resolution 4). The consideration payable is:
 - a. 100 million fully paid ordinary shares in Coziron; and
 - b. \$711,234 cash ('Yarrie Acquisition').

The above transactions are collectively referred to as the Transaction ('the Transaction'). All four resolutions are contingent on each other.

Our Report is required under the Australian Securities Exchange ('ASX') Listing Rule 10.1 and item 7 of section 611 of the Corporations Act 2001 Cth ('Corporations Act') for the reasons detailed below:

- As a result of the Transaction, the Company is acquiring substantial assets from the Creasy Group that are in excess of 5% of the net assets. The Creasy Group are considered to be a substantial holder as the group holds more than 10% of the Company's voting shares. As such, an independent expert's report is required under Listing Rule 10.1; and
- The Creasy Group currently holds over 20% of the issued capital in Coziron. As a result of the Transaction, the Creasy Group will increase its holding. As such, an independent expert's report is required under section 611 of the Corporations Act.



2. Summary and Opinion

2.1 Purpose of the report

The directors of Coziron have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Transaction is fair and reasonable to the non associated shareholders of Coziron ('Shareholders').

Our Report is prepared pursuant to section 611 of the Corporations Act and ASX Listing Rule 10.1. Our Report is to be included in the notice of meeting and explanatory memorandum document to be sent to all Shareholders ('Notice of Meeting') to assist the Shareholders in their decision whether to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC'), Regulatory Guide 74 'Acquisitions Approved by Members' ('RG 74') [For item 7 s611 reports, Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of a Coziron share prior to the Transaction compares the value of a Coziron share following the Transaction;
- Other factors which we consider to be relevant to the Shareholders in their assessment of Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to Shareholders.

In our opinion, the Transaction is not fair because the value of a Coziron share on a minority basis following the Transaction is lower than the value of a Coziron share on a controlling basis prior to the Transaction. However, we consider the Transaction to be reasonable because the advantages of the Transaction to Shareholders are greater than the disadvantages.

In particular, we consider the extinguishing of the Yandal and Creasy Liability to be most advantageous Shareholders as it allows the Company to continue to operate as a going concern.

We note that although the Transaction is not fair, a comparison of the value of a Coziron share prior to and following the Transaction on a like for like basis reflects that the Transaction is value accretive. The value of a Coziron share on a controlling basis following the Transaction is higher than the value of Coziron share on a controlling basis prior to the Transaction.



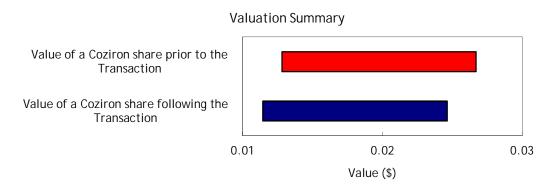
2.4 Fairness

In section 12 we determined that the value of a Coziron share prior to the Transaction is greater than the value of a Coziron share following the Transaction, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of a Coziron share on a controlling basis prior to the Transaction	Section 10.3	0.013	0.020	0.027
Value of a Coziron share on a minority basis following the Transaction	Section 11	0.011	0.018	0.025

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders.

We note that a comparison of the value of a Coziron share prior to and following the Transaction on a like for like basis reflects that the Transaction is value accretive. The value of a Coziron share on a controlling basis following the Transaction is higher than the value of a Coziron share on a controlling basis prior to the Transaction.

2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both:

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information we believe that the Transaction is reasonable for Shareholders.



The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES				
Section	Advantages	Section	Disadvantages	
13.4	The Yandal Liability and Creasy Liability is extinguished	13.5	The Transaction is not fair	
13.4	Shareholder's may benefit from the potential upside of the Shepherd's Well and Yarrie tenements being acquired	13.5	Dilution of Shareholders' interest	

Other key matters we have considered include:

Section	Description
13.1	Alternate proposals
13.2	Practical level of control
13.3	Consequences of not approving the Transaction

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.1

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed constitutes more than 5% of the equity interest of that entity at the date of the last audited accounts. Based on the reviewed accounts as at 31 December 2013, the value of the consideration paid for the relevant interests in the Yarrie Tenements and the Shepherd Tenement is more than 5% of the equity interest of Coziron.

Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party of the listed entity. The Creasy Group is considered a substantial shareholder of Coziron because it holds a relevant interest in more than 10% of the total votes attaching to Coziron's voting securities. As at the date of this report, the Creasy Group holds an interest of 60%.

Listing Rule 10.10.2 requires the Notice of Meeting for shareholders' approval to be accompanied by a report by an independent expert expressing their opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded in respect of the transaction non-associated shareholders.



Accordingly, an independent experts' report is required for the Yarrie Acquisition and the Shepherd's Well Acquisition. The report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of Coziron.

Section 611 of the Corporations Act

The current shareholders of the Creasy Group (and their associates) together own 60% of the shares in Coziron. Section 606 of the Corporations Act Regulations ('the Act') expressly prohibits the acquisition of further shares by a party who already holds (with associates) more than 20% of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Coziron, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The directors of Coziron have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that if a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid. In our opinion, the Transaction is a control transaction as defined by RG 111. Therefore, we have assessed the Transaction as a control transaction to consider whether it is fair and reasonable to Shareholders.

RG 111.55 to RG 111.63 provides guidance on the 'fair' and 'reasonable' test to be applied to related party transactions. These paragraphs suggest that, where an expert assesses whether a related party transaction is 'fair and reasonable' for the purposes of ASX Listing Rule 10.1, this should not be applied as a composite test — that is, there should be a separate assessment of whether the transaction is 'fair' and 'reasonable', as in a control transaction. An expert should not assess whether the transaction is 'fair and reasonable' based simply on a consideration of the advantages and disadvantages of the proposal.

RG 111.63 also states that, generally, an expert need only conduct one analysis of whether the transaction is 'fair and reasonable', even if the report has been prepared for a reason other than the transaction being a related party transaction (e.g. if item 7 of section 611 approval is also required).



3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities, the subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

When considering the value of the securities, in a control transaction, the expert should consider this value inclusive of a control premium. RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of a Coziron share prior to the Transaction and the value of a Coziron share following the Transaction (fairness see Section 12 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolutions, after reference to the value derived above (reasonableness see Section 13 'Is the Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

Yandal Liability & Creasy Liability

On 2 January 2012, Coziron entered into the Buddadoo Agreement, the KingX Agreement and the Zanthus Agreement. These Agreements were subsequently varied by Deeds of Variations dated 16 July 2012.

On 13 September 2012 a general meeting of Shareholders was held and the Shareholders approved the purchase of all of the issued shares in Buddadoo, KingX and Zanthus.

Pursuant to the terms and conditions of the Buddadoo Agreement, Coziron purchased 100% of the ordinary fully paid shares in Buddadoo from Yandal, which resulted in the issue of 117,346,667 shares to Yandal on 12 October 2012.

Pursuant to the terms and conditions of the KingX Agreement, Coziron purchased 100% of the ordinary fully paid shares in KingX from Yandal, which resulted in the issue of 104,480,000 shares to Yandal on 12 October 2012.



Pursuant to the terms and conditions of the Zanthus Agreement, Coziron purchased 100% of the ordinary fully paid shares in Zanthus from Motwil, which resulted in the issue of 278,173,333 shares to Motwil on 12 October 2012.

Under the agreements above, Coziron is not liable to pay the Yandal Liability and Creasy liability to the extent that it is greater than \$2 million.

The amount to be paid and the number of shares to be issued to the Creasy Group to extinguish the Yandal and Creasy liabilities are set out below.

	Principal	Interest	Total	Number of shares to be issued
Yandal Liability				
Buddadoo Agreement	\$565,697.15	\$59,912.84	\$625,609.99	20,853,666
KingX Agreement	\$267,011.00	\$28,279.07	\$295,290.07	9,843,002
Creasy Liability				
Zanthus Agreement	\$975,757.70	\$103,342.25	\$1,079,099.95	35,969,998
			\$2,000,000.01	
Total number of Coziron shares to be issued			66,666,666	

Shepherd's Well Acquisition

On 4 October 2013, Coziron entered into the Shepherd's Well Tenement Sale and JV Agreement with Croydon Gold Pty Ltd ('Croydon'), a company owned and controlled by Mark Creasy through the Creasy Group. Coziron will acquire a 70% interest in the Shepherd's Well Tenement and the mining information associated with the Shepherd's Well Tenement in consideration of:

- 10 million fully paid ordinary shares in Coziron; and
- Approximately \$121,483 in cash as reimbursement of expenditure on the development of the Shepherd's Well Tenement.

Yarrie Acquisition

On, 17 April 2014, Coziron announced that it had entered into an option agreement to acquire a 70% interest in the Yarrie Project from XFE Pty Ltd ('XFE'), a company making up part of the Creasy Group.

The option agreement grants Coziron the exclusive right to purchase a 70% interest in the Yarrie Project by spending \$230,000 to explore and conduct due diligence on the tenement. The option agreement expires on 30 September 2014.

In the event the option is exercised, the consideration payable by Coziron will be:

- 100 million fully paid ordinary shares in Coziron; and
- \$711,234 cash.



The table below shows the capital structure following the Transaction. Following the Transaction, the Creasy Group will hold approximately 66.56% of the shares on issue. The remaining Shareholders' interest will decrease from 38.80% to 33.44% if the Transaction is approved.

Post Transaction capital structure	Creasy Group	Other Shareholders	Total
Shares on issue at the date of this Report	674,857,000	427,886,654	1,102,743,654
% interest	61.20%	38.80%	100.00%
Shares to be issued under the Transaction Shares issued to extinguish the Yandal & Creasy liability Shepherd's Well Acquisition shares issued Yarrie Acquisition shares issued Total shares issued under the Transaction	66,666,666 10,000,000 100,000,000 176,666,666	- - - -	66,666,666 10,000,000 100,000,000 176,666,666
Shares on issue following the Transaction	851,523,666	427,886,654	1,279,410,320
% interest	66.56%	33.44%	100.00%



5. Profile of Coziron

5.1 History

Coziron was incorporated on 9 February 2005 and admitted to the ASX on 29 August 2006. Coziron is a mineral exploration company with most of its activities to date being primarily based in Western Australia. In September 2012, Coziron acquired the Yarraloola Iron Ore Project, the Buddadoo Iron Ore Project and the KingX-Earaheedy Manganese Project from the Creasy Group. The transaction was recorded as a share based payment whereby Coziron issued 500 million shares as consideration.

On 11 December 2012 the Company announced it had terminated the Cooperation Agreement with PT Galian Endapen Buena, related to its Indonesia prospects. In conjunction with the termination of this agreement Coziron disposed of its interest in its two subsidiary companies.

On 14 March 2014, Coziron completed a \$2.5 million placement with sophisticated investors. The funds are to be used to fund the exploration at its Yarraloola, Buddadoo and KingX Projects.

The current Board of Directors and senior management consists of:

- Adam Sierakowski Chairman & Director
- Stephen Lowe Director
- Robert Ramsay Director
- Stephen Hewitt-Dutton Company Secretary

Yarraloola Iron-ore Project

The Yarraloola Project Consists of seven contiguous exploration licences and two prospecting licences with a total area of 1456.3km². These cover the western part of the Hamersley Basin, adjacent parts of the Ashburton Trough and on-lapping younger sediments of the Carnarvon Basin.

The Yarraloola Project is located in a region which hosts established direct shipping iron-ore operations and developing magnetite mining and processing operations. Coziron has progressed a targeting programme on the tenement package selecting prospects for detailed ground-work with a focus on generating prospects for drilling.

Although iron ore is the focus of the tenements, Coziron is also reviewing and progressively sampling gold and metals based targets.

Buddadoo Project

The Buddadoo project is in the mid-west region of Western Australia located about 299 kilometres to the east of Geraldton and covers an area of 210km². The tenement covers part of the Gullewa Greenstone Belt and adjacent mafin and felsic intrusive systems. Most recently Coziron has advanced the planning of fieldwork.

King-X Manganese Projects

The KingX Manganese Project has applications and granted explorations licences covering an area of 2,986km² located in the Earaheedy Basis. During 2013, Coziron undertook airborne magnetic-radiometric surveys over 400km² which provided a new structural framework for the region and identify anomalies of manganese mineralisation.



Additionally in 2013 a soil and rock-chip sampling programme were initiated over a core manganese occurrence identified.

See Optiro's report in appendix 3 for further details on the projects.

5.2 Historical Balance Sheet

Statement of Financial Position	Unaudited as at 31-Mar-14	Reviewed as at 31-Dec-13	Audited as at 30-Jun-13
	\$	\$	\$
CURRENT ASSETS			
Cash and cash equivalents	1,872,621	94,066	919,629
Trade and other receivables	4,000	88,739	74,826
Other receivables	20,376	-	-
Prepayments	93,275	54,396	-
Deferred capital raising costs		-	-
TOTAL CURRENT ASSETS	1,990,272	237,201	994,455
NON-CURRENT ASSETS			
Exploration assets	12,744,804	12,744,804	12,744,804
Property, plant and equipment	41,286	41,286	44,091
TOTAL NON-CURRENT ASSETS	12,786,090	12,786,090	12,788,895
TOTAL ASSETS	14,776,362	13,023,291	13,783,350
CURRENT LIABILITIES			
Trade and other payables	(141,001)	(2,718,347)	(2,883,893)
Administration accruals	(81,808)	-	(=/555/515/ -
Creasy Payable	(2,000,000)	-	<u>-</u>
TOTAL CURRENT LIABILITIES	(2,222,809)	(2,718,347)	(2,883,893)
TOTAL LIABILITES	(2,222,809)	(2,718,347)	(2,883,893)
		, , , ,	,
NET ASSETS	12,553,553	10,304,944	10,899,457
EQUITY			
Share capital	40 / 44 0/0	47.050.000	47,050,000
Accumulated losses	18,644,262	16,252,200	16,252,200
Other	(5,868,764)	(5,947,256)	(5,352,743)
TOTAL EQUITY	(221,945)	-	-
TOTAL LQUITT	12,553,553	10,304,944	10,899,457

Source: Coziron's Resources Limited Annual Financial report for the years ended 30 June 2013, 30 June 2012, reviewed financial report for the half year ended 31 December 2013, and 31 March 2014 management accounts.



We note that Coziron's auditor issued an Emphasis of Matter paragraph in the review report in the financial statements for the half year ended 31 December 2013. The auditor outlined the existence of material uncertainty relating to the Company's ability to raise additional funds, successful exploration and exploitation of the consolidated entity's tenements, and /or the sale of non-core assets which may cast significant doubt over the Company's ability to continue as a going concern.

The auditor also expressed an Emphasis of Matter to similar effect in the audit report dated 27 September 2013 relating to the financial year ended 30 June 2013.

We have not undertaken a review of Coziron's unaudited management accounts in accordance with Australian Auditing and Assurance Standard 2405 'Review of Historical Financial Information' and do not express an opinion on this financial information. However nothing has come to our attention as a result of our procedures that would suggest the financial information within the management accounts has not been prepared on a reasonable basis.

We note the following in relation to Coziron's Statement of Financial Position:

- Between 30 June 2012 and 30 June 2013, cash and cash equivalents decreased by \$2.29 million from \$3.20 million to \$0.92 million. The increase is primarily attributable to the Company incurring significantly higher exploration expenditure across its three projects.
- As at 31 March 2014, cash and cash equivalents is significantly higher at \$1.87 million as a result of the Company completing a capital raising of \$2.5 million at \$0.02 per share on 27 March 2014. The funds raised will be used to accelerate the Company's projects, in particular the Yarraloola Iron Ore Project.
- Exploration assets relates to the acquisition of the Zanthus Resources Pty Ltd, KingX Pty Ltd, Buddadoo Metals Pty Ltd and related tenements during FY13.
- Trade and other payables decreased by over \$2.5 million between 31 December 2013 and 31 March 2014 due to a reclassification of the Creasy liability and a reduction in the creditors balance following the receipt of \$2.5 million from the recent placement.
- Creasy payable of \$2 million as at 31 March 2014 is the Yandal and Creasy Liability.
- Share Capital increased from \$3.25 million at 30 June 2012 to \$16.25 million at 30 June 2013 as a result of 20.67 million shares issued at an issue price of \$0.10 to sophisticated and professional investors on 20 September 2012, along with 500 million shares issued at \$0.022 per share as part of the acquisition of Zanthus Resources Pty Ltd, KingX Pty Ltd, and Buddadoo Metals Pty Ltd on 12 October 2012.



5.3 Historical Statement of Comprehensive Income

Statement of Comprehensive Income	Unaudited for the nine months ended 31-Mar-14	Reviewed for the six months ended 31-Dec-13	Audited for the year ended 30-Jun-13 \$
Revenue			
Revenue from continuing operations	2,494	1,426	46,006
Gain on deconsolidation of subsidiary	· -	, -	148,000
Expenses			,
Exploration costs	(271,119)	(243,000)	(1,303,337)
Employee benefits expense	· · · · · · · · · · · · · · · · · · ·	(67,000)	、
Interest expense	(2,421)	(24)	(221,987)
Depreciation and amortisation	(2,805)	(2,805)	(3,664)
Administration costs	(40,330)	(39,322)	(74,736)
Compliance and professional fees	(297,618)	(222,788)	(559,360)
Occupancy costs	(27,000)	(21,000)	(40,000)
Stamp duty on acquisition of subsidiaries	-	-	(650,000)
Directors' fees	(99,167)		(148,358)
Impairment of exploration assets	-	<u>-</u>	-
Loss from continuing operations before income tax	(737,966)	(594,513)	(2,807,436)
Income tax expense	_	-	-
Total comprehensive loss for the year	(737,966)	(594,513)	(2,807,436)

Source: Coziron's Resources Limited Annual Financial report for the years ended 30 June 2013, 30 June 2012, reviewed financial report for the half year ended 31 December 2013, and 31 March 2014 management accounts.

We note the following in relation to Coziron's Historical Statement of Comprehensive Income:

- Revenue comprises of interest income, with the decrease in revenue between the year ended 30 June 2012 and 30 June 2013 arising from a reduction in cash held.
- Gain on deconsolidation of subsidiary for the year ended 30 June 2013 relates to the Company disposing of its interest in its two subsidiaries, PT Coziron Copper International and PT Coziron Pertambangan on 11 December 2012.
- Stamp duty on acquisition of subsidiaries for the year ended 30 June 2013 relates to the stamp duty paid on acquisition of Zanthus Resources Pty Ltd, KingX Pty Ltd, and Buddadoo Metals Pty Ltd.
- Impairment of Intangible Assets for the year ended 30 June 2012, relates to the Agam Iron Sand Project, which was subject to contractual requirements to undertake continuous work throughout the period. As a result, the Company impaired the exploration asset and exploration expenditure during the reporting period as there were no plans to undertake further exploration activity. On 11 December 2012, Coziron withdrew from the Agam Sands Project to focus on its Western Australian projects.



5.4 Capital Structure

The share structure of Coziron as at 7 August 2014 is outlined below:

	Number
Total ordinary shares on issue	1,102,743,654
Top 20 shareholders	895,564,117
Top 20 shareholders - % of shares on issue	81.21%
Source: Security Transfer Registrars	

The range of shares held in Coziron as at 7 August 2014 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	26	14,161	0.00%
1,001 - 5,000	152	674,754	0.06%
5,001 - 10,000	73	606,556	0.06%
10,001 - 100,000	218	7,939,520	0.72%
100,001 - and over	233	1,093,508,663	99.16%
TOTAL	702	1,102,743,654	100.00%

Source: Security Transfer Registrars

The ordinary shares held by the most significant shareholders as at 7 August 2014 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Yandal Investments Pty Ltd	396,683,667	35.97%
Motwil Pty Ltd	278,173,333	25.23%
Nefco Nominees Pty Ltd	40,500,000	3.67%
JP Morgan Nominees Australia Limited	22,729,148	2.06%
Lecard Pty Ltd	19,550,000	1.77%
Top 5 Subtotal	757,636,148	68.70%
Others	345,107,506	31.30%
Total ordinary shares on Issue	1,102,743,654	100.00%

Source: Security Transfer Registrars



6. Profile of the Creasy Group

6.1 History

The Creasy Group is the name given to the group of companies controlled by Mark Creasy. Mark Creasy is a mining engineer and prospector. Currently, through his principal investment company, Yandal Investments Pty Ltd and Legend Mining Ltd, the Creasy Group owns 17.38% of the ordinary shares in Sirius.

In addition to the investment in Sirius Resources NL, Yandal Investments holds interests in Antipa Minerals Ltd, Azure Minerals Limited, Central Rand Gold Limited, Coziron Resources Ltd, Helix Resources Ltd, Kairiki Energy Limited, Legend Mining Ltd, Platina Resources Limited, Talga Resources Limited and Windward Resources Limited.

Recent significant transactions undertaken by the Creasy Group include:

- On 17 October 2013, Windward Resources Limited completed the acquisition of a 70% interest from the Creasy Group in the Fraser Range North and Fraser Range South projects. The Creasy Group retained a 30% free carry interest in the projects up to the completion of any Bankable Feasibility Study;
- On 5 August 2013, Orion Gold NL announced that it had entered into an agreement to acquire from the Creasy Group a 70% interest in a portfolio tenements located in Western Australia's Fraser Range Belt. The transaction would enable the Creasy Group to increase its interest in Orion Gold NL to 11%;
- On 3 January 2012, Coziron Resources Limited announced that it had entered into an agreement with the Creasy Group, specifically the entities Motwil Pty Ltd and Yandal Investments Pty Ltd, to acquire three major resource projects in the Hamersley Basin, Midwest region and Earaheedy Basins of Western Australia. The Creasy Group increased its interest in Coziron Resources Limited from 36.80% to 69.21% as a result of the transaction.

More information on the Creasy Group and associated entities can be found in the Notice of Meeting.

6.2 Projects being acquired

Shepherd's Well Project

The Shepherd's Well Project is a northerly extension of Coziron's current Yarraloola project. The Shepherds Well Project is a 192.2 square kilometre exploration license located 65 kilometres southwest of Karratha in Western Australia.

The Shepherds Well Project is prospective for iron ore.

Yarrie Project

The Yarrie Project, located in the North Pilbara region of Western Australia, is held by XFE Pty Ltd ('XFE'), a company controlled by Mark Creasy. The Yarrie Project consists of four contiguous exploration licences and one application covering a total of 1,022.2 square kilometres.

The Yarrie tenements are largely underexplored. The Yarrie Project is adjacent to BHP's Yarrie, Goldsworthy, Nimingarra and Shay Gap mines and is prospective for high grade iron ore.

See Optiro's report in appendix 3 for further details on the projects.



7. Economic analysis

Growth in the global economy is continuing at a moderate pace, helped by firmer conditions in the advanced countries. China's growth remains generally in line with policymakers' objectives. Commodity prices in historical terms remain high, but some of those important to Australia have declined this year.

Financial conditions overall remain very accommodative. Long-term interest rates and risk spreads remain very low. Emerging market economies are receiving capital inflows. Volatility in many financial prices is currently unusually low. Markets appear to be attaching a very low probability to any rise in global interest rates, or other adverse event, over the period ahead.

In Australia, growth was firmer around the turn of the year, but this resulted mainly from very strong increases in resource exports as new capacity came on line; smaller increases in such exports are likely in coming quarters. Moderate growth has been occurring in consumer demand. A strong expansion in housing construction is now under way. At the same time, resources sector investment spending is starting to decline significantly. Signs of improvement in investment intentions in some other sectors are emerging, but these plans remain tentative as firms wait for more evidence of improved conditions before committing to significant expansion. Public spending is scheduled to be subdued. Overall, the Bank still expects growth to be a little below trend over the year ahead.

There has been some improvement in indicators for the labour market this year, but it will probably be some time yet before unemployment declines consistently. Recent data showed an increase in inflation, with both headline and underlying measures affected by the decline in the exchange rate last year. But growth in wages has declined noticeably and is expected to remain relatively modest over the period ahead, which should keep inflation consistent with the target even with lower levels of the exchange rate.

Monetary policy remains accommodative. Interest rates are very low and for some borrowers have continued to edge lower over recent months. Savers continue to look for higher returns in response to low rates on safe instruments. Credit growth has picked up a little, including most recently to businesses. The increase in dwelling prices has been slower this year than last year, though prices continue to rise. The exchange rate remains high by historical standards, particularly given the declines in key commodity prices, and hence is offering less assistance than it might in achieving balanced growth in the economy.

Looking ahead, continued accommodative monetary policy should provide support to demand and help growth to strengthen over time. Inflation is expected to be consistent with the 2-3 per cent target over the next two years.

In the Board's judgement, monetary policy is appropriately configured to foster sustainable growth in demand and inflation outcomes consistent with the target. On present indications, the most prudent course is likely to be a period of stability in interest rates.

Source: www.rba.gov.au Statement by Glenn Stevens, Governor: Monetary Policy Decision 5 August 2014



8. Industry analysis

8.1 Overview

Iron ores are rocks from which metallic iron can be economically extracted. The principal iron ores are hematite (Fe_2O_3) and magnetite (Fe_3O_4).

Hematite is a pure iron oxide mineral, with pure hematite mineral containing 69.9 % iron. Hematite ores dominate the world production of iron ores with approximately 96% of Australia's iron ore exports being high grade hematite. High grade hematite ore involves a relatively simple crushing and screening process before being exported. Australia's hematite averages from 56% to 62% iron.

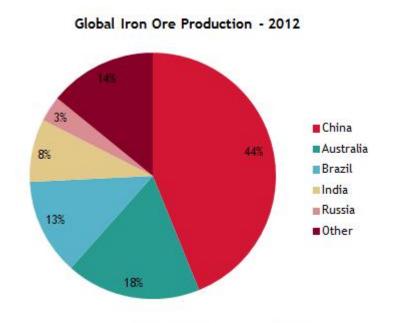
Magnetite is an iron oxide mineral containing 72.4% iron. While the iron ore content is higher than hematite, the presences of impurities results in a lower ore grade, making it more costly to produce the concentrates.

Iron is the world's most used metal with approximately 98% of world iron ore production being used to make steel. It is primarily used in structural engineering, automobiles and other general industrial applications. Commercial development of iron ore deposits are largely constrained by the position of the iron ore relative to its market and the cost of establishing proper transportation infrastructure such as ports and railways.

There are three main categories of iron ore exports:

- Fines: fines are the smallest size category and typically have a granular size less than 9.50mm. They are the most heavily traded category of iron ore;
- Lump Ore: lump ore consists of golf ball sized pieces, and generally has a higher iron content than fines: and
- Pellets: particle sizes range from 9.50mm to 16.00mm. Pellets are made by agglomeration of finely ground and concentrated ore.

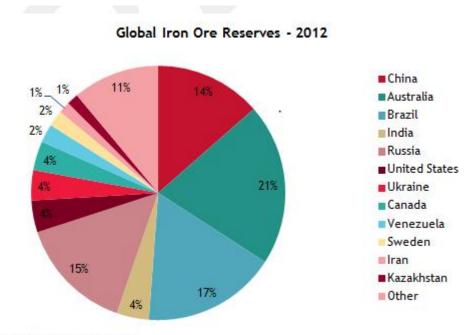
In 2012, an estimated 3 billion metric tonnes of iron ore was produced. The chart below shows the countries in which the majority of iron ore was produced in 2012:



Source: US Geological Survey



The chart below shows the location of the world's iron ore reserves, the majority of which are located in Australia:



Source: US Geological Survey

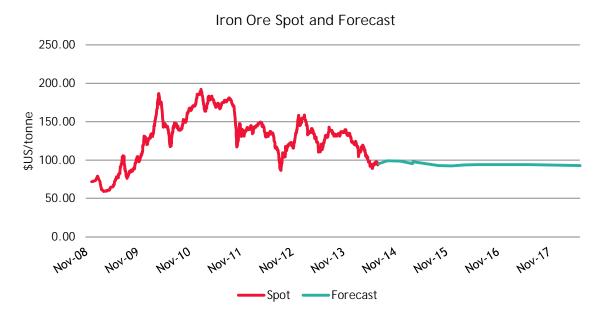
8.1 Global Market

Recent trends show a majority of the demand for iron ore being sourced from China, which has led some analysts to believe that Chinese steel demand has peaked after reaching and exceeding levels experienced by some of the largest OECD countries. There is however, still considerable scope for an expansion in steel consumption in China's interior and more distant provinces albeit at a slower rate compared to the larger Chinese cities such as Beijing and Tianjin. The central government is focusing its attention on developing these outer parts of China, and with the expansion of business to these areas to take advantage of low cost labour, it is inevitable that Chinese demand for iron ore will continue to expand. Other countries such as Brazil, India and Indonesia are likely to follow on China's development path, albeit on a smaller scale.



8.2 Price Trends

Historical iron ore prices and forecasts to 2017 are illustrated in the chart below.



Source: Bloomberg, BDO Analysis and Consensus Economics

8.3 Historical prices

The sharp increase in iron ore price movements from March 2009 was marked by a surge in Chinese, Japanese and Korean steel mill demand. During that period, annual iron ore price contracts increased by 65% to 97% compared to the previous year. Iron ore prices subsequently fell during the global financial crisis with a reduction in world market sentiment and hence demand for iron ore. April 2010 saw an increase in price as miners moved to quarterly pricing and global economies began to recover.

Additionally, iron ore experienced a sharp rise in price in mid-2010 when Indian state Karnataka banned all iron ore exports. India is currently the world's third largest iron ore supplier with approximately a quarter of its 100+ million tonnes of exports originating from Karnataka. The iron ore price increased in mid 2011 on the back of anticipated ore shortages which prompted restocking by the world's larger steel mills. The above observed decline in the iron ore price in late 2011 can be attributable to the slow in Chinese ore demand. Chinese imports decreased at the end 2011 which is reflective of falling steel prices over the same period.

Iron ore prices fluctuated between US\$110.4 and US\$158.9 in May 2013 and February 2013 respectively. After the decrease in prices in May, iron ore prices recovered in July 2013. The increase in the price of iron ore was driven by heavy steel re-stocking in China following improvements in the Chinese property sector and miscalculations from Chinese steel makers. Steel makers often run down their stockpiles in the hope that the price of steel will fall and they can buy at a cheaper rate, however when the price did not fall the steel makers were caught out and had to purchase significant amounts of steel. This increased demand caused the price to rise during July 2013. Adding to this increase in demand was a decrease in supply as bad weather in Brazil slowed production.



In October 2013 through to December 2013, global iron ore prices stabilised with a monthly average range of US\$133-US\$137. Weaker iron ore prices compared to those recorded in July 2013 and August 2013 was driven by a slowdown in steel production and consumption in China. According to the World Steel Organisation, pig iron production in China fell by 6 million tonnes in November to 53 million tonnes, representing the lowest level since November 2012.

At the beginning of 2014, global iron ore prices fell to US\$110, and in May 2014, iron ore prices dropped below US\$100 for the first time in almost two years. Factors behind the decrease were predominantly due to the slowdown in steel production in China along with a large oversupply of iron ore.

Inventories at ports in China were at record levels, increasing from 84 million tomes to a two year high of 106 million tonnes. The slowdown in steel consumption in China was influenced by a number of drivers including a fall in GDP growth, tightening of credit policy which resulted in increased borrowing costs for iron ore buyers and a drop in China's Purchasing Managers' Index.

8.4 Forecast prices

The iron ore price closed at US\$95.20 on 1 August 2014. Iron ore prices are forecast to trend downwards over the coming years and are expected to fall below US\$100 per metric tonne in 2017. Despite the fact Indian iron ore production is expected to decrease due to restrictions on mining, the largest producers have all proceeded with a number of expansions. While Chinese steel smelting companies will continue to require high iron ore volumes to meet demand, higher production and output from Australian mines along with increases in output from Brazil and West Africa are expected to lead to oversupply and weakened prices.



9. Valuation approach adopted

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

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment such as a Resource Multiple

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. A summary of each of these methodologies is outlined in Appendix 2.

RG 111.53 states that where the related party transaction is one component of a broader transaction, the expert should carefully consider what level of analysis of the related party aspect is required. In consideration of this, the expert should bear in mind whether the report has been sought to ensure that members are provided with sufficient information to decide whether to approve giving a financial benefit to the related party as well as the broader transaction. As such, our assessment of the fairness of the Transaction utilises the valuation methodology predicated by the requirement of our report under section 611. We have considered how the value of a Coziron share prior to Transaction compares to the value of a Coziron share following the Transaction.

Under RG 111.31, we are required to assess the value of a Coziron share prior to the Transaction on a controlling interest basis and the value of a Coziron share following the Transaction on a minority basis.

9.1 Valuation of a Coziron share prior to the Transaction

In our assessment of the value of Coziron prior to the Transaction, we have chosen to employ the following methodologies taking into account Coziron's relevant interests in its various exploration projects:

- NAV method, as our primary method, which estimates the market value of a company by separately
 valuing each asset and liability of the company. The value of each asset may be determined using
 different methods; and
- QMP approach as our secondary approach.

We have chosen these methodologies for the following reasons:

- Coziron's most significant assets are its exploration assets therefore the net asset value method is appropriate. We have appointed Optiro Pty Ltd ('Optiro') to provide a specialist valuation of the mineral assets. Optiro's report is prepared in accordance with the Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ('the Valmin Code') and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('JORC Code'). See appendix 3 for Optiro's full report;
- Coziron is listed on the ASX. This provides an indication of the market value where an observable market for the securities exists;
- Coziron does not generate regular trading income. Therefore there are no historic profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate;



• Coziron has no immediate future net cash inflows and therefore the application of DCF is not appropriate. A DCF can only be applied to mining projects where reasonable grounds under RG 170 exist. The minimum level of confidence required to satisfy this is for ore Reserves to be declared.

9.2 Valuation of a Coziron following the Transaction

In our assessment of the value of Coziron following the Transaction, we have chosen to employ the net asset method. We have adjusted the net asset value of Coziron for prior to the Transaction to take into the effect the balance sheet adjustments as a result of the Transaction.

We have appointed Optiro to provide a specialist valuation of the Shepherd's Well Project and the Yarrie Project that Coziron is acquiring as part of the Transaction. Optiro's report is prepared in accordance with the Valmin Code and the JORC Code. See appendix 3 for Optiro's full report;



10. Valuation of Coziron prior to the Transaction

10.1 Net Asset Valuation of Coziron

The value of Coziron's assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position	Note	Unaudited as at 31-Mar-14 \$	Adjusted value Iow \$	Adjusted value preferred \$	Adjusted value high \$
CURRENT ASSETS					
Cash and cash equivalents Trade and other		1,872,621	1,872,621	1,872,621	1,872,621
receivables		4,000	4,000	4,000	4,000
Other receivables		20,376	20,376	20,376	20,376
Prepayments		93,275	93,275	93,275	93,275
TOTAL CURRENT ASSETS	-	1,990,272	1,990,272	1,990,272	1,990,272
NON-CURRENT ASSETS					
Exploration assets Property, plant and	а	12,744,804	14,300,000	22,000,000	29,600,000
equipment		41,286	41,286	41,286	41,286
TOTAL NON-CURRENT	-				
ASSETS TOTAL ASSETS	-	12,786,090	14,341,286	22,041,286	29,641,286
TOTAL ASSETS	-	14,776,362	16,331,558	24,031,558	31,631,558
CURRENT LIABILITIES					
Trade and other payables		(141,001)	(141,001)	(141,001)	(141,001)
Administration accruals		(81,808)	(81,808)	(81,808)	(81,808)
Creasy Payable	_	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
TOTAL CURRENT LIABILITIES		(2,222,809)	(2,222,809)	(2,222,809)	(2,222,809)
TOTAL LIABILITES	-	(2,222,809)	(2,222,809)	(2,222,809)	(2,222,809)
Value of Coziron		_	14,108,749	21,808,749	29,408,749
Number of shares on issue	b	_	1,102,743,654	1,102,743,654	1,102,743,654
Value per Coziron share		_	0.013	0.020	0.027

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of Coziron since 31 March 2014. The table above indicates the net asset value of a Coziron share is between \$0.013 and \$0.027, with a preferred value of \$0.020.

The following adjustments were made to the net assets of Coziron as at 31 March 2014 in arriving at our valuation.



Note a: Valuation of Coziron's mineral assets

We instructed Optiro to provide an independent market valuation of the exploration assets held by Coziron. Optiro considered a number of different valuation methods when valuing the exploration assets of Coziron. Optiro applied the Comparable Transaction method and Geoscientific rating method to value the mineral assets. We consider these methods to be appropriate given the stage of development of Coziron's exploration assets.

The range of values for each of Coziron's exploration assets as calculated by Optiro is set out below:

Mineral Assets		Low	Preferred	High
	Interest	\$'m	\$'m	\$'m
Yarraloola	85%	9.8	15.3	20.8
Buddadoo	85%	0.4	0.7	1.0
Earaheedy	85%	4.1	6.0	7.8
Total value		14.3	22.0	29.6

Source: Optiro's report (Appendix 3)

The table above indicates a range of values between \$14.3 million and \$29.6 million, with a preferred value of \$22.0 million.

Note b: Number of shares on issue

Coziron currently has 1,102,743,654 shares on issue.

10.2 Quoted Market Prices for Coziron Securities

To provide a comparison to the valuation of Coziron in Section 10.1, we have also assessed the quoted market price for a Coziron share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst Creasy Group will not be obtaining 100% of Coziron, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the quoted market price of a Coziron share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority



interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of a Coziron share is based on the pricing prior to the announcement of the Transaction. This is because the value of a Coziron share after the announcement may include the affects of any change in value as a result of the Transaction. However, we have considered the value of a Coziron share following the announcement when we have considered reasonableness in Section 13.

Information on the Company's acquisition of a 70% interest in the Yarrie Project was announced to the market on 17 April 2014 and therefore the following chart provides a summary of the share price movement over the 12 months to 16 April 2014, which was the last full trading day prior to the announcement.



CZR share price and trading volume history

Source: Bloomberg

The daily price of Coziron shares for the 12 months prior to 16 April 2014 has ranged from a low of \$0.02 on 24 December 2013 to a high of \$0.07 on 3 May 2013. During this period, there were many days in which no shares were traded. The most significant trading volumes were experienced in the months October 2013 and April 2014. The highest single day of trading was on 4 October 2013, where 2,850,000 shares were traded.



During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement \$ (movement)		Following Price Three Following After Announcement Announcem		e Days ment	
27/03/2014	Finalisation of Placement and Appendix 3B	0.027)	0.0%	0.027)	0.0%
14/03/2014	Reinstatement to Official Quotation	0.027	→	0.0%	0.027	•	0.0%
14/03/2014	COMPLETION OF \$2.5 MILLION CAPITAL RAISING	0.027	•	0.0%	0.027	•	0.0%
13/03/2014	Suspension from Official Quotation	0.027	•	0.0%	0.027	•	0.0%
11/03/2014	Trading Halt	0.027	•	0.0%	0.027	•	0.0%
31/01/2014	Quarterly Cashflow Report - Corrected	0.027	•	22.9%	0.027	•	0.0%
31/01/2014	Quarterly Activities Report	0.027	•	22.9%	0.027	•	0.0%
31/01/2014	Quarterly Cashflow Report	0.027	•	22.9%	0.027	•	0.0%
31/10/2013	Quarterly Cashflow Report	0.035	•	0.0%	0.030	•	14.3%
31/10/2013	Quarterly Activities Report	0.035	•	0.0%	0.030	•	14.3%
8/10/2013	Acquisition of Additional Creasy Group Iron Ore Land Package	0.042	•	40.0%	0.045	•	7.1%
31/07/2013	Quarterly Cashflow Report	0.045	•	0%	0.045	•	0%
31/07/2013	Quarterly Activities Report	0.045	•	0%	0.045	•	0%
29/07/2013	Buddadoo Project - Exploration Update	0.045	•	0%	0.045	•	0%
2/07/2013	Earaheedy Project Field Results	0.055	•	0%	0.045	•	18%
30/04/2013	Quarterly Cashflow Report	0.070	•	0%	0.070	•	0%
30/04/2013	Quarterly Activities Report	0.070	•	0%	0.070	•	0%

Source: Bloomberg

On 2 July 2013, the Company released an update on its Baigang Manganese Project in Earaheedy Basin, Western Australia. Results from the exploration activity identified manganese mineralisation with rock chips reporting manganese to 41.5%. On the day of the announcement, the Company's share price remained unchanged; however fell by 18% to \$0.045 in the three days subsequent. Given the positive nature of the announcement, we consider this an unexplained price movement.



On 8 October 2013, Coziron announced that it had successfully executed a contract to acquire a 70% interest in the Shepherd Well Project from Creasy Group entity. On the day of the announcement, the share price increased by 40% to \$0.042, and continued to increase in the three days subsequent by 7.1% to \$0.045.

On 1 January 2014, the Company released its Quarterly Activities and Cashflow report for 31 December 2013. The Company noted that during December 2013, it had entered into a non-binding mandate in which it would receive \$2 million by 31 January 2014.

The Company noted in the activity report that it was still awaiting for the initial investment. Furthermore, the Company also outlined that several strategic investors who had expressed interest in investing in Coziron have withdrawn their interest due to challenging economic conditions. On the day of the release, the share price fell by 22.9% to \$0.035.

To provide further analysis of the market prices for a Coziron share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 16 April 2014.

Share Price per unit	16-Apr-14	10 Days	30 Days	60 Days	90 Days
Closing price	\$0.025				
Volume weighted average price (VWAP)		\$0.024	\$0.025	\$0.025	\$0.025

Source: Bloomberg, BDO analysis

The above weighted average prices are prior to the date of the announcement of the acquisition of a 70% interest in Yarrie tenements to avoid the influence of any increase in price of Coziron shares that has occurred since the acquisition of the 70% interest in the Yarrie tenements was announced.

An analysis of the volume of trading in Coziron shares for the twelve months to 16 April 2014 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.025	\$0.025	21,528	0.00%
10 Days	\$0.023	\$0.026	2,189,528	0.20%
30 Days	\$0.023	\$0.027	3,189,528	0.29%
60 Days	\$0.023	\$0.035	3,204,528	0.29%
90 Days	\$0.020	\$0.035	4,564,528	0.42%
180 Days	\$0.020	\$0.047	9,344,352	0.85%
1 Year Source: Bloomberg, BDO analysis	\$0.020	\$0.070	10,746,152	0.98%

This table indicates that Coziron's shares display a low level of liquidity, with less than 1% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

Regular trading in a company's securities;



- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Coziron, we do not consider there to be a deep market for the Company's shares due to the low level of shares traded over the twelve month period.

Our assessment is that a range of values for Coziron shares based on market pricing, after disregarding post announcement pricing, is between \$0.023 and \$0.027.

Control Premium

We have reviewed the control premiums paid by acquirers of mining companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (A\$m)	Average Control Premium (%)
2013	13	56.43	55.41
2012	19	135.78	42.67
2011	20	634.68	31.40
2010	23	755.97	45.04
2009	29	86.80	39.23
2008	8	553.76	38.87
	Median	344.77	40.95
	Mean	370.57	42.10

Source: Bloomberg, BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates that there has been an increasing trend of control premia paid by acquirers of mining companies since 2008. The long term average of announced control premium paid by acquirers of general mining targets in Australia is in excess of 40%.



In the case of Coziron, we believe an appropriate control premium would be lower than the long term average of 40.95%. Based on our considerations set out above, we believe that an appropriate control premium to apply in our valuation of Coziron's shares is between 30% and 40%.

Quoted market price including control premium

Applying a control premium to Coziron's quoted market share price results in the following quoted market price value including a premium for control:

	Low	Midpoint	High
	\$	\$	\$
Quoted market price value	0.023	0.025	0.027
Control premium	30%	35%	40%
Quoted market price valuation including a premium for control	0.030	0.034	0.038

Source: BDO analysis

Therefore, our valuation of a Coziron share based on the quoted market price method and including a premium for control is between \$0.030 and \$0.038, with a midpoint value of \$0.034.

10.3 Assessment of Coziron's value

The results of the valuations performed are summarised in the table below:

	Low \$	Preferred \$	High \$
Net assets value (Section 10.1)	0.013	0.020	0.027
Quoted market price value (Section 10.2)	0.030	0.034	0.038

Source: BDO analysis

We do not consider the QMP value per share to be a reliable method to value Coziron due to the illiquidity and infrequent trading of its shares. Due to the high level of illiquidity it is not appropriate to imply that QMP reflects the overall market view of the value of the Company as the individual circumstances and views of less than 1% of the Shareholders is not likely to reflect that of the remaining Shareholders in a statistically valid way. We consider the net asset methodology to be the most reflective of the value of a Coziron share.

Based on the results above we consider the value of a Coziron share to be between \$0.013 and \$0.027, with a preferred value of \$0.020.



11. Valuation of Coziron following the Transaction

The value of Coziron's assets following the Transaction and on a going concern basis is reflected in our valuation below:

Statement of Financial		Unaudited as at	Adjusted value	Adjusted value	Adjusted value
Position	Note	31-Mar-14 \$	low \$	preferred \$	high \$
CURRENT ASSETS	.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	Ψ	Ψ	Ψ	Ψ
Cash and cash equivalents Trade and other	а	1,872,621	809,904	809,904	809,904
receivables		4,000	4,000	4,000	4,000
Other receivables		20,376	20,376	20,376	20,376
Prepayments	-	93,275	93,275	93,275	93,275
TOTAL CURRENT ASSETS		1,990,272	927,555	927,555	927,555
NON-CURRENT ASSETS					
Exploration assets	b	12,744,804	20,200,000	30,500,000	40,700,000
Property, plant and equipment		41,286	41,286	41,286	41,286
TOTAL NON-CURRENT	-	,	•	,	, ,
ASSETS	-	12,786,090	20,241,286	30,541,286	40,741,286
TOTAL ASSETS	-	14,776,362	21,168,841	31,468,841	41,668,841
CURRENT LIABILITIES					
Trade and other payables		(141,001)	(141,001)	(141,001)	(141,001)
Administration accruals		(81,808)	(81,808)	(81,808)	(81,808)
Creasy Payable	С	(2,000,000)	-	-	-
TOTAL CURRENT LIABILITIES	-	(2,222,809)	(222,809)	(222,809)	(222,809)
TOTAL LIABILITES	-	(2,222,809)	(222,809)	(222,809)	(222,809)
	· -	, , , ,	, ,	,	, ,
Value of Coziron following the Transaction		_	00.047.000	04.047.000	44 444 000
Number of shares on issue	d	_	20,946,032	31,246,032	41,446,032
Value per Coziron share	u	_	1,279,410,320	1,279,410,320	1,279,410,320
(control basis)			0.016	0.024	0.032
Minority discount	е		29%	26%	23%
Value per Coziron share (minority basis)			0.011	0.018	0.025
Source: BDO analysis		<u>-</u>	0.011	0.018	0.023

The table above indicates the net asset value of a Coziron share following the Transaction (on a minority interest basis) is between \$0.011 and \$0.025, with a preferred value of \$0.018.



The following adjustments were made to the net assets of Coziron in arriving at our valuation.

Note a: Cash and cash equivalents

The following adjustments were made to the cash balance as a result of the Transaction:

Cash balance	\$
Cash balance 31 March 2014	1,872,621
Transaction adjustments	
Shepherd's Well Acquisition: Cash consideration	(121,483)
Yarrie Acquisition: Option spend	(230,000)
Yarrie Acquisition: Cash consideration	(711,234)
Cash balance following the Transaction	809,904

Note b: Valuation of Coziron's mineral assets

As part of the Transaction, Coziron will acquire a 70% interest in both the Yarrie Project and the Shepherd's Well Project.

We instructed Optiro to provide an independent market valuation of the exploration assets currently held by Coziron as well as a market valuation of the interest that Coziron will hold in the Yarrie Project and the Shepherd's Well Project if the Transaction is approved. Optiro considered a number of different valuation methods when valuing the exploration assets of Coziron. Optiro applied the Comparable Transaction method and Geoscientific rating method to value the mineral assets. We consider these methods to be appropriate given the stage of development of Coziron's exploration assets.

The range of values for each of the exploration assets as calculated by Optiro is set out below:

Mineral Assets		Low	Preferred	High
Willer dr Assets	Interest	\$'m	\$'m	\$'m
Yarraloola	85%	9.8	15.3	20.8
Buddadoo	85%	0.4	0.7	1.0
Earaheedy	85%	4.1	6.0	7.8
Total value		14.3	22.0	29.6
Shepherds Well	70%	0.70	1.00	1.30
Yarrie	70%	5.20	7.50	9.80
Total value		5.9	8.5	11.1
Total value of mineral assets		20.2	30.5	40.7

Source: Optiro's report (Appendix 3)

The table above indicates a range of values between \$20.2 million and \$40.7 million, with a preferred value of \$30.5 million.



Note c: Creasy payable

As part of the Transaction, the Creasy liability of \$2 million will be extinguished. We have removed the liability in our valuation of Coziron following the Transaction.

Note d: Number of shares on issue

As shown in the table below, there will be 1.279 billion shares on issue following the Transaction.

Post Transaction capital structure	Creasy Group	Other Shareholders	Total
Shares on issue at the date of this Report	674,857,000	427,886,654	1,102,743,654
% interest	61.20%	38.80%	100.00%
Shares to be issued under the Transaction Shares issued to extinguish the Yandal & Creasy liability Shepherd's Well Acquisition shares issued Yarrie Acquisition shares issued Total shares issued under the Transaction	66,666,666 10,000,000 100,000,000 176,666,666	- - -	66,666,666 10,000,000 100,000,000 176,666,666
Shares on issue following the Transaction	851,523,666	427,886,654	1,279,410,320
% interest	66.56%	33.44%	100.00%

Note e: Minority discount

We have applied a minority discount of between 23% and 29%, being the inverse of our control premium of 30-40% as set out in section 10.2 of our Report.



12. Is the Transaction fair?

The value of a Coziron share prior to the Transaction and following the Transaction is compared below:

	Ref	Low \$	Preferred \$	High \$
Value of a Coziron share prior to the Transaction (control basis)	Section 10.3	0.013	0.020	0.027
Value of a Coziron share following the Transaction (minority basis)	Section 11	0.011	0.018	0.025

We note from the table above that the value of a Coziron share on a minority basis following the Transaction is lower compared the value of a Coziron share on a controlling basis prior to the Transaction. Therefore, we consider that the Transaction is not fair.

We note that the value of a Coziron share on a controlling basis following the Transaction is higher than the value of Coziron share on a controlling basis prior to the Transaction, indicating that the Transaction is value accretive as shown below.

	Ref	Low \$	Preferred \$	High \$
Value of a Coziron share prior to the Transaction (control basis)	Section 10.3	0.013	0.020	0.027
Value of a Coziron share following the Transaction (control basis)	Section 11	0.016	0.024	0.032

The Transaction is value accretive for the Company as a whole but the Creasy Group is not paying a sufficient premium in the Transaction.



13. Is the Transaction reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Coziron a premium over the value ascribed to, resulting from the Transaction.

13.2 Practical Level of Control

If the Transaction is approved then the Creasy Group will hold an interest of approximately 67% in Coziron.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution required 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved then the Creasy Group will be able to pass general resolutions. We note however that the Creasy Group currently holds approximately 61% therefore the Creasy Group's control in relation to passing general resolutions is the same prior to the Transaction as it is following the Transaction.

The Creasy Group's control of Coziron following the Transaction will be significant when compared to all other shareholders. Therefore, in our opinion, the Creasy Group should be expected to pay a similar premium for control as if it were acquiring 100% of Coziron.

13.3 Consequences of not approving the Transaction

Going concern

In the financial statements for the half-year ended 31 December 2013 the auditors of Coziron included an emphasis of matter in their audit report, drawing attention to the significant uncertainty as to whether Coziron will be able to continue as a going concern.

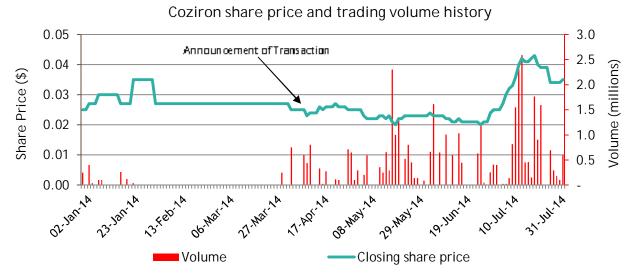
We note that Coziron raised \$2.5 million in March 2014 through a placement with sophisticated investors. As at 31 March 2014, Coziron had \$1.87 million in cash. The total Yandal and Creasy Liability is \$2.0 million.

If the Transaction is not approved, the Creasy Group may call for repayment of the Yandal and Creasy Liability which may result in there being significant uncertainty as to whether the Company will continue as a going concern.

Share price movement since the announcement

We have analysed movements in Coziron's share price since the transaction in which the Company acquired a 70% interest in the Yarrie Tenement was announced on 17 April 2014. A graph of Coziron's share price since the announcement is set out below.





Source: Bloomberg

The announcement of the Transaction in which the Company acquired a 70% interest in the Yarrie tenement was made to the market on 17 April 2014. On that day, approximately 0.27 million shares were traded and Coziron's share price closed 4% higher at \$0.026. Since the announcement, Coziron's shares have traded between \$0.020 and \$0.043. On 31 July 2014, the Company's share price closed at \$0.035.

13.4 Advantages of approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

Liability is extinguished

As at 31 March 2014, Coziron had \$1.87 million in cash. If the Transaction is not approved, the Company will be required to source additional funds in order to repay the Creasy and Yandal Liability of \$2.0 million.

In the financial statements for the half-year ended 31 December 2013 the auditors of Coziron included an emphasis of matter in their audit report, drawing attention to the significant uncertainty as to whether Coziron will be able to continue as a going concern. If the Company is not able to secure further funding as required there exists significant uncertainty whether the Company will continue as a going concern.

The Transaction represents a source of funding for the Company. If the Transaction is not approved, Coziron would need to seek alternative sources of funding. It is likely that any capital raising required to be undertaken by the Company would be done at a discount to Coziron's current market price (as at 20 May 2014 the Company's shares closed at \$0.022).

Potential upside from the tenements being acquired

The Shareholder's may benefit from any potential upside from the Shepherd's Well Project and Yarrie Project being acquired.

The Shepherd's Well Project is a northerly extension of Coziron's current Yarraloola project, prospective for iron ore.

The Yarrie Project is adjacent to BHP's Yarrie, Goldsworthy, Nimingarra and Shay Gap mines and is prospective for high grade iron ore.



See Optiro's report in Appendix 3 for further details on the projects.

13.5 Disadvantages of approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed below.

The Transaction is not fair

As set out in section 12 of our Report, the Transaction is not fair.

Dilution of existing Shareholders' interests

If the Transaction is approved, Shareholders' interests will decrease from approximately 39% to approximately 33% whilst the Creasy Group's interest will increase from approximately 61% to approximately 67% following the Transaction.

14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to the Shareholders of Coziron.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statement of Coziron for the year ended 30 June 2013 and reviewed half year financial statements for the six months ended 31 December 2013;
- Unaudited management accounts of Coziron for the period ended 31 March 2014;
- The Buddaboo Agreement, the KingX Agreement and the Zanthus Agreement entered into by Coziron;
- Independent Valuation Report of Coziron's mineral assets as well as the Yarrie Project and Shepherd's Well Project dated 2 May 2014 performed by Optiro;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Coziron.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$25,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.



BDO Corporate Finance (WA) Pty Ltd has been indemnified by Coziron in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Coziron, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Coziron and the Creasy Group and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Coziron and the Creasy Group and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Coziron.

A draft of this report was provided to Coziron and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

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Oualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 200 public company independent expert's reports under the Corporations Act or ASX Listing Rules. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 16 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.



18. Disclaimers and consents

This report has been prepared at the request of Coziron for inclusion in the Explanatory Memorandum which will be sent to all Coziron Shareholders. Coziron engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal to issue shares and cash as consideration to extinguish the Yandal and Creasy Liability, acquire an interest in the Shepherd's Well Tenement and acquire an interest in the Yarrie Tenements.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Creasy Group, the Yarrie tenements and the Shepherd's Well tenement. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of the Creasy Group, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Coziron and to be acquired by Coziron under the Transaction.

The valuer engaged for the mineral asset valuation, Optiro, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

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

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.



Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Africa Myerr

Director



Appendix 1 - Glossary of Terms

Reference	Definition
The Act	The Corporations Act
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
The Company	Coziron Resources Limited
The Creasy Group	Yandal, Mark Creasy, Motwil, Croydon and XFE all individually and combined
The Creasy Liability	The liability owed to Creasy pursuant to the terms of the Zanthus Agreement
Coziron	Coziron Resources Limited
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
NAV	Net Asset Value
Our Report	This Independent Expert's Report prepared by BDO
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Shareholders	Shareholders of Coziron not associated with the Creasy Group
Shepherds Well Acquisition	Coziron's proposed acquisition of a 70% interest in the Shepherd's Well Tenement
The Transaction	The proposal to issue shares and cash as consideration to extinguish the Yandal and



	Creasy Liability, acquire an interest in the Shepherd's Well Tenement and acquire an interest in the Yarrie Tenements.
Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
Yandal Liability	The liability owed to Yandal pursuant to the terms of the KingX Agreement and/or the Buddadoo Agreement (as applicable).
Yarrie Transaction	Coziron's proposal to acquire a 70% interest in the Yarrie Tenements



Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 Net asset value ('NAV')

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

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

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 Quoted Market Price Basis ('QMP')

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 Capitalisation of future maintainable earnings ('FME')

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.



The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 Market Based Assessment

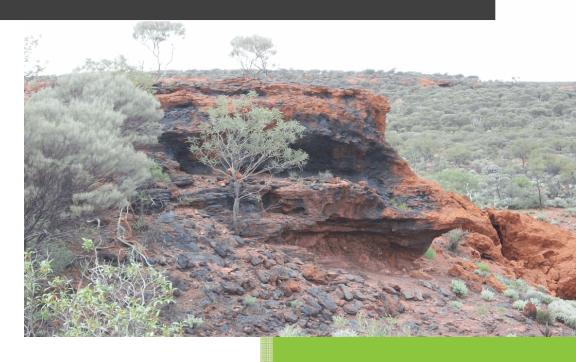
The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



Appendix 3 - Independent Specialist Valuation



Coziron Resources Limited Independent Valuation on the Mineral Assets of Coziron



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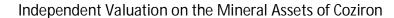
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Important Information

This Report is provided in accordance with the proposal by Optiro Pty Ltd ("Optiro") to Coziron Resources Limited and the terms of Optiro's Consulting Services Agreement ("the Agreement"). Optiro has consented to the use and publication of this Report by Coziron Resources Limited for the purposes set out in Optiro's proposal and in accordance with the Agreement. Coziron Resources Limited may reproduce copies of this entire Report only for those purposes but may not and must not allow any other person to publish, copy or reproduce this Report in whole or in part without Optiro's prior written consent.

Optiro has used its reasonable endeavours to verify the accuracy and completeness of information provided to it by Coziron Resources Limited which it has relied in compiling the Report. We have no reason to believe that any of the information or explanations so supplied are false or that material information has been withheld. It is not the role of Optiro acting as an independent valuer to perform any due diligence procedures on behalf of the Company. The Directors of the Coziron Resources Limited are responsible for conducting appropriate due diligence in relation to the Shepherds Well and Yarrie projects. Optiro provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of Optiro is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

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

The terms of engagement are such that Optiro has no obligation to update this report for events occurring subsequent to the date of this report.



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EXECUTIVE SUMMARY

At the request of BDO Corporate Finance (WA) Pty Ltd (BDO) acting for Coziron Resources Limited (Coziron), Optiro has prepared an Independent Valuation on the mineral assets held by Coziron and two additional projects it is intending to acquire. Coziron currently holds the Yarraloola, Earaheedy and Buddadoo projects and intends to acquire the Shepherds Well and Yarrie projects. Optiro understands that this report may be used as a public document to support an Independent Expert Report to be prepared by BDO relating to the acquisition of the Shepherds Well and Yarrie mineral assets, as announced by Coziron on 8 October 2013 and 17 April 2014, respectively.

This report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005). A site visit to the Yarraloola project exploration licences was previously undertaken by Mr Jason Froud of Optiro on 4 April 2012.

Coziron's Yarraloola project tenements are located in the Pilbara region of Western Australia and comprise seven contiguous exploration licences and three granted prospecting licences covering 1,457 km²; a further two prospecting licences are in application. The licences are located in the Archaean-age Hamersley Province of the Pilbara, with known outcrop of Marra Mamba and Brockman Formation containing mapped surficial iron alteration. Coziron considers that there is good potential for DSO quality iron mineralisation. Optiro is aware that an initial drilling was completed on the Yarraloola licences in 21 May 2012. The results from this drilling programme were disappointing and Coziron have now significantly reinterpreted the local geology.

Coziron's Buddadoo project is located approximately 400 km north of Perth and comprises a single exploration licence of 210 km². The project contains a vanadiferous titanomagnetite deposit hosted by the mafic Buddadoo Complex with known anomalous iron, vanadium and titanium mineralisation.

Coziron's Earaheedy project is located in the Earaheedy Basin of Western Australia. The project comprises 12 contiguous exploration licences (totalling 2,986 km²) of which four are granted and eight are pending grant. The project hosts anomalous manganese results returned from rock-chip sampling at the Kingsland and Baigong prospects and manganese mineralisation which outcrops at the Yelma prospect.

The Shepherds Well project is a northerly extension of the Yarraloola project comprising a single granted exploration licence covering 192 km². This project contains part of the Cleaverville Terrain which is known to host direct-shipping iron ore deposits as well as magnetite deposits.

The Yarrie project comprises three granted exploration licences (841 km²) and a single exploration licence application (181 km²) located 160 km east of Port Hedland. The licences are continuous and largely unexplored. The Yarrie project is proximal to BHP Billiton Limited's Yarrie-Goldsworthy mining operation hosted by the Cleaverville Terrain.

Optiro has determined the fair market value of the iron potential within the Yarraloola, Shepherds Well and Yarrie exploration licences and the mineralisation potential within the Buddadoo and Earaheedy exploration licences at an effective valuation date of 2 May 2014. Optiro has selected the



value derived from the Geoscientific rating method as the preferred valuation for the exploration potential of the mineralisation within these properties. Optiro's opinion of the fair market value of Coziron's interest in the mineralisation potential is that it lies within the range A\$20.1 M to A\$40.7 M, with a preferred value of A\$30.4 M (Table 1.1). On a 100% equity basis the value lies within the range A\$25.3 M to A\$50.7 M, with a preferred value of A\$37.9 M (Table 1.2). The values assigned to these mineral assets are in nominal Australian dollars (A\$) and were prepared at the effective valuation date.

Table 1.1 Valuation summary – Coziron equity

Mineral asset	Coziron equity	Value (A\$M)			
IVIII lei ai asset	Coziron equity	Low	High	Preferred	
Yarraloola	85%	9.8	20.8	15.3	
Buddadoo	85%	0.4	1.0	0.7	
Earaheedy	85%	4.1	7.8	6.0	
Total (current assets)		14.3	29.6	21.9	
Shepherds Well	70%	0.7	1.3	1.0	
Yarrie	70%	5.2	9.8	7.5	
Total (acquisitions)		5.8	11.1	8.5	
Total		20.1	40.7	30.4	

Table 1.2 Valuation summary – 100% equity

Mineral asset	Equity	Value (A\$M)			
Willieral asset		Low	High	Preferred	
Yarraloola	100%	11.5	24.4	18.0	
Buddadoo	100%	0.5	1.2	0.8	
Earaheedy	100%	4.9	9.2	7.0	
Total (current assets)		16.9	34.8	25.8	
Shepherds Well	100%	1.0	1.9	1.4	
Yarrie	100%	7.4	14.0	10.7	
Total (acquisitions)		8.4	15.9	12.1	
Total		25.3	50.7	37.9	

The opinions expressed and conclusions drawn with respect to this valuation of the iron and manganese mineral assets are appropriate at the valuation date of 2 May 2014. 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 future exploration results.



2. INTRODUCTION AND TERMS OF REFERENCE

2.1. INTRODUCTION

2.2. TERMS OF REFERENCE AND PURPOSE OF REPORT

On 8 October 2013, Coziron announced it had entered into an agreement to acquire a 70% interest in the Shepherds Well project from Croydon Gold Pty Ltd, an entity controlled by Mr Mark Creasy (Creasy). The acquisition terms comprised:

- consideration of 10,000,000 fully paid ordinary Coziron shares and approximately A\$121,483 in cash
- establishment of a joint venture with Coziron bearing all exploration costs until completion of a bankable feasibility study
- subject to Coziron shareholder and regulatory approval and due diligence.

Furthermore, on 17 April 2014, Coziron announced a second agreement whereby it had entered into an option agreement to acquire a 70% interest in the Yarrie project from XFE Pty Ltd, an entity also controlled by Creasy. The option agreement grants Coziron the exclusive right to purchase a 70% interest in the Yarrie project by spending A\$230,000 on due diligence and exploration. Should Coziron elect to exercise the option to purchase, the acquisition terms comprises:

- consideration of 100,000,000 fully paid ordinary Coziron shares deemed at A\$0.02 per share
- reimbursement of A\$711,234 for previous exploration expenditure
- expiry of the option on 30 September 2014.

The acquisition of the two projects is subject to shareholder approval and at the request of BDO Corporate Finance (WA) Pty Ltd (BDO), Optiro has prepared an Independent Valuation on the Shepherds Well and Yarrie projects. As part of this valuation, Optiro has also completed an independent valuation on the mineral assets currently held by Coziron, namely the Yarraloola, Buddadoo and Earaheedy projects.

Optiro understands that this report may be used as a public document to support an Independent Expert Report to be prepared by BDO relating to the acquisition of the mineral assets as announced by Coziron on 8 October 2013 and 17 April 2014. As such, this report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005).

2.3. RESPONSIBILITY FOR THE REPORT AND DATA SOURCES

This report was prepared by Mr Jason Froud (Principal) and was reviewed by Mrs Christine Standing (Principal) of Optiro. The report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005). The author and reviewer of this report are Members of the Australasian Institute of Mining and Metallurgy (AusIMM) and, therefore, are



obliged to prepare mineral asset valuations in accordance with the Australian reporting guidelines as set out in the VALMIN Code. All values have been compiled in Australian dollar (A\$) terms.

In developing its technical assumptions for valuation, Optiro has relied upon information provided by Coziron and their consultants, as well as information obtained from other public sources. The material on which this report is based includes internal and open-file project documentation, technical reports and the drillhole database.

Optiro has reviewed all relevant technical and corporate information made available by the management of Coziron which was accepted in good faith as being true, accurate and complete, having made due enquiry. Optiro has sourced publically available information on recent transactions involving iron and manganese properties and has had discussions with Dr Rob Ramsay (Director and Senior Geologist) of Coziron. Mr Jason Froud visited the Yarraloola project exploration licences on 4 April 2012 and viewed the principal target areas that are the focus of the initial drilling campaign planned during May 2012.

2.4. LIMITATIONS AND EXCLUSIONS

The report is based mainly on information provided by Coziron, either directly from discussions and data provided, or from reports and correspondence with other organisations whose work is the property of Coziron.

The report is based on information made available to Optiro up to 2 May 2014 up to the valuation date. Coziron has not advised Optiro of any material change, or event likely to cause material change, to the technical assessment of the mineral assets contained within the Yarraloola, Buddadoo, Earaheedy, Shepherds Well or Yarrie tenements. The report specifically excludes any aspects relating to legal issues, commercial and financing matters, land titles and agreements, excepting such aspects as may directly influence the technical assessment of the asset.

The conclusions expressed in this report are appropriate as at 2 May 2014. The valuation is only appropriate for this date and may change in time and response to variations to economic, market, legal or political factors, in addition to ongoing exploration results.

3. YARRALOOLA

3.1. LOCATION AND ACCESS

The Yarraloola project exploration and prospecting licences are located in the Pilbara region of Western Australia and are adjacent to the North West Coastal Highway, 120 km southwest of Karratha and the Port of Dampier (Figure 3.1).

The area is serviced by the North-West Coastal Highway and a bitumen-road which crosses from the highway to the town of Pannawonica along with a number of station tracks which are serviceable almost year round. The project is also crossed by a major gas-pipeline which extends over 1,000 km from the Northwest Shelf to Perth. The southern licences are traversed by a railway owned and operated by Rio Tinto Ltd which transports CID iron ore from their Mesa A and J operations the Cape Lambert port. Furthermore, Optiro understands that Iron-Ore Holdings Limited (IOH) has recently



applied for a series of miscellaneous licenses across Yarraloola to construct a haul-road from their Bungaroo South deposit to a planned trans-shipping port at Cape Preston.

Coziron has negotiated access to the planned IOH haul-road on commercial terms. The haul-road corridor being developed by IOH is located within the planned rail corridor of the Australian Premium Iron joint venture (API). API is planning to develop iron-ore deposits to the south of Yarraloola and export from a new port at Anketell to the east of Karratha. Although there is no development timetable for the Anketell port it received environmental approval on 9 September 2013.

The Pilbara region has a semi-desert climate, with average daily maximum temperatures ranging from approximately 27°C in July to greater than 40°C in January. The average rainfall is around 400 mm per annum, with rainfall typically occurring from December to March associated with cyclonic storm events.

3.2. TENURE AND OWNERSHIP

The Yarraloola project comprises seven contiguous granted exploration licences and three granted prospecting licences in the Pilbara region of Western Australia (Table 3.1). The exploration licences cover 466 graticular blocks (approximately 1,454 km²) with a further 275 ha held under prospecting licences. A further single exploration licence (620 km²) and prosecting licence (23 ha) are in application. Optiro understands that current annual expenditure for the granted licences stands at \$753,080.

Coziron holds an 85% interest in all licences with ZanF Pty Ltd, a Creasy controlled entity holding the remaining 15%. ZanF Pty Ltd is free carried until completion of a bankable feasibility study (BFS).

Optiro notes that Western Australian exploration licences applied for after 10 February 2006 are granted for an initial period of five years with a first renewal of five years and second renewal of two years available. A 40% reduction after year five is generally required.

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Table 3.1	Yarraiooia –	tenement schedule

Licence number	Status	Grant date	Expiry date	Expenditure	Area (km²)	Equity
E08/1060	Granted	6/07/2009	5/07/2014	\$20,000	12.5	85%
E08/1684	Granted	6/07/2009	5/07/2014	\$211,500	450.8	85%
E08/1685	Granted	6/07/2009	5/07/2014	\$211,500	426.3	85%
E08/1686	Granted	6/07/2009	5/07/2014	\$222,000	462.1	85%
E08/1824	Granted	23/10/2009	22/10/2014	\$20,000	9.6	85%
E08/1825	Granted	23/10/2009	22/10/2014	\$20,000	16.0	85%
E08/1826	Granted	23/10/2009	22/10/2014	\$36,000	76.5	85%
P08/529	Granted	6/07/2009	5/07/2017	\$6,040	1.5	85%
P08/530	Granted	6/07/2009	5/07/2017	\$4,040	1.0	85%
P08/666	Granted	6/12/2013	5/12/2017	\$2,000	0.3	85%
E08/2408	Pending				6.2	85%
P08/669	Pending				0.2	85%



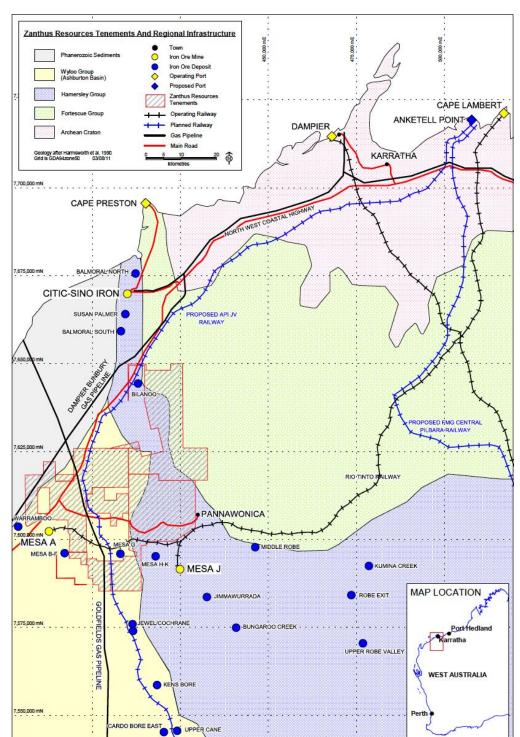


Figure 3.1 Yarraloola exploration licence area location (in red)

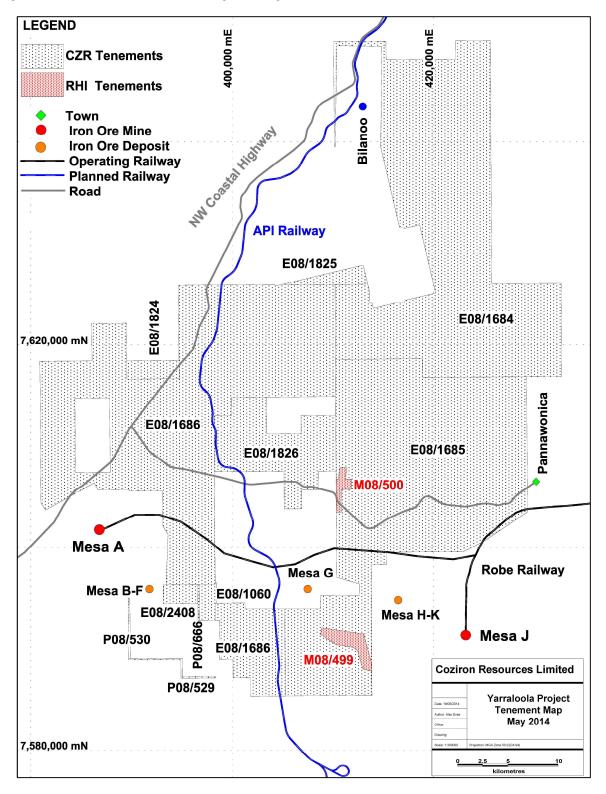
3.3. MATERIAL AGREEMENTS

In November 2009, Yarraloola Resources Pty Ltd, the registered holder of the project tenements at the time sold its channel iron deposit (CID) rights within a 150 km² portion of E08/1685 (Figure 3.2) to Red Hill Iron Ltd (Red Hill Iron). The consideration paid by Red Hill Iron was \$2 M in cash and 2 M fully paid ordinary shares in Red Hill Iron. On 17 January 2013, Coziron announced it had lodged two mining lease applications, M08/499 and M08/500, covering 8.18 km² and 3.35 km² respectively to



cover the CID deposits identified by Red Hill Iron. When the mining leases are granted their ownership will be transferred to Red Hill Iron which will complete and terminate the agreement between Coziron and Red Hill Iron. Coziron retain the rights to explore and develop any other minerals within the Mining Leases including magnetite mineralisation.

Figure 3.2 Location of Red Hill Iron's original CID rights





3.4. GEOLOGY AND MINERALISATION

The Yarraloola project exploration licences are located in the Archaean-age Hamersley Province of the Pilbara. The Pilbara is a major iron ore province with high-grade iron ore mines occurring over an area of some 400 km by 150 km. The main host to the iron ore deposits of the Pilbara is banded iron formations (BIF) of the Hamersley Group, in particular the Brockman and the Marra Mamba Formations. Both formations are mapped and known to outcrop within the Yarraloola licences.

In general, the high-grade iron deposits of the Pilbara have been subject to supergene enrichment and low grade metamorphic upgrading. Current research modelling by the CSIRO suggests that the high-grade deposits formed by leaching of iron-rich sediments with soluble ferrous iron transported along deep-seated structures before being oxidised and precipitated as ferric haematite and/or goethite. Some deposits have then been metamorphosed with goethite recrystallised to haematite.

The Pilbara is also known to host channel iron deposit (CID) iron ore mineralisation. The Pilbara CIDs formed in Tertiary-aged river channels with iron interpreted to have replaced humic swamp material. CIDs are often found as pods within ancient palaeochannels. Warramboo/Mesa A and Mesa J are operating CID mines owned by a third party located adjacent to Yarraloola licence area. Other undeveloped CIDs adjacent to Yarraloola licences and owned by third parties, include the Mesa B-F, Mesa H-K, Jewel, Cochrane, Kens Bore, Cardo Bore East, Upper Cane, Whitegate and Redgate deposits.

The Yarraloola project covers parts of the Hamersley Basin, Ashburton Trough and Carnarvon Basin (Figure 3.3). It is located on the strongly faulted contact between the Hamersley Basin and Ashburton Trough with overlapping material from the Carnarvon Basin.

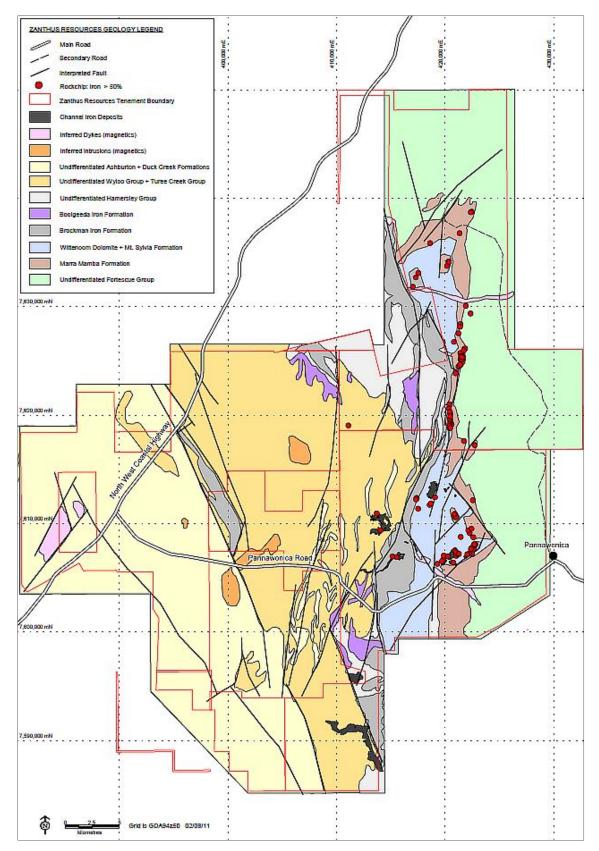
The Hamersley Basin is a region of approximately 500 km by 400 km which preserves some of the earliest sediments in the Earth's history. Deposition in the basin commenced at about 2,760 Ma with a period of mafic volcanism over a basement of granites and greenstones that comprise the Pilbara Craton. The mafic rocks were followed a period of clastic and chemical sedimentation which records the transition of the Earth's atmosphere from reducing to oxidising. This is characterised by the thick and widespread deposition of iron-rich sediments. These are preserved in an essentially undisturbed condition due to the tectonic stability of the Pilbara Craton.

In contrast to the core of the Pilbara Craton, major faults around the margin have periodically been activated and allowed the development of younger basins. In the south and west of the Pilbara, during the Palaeoproterozoic, clastic, chemical and volcanic rocks were deposited into the Ashburton Trough. This developed as an extensional basin about 1,820 Ma following the collision of the Pilbara and Yilgarn Cratons at around 1,950 Ma.

Outcrop in the eastern part of Yarraloola is predominantly Archaean-age rocks deposited in the Hamersley Basin, while the western part has an abundance of recent materials overlying the edge of the Carnarvon Basin. Between the basins, outcrop is dominated by a sequence of Cretaceous-age conglomerates with small Palaeoproterozoic inliers of rocks attributed to the Ashburton Trough. The boundary between the Hamersley Basin and the Ashburton Trough is mapped as a composite north trending regional fault.



Figure 3.3 Interpreted geology and rock chip samples within the Yarraloola licence area





Within the area a number of types of mineralisation have been noted:

- magnetite iron mineralisation characteristic of the Marra Mamba, Brockman and Boolgeeda Iron Formations of the Hamersley Basin
- pisolitic to oolitic iron in channel deposits primarily associated with the Robe River
- manganese in the Wittenoom Dolomite
- gold in the Fortescue Volcanics
- copper associated with units of the Ashburton Trough.

3.5. EXPLORATION

The first phase of exploration around Yarraloola occurred in the 1970s with mapping of the magnetite iron-formations but this work failed to identify any large out-cropping deposits of haematite. At that time, regional exploration focussed on areas around the large, high-grade, haematite-rich discoveries such as Mt Tom Price and Mt Newman in the East Pilbara. In the 1980s, Western Mining Corporation Ltd identified the West Pilbara as being prospective for Olympic Damstyle iron-oxide copper-gold mineralisation and drilling within Yarraloola area intersected minor copper mineralisation in an inlier of Ashburton-age.

More recently, the Creasy Group identified Yarraloola as being primarily prospective for gold due to the tectonic location, structural complexity and presence of late-stage igneous activity associated with the Ashburton Trough. The area was also considered prospective for iron-ore, base-metals, uranium, manganese and diamonds. After the licences were granted, UTS Geophysics flew a fixed-wing, 40 m clearance, 100 m spaced, east-west oriented, high-resolution, airborne magnetic-radiometric survey totalling 18,788 line km with some areas of infill spaced at 50 m representing 9,767 line km. Processing of the geophysical data produced a geological interpretation and generated some 230 geophysical targets for follow-up.

As a compliment to the geophysical programme, a regional drainage programme collected some 1,804 stream-sediment samples that were submitted for multi-element analysis. The programme highlighted some low-level anomalies. Despite an intensive stream sampling programme around the historical Cobblers gold occurrence only a small amount of anomalism was detected. In contrast, in the Ashburton Trough there were coherent areas of gold anomalism detected near Dixie Bore in the south and along parts of Peters Creek in the north. Peters Creek in particular appears to be of interest as the drainage systems are also anomalous in arsenic and antinomy.

Follow-up rock-chip sampling in 2006 and 2007 focused on out-cropping iron-formations with a number of samples reporting iron contents above 55%. Only a small number of rock-chips were collected at the base metal and gold anomalies. Work at Cobblers focused on sampling outcropping quartz veins, but these reported only low-level gold (300 ppb) and no further work was undertaken.

In mid-2012, Coziron supervised the completion of 50 reverse circulation (RC) drillholes to depths of up to 100 m. The programme was focused on two prospects in the Hamersley Basin where the drillholes generally targeted the upper part of the Marra Mamba Iron Formation. These prospects were mapped as having patchy outcrops of low to high-grade goethite-limonite mineralisation along the contact between the Marra Mamba Iron Formation and the overlying Wittenoom Dolomite.



The drilling revealed the goethite-limonite mineralisation at both prospects as a thin surface feature overlying either Wittenoom Dolomite or sulphidic and richly graphitic shale. Some drilling was completed off-prospect in an attempt to intersect buried mineralisation in the Marra Mamba Iron Formation but was unsuccessful. Explanations for the small areas of near surface iron ore mineralisation could be attributed to three settings:

- surface weathering of sulphidic shales
- surface enrichment of shales interbedded in dolomite
- localised zones of hydrothermal iron-manganese enrichment along steeply dipping faults in dolomite.

Following the 2012 drilling programme, Coziron produced a revised structural model and reviewed the opportunities for mineralisation at Yarraloola determining and ranking the following target styles:

- 1. channel iron deposits which provide opportunities for direct shipping ores
- 2. martite-goethite mineralisation associated with high fluid-flow environments which provide opportunities for direct shipping ores
- 3. magnetite mineralisation which requires processing to produce shipping quality ore
- 4. gold and base metals.

4. BUDDADOO

4.1. LOCATION AND ACCESS

The Buddadoo project is located approximately 400 km north of Perth, 180 km east of Geraldton and is approximately 70 km from existing railway infrastructure, from Morawa to Mullewa and onto the Port of Geraldton (Figure 4.1).

In November 2012, Brookfield Rail Pty Ltd announced the completion of its \$550 million MidWest Rail Upgrade providing improved transport links to the Port of Geraldton for emerging and junior iron ore miners operating in the region. Over 185 km of new track and deviations were installed over the former narrow gauge (1,067 mm) grain branch line from Morawa to Mullewa and through to the Port of Geraldton.

The rail was upgraded from 3 Mtpa to the capacity to support 27.5 Mtpa and, through staged incremental investment, can grow to 75 Mtpa. The facility will support the haematite transport component of Gindalbie Metals Ltd's Karara Iron Ore project and will be used to transfer ore from road to rail into the Geraldton Port.

Access to the Buddadoo project area may be gained via good quality sealed roads to Morawa and then via the Morawa to Yalgoo road which Optiro understands is currently being sealed. Access is thence via station tracks of varying quality.



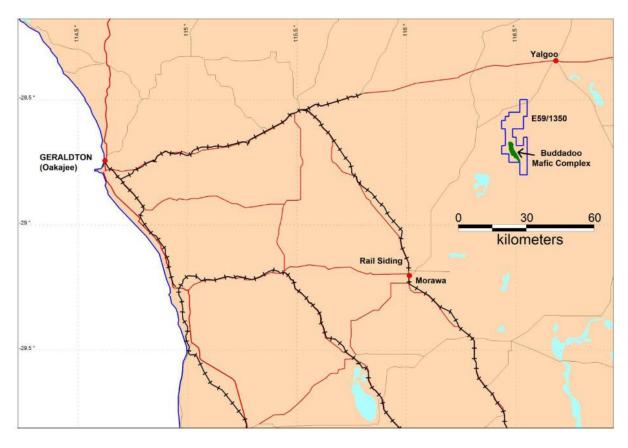


Figure 4.1 Buddadoo's exploration licence area location

4.2. TENURE AND OWNERSHIP

Coziron holds a single granted exploration licences in the central west region of Western Australia (Table 4.1). The exploration licence covers 70 graticular blocks (approximately 210 km²).

Optiro notes that Western Australian exploration licences applied for after 10 February 2006 are granted for an initial period of five years with a first renewal of five years and second renewal of 2 years available. A 40% reduction after year 5 is generally required.

Coziron holds an 85% interest in all licences with BudF Pty Ltd, a Creasy controlled entity holding the remaining 15%. BudF Pty Ltd is free carried until completion of a BFS.

Table 4.1 Buddadoo – tenement schedule

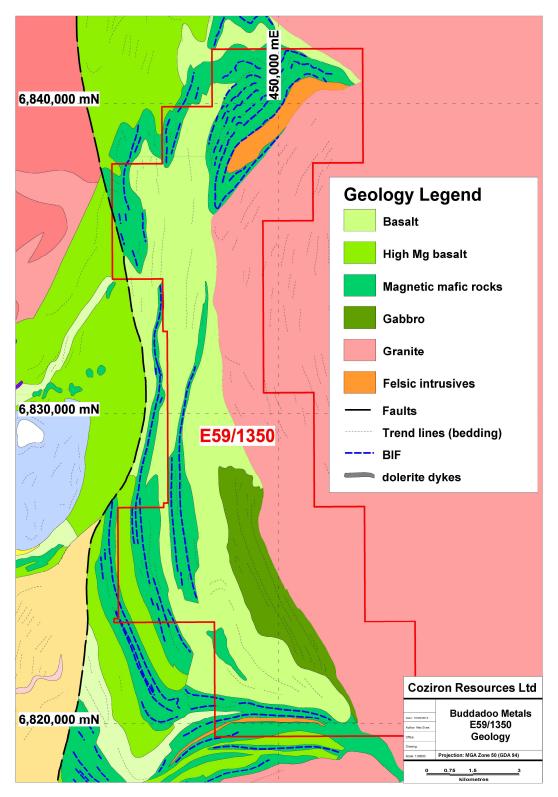
Licence number	Status	Grant date	Expiry date	Expenditure	Area (km²)	Equity
E59/1350	Granted	10/7/2008	9/7/2018	\$140,000	209.7	85%

4.3. GEOLOGY AND MINERALISATION

The Buddadoo project is located within the Murchison geological province in the northern region of the Archaean Yilgarn Craton. It overlies the contact between granitoids in the east and the Gullewa Greenstone belt in the west (Figure 4.2).



Figure 4.2 Buddadoo geology as mapped by GSWA



The oldest rocks within the tenement are the north-northwest trending greenstones of the Luke Creek Group (Gullewa Greenstone belt). The sequence comprises banded iron formations and minor sedimentary rocks, felsic and mafic volcanics. A north-northwest trending mafic layered intrusion, the Buddadoo Complex (also referred to as the Buddadoo Gabbro) occurs within the licence area



and is approximately 9 km long and 2.5 km wide. The Buddadoo Complex has intruded the greenstone belt, banded iron formation and minor sedimentary and felsic volcanic rocks of the Luke Creek Group. Subsequent intrusion of granitic rocks and later cross-cutting mafic dykes has also occurred.

The stratigraphy of the Buddadoo Complex, from the eastern contact with the granitoid to the western contact with the greenstones, consists of cumulate textured basal and oxide zones of gabbro, norite, minor pyroxenite and gabbro with vanadiferous titanomagnetite. The mixed zone at the upper contact consists of non-cumulate dolerite, gabbro, norite and granophyre. The Buddadoo Complex youngs and dips steeply (85°) to the west. The granitic rocks are subdivided into four groups that approximately relate to age of intrusion. The dykes are typically long straight and narrow and are considered to be of Proterozoic age.

The structure of the area is typical of granite-greenstone terrane with linear, arcuate and synformal greenstone lying between large domal masses of granite and gneiss. Deformation includes three early phases of folding followed by two phases of shear zone and fault development. The north-northeasterly trending Salt River Fault shear zone passes through the western part of the project area.

The bedrock has undergone prolonged lateritic weathering during the Tertiary followed by dessication and deposition of Quaternary sediments in colluvial, alluvial, lacustrine and aeolian environments.

Mineralisation within the area includes minor gold and base metal mineralisation and the Buddadoo vanadium/titanium mineral occurrence. Gold occurs within Archaean mafic volcanics and base metals are hosted by felsic volcaniclastics. The vanadium/titanium mineralisation is confined to the Buddadoo Complex where lenses of vanadiferous titanomagnetite occur.

The Buddadoo Complex is a composite mafic intrusion that has been emplaced into the Gullewa Greenstone belt. It is clearly evident as a magnetic high in the aeromagnetic image (Figure 4.3). Achaean banded iron formation, sediments and felsic volcanics form the western boundary while granitic rocks have assimilated some of the intrusion on the eastern side. The mineralisation consists of lenses of vanadiferous titanomagnetite and may be traced over a strike length of 4.6 km. The lenses vary in width from approximately 190 m in the centre to 1 m at the northern end. Layers of massive cumulate magnetite range in thickness from 5 cm to 4 m and are separated by gabbroic material containing variable amounts of disseminated magnetite. The eastern magnetite bands are rich in vanadium and poor in titanium compared with the western magnetite bands, which are poor in vanadium and rich in titanium. The deepest drilling to date has confirmed the mineralisation is continuous to at least 100 m below surface.



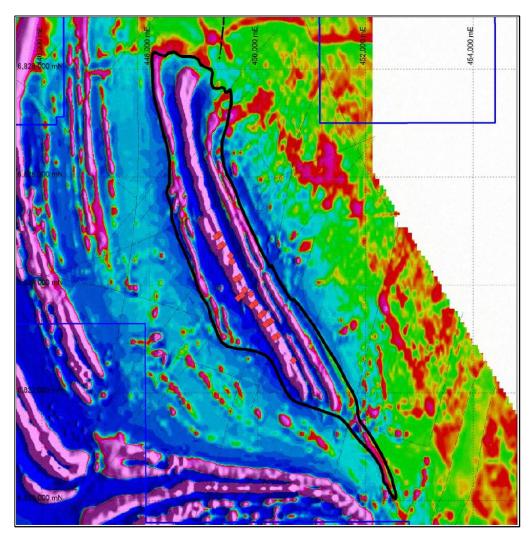


Figure 4.3 Airborne magnetic image showing magnetite bands within the Buddadoo Complex

4.4. EXPLORATION

The titanomagnetite prospect was first drilled in 1990 by diamond and shallow RC methods after detailed mapping and sampling traverses identified outcropping magnetite horizons with anomalous vanadium. An initial mineral estimate was completed from the RC drilling results. The diamond core was used for metallurgical testwork which indicated that the vanadium and iron could be upgraded by magnetic separation.

In 1998, a 100 m line spacing airborne magnetic geophysical survey was flown which clearly showed the magnetite bands within the Buddadoo Complex. Optiro understands that Coziron plans to obtain and reprocess the airborne magnetic data. In 2010, a further four diamond drillholes were completed to test part of the stratigraphy and were assayed for V_2O_5 , TiO_2 and Fe. Significant assays are shown in Table 4.2.

Furthermore, Optiro understands that in the 1970s copper mineralisation in the north of the tenement was investigated following the discovery of malachite at surface. At least two drillholes were completed around 1975 with a best result of 3.15 m at 3.8% copper. Malachite staining has also been noted in the southern area of the licence area.



Table 4.2 Significant assays above 0.30% V₂O₅ cut-off

Hole	From	То	Thickness	V ₂ O ₅ (%)	TiO ₂ (%)	Fe (%)
BUDD001	69	74.2	5.2	0.59	17.4	28.7
BUDD002	41	45	4	0.52	16.7	37.5
BUDD002	88	90	3	0.43	8.9	29.0
BUDD002	119	151	32	0.39	6.8	22.4
BUDD002	192	195	3	0.73	10.2	35.4
BUDD004	39	42	3	0.46	17.4	43.7
BUDD004	83	95	12	0.43	16.7	43.0
BUDD004	117.72	121	3.28	0.41	17.9	44.2
BUDD004	125	128	3	0.41	14.7	36.2
BUDD004	157	164	7	0.39	19.0	46.0
BUDD004	167.4	169	1.6	0.39	20.6	48.4
BUDD004	171	173	2	0.35	18.9	45.6
BUDD004	189	193	4	0.32	18.7	45.0
BUDD004	202	205	3	0.33	19.5	47.3
BUDD004	208	211	3	0.31	18.9	45.0

To date, Coziron has completed reprocessing of regional gravity data to produce new gravity maps for the Buddadoo area and the collection and analysis of 1,857 soil samples and 52 rock chip samples. The sampling confirmed previously reported gold and base metal anomalism at Copper Valley and Edamurta Hills prospects and identified new areas of anomalism at Copper Valley, Edamurta Hills and Granite Flats prospects.

5. EARAHEEDY PROJECT

5.1. LOCATION AND ACCESS

The Earaheedy project is located in the Earaheedy Basin of Western Australia, approximately 120 km northeast of Wiluna and approximately 300 km from the railhead at Malcolm, near Leonara. Access to the project is via the Gunbarrel Highway from Wiluna (which crosses through E38/2211, E53/1437, E53/1622 and E38/2212) and thence by station tracks (Figure 5.1).

The project is within a semi-arid zone and has low rainfall and extreme temperatures. This region is characterised by hot summers from October to April and by mild winters from May to September. The mean daily temperature ranges from 21.0°C to 37.9°C during summer and 5.4°C to 21.8°C during winter. The mean rainfall for Wiluna is 250 mm per annum and ranges from an average of 5 mm in September to an average of 38 mm in March.



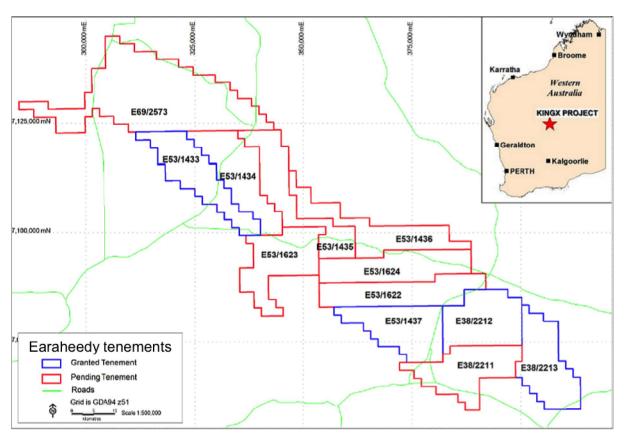


Figure 5.1 Earaheedy project tenement location

5.2. TENURE AND OWNERSHIP

The Earaheedy project comprises 12 contiguous granted exploration licences and applications in the southern Earaheedy Basin (Figure 5.1). The ground holding totals 965 blocks (approximately 2,985 km²) that are prospective for sedimentary manganese and iron ore deposits (Table 5.1). Of the 12 licences, four are granted covering 858 km² with the remainder still pending.

Coziron holds an 85% interest in all licences with KingF Pty Ltd, a Creasy controlled entity holding the remaining 15%. KingF Pty Ltd is free carried until completion of a BFS.

Optiro understands that there are no major impediments to the granting of the remaining eight tenements following the 'Right To Negotiate' (RTN) process with indigenous claimants represented by the Central Desert Native Title group. The registered Wiluna Native title claim encloses all of the Earaheedy tenements. This is a standard Exploration and Prospecting Agreement with the purpose of protecting cultural heritage sites and areas of cultural significance during the conduct of exploration or prospecting activities within the native title claim area.

Of note, E53/1433 is located predominantly within the Lorna Glen ex-pastoral lease that is now destocked and converted to unallocated crown land. Lorna Glen is now controlled and occupied by Western Australian Department of Conservation (DEC) officers and volunteers. Full access to E53/1433 is not possible due to a predator-proof enclosure erected by the DEC on the ex-Lorna Glenn pastoral lease. The enclosure covers 1,140 ha (approximately three graticular blocks) and is surrounded by a 1.8m high, electrified chain-link fence with a locked gate at the eastern end of the



enclosure. The predator proof enclosure was erected by DEC as part of Operation Rangeland Recovery which aims to control introduced herbivores and predators while introducing 11 arid zone mammals. It appears the DEC plan to make the area a conservation reserve (DEC, 2008).

Table 5.1 Earaheedy project – tenement schedule

Licence number	Status	Grant date	Expiry date	Expenditure	Area (km²)	Equity
E38/2213	Granted	25/02/2011	24/02/2016	\$70,000	215.2	85%
E38/2212	Granted	30/09/2011	29/09/2016	\$70,000	215.3	85%
E53/1433	Granted	21/10/2011	20/10/2016	\$70,000	212.8	85%
E53/1437	Granted	21/10/2011	20/10/2016	\$70,000	215.3	85%
E38/2211	Pending				215.2	85%
E53/1434	Pending				215.9	85%
E53/1435	Pending				215.8	85%
E53/1436	Pending				215.7	85%
E53/1622	Pending				215.5	85%
E53/1623	Pending				215.6	85%
E53/1624	Pending				215.6	85%
E69/2573	Pending				617.8	85%

5.3. GEOLOGY AND MINERALISATION

Sediments on the margin of the Yilgarn Craton were deposited in the Palaeoproterozoic period (approximately 2,000 Ma) as tectonic forces created a basin depression allowing the ocean to encroach over the land. The Earaheedy project contains sediments of the Earaheedy Group which forms part of the Palaeoproterozoic Earaheedy Basin. The basement to the Earaheedy Basin is the Archaean Yilgarn Craton, and the early Palaeoproterozoic Yerrida Basin to the west and to the north it is overlain by sediments of the Bangemall and Officer Basins. The Shoemaker crater, a deeply eroded remnant of a former impact crater, lies on the boundary between the Earaheedy Basin and the Yilgarn Craton and is located to the west of the project area.

The Earaheedy Group is a 5 km thick package of shallow marine clastic and chemical sedimentary rocks that are divided into two subgroups: the Tooloo Subgroup and the Minningarra Subgroup. The Tooloo Subgroup consists of (from base to top) the Yelma Formation, Frere Formation, and Windidda Formation. The Tooloo Subgroup is overlain by the Minningarra Subgroup which consists of (from base to top) the Chiall Formation, Wongawol Formation, Kulele Limestone, and Mulgarra Sandstone. The Earaheedy project tenements are focussed on the Frere and Windidda Formations and extend into areas of Minningarra Subgroup sediments to the north and the Yelma Formation to the south (Figure 5.2).



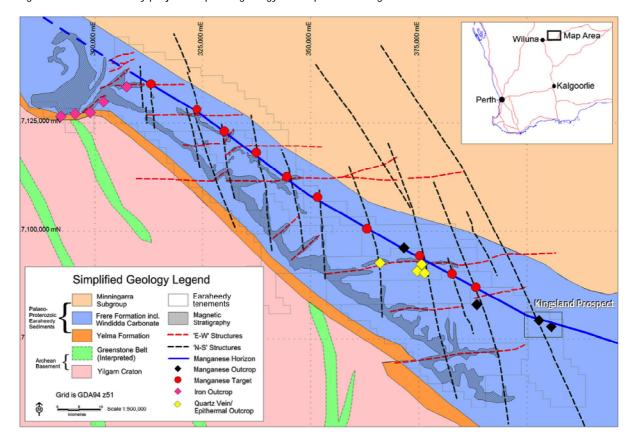


Figure 5.2 Earaheedy project simplified geology and exploration targets

5.3.1. TOOLOO SUBGROUP

The Yelma Formation contains shale, sandstone, and carbonate deposited in shallow-marine and locally fluvial environments. The formation is quite variable laterally and vertically in thickness and composition and was deposited in a fluvial to possibly coastal setting in the south, and a shallow-marine to coastal environment in the north.

The Frere Formation records the onset of iron-oxide precipitation within the basin and consists of up to three major granular iron formation intervals, separated by up to three major shale and siltstone bands, and minor carbonate. The granular iron-formation beds consist of jasperoidal granular iron oxide beds, typically 50 to 200 mm thick, and intraclastic breccia interbedded with shale and siltstone.

The Windidda Formation consists of shale and siltstone, locally stromatolitic carbonate, minor jasperoidal beds, and granular iron formation and is present southeast of the Shoemaker Impact Structure. The Windidda Formation represents a carbonate shelf with coastal lagoons in the southeastern part of the basin.

5.3.2. MINNINGARRA SUBGROUP

The Chiall Formation consists of shale, siltstone, and mudstone intercalated with thick sandstone beds and intraclastic breccia and represents a change from combined chemical and clastic sedimentation to dominantly clastic deposition. The Wongawol Formation consists of shale, siltstone to very fine grained sandstone, intraclastic breccia, and carbonate-glauconite breccia.



These indicate a very shallow, possibly lagoonal environment, with periods of minimal sedimentation.

The Kulele Limestone is a cyclic platform succession consisting of carbonate units separated by shale and sandstone (up to 300 m thick). This unit records a slight deepening of the basin, accompanied by a drop in terrigenous influx. The Mulgarra Sandstone consists of sandstone, shale, and minor carbonate and may reflect the final stage of terrigenous influx in the basin.

5.3.3. MINERALISATION

MANGANESE

Studies have recorded three major episodes of manganese deposition with the first from 2,400 to 1,800 million years ago corresponding to the same period as the formation of the Earaheedy Basin. The Earaheedy Basin is considered analogous to the Kalahari Manganese Field in South Africa as the two basins are of a similar age. High grade manganese deposits within the Kalahari Basin are a result of the transport of manganese from primary sediments due to circulating hydrothermal waters into structural taps. In the Earaheedy Basin outcropping high grade manganese is interpreted to have formed from circulating hydrothermal fluids. The similarities between the Kalahari and the Earaheedy Basins are important to the Earaheedy project as the Kalahari is reported as having greater than 50% of the world's known manganese resources.

IRON

Iron-rich sedimentary formations are also evident in the Earaheedy Basin. The iron mineralisation is hosted in the Frere Formation, which contains layers of peloidal haematite and jaspilite, with some layers of black haematite. Iron-rich stratigraphy shows a significant increase in iron around Shoemaker Impact Structure.

Ancient lake beds and palaeochannels with iron rich pisolite gravels have been identified from prospecting work and suggest the potential for channel iron deposits.

GOLD AND BASE METALS

In 2003, the Geological Survey identified epithermal style quartz veining which indicates potential for gold and base metal targets within the basin.

5.4. EXPLORATION

Historic exploration has been limited with the potential for manganese only recognised over the last few years. Previous regional exploration, in the 1980s by Western Mining Corporation Limited and the early 1990s by Northling Pty Ltd, focussed on indicator minerals for diamonds. This included regional mapping, geophysical surveys and sampling for mineralogy and geochemical studies.

Recent work by Coziron geologists has focused on the manganese and iron mineralisation potential within the Frere Formation. Geological mapping indicates that manganese occurs at several stratigraphic levels within the sediments over strike length of 120 km (Figure 5.2). Three prospect areas have been identified from geological mapping, structural interpretation of aeromagnetic data and from rock-chip sampling, being the Kingsland, Yelma and Baigong prospects



The Kingsland prospect, within E38/2213, has manganese outcrops over an area with a strike length of one kilometre. Within this prospect area analysis of 78 rock chip samples returned assays above 30% Mn concentrated around outcrop over a 1.5 km by 0.5 km area. A maximum grade of 45.6% Mn was recorded with 25 samples above 40% Mn. Structural interpretation using geophysical data indicates potential for this mineralisation to extend to the north, under cover of recent sediments.

Manganese outcrops have been identified at the Yelma prospect and the Baigong prospect. The Yelma prospect is located within the northern area of E53/1624 and extends northwards into E53/1436 and the Baigong prospect is within E38/2212. At the Yelma prospect epithermal quartz veins, which are prospective for gold mineralisation, have been identified. Rock chip sampling at Yelma has returned some anomalous iron results, but to date manganese grades are low. At Baigong three rock chip samples returned grades of >30% Mn and two samples returned grades of >55% Fe.

Structural interpretation has identified additional targets, with a similar setting to the manganese mineralisation at the Kingsland prospect. These are located along the 120 km strike length of the stratigraphic horizon that is prospective for manganese mineralisation, at the junctions with large regional structures.

Rock chip sampling at the Kingsland, Yelma and Baigong prospects and in E69/2573 has returned anomalous iron values. Most high grade iron samples are related to the Shoemaker Impact Structure on the western margin of the Earaheedy project tenements, within E69/2573. Iron-rich stratigraphic horizons show a significant increase in iron around this structure.

In October 2012, a low-level, 100 m line-spaced, aeromagnetic-radiometric survey was flown by UTS Geophysics over an area of 400 km² within the granted Earaheedy licences. The purpose of the survey was to determine whether this technology could identify anomalies associated with outcropping zones of manganese mineralisation. Preliminary interpretation of results indicates this method could be successful and an extension survey to cover all granted tenements is currently being planned.

A further 286 soil samples and 25 rock chip samples were collected and submitted for analysis during the 2013 reporting period. Results from the wide-spaced regional soil samples confirmed soil geochemistry as a valid exploration method at the Earaheedy project. Variations in geochemical results from soil samples coincide with variations in geophysical responses attributed to changes in underlying geology. Close-spaced (100 by 100 m) soil sampling at the Baigong prospect reported manganese consistently higher than 600 ppm.

6. SHEPHERDS WELL

6.1. LOCATION AND ACCESS

The Shepherds Well project is located immediately to the north of the Yarraloola project, approximately 65 km southwest of Karratha. The project area is serviced by the Great Northern Highway and is located approximately 25 km south of the proposed public access port development at Cape Preston East.



Iron Ore Holdings Ltd plans to fund development of the a port facility at Cape Preston East with a capacity of up to 25 Mtpa for export of its product from Bungaroo South and third party users. Further expansion may be developed by other parties. Optiro understands that the Cape Preston East port received environmental approval on 9 September 2013 and the proposed mine, road and port received heritage approvals on 31 March 2012.

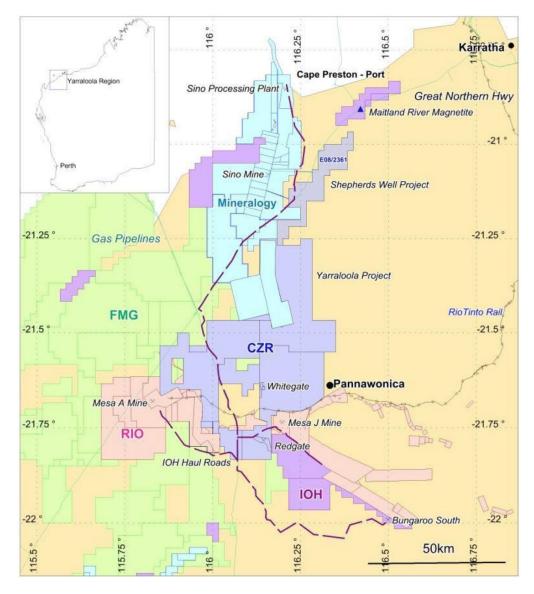


Figure 6.1 Location of the Shepherds Well project and surrounds (source: Coziron)

6.2. TENURE AND OWNERSHIP

The Shepherds Well project comprises a single granted exploration licences in the Pilbara region of Western Australia (Table 6.1). The exploration licences cover 60 graticular blocks (approximately 192 km²) and are located immediately north and contiguous with Coziron's Yarraloola project.

The licence is currently 100% held by Croyden Gold Pty Ltd, an entity controlled by Creasy. Upon completion of the Shepherds Well acquisition, Coziron will hold a 70% interest in the licence and bear 100% of all exploration and holding costs until completion of a bankable feasibility study is



completed. Consideration for the acquisition is 10,000,000 fully paid shares in Coziron and \$121,483 in cash.

Table 6.1 Shepherds Well project – tenement schedule

Licence number	Status	Grant date	Expiry date	Expenditure	Area (km²)	Equity
E08/23610	Granted	12/8/2013	9/7/2018	\$60,000	192.2	70%*

^{*} following completion of acquisition

6.3. GEOLOGY AND MINERALISATION

The Shepherds Well project covers part of the Cleaverville Terrain which is considered prospective for iron ore mineralisation (Figure 6.2). The Cleaverville Terrain consists of a sequence of ocean-floor basalts and associated sediments that are part of an accretionary domain that pre-dates the formation of the Hamersley Basin. There are known iron formations of up to 500 m thick interbedded within the Cleaverville as well as base-metal (Cu-Au-Pb-Zn) occurrences attributed to a sea-floor volcanogenic origin.

In the Pilbara region, the Cleaverville Terrain hosts direct-shipping iron ore deposits at localities such as BHP Billiton Limited's Yarrie Mine and the Pardoo deposit mined by Atlas Iron Limited. There are also large-scale magnetite deposits in the extension of the Cleaverville Terrain to the northeast from Shepherds Well including China Metallurgical Group Corporation's Cape Lambert deposit, Iron Ore Holdings Ltd's Maitland deposit and Red River Resources Ltd's Miaree deposit.

Coziron are currently assessing publically available airborne magnetic data which highlights approximately 9km² of E08/2361 as priority exploration targets. The targets are located within the northern portion of the project area and are up to 500 m wide. A formal exploration programme is yet to be planned but is anticipated to include mapping and rock-chip sampling followed by drilling of prospective areas.

In addition to iron ore, Coziron considers the licence to be prospective for copper-gold and associated base metal mineralisation. This is at an early stage of assessment but may undergo low-cost, early stage evaluation using soil and rock-chip sampling.



8 Cape Preston IOH Maitland Project 1.1Bt @ 30.4% Fe Archaean Gneiss Cleaverville Terrair Fortescue Basin Sediments Hamersley Basin and Volcanics Shepherds Well Project (EL08/2361) Yarraloola Project 10 km

Figure 6.2 Regional geological setting of Shepherds Well

6.4. EXPLORATION

Coziron is yet to assess the extent of previous exploration with the Shepherds Well project area.

7. YARRIE

7.1. LOCATION AND ACCESS

The Yarrie project is located 160 km east of Port Hedland and accessed by sealed roads and other regional road servicing the cattle industry and other mining communities in the region. The project area is also bisected by the Port Hedland to Telfer gold mine natural gas pipeline. BHP Billiton Limited's rail between Yarrie-Goldsworthy and Port Hedland is proximal to the project area.



7.2. TENURE AND OWNERSHIP

The Yarrie project comprises three grant and contiguous exploration licences covering 841 km² and a single exploration licence application covering 181 km² (Table 7.1).

The licences are currently held by XFE Pty Ltd, an entity controlled by Creasy. On 17 April 2014, Coziron announced they had entered into an option agreement to acquire a 70% interest in the Yarrie project from XFE Pty Ltd. The option agreement grants Coziron the exclusive right to purchase a 70% interest in the Yarrie project by spending A\$230,000 on due diligence and exploration. Should Coziron elect to exercise the option to purchase, the acquisition terms comprise:

- consideration of 100,000,000 fully paid ordinary Coziron shares deemed at A\$0.02 per share
- reimbursement of A\$711,234 for previous exploration expenditure
- expiry of the option on 30 September 2014.

Table 7.1 Yarrie project– tenement schedule

Licence number	Status	Grant date	Expiry date	Expenditure	Area (km²)	Equity
E45/3725	Granted	1/05/2013	30/04/2018	\$200,000	605.0	70%*
E45/4065	Granted	16/09/2013	15/09/2018	\$21,000	67.5	70%*
E45/3728	Granted	15/11/2011	14/11/2016	\$57,000	168.7	70%*
E45/3727	Pending				181.0	70%*

^{*} following completion of acquisition

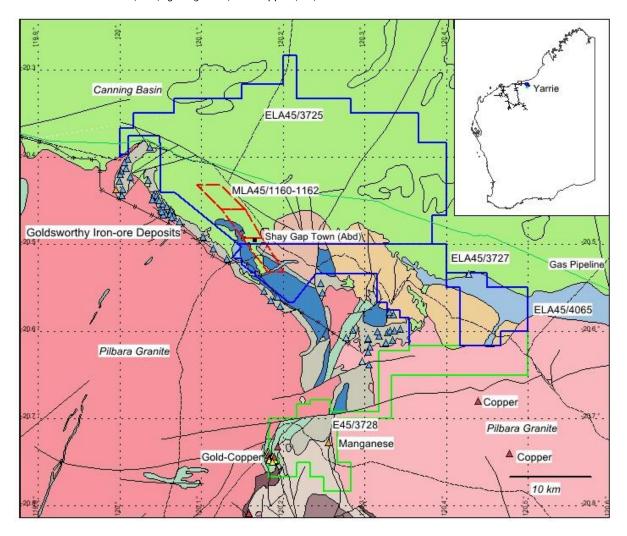
7.3. GEOLOGY AND MINERALISATION

The Yarrie project is currently at an early stage of assessment. It considered prospective for high-grade iron-ore deposits within Archaean-age sequences of volcanics and sediments of the Cleaverville Terrain.

The southern portion of the Yarrie area covers a sequence of Archaean-age metasediments, metavolcanics and granites that comprise the Pilbara Craton. In the north and northwest, units of the Pilbara Craton are on-lapped first by Proterozoic age sedimentary rocks which tend to be more locally distributed and then by more widespread Palaeozoic-age sedimentary rocks of the Canning Basin (Figure 7.1).



Figure 7.1 Yarrie exploration licences showing the regional geology and known mineral occurrences iron ore (blue), gold (yellow) and copper (red)



The Yarrie project is considered prospective for various mineralisation styles including:

- high-grade haematite in the Archaean-age Nimingarra Formation (dark blue in Figure 7.1 above) that hosts BHP Billiton Ltd's Goldsworthy iron-ore mines
- magnetite mineralisation within the Niminagarra Formation
- detrital haematite conglomerates in the Eel Creek Formation (grey in Figure 7.1 above)
- manganese mineralisation within metasediments at Six Mile Well
- veins-style base metal and alluvial gold on the margin of a granite batholith in the southwestern part of the tenements.

7.4. EXPLORATION

Coziron are yet to assess the extent of previous exploration with the Yarrie project area other than it is largely unexplored. Work completed and observations to date include:

- drainage sampling across the project area
- detailed aeromagnetic-radiometric geophysical surveying over parts of the project area
- magnetic-radiometric interpretation



- soil sampling mainly for gold mineralisation
- rock-chip sampling for iron ore mineralisation
- costeaning for gold mineralisation
- RAB (rotary air blast) and RC drilling for gold and to a lesser extent for iron-ore
- drill intercepts discovering haematite (>60% iron) in the Nimingarra and Eel Creek Conglomerate have not been systematically evaluated
- quartz vein hosted gold in the southern part of the tenements has been identified but not systematically followed up

8. IRON AND MANGANESE PRICES

8.1. IRON

The outlook for iron ore prices is clouded by the current Chinese economic outlook, the largest importer of the commodity, consuming close to 70% of the seaborne iron ore trade. Benchmark iron ore prices (IODEX 62% Fe iron ore fines, CFR China) have fallen to around US\$110 a tonne, down from a peak of US\$190 a tonne reached during a shortage in 2011.

In early March 2014, the price of iron ore charted its largest one-day price fall in more than four years on persistent fears over China's economy, dropping to as low as US\$104.70 a tonne after closing out the previous week at \$US114.20 a tonne. This was followed by the largest single day gain since August 2013 on speculation that China may speed up construction projects and take measures to counter slowing economic growth.

Iron ore stockpiles at Chinese ports reportedly increased to a record of over 100 Mt at the end of March 2014, approximately a 30% increase this year. Optiro notes analyst cutting growth forecasts for China and predicting iron ore prices will sink to around US\$80 to US\$90 per tonne over the next few years. This includes the Credit Suisse Group predicting prices below US\$100 a tonne in the second half of 2014 and JP Morgan lowered its 2014 iron ore price forecast by 6% to US\$118 per tonne, expecting demand from China will grow more slowly to 3.5% from 5% previously.

For the selection of comparable transactions for properties that are prospective for iron mineralisation and to ensure adequate comparable transactions, Optiro has used transactions that occurred after September 2011.

8.2. MANGANESE

Manganese is used as an additive in a wide range of steels, non-ferrous alloys, and electronic components, as well as in specialty chemical applications. In the steel manufacturing process, the addition of manganese removes impurities such as sulphur and oxygen. It also optimises the physical properties of the steel by improving its strength, hardness, and abrasion resistance. In 2010-11, approximately 90% of total manganese consumption was within the steel industry.

Whilst the manganese price will continue to be highly dependant on steel production, other applications including the use of Li-ion and NiMh batteries for consumer, electric vehicle and storage battery applications are likely to increase manganese demand.



Optiro notes that the manganese market is considerably less liquid and transparent than the iron ore market. Furthermore, manganese product prices are not readily quoted with product often sold under individual, private contacts. Manganese ore prices are less transparent than iron ore prices but have maintained relatively low volatility since mid-2009, albeit with a slightly weakening price. Optiro expects prices to remain stable but somewhat sluggish. Current Australian lumpy manganese ore is trending around US\$5.00 per dtmu for 45.5% Mn.

For the selection of comparable transactions for properties that are prospective for manganese mineralisation Optiro has used transactions that have occurred since mid-2009.

9. VALUATION CONSIDERATIONS

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the extent and reliability of information available in relation to the asset. The VALMIN Code classifies mineral assets according to the maturity of the asset:

- Exploration areas properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been declared.
- Advanced exploration areas properties where considerable exploration has been
 undertaken and specific targets have been identified that warrant further detailed
 evaluation, usually by drill testing, trenching or some form of detailed geological sampling.
 A Mineral Resource may or may not have been estimated, 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
 prospects to the resource category.
- Pre-development projects properties where Mineral Resources have been identified and their extent estimated, but where a decision to proceed with development has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- Development projects properties for which a decision has been made to proceed with development, but which are not commissioned or are not operating at design levels.
- Operating mines mineral properties that have been fully commissioned and are in production.

The VALMIN Code defines value as the fair market value of a mineral asset. The fair market value is the amount of money (or the cash equivalent of some other consideration) for which the mineral asset should change hands on the valuation date in an open and unrestricted market between a willing buyer and a willing seller in an 'arm's length' transaction, with each party acting knowledgeably, prudently and without compulsion. In times of high commodity prices and/or buoyant share market conditions the fair market value ascribed to mineral assets may be higher than their technical value. The fair market value of the mineral asset comprises:

 The underlying or technical value which is an assessment of a mineral asset's future economic benefit under a set of assumptions, excluding any premium or discount for market, strategic or other considerations.



 The market component, which is a premium or discount relating to market, strategic or other considerations.

In assessing the value of the Yarraloola, Yarrie, Shepherds Well, and Buddadoo iron ore assets and Earaheedy's manganese mineral assets, Optiro has considered both the technical value and the fair market value of the assets.

10. VALUATION APPROACH AND METHODOLOGY

In determining the appropriate valuation method(s) to be used for the project licences, Optiro has taken into consideration the classification of these assets according to the categories defined in the VALMIN Code and the different methodologies that are generally accepted as industry practice for each classification. Generally there are three broad methods of valuation that are used for valuing mineral assets: these are the market approach, cost approach and income approach. The market and cost approaches are used for the grass-roots through to advanced exploration stages and the income approached is used for advanced projects with defined reserves to operating mines.

In relation to the iron mineralisation potential within the Yarraloola and Buddadoo tenements and the manganese and iron mineralisation potential within the Earaheedy tenements the projects are considered to be early stage exploration projects. Valuation methodologies generally used for early stage exploration properties are market and cost approaches. The valuation approaches that are generally adopted for exploration areas are defined as inferential methods and rely on comparative or subjective inputs, such as a "rule of thumb" or appraised value method. Such a method values the property in dollars per unit area.

The methodologies considered by Optiro to determine a value for the exploration potential for iron mineralisation within the Yarraloola and Buddadoo and the exploration potential for manganese and iron mineralisation within the Earaheedy exploration licences are summarised below.

10.1. GEOSCIENTIFIC RATING METHOD

The most well-known method of the Geoscientific ratings type is the modified Kilburn Geological Engineering/Geoscientific method which was developed by a Canadian geologist who wished to introduce a more systematic and objective way of valuing exploration properties. The Kilburn and similar rating approaches are acknowledged as industry-standard valuation tools. This method is Optiro's preferred valuation tool for early stage exploration projects.

The Kilburn method uses a Geoscientific rating which has as its fundamental value a base acquisition cost (BAC) of the tenement. The BAC is the average cost to acquire a unit of exploration tenement (generally a graticular block, square kilometre or hectare) and maintain it for one year, including statutory fees and minimum expenditure commitments.

The determination of the BAC for exploration licences in Western Australia considered the application and retention costs as set by the Government of Western Australia Department of Mines and Petroleum, and the average identification, administration and expenditure costs. The BAC applied to the Yarraloola, Buddadoo and Earaheedy exploration licences is A\$1114 per graticular block or A\$344/km².



In the case of Yarraloola' prospecting licences, Optiro has elected to apply the (lower) exploration licence BAC as Optiro considers the prospecting licences have no particular advance in this case over an exploration licence. Given the small area and location of Yarraloola prospecting licences they are considered to have negligible exploration value but may hold some future strategic value to Coziron.

Four technical factors are then applied serially to the BAC of each tenement which enhance, downgrade or have no impact on the value of the property and which allow a value per tenement to be determined. The four technical factors are:

- Off-property factor relates to physical indications of favourable evidence for mineralisation, such as workings and mining on the nearby properties, which may or may not be owned by the company being valued. Such indications are mineralised outcrops, old workings through to world-class mines.
- On-property factor this is similar to the off property factor but relates to favourable indications on the property itself, such as mines with significant production.
- Anomaly factor the anomaly factor relates to the degree of exploration which has been carried out and the level and/or number of the targets which have been generated as a consequence of that exploration. Properties which have been subject to extensive exploration without the generation of sufficient or quality anomalies are marked down under the Kilburn approach.
- Geological factor this refers to the amount and exposure of favourable lithology and/or structure (if this is related to the mineralisation being valued) on the property. Thus properties which have a high coverage of favourable lithology and through-going structures will score most highly.

The ratings applied by Optiro are listed in Table 10.1.

This methodology is used to determine the technical value, and a fifth factor, reflecting the current state of the market, is applied to determine the market value. This market value determined from the Geoscientific rating method has been verified by consideration of the current market for iron exploration properties and manganese exploration properties in Australia.



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Table 10.1	Geoscientific rating criter	ria (modified by Optiro)

Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor	
0.1				Generally unfavourable geological setting	
0.5			Extensive previous exploration with poor results	Poor geological setting	
0.9			Poor results to date	Generally favourable geological setting, under cover	
1.0	No known mineralisation in district	No known mineralisation within tenement	No targets defined	Generally favourable	
1.5	Mineralisation identified	Mineralisation identified	Target identified, initial	geological setting	
2.0	Resource targets	Exploration targets	indications positive	Favourable geological	
2.5	identified	identified	Significant intersections	setting	
3.0	Along strike or adjacent	Mine or abundant	- not correlated on section	Mineralised zones	
3.5	to known mineralisation	workings with significant previous production	Several significant ore	exposed in prospective host rocks	
4.0	Along strike from a major mine(s)	Major mine with	grade intersections that can be correlated		
5.0	Along strike from world class mine significant historical production				

10.2. COMPARABLE TRANSACTION METHOD

The comparable market value approach is a market based approach and is an adaptation of the common real estate approach to valuation. For the purposes of mineral asset valuation, a valuer compiles and analyses transactions, converted to a 100% equity basis, of projects of similar nature, time and circumstance with a view to establishing a range of values that the market is likely to pay for a project. The comparable market approach:

- is intuitive, easily understood and readily applied
- implies a market premium/discount for the prevailing sovereign risk
- captures market sentiment for specific commodities or locations
- accounts for intangible aspects of a transaction (i.e. intellectual property).

The transactions deemed to be analogous to the mineral asset being valued are used to determine a unit price (e.g. \$/km² or \$/tonne metal, etc.) for the asset being valued. However, there is an intricate value dynamic between the quantity (size) and quality (grade or prospectivity) that may result in the exclusion of a large number of comparable transactions which in turn may undermine the accuracy of this method.

The comparable market value approach is widely used throughout the minerals industry; however, the valuer must take into account that this approach is largely retrospective and cannot take into account anticipated or recent commodity or other market price movements.



10.3. JOINT VENTURE TERMS METHOD

The joint venture terms method is a variation of the comparable market value method. This technique involves transactions where only partial ownership of a project is acquired. The joint venture terms method provides the valuer with a larger acquisitions dataset than the comparable market value method, and consequently these approaches are often used simultaneously in mineral asset valuations.

It is recognised that the market will attribute a sliding-scale premium in accordance with the level of ownership acquired (i.e. a joint venture agreement for a 51% interest in a project may attract a market value significantly above that for an identical project in which a 49% interest is acquired). The valuer therefore needs to account for any potential associated with ownership premiums.

10.4. APPRAISED VALUE METHOD

The cost approach or Appraised Value method is founded on the assumption that the intrinsic value of the exploration tenement is based on the exploration expenditure, and that a highly prospective tenement will generally encourage a higher level of exploration expenditure.

This valuation methodology relies upon the premise that a project is at least worth what the owner has previously spent and/or committed to spending in the future. It considers historical and/or planned future expenditure on the mineral asset and includes the amount of expenditure that has been meaningfully used in the past to define a target or resource and the future costs in advancing the exploration.

The value of the property may be determined from the sum of past effective exploration expenditure (usually limited to the past three years) plus any committed exploration expenditure in the current year and the application of a prospectivity enhancement multiplier (PEM). The PEM is determined by the level of sophistication of the exploration for which positive exploration results have been obtained and usually ranges from 0.5 to 3.0.

The principal shortcomings of this method are that there is no consistent base from which to derive the valuation and there is no systematic approach taken in determining the PEM. Optiro places less reliance on values determined this method than those determined from the Geoscientific ratings and comparable transaction methods.

11. VALUATION

Optiro's approach has been to use the following valuation methodologies for the exploration potential for iron mineralisation within the Yarraloola, Shepherds Well, Yarrie and Buddadoo exploration licences and for manganese mineralisation within the Earaheedy exploration licences:

- the Geoscientific rating method
- comparable transactions
- joint venture terms.



11.1. IRON PROJECTS

11.1.1. COMPARABLE TRANSACTIONS AND JOINT VENTURE TERMS

Optiro reviewed recent transactions involving Australian early-stage, iron (haematite and magnetite) exploration projects. In order to obtain a dataset that is relevant under the current time and circumstance, Optiro has selected transactions that occurred after September 2011 (see Section 8.1 above) and which are prospective for haematite and magnetite iron mineralisation.

Optiro considered 18 transactions that are considered to be of use in assessing the current market value attributed to haematite iron mineralisation potential similar to that at the Yarraloola Shepherds Well and Yarrie exploration licences. Optiro excluded properties with resources and defined exploration target tonnages. The transactions selected by Optiro are listed in Table 11.1.

Optiro's analysis of the transactions suggests that Australian early-stage, iron exploration projects similar to Coziron's exploration licences may attract market values up to A\$16,000/km² when considering like size and prospectivity.

Optiro considered 20 transactions that are considered to be of use in assessing the current market value attributed to magnetite iron mineralisation potential similar to that at Buddadoo's exploration licences. Optiro excluded properties with resources and defined exploration target tonnages. The transactions selected by Optiro are listed in Table 11.2. Optiro notes that the Buddadoo project is also potentially prospective for vanadium. Vanadium projects are thinly traded and Optiro has not identified any suitable comparable vanadium transactions.

Optiro's analysis of the transactions suggests that Australian early-stage, iron exploration projects similar to Buddadoo's exploration licences may attract market values in the range A\$2,000/km² to A\$6,000/km² on a 100% equity basis when considering like size and prospectivity.



Table 11.1 Selected transactions involving Australian exploration projects with haematite iron mineralisation

Project	Date	Buyer	Seller	Interest	Consideration (100% basis)	Area (km²)	Implied value (A\$/km²)
Windarling Peak	Sep 2010	Convergent Minerals Ltd	Iron Road Ltd	51%	\$392,157	26	14,950
Nameless	Oct 2010	Dragon Energy Ltd	AusQuest Ltd	100%	\$500,000	31	16,130
Central Yilgarn/Jackson	Feb 2011	Radar Iron Ltd	Southern Cross Goldfields	100%	\$1,850,000	913	2,030
Mt Ida	Mar 2011	Fe Limited	Dempsey Resources Pty Ltd	100%	\$50,000	371	130
Wyloo	Jun 2011	Cradle Resources Ltd	Ilmenite Resources Pty Ltd	100%	\$314,000	62	5,050
Ethel Creek	Jul 2011	Winmar Resources Ltd	Cazaly Iron Pty Ltd	75%	\$893,333	620	1,440
Mt Stuart	Jul 2011	Winmar Resources Ltd	Cazaly Iron Pty Ltd	75%	\$7,800,000	177	43,960
Pilbara	Sep 2011	Rico Resources Ltd	Cliffs Asia Pacific Iron Ore Pty Ltd	100%	\$275,000	385	710
Mardie	Oct 2011	Iron Ore Holdings Ltd	Azimuth Resources Ltd	100%	\$225,000	224	1,010
Twin Peaks and Moorarie	Mar 2012	Trafford Resources Ltd	Independence Group NL	80%	\$6,250,000	525	11,900
Marilana Bridge, Perishing and Yarrintree	Jun 2012	FMG Pilbara Pty Ltd	Royal Resources Ltd	100%	\$350,000	4,109	90
Fields Find	Dec 2012	Mount Gibson Iron Ltd	Royal Resources Ltd	100%	\$500,000	250	2,000
Anabama	Jan 2013	Chalcophile Resources Pty Ltd	Diatreme Resources Ltd	70%	\$1,428,571	286	5,000
West Pilbara	Jan 2013	Fox Resources Ltd	Pilbara Minerals Ltd	80%	\$2,648,750	998	2,650
Bathurst Island	Mar 2013	Regal Mining Pty Ltd	Timah Resources Ltd	100%	\$1,000,000	60	16,670
Ashburton	Apr 2013	Shandong Energy Australia Pty Ltd and Shandong Lunan Geo-Engineering Exploration Institute.	Dragon Energy Ltd	65%	\$3,076,923	506	6,080
Nicholson	May 2013	Jimpec Resources Pty Ltd	Phosphate Australia Ltd	80%	\$4,062,500	11,885	340
Newman	Nov 2013	Volta Mining Ltd	Pilbara Commodities Ltd	100%	\$1,350,000	38	35,110



Table 11.2 Selected transactions involving Australian exploration projects with magnetite iron mineralisation

Project	Date	Buyer	Seller	Interest	Consideration (100% basis)	Area (km²)	Implied value (A\$/km²)
Mt Marie	Jan 1900	Legend Mining Ltd	Fox Radio Hill PL	70%	\$714,286	103	6,930
Hawkwood	Jan 2010	Rugby Mining Ltd	Rowen Company Ltd	90%	\$5,194,444	520	9,990
Hawkwood	Jan 2010	Eastern Iron Ltd	Rugby Mining Ltd	80%	\$5,375,000	423	12,710
South Dam	Feb 2010	Bonython Metal Group Pty Ltd	Carpentaria Exploration Ltd	80%	\$2,437,500	860	2,830
Camel Hills	Feb 2010	Desert Energy Ltd	Auora Minerals Ltd	51%	\$7,450,980	5,000	1,490
Cunderdin	Feb 2010	Enterprise Metals Ltd	Glintan Pty Ltd	100%	\$670,000	713	940
Olary Creek	Feb 2010	HJH Nominees Pty Ltd t	U3O8 Ltd	75%	\$6,800,000	281	24,200
Burracoppin	Aug 2010	Enterprise Metals Ltd	Burracoppin Resources Pty Ltd	100%	\$760,000	290	2,620
Woodley	Nov 2010	Nemex Resources Ltd	Legend Mining Ltd	100%	\$760,000	254	2,990
Bullamine	Feb 2011	Cliffs Natural Resources Inc	Reedy Lagoon Corporation Ltd	75%	\$7,333,333	3,338	2,200
Byro	Feb 2011	Athena Resources Ltd	Byro Exploration Pty Ltd	100%	\$1,420,000	2,820	500
Mt Marie	Aug 2011	Artemis Resources Ltd	Legend Mining Ltd	100%	\$800,000	89	9,030
Southdown	Oct 2011	Australian Minerals & Mining Group Ltd	Minemakers	80%	\$750,000	311	2,410
Braemar	Jan 2012	Carpentaria Exploration Ltd	Maosen Australia Pty Ltd	60%	\$285,000	218	1,310
Drew Hill	Feb 2012	Havilah Resources NL	Exco Resources Ltd	75%	\$1,600,000	230	6,960
Woodley	Mar 2012	Golden West Resources Ltd	Nemex Resources Ltd	85%	\$1,176,471	254	4,630
Musgrave	Apr 2012	Anglo American Explroation Lty Ltd	Phosphate Australia Ltd	70%	\$4,357,143	861	5,060
Corunna Downs	Oct 2012	Atlas Iron Ltd	Gondwana Resources Ltd	90%	\$2,333,333	824	2,830
Culyarie	Feb 2013	Apollo Minerals Ltd	Mincor Resources NL	75%	\$2,666,667	642	4,150
Mt Alexander North	Oct 2013	Zenith Minerals Ltd	Northern Manganese Ltd	100%	\$120,000	88	1,360



11.1.2. GEOSCIENCIFIC RATING METHODS

YARRALOOLA

Optiro determined Geoscientific ratings for each tenement in reference to the off-property, onproperty, anomaly and geology factors for potential iron mineralisation. The ratings for the Yarraloola tenements are listed in Table 11.3. Optiro assigned the ratings based on:

- a large, 1,463 km² licence package located in the prospective Hamersley Province
- known outcrop of Marra Mamba and Brockman Formation within the licence area with mapped iron alteration
- geological work completed to date including geophysical surveys, sampling and mapping
- numerous rock chip samples returned with iron grades greater than 55% Fe
- potential for DSO quality iron mineralisation
- excellent infrastructure endowment in place and planned
- operational, third party CID mines proximal to the southern portion of the licence area
- negligible exploration value associated with the prospecting licences

Table 11.3 Yarraloola - Geoscientific rating criteria applied to iron mineralisation potential

Tenement	Off prope	erty factor	On prope	On property factor		Anomaly factor		Geology factor	
renement	Low	High	Low	High	Low	High	Low	High	
E08/1060	3.5	4	2.5	3	2	2.5	2	2.5	
E08/1684	1.5	2	2	2.5	1.5	2	3	3.5	
E08/1685	2	2.5	2	2.5	2	2	3	3.5	
E08/1686	3.5	4	2.5	3	2	2.5	2	2.5	
E08/1824	3	3.5	2	2	1.5	1.5	1.5	2	
E08/1825	1	1.5	1.5	1.5	1	1	1	1.5	
E08/1826	3	3.5	1.5	1.5	1	1.5	1	1.5	
P08/529	2.5	3	1.5	1.5	1.5	1.5	1.5	2	
P08/530	2.5	3	1.5	1.5	1.5	1.5	1.5	2	
P08/666	1	1.5	1	1	1	1	0.9	1	

Fair market value is the technical value (as determined by the Geoscientific ratings) plus a premium or discount to account for market, strategic considerations and special purposes. Optiro has examined the past and forecast iron ore price as well as the strategic location of Yarraloola exploration licences and has elected not to apply a market factor to the technical value.

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the iron mineralisation potential within the Yarraloola exploration licences:

- BAC for Western Australian exploration licence A\$1,114 per block or A\$344/km²
- no market factor for the Yarraloola iron properties.



Based on the Geoscientific ratings of the iron mineralisation prospectivity within the Yarraloola exploration licences, the mineral assets are expected to have a 100% equity value that lies in the range A\$11.5 M to A\$24.4 M, with a preferred value of A\$18.0 M. Considering Coziron's equity position, the value lies in the range A\$9.8 M to A\$20.8 M, with a preferred value of A\$15.3 M.

Optiro's analysis of the transactions suggests that Australian early-stage, iron exploration projects similar to the Yarraloola project would attract market values up to A\$16,000/km². Based on the Geoscientific ratings of the iron mineralisation potential of Yarraloola exploration licences an average value of A\$12,300/km² has been determined. This is within the range of values indicated by recent comparable transactions and given the size and overall prospectivity of the licences, this is considered reasonable.

BUDDADOO

The ratings for the Buddadoo tenements are listed in Table 11.4. Optiro assigned the ratings based on:

- the presence of the vanadiferous titanomagnetite deposit hosted by the mafic Buddadoo Complex
- known vanadium and titanium mineralisation based on previous work is typically lower grade (and potentially smaller) than comparable deposits such the Windimurra and Barrambie deposits (held by third parties) which have been economically marginal
- vanadium, titanium and iron mineralisation also tends to be thinner than comparable deposits such as the Balla Balla deposit (held by a third party)
- the project hosts conceptual VHMS type copper targets which require further investigation
- the project is proximal to existing infrastructure which has recently been upgraded.

Table 11.4 Buddadoo - Geoscientific rating criteria applied to iron mineralisation potential

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
	Low	High	Low	High	Low	High	Low	High
E59/1350	1.5	2	2	2	1.5	2	1.5	2

Optiro has examined the past and forecast iron ore price as well as the strategic location of the Earaheedy exploration licence and has elected not to apply a market factor to the technical value.

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the iron mineralisation potential within the Buddadoo exploration licence:

- BAC for Western Australian exploration licence A\$1,114 per block or A\$344/km²
- no market factor for Buddadoo project.

Based on the Geoscientific ratings of the iron mineralisation prospectivity within the Buddadoo exploration licences, the mineral assets are expected to have a 100% equity value that lies in the range A\$0.5 M to A\$1.2 M, with a preferred value of A\$0.8 M. Considering Coziron's equity position, the value lies in the range A\$0.4 M to A\$1.0 M, with a preferred value of A\$0.7 M.



Optiro's analysis of the transactions suggests that Australian early-stage, iron exploration projects similar to the Buddadoo Project may attract market values in the range A\$2,000/km² to A\$6,000/km². Based on the Geoscientific ratings of the iron mineralisation potential of Buddadoo's exploration licences an average value of A\$3,900/km² has been determined. This is within the range of values indicated by recent comparable transactions.

SHEPHERDS WELL

Optiro determined Geoscientific ratings for each tenement in reference to the off-property, onproperty, anomaly and geology factors for potential iron mineralisation. The ratings for the Shepherds Well licence are listed in Table 11.5. Optiro assigned the ratings based on:

- a 192 km² licence package located to the north and contiguous to the Yarraloola project
- prospective stratigraphy identified
- potential for DSO quality iron mineralisation
- excellent infrastructure endowment in place and planned

Table 11.5 Shepherds Well - Geoscientific rating criteria applied to iron mineralisation potential

Tonomont	Off property factor		On property factor		Anomaly factor		Geology factor	
Tenement Low	Low	High	Low	High	Low	High	Low	High
E08/2361	2.5	3	2	2.5	1.5	1.5	2	2.5

Optiro has examined the past and forecast iron price as well as the strategic location of the Shepherds Well exploration licence and has elected not to apply a market factor to the technical value.

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the iron mineralisation potential within the Yarraloola and Buddadoo exploration licences:

- BAC for Western Australian exploration licence A\$1,114 per block or A\$344/km²
- No market factor for the Shepherds Well project.

Based on the Geoscientific ratings of the iron mineralisation prospectivity within the Shepherds Well exploration licence, the mineral assets are expected to have a 100% equity value that lies in the range A\$1.0 M to A\$1.9 M, with a preferred value of A\$1.4 M. Considering Coziron's equity position, the value lies in the range A\$0.7 M to A\$1.3 M, with a preferred value of A\$1.0 M.

Optiro's analysis of the transactions suggests that Australian early-stage, iron exploration projects similar to the Shepherds Well project would attract market values up to A\$16,000/km². Based on the Geoscientific ratings of the iron mineralisation potential of Yarraloola' exploration licences an average value of A\$9,600/km² has been determined. This is within the range of values indicated by recent comparable transactions and given the size and overall prospectivity of the licences, this is considered reasonable.



YARRIF

Optiro determined Geoscientific ratings for each tenement in reference to the off-property, onproperty, anomaly and geology factors for potential iron mineralisation. The ratings for the Yarrie licences are listed in Table 11.8. Optiro assigned the ratings based on:

- a large, 1,022 km² licence package located proximal to existing iron ore mines
- potential for DSO quality iron mineralisation
- the project is generally at an early stage of assessment
- previous exploration has intersected high grade haematite in the Nimingarra Formation and Eel Creek Conglomerate
- potential for gold and base metal endowment not adequately followed up
- good infrastructure endowment in place

Table 11.6 Yarrie - Geoscientific rating criteria applied to iron mineralisation potential

Tenement	Off property factor		On property factor		Anomaly factor		Geology factor	
renement	Low	High	Low	High	Low	High	Low	High
E45/3725	3.5	4	2	2	1.5	2	2	2.5
E45/4065	3.5	4	2	2	1.5	2	2	2.5
E45/3728	3.5	4	2	2	1.5	2	2	2.5
E45/3727	3.5	4	2	2	1.5	2	2	2.5

Optiro has examined the past and forecast iron price as well as the strategic location of the Yarrie exploration licence and has elected not to apply a market factor to the technical value.

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the iron mineralisation potential within the Yarrie exploration licences:

- BAC for Western Australian exploration licence A\$1,114 per block or A\$344/km²
- No market factor for the Yarrie project.

Based on the Geoscientific ratings of the iron mineralisation prospectivity within the Yarrie exploration licence, the mineral assets are expected to have a 100% equity value that lies in the range A\$7.4 M to A\$14.0 M, with a preferred value of A\$10.7 M. Considering Coziron's equity position, the value lies in the range A\$5.2 M to A\$9.8 M, with a preferred value of A\$7.5 M.

Optiro's analysis of the transactions suggests that Australian early-stage, iron exploration projects similar to the Yarrie project would attract market values up to A\$16,000/km². Based on the Geoscientific ratings of the iron mineralisation potential of Yarraloola' exploration licences an average value of A\$10,500/km² has been determined. This is within the range of values indicated by recent comparable transactions and given the size and overall prospectivity of the licences, this is considered reasonable.



11.2. EARAHEEDY PROJECT

11.2.1. COMPARABLE TRANSACTIONS AND JOINT VENTURE TERMS

Optiro reviewed recent transactions involving Australian early-stage, manganese exploration projects. In order to obtain a dataset that is relevant under the current time and circumstance, Optiro has selected transactions that occurred after mid-2009 (see Section 8.2 above) and which are prospective for manganese mineralisation.

Optiro selected 17 transactions that are considered to be of use in assessing the current market value attributed to manganese mineralisation potential similar to that at the Earaheedy project exploration licences. Optiro excluded properties with resources and defined exploration target tonnages. The transactions selected by Optiro are listed in Table 11.7.

Optiro's analysis of the transactions suggests that Australian early-stage, manganese exploration projects similar to the Earaheedy project's exploration licences typically attract market values in the range A\$2,000/km² to A\$4,500/km² on a 100% equity basis when considering like size and prospectivity and location.



Table 11.7 Selected transactions involving Australian exploration projects with manganese mineralisation

Project	Date	Buyer	Seller	Interest	Consideration (100% basis)	Area (km²)	Implied value (A\$/km²)
Yeneena	Apr 2009	Encounter Resources Limited	Barrick Ltd	25%	\$1,600,000	1,300	1,230
Shoemaker	Jul 2009	General Mining Corporation Ltd	Galaxy Resources Ltd	80%	\$2,625,000	347	7,560
Wolfe	Sep 2009	AusQuest Ltd	Legacy Iron Ore Ltd	80%	\$512,500	148	3,460
Skull Springs	Oct 2009	Shaw River Resources Ltd	Talisman Mining Ltd	70%	\$742,857	224	3,320
Gladstone	Jul 2008	Genesis Resources Ltd	Western Desert Resources Ltd	45%	\$1,666,667	573	2,910
Mt Chester	Dec 2009	Pioneer Resources Ltd	Galaxy Resources Ltd	25%	\$300,000	4	68,180
Mooloogool	Jan 2010	Fe Limited	Mooloogool Ltd	100%	\$1,339,259	2,000	670
Wild Horse Plains	Mar 2010	Archer Exploration Ltd	UraniumSA Ltd	100%	\$300,000	1,042	290
Jameison Tank	Jan 2010	OM Holdings Ltd	Archer Exploration Ltd	60%	\$1,000,000	55	18,330
North Manganese	May 2011	Groote Resources Ltd	North Manganese Pty Ltd	100%	\$250,000	3,856	60
KingX	Dec 2011	Coziron Resources Ltd	KingX Pty Ltd	85%	\$5,882,353	2,702	2,180
Bootu Creek Two	Feb 2012	Bligh Resources Ltd	Not disclosed	80%	\$296,875	546	540
Rockstone	Sep 2012	Kaboko Mining	Steven Simwanza	51%	\$1,960,784	980	2,000
Stanley	Oct 2012	Cliffs Australia Holdings Pty Ltd	AusQuest Ltd	70%	\$2,474,788	570	4,340
Lee Steere	Dec 2012	Golden West Resources Ltd	Dragon Energy	55%	\$1,900,000	155	12,260
Wilcherry Hill	Dec 2013	IronClad Mining Ltd	Trafford Resources Ltd	80%	\$4,062,500	976	4,160
Ndjole	Dec 2013	BHK Resources	Silver Bull	100%	\$1,673,609	2,000	840



11.2.2. GEOSCIENCIFIC RATING METHODS

Optiro determined Geoscientific ratings for each tenement in reference to the off-property, onproperty, anomaly and geology factors for potential manganese mineralisation. The ratings for the Earaheedy project tenements are listed in Table 11.8. Optiro assigned the ratings based on:

- the anomalous manganese results returned from rock-chip sampling at the Kingsland and Baigong prospects
- the manganese outcrop identified at the Yelma prospect
- the development of a structural and stratigraphic model for manganese mineralisation at the Kingsland prospect and the application of this for target identification
- the identified targets for manganese mineralisation based on geological mapping and structural interpretation of the magnetic data
- a number of the projects remain in application and have been discounted by 50% to account for risk to grant.

In applying the Geoscientific ratings Optiro has also considered:

- the anomalous iron results returned from rock chip sampling within the western area of the project and the proximity of this area to the Shoemaker impact structure
- the presence of epithermal quartz veins within the Earaheedy Basin identified by the Geological Survey and at the Yelma prospect.

Table 11.8 Earaheedy Project - Geoscientific rating criteria applied to iron mineralisation potential

Tenement Off prop		erty factor	On property factor		Anomaly factor		Geology factor	
тепешеш	Low	High	Low	High	Low	High	Low	High
E38/2213	1.5	2	2	2.5	1.5	2	2	2.5
E38/2212	2	2	1.5	1.5	1.5	2	2	2.5
E53/1433	2	2	1.5	1.5	1.5	2	1.5	2
E53/1437	2	2	1.5	1.5	1.5	2	1	1.5
E38/2211*	2	2	1.5	1.5	1.5	2	1	1.5
E53/1434*	2	2	1.5	1.5	1.5	2	1.5	2
E53/1435*	2	2	1.5	1.5	1.5	2	1.5	2
E53/1436*	2	2	1.5	1.5	1.5	2	2	2.5
E53/1622*	2	2	1.5	1.5	1.5	2	1.5	2
E53/1623*	2	2	1.5	1.5	1.5	2	1	1.5
E53/1624*	2	2	1.5	1.5	1.5	2	2	2.5
E69/2573*	2	2	1.5	1.5	1.5	2	2	2.5

^{*} application

Fair market value is the technical value (as determined by the Geoscientific ratings) plus a premium or discount to account for market, strategic considerations and special purposes. Optiro has examined the past and forecast manganese prices as well as the location of the Earaheedy project exploration licences and has elected not to apply a premium or discount to the valuation of the Earaheedy mineral assets.

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the mineralisation potential within the Earaheedy exploration licences:



- BAC for Western Australian exploration licence A\$1,114 per block or A\$344/km²
- market factor no premium or discount.

Based on the Geoscientific ratings of the mineralisation prospectivity within the Earaheedy exploration licences, the mineral assets are expected to have a 100% equity value that lies in the range A\$4.9 M to A\$9.2 M, with a preferred value of A\$7.0 M. Considering Coziron's equity position, the value lies in the range A\$4.1 M to A\$7.8 M, with a preferred value of A\$6.0 M.

Optiro's analysis of the transactions suggests that Australian early-stage, manganese exploration projects similar to the Earaheedy project may attract market values in the range A\$200/km² to A\$4,500/km². Based on the Geoscientific ratings of the manganese mineralisation potential of the Earaheedy exploration licences an average value of A\$3,600/km² has been determined. This is considered reasonable given the manganese prospectivity and within the range of values indicated by recent comparable transactions.

11.3. SUMMARY VALUATION

Optiro has applied a number of recognised valuation methods to derive a value estimate for the mineral assets relating to the iron prospectivity within the exploration licences of the Yarraloola, Buddadoo, Shepherds Well and Yarrie projects and the manganese (and iron) prospectivity within the Earaheedy exploration licences.

Optiro's opinion of the fair market value of iron and manganese potential within the exploration licences, using the methodologies described above, is summarised in Table 11.9 and Table 11.10. Optiro has selected the values derived from the Geoscientific rating method as the preferred valuation for the exploration potential. This reflects the results obtained from the recent exploration and the geological potential in the as yet unexplored areas.

Table 11.9 Valuation summary – Coziron equity

Mineral asset	Coziron equity		Value (A\$M)	\$M)		
IVIII lei ai asset	Coziron equity	Low	High	Preferred		
Yarraloola	85%	9.8	20.8	15.3		
Buddadoo	85%	0.4	1.0	0.7		
Earaheedy	85%	4.1	7.8	6.0		
Total (current assets)		14.3	29.6	21.9		
Shepherds Well	70%	0.7	1.3	1.0		
Yarrie	70%	5.2	9.8	7.5		
Total (acquisitions)		5.8	11.1	8.5		
Total		20.1	40.7	30.4		



Table 11.10	Valuation summa	ary – 100% equity
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Mineral asset	Equity	Value (A\$M)		
IVIIIIerai asset	Equity	Low	High	Preferred
Yarraloola	100%	11.5	24.4	18.0
Buddadoo	100%	0.5	1.2	0.8
Earaheedy	100%	4.9	9.2	7.0
Total (current assets)		16.9	34.8	25.8
Shepherds Well	100%	1.0	1.9	1.4
Yarrie	100%	7.4	14.0	10.7
Total (acquisitions)		8.4	15.9	12.1
Total		25.3	50.7	37.9

In this report, Optiro has determined the current fair market value of the iron potential within the Yarraloola, Yarrie, Shepherds Well and Buddadoo exploration licences and the manganese potential within the Earaheedy exploration licences as at 2 May 2014. Optiro's opinion of the fair market value of Coziron's equity in these assets is that it is within the range A\$20.1 M to A\$40.7 M, with a preferred value of A\$30.4 M. On a 100% basis the value lies within a range A\$25.3 M to A\$50.7 M, with a preferred value of A\$37.9 M. The values assigned to these mineral assets are in nominal Australian dollars (A\$) and were prepared with an effective valuation date 2 May 2014.

12. DECLARATIONS BY OPTIRO

12.1. INDEPENDENCE

Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological services, but also resource evaluation, corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 50 Colin Street, West Perth, Western Australia, and Optiro's staff work on a variety of projects in a range of commodities worldwide.

This report has been prepared independently and in accordance with the VALMIN and JORC Codes. The authors do not hold any interest in Coziron Resources Limited or their associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are being charged at Optiro's standard rates, whilst expenses are reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

12.2. QUALIFICATIONS

The principal personnel responsible for the preparation and review of this report are Mr Jason Froud (Principal) and Mrs Christine Standing (Principal) of Optiro.

Mr Jason Froud [BSc (Hons), Grad Dip (Fin Mkts), MAusIMM] is a geologist with over 18 years experience in mining geology, exploration, resource definition, mining feasibility studies, reconciliation, consulting and corporate roles in gold, iron ore, base metal and uranium deposits



principally in Australia and Africa. Jason has previously acted as a Competent Person and Independent Expert across a range of commodities with expertise in mineral exploration, grade control, financial analysis, reconciliation and quality assurance and quality control.

Mrs Christine Standing [BSc (Hons) Geology, Grad Dip (Min Econs), MAusIMM, MAIG] is a geologist with 30 years extensive experience in the exploration and mining industry. She has been consulting in resource estimation and generating independent experts' reports since 1988, and her skills include resource evaluation studies, grade control and reconciliation work. Christine is a Principal for Optiro in Perth and is involved in independent technical reviews, audits and valuations of exploration assets.

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14. GLOSSARY OF ABBREVIATIONS AND TECHNICAL TERMS

Term	Explanation
Abbreviations	A\$ – Australian dollars, B –BAC – base acquisition cost, CID – channel iron deposits, DSO – direct shipping ore, ha – hectare, km – kilometre, km² – square kilometre, m – metre, mm – millimetre, M – million, Ma – million years ago, t – tonnes, US\$ – United States dollars.
Chemical elements	Al – aluminium, Fe – iron, Mn – manganese, P – Phosphorus, O – oxygen, S – sulphur, Si – silica, Ti – titanium, V - vanadium.
aeromagnetic	An airborne magnetic survey.
aircore drilling	A method that uses blades to bore a hole into unconsolidated ground. The rods are hollow and contain an inner tube which sits inside the hollow outer rod barrel. The drill cuttings are removed by injection of compressed air into the hole and brought back to the surface up the inner tube.
alteration	A change in mineralogical composition of a rock through reactions with hydrothermal fluids, temperature or pressure changes.
Archaean	Era of the geological time scale within the Precambrian aeon containing rocks greater than 2500 million years old.
banded iron formation	Iron formation that shows banding, generally of iron-rich minerals and chert or fine-grained quartz.
basement	In general terms, older or Archaean rocks which are often covered by younger rocks.
core	See diamond drilling.
craton	A stable area of continental crust that has not undergone much plate tectonic or orogenic activity for a long period.
diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit.
dip	Geological measurement – the angle at which bedding or a structure is inclined from the horizontal.
drillhole data	Data collected from the drilling, sampling and assaying of drill holes.
early Proterozoic	The oldest period of the Proterozoic Era of the geological time scale within the Precambrian aeon containing rocks of approximately 2500 million years old.
epithermal gold	Epithermal gold deposits form in hydrothermal systems related to volcanic activity exhaust shaft Ventilation shaft for removal of exhaust from underground workings.
exploration licence application	Application of an individual/company to a government to obtain the rights to explore for minerals.
fault	A fracture in rock along which displacement has occurred.
goethite	An iron bearing oxide mineral found in soil and other low temperature environments (FeO(OH))
gossanous (rocks)	Gossanous rocks are intensively oxidised and weathered and usually represent the upper and exposed part of an ore deposit or mineral vein. They are enriched in iron containing iron oxides such as goethite and limonite.
granite	A coarse grained intrusive felsic igneous rock.
granitic intrusion	Granite rock which has been emplaced into the earth's crust.
greenschist facies	Assemblage of minerals formed during regional metamorphism.
hydrothermal	The actions of hot water or the products produced by the action of hot water.
limestone	A rock composed mainly of calcium carbonate or magnesium carbonate or combinations thereof.
mafic	Silicate minerals, magmas, and volcanic and intrusive igneous rocks that have relatively high concentrations of the heavier and darker minerals.
magmatic	Related to or produced from magma.
malachite	Copper carbonate mineral.
manganiferous	Enrichment of manganese in rocks.
metamorphic	The process of metamorphism or its results.
mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.
Proterozoic	Era of the geological time scale within the Precambrian eon containing rocks of approximately 1000 - 2500 million years old.
strike	Geological measurement – the direction of bearing of bedding or structure in the horizontal plane.
VALMIN Code	The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets for Independent Expert Reports (2005), sponsored by the AusIMM, the ASX, the AIG and MICA among others.
vanadiferous magnetite	A mineral association that is commonly associated with layered intrusions.

Annexure B - Terms of Options

Coziron Resources Limited ("Company") - Option Terms Tranche 1

- a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- b) The exercise price of each Option is 143% of the volume weighted average market price of the Company's Shares, calculated over the last 5 days on which sales in the Shares were recorded before the date of issue ("Exercise Price") per share subscribed for on exercise of each Option.
- c) Each Option will expire 36 months from the date of issue ("Option Expiry Date"). Each Option may be exercised at any time prior to 5.00pm WST on the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.
- d) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects pari passu with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- e) A registered owner of an Option ("Option Holder") will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- f) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement ("Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being the Exercise Price per share.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

- g) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.
- h) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- i) Subject to the Corporations Law, the Listing Rules and the Constitution of the Company, the Options are freely transferable and will only be quoted on ASX if a sufficient spread of option holders exists in compliance with the ASX Listing Rules.
- j) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the following formula:

O' = O - E[P - (S + D)]

N + 1

Where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying shares into which one Option is exercisable.
- P = the average market price per share (weighed by reference to volume) of the underlying shares to which the Option Holder is entitled.
- S = the subscription price for a share under the pro rata issue.
- D = any dividend due but not yet paid on the existing underlying share (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

No change will be made pursuant to the application of the above formula to the number of shares to which the Option Holder is entitled.

If the Company is listed upon ASX, the reduction of the exercise price of each Option in accordance with the above formula shall be subject to the provision of the Listing Rules of ASX.

If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.

Coziron Resources Limited ("Company") - Option Terms Tranche 2

- a) Each Option shall entitle the holder the right to subscribe for one (1) fully paid ordinary share in the capital of the Company.
- b) The exercise price of each Option is 167% of the volume weighted average market price of the Company's Shares, calculated over the last 5 days on which sales in the Shares were recorded before the date of issue ("Exercise Price") per share subscribed for on exercise of each Option.
- c) Each Option will expire 48 months from the date of issue ("Option Expiry Date"). Each Option may be exercised at any time prior to 5.00pm WST on the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.
- d) Each ordinary share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all aspects pari passu with the existing ordinary fully paid shares in the capital of the Company on issue at the date of allotment.
- e) A registered owner of an Option ("Option Holder") will be entitled to receive and will be sent all reports, accounts and notices required to be given to members of the Company but will not be entitled to attend or vote at any meetings of the members of the Company unless they are members of the Company.
- f) A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to these terms and attached or endorsed on the reversed side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement ("Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary shares in the capital of the Company to be allotted.

The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full of the relevant number of shares being subscribed, being the Exercise Price per share.

On exercise of Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.

Within 14 days from the date the Option Holder properly exercised Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of fully paid ordinary shares in the capital of the Company so subscribed for by the Option Holder.

- g) In the event of a reconstruction (including a consolidation, sub-division, reduction, return or pro-rata cancellation) of the issued capital of the Company, the number of Options or the exercise price of the Options or both shall be reconstructed in such that there will not result in any benefits being conferred on the Option Holders which are not conferred on shareholders (subject to the provision with the respect to rounding of entitlements sanctioned by the meeting of shareholders approving the reconstruction of capital) but in all other respects the terms of the exercise of Options shall remain unchanged.
- h) There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its shareholders from time to time prior to the Option Expiry Date unless and until Options are exercised. The Company will ensure that during the exercise period of the Options, the record date for the purposes of determining entitlement to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
- i) Subject to the Corporations Law, the Listing Rules and the Constitution of the Company, the Options are freely transferable and will only be quoted on ASX if a sufficient spread of option holders exists in compliance with the ASX Listing Rules.
- j) If the Company is listed on ASX and makes a pro rata issue (except a bonus issue) to the holders of ordinary shares, the exercise price of each Option shall be amended in accordance with the following formula:

O' = O - E[P - (S + D)]

N + 1

Where:

- O' = the new exercise price of the Option.
- O = the old exercise price of the Option.
- E = the number of underlying shares into which one Option is exercisable.
- P = the average market price per share (weighed by reference to volume) of the underlying shares to which the Option Holder is entitled.
- S = the subscription price for a share under the pro rata issue.
- D = any dividend due but not yet paid on the existing underlying share (except those to be issued under the pro rata issue).
- N = the number of shares with rights or entitlements that must be held to receive a right to one new share.

No change will be made pursuant to the application of the above formula to the number of shares to which the Option Holder is entitled.

If the Company is listed upon ASX, the reduction of the exercise price of each Option in accordance with the above formula shall be subject to the provision of the Listing Rules of ASX.

If the Company makes a bonus issue or other securities convertible into ordinary shares pro rata to holders of ordinary shares the number of shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus shares. No change will be made in such circumstances to the exercise price of each Option.