CROSSLAND STRATEGIC METALS LIMITED
ABN 64 087 595 980

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Shareholders of Crossland Strategic Metals Limited (**CUX** or the **Company**) will be convened at 10.30 am AEST on Wednesday, 31 May 2017, at the RACV Club, 501 Bourke St, Melbourne VIC 3000.

If you are unable to attend the Meeting, we encourage you to complete and return the enclosed Proxy Form. The completed Proxy Form must be received by the Company at least 48 hours before the commencement of the Meeting.

An Explanatory Statement is attached. Shareholders should read this in full. If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

SPECIAL BUSINESS

RESOLUTION 1 – Approval of issue of Consideration Shares to the Sellers.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> "That, for the purposes of item 7 of section 611 of the Corporations Act and ASX Listing Rule 10.11 (as applicable) and for all other purposes, approval is given for the Company to issue 425,054,961 Shares to EMMCO Mining and 622 Shares to Stan Wassylko in consideration for the acquisition by the Company of 100% of the issued capital of Essential Mining Resources Pty Ltd (**EMR**) and the debt in the sum of $2,234,201 owing by EMR to EMMCO Mining (**EMMCO Book Debt**) at an issue price of $0.005354128 per Share and otherwise on the terms and conditions set out in the Explanatory Statement. "

Voting Exclusion Statement – ASX Listing Rule 10.11

For the purposes of ASX Listing Rule 10.11, the Company will disregard any votes cast on Resolution 1 by:
(a) EMMCO Mining and Stan Wassylko; and
(b) an associate of EMMCO Mining or of Stan Wassylko.
However, the Company need not disregard a vote if:
(i) the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
(ii) the vote is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Voting Exclusion Statement – Section 611 of the Corporations Act 2001
For the purposes of item 7, section 611 of the Corporations Act, a vote on Resolution 1 must not be cast by or on behalf of:
(a) EMMCO Mining and Stan Wassylko; and
(b) an associate of EMMCO Mining or of Stan Wassylko

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report accompanying this Notice for the purposes of Resolutions 1 and 2. The Independent Expert has concluded that:

- the proposed issue of Shares under Resolution 1 is not fair but is reasonable to the non-associated Shareholders;
- the proposed issue of Shares under Resolution 2 is not fair but is reasonable to the non-associated Shareholders: and.
- the proposed issue of Shares under Resolutions 1 and 2 is not fair but is reasonable to the non-associated Shareholders.

RESOLUTION 2 – Approval of issue of Loan Repayment Shares to EMMCO Mining

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> "That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for the Company to issue 132,500,000 Shares to EMMCO Mining in consideration for the repayment of a loan in the sum of $530,000 made by EMMCO Mining to the Company at an issue price of $0.004 per Share and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement

For the purposes of item 7, section 611 of the Corporations Act, a vote on Resolution 2 must not be cast by or on behalf of:

(a) EMMCO Mining; and
(b) an associate of EMMCO Mining

RESOLUTION 3 – Approval of a prior issue of Shares to Former Directors

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> "That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue to the Former Directors (or their nominees) of a total of 29,803,546 Shares at an issue price of $0.005354128 per Share and otherwise on the terms and conditions set out in the Explanatory Statement is approved and ratified."

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 3 by the Former Directors (or their nominees) and any associates of any of those persons.

However, the Company need not disregard a vote if:

(i) the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
(ii) the vote is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 – Approval of an issue of Shares to Mr G Eupene (a Director)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> "That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 11,371,226 Shares to Geoffrey Eupene (or his nominee) at an issue price of $0.005354128 per Share and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement
The Company will disregard any votes cast on Resolution 4 by Geoffrey Eupene (or his nominee), and any associates of any of those persons and any member of the KMP at the date of the Meeting (and their Closely Related Parties) acting as proxy.
However, the Company need not disregard a vote if:

(i) the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(ii) the vote is cast by the person chairing the Meeting as proxy for a person who is entitled to vote and the person chairing the Meeting has received express authority to vote undirected proxies as he sees fit even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

RESOLUTION 5 – Approval of an issue of Shares to Mr H K Sia (a Director)

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> "That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 9,151,817 Shares to Sia Hok Kiang (or his nominee) at an issue price of $0.005354128 per Share and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement
The Company will disregard any votes cast on Resolution 5 by Sia Hok Kiang (or his nominee), and any associates of any of those persons and any member of the KMP at the date of the Meeting (and their Closely Related Parties) acting as proxy.
However, the Company need not disregard a vote if:

(i) the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or

(ii) the vote is cast by the person chairing the Meeting as proxy for a person who is entitled to vote and the person chairing the Meeting has received express authority to vote undirected proxies as he sees fit even though the Resolution is connected directly or indirectly with the remuneration of a member of the KMP.

RESOLUTION 6 – Approval of an Issue of Shares to a Creditor

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> "That, pursuant to and in accordance with Listing Rule 7.1 of the ASX Listing Rules and for all other purposes, the Company be authorised to allot and issue 11,206,307 Shares at an issue price of $0.005354128 per Share to Mr Tony Davis (or his nominee) to satisfy debts due to him in respect of property rents."

Voting Exclusion Statement
The Company will disregard any votes cast on Resolution 6 by Mr Tony Davis (or his nominee) or any associates of any of those persons.
However, the Company need not disregard a vote if:

(i) the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
(ii) the vote is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 7– Approval of an issue of Shares to Eligible Investors

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

> "That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 200,000,000 Shares at an issue price equal to the 5 Day VWAP to Eligible Investors."

Voting Exclusion Statement
The Company will disregard any votes cast on Resolution 7 by a 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 associate of any of those persons. However, the Company need not disregard a vote if:
(i) the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
(ii) the vote is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated this 26th day of April 2017

BY ORDER OF THE BOARD

Grahame Clegg
COMPANY SECRETARY

NOTES

1. Voting entitlement

In accordance with Regulation 7.11.37 of the Corporations Regulations, the Company (as convener of the Meeting) has determined that a person's entitlement to attend and vote at the Meeting will be those persons set out in the register of Shareholders as at 7.00 pm AEST on Monday, 29 May 2017. This means that any Shareholder registered at that time is entitled to attend and vote at the Meeting.

2. Proxies

(a) a Shareholder entitled to attend the Meeting and vote, is entitled to appoint a proxy to attend and vote on behalf of that Shareholder at the Meeting.

(b) A proxy need not be a Shareholder and may be an individual or a body corporate.

(c) If the Shareholder is entitled to cast two or more votes at the Meeting, the Shareholder may appoint two proxies and may specify the proportion or number of the votes which each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes held by that Shareholder.

(d) Where two proxies are appointed, any fractions of votes resulting from the appointment of two proxies will be disregarded.

(e) A Proxy Form accompanies this Notice.

(f) Unless the Shareholder specifically directs the proxy how to vote, the proxy may vote as he or she thinks fit, or abstain from voting (subject to any applicable voting exclusions).

(g) If a Shareholder wishes to appoint a proxy, the Shareholder should complete the Proxy Form and comply with the instructions set out in that form relating to the signing and lodgement of the Proxy Form with the Company.

(h) Any directed proxy appointments in favour of a person other than the chair of the Meeting that are not voted on a poll at the Meeting will automatically default to the chair, who is required to vote proxies as directed on the poll (subject to any applicable voting exclusions).

(i) To be valid, the Proxy Form (and the original or a certified copy of any power of attorney or other authority under which it is signed) must be received by the Company no later than 10.30 am AEST on Monday, 29 May 2017:.

- **By mail**: Crossland Strategic Metals Limited
  C/- Boardroom Pty Limited
  GPO Box 3993
  Sydney NSW 2001
  Australia.
- **By fax**: +61 2 9290 9655
- **By hand**: Boardroom Pty Limited
  Level 12, 225 George Street
  Sydney NSW 2000.

3. Corporate Representatives

Any corporate Shareholder who has appointed a person to act as its corporate representative at the Meeting 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 representative should bring evidence of his or her appointment including the authority under which it is signed to the Meeting.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide Shareholders with material information to enable them to make an informed decision on the business to be conducted at the General Meeting of the Company. Amongst other things, this Explanatory Statement provides Shareholders with the information required to be provided to Shareholders by the Corporations Act and the ASX Listing Rules.

The Explanatory Statement sets out an explanation of each of the Resolutions to be put to Shareholders.

Unless otherwise stated, capitalized terms used in the Notice and this Explanatory Statement have the meanings given to them in the Glossary and a reference to a section is a reference to a section of the Explanatory Statement.

Special Business

RESOLUTIONS 1 and 2

RESOLUTION 1 - Approval of issue of Consideration Shares to the Sellers

1.1 Background

As announced to the ASX on 27 July 2016, the Company has entered into a Share Purchase Agreement (**SPA**) in relation to the acquisition of the 43.72% stake in the Charley Creek Project held by our Joint Venture partner, Essential Mining Resources Pty Ltd (**EMR**) by way of the purchase by the Company of all the issued shares in EMR in exchange for the issue of fully paid ordinary shares in the Company (**Shares**).

EMR is a private Australian based company owned as to approximately 99.99% by EMMCO Mining Sdn Bhd (**EMMCO Mining** or **EMMCO**) and as to the balance by Stanislaw Wassylko (who represents EMR on the Board of the Company). EMMCO Mining is a wholly owned Malaysian incorporated subsidiary of Halim Rasip Holdings Sdn Bhd (also incorporated in Malaysia), which in turn is majority owned and controlled by Mr Harun Halim Rasip, a private Malaysian investor.

The acquisition will effectively give the Company a 100% interest in the Charley Creek Project Joint Venture. On completion of the acquisition the Joint Venture will terminate and the Company will assume full control and ownership of the Joint Venture's assets. A residual net smelter royalty of 1% of the gross product sales to the Company's original Joint Venture partner, Pancontinental Uranium Corporation, remains in effect on titles subject to the Joint Venture.

1.2 Details of Acquisition

The purchase price for the acquisition of EMR is $2,275,802. This comprises $41,601 for the shares in EMR (being EMR's net assets as at 12 May 2016) owned by the Sellers and $2,234,201 for the acquisition of a debt equal to that amount owing by EMR to EMMCO Mining (**EMMCO Book Debt**). The purchase of 100% of the shares in EMR and the acquisition of the EMMCO Book Debt will provide the Company with 100% control of EMR's share capital without a continuing liability to EMMCO Mining.

The purchase price will be satisfied by the issue of a total of 425,054,961 Shares to EMMCO Mining and 622 Shares to Stanislaw Wassylko, each at a deemed issue price of $0.005354128 (together the **Consideration Shares**).

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

a) the Company obtaining all required shareholder and regulatory approvals to the issue of the Consideration Shares and the Loan Repayment Shares, including shareholder approval for the purposes of item 7 of section 611 of the Corporations Act 2001 (Cth); and

b) the Company, acting reasonably, having formed the view that no material adverse change in the assets, liabilities, financial condition or prospects of EMR has occurred, or is reasonably likely to occur, between the date of the SPA and Completion.

Upon Completion, EMMCO Mining will be entitled to nominate up to 2 additional Directors of the Company - see section 2.4(g) below for further details.

1.3 Independent Expert's Report

A copy of the Independent Expert's Report on the proposed issue of the Consideration Shares and the Loan Repayment Shares is attached to this Notice of Meeting.

The Independent Expert has concluded that:

- **the proposed issue of the Consideration Shares is not fair but is reasonable to the non-associated Shareholders;**
- **the proposed issue of the Loan Repayment Shares is not fair but is reasonable to the non-associated Shareholders, and**
- **the proposed issue of the Consideration Shares and Loan Repayment Shares together is not fair but is reasonable to the non-associated Shareholders.**

The Board strongly recommends that Shareholders read the Independent Expert's Report in full.

2 RESOLUTION 2 - Approval of issue of Shares to EMMCO Mining in settlement of an Interim Loan to the Company

2.1 Background

EMMCO Mining has advanced an interim loan of $530,000 to the Company (on an interest free basis) to enable it to continue to operate while the acquisition of the outstanding 43.72% interest in the Joint Venture is completed. It is proposed that the loan be acquired by the Company (therefore extinguishing the debt) by the issue to EMMCO Mining of 132,500,000 Shares at an issue price of $0.004 per Share at Completion.

2.2 EFFECT OF RESOLUTIONS 1 and 2 on share capital, shareholdings and voting power

The table below sets out the effect on the capital structure of the Company of the issue of Shares under Resolutions 1 and 2 (assuming no other Shares are issued) and on the shareholding and voting power of EMMCO Mining. The voting power of EMMCO Mining includes the 622 Shares to be issued to its Associate Mr Wassylko under Resolution 1.

	EMMCO Mining	Other Shareholders	Total Shares
Current Shareholding	0	422,361,516	422,361,516
%	0.0%	100.0%	100.0%
Acquisition of EMR	425,054,961	622	425,055,583
%	100.0%	0.0%	100.0%
Settlement of Interim loan	132,500,000	-	132,500,000
%	100.0%	0.0%	100.0%
Final Shareholding	557,554,961	422,362,138	979,917,099
Voting power	56.90%	43.10%	100.0%

2.3 Corporations Act – Item 7 of section 611

Summary

Except as provided by Chapter 6 of the Corporations Act, section 606(1) of the Corporations Act prohibits a person from acquiring shares in a company if, after that acquisition, that person or any other person would have a relevant interest or voting power in excess of 20% of the voting shares in that company.

Item 7 of section 611 provides that section 606(1) of the Corporations Act does not apply to an acquisition of a relevant interest in the voting shares of a company if the company has agreed to the acquisition by resolution passed at a general meeting to 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 the Company held by the person and the person's associates.

Associate

For the purposes of Chapter 6 of the Corporations Act, subject to specified exclusions, a person (**second person**) will be an "associate" of the other person (first person) if:

(a) the first person is a body corporate and the second person is:

(i) a body corporate the first person controls;

(ii) a body corporate that controls the first person; or

(iii) a body corporate that is controlled by an entity that controls the first person; or

(b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs; or

(c) the second person is a person with whom the first person is acting, or proposing to act, in concert in relation to the Company's affairs.

An entity "controls" another entity if it has the capacity to determine the outcome of decisions about that other entity's financial and operating policies.

A "relevant agreement" means an agreement, arrangement or understanding:

(a) whether formal or informal or partly formal and partly informal;

(b) whether written or oral or partly written and partly written oral; and

(c) whether or not having legal or equitable force and whether or not based on legal or equitable rights.

Relevant interest

Pursuant to section 608(1) of the Corporations Act, a person has a "relevant interest" in securities if they:

(a) are the holder of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Pursuant to section 608(3) of the Corporations Act, a person is deemed to have a "relevant interest" in securities that a company has if their voting power in the company is above 20% or they control the company.

The voting power of a person is determined under section 610 of the Corporations Act. It involves calculating the number of voting shares in the company in which the person and the person's Associates have a relevant interest.

As noted in section 1.1 above, Mr Stanislaw Wassylko represents EMR on the Board of the Company. Following Completion, he will continue as a Director (as one of the two Directors nominated by EMMCO). Accordingly, the Company considers that he should be regarded as an Associate of EMMCO for the purposes of Chapter 6 of the Corporations Act.

As far as the Company is aware, as at the date of the Notice of Meeting neither EMMCO nor Mr Wassylko is an Associate of any Shareholder for the purposes of Chapter 6 of the Corporations Act.

As at the date of the Notice of Meeting, neither EMMCO nor any of its Associates (including Mr Wassylko) holds any Shares.

The Company is seeking the approval of Shareholders under Item 7 of section 611 of the Corporations Act because the proposed issue of the Consideration Shares and the Loan Repayment Shares to EMMCO under Resolutions 1 and 2 will result in EMMCO having a relevant interest in an aggregate of more than 20% of the voting shares in the Company (as set out in the table in section 2.2 above).

Except for Mr Wassylko and Halim Rasip Holdings Sdn Bhd (which controls EMMCO), no other relevant parties are considered to be Associates of EMMCO. As far as the Company is aware, no other relevant parties will have a relevant interest in the Shares to be issued to EMMCO other than Halim Rasip Holdings Sdn Bhd and Mr Harun Halim Rasip (who controls Halim Rasip Holdings Sdn Bhd and EMMCO). Each of Halim Rasip Holdings Sdn Bhd and Mr Harun Halim Rasip will have a deemed relevant interest in the Consideration Shares and the Loan Repayment Shares to be issued to EMMCO.

2.4 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.

Identity of Person who will hold a relevant interest in the securities to be issued

If the Shares proposed to be issued under Resolutions 1 and 2 are issued, EMMCO will have a relevant interest in 557,554,961 Shares and Stanislaw Wassylko will have a relevant interest in 622 Shares.

As noted in section 1.1 above, EMMCO is a wholly owned subsidiary of Halim Rasip Holdings Sdn Bhd, which in turn is controlled by Mr Harun Halim Rasip. Accordingly, each of Halim Rasip Holdings Sdn Bhd and Mr Harun Halim Rasip will have a deemed relevant interest in the Shares to be issued to EMMCO (see section 2.3 above).

Impact of the transactions on the Voting Power in the Company's Shares

(a) **The Company's capital structure**

Once the Shares proposed to be issued under Resolutions 1 and 2 have been issued, the capital structure of the Company will consist of 979,917,099 Shares.

(b) **Current voting power of EMMCO**

As at the date of the Notice of Meeting, neither EMMCO nor any of its Associates (including Mr Wassylko) has a relevant interest in any Shares . Accordingly, the current voting power of EMMCO is nil.

(c) **Voting power of EMMCO and its Associates**

The voting power of EMMCO and its Associates following the issue of the Shares under Resolutions 1 and 2 will be as set out in the table in section 2.2 above.

The maximum increase in the voting power of EMMCO and its Associates as a result of the issue of Shares under Resolutions 1 and 2 will be 56.90%, being a total voting power of 56.90%.

(d) **Intentions as to the Future of the Company**

The present intentions of EMMCO regarding the future of the Company, if Resolutions 1 and 2 are approved by Shareholders are:

(i) Maintain the Company's ongoing business and operations.

(ii) Review the Company's work plans and funding requirements to determine the additional capital required to advance the Charley Creek Project.

(iii) There is no present intention to change the business of the Company, or to otherwise redeploy the fixed assets of the Company.

(vi) There are no proposals whereby any property will be transferred between the Company and EMMCO or any person associated with EMMCO or the Company.

(e) **Financial and Dividend Policies of the Company**

There is no immediate intention of EMMCO to change the financial or dividend policies of the Company.

(f) Interests of Directors

Under Resolution 1, Mr Wassylko will receive 622 Consideration Shares in consideration for the sale of his 2 fully paid ordinary shares in EMR. Except for this interest, the Directors have no interest in the outcome of Resolutions 1 or 2 except, in the case of Messrs Sia and Eupene, as Shareholders. The relevant interest of each Director in the issued Shares as at the date of this Notice is set out in the table below:

Director	Shares		
	Direct	Indirect	Total
Mr H K Sia	Nil	44,000,000	44,000,000
Mr G Eupene	4,000,00	9,258,492	13,258,492
Mr E Vesel	Nil	Nil	Nil
Mr S Wassylko	Nil	Nil	Nil

(g) Identity, associations (with the Sellers or any of their associates) and qualifications of any person who is intended to become a director if Shareholders agree to the acquisition

If Resolutions 1 and 2 are passed, Mr Harun Halim Rasip, will become a director of the Company at Completion.

Mr Harun Halim Rasip, 63, is a Malaysian citizen and was educated in Perth, Western Australia from the age of 15, graduating from the University of Western Australia with a Bachelor of Commerce Degree (Accounting). He then articled with Price Waterhouse (now PWC) in Perth, Western Australia to achieve membership of the Institute of Chartered Accountants in Australia. He thereafter worked with Price Waterhouse, Malaysia until leaving in the 1980s to establish a family company, Halim Rasip Holdings Sdn Bhd ("HRH") engaged over the subsequent years in vessel ownership/operation, an extensive range of oil and gas services, manufacturing activities and privatized infrastructure (a port and a coal terminal in Perak, West Malaysia subsequently injected into a public company, Integrax Berhad where Harun was the lead promoter and first Chairman/CEO of Integrax Berhad). EMMCO Mining is a wholly owned subsidiary of HRH which in turn is majority owned and controlled by Harun.

Harun has in the past served as a director on the Board of Directors of several private companies and on the Boards of several public listed companies listed on the Bursa Malaysia in executive and non-executive roles – Landmarks Berhad, I Capital Biz Berhad and currently as President Director of PT Tanah Laut Tbk, a company listed on the Jakarta Stock Exchange.

He is a Fellow of the Institute of Chartered Accountants in Australia and member of the Malaysian Institute of Accountants.

(h) **Advantages**

The Company will have full control of the Charley Creek Project.

The acquisition will also avoid the possibility of project equity being lost through dilution under the terms of the Joint Venture between the Company and EMR.

Further details of the advantages are included in section 7 of the Independent Expert's Report attached to this notice of meeting.

(i) **Disadvantages**

The interests of the existing Shareholders will be diluted.

Further details of the disadvantages are included in section 7 of the Independent Expert's Report attached to this notice of meeting.

(j) **Directors Recommendation**

Based on the information available, including that contained in this Explanatory Statement and the Independent Expert's Report, all of the Directors other than Mr Wassylko consider that each of Resolution 1 and 2 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolutions 1 and 2 for the reasons outlined in section 2.4(h) above. Mr Wassylko has declined to make a recommendation on Resolutions 1 and 2 because of his interest in the outcome of Resolution 1 and his association with EMMCO Mining in relation to the outcome of both Resolution 1 and Resolution 2 (as outlined in section 2.3 above).

2.5 ASIC and ASX's Role

For the purposes of Resolutions 1 and 2, in accordance with Regulatory Guide 74, the Company lodged this Notice and the Explanatory Statement with ASIC before the Notice was sent to Shareholders.

Approval under ASX Listing Rule 7.1 for the issue of the Consideration Shares proposed under Resolutions 1 and 2 is not required by virtue of Exception 16 of ASX Listing Rule 7.2, because approval is sought under Item 7 of section 611 of the Corporations Act.

On 24 April 2017, the ASX granted the Company a waiver from ASX Listing Rule 9.1.3 such that the ASX escrow restrictions in clauses 5 and 6 of Appendix 9B will not apply to the Consideration Shares or the Loan Repayment Shares. The waiver applies only until 24 July 2017 and is subject to any amendments to the listing rules or changes in the interpretation or administration of the listing rules and policies of ASX.

The proposed acquisition will constitute a significant change in the scale of CUX's activities under the ASX Listing Rules. However, the ASX has confirmed that the approval of Shareholders is not required under Listing Rule 11.1.2 and that CUX is not required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

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

2.6 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires an entity to obtain the approval of Shareholders in order to issue equity securities (which includes shares) to a related party (where none of the applicable exceptions apply). A Director is a related party of the Company. Further, ASX Listing Rule 7.2 (Exception 14) states that approval under ASX Listing Rule 7.1 is not required if shareholder approval is obtained under ASX Listing Rule 10.11. A summary of ASX Listing Rule 7.1 is set out in section 3.2 below.

Under Resolution 1, Shareholder approval is sought to the proposed issue of 622 Consideration Shares to Mr Wassylko, a Director, for the purposes of ASX Listing Rule 10.11 (and for all other purposes).

The issue of the Consideration Shares to Mr Wassylko under Resolution 1 will not affect the capacity of the Company to issue securities in the next 12 months under ASX Listing Rule 7.1, as those Shares (once issued) will be excluded from calculations under ASX Listing Rule 7.1.

2.7 ASX Listing Rule 10.13 information

In accordance with ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Consideration Shares to Mr Wassylko under Resolution 1:

Number of Shares to be issued	622 Shares.
Issue date	No later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver of the ASX Listing Rules).
Issue price of Shares	$0.005354128 per Share.
Names of allottees	Mr Stanislaw Wassylko.
Terms of Shares	The Shares will rank equally with all the other Shares on issue as from the date on which they are issued.
Use of the funds	No funds will be raised from the issue of the Shares because they will be issued for nil cash consideration in consideration for the acquisition of the two fully paid ordinary shares in the capital of EMR owned by Mr Wassylko.

2.8 Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Under section 208 of the Corporations Act, for a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company must:

(a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
(b) give the benefit within 15 months following such approval,
unless the giving of the benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

An issue of Shares by the Company constitutes the provision of a financial benefit to the allottee for the purposes of Chapter 2E.

Under section 228(6) of the Corporations Act, an entity is a related party of the Company at a particular time if the entity believes or has reasonable grounds to believe that it is likely to become a related party of the Company at any time in the future.

Under section 228(1) of the Corporations Act, an entity that controls the Company is a related party of the Company. As noted in section 2.2 above, following the issue of the Consideration Shares and the Loan Repayment Shares to EMMCO Mining under Resolutions 1 and 2 (and before the issue of any Shares under Resolutions 4, 5, 6 and 7), EMMCO Mining will hold 56.90% of the total Shares then on issue. Accordingly, at that time it will control the Company and therefore be a related party of the Company.

As noted in section 7.1 below, following the issue of the Consideration Shares and the Loan Repayment Shares to EMMCO Mining under Resolutions 1 and 2 and the issue of Shares under Resolutions 4, 5 and 6 (and before the issue of any Shares under Resolution 7), EMMCO Mining will hold 55.11% of the total Shares then on issue. Accordingly, at that time it will continue to control the Company and be a related party of the Company.

The Company has not received any indication from EMMCO Mining as to whether it believes or has reasonable grounds to believe that it is likely to become a related party of the Company as a consequence of the issue to it of the Consideration Shares and the Loan Repayment Shares under Resolutions 1 and 2. The issue of those Shares requires the approval of Shareholders. Accordingly, the Company is not in a position to determine whether EMMCO Mining should be treated as a related party on that basis for the purposes of Resolutions 1 and 2.

One of the exceptions to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act is where the financial benefit is given on terms that would be reasonable in the circumstances of the public company and the related party were dealing at arm's length or are on terms that are less favourable to the related party than would apply if the parties were dealing at arm's length (section 210 of the Corporations Act). The issue price of the Consideration Shares and the Loan Repayment Shares proposed to be issued to EMMCO Mining under Resolutions 1 and 2 were negotiated on an arm's length basis and the Board (with Mr Wassylko abstaining) considers that they are reasonable in the circumstances.

Accordingly, even if it is assumed that EMMCO Mining is a related party of the Company, the Board (with Mr Wassylko abstaining) considers that the proposed issue of Consideration Shares and Loan Repayment Shares to EMMCO Mining under Resolutions 1 and 2 falls within the "arm's length terms" exception mentioned above. Accordingly, Shareholder approval to the issue of those Shares to EMMCO Mining under Chapter 2E of the Corporations Act is not being sought

As a Director, Mr Wassylko is a related party of the Company

Another exception to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act is where, in broad terms, the value of the financial benefit to be given to a related party in a financial year (when added to all other amounts or values of financial benefits given to the related party, in the financial year, for which shareholder approval was not needed because of another relevant exception) is less than or equal to $5,000 (section 213 of the Corporations Act). Based on the issue price of the 622 Consideration Shares proposed to be issued to Mr Wassylko under Resolution 1, the value of those Consideration Shares is approximately $3.30. No other financial benefits requiring Shareholder approval under Chapter 2E of the Corporations Act have been given to Mr Wassylko during the current financial year.

The issue price of the Consideration Shares proposed to be issued to Mr Wassylko under Resolution 1 is the same as the issue price of the Consideration Shares proposed to be issued to EMMCO Mining under Resolution 1. As mentioned above, the terms of the issue of the latter Shares were negotiated on an arm's length basis and the Board (with Mr Wassylko abstaining) considers that they are reasonable in the circumstances.

The Board (with Mr Wassylko abstaining) considers that the proposed issue of Consideration Shares to Mr Wassylko under Resolution 1 falls within the "small amounts" and "arm's length terms" exceptions mentioned above. Accordingly, Shareholder approval to the issue of those Shares to Mr Wassylko under Chapter 2E of the Corporations Act is not being sought.

3 RESOLUTION 3 - Approval of a prior issue of Shares to Former Directors.

3.1 Background

During 2015 a shortage of Company funds did not allow payment of Directors fees and other remuneration payable to Mr Bob Richardson and Mr Mal Smartt (**Former Directors**). Mr Richardson resigned as the Non-Executive Chairman of the Company on 16 February 2016. Mr Smartt resigned as an Executive Director of the Company on the same date.

On 26 August 2016, a total of 29,803,546 Shares were issued to the Former Directors (or their nominees) at an issue price of $0.005354128 per Share, being the issue price for the Consideration Shares, in full satisfaction of the fees and other remuneration owing to them.

The outstanding fees and other remuneration of each of the Former Directors satisfied by the issue of such Shares and the number of Shares issued to them are as follows:

Former Director	Outstanding fees	No of Shares
Robert Richardson	$93,737	17,507,426
Malcolm Smartt	$65,835	12,296,120
Total	$159,572	29,803,546

3.2 Requirement for Shareholder approval

As the Former Directors ceased to be Directors more than 6 months before the date on which the Shares were issued to them, at the issue date they were not related parties of the Company for the purposes of the ASX Listing Rules (or the Corporations Act). Accordingly, the issue of the Shares did not require the prior approval of Shareholders under ASX Listing Rule 10.11 or otherwise under the ASX Listing Rules.

ASX Listing Rule 7.1 prohibits a listed entity from issuing, or agreeing to issue, equity securities (which includes shares) in any 12 month period which exceeds 15% of the number of its ordinary shares on issue at the beginning of that 12 month period, unless one of the exceptions to ASX Listing Rule 7.1 applies or the approval of shareholders is obtained.

Under ASX Listing Rule 7.4, a prior issue of equity securities made without shareholder approval under ASX Listing Rule 7.1 is treated as having been made with approval for the purposes of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 and holders of ordinary shares subsequently ratify or approve the issue.

The Company issued the Shares to the Former Directors without prior Shareholder approval out of its 15% annual placement capacity. Accordingly, the issue did not breach ASX Listing Rule 7.1.

By approving the issue of the Shares under Resolution 3, the Shares will not reduce the number of Shares that could be issued by the Company without the approval of Shareholders under ASX Listing Rule 7.1 and will increase the base number of Shares from which the 15% calculation is made.

3.3 ASX Listing Rule 7.5 information

In accordance with ASX Listing Rule 7.5, the following information is provided for the purposes of Shareholder approval to the issue of the Shares under Resolution 3:

Number of Shares issued	29,803,546 Shares.
Issue price of Shares	$0.005354128 per Share.
Names of allottees	Mr Robert Richardson (in respect of 17,507,426 Shares). Mr Malcolm Smartt (in respect of 12,296,120 Shares).
Terms of Shares	The Shares were fully paid ordinary shares and ranked equally with all the other Shares on issue as at the issue date (being 26 August 2016).
Use of the funds	No funds were raised from the issue of the Shares because they were issued in satisfaction of the Director's fees and other remuneration owing to the allottees.

3.4 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

4 RESOLUTIONS 4 and 5 - Approval of an issue of Shares to current Directors.

4.1 Background

During 2014 - 2016 a shortage of Company funds did not allow payment of Directors fees and other remuneration to the Directors. Shareholders approved the issue of Shares in part satisfaction of the outstanding fees and other remuneration of the Directors then in office at the AGM held on 5 May 2015. The outstanding fees and other remuneration of those Directors that have since resigned have been satisfied or paid in Shares or cash and current longstanding Directors, Mr Geoff Eupene and Mr H K Sia are the only remaining Directors who are owed fees and other remuneration for services provided.

The current outstanding fees and other remuneration owed to Mr Geoff Eupene is $84,671 and it is proposed that $60,883 of the outstanding fees and remuneration owed will be satisfied through the issue of 11,371,226 Shares at an issue price of $0.005354128 per Share with the remaining amount of $23,788 (including GST of $7,697) to be paid in cash.

The current outstanding fees and other remuneration owed to Mr H K Sia is $49,000 and it is proposed that the outstanding fees and remuneration owed will be satisfied through the issue of 9,151,817 Shares at an issue price of $0.005354128 per Share.

Under Resolutions 4 and 5, Shareholder approval is sought to the issue of 11,371,226 Shares to Mr Geoff Eupene and 9,151,817 Shares to Mr H K Sia (or their respective nominees) respectively at an issue price of $0.005354128 per Share, for the purposes of ASX Listing Rule 10.11 and all other purposes. The issue price of these Shares is the same as the issue price of the Consideration Shares proposed to be issued under Resolution 1 and the Shares previously issued to the Former Directors referred to in Resolution 3.

A summary of ASX Listing Rule 10.11 is set out in section 2.6 above. For the purposes of ASX Listing Rule 10.11, as Directors, Messrs. Eupene and Sia are related parties of the Company.

The issue of Shares to Messrs. Eupene and Sia (or their respective nominees) under Resolutions 4 and 5 respectively will not affect the capacity of the Company to issue securities in the next 12 months under ASX Listing Rule 7.1, as those Shares (once issued) will be excluded from calculations under ASX Listing Rule 7.1 (see section 2.6 above).

4.2 Interests of Directors in Shares

The relevant interest of Messrs Eupene and Sia in the issued Shares as at the date of this Notice are set out in the table below:

Director	Shares		
	Direct	Indirect	Total
Mr G Eupene	4,000,00	9,258,492	13,258,492
Mr H K Sia	Nil	44,000,000	44,000,000

4.3 ASX Listing Rule 10.13 information

In accordance with ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares under Resolutions 4 and 5:

	Resolution 4	Resolution 5
Number of Shares to be issued	11,371,226 Shares.	9,151,817 Shares
Issue date	As soon as practicable after the date of the Meeting and, in any event, no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver of the ASX Listing Rules).	
Issue price of Shares	$0.005354128 per Share.	
Names of allottees	Mr Geoff Eupene (or his nominee)	Mr H K Sia (or his nominee)
Terms of Shares	The Shares will rank equally with all the other Shares on issue as from the date on which they are issued.	

Use of the funds	No funds will be raised from the issue of the Shares because they will be issued in satisfaction of the fees and other remuneration owing to the allottees.

4.4 Corporations Act

As noted in section 2.8 above, Chapter 2E of the Corporations Act regulates the provision of a financial benefit to related parties by a public company. As Directors, Messrs Eupene and Sia are related parties of the Company. The proposed issue of Shares to them under Resolutions 4 and 5 constitutes the provision of a financial benefit to a related party.

One of the exceptions to the requirement to obtain shareholder approval under Chapter 2E of the Corporations Act is where the financial benefit constitutes "reasonable remuneration" of the related party. As the proposed issue of Shares effectively replaces Directors' fees and other remuneration that would otherwise be payable in cash to Messrs Eupene and Sia, the Board (with Messrs Eupene and Sia abstaining) considers that the proposed issue of Shares to them under Resolutions 4 and 5 respectively constitutes part of their reasonable remuneration.

The issue price of the Shares proposed to be issued to under Resolutions 4 and 5 is the same as the issue price of the Consideration Shares proposed to be issued to EMMCO Mining under Resolution 1. The terms of the issue of the latter Shares were negotiated on an arm's length basis and the Board (with Messrs Eupene and Sia abstaining) considers that they are reasonable in the circumstances.

The Board (with Messrs Eupene and Sia abstaining) considers that the proposed issue of Shares to Messrs Eupene and Sia under Resolutions 4 and 5 falls within the "reasonable remuneration" exception mentioned above and the "arm's length terms" exception mentioned in section 2.8 above. Accordingly, Shareholder approval to the issue of those Shares under Chapter 2E of the Corporations Act is not being sought.

4.5 Board recommendations

The Board (with Messrs. Eupene and Sia abstaining) recommends that Shareholders vote in favour of Resolutions 4 and 5.

5. RESOLUTION 6 - Approval of an issue of Shares to a Creditor

5.1 Background

During 2015 a shortage of Company funds did not allow payment of property rental fees for the Charley Creek Project Base at Milton Park homestead outside Alice Springs to Mr Tony Davis amounting to $60,000. He has now agreed to receive this amount in the form of 11,206,307 Shares.

5.2 Requirement for Shareholder approval

Under Resolution 6, Shareholder approval for the proposed issue of 11,206,307 Shares to Mr Tony Davis (or his nominee) is sought for the purposes of ASX Listing Rule 7.1 and all other purposes.

A summary of ASX Listing Rule 7.1 is set out in section 3.2 above.

By approving the issue of Shares under Resolution 6, the Shares will not reduce the number of Shares that could be issued by the Company without the approval of Shareholders under ASX Listing Rule 7.1 and will increase the base number of Shares from which the 15% calculation is made.

5.3 ASX Listing Rule 7.3 information

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of Shares under Resolution 6:

Maximum number of Shares to be issued	11,206,307 Shares.
Issue date	As soon as practicable after the date of the Meeting and, in any event, no later than 1 month after the date of the Meeting. It is intended that all the Shares will be issued on the same date.
Issue price of Shares	$0.005354128 per Share.
Names of allottees	Mr Tony Davis (or his nominee).
Terms of Shares	The Shares will rank equally with all the other Shares on issue as from the date on which they are issued.
Use of the funds	No funds will be raised from the issue of the Shares because they will be issued in satisfaction of outstanding property rental fees amounting to $60,000 owing to the allottee.

5.4 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 6.

6. RESOLUTION 7 - Approval of an issue of Shares to Eligible Investors

6.1 Background

The effect of Resolution 7 will be to allow the Directors to issue up to 200,000,000 Shares to Eligible Investors not later than 3 months after the date of the Meeting (or a longer period if allowed by ASX). Up to a maximum of 200,000,000 Shares will be issued at an issue price being the 5 Day VWAP.

6.2 Requirement for Shareholder approval

Under Resolution 7, Shareholder approval for the proposed issue of up to 200,000,000 Shares is sought for the purposes of ASX Listing Rule 7.1 and all other purposes.

A summary of ASX Listing Rule 7.1 is set out in section 3.2 above.

By approving the issue of Shares under Resolution 7, the Shares will not reduce the number of Shares that could be issued by the Company without the approval of Shareholders under ASX Listing Rule 7.1 and will increase the base number of Shares from which the 15% calculation is made.

6.3 ASX Listing Rule 7.3 information

In accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of Shares under Resolution 7:

Maximum number of Shares to be issued	200,000,000 Shares.
Issue date	No later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver of the ASX Listing Rules). The issue of these Shares may occur progressively between the date of the Meeting and the final issue date.
Issue price of Shares	the 5 Day VWAP.
Names of allottees	The Shares will be issued to Eligible Investors as determined by the Board. Sophisticated investors (in accordance with sections 708(8) and (10) of the Corporations Act), professional investors (in accordance with section 708(11) of the Corporations Act), other institutional and accredited investors to whom no disclosure is required under the Corporations Act.
Terms of Shares	The Shares will rank equally with all the other Shares on issue as from the date on which they are issued.
Use of the funds	The funds will be used for the ongoing assessment of the Charley Creek Project as well as necessary exploration and rentals on other projects of the Company, the assessment of potential opportunities and working capital.

6.4 Board recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 7.

7.1 EFFECT OF RESOLUTIONS 4, 5, 6 and 7 on share capital, shareholdings and voting power

The table in section 2.2 sets out the effect on the capital structure of the Company of the issue of Shares under Resolutions 1 and 2 (assuming no other Shares are issued) and on the shareholding and voting power of EMMCO Mining.

The table below sets out the effect on the capital structure of the Company of the issue of Shares under Resolutions 4, 5 and 6 and the maximum number of Shares that may be issued under Resolution 7 (assuming no other Shares are issued) and on the shareholding and voting power of EMMCO Mining. The voting power of EMMCO Mining includes the 622 Shares to be issued to its Associate Mr Wassylko under Resolution 1.

	EMMCO Mining	Other Shareholders	Total Shares
Shareholding after issue of Shares under Resolutions 1 and 2 **%**	557,554,961 56.90%	422,362,138 43.10%	979,917,099 100.0%
Issue of Shares under Resolution 4 %	0 0.0%	11,371,226 100.0%	991,288,325 100.0%
Issue of Shares under Resolution 5 %	0 0.0%	9,151,817 100.0%	1,000,440,142 100.0%
Issue of Shares under Resolution 6 %	0 0.0%	11,206,307 100.0%	1,011,646,449 100.0%
Total Shareholding **Voting power**	**557,554,961** **55.11%**	**454,091,488** **44.89%**	**1,011,646,449** **100.0%**
Issue of maximum number of Shares under Resolution 7 %	0 0.0%	200,000,000 100.0%	1,211,646,449 100.0%
Total Shareholding Voting power	**557,554,961** **46.02%**	**654,091,488** **53.98%**	**1,211,646,449** **100.0%**

8.1 Impact on the Company's Historical and pro-forma balance sheets

Based on the Company's consolidated balance sheet (unaudited) as at 31 December 2016, the effect of the issue of Shares under Resolutions 1, 2, 4, 5 and 6 and the maximum number of Shares that may be issued under Resolution 7 at an issue price of 1 cent per Share (assuming no other Shares are issued) on the consolidated balance sheet are set out below.

	31 December 2016	**Resolution 1**	**Resolution 2**	**Resolution 4**	**Resolution 5**	**Resolution 6**	**Resolution 7 at 1 cent per share**	**Proforma**
	$,000	**$,000**	**$,000**	**$,000**	**$,000**	**$,000**	**$,000**	**$,000**
CURRENT ASSETS								
Cash	**109**						**2,000**	**2,109**
Receivables	**15**							**15**
Prepayments	**10**							**10**
TOTAL CURRENT ASSETS	**134**	**-**	**-**	-	-	-	**2,000**	**2,134**

	31 December 2016	Resolution 1	Resolution 2	Resolution 4	Resolution 5	Resolution 6	Resolution 7 at 1 cent per share	Proforma
	$,000	**$,000**	**$,000**	**$,000**	**$,000**	**$,000**	**$,000**	**$,000**
NON CURRENT ASSETS								
Receivables	**50**							**50**
Plant & Equipment	**2**							**2**
Exploration Expenditure	**4,550**	**2,276**						**6,826**
TOTAL NON CURRENT ASSETS	**4,602**	**2,276**	**-**	-	-	-	**-**	**6,878**
TOTAL ASSETS	**4,736**	**2,276**	-	-	-	-	**2,000**	**9,012**
CURRENT LIABILITIES								
Payables	**203**			**(61)**	**(49)**	**(60)**		**33**
Loans	**1,383**		**(530)**					**853**
Provisions	**16**							**16**
TOTAL CURRENT LIABILITIES	**1,602**	**-**	**(530)**	**(61)**	**(49)**	**(60)**	-	**902**
NON CURRENT LIABIITIES								
Provisions	**20**							**20**
TOTAL NON CURRENT LIABILITIES	**20**	**-**	**-**	**-**	**-**	**-**	**-**	**20**
TOTAL LIABILITIES	**1,622**	**-**	**(530)**	**(61)**	**(49)**	**(60)**	**-**	**922**
NET ASSETS	**3,114**	**2,276**	**530**	**61**	**49**	**60**	**2,000**	**8,090**
EQUITY								
Issued Capital	**19,996**	2,276	530	61	49	60	2,000	**29,972**
Reserves	**344**							**344**
Accumulated Losses	**(17,226)**							**(17,226)**
TOTAL EQUITY	**3,114**	2,276	530	61	49	60	2,000	**8,090**

Glossary

In this Explanatory Statement and the attached Notice the following terms have the following meanings unless the context otherwise requires:

Associate has the meaning given to that term in section 12 of the Corporations Act (as set out in section 2.3).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the securities exchange known as Australian Securities Exchange operated by it.

ASX Listing Rules means the Official Listing Rules of the ASX, from time to time.

Chair means the person chairing the Meeting.

Closely Related Party has the meaning given in the Corporations Act.

Company or **CUX** means Crossland Strategic Metals Limited (ACN 087 595 980).

Completion means completion of the sale and purchase of all the issued shares in EMR and the EMMCO Book Debt in accordance with the SPA.

Consideration Shares means the 425,055,583 Shares to be issued to the Sellers in accordance with Resolution 1.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Eligible Investors means persons to whom an offer of securities can be made without disclosure under Part 6D.2 of the Corporations Act because they are sophisticated or professional investors within the meaning of subsections 708 (8) and (11) of the Corporations Act respectively or the offer is made through a financial services licensee in accordance with subsection 708(10) of the Corporations Act **but excludes** the Directors and any of their associates.

EMMCO Mining or **EMMCO** means Emmco Mining Sdn Bhd, a company registered in Malaysia (registered number 1107345-D).

EMMCO Book Debt means the debt in the sum of $2,234,201 owing by EMR to EMMCO Mining.

EMR means Essential Mining Resources Pty Ltd (ACN 601 655 725).

Explanatory Statement means the explanatory statement attached to the Notice.

Former Directors means the former directors of the Company named in section 3.1.

General Meeting or **Meeting** means the general meeting of Shareholders convened by this Notice.

Independent Expert means Lo Surdo Financial Advisory Pty Ltd (formerly called KS Black Financial Advisory Pty Ltd) (ABN 87 604 130 529).

Independent Expert's Report means the report of the Independent Expert dated 17 March 2017 attached as **Annexure A** to the Notice.

KMP or **Key Management Personnel** means has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, of it the Company is part of a consolidated entity, of an entity within the consolidated group.

Loan Repayment Shares means the 132,500,000 Shares to be issued to EMMCO Mining in accordance with Resolution 2.

Notice means this Notice of General Meeting.

Resolution means a resolution set out in the Notice.

Sellers means EMMCO Mining and Stanislaw Wassylko.

Shareholder means a shareholder of the Company.

Share means a fully paid ordinary share in the capital of the Company.

SPA has the meaning given in section 1.1.

5 Day VWAP means the volume weighted average sale price of Shares sold on the ASX over the 5 days on which sales in the Shares were recorded on the ASX before the issue date, excluding "block trades", "large portfolio trades", "permitted trades during the pre-trading hours period", "permitted trades during the post-hours trading period", "out of hours trades" (as each of those expressions is defined in the ASIC Market Integrity Rules (Competition in Exchange Markets) 2011) and exchange traded option exercises.

All Correspondence to:

	By Mail	Boardroom Pty Limited GPO Box 3993 Sydney NSW 2001 Australia
	By Fax:	+61 2 9290 9655
	Online:	www.boardroomlimited.com.au
	By Phone:	(within Australia) 1300 737 760 (outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:30am AEST on Monday, 29 May 2017.**

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. 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 securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **10:30 am AEST on Monday, 29 May 2017.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

By Fax	+ 61 2 9290 9655
By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
In Person	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Crossland Strategic Metals Limited
ABN 64 087 595 980

☐ **Your Address**
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Crossland Strategic Metals Limited** (Company) and entitled to attend and vote hereby appoint:

☐ the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

☐

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at the **RACV Club, 501 Bourke Street, Melbourne VIC 3000 on Wednesday, 31 May 2017 at 10:30am AEST** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: If I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Resolutions 4 and 5. I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolutions 4 and 5 even though they are connected with the remuneration of a member of the key management personnel of the Company.

The Chair of the Meeting intends to vote undirected proxies on Resolutions 1 to 7 in favour of each of the items of business.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution 1	Approval of issue of Consideration Shares to the Sellers	☐	☐	☐
Resolution 2	Approval of issue of Loan Repayment Shares to EMMCO Mining	☐	☐	☐
Resolution 3	Approval of a prior issue of Shares to Former Directors	☐	☐	☐
Resolution 4	Approval of an issue of Shares to Mr G Eupene	☐	☐	☐
Resolution 5	Approval of an issue of Shares to Mr H K Sia	☐	☐	☐
Resolution 6	Approval of an Issue of Shares to a Creditor	☐	☐	☐
Resolution 7	Approval of an issue of Shares to Eligible Investors	☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
☐	☐	☐
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name…………………………………………….... Contact Daytime Telephone……………………….............................. Date / / 2017

Lo Surdo Financial Advisory Pty Ltd

ABN 87 604 130 529

Level 5
350 Kent Street
Sydney NSW 2000

75 Lyons Road
Drummoyne NSW 2047

20 Grose Street
North Parramatta NSW 2151

PO Box 2210
North Parramatta NSW 1750

Phone 02 8839 3000
Fax 02 8839 3055

17 March 2017

The Directors
Crossland Strategic Metals Limited
Suite 8, Raffles Plaza
1 Buffalo Court
DARWIN NT 0800

Dear Board Members,

Resolution 1 – Approval of issue of Consideration Shares to Sellers.
Resolution 2 – Approval of issue of Loan Repayment Shares to EMMCO Mining

Executive Summary

1. **Purpose of the Report**

The Directors of Crossland Strategic Metals Limited ("CUX") have requested us to provide an Independent Experts Report to consider the fairness and reasonableness of the transactions arising from Resolutions 1 and 2 to non-associated shareholders.

Such a report is required to be submitted to non-associated shareholders of CUX in accordance with the Corporations Act and the ASX Listing Rules.

Resolution 1 is as follows:

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purpose of item 7 of section 611 of the Corporations Act and ASX Listing Rules 10.11 (as applicable) and for all other purposes, approval is given for the Company to issue 425,054,961 Shares to EMMCO Mining and 622 Shares to Stan Wassylko in consideration for the acquisition by the Company of 100% of the issued capital of Essential Mining Resources Pty Ltd (**EMR**) and the debt in the sum of $2,234,201 owing by EMR to EMMCO Mining (**EMMCO Book Debt**) at an issue price of $0.005354128 per Share and otherwise on the terms and conditions set out in the Explanatory Statement."

Resolution 2 is as follows:

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for the Company to issue 132,500,000 Shares to EMMCO Mining in consideration for the repayment of a loan in the sum of $530,000 made by EMMCO Mining to the Company at an issue price of $0.004 per Share and otherwise on the terms and conditions set out in the Explanatory Statement."

2. Summary of Opinion

Our opinion needs to determine whether Resolution 1 is fair and reasonable to non-associated shareholders, whether Resolution 2 is fair and reasonable to non-associated shareholders, and whether Resolutions 1 and 2 together are fair and reasonable to non-associated shareholders. This is because Resolution 1 and Resolution 2 are independent of each other.

This Section is a summary of our opinion only and cannot substitute for a complete reading of this Report.

2.1 Fairness of the Proposed Acquisition and Resolution 1

In accordance with ASIC Regulatory Guide 111: Content of Expert's Reports ("RG111"), a transaction is considered fair if the value of the consideration offered is equal to or greater than the value of the securities the subject of the transaction. To assess the fairness of Resolution 1 we have assessed the Share Consideration and have:

a) determined the value of a CUX share (on a controlling interest basis) immediately prior to the issue of shares to acquire EMR and the EMMCO Book Debt;
b) determined the value of a CUX share after the issue of shares to acquire EMR and the EMMCO Book Debt (and applying the minority discount consequential to this issue of shares).

Table 1 below summarises our assessment of the fairness of Resolution 1. A more detailed assessment is set out in Section 6 of this Report.

Table 1: Fairness of the Proposed Acquisition and Resolution 1

Value of CUX share immediately prior to the issue of shares to acquire EMR and the EMMCO Book Debt	1.4 cents per share
Value of CUX share after the issue of shares to acquire EMR and the EMMCO Book Debt	.73 cents to 1.09 cents per share

In our opinion, and for the reasons set out in this Report, Resolution 1 is not fair to the non-associated shareholders of CUX as at the date of this Report.

2.2 Fairness of the Proposed Share Issue and Resolution 2

To assess the fairness of Resolution 2 we have assessed the Share Consideration and have:

a) determined the value of a CUX share (on a controlling interest basis) immediately prior to the issue of shares to repay the loan made by EMMCO Mining.

b) determined the value of a CUX share after the issue of shares to repay the loan made by EMMCO Mining.

Table 2 below summarises our assessment of the fairness of Resolution 2. A more detailed assessment is set out in Section 6 of this Report.

Table 2: Fairness of the Proposed Share Issue and Resolution 2

Value of CUX share immediately prior to the issue of shares to repay the loan made by EMMCO Mining	1.4 cents per share
Value of CUX share after the issue of shares to repay the loan made by EMMCO Mining	.59 cents to .88 cents per share

In our opinion, and for the reasons set out in this Report, Resolution 2 is not fair to the non-associated shareholders of CUX as at the date of this Report.

2.3 Fairness of the Proposed Acquisition and Proposed Share Issue if Resolution 1 and Resolution 2 are passed

As Resolution 1 and Resolution 2 are independent of each other, we need to assess the fairness of the Proposed Acquisition and Proposed Share Issue combined.

To assess the fairness if both Resolutions are passed we have assessed the Share Consideration applicable to both Resolutions and have:

a) determined the value of a CUX share (on a controlling interest basis) immediately prior to the issue of shares to acquire EMR and the EMMCO Book Debt as well as the issue of shares to repay the loan made by EMMCO Mining;
b) determined the value of a CUX share after the two issues of shares in a) above (and applying any minority discount consequential to these share issues).

Table 3 below summarises our assessment of fairness if both Resolution 1 and 2 are passed. A more detailed assessment is set out in Section 6 of this Report.

Table 3: Fairness of the Proposed Acquisition and Proposed Share Issue if Resolution 1 and Resolution 2 are passed.

Value of CUX share immediately prior to the issue of shares to acquire EMR and the EMMCO Book Debt as well as the issue of shares to repay the loan made by EMMCO Mining	1.4 cents per share
Value of CUX share after the issue of shares to acquire EMR and the EMMCO Book Debt as well as the issue of shares to repay the loan made by EMMCO Mining	.65 cents to .97 cents per share

In our opinion, and for the reasons set out in this Report, Resolution 1 and Resolution 2 combined is not fair to the non-associated shareholders of CUX as at the date of this Report.

2.4 Reasonableness of the Proposed Acquisition and Resolution 1

Below is a review of the advantages and disadvantages of voting in favour of Resolution 1.

Resolution 1.

i. Advantages
   1. CUX will have full control of the Project, and not be dependent on the financial position of EMR to contribute to it's exploration. This may enhance the earning of profits by CUX due to further exploration occurring, and production arising therefrom.

   2. In potentially generating the earning of profits through production, this could lead to a upside for CUX's shareholders.

   3. If Resolution 1 is not approved, CUX may not want to invest in the Project as it will not have full control of the Project, or invest at the same rate; or may need to seek alternative sources to fund its interest in the Project; all requiring extensive management focus and expense, and hence delays in the commencement of production.

   4. If Resolution 1 is not approved, and alternative funding sources are not obtained at some time in the future, CUX could potentially be placed into administration.

2.4 Reasonableness of the Proposed Acquisition and Resolution 1 (cont.)

ii. Disadvantages

1. Existing CUX shareholders will lose control of CUX. This will limit the ability of existing CUX shareholders to consider and accept alternative proposals as they will have lost the ability to influence the direction and operations of the company.
2. Existing CUX shareholders may not be receiving as large a premium for their shares for effectively providing EMR shareholders access to funding for exploration and production activities through the ASX listing of CUX.

After considering the advantages and disadvantages of the Proposed Acquisition, it is our view that in the absence of a superior alternative transaction or any other information, the Proposed Acquisition and Resolution 1 is reasonable to the non-associated shareholders of CUX as at the date of this Report.

2.5 Reasonableness of the Proposed Share Issue and Resolution 2

Below is a review of the advantages and disadvantages of voting in favour of Resolution 2.

Resolution 2.

i. Advantages

1. CUX will lower amounts owed by it, increasing its net assets.

2. If Resolution 2 is not approved, CUX may need to seek alternative sources of funding to fund repayment of the loan, requiring extensive management focus and expense, and hence delays in the commencement of production.

3. CUX has incurred accumulated losses, and does not have realisable assets sufficient to repay the loan from conventional lenders. If Resolution 2 is not approved, and alternative funding sources are not obtained at some time in the future, CUX could potentially be placed into administration.

ii. Disadvantages

1. If Resolution 1 is passed, existing CUX shareholders will lose control of CUX. This will increasingly limit the ability of existing CUX shareholders to consider and accept alternative proposals.

2. Notwithstanding the relatively low volume of shares traded, as at today, the listed price of CUX is .9 cents per share. The issue price pursuant to Resolution 2 is .4 cents per share. As the issue price to EMMCO is less than the listed price, the cost of finance is excessive to the non-associated members of CUX.

After considering the advantages and disadvantages of the Proposed Share Issue, it is our view that in the absence of a superior alternative transaction or any other information, the Proposed Share Issue and Resolution 2 is reasonable to the non-associated shareholders of CUX as at the date of this Report.

2.6 Reasonableness of the Proposed Acquisition and Proposed Share Issue if Resolution 1 and 2 are passed

Below is a review of the advantages and disadvantages of voting in favour of Resolutions 1 and 2.

i. Advantages

1. CUX will have full control of the Project, and not be dependent on the financial position of EMR to contribute to it's exploration. This may enhance the earning of profits by CUX due to further exploration occurring, and production arising therefrom.

2. In potentially generating the earning of profits through production, this could lead to a upside for CUX's shareholders.

3. If Resolution 1 is not approved, CUX may not want to invest in the Project as it will not have full control of the Project, or invest at the same rate; or may need to seek alternative sources to fund its interest in the Project; all requiring extensive management focus and expense, and hence delays in the commencement of production.

4. If Resolution 1 is not approved, and alternative funding sources are not obtained at some time in the future, CUX could potentially be placed into administration.

5. CUX will lower amounts owed by it, increasing its net assets.

6. If Resolution 2 is not approved, CUX may need to seek alternative sources of funding to fund repayment of the loan, requiring extensive management focus and expense, and hence delays in the commencement of production.

7. CUX has incurred accumulated losses, and does not have realisable assets sufficient to repay the loan from conventional lenders. If Resolution 2 is not approved, and alternative funding sources are not obtained at some time in the future, CUX could potentially be placed into administration.

ii. Disadvantages

1. Existing CUX shareholders will lose control of CUX. This will limit the ability of existing CUX shareholders to consider and accept alternative proposals as they will have lost the ability to influence the direction and operations of the company.

2. Existing CUX shareholders may not be receiving as large a premium for their shares for effectively providing EMR shareholders access to funding for exploration and production activities through the ASX listing of CUX.

3. Notwithstanding the relatively low volume of shares traded, as at today, the listed price of CUX is .9 cents per share. The issue price pursuant to Resolution 2 is .4 cents per share. As the issue price to EMMCO is less than the listed price, the cost of finance is excessive to the non-associated members of CUX.

After considering the advantages and disadvantages of the Proposed Acquisition and Proposed Share Issue, it is our view that in the absence of a superior alternative transaction or any other information, the Proposed Acquisition and Resolution 1 and the Proposed Share Issue and Resolution 2 is reasonable to the non-associated shareholders of CUX a at the date of this Report.

3. Background Information

3.1 Background to the Resolutions.

CUX has entered into negotiations with a representative of EMMCO Mining Sdn Bhd ("Emmco") and Stanislaw Wassylko ("Stan") for CUX to;

a. Purchase all the issued shares in EMR from EMMCO and Stan to be satisfied by the issue of 425,054,961 and 622 ordinary shares in CUX at a deemed issue price of $0.005354128 each to EMMCO and Stan respectively, as well as the loan of $2,234,201 from EMMCO to EMR.
b. Issue 132,500,000 shares to EMMCO at an issue price of $.4 cents per share in consideration for the repayment of loans received from EMMCO of $530,000.

EMR has 25,002 shares on issue. EMMCO owns 25,000 shares and Stan owns 2 shares. Stan is a director of EMR. EMMCO is a wholly owned subsidiary of Halim Rasip Holdings Sdn Bhd.

EMR's principal asset is its 43.72% Participating Interest in a Joint Venture with CUX. The principal object of the Joint Venture is exploration in relation to the Charley Creek Alluvial Rare Earth Project. CUX owns the remaining 56.28% Participating Interest in the Joint Venture.

The EMMCO debt comprises monies advanced by EMMCO to CUX to continue to operate while the acquisition of the Joint Venture by CUX is completed.

3.2 Charley Creek Alluvial Rare Earth Project ("Project").

The Project is located north-west of Alice Springs in the Northern Territory. Following an extensive programme of testing, the Project is at an advanced stage. All of the rare earths are within the two minerals Xenotime and Monazite.

An initial JORC compliant Resource of 387 Mt at 295ppm TREO for a contained 114,050 tonnes of TREO (indicated) and 418 Mt at 289ppm TREO for a contained 121,100 tonnes TREO (inferred) was reported in May 2012.

Pursuant to a Joint Venture Agreement executed 30 June 2008, CUX and Panconoz Pty Ltd (a wholly owned subsidiary of Pancontinental Uranium Corporation), conducted work on the Project. EMR acquired the 43.72% held by Panconoz Pty Ltd in late 2015.

3.3 Effect of Resolutions 1 and 2 on share capital and percentage holdings.

	EMMCO	Other Shareholders	Total Shares on Issue
Current Shareholding %	0 0.0%	422,361,516 100.0%	422,361,516 100.0%
Acquisition of EMR % Resolution 1 passed only	425,054,961 50.16%	622 0.0%	847,417,099 100.0%
Loan Repayment % Resolution 2 passed only	132,500,000 23.9%	0	554,861,516 100.0%
Final Shareholding % Resolutions 1 and 2 are both passed	557,554,961 56.90%	422,362,138 43.10%	979,917,099 100.0%

3.4 Regulatory Requirements
Corporations Act – Item 7 of Section 611

Summary

Except as provided by Chapter 6 of the Corporations Act, section 606(1) of the Corporations Act prohibits a person from acquiring shares in a company if, after that acquisition, that person or any other person would have a relevant interest or voting power in excess of 20% of the voting shares in that company.

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

Associate

For the purposes of Chapter 6 of the Corporations Act, subject to specified exclusions, a person (**second person**) will be an "associate" of the other person (first person) if:

(a) the first person is a body corporate and the second person is:
  (i) a body corporate the first person controls;
  (ii) a body corporate that controls the first person; or
  (iii) a body corporate that is controlled by an entity that controls the first person; or
(b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs; or
(c) the second person is a person with whom the first person is acting, or proposing to act, in concert in relation to the Company's affairs.

An entity "controls" another entity if it has the capacity to determine the outcome of decisions about that other entity's financial and operating policies.

Relevant Interest

Pursuant to Section 608(1) of the Corporations Act, a person has a "relevant interest" in securities if they:

(a) are the holder of the securities;
(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Pursuant to Section 608(3) of the Corporations Act, a person is deemed to have a "relevant interest" in securities that a company has in their voting power in the company in which the person and person's Associates have a relevant interest.

The Company considers that EMMCO and Stan are not associated with any other shareholder (pursuant to the Corporations Act definition of Associate) for the purposes of the prohibition in Chapter 6 of the Corporations Act.

The Company is seeking the approval of Shareholders under Item 7 of section 611 of the Corporations Act because the proposed issue of securities pursuant to Resolutions 1 and 2 will result in EMMCO and Stan having a relevant interest in an aggregate of more than 20% of the voting shares in the Company. No other relevant parties are considered to be Associates of EMMCO or Stan or have a relevant interest in the securities of EMMCO.

3.4 Regulatory Requirements (cont.)

Item 7 of Section 611

There are various exceptions to the prohibition in section 606 of the Corporations Act. Section 611 of the Corporations Act contains a table setting out circumstances in which acquisitions of relevant interests are exempt from the prohibition. Item 7 of section 611 of the Corporations Act provides an exception to the prohibition in section 606(1) if an acquisition is approved previously by a resolution passed by shareholders at a general meeting of the Company. The parties involved in the acquisition and their Associates are not able to cast a vote on the resolution.

The issue of the Shares will result in EMMCO and Stan having a relevant interest in aggregate of more than 20% of the voting shares in the Company.

Accordingly, the Company is seeking the approval of Shareholders under Item 7 of Section 611 of the Corporations Act in respect of EMMCO and Stan.

At the date of the Notice of Meeting, neither EMMCO nor Stan held any Shares in the Company. If Resolutions 1 and 2 are passed, the issue of Shares to EMMCO and Stan, pursuant to those Resolutions will give EMMCO and Stan a relevant interest in an aggregate of more than 20% of the voting shares in the Company.

As set out in the Voting Exclusion Statements in the Notice of Meeting and in accordance with the Listing Rules, EMMCO and Stan are precluded from voting on Resolutions 1 and 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 it applies pursuant to ASIC Regulatory Guide 159.

Identify person who will hold a relevant interest in the securities to be issued

If Resolutions 1 and 2 are passed, 557,554,961 Shares are proposed to be issued to EMMCO and 622 Shares are proposed to be issued to Stan.

Impact of the transactions on the Voting Power in the Company's Shares

(a) The Company's capital structure
Once the securities issue proposed in Resolutions 1 and 2 have been completed, the capital structure of the Company will consist of 979,917,099 Shares.

(b) Current Voting Power of EMMCO and Stan
As at the date of the Notice of Meeting, neither EMMCO nor Stan have a relevant interest in any company shares.

(c) Voting Power of EMMCO and Stan
The voting power of EMMCO and Stan as a result of the resolutions is set out in the table above in Section 3.3.

3.4 Regulatory Requirements (cont.)

ASIC and ASX's Role

For the purposes of Resolutions 1 and 2, in accordance with Regulatory Guide 74, the Company must lodge the Notice of Meeting and the Explanatory Memorandum with the ASIC before the notice of convening a general meeting is given.

Approval under Listing Rule 7.1 for the issue of the Shares proposed under Resolutions 1 and 2 is not required by virtue of Exception 16 of Listing Rule 7.2, because approval is sought under Item 7 of section 611 of the Corporations Act.

CUX has obtained a waiver from Listing Rule 9.1.3 such that the ASX escrow restrictions in clause 5 and 6 of Appendix 9B will not apply.

The proposed acquisition will constitute a significant change in the scale of CUX's activities under the Listing Rules. However, the ASX has confirmed that the approval of shareholders is not required under Listing Rule 11.1.2 and that CUX is not required to re-comply with Chapters 1 and 2 of the Listing Rules.

3.5 Financial Information – CUX

Extracts of financial information below have been prepared in accordance with Australian Accounting Standards.

Consolidated Statement of Financial Position

	Audited as at 31 December 2016	*Reviewed* as at 30 June 2016 $	*Audited* as at 31 December 2015 $
Current Assets			
Cash and cash equivalents	109,053	2,788	24,830
Trade and other receivables	14,896	18,835	18,529
Other current assets	9,511	1,117	226
Total Current Assets	133,460	22,740	43,585
Non-Current Assets			
Receivables	50,254	50,255	50,254
Deferred exploration and evaluation expenditure	4,549,912	4,347,154	4,318,993
Plant and equipment	2,437	3,726	5,927
Total Non-Current Assets	4,602,603	4,401,135	4,375,174
Total Assets	4,736,063	4,423,875	4,418,759
Current Liabilities			
Trade and other payables	1,586,840	1,070,384	968,663
Provisions	15,663	47,670	47,258
Total Current Liabilities	1,602,503	1,118,054	1,015,921
Non-Current Liabilities			
Provisions	20,000	35,625	33,481
Total Non-Current Liabilities	20,000	35,625	33,481
Total Liabilities	1,622,503	1,153,679	1,049,402
Net Assets	3,113,560	3,270,196	3,369,357
Shareholders' Equity			
Issued capital	19,996,460	19,836,888	19,741,888
Share based payments reserve	343,790	343,790	343,790
Accumulated losses	(17,226,690)	(16,910,482)	(16,716,321)
Total Equity	3,113,560	3,270,196	3,369,357

Deferred exploration and evaluation expenditure of $4,549,912 as at 31 December 2016 is composed of CUX's interest in the Project. This balance is based on historical costs; as are all other balances in the Statement of Financial Position.

None of these balances exceed fair value as stated in the Summary of Accounting Policies in the audited financial statements. No management accounts have been produced since 31 December 2016. As a result, we are not aware of any further adjustments to bring the financial statements up to the date of this Report.

3.6 Financial Information – EMR

Extracts of audited financial information below have been prepared in accordance with Australian Accounting Standards. This is the most recent Statement of Financial Position.

Statement of Financial Position

	Unaudited 31 December 2016 $	Unaudited 31 March 2016 $
Equity		
Paid Up Capital		
Issued share capital	50,004	50,004
Accumulated loss	(15,792)	(8,403)
Total Capital and Reserves	34,212	41,601
Represented by:		
Current Assets		
Cash on hand	4	4
Cash at bank	14,935	8,098
Loan – Crossland Strategic Metals Limited	533,827	533,827
Provision for GST	727	7,134
	549,493	549,063
Deferred exploration and evaluation expenditure	1,726,739	1,726,739
Total Assets	2,276,232	2,275,802
Non-Current Liabilities		
Loans – Related parties – EMMCO Mining Sdn. Bhd.	2,242,020	2,234,201
Total Liabilities	2,242,020	2,234,201
Net Assets	34,212	41,601

Deferred exploration and evaluation expenditure of $1,726,739 is composed of EMR's interest in the Project. This balance is based on historical costs, as are all other balances in the Statement of Financial Position. None of the latter balances exceed fair value as stated in the Statement of Significant Accounting Policies in the financial statements. No management accounts have been produced since 31 December 2016. As a result, we are not aware of any further adjustments to bring the financial statements up to the date of this Report.

An Independent Valuation of the Project was made by Agricola Mining Consultants Pty Ltd. The person responsible for preparing the Report is Malcolm Castle. Mr Castle has over 40 years' experience in exploration geology and property valuation, and is Member of the Australasian Institute of Mining and Metallurgy. He has sufficient experience to qualify as an Expert and Competent Person. He has the qualification, and has adopted a methodology appropriate to engage in his Independent Valuation.

Although dated originally 22 August 2016, in a letter issued February 2017, his firm has reaffirmed its Valuation. Pursuant to this Valuation, the preferred value of EMR's interest in the Project is $5.8million (annexed). (Being 43.72% of the preferred value of 100% equity in the granted Tenements of $13.2million; or the latter total of $13.2million minus $7.4million, being the market value of 56.28% equity of CUX in the granted Tenements).

4. Requirement for an Independent Expert's Report

ASIC Regulatory Guide 111 provides there is a general information requirement on directors which can be satisfied by providing an independent expert's report to consider the fairness and the reasonableness of transactions to the non-associated members of CUX.

The Directors have appointed Lo Surdo Financial Advisory Pty Limited as the independent expert for the purposes of the Corporations Act.

We are required to:

a. determine whether the transaction is fair and reasonable to non-associated shareholders; and
b. address in our report any other information which we know which is material to shareholder decisions on the transaction.

What is fair and reasonable must be judged by the independent expert in all the circumstances of the transaction. The transaction is "fair" if the value of the transaction is equal to or greater than the consideration. The transaction is "reasonable" if it is fair. It might also be reasonable if the expert believes there are sufficient reasons for shareholders to accept the transaction. This means taking into account the likely advantages and disadvantages for non-associated shareholders and comparing them with the advantages and disadvantages for those shareholders if it is not accepted.

5. Review of Valuation of Methodologies

In relation to Resolution 1, to determine if the issue is fair, we must derive an appropriate value of both CUX and EMR.

The primary valuation methods commonly used for valuing a company are the:

a. Market Based Methods;
b. Income Based Methods; and
c. Asset Based Methods.

Each of these methodologies has application in different circumstances.

a. Market Based Methods

Market Based Methods estimate a company's shares fair market value by considering the market price of transactions involving guideline companies, or the market based value of guideline publicly traded companies.

b. Income Based Methods: Discounted Cash Flow ("DCF") Method

Under the DCF methodology, the value of shares is calculated as the net present value of the estimated future cash flows including a terminal value, if appropriate. In order to arrive at the net present value, cash flows are discounted using a discount rate, which reflects the risks associated with the cash flow stream.

This approach is commonly used to value an asset that has a finite life and the future cash flows can be forecast with a reasonable degree of confidence. Additionally, this methodology is adopted for the valuation of projects and assets where it is not possible to estimate "maintainable" earnings as the business is in a state of transformation, start-up or rapid growth.

c. Asset Based Methods

An Asset Based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It is commonly used in circumstances where the earnings of the company do not support the net asset base, for example, property or share holding companies or loss making companies.

5.1 Selection of Methodology

The Market Based Method is not appropriate to EMR as it is not a listed company. Although CUX is a listed company, the Market Based Method is not appropriate as on a review of trading since February 2016 a low volume of shares has been traded only.

As EMR and CUX are loss-making companies, Income Based Methods are not appropriate.

As a consequence, we consider the Assets Based Method is the most appropriate value to use to value both CUX and EMR given the latter.

As a consequence, the Asset Based Methods will be utilised.

5.2 Valuation of CUX

The value of CUX's interest in the Project based on the Independent Geologists Report is in the range of $5.2million to $12.1million with a preferred value of $7.4million for its interest in the Project.

Before the proposed share issue in Resolution 1, using the Assets Based Method, the value of Net Assets of CUX using the preferred value of $7.4m for its interest in the Project estimated in the Independent Geologist's Report is $5,963,648. The value of Net Assets of CUX of $5,963,648 has been calculated as follows: Net Assets $3,113,560 minus Deferred exploration and evaluation expenditure $4,549,912 plus preferred valuation of Project interest $7,400,000. Using the preferred value of $7.4m for its interest in the Project, this leads to a calculation of Net Assets per share of 1.4 cents per share in CUX.

Using the low value of $5.2million, the value of Net Assets of CUX is $3,763,648, leading to a calculation of Net Assets per share of .9 cents per share in CUX. Using the high value of $12.1million, the value of Net Assets of CUX is $10,663,648, leading to a calculation of Net Assets per share of 2.5 cents per share in CUX.

5.3 Valuation of EMR

From our discussion above, we have determined that the Asset Based Method is the most appropriate Method value to use to value the shares of EMR.

Although the deferred exploration and evaluation expenditure of $1,726,739 has been capitalised in accordance with Australian Accounting Standards, this amount does not necessarily represent the value of this amount. As disclosed earlier, a recent Independent Geologists Report by Agricola Mining Consultants Pty Ltd has opined that this value is in the range of $4m to $9.4m with a preferred value of $5.8million.

The effect of issuing shares to acquire the loan from EMMCO to EMR removes this liability from the balance sheet of EMR on it's consolidation with CUX.

As a result, the value of the Net Assets of EMR using the preferred value is $6,349,473 (Net Assets $34,212 plus Loans – EMMCO $2,242,020 minus Deferred exploration and evaluation expenditure $1,726,739 plus valuation of Project interest $5,800,000). Based on the range disclosed in the Independent Geologists Report, the value of the Net Assets of EMR would be in the range $4,549,473 to $9,949,473.

6. Conclusions as to Fairness

6.1. Conclusion as to Fairness: Resolution 1.

In considering if an issuance of shares under section 611(7) is fair pursuant to Resolution 1, we must compare the pre-transaction value of a share in CUX on a control basis, with the diluted post-transaction value of a share in CUX on a minority basis. This allows consideration of the position of non-associated shareholders before and after the transaction to reflect that the control is prima facie passing to EMMCO. On completion of the share issue, EMMCO will have 50.16% of the voting shares of CUX. As a consequence, EMMCO will gain control over CUX.

6.1. Conclusion as to Fairness: Resolution 1 (cont.)

After the proposed issue of shares (using the preferred value of $7.4m), the acquisition of EMR and the debt will increase the value of Net Assets of CUX from $5,963,648 above to $12,313,141 (refer Table 1 next page). The number of shares on issue in CUX will increase from 422,361,516 to 847,417,099. Leading to a post transaction value of a share in CUX of 1.5 cents per share.

As a result, Net Assets per share will be 1.4 cents per share (pre-transaction value) and 1.5 cents per share (post transaction value) (using the preferred value of $7.4m). Consideration needs then occur as to whether this latter figure should then include a minority discount on the diluted post-transaction value of CUX as a whole, as the issue of shares to EMMCO would have its shareholding increase to 50.16%. That is, CUX's existing Non-Associated shareholders' voting interest will decrease from 100% to 49.84%. So this transaction could involve them having a loss of potential to have a premium for them having a controlling shareholding in the future.

As EMMCO will hold over 50% of CUX after the share issue of Resolution 1, EMMCO's shareholding would significantly stifle the success of any future takeover offers. Hence a significant minority discount should be applied to the Net Assets of CUX as a whole.

As noted by KPMG in their Valuation Practices Survey (2013), the Australian market is distinctly lacking in research on minority discounts. Notwithstanding the latter, their Survey indicated that the benchmark minority discount applied where the size of the stake being valued fell over 50% was 30%.

Divestopedia (which reviews the US market) concluded that historical studies have shown the minority discount typically ranged from 25-50%.

After the proposed issue of shares pursuant to Resolution 1, the value of the Net Assets of CUX will be $12,313,141. If we then apply a minority discount in the range of 25-50%, the position of non-associated shareholders using an Assets Based Method is that their shares have a post transaction value at between .73 cents (at 50%) and 1.09 cents (at 25%) based on discounted Net Assets of $6,156,570 ($12,313,141 x 50% discount) and $9,234,856 ($12,313,141 x 25% discount) respectively.

Above, based on the asset based valuation methodology, we concluded that CUX shares have a value using the preferred value for its interest in the Project of $5,963,648 or 1.4 cents per share before Resolution 1 on a control basis.

We then assessed the value of net assets of CUX to be of $12,515,899 (if Resolution 1 is passed) on a control basis. As the non-associated shareholders will have their interests diluted from 100% to 49.84% they will have collective minority interests if Resolution 1 is passed. We therefore had to reduce the value of 1.4 cents. The end result is that we have determined that the non-associated shareholders interests will be valued in the range of .73 cents to 1.09 cents per share if Resolution 1 is passed.

As the minority value of the CUX shares after Resolution 1 (.73 cents to 1.09 cents) is less than the control value of the CUX shares immediately prior to Resolution 1 (1.4 cents), Resolution 1 is not fair to non-associated shareholders of CUX.

Table 1: Position of CUX post Resolution 1

	CUX as at 31 Dec 2016	EMR as at 31 Dec 2016	Notes	Adjustments as a result of Resolution 1	Consolidated CUX post Resolution 1	Notes	Adjustment on adopt preferred value of Project	Consolidated CUX post Resolution 1 & adopt preferred value of Project
	$	$		$	$		$	$
Current Assets	133,460	549,493	1	(533,827)	149,126			149,126
Non-current Assets	4,602,603	1,726,739			6,329,342	4	6,923,349	13,252,691
Total Assets	4,736,063	2,276,232			6,478,468			13,401,817
Current Liabilities	1,602,503	-	2	(533,827)	1,068,676			1,068,676
Non-current Liabilities	20,000	2,242,020		(2,242,020)	20,000			20,000
Total Liabilities	1,622,503	2,242,020			1,088,676			1,088,676
Net Assets	3,113,560	34,212	3	2,276,232,(34,212)	5,389,792		6,923,349	12,313,141

Notes:
1. Reverse debt between CUX and EMR.
2. Reverse loan between CUX and EMR.
3. Elimination of share capital of EMR on consolidation with CUX.
4. Adoption of preferred value in Independent Geologists Report by Agricola Mining Consultants Pty Limited.

Table 2: Position of CUX post Resolution 1 and 2

	Consolidated CUX post Resolution 1 & adopt preferred value of Project	Adjustment as a result of Resolution 2	Consolidated CUX post Resolution 1 and 2 & adopt preferred value of Project
	$	$	$
Current Assets	149,126		149,126
Non-current Assets	13,252,691		13,252,691
Total Assets	13,401,817		13,401,817
Current Liabilities	1,068,676	(530,000)	538,676
Non-current Liabilities	20,000		20,000
Total Liabilities	1,088,676		558,676
Net Assets	12,313,141	530,000	12,843,141

Table 3: Position of CUX post Resolution 2

	CUX as at 31 Dec 2016	Adjustment as a result of Resolution 2	Adjustment on adopt preferred value of Project	CUX post Resolution 2 and adopt preferred value of Project
	$	$	$	
Current Assets	133,460			133,460
Non-current Assets	4,602,603		2,850,088	7,452,691
Total Assets	4,736,063			7,586,151
Current Liabilities	1,602,503	(530,000)		1,072,503
Non-current Liabilities	20,000			20,000
Total Liabilities	1,622,503			1,092,503
Net Assets	3,113,560	530,000	2,850,088	6,493,648

6.2 Conclusion as to Fairness: Resolution 2

Pursuant to a confirmation received from EMMCO Mining SDN BHD ("EMMCO"), the loan received by CUX from EMMCO as at today is $530,000.

In considering whether the issuance of shares under Section 611(7) is fair pursuant to Resolution 2, we must compare the pre-transaction value of a share in CUX on a control basis, with the diluted post-transaction value of a share in CUX on a minority basis. This allows consideration of the position of non-associated shareholders before and after the transaction. On completion of the share issue, and if Resolution 2 is passed only, EMMCO will have 23.9% of the voting shares of CUX. As a consequence, EMMCO will have a minority interest in CUX. However, approval of Resolution 2 will provide EMMCO with significant influence and may deter potential takeover bidders. Hence a minority discount should be applied.

6.2.1 Valuation of CUX

Having reference to Section 5.2 above, before the proposed share issue in Resolution 2, using the Assets Based Method, the value of CUX using the Assets Based Method, the value of CUX using the preferred value of $7.4m for its interest in the Project estimated in the Independent Geologist's Report is $5,963,648. The value of Net Assets of CUX of $5,963,648 has been calculated as follows: Net Assets $3,113,560 minus Deferred exploration and evaluation expenditure of $4,549,912 plus preferred valuation of Project Interest $7.4m. Using the low value of $5.2m, the value of Net Assets of CUX is $3,763,648, leading to a calculation of Net Assets per share of .9 cents per share in CUX. Using the high value of $12million, the value of Net Assets of CUX is $10,663,648, leading to a calculation of Net Assets per share of 2.5 cents per share in CUX.

After the proposed issue of shares (using the preferred value of $7.4m) and repayment of the loan, this transaction will increase the value of Net Assets of CUX from $5,963,648 above to $6,493,648. The value of Net Assets of CUX of $6,493,648 has been calculated as follows: Net Assets $5,963,648 plus issue of 132,500,000 shares at .004 cents per share ($530,000) to repay $530,000 loan by EMMCO.

The number of shares on issue in CUX will increase from 422,361,516 to 554,861,516. Leading to a post transaction value of a share in CUX of 1.2 cents per share. As discussed in Section 6.2 above, this latter figure should then include a minority discount on the diluted post-transaction value of CUX as a whole, as the issue of shares to EMMCO will have EMMCO having significant influence due to its' 23.9% shareholding in CUX. Based on the same discounts as in Section 6.1 above, the position of non-associated shareholders using an Assets Based Method is that their shares have a post-transaction value at between .59cents (at 50%) and .88cents (at 25%) based on discounted net assets of $3,246,824 ($6,493,648 x 50% discount) and $4,870,236 ($6,493,648 x 25% discount) respectively.

As the minority value of CUX shares after Resolution 2 (.59 cents to .88 cents) is less than the control value of the CUX shares immediately prior to Resolution 2 (1.4 cents), Resolution 2 is not fair to non-associated shareholders of CUX.

6.3 Conclusion as to Fairness: if Resolution 1 and 2 are passed

Having regard to the calculations in Section 6.1, based on the asset based valuation methodology, we concluded that the CUX shares have a value (using the preferred value for its interest in the Project) of $5,963,648 or 1.4 cents per share before Resolutions 1 and 2 on a control basis.

We then assessed the value of the net assets of CUX (using the preferred value for its interest in the Project) to be $12,313,141 (if Resolution 1 is passed) on a control basis. In Table 2 (on the previous page), we have assessed the value of net assets of CUX to be $12,843,141 (if Resolution 1 and 2 are passed) on a control basis. The post transaction value (using the preferred value of $7.4m) is 1.3 cents per share ($12,843,141 divided by 979,917,099 shares). If Resolutions 1 and 2 are passed, the non-associated shareholders will have their interests diluted from 100% to 43.1%. As they will have collective minority interests if Resolutions 1 and 2 are passed, we therefore have to reduce the value of 1.3 cents. The end result is that we have determined that the non-associated shareholders interests will be valued in the range of 0.65 cents (at 50% applied to 1.3 cents) per share to 0.97 cents (at 25% applied to 1.3 cents) per share if Resolutions 1 and 2 are passed.

6.3 Conclusion as to Fairness: if Resolution 1 and 2 are passed (cont.)

As the minority value of the CUX shares if Resolutions 1 and 2 are passed ($0.65 to $0.97) is less than the control value of the CUX shares immediately prior to Resolutions 1 and 2 (1.3 cents), Resolutions 1 and 2 collectively are not fair to non-associated shareholders.

7. Position if Transactions are Accepted

ASIC Regulatory Guide 111 states that the independent expert needs to consider whether the transactions are fair and reasonable to the non-associated members of CUX. Therefore, we have considered the position if the resolutions are adopted and have taken into account the following advantages and disadvantages in this assessment.

We have weighed the following advantages and disadvantages and have found the proposed share issues are reasonable.

a. Resolution 1.

i. Advantages

1. CUX will have full control of the Project, and not be dependent on the financial position of EMR to contribute to it's exploration. This may enhance the earning of profits by CUX due to further exploration occurring, and production arising therefrom.

2. In potentially generating the earning of profits through production, this could lead to a upside for CUX's shareholders.

3. If Resolution 1 is not approved, CUX may not want to invest in the Project as it will not have full control of the Project, or invest at the same rate; or may need to seek alternative sources to fund its interest in the Project; all requiring extensive management focus and expense, and hence delays in the commencement of production.

4. If Resolution 1 is not approved, and alternative funding sources are not obtained at some time in the future, CUX could potentially be placed into administration.

ii. Disadvantages

1. Existing CUX shareholders will lose control of CUX. This will limit the ability of existing CUX shareholders to consider and accept alternative proposals as they will have lost the ability to influence the direction and operations of the company.

2. Existing CUX shareholders may not be receiving as large a premium for their shares for effectively providing EMR shareholders access to funding for exploration and production activities through the ASX listing of CUX.

After considering the advantages and disadvantages of the Proposed Acquisition, it is our view that in the absence of a superior alternative transaction or any other information, the Proposed Acquisition and Resolution 1 is reasonable to the non-associated shareholders of CUX as at the date of this Report.

b. Resolution 2.

i. Advantages

1. CUX will lower amounts owed by it, increasing its net assets.

2. If Resolution 2 is not approved, CUX may need to seek alternative sources of funding to fund repayment of the loan, requiring extensive management focus and expense, and hence delays in the commencement of production.

7. Position if Transactions are Accepted

b. Resolution 2.

i. Advantages (cont.)

3. CUX has incurred accumulated losses, and does not have realisable assets sufficient to repay the loan from conventional lenders. If Resolution 2 is not approved, and alternative funding sources are not obtained at some time in the future, CUX could potentially be placed into administration.

ii. Disadvantages

1. If Resolution 1 is passed, existing CUX shareholders will lose control of CUX. This will increasingly limit the ability of existing CUX shareholders to consider and accept alternative proposals.

2. Notwithstanding the relatively low volume of shares traded, as at today, the listed price of CUX is $.005 per share. The issue price pursuant to Resolution 2 is $.004 per share. As the issue price to EMMCO exceeds the listed price, the cost of finance is excessive to the non-associated members of CUX.

After considering the advantages and disadvantages of the Proposed Acquisition, it is our view that in the absence of a superior alternative transaction of any other information, the Proposed Share Issue and Resolution 2 is reasonable to the non-associated shareholders of CUX as at the date of this Report.

c. Resolution 1 and 2.

i. Advantages

1. CUX will have full control of the Project, and not be dependent on the financial position of EMR to contribute to it's exploration. This may enhance the earning of profits by CUX due to further exploration occurring, and production arising therefrom.

2. In potentially generating the earning of profits through production, this could lead to a upside for CUX's shareholders.

3. If Resolution 1 is not approved, CUX may not want to invest in the Project as it will not have full control of the Project, or invest at the same rate; or may need to seek alternative sources to fund its interest in the Project; all requiring extensive management focus and expense, and hence delays in the commencement of production.

4. If Resolution 1 is not approved, and alternative funding sources are not obtained at some time in the future, CUX could potentially be placed into administration.

5. CUX will lower amounts owed by it, increasing its net assets.

6. If Resolution 2 is not approved, CUX may need to seek alternative sources of funding to fund repayment of the loan, requiring extensive management focus and expense, and hence delays in the commencement of production.

7. CUX has incurred accumulated losses, and does not have realisable assets sufficient to repay the loan from conventional lenders. If Resolution 2 is not approved, and alternative funding sources are not obtained at some time in the future, CUX could potentially be placed into administration.

7. **Position if Transactions are Accepted**

c. Resolution 1 and 2. (cont.)

ii. Disadvantages

1. Existing CUX shareholders will lose control of CUX. This will limit the ability of existing CUX shareholders to consider and accept alternative proposals as they will have lost the ability to influence the direction and operations of the company.

2. Existing CUX shareholders may not be receiving as large a premium for their shares for effectively providing EMR shareholders access to funding for exploration and production activities through the ASX listing of CUX.

3. If Resolution 1 is passed, existing CUX shareholders will lose control of CUX. This will increasingly limit the ability of existing CUX shareholders to consider and accept alternative proposals.

4. Notwithstanding the relatively low volume of shares traded, as at today, the listed price of CUX is $.005 per share. The issue price pursuant to Resolution 2 is $.004 per share. As the issue price to EMMCO exceeds the listed price, the cost of finance is excessive to the non-associated members of CUX.

After considering the advantages and disadvantages of the Proposed Acquisition and Proposed Share Issue, it is our view that in the absence of a superior alternative transaction or any other information, the Proposed Acquisition and Resolution 1 and the Proposed Share Issue and Resolution 2 is reasonable to the non-associated shareholders of CUX a at the date of this Report.

8. **Sources of Information**

We have relied on the following information for the purposes of preparing this Report:

- Financial Statements of CUX and EMR.
- Discussions with the Company Management.
- Australian Financial Review.
- ASX Website.
- Review by Agricola Mining Consultants Pty Ltd.
- Divestopedia – Minority Discount.
- KPMG Valuation Practices Survey 2013.

9. **Independence**

We are entitled to receive a fee of $15,000 (including GST) for this Report. Except for the fee, we have not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this Report.

Prior to accepting this engagement, we considered our independence with respect to CUX with reference to the ASIC Regulatory Guide 112 titled "Independence of Experts". In our opinion, we are independent of CUX.

We do not have at the date of the Report, and have not had within the previous 2 years, any relationship with CUX beyond that of professional advisors.

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

In addition, we have been indemnified by CUX in respect of any claim arising from our reliance on information provided by CUX, including the non-provision of material information, in relation to the preparation of this Report.

10. Qualifications

Lo Surdo Financial Advisory Pty Limited has experience in the provision of corporate financial advice.

The director responsible for preparing the Report, Stuart Cameron, has degrees in economics and law from the University of Sydney, is a Fellow of The Institute of Chartered Accountants in Australia, and is a Certified Internal Auditor. He has given advice, including provision of Independent Experts and Investigating Accountants Reports, in connection with listed companies for many years.

11. Disclaimers and Consents

This Report has been prepared at the request of CUX.

We hereby consent to this Report accompanying the Notice of General Meeting. 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 prior written consent.

We take no responsibility for the contents of the Notice of General Meeting other than this Report.

We have not independently verified the information and explanation supplied to us, nor have we conducted anything in the nature of an audit of CUX or EMR, but we have critically evaluated all relevant information obtained. However, we have no reason to believe that any of the information or explanation so supplied is false or that material information has been withheld.

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 our engagement are such that we have no obligation to update this report for events occurring subsequent to the date of this Report.

12. Indemnity

CUX has provided an indemnity for us for any claims arising out of any mis-statement or omission in any material or information provided to it in the preparation of this Report.

Yours sincerely,
Lo Surdo Financial Advisory Pty Ltd

Lo Surdo Financial Advisory Pty Ltd

FINANCIAL SERVICES GUIDE

Dated 17 March 2017

Lo Surdo Financial Advisory Pty Ltd ACN 604 130 529 ("**we**" or "**us**" or "**ours** as appropriate) has been given authority to issue general financial product advice in the form of a report to be provided to you. We are an authorised representative of JP Denman Financial Group Pty Ltd (ACN 607 000 779) ["Denman"].

1. FINANCIAL SERVICES GUIDE

In the above circumstances we are required to issue to you, as a retail client, a Financial 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 are by way of authority under the Australian Financial Services Licence, Licence No 480291 of Denman;
- 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 complaints handling procedures and how you may access them.

2. FINANCIAL SERVICES WE ARE AUTHORISED TO PROVIDE

We are an authorised representative of Denman. Denman holds an Australian Financial Services Licence and is authorised to provide general financial product advice to retail and wholesale clients including the following classes of financial products:

- Securities

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly, but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided under an authority given by a financial services licensee authorised to provide the financial product advice contained in the report.

3. GENERAL FINANCIAL PRODUCT ADVICE

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking 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. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider the statement before making any decision about whether to acquire the product.

4. FEES, COMMISSIONS AND OTHER BENEFITS THAT WE MAY RECEIVE

We have charged $15,000 (including GST) for providing this report.

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

5. REMUNERATION OR OTHER BENEFITS RECEIVED BY OUR EMPLOYEES

All our employees receive a salary.

6. 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.

7. ASSOCIATIONS AND RELATIONSHIPS

From time to time, we may provide professional services to financial product issuers in the ordinary course of our business under Denman's authority.

8. COMPLAINTS RESOLUTION

8.1 Complaints Resolution Process

Having authority under a 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 Mr Stuart Milne The Complaints Officer, Lo Surdo Financial Advisory Pty Limited, 20 Grose Street, North Parramatta NSW 2150.

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 complaint in writing of our determination.

8.2 Referral to External Dispute Resolution Scheme

A complaint not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Services Limited ("FOS").

Denman Financial Services Pty Ltd
Member Number: 37555

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 Services Limited

GPO Box 3
MELBOURNE VIC 3001

Toll free: 1300 565 562
Facsimile: (03) 9613 6399

9. CONTACT DETAILS

You may contact us using the details set out in paragraph 8.1 in this FSG.

Malcolm Castle
Agricola Mining Consultants Pty Ltd
P.O. Box 473, South Perth, WA 6951
Mobile: 61 (4) 1234 7511
Email: mcastle@castleconsulting.com.au
ABN: 84 274 218 871

22 August 2016

The Directors,
K S Black & Co
Level 6 Kent Street
SYDNEY NSW 2000

Dear Sirs,

RE: INDEPENDENT VALUATION OF THE MINERAL ASSETS OF CROSSLAND STRATEGIC METAS LIMITED IN THE NORTHERN TERRITORY

Agricola Mining Consultants Pty Ltd ("Agricola") was commissioned by the Directors of K S Black & Co ("the Client") to provide a Mineral Asset Valuation Report ("Report") of the exploration assets of Crossland Strategic Metals Limited ("Crossland or "the Company") in the Northern Territory. This report serves to comment on the geological setting and exploration results on the properties and presents a technical and market valuation for the exploration assets based on the information in this Report.

The present status of the tenements is based on information made available by the Company The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation.

Scope of the Valuation Report

A valuation report expresses an opinion as to monetary value of a mineral asset but specifically excludes commentary on the value of any related corporate Securities. Agricola prepared this Report utilizing information relating to operational methods and expectations provided to it by various sources. Where possible, Agricola has verified this information from independent sources. This Report has been prepared for the purpose of providing information to the Company but Directors of Agricola accept no liability for any losses arising from reliance upon the information presented in this Report.

This mineral asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation.

This is commonly known as the *Spencer Test* after the Australian High Court decision upon which these principles are based and to which the Courts have used in their determinations of market value of a property. In attributing the price that would be paid to the hypothetical vendor by the hypothetical purchaser it is assumed that the property will be put to its "highest and best use".

Applying the *Spencer Test* may not be confined to a technical valuation exercise but may involve a consideration of market factors. In a highly speculative market during 'boom' conditions or a depressed market during 'bust' conditions the hypothetical purchaser may expect to pay a premium or receive a discount commensurate with the current market for mineral properties.

The findings of the valuation Report include an assessment of the technical value (i.e. the value implied by a consideration of the technical attributes of the asset) and a market value (which considers the influences of external market forces and risk). A range of values (high, low and preferred) has been determined and stated in the Report to reflect any uncertainties in the data and the interaction of the various assumptions made.

The main requirements of the Valuation Report are:

- Prepared in accordance with the VALMIN Code 2015
- Experience and qualifications of key personnel to be set out
- Details of valuation methodologies
- Reasoning for the selection of the valuation approach adopted
- Details of the valuation calculations
- Conclusion on value as a range with a preferred value

DECLARATIONS

Relevant codes and guidelines

This Report has been prepared as a technical assessment and valuation in accordance with the Australasian Code for Public Reporting of Technical Assessment and Valuation of Mineral Assets (the "VALMIN Code", 2015 Edition), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112, March 2011).

Where exploration results and mineral resources have been referred to in this report, the information was prepared and first disclosed under the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"), prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia 2012.

Under the definition provided by the VALMIN Code, the mineral projects are classified as ‘early stage exploration projects’ where mineralisation may or may not have been identified, but where Mineral Resources have not been identified. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential.

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. Agricola has endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions in the technical information prior to lodgment.

In compiling this report, Agricola did not carry out a site visit to the project areas. Based on its professional knowledge, experience and the availability of extensive databases and technical reports made available by various Government Agencies and the early stage of exploration, Agricola considers that sufficient current information was available to allow an informed appraisal to be made without such a visit.

The independent valuation report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears. Agricola has no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM

Malcolm Castle has over 40 years’ experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company over 20 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical audits in many countries. He has completed numerous Independent Geologist’s Reports and Mineral Asset Valuations over the last decade as part of his consulting business.

Mr Castle is a qualified and competent witness in a court or tribunal capable of supporting his valuation reports or to give evidence of his opinion of market value issues.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Declaration – VALMIN Code: The information in this report that relates to Technical Assessment and Valuation of Mineral Assets reflects information compiled and conclusions derived by Malcolm Castle, who is a Member of The Australasian Institute of Mining and Metallurgy. Malcolm Castle is not a permanent employee of the Company.'

Malcolm Castle has sufficient experience relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner as defined in the 2015 edition of the 'Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets'. Malcolm Castle consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.'

Competent Persons Statement – JORC Code: The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

Independence

Agricola or its employees and associates are not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the projects. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees of $6,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Valuation Opinion

Based on an assessment of the factors involved, the estimate of market value of <u>100% equity</u> of the granted tenements in the Company's Projects is in the range of <u>A$9.2 million to A$21.5 million with a preferred value of A$13.2 million.</u>

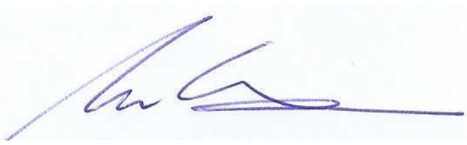
The estimate of the market value of 56.28% equity of the granted tenements in the Company's Projects is in the range of A$5.2 million to A$12.1 million with a preferred value of A$7.4 million.

No significant value has been ascribed to the Arunta Project that is at Application stage.

This valuation was prepared on 22 August 2016.

Where no mineral resources have been estimated for the project, the valuation assessment is based on the proposed annual exploration expenditure ($400 to $450 per square kilometer) adjusted by an assessment of prospectivity. No significant exploration was carried out on the projects between the agreement date (April 2015) and the settlement date of 12 June 2015. Changes in metal process may be reflected in the market discount or premium if they are significant.

Yours faithfully



Malcolm Castle

B.Sc.(Hons) MAusIMM,
GCertAppFin (Sec Inst)
Agricola Mining Consultants Pty Ltd

TENEMENT SCHEDULE

EL	EL Name	Holder	Status	Area km^2	Grant Date	Expiry Date
Charley Creek Project Group 1:JV						
EL24281	Charley Creek	Crossland Nickel	Granted[1]	116.6	7-Feb-05	6-Feb-17
EL25230	Cockroach	Crossland Nickel	Granted[1]	289	9-Nov-06	8-Nov-17
EL25657	Cloughs dam	Crossland Nickel/EMR/ WDR Base Metals	Granted[1]	396.7	30-Aug-07	29-Aug-15
EL27283	Mt. Chapple	Crossland Nickel	Granted[1]	475.4	17-Nov-09	16-Nov-17
EL27358	Hamilton	Crossland Nickel	Granted[1]	258.3	17-Nov-09	16-Nov-17
EL27359	Hamilton North	Crossland Nickel	Granted[1]	97.8	17-Nov-09	16-Nov-17
EL28154	Hamilton S 154	Crossland Nickel	Granted[2]	171.3	20-Apr-11	19-Apr-17
EL28155	Hamilton S 155	Crossland Nickel	Granted	32.7	2-Feb-11	1-Feb-17
EL28224	Hamilton S 224	Crossland Nickel	Granted[2]	47.25	8-Mar-11	7-Mar-17
EL28226	Hamilton N 226	Crossland Nickel	Granted[2]	69.34	8-Mar-11	7-Mar-17
EL28434	Hamilton H'stead	Crossland Nickel/EMR	Granted	381.1	28-Jul-11	27-Jul-17
EL28795	Amburla SE	Crossland Nickel/EMR	Granted[2]	31.52	14-Dec-11	13-Dec-17
EL28796	Amburla N	Crossland Nickel/EMR	Granted	255.1	14-Dec-11	13-Dec-17
EL28866	Everard	Crossland Nickel/EMR	Granted[2]	25.19	21-Feb-12	20-Feb-18
EL29789	Mulga Bore	Crossland Nickel/EMR	Granted	44.1	25-Jul-13	24-Jul-19
EL29853	Bond Springs	Crossland Nickel/EMR	Granted	419	15-Aug-13	14-Aug-19
EL30058	Milton Park	Crossland Nickel/EMR	Granted	334.3	23-Apr-14	22-Apr-20
EL30486	Mallee Bore	Crossland Nickel	Granted	94.6	28-Apr-15	27-Apr-21
EL30487	Clarke Creek	Crossland Nickel	Granted	337.3	28-Apr-15	27-Apr-21
Total Area				**3876.58**		
Arunta Project. Applied for 29 May 2009:JV						
EL 27374	Highland Rocks1	Paradigm Mexico	Application	185.8	n/a	n/a
EL 27375	Highland Rocks2	Paradigm Mexico	Application	371.6	n/a	n/a
EL 27571	Highland Rocks3	Paradigm Mexico	Application	1070.7	n/a	n/a
EL 27572	Highland Rocks4	Paradigm Mexico	Application	1039.2	n/a	n/a
Total Area				**2667.3**		

1 –Renew Retained, 2 – Reduction Retained

The status of the tenements has been verified based on a recent independent inquiry of the Department of Mines and Energy, NT, STRIKE database (*source: strike.nt.gov.au*) by Agricola, pursuant to section 7.2 of the Valmin Code, 2015. The tenements are believed to be in good standing. Some future events such as the grant (or otherwise) of expenditure exemptions and plaint action may impact of the valuation and may give grounds for a reassessment.

PROJECT REVIEW

The Charley Creek Rare Earth Project

Charley Creek Project, NT - Crossland 56.28%: Essential Mining Resources Pty Ltd. (“EMR”) 43.72%

At the Charley Creek Project, Crossland is targeting alluvial rare earth deposits; secondary targets include bedrock REE deposits, granite-related uranium; calcrete and redox-related palaeodrainage uranium targets; and layered mafic intrusive- related copper, nickel and platinoids.

The Charley Creek Project is situated approximately 100 kilometres (“km”) west northwest of Alice Springs in the Northern Territory, Australia, at latitude 23° 27′ S and longitude 132° 45′ E, approximately 1,500km south of the Port of Darwin. The project area is situated approximately 500 metres above mean sea level and lies on pastoral leases to the north of the West MacDonnell Ranges National Park. The Charley Creek resource is a Quaternary-age surficial alluvial mineral sand deposit with average thickness of 15m (with some drill intersections of up to 80m), containing the rare earth bearing heavy minerals monazite and xenotime (rare earth phosphates), as well as zircon and ilmenite, which have accumulated as a result of prolonged erosion of the Proterozoic age rocks which form the MacDonnell Ranges to the south of the alluvial fans.

Crossland completed a Project Scoping Study in April 2013 that examined the potential establishment of a mining, processing and refinery operation for the extraction of Rare Earth Oxide minerals from the Charley Creek deposit.

Among the one metre drill hole samples and 4m drill hole composites from the Charley Creek area, there are numerous assays around and exceeding 500ppm, but in the areas currently drilled these do not occur in continuous mineable zones whereby a substantial tonnage of higher grade material could be selectively mined.

The mine site and supporting operations will be located within the Charley Creek tenements and main access to the mine site will be from the Tanami Highway, after which a dedicated unsealed mine access road (approximately 28 km long) will be constructed to the mining operations. The operations consist of large-scale mining (total 12-20Mtpa) from two mining sites, where Run of Mine (ROM) ore is trucked a short distance to Mining Field Units where the oversize and slimes are removed to the pit void. The remaining sand is then pumped to a nearby Primary Wet Concentration Plant (WCP) of spirals circuits, where 93% of the feed is removed as tailings and pumped to the pit void. The Primary WCP Concentrate is transported to the Secondary WCP, where a concentrate grading 8% to 12% TREO is produced using wet magnetic separators, hydraulic classifiers and spirals to feed to the Dry Plant. The Dry Plant uses electrostatic and magnetic separators to produce a high grade rare earth mineral concentrate (a mixture of monazite and xenotime) that grades 40% TREO.

The Dry Plant Concentrate is transported a short distance to a small (1.2tph) Rare Earth Refinery where thorium and uranium are separated to produce a high purity mixed Rare

Earth Carbonate product for export.

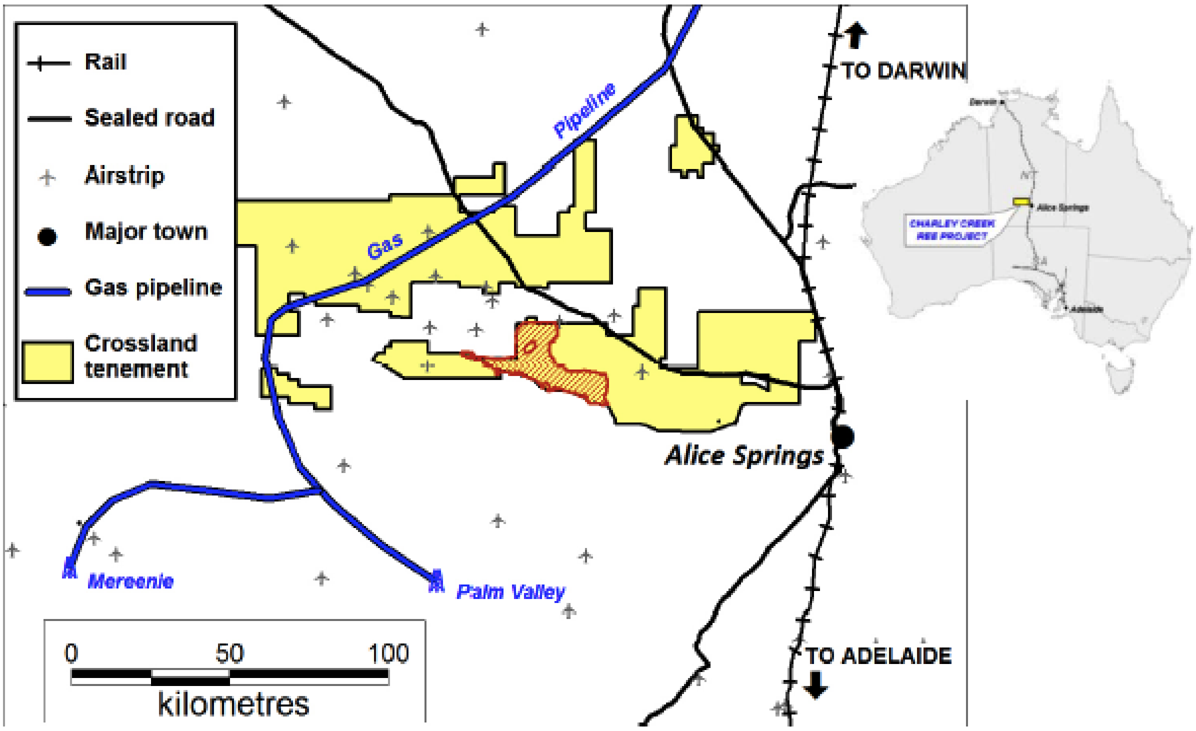


Figure 1: Location of Charley Creek Alluvial Rare Earth Project.

Mineral Resource Estimate

The deposits lie on plains to the north of the West MacDonnell Ranges. Granites and various high-grade metamorphic rocks dominate the range country, and these contain elevated levels of REE. The Charley Creek deposits are alluvial REE deposits hosted by alluvial fans shedding off the West MacDonnell Ranges. The alluvium including the REE bearing minerals, monazite and xenotime, has been derived from disintegration of granitoids and metamorphic rocks exposed in the ranges. Fans range up to 80m thick, with an average of around 15m thick in the areas drilled to date by Crossland. The alluvial fans commence from the base of the ranges, extending out from there for tens of kilometres in the general direction of Lake Lewis. The alluvium seems to have been deposited in thin (tens of centimetres) pulses that in aggregate result in fairly regular grades across mining widths. Studies of satellite imagery and ground reconnaissance and stream sediment sampling indicate that an area of alluvial fans in excess of 2,500km2 falls within the Joint Venture's EL package.

Crossland has estimated preliminary Mineral Resources for the drilled areas of Western Dam and Cattle Creek within the Charley Creek alluvials. Crossland advised that the drilled areas represent less than 5% of the total potentially mineralized alluvial outwash areas within the joint venture tenements. Two drilling programs were carried out, in 2008 and 2011; the resource estimation work relies primarily on the 2011 drilling as the earlier drilling lacked comprehensive rare earth analyses (the focus at that time being largely uranium exploration).

The drilling was all carried out using aircore rigs, drilling approximately 75mm holes. Samples were collected at 1m intervals and composited to 4m samples for assay. Sample preparation was carried out by ALS Global ("ALS") in Alice Springs and the pulps then forwarded to the ALS laboratories in Perth for analysis using digestion by lithium metaborate fusion and Inductively Coupled Plasma Mass Spectrometry ("ICP-MS").

A total of 211 aircore holes (111 at Western Dam and 100 at Cattle Creek) were used in the resource estimate. The distribution of the holes is unusual, in that instead of a grid of holes, the holes are distributed along one or two lines in each area (Figure 4). This is because Crossland only had approval at the time to drill along established roads or fence lines. BDA has reviewed the drill hole data and assay results. Although less than ideal, BDA considers the data acceptable for an Inferred resource estimate given the relatively consistent nature of the widespread alluvial fans, and an Indicated classification would be reasonable in the vicinity of consistent drill hole information. Crossland has categorized the zone within 400m of a drill intersection as Indicated, and beyond that (to 800m) as Inferred. Alluvial wireframes were based on logged data and an estimated economic cut off value. Block model grade estimates were based on inverse distance squared weighting.

Table 2: Charley Creek Resource Estimate.

RESOURCE	Mass	Weighted Average TREO	Contained TREO	Contained Xenotime	Contained Monazite	Contained Zircon
	Tonnes	ppm	kg	kg	kg	kg
Cattle Creek Indicated Resource	249,900,000	280	69,900,000	17,600,000	97,200,000	124,650,000
Western Dam Indicated Resource	136,960,000	323	44,150,000	9,675,000	63,700,000	70,930,000
TOTAL INDICATED RESOURCES	**386,860,000**	**295**	**114,050,000**	**27,275,000**	**160,900,000**	**195,580,000**
Cattle Creek Inferred Resource	353,210,000	291	102,750,000	26,450,000	141,075,000	183,750,000
Western Dam Inferred Resource	65,232,000	282	18,350,000	4,240,000	26,160,000	36,230,000
TOTAL INFERRED RESOURCES	**418,442,000**	**289**	**121,100,000**	**30,690,000**	**167,235,000**	**219,980,000**

Note: TREO grade includes all lanthanide elements plus Yttrium; the resource estimates are limited to material which was logged as 'free-digging' and washable into component grains, amenable to mineral sands processing techniques; a break-even operating cost of US$4.30/t was used as a block grade cut off value, but this impacted very few blocks.

An Initial Mineral Resource estimate was released by Crossland on 15 May 2012, and this has not varied for the Scoping Study, but the Revised JORC Code (2012) Table 1 template and intersection data are appended to the Scoping Study. Sufficient tonnage of Indicated Resource has been demonstrated for the 20 year life of the project as presented in the Scoping Study; however because the drill data used for the Initial Mineral Resource was largely confined to available and approved access tracks at the time of drilling in 2011, there was no effort made to optimize the grade of alluvium in the drill program, and the resulting estimated Resource had an overall grade of around 300ppm TREO. This is used as the average grade for years 6 to 20 in the Scoping Study.

Crossland has advised that from the reconnaissance work carried out, and from the drill sample assays to date, it considers that it is likely that higher grade material in a range of 400-600ppm TREO will be outlined by additional drilling and exploration, sufficient to support the first five years of operation.

The Exploration Target used in the Scoping Study as start-up ROM would be 50Mt to 100Mt at the average grade of 500 to 1000ppm TREO. The Scoping Study is based upon the low end of this range for both grade and tonnage. There is firm evidence that this Exploration Target will be realised when additional Resource drilling is undertaken that targets higher grade start-up pit sites:

The Exploration Target quantity and grade are conceptual in nature, and that there has been insufficient exploration undertaken to date to define a mineral resource or continuous mineable areas at this grade. It is uncertain if further exploration work will result in the target being delineated as a mineral resource to support the conceptual production schedule. It is also noted that the PEA is preliminary in nature, and includes Mineral Resources that are considered at this stage too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as Mineral Reserves, and there is no certainty that the preliminary economic assessment will be realised.

The information in the Scoping Study that relates to Exploration Targets, Exploration Results, or Mineral Resources is based on information compiled by Geoffrey S Eupene FAusIMM CP, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. He is a director of the Company and a full time employee of Eupene Exploration Enterprises Pty Ltd, which is engaged by the Company. He has sufficient experience which is relevant to the styles of mineralization and types of deposits under consideration, and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Geoffrey S Eupene has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement – This Report

The information in the Charley Creek Project that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by the Company and reviewed by Malcolm Castle, a competent person who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Malcolm Castle is a consultant geologist employed by Agricola Mining Consultants Pty Ltd. Mr Castle has sufficient experience that is relevant to the style of mineralization and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" ("JORC Code"). Malcolm Castle consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forecast Operation and Financial Summary – Crossland Scoping Study

Table 1: Operational and Financial Assumptions[1].

Life of Mine (LoM)	20(+) years
Mine Throughput (Years 1-5)	8- 12 Mtpa
Total Years 1-5	54Mt
Mine Throughput (Year 6+)	20 Mtpa
Total Years 6-20	300Mt
Average Grade (Years 1-5)	500 ppm TREO
Average Grade (LoM)	300 ppm TREO
Average Strip Ratio	0.013
Overall Process Recovery	60.8%
Capital Costs (including 10% Contingency)	A$156M
Incremental Expansion Capital 12 to 20 Mtpa (Year 6)	A$40M
Sustaining Capital (LoM)	A$40M
Annual Production – REO Contained in Mixed Carbonate	3,645 tpa
Average Mine & Processing Cost (to 40% REO Concentrate)	A$4.45 / tonne ROM
Average Generals & Administration	A$0.70 / tonne ROM
Refining Cost (to Mixed REE Carbonate)	A$5.87 / kg REO
Product Packaging and Transport (FOB Darwin)	A$0.67 / kg REO
Product Off take Terms (% REO Basket Price)	75%
Revenue (FOB) "Basket Price"	US$57.38/kg
Discount Rate Applied	10%
IRR (Pre-tax and Royalties)	**39.4%**
NPV_{10} (Pre-tax and Royalties)	**A$302M**
Payback from start of production	**2.5 years**

Total pre-production capital expenditure is A$156M including first fills, infrastructure and accommodation facilities. A detailed breakdown by area is provided earlier. A total of A$40M in sustaining capital has been included over LoM. Initial capital cost on an annualized kg of REO produced is A$42.80/kg REO. This is very low when compared with other REO projects located in Canada, South Africa and Australia where the average cost per kg of annualized REO production is approximately A$115/kg REO. The capital cost for the Charley Creek Project is significantly lower due to the style of deposit being a 'mineral sand' type project rather than a hard rock deposit. Processing of this deposit uses simple gravity, electrostatic and magnetic processes, which are widely used throughout the Mineral Sands industry.

An incremental expansion has been scheduled for Year 6 to increase ROM throughput from 12Mt to 20Mt per annum by installation of a third MFU and an additional Primary Wet Concentrator Spiral Bank. This expansion coincides with an expected decrease in ROM head grade. The Dry Plant and REO Refinery remain at the same nameplate capacity of 3,645tpa mixed REO contained in carbonate. Capital cost for this incremental expansion has been estimated at A$40M, including an A$5M capital allowance for additional infrastructure.

Total operating costs are estimated at A$2,199M over the life of mine or an average of A$6.18 / tonne ROM. Estimated revenue from mixed rare earth carbonate sales over life of mine is A$3,085M. No revenues from production of zircon, ilmenite and uranium oxide have been included. Sale of these products will be evaluated in subsequent studies. The total operating profit is A$886M (EBIDTA) with a before tax Net Present Value (NPV) of A$302M at a discount rate of 10% and before tax Internal Rate of Return (IRR) of 39.4%. The Project payback period is 2.5 years after production start-up.

Source

Crossland Uranium Mines Limited, 2013, "Charley Creek Rare Earths Project Scoping Study Results - Scoping Study Delivers Robust Economics For A Long Life - Low Capital Cost Project" ASX Release 15 April 2013

Economic Analysis –Pancontinental Uranium Corporation

Crossland prepared a financial model for the project and input revenue and cost parameters established in that study. Behre Dolbear Australia Pty Limited ("BDA"), on behald of Pancontinental Uranium Corporation, reviewed the financial model and analysed the projected economics of the project over the life of the mine.

Over the life of mine ("LOM") of 20 years, the model shows that 356Mt of ore will be mined and processed to produce 64,900t of REO products. The LOM capital costs are projected to total Australian dollars 297 million, of which A$182M is to be spent in the pre-production period and A$115M is for plant expansion, project rehabilitation and sustaining capital.

Projections for revenue are based on the Mineral Resource estimates, an expansion of the process plant in FY 2018, a basket TREO price, an off-take agreement discount forecast by Crossland and an industry consensus view of future exchange rates. The TREO basket price of US$51/kg is based on China FOB prices published in Metal-Pages.com. For the economic analysis BDA has used spot prices current in November 2013..

The refining penalty discount (or mixed carbonate off-take terms) advised by Crossland is based on terms which apply at similar rare earth operations and indicative terms discussed with a number of toll refiners and off-take refineries. A 25% discount to the published REO prices has been used in the analysis.

The economic analysis is based on cash flows after the NSR royalty payable to the previous owner of the mining tenement, Northern Territory royalties and Australian company tax. The 3% NSR royalty is payable only for production from one Exploration Licence which covers a very limited section of the area proposed to be mined and does not have a material impact on the economic analysis. The Northern Territory royalty is a profit-based royalty applied at a rate of 20% to taxable income calculated generally in accordance with Australian taxation law and deducted prior to the application of the Australian company tax rate of 30%.

The financial model with inputs as described above forecasts that project cash flows after royalties and company tax over the LOM will total A$140M; the net present value ("NPV") of the cash flows at a real discount rate of 10% is -A$73M. The operation is most sensitive to variations in REO prices.

The Preliminary Economic Assessment ("PEA") is based on the assumption that, within the extensive alluvial outwash fans, some higher grade areas will be identified and that these will form the basis of 'starter pits', allowing the feed grade for the first five years to be maintained at 500ppm TREO, before reducing to 300ppm TREO for the rest of mine life. Given the drill data to date, BDA accepts that this is not an unreasonable scenario, however, BDA has not incorporated this higher grade Exploration Target potential upside in its modelling, other than to examine the sensitivity of the project outcome to higher initial grades. The potential quantity and grade are conceptual in nature; there has been insufficient exploration to define such a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource. BDA therefore considers it prudent to assess the project economics and project cashflows based on the current Mineral Resource average grade of 300ppm TREO rather than 500ppm TREO for the first five operating years. It should be emphasised that the assessment is preliminary in nature, and that it is based on Mineral Resources. No detailed mine planning studies have been carried out or economic considerations applied that would enable the resources to be categorised as mineral reserves, and there is no certainty that the results of the preliminary economic assessment will be realised.

BDA emphasises that the project is at an early stage and there are many uncertainties in relation to the assumptions on which the financial model is based. The analysis demonstrates the sensitivity of the project to the various assumptions and in particular reinforces the exploration focus to identify and prove up areas of continuous higher grade starter pits to provide a higher grade feed for processing in the initial years of production.

Charley Creek Conceptual Study Forecast Cash Flows

Item	Unit	Financial Year									
		0	1	2	3	4	5	6	7	8-20	Total
TREO Sales	'000t		1.46	2.19	2.19	2.19	2.19	3.65	3.65	47.39	64.88
Revenue	A$M		55.8	84.5	86.2	90.9	93.3	155.4	155.4	2,020.7	2,742.3
Operating Expenditure	A$M		-50.7	-76.1	-76.1	-76.1	-76.1	-120.0	-120.0	-1,559.5	-2,154.5
Capital Expenditure	A$M	-182.2	-3.7	-3.7	-3.7	-3.7	-43.7	-3.7	-3.7	-48.4	-296.6
NT Royalty	A$M				-0.1	-0.7	-0.6	-3.2	-3.2	-40.7	-48.6
Company Tax	A$M		1.2	0.3	-0.2	-1.4	-1.4	-6.9	-6.9	-87.3	-102.6
Cash Flow (after-tax)	A$M	-182.2	2.6	4.9	6.1	9.0	-28.6	21.6	21.6	284.8	139.9

Source

Handcock, M. et al, 2013 Charley Creek Rare Earth Project Located in Northern Territory – Australia. NI 43-101 Technical Report December 2013. Report Prepared For Pancontinental Uranium Corporation', Behre Dolbear Australia Pty Ltd

VALUATION ASSESSMENT

Three widely accepted Valuation Approaches are:

(a) Market-based, which is based primarily on the notion of substitution. In this Valuation Approach the Mineral Asset being valued is compared with the transaction value of similar Mineral Assets under similar time and circumstance on an open market (*Comparable Transactions, $ per metal unit*).

(b) Income-based, which is based on the notion of cashflow generation. In this Valuation Approach the anticipated benefits of the potential income or cash flow of a Mineral Asset are analyzed (*Discounted Cash Flow*).

(c) Cost-based, which is based on the notion of cost contribution to Value. In this Valuation Approach the costs incurred on the Mineral Asset are the basis of analysis and an assessment of prospectivity (*Prospectivity Exploration Multiplier and Geo-factor Rating, $ per sq. km.).*

Details of the assessment criteria are included in the notes attached to the Report.

The **Company's Projects** are classed as '*advanced exploration projects'* and inherently speculative in nature. Several methods of valuation are available for such projects where a material Inventory has been estimated. These include the use of Market-based valuations. The Comparable Transactions is appropriate for exploration ground with estimates of Mineral Resource estimates and supporting Scoping Studies.

COMPARABLE TRANSACTIONS

An estimate of the rare earth resources at the Charley Creek Project has been compiled by the Company and is accepted here for the purpose of the valuation. Agricola considers it is appropriate to estimate the value the mineral resources based on the comparative transactions method.

The method requires allocating a dollar value to the mineral resources in the ground and applying appropriate discounts for JORC Category, modifying factors and average acquisition cost for mineral projects. This may also apply to well-established zones of mineralisation that have not formally been categorized under the JORC code. An additional risk weighting may be appropriate in these circumstances. Further details of the valuation approach are included in the notes attached to this Report.

The Mineral Resources are assumed to encapsulate all the value of the Charley Creek Project.

Metal Price

Current REO prices were reviewed against economic analysis of historical prices published by various trade websites such as Metals Pages, Asian Metals and Roskill Information Services Ltd. In addition, rare earth price forecasts from specialist REE analysts and reviews of other REE project studies were considered in defining the basis for prices used in the Scoping Study.

The global industry is expected to undergo significant changes as new sources of supply are scheduled to be commissioned and supply in China consolidates under a limited number of state-owned enterprises.

Measures taken to control production in China have become more effective, resulting in a decline in both official production and unofficial production in the years to 2013. In 2014, China still accounts for >80% of world production and this is expected to fall to just over 70% by 2018. An increasing proportion of Chinese supply is now required for its domestic industries which account for >70% of total demand for rare earths. New projects in the rest of the world are forecast to contribute an additional 45,000t REO to supply by 2018.

Market growth is expected to average 5.9%py overall between 2013 and 2018 but this headline figure masks different growth rates for each end-use and for each of the 17 individual rare earths, which each have their own unique applications. The highest growth rates will be seen for magnets, catalysts and ceramics with average annual growth rates of >6% for these end-uses over the same time period.

Roskill, 2015, Rare Earths: Global Industry, Markets & Outlook

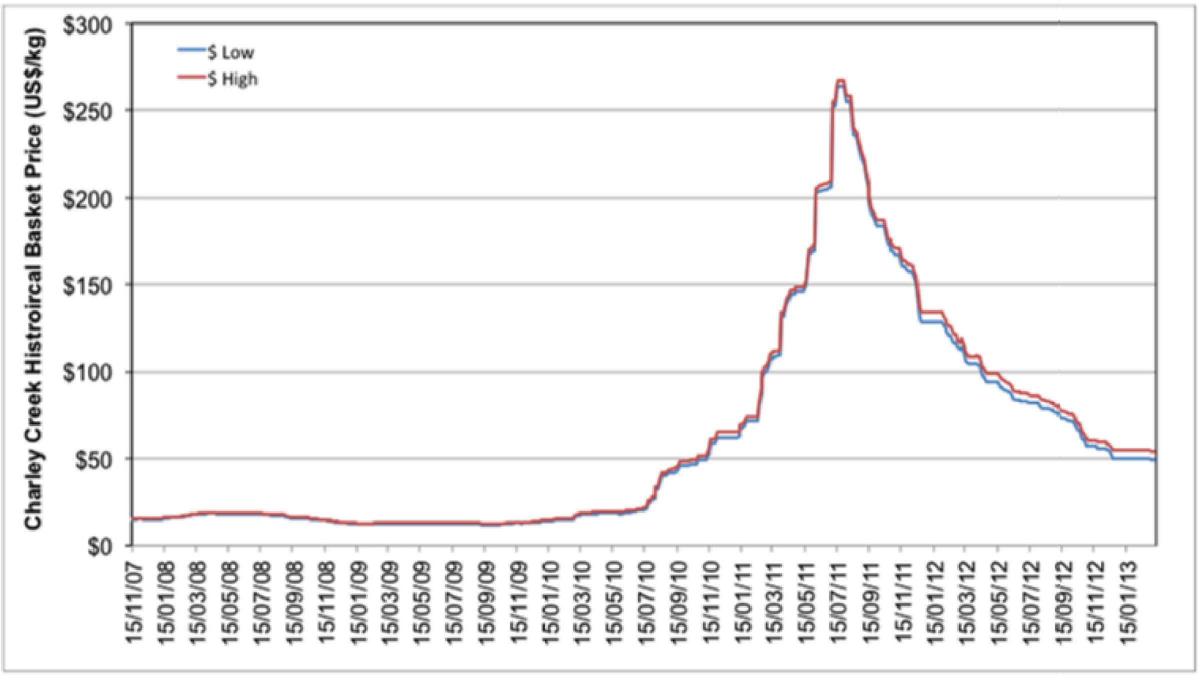


Figure 5: Charley Creek 5 Year Historical Basket Price (Metal-Pages China FOB).

The Crossland Scoping Study used a life of mine base price of US$57.38 REO price (Basket Price). The Pancontinental PEA used a base price of US$51.00 per kg. A comparison of the REE prices used in the Scoping Study with recent REE prices available on line suggests that there has been a fall in prices as shown in the table.

http://mineralprices.com	US$/kg	US$/kg	Change	Distibution	Apr-13	Current
LIGHT RARE EARTH METALS	Apr-13	Jul-16	%	REE Carb. Basket	Basket US$/kg	Basket US$/kg
Lanthanum Oxide ≥ 99.5%	11.00	2.00	-82%	18.70%	2.06	0.37
Cerium Oxide ≥ 99.5%	11.50	2.00	-83%	38.63%	4.44	0.77
Praseodymium Oxide ≥ 99.5%	85.00	52.00	-39%	4.24%	3.60	2.20
Neodymium Oxide ≥ 99.5%	77.00	42.00	-45%	14.93%	11.50	6.27
Samarium metal ≥ 99.9%	25.00	7.00	-72%	2.82%	0.71	0.20
HEAVY RARE EARTH METALS					-	-
Europium Oxide ≥ 99.99%	1,600.00	150.00	-91%	0.59%	9.44	0.89
Gadolinium Oxide ≥ 99.5%	49.00	32.00	-35%	2.39%	1.17	0.76
Terbium Oxide ≥ 99.5%	1,300.00	400.00	-69%	0.37%	4.81	1.48
Dysprosium Oxide ≥ 99.5%	630.00	230.00	-63%	2.11%	13.29	4.85
Erbium Oxide ≥ 99.5%	40.00	34.00	-15%	1.20%	0.48	0.41
Yttrium Oxide ≥ 99.99%	38.00	6.00	-84%	12.90%	4.90	0.77
Total Basket Price					56.40	18.98
Price reduction						66%

In the light of the fall in REE prices it is considered appropriate to use a conservative metal price of US$20.00 per kg.

US Bundle Price/kg	US$20.00
Exchange Rate	0.7657
AU Bundle Price/kg	US$26.12
AU Bundle Price/tonne	AU$26,120

Mineral Resources

An Initial Mineral Resource estimate was released by Crossland on 15 May 2012, and this has not varied for the Scoping Study, but the Revised JORC Code (2012) Table 1 template and intersection data are appended to the Scoping Study.

Charley Creek Rare Earth Alluvial Mineral Resources – Western Dam and Cattle Creek - May 2012

Deposit	Category	Tonnage Mt	Grade TREO ppm	Contained TREO Tonnes	Contained Monazite Tonnes	Contained Xenotime Tonnes
Cattle Creek	Indicated	249.9	280	69,900	97,200	17,600
Western Dam	Indicated	137.0	322	44,200	63,700	9,700
	Total	**386.9**	**295**	**114,100**	**160,900**	**27,300**
Cattle Creek	Inferred	353.2	291	102,800	141,000	26,500
Western Dam	Inferred	65.2	281	18,400	26,200	4,200
	Total	**418.4**	**289**	**121,100**	**167,200**	**30,700**

Agricola is not aware of any new information or data that materially affects the information included in the Charley Creek Resource and, in the case of mineral resources, that all the material assumptions and technical parameters underpinning the estimates in the Charley Creek Resource continue to apply and have not materially changed. The form and context in which the findings are presented have not been materially modified.

CROSSLANDS		
Deposit:	Cattle Creek	Western Dam
Resource		
Measured		
Tonnes, Mt		
Grade, % TREO		
Indicated		
Tonnes, Mt	249.90	136.96
Grade, % TREO	0.0280%	0.0323%
Inferred		
Tonnes, Mt	353.21	65.23
Grade, % TREO	0.0291%	0.0282%
Exploration Target		
Tonnes, Mt	67.00	
Grade, % TREO	0.0670%	
Metal Content, Mt TREO		
Measured		
Indicated	0.070	0.044
Inferred	0.103	0.018
Exploration Target	0.045	

Mineral Resources in accordance with the JORC Code 2012

Base Value

A discount factor is applied to the contained value to recognize the JORC category and allow for resource risk.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	50%

Allowances for modifying factors are also included in the assessment.

Modifying Factors	
Recovery	60%
Mining	100%
Processing	50%
Rail	75%
Port	90%
Capex	50%
Marketing	75%
Total Modifying Factor	8%

The base value for the project is estimated by multiplying the contained value by the discount factors.

Base Value = [Contained Value][Resource Discount]*[Modifying Factors]*

Base Value A$M	Cattle Creek	Western Dam	Total
Measured	-	-	-
Indicated	97	61	158.57
Inferred	122	22	144.21
Exploration Target	45	-	44.52
Total	264	83	347.31

Average Acquisition Cost

A range of average acquisition cost ("AAC") percentages are estimated based on a database of Merger and Acquisitions activity for the period 2006 to 2015. The percentage represents the amount paid for deposits compared to the current metal price.

The AAC for projects lies in the range of 1.8% to 5.1% with a preferred value of 3.1% of the Base Value. The data set does not differentiate between resource categories and operational factors and this has been taken into account with risk related discounts applied to the Base Value. Information on sales internationally has shown a pattern for the AAC as shown in the percentile table.

AAC Percentiles 2006 - 2015 - Exploration Assets					
Percentile	10%	25%	50%	75%	90%
AAC	1.28%	1.75%	3.10%	5.10%	5.89%
AAC Percentiles 2006 - 2014 - Producing Assets					
Percentile	10%	25%	50%	75%	90%
AAC	8.06%	9.36%	11.20%	12.40%	13.05%

For the purpose of this valuation the Average Acquisition Cost for the lower, preferred and higher value is selected at the 25th, 50th and 75th percentiles. The Base Value is multiplied by AAC values at those percentiles to arrive at the estimated project technical value.

Technical Value

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

An estimate of technical value has been compiled for the tenements based on the Comparative Transactions database and current commodity price.

Technical Value = [Base Value][Average Acquisition Cost%]*

Total Project Technical Value, A$M	Cattle Creek	Western Dam	Total
Low	5.6	1.8	7.3
High	13.1	4.1	17.2
Preferred	8.0	2.5	10.5
% of contained value	0.14%	0.15%	0.14%

Market Value

Market Value is the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion. Market Value may be higher or lower than Technical Value.

Choice of discount rates is based on experience in the current resources market in 2016. While there is some investment interest it is almost exclusively directed towards advanced projects with a short-term path to development.

Crossland completed a Project Scoping Study ("SS") in April 2013 that examined the potential establishment of a mining, processing and refinery operation for the extraction of Rare Earth Oxide minerals from the Charley Creek deposit.

As part of the SS, preliminary capital and operating cost estimates were generated, and preliminary economic modelling, sensitivity analysis and optimization studies were conducted to determine the potential viability of the project. Based on these preliminary studies it appears that the project has potential, but significant additional drilling, sampling and testwork are required to move the studies to the next stage of a preliminary feasibility study.

Pancontinental Uranium Corporation commissioned a Preliminary Economic Assessment of the project that was released to the Toronto venture Exchange and available on www.sedar.com.

In the light of the detailed scoping work that has been carried out, the current low REO prices, changing economics and future market outlook a **market premium of 25%** has been applied to the technical value.

Market Value = [Technical Value][Adjusted Market Factor]*

Total Project Market Value, A$M	Cattle Creek	Western Dam	Total
Low	7.0	2.2	9.2
High	16.3	5.2	21.5
Preferred	10.0	3.2	13.2
% of contained value	0.18%	0.19%	0.18%

Alternative Valuation Methods

Agricola has reviewed alternative comparative valuation methods as set out in Regulatory Guide 111: Content of expert reports (RG 111) at RG 111.65, which considers that "an expert should, where possible, use more than one valuation methodology. We consider this reduces the risk that the expert's opinion is distorted by its choice of methodology. We also consider that an expert should compare the figures derived from using the different methodologies and comment of any differences".

Agricola considers that the expectation of future gain is the main driver for mineral asset valuation of exploration projects as it endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). The method set out in this report is considered appropriate for valuation of mineral resources.

The acquisition of the Company may include many commercial aspects, which do not directly relate to the mineral asset and may not be the same for another independent purchaser

Alternative methods such as Market Capitalisation (MCap) and Enterprise Value (EV) are not prohibited by RG111 to form the basis of comparable transaction analysis both MCap and EV include elements relating to corporate valuation such as cash and debt levels, management skills and reputation and many others which are independent of mineral asset values.

Crossland Scoping Study

The Outcome of the financial analysis included a Net Present Value at 10% discount rate of A$302 million.

Forecast Project Financials	Base Case (million AUD$)
Total Revenue from REO Sales (75% Offtake Terms)	3,085
Total Operating Costs	2,199
Total Operating Profit (EBIDTA)	886
Before Tax NPV @ 8%	373
Before Tax NPV @ 10%	302
Before Tax NPV @ 12%	246
Before Tax IRR (%)	39.4
Before Tax Payback Period (Years)	2.5

The assumptions of the Scoping Study included a basket price of US$57.38/kg and was assessed on a pre Royalty, pre tax basis.

Stage of development vs DCF estimation: The project had some way to go before completion including the steps outlined in the following table. Because of additional risk that the assumptions on the DCF may not be accurate a prospective purchaser may seek a discount to the Net Present Value at 10% discount Rate. The discounts at various stages are an estimate based on relevant factors to establish a smooth "S" curve, required for the purpose of assisting in arriving at a reasonable discount to the technical value to arrive at market value which reflects the progress of the project and its value.

Stage	Milestone	Low %	High %	% Range
Exploration Licence		3	5	2
Initial Exploration		6	10	4
Conceptual Studies	Inferred Resource	10	16	6
Further Exploration	Scoping Studies	15	23	8
Initial Feasibility Studies	Indicated & Measured Resource	20	30	10
Mining Lease	Pre Feasibility Studies	30	42	12
Bankable Feasibility Study	Reserve and mine plan	40	52	12
Financial Commitment		50	60	10
Project Development		60	68	8
Sales Contract		75	81	6
Initial Production	Commissioning	85	89	4
Completion		95	97	2

The inferred market value based on the outcome of the Scoping study (NPV at 12% Discount) when the discounts are applied is a range of A$36.9 million to A456.6 million with a preferred value of A$46.7 million.

Pancontinental Preliminary Economic Assessment

The financial model forecasts that project cash flows after royalties and company tax over the LOM will total A$140M; the net present value ("NPV") of the cash flows at a real discount rate of 10% is -A$73M. The operation is most sensitive to variations in REO prices.

The project is cash flow positive for reasonable forecasts of tonnage, head grade, product prices, yield, capital costs and operating costs. The project is most sensitive to factors which impact on revenues. The project is not particularly sensitive to changes in capital costs.

The economic evaluations confirm that the project warrants further study and evaluation. The sensitivity to higher grade in the initial years supports the objectives of the 2014 drilling programme.

Summary

It is considered inappropriate to directly compare the Scoping Study valuation in view of the differences in basket Price applied and other assumptions. There is a wide gap in financial outcomes between the Crossland and Pancontinental assessments which needs to be resolved in the next stage of feasibility studies.

In conclusion, given the state of the market at the valuation date and current events, the best and appropriate method to determine a market value of the mineral assets was in accordance with Comparable Transactions assessment..

Equity Position

Crossland currently holds 56.28% of the Charley Creek Project.

Total Project Equity Value, A$M	Cattle Creek	Western Dam	Total
Low	3.9	1.2	5.2
High	9.2	2.9	12.1
Preferred	5.6	1.8	7.4
% of contained value	0.10%	0.11%	0.10%

VALUATION OPINION

Based on an assessment of the factors involved, the estimate of market value of <u>100% equity</u> of the granted tenements in the Company's Projects is in the range of <u>A$9.2 million to A$21.5 million with a preferred value of A$13.2 million.</u>

The estimate of the market value of <u>56.28% equity</u> of the granted tenements in the Company's Projects is in the range of <u>A$5.2 million to A$12.1 million with a preferred value of A$7.4 million.</u>

<u>No significant value has been ascribed to the Arunta Project that is at Application stage.</u>

This valuation was prepared on 22 August 2016.

Valuation of mineral resources is estimated at a specific date as stated in the report and metal prices (if appropriate) are estimated from current information available at that time. Metal markets may be quite volatile from time to time and it is appropriate to consider the effect of variations in metal price (which may change on a daily basis).

MINERAL ASSETS VALUATION FOR EXPLORATION TENEMENTS

M. Castle – Updated 1 August 2016

Agricola Mining Consultants Pty Ltd ("Agricola") has prepared these notes as background to the Independent Valuation Report. The notes are general in nature and references to Western Australia are an example of exploration expenditures. They are appropriate for other states and other countries based on Agricola's experience in many areas of Australia and elsewhere. Parts of these notes may be repeated for clarity in the main report.

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The Meaning of Value – Scope of the Report

A Mineral asset valuation should endeavour to ascertain the price that a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation.

The test for determining the market value is based on the consideration of a hypothetical negotiation, namely, what is the price that a willing but not anxious purchaser would have to offer to induce a willing but not anxious vendor to sell the property rather than the price which an anxious vendor would obtain upon a forced sale. This is the price that a hypothetical prudent purchaser would entertain, if he desired to purchase it for the most advantageous purpose for which the property was adapted.

This test contemplates a prudent purchaser who has informed himself or herself of all of the relevant attributes and advantages that the property enjoyed which means not just being conversant with the property in its existing state but also any profitable uses to which it might be put. This embodies the concept of the highest and best use of the property.

Judicial interpretation

The High Court cast light on the ordinary meaning of 'market value' in 1907 in [Spencer v. The Commonwealth of Australia](). In this case, the Commonwealth had compulsorily acquired land for a fort at North Fremantle in Western Australia.

In discussing the concept of market value, Griffith CJ commented (page 432) that:

… the test of value of land is to be determined, not by inquiring what price a man desiring to sell could have obtained for it on a given day, i.e. whether there was, in fact, on that day a willing buyer, but by inquiring: What would a man desiring to buy the land have had to pay for it on that day to a vendor willing to sell it for a fair price but not desirous to sell?

Isaacs J subsequently expanded on the concept (page 441):

… to arrive at the value of the land at that date, we have … to suppose it sold then, not by means of a forced sale, but by voluntary bargaining between the plaintiff and a purchaser willing to trade, but neither of them so anxious to do so that he would overlook any ordinary business consideration. We must further suppose both to be perfectly acquainted with the land and cognisant of all circumstances which might affect its value, either advantageously or prejudicially, including its situation, character, quality, proximity to conveniences or inconveniences, its surrounding features, the then present demand for land, and the likelihood as then appearing to persons best capable of forming an opinion, of a rise or fall for what reasons so ever in the amount which one would otherwise be willing to fix as to the value of the property.

In this case, the High Court recognised the principles of:

- the willing but not anxious vendor and purchaser
- a hypothetical market
- the parties being fully informed of the advantages and disadvantages associated with the asset being valued (in the specific case, land)
- both parties being aware of current market conditions.

This is commonly known as the *Spencer test* after the High Court decision upon which these principles are based and to which the Courts have used in their determinations of market value or property. (*Spencer v Commonwealth* (1907) 5 CLR 418 at 432 per Griffiths CJ and 441 per Isaacs J.).

Although the *Spencer test* is based on both a hypothetical vendor and a hypothetical purchaser and therefore the market value from either hypothetical party's point of view should be the same, in some cases emphasis has been placed on what would be the best price which the vendor could hope to obtain.

The question as of "special value" of particular property has often been raised in cases. However in reality this is only part of the *Spencer* test that in attributing the price that would be paid to the hypothetical vendor by the hypothetical purchaser it is to be assumed that the property will be put to its "highest and best use".

Applying the *Spencer test* may not be confined to a technical valuation exercise but may involve a consideration of market factors. In a highly speculative market during 'boom' conditions or a depressed market during 'bust' conditions the hypothetical purchaser may expect to pay a premium or receive a discount commensurate with market conditions.

The *Spencer test* has been applied in stamp duty cases in determining the value of the dutiable property.

These principles apply equally to mineral assets

Regulatory Authorities

Mineral asset valuations are prepared in accordance with the *Australasian Code for Public Reporting of Technical Assessment and Valuation of Mineral Assets (the "VALMIN Code*", 2015 Edition), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") which pertain to Independent Expert Reports (*Regulatory Guides RG111, 2011 and RG112, 2011*).

Where exploration results or mineral resources have been referred to in this report, the classifications are consistent with the *"Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"),* prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective 2012.

The VALMIN Code, 2015

The main requirements of the *Valuation Report* are

- *Prepared in accordance with the VALMIN code.*
- *Details of valuation methodologies*
- *Reasoning for the selection of the valuation approach adopted*
- *Details of the valuation calculations*
- *Conclusion on value*
- *Experience and qualifications of key personnel to be set out*

Competence - Competence or being Competent requires that the Public Report is based on work that is the responsibility of a suitably qualified and experienced person who is subject to an enforceable professional Code of Ethics. The Expert or Specialist must be competent at doing valuations. The person needs to be an expert in the particular exploration target being evaluated. Typically the person needs at least 5 years' experience in that commodity.

Materiality - Materiality or being Material requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. This means the valuer has to ensure that all important data that could have a significant impact on the valuation is included in the report. Materiality and Material refer to data or information which contribute to the determination of the Mineral Property value, such that the inclusion or omission of such data or information might result in the reader of a Valuation Report coming to a substantially different conclusion as to the value of the Mineral Property. Material data and information are those, which would reasonably be required to make an informed assessment of the value of the subject Mineral Property.

Transparency - Transparency or being Transparent requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information. The report needs to explain how the valuation was done and the assumptions used in calculating the value. The objective is to provide sufficient information that other people can come up with the same answer. Transparency and Transparent means that the Material data and information used in (or excluded from) the Valuation of a Mineral Property, the assumptions, the Valuation approaches and methods, and the Valuation itself must be set out clearly in the Valuation Report, along with the rationale for the choices and conclusions of the expert or specialist.

Reasonableness – Reasonableness requires that an assessment that is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation. A Reasonableness test serves to identify Valuations, which may be out of step with industry standards and industry norms. It is not sufficient for a expert or specialist to determine that he or she personally believes the value determined is appropriate without satisfying an objective standard of proof.

Independence - Independence or being Independent requires that there is no present or contingent interest in the Mineral Asset(s), nor is there any association with the Commissioning Entity or related parties that is likely to lead to bias.

The Expert or Specialist must act in a professional manner and not favour the buyer or the seller. In other words the price must be set at a "fair market value". To achieve independence, the Expert or Specialist must not receive any special benefit from doing the study. This subject is addressed fully in RG112 (112.42). Independence or Independent means that, other than professional fees and disbursements received or to be received in connection with the Valuation concerned, the Qualified Valuer or Qualified Person (as the case requires) has no pecuniary or beneficial (present or contingent) interest in any of the Mineral Properties being valued, nor has any association with the Commissioning Entity or any holder(s) of any rights in Mineral Properties which are the subject of the Valuation, which is likely to create an apprehension of bias. The concepts of "Independence" and "Independent" are questions of fact. For example, where anE's fees depend in whole or in part on an understanding or arrangement that an incentive will be paid based on a certain value being obtained, such Expert or Specialist is not Independent.

Methodology - The decisions as to the valuation methodology or methodologies to be used and the content of the Report are solely the responsibility of the Expert or Specialist whose decisions must not be influenced by the Commissioning Entity. The Expert or Specialist must state the reasons for selecting each methodology used in the Report. Methods chosen must be rational and logical and be based upon reasonable grounds.

The Expert or Specialist should make use of valuation methods suitable to the Mineral or Petroleum Assets under consideration. Selection of the appropriate valuation method will depend on, inter alia:

(a) the purpose of the Valuation;

(b) the development status of the Mineral or Petroleum Assets;

(c) the amount and reliability of relevant information;

(d) the risks involved in the venture; and

(e) the relevant market conditions for commodities.

The Expert or Specialist should choose, discuss and disclose the selected valuation method(s) appropriate to the Mineral Assets under consideration in the Report, stating the reasons why the particular valuation methods have been selected in relation to those factors and to the adequacy of available data. It may also be desirable to discuss why a particular valuation method has not been used. The disclosure should give a sufficient account of the valuation methods used so that another Expert could understand the procedure used and assess the Valuation. Should more than one valuation method be used and different valuations result, the Expert or Specialist should comment on the reasons for selecting the Value adopted.

Regulatory Guides RG111 and RG112, March 2011

It is not the Australian Securities and Investment Commission – ASIC's role or intention to limit the expert's exercise of skill and judgment in selecting the most appropriate method or methods of valuation. However, it is appropriate for the expert to consider:

(a) the discounted cash flow method;
(b) the amount which an alternative acquirer might be willing to offer if all the securities in the target company were available for purchase;

ASIC does not suggest that this list is exhaustive or that the expert should use all of the methods of valuation listed above. The expert should justify the choices of valuation method and give a sufficient account of the method used to enable another expert to replicate the procedure and assess the valuation. It may be appropriate for the expert to compare the values derived by more than one method and to comment on any differences.

The complex valuations in an expert's report necessarily contain significant uncertainties. Because of this an expert who gives a single point value will usually be implying spurious accuracy to his or her valuation. An expert should, however, give as narrow a range of values as possible. An expert report becomes meaningless if the range of values is too wide. An expert should indicate the most probable point within the range of values if it is feasible to do so.

The expert should carry out sufficient enquiries or examinations to establish reasonable grounds for believing that any profit forecasts, cash flow forecasts and unaudited profit figures that are used in the expert's report, and have been prepared on a reasonable basis. If there are material variations in method or presentation the expert should adjust for or comment on them in the report.

The expert should discuss the implications to his or her valuation if:

(a) the current market value of the subject of the report is likely to change because of market volatility (for example, boom or depression); or
(b) the current market value differs materially from that derived by the chosen method.

The JORC Code, 2012

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves.

The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in Public Reports.

The JORC Code was first published in 1989, with the most recent revision being published late in 2012. Since 1989 and 1992 respectively, it has been incorporated in the Listing Rules of the Australian and New Zealand Stock Exchanges, making compliance mandatory for listing public companies in Australia and New Zealand.

The current edition of the JORC Code was published in 2012 and after a transition period the 2012 Edition came into mandatory operation from 1 December 2013.

Changes to the JORC Code 2012

- Table 1 reporting on an 'if not, why not?' basis.
- Competent Person Attributions – Clause 9
- Exploration Targets – Clause 17
- Pre-Feasibility required for Ore Reserves – Clause 29
- Technical Studies definitions – Clause 37-40
- Annual Reporting – Clause 15
- Metal Equivalents – Clause 50
- *In situ* values – Clause 51
- Additional guidance on reporting in Table 1

VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

Fair Market Value of Mineral Assets

Mineral assets include, but are not limited to, mining and exploration tenements held or acquired in connection with the exploration, the development of, and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Mineral assets classification	
Early stage exploration areas	Mineralisation may or may not have been identified, but where a mineral resource has not been defined. Available information includes exploration results such as outcrop sampling, assays of drill hole intersections, geochemical results and geophysical survey results. *Valuation Methods: **Geoscience Factor**, Prospectivity Enhancement Multiplier, Yardstick (Rule of Thumb).*
Advanced exploration areas	Mineral resources have been identified and their extent estimated (possibly incompletely). This includes properties at the early stage of assessment. Available information includes estimates of Exploration Targets, Inferred Resources, Indicated Resources, Measured Resources in accordance with the JORC Code 2012 and the exploration results from the surrounding area or prospect used to compile the estimates. Additional value for exploration potential in the immediate area is not considered to be warranted. *Valuation Methods: **Comparable Transactions**. Yardstick (Rule of Thumb)*
Pre-development projects	A positive development decision has not yet been made. This includes properties where a development decision has been negative, properties on care and maintenance and properties held on retention titles. Available information includes Mineral Resource estimates in accordance with the JORC Code and a scoping study. If a recent and valid Pre Feasibility Study has been prepared an Ore Reserve may have been estimated with due regard to modifying factors. *Valuation Methods: Comparable Transactions, **Discounted Cash Flow** (if Ore Reserves have been estimated)*
Development projects	Committed to production, but which, are not yet commissioned or not initially operating at design levels. Available information includes a Feasibility Study with

	supporting technical studies. *Valuation Methods:* ***Discounted Cash Flow***.
Operating Mines	Mineral properties, particularly mines and processing plants, which have been fully commissioned and are in production. *Valuation Methods:* ***Discounted Cash Flow***.

Agricola's preferred valuation method is shown in bold type.

The value of a mineral asset usually consists of two components,

- The underlying or Technical Value (or stand alone value) which is an assessment of a mineral asset's future net economic benefit under a set of appropriate assumptions, excluding any premium or discount for market, strategic or other considerations.
- The Market Component, which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero.

When the technical and market components of value are combined the resulting value is referred to as the market value. A consideration of country risk should also be taken into account for overseas projects.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change.

Valuation is based on a calculation in which the geological prospectivity, commodity markets, financial markets, stock markets and mineral property markets are assessed independently.

Valuation of exploration properties is exceptionally subjective. If an economic resource is subsequently identified then a new valuation will be dramatically higher, or possibly lower. Alternatively if expenditure of further exploration dollars is unsuccessful then it is likely to decrease the value of the tenements. There are a number of generally accepted procedures for establishing the value of exploration properties and, where relevant, the use of more than one such method to enable a balanced analysis and a check on the result has been undertaken. The value will always be presented as a range with the preferred value identified. The preferred value need not be the median value, and will be determined by the Independent Valuer based on his experience.

The Independent Expert or Specialist, when determining a value for a mineral asset, must assess a range of technical issues prior to selection of a valuation methodology. Often this will require seeking advice from a specialist in specific areas. The key issues are:

- geological setting and style of mineralisation
- level of knowledge of the geometry of mineralisation in the district
- results of exploration including geological mapping, costeaning and drilling of interpretation of geochemical anomalies
- parameters used to identify geophysical and remote sensing data anomalies
- location and style of mineralisation identified on adjacent properties
- appropriate geological models

- mining history, including mining methods
- location and accessibility of infrastructure
- milling and metallurgical characteristics of the mineralisation

In addition to these technical issues the Independent Expert needs to make a judgement about the market demand for the type of property, commodity markets, financial markets and stock markets. The technical value of a property should not be adjusted by a “market factor” unless there is a marked discrepancy between the technical value and the market value. When this is done the factor should be clearly identified.

Where there are identified Ore Reserves it is appropriate to use financial analysis methods to estimate the net present value (“NPV”) of the properties. This technique (the DCF Method) has deficiencies, which include assessment of only a very narrow area of risk, namely the time value of money given the real discount rate, and the underlying assumption that a static approach is applicable to investment decision making, which is clearly not the case.

When assessing value of exploration properties with no identified Ore Reserves it is inappropriate to prepare any form of financial analysis to determine the net present value. The valuation of exploration tenements or licences, particularly those without identified resources, is highly subjective and a number of methods are appropriate to give a guide as discussed below.

All of these valuation methods are relatively independent of the location of the mineral property. Consequently the valuer will make allowance for access to infrastructure etc when choosing a preferred value. It is observed that the Prospectivity Exploration Multiplier (“PEM”) is heavily based on the expenditure; while the Geoscience Factor is more heavily based on opinions of the prospectivity hence tenements can have marked variation in value between the methods. If the Geoscience Factor assessment is high and the PEM is low it indicates effective well focused exploration, if the Geoscience Factor is low and the PEM high it suggests that the tenement is considered to have lower prospectivity.

Truly Comparable Transactions are rare for early stage properties without defined drill targets. This is natural in a recession, as companies focus on brownfields exploration. Inflated prices paid for property in fashionable areas should not be discounted because they reflect the true market value of a property at the transaction date. If however, the market sentiment is not so buoyant then adjustments must be made.

Methodologies commonly used for the valuation of early stage or exploration assets in order of the evidentiary value provided by each include:

Contemporaneous transactions in the asset

Where a transaction has taken place around the valuation date in the mineral asset in question, this provides the best evidence of value. This may occur when a body of mineralisation or confined geological domain is split by a tenement boundary and one part is sold.

If a property in the recent past was the subject of an arms-length transaction, for either cash or shares (i.e. from a company whose principal asset was the mineral property) then this forms the most realistic starting point, provided that the deal is still relevant in today’s market. Complicating matters is the knowledge that properties rarely change hands for cash, except for liquidation purposes, estate sales, or as raw exploration property when sold by an individual prospector, or entrepreneur.

Any underlying royalty or net profits interests or rights held by the original vendor of the claims should be deducted from the resultant property value before determination of the company's interest. Also, reductions in value should be made where environmental, legal or political sensitivities could seriously retard the development of exploration properties.

It should be noted again that exploration is cyclical, and in periods of low metal prices there is often no market, or a market at very low prices, for ordinary exploration acreage (inventory property) unless it is combined with a significant mineral deposit, or with other incentives.

DCF value

Where a financial model has been prepared which considers the exploration results to date, the costs involved in taking the project to production and the probability-weighted returns expected from the project, in the absence of a contemporaneous transaction in the actual exploration interest, this provides the best evidence as to the value of the exploration interest. This method requires that a reasonable estimate can be made of expected cash flows. In accordance with the JORC Code 2012, the estimation of an Ore Reserve must be based on a Pre Feasibility Study or a Feasibility Study. The DCF Method, therefore, is only possible then these studies are available and an Ore Reserve has been estimated. ***(DCF Method – see below)***

Contemporaneous transactions in comparable assets

Where a transaction has taken place recently in an Asset of similar prospectivity in a similar or comparable mineral market, this provides evidence of value in the absence of an actual transaction or a financial model for the exploration interest. The comparison is typically made on the basis of a value per unit of contained resource. ***(Comparable Transactions Method – see below)***

Potential for Further Discoveries

The Geoscience Factor method provides the most appropriate approach to utilise in the technical valuation of the *exploration potential* of mineral properties on which there are no defined resources. Kilburn, a Canadian mining engineer was concerned about the haphazard way in which exploration tenements were valued. He proposed an approach that essentially requires the valuer to justify the key aspects of the valuation process in a systematic and defendable manner. The valuer must specify the key aspects of the valuation process and must specify and rank aspects that enhance or downgrade the intrinsic value of each property. The intrinsic value is the base acquisition cost ("BAC"), which is the average cost incurred to acquire a base unit area of mineral tenement and to meet all statutory expenditure commitments for a period of 12 months. Different practitioners use slightly differing approaches to calculate the BAC and its use with respect to different tenement types.

The Geoscience Factor method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors. The multipliers are then applied serially to the BAC of each tenement with the values being multiplied together to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

The successful application of this method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. Furthermore, there is the expectation that the outcome reflects the market's perception of value, hence the application of the market factor. ***(Geoscientific Factor Method – see below)***

Past Expenditure

Where the other methods cannot be used, a valuer could also consider *previous exploration expenditure*, and apply a multiple to this based on its effectiveness and the valuer's judgment as to the prospectivity of the project based on the results as at the valuation date. The application of this method is very subjective, and is best used for very early stage exploration interests without resources or significant drilling results. ***(Prospectivity Enhancement Method – see below)***

Yardstick (Rule of Thumb) Method

A Rule-of-Thumb method sometimes used for valuing Mineral Assets without identified Resources is based upon conversion of comparable sales data to a unit area (per km^2 or per ha). It is probably the most difficult comparative tool to justify.

Share market trading in companies holding comparable exploration interests

Where information on the exploration tenements is not directly observable, valuers sometimes consider the recent share market trading in companies holding comparable exploration interests. This method may require the valuer to apportion the value of the company between its various assets, to determine the proportion of the enterprise value of the company that should be attributed to the comparable exploration interest. Once the valuer has estimated the proportion of the market capitalization or enterprise value of the company that should be attributed to the comparable exploration interest, the value per unit of contained resource or the value per km^2 of tenement approaches can be applied. This typically provides weak evidence of the value of specific exploration interests due to the difficulty in apportioning the enterprise value of a listed company to specific exploration interests, and the likelihood that the share price may include other 'noise' unrelated to the exploration interest.

Market Capitalisation (MCap) and Enterprise Value (EV: Mcap + Debt – Cash) are often used in comparable transaction valuations, often quoted as EV per unit of Resource or reserve. These measures say *nothing* about the technical value of individual mineral assets and are usually influenced by many commercial and emotional factors both within and external to the Company.

It is fair to assume that a company's share price is a reflection of the market value of the company and this is strongly influenced by the market value of mineral assets in the light of current market conditions. If a 'willing but not anxious buyer' were to make an offer for the company based on share price, appropriate due diligence has been completed and the offer may also include a premium for control.

MCap per unit and EV per unit for peer group companies may be a satisfactory measure of ‘reasonableness’ of the market value of the bundle of assets and should be viewed in that light and not as a direct measure of technical value.

Valuation of Development Projects by Discounted Cash Flow Methods

Agricola believes that the Discounted Cash Flow/Net Present Value method should never be applied to the valuation of a Mineral Property that is only at an exploration stage, based on the hypothetical cash flows from a postulated exploitation scenario. Valuers tend to consider before or after tax values only in the context of the DCF/NPV Method, with a general preference for determinations of after-tax value.

Of course, some owners can use tax losses and structure their affairs to minimise the impact of corporate taxes, but others cannot do so. Hence, it should be clearly stated on what taxation basis the fair market value is determined. This is another reason why care must be taken when using project sales data as a comparable basis for assessing value. The ‘comparable’ projects may be in different places subject to different taxation regimes, in any event.

Discounted cash flow analysis

A discounted cash flow (“DCF”) analysis determines the Technical Value of a project by approximating the value if it were developed under the prevailing economic conditions.

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

The resulting ’classical’ NPV has several recognised deficiencies linked to the fact that the approach assumes a static approach to investment decision making, however the NPV represents a fundamental approach to valuing a proposed or on-going mining operation and is widely used within the mining industry.

In terms of cash flow analysis, the DCF valuation technique is the most commonly used valuation tool. The technique has specific strengths over the methods considered in the market and cost approaches. These include its ability to consider the effects of royalties, leases, taxation and financial gearing on the resulting cash flow. In addition, the beneficial impact of unredeemed capital balances, assessed losses, depreciation and amortization on free cash flows can also be modelled.

Compiling cash flows on resources categorized as inferred, or those with even less geoscientific confidence (which in some cases are referred to as inventory), is prohibited by some international codes. It is only under exceptional circumstances that many securities exchanges will accept such cash flows and the effect of cash flow contributions from inferred resources on project performance should be demonstrated separately from those derived from other resource and reserve categories.

The DCF method is used to produce numerous quantitative results. On its own and as an investment tool, it is based on the principle that for any initial investment, the investor will look to the future cash flows of that entity to provide a minimum return. This return will be at least a predetermined return over the investor's hurdle rate for that investment. The hurdle rate represents the minimum return of a project, below which the decision to invest or develop a new project will be negative, and above which the project will be developed. The hurdle rate should always be greater than the cost of capital for the investor.

For a mining project, in a macroeconomic environment that is sufficiently favourable and stable for this method to be applied, the critical input data will generally be incorporated in a life of mine (LoM) plan. The LoM plan, such as that accompanying a pre-feasibility, feasibility or a bankable feasibility study, will include:

➤reserve and resource estimates in accordance with the JORC Code

➤forecast mining schedules of tonnage on a daily, monthly or annual basis

➤forecast grade profiles and associated recoveries from a processing facility. This, together with the tonnage profile, allows the valuer to calculate the volume of saleable product

➤estimated working costs, preferably unitized to either an amount per tonne mined or milled or an amount per unit of metal or product sold

➤ forecast capital expenditure profiles over the life of the operation, including ongoing or sustainable capital expenditure amounts and

➤rehabilitation liabilities or trust fund contributions, retrenchment costs, plant metal lock-up and any other specific factor that will impact on costs or revenue.

Changes in working capital balances are generally calculated based on historical balance ratios, applied to forecast revenues and working costs. They impact on short term cash flows and therefore must be modelled into the cash flows. Naturally, any working capital locked up during the life of the operation will be released at the end of this life.

Once the economic inputs have been assumed, the DCF can be determined. This is often stated as EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) and is frequently taken as the technical value of the project, subject to a consideration of sensitivity to the assumptions.

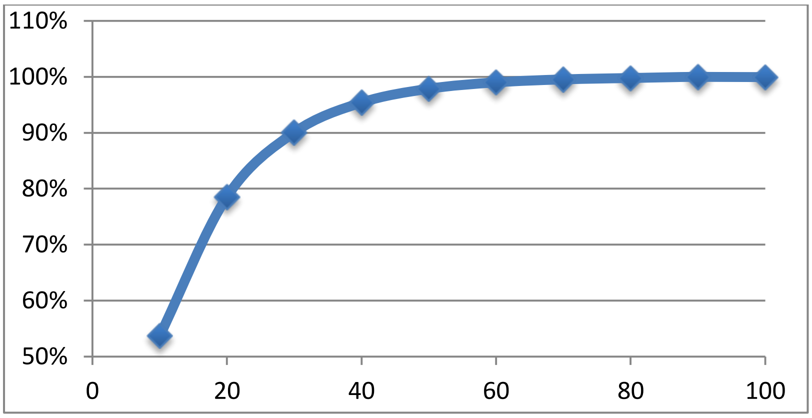
The resultant cash flow is then used to derive the net present value (NPV) of the operation at a predetermined discount rate or a range of discount rates. The derived NPV, on which the return on investment can be calculated, is used as a proxy for the operation's implicit value. This is often compared with the value or returns the market attributes to the operation, if it is a listed entity, or compared with other investment opportunities in order to optimize investment or development schedules.

In any cash flow determination, the impact of inflation on the final result cannot be overstated. One only has to consider the effect of taxation as applied to real taxable income as opposed to being levied against nominal taxable income. Converting the final cash flows to real money terms, the values derived from two similar cash flows will be quite different. The unredeemed capital balance will last longer in the real terms case, incorrectly enhancing the value of the same project. The real cash flow lines in Table X must be compared to recognize the impact of taxation on real and nominal cash flows.

As a result of the difficulty in obtaining agreement on appropriate inflation forecasts to use in the specific valuation of a project, valuers often exclude a forecast on inflation rates. This in itself may be construed as an inflation assumption, in that inflation is taken to be zero per cent per year. However, this reflects an ideal world, which is unrealistic.

The resulting 'classical' NPV has several recognised deficiencies linked to the fact that the approach assumes a static approach to investment decision making, assumption into the future which cannot be verified with any confidence and limited mine life. However the NPV represents a fundamental approach to valuing a proposed or on-going mining operation and is widely used within the mining industry.

As example of the shortcomings of the DCF Method a conceptual cash flow was modeled and NPV estimated at 8% over different time periods with the following outcome over 100 years:



Percent of maximum *NPV from 10 to 100 years.*

The estimated NPV reached a maximum value in 60 years and no amount of future income adds to this value.

Valuation of Resources by Comparable Transactions

When only a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a **Comparable Transactions** approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different Mineral Resource categories and operational factors to differentiate between deposits.

Agricola Mining Consultants prefers the comparable transactions approach where mineral resources have been estimated. The DCF method is inappropriate because there is no Pre Feasiblity or Feasibility Study available and no Ore Reserves has been (or can be) estimated under the JORC Code. The Geoscientific Factor method (potential for further discoveries) and Past Expenditure methods are appropriate for exploration ground that is not advanced enough to estimate mineral resources.

The contemporaneous transactions over adjacent ground may be appropriate but the absence of such information the only viable method (in Agricola's opinion) is to compare the sale of other deposits on a 'dollar per unit' basis for the mineral resource estimated in accordance with the JORC Code. Agricola is not aware of a method to cross check the valuation for the technical value (as apposed to the Market value) under these circumstances except by comparison with earlier valuations.

With metal projects the Comparable Transactions method requires allocating a dollar value to resource tonnes or ounces in the ground. The dollar value must take into account a number of aspects of the resources including:

- The confidence in the resource estimation (the JORC Category)
- The quality of the resource (grade and recovery characteristics)
- Possible extensions of the resource in adjacent areas
- Exploration potential for other mineralisation within the tenements
- Presence and condition of a treatment plant within the project
- Proximity of infrastructure, development and capital expenditure aspects

This approach can be taken with metals or bulk commodities sold on the spot market and where current price can be estimated with appropriate adjustments for impurities if required. Value is estimated as a percentage of contained value by applying appropriate discounts for uncertainty relating to resource categorisation and operational issues (modifying factors) discount factors to the contained value. This is consistent with the JOC Code relating to contained values

JORC Code clause 51, page 24

The publication of in situ or 'in ground' financial valuations breaches the principles of the Code (as set out in Clause 4) as the use of these terms is not transparent and lacks material information. It is also contrary to the intent of Clause 28 of the Code. Such in situ or in ground financial valuations must not be reported by companies in relation to Exploration Results, Mineral Resources or deposit size.

The use of such financial valuations (usually quoted in dollars) has little or no relationship to economic viability, value or potential returns to investors.

These financial valuations can imply economic viability without the apparent consideration of the application of the Modifying Factors, (Clause 12 and Clauses 29 to 36), in particular, the mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social, and governmental factors.

The contained value is modified for the JORC resource category on the basis the Measured Resources will command a higher price than Inferred Resources or Exploration targets. Different operational issues have been considered to do with the individual projects. This might include higher discounts for stranded iron ore deposits, underground versus open cut mining for gold and base metals, processing difficulty, high operating and capital costs transport issues and marketing.

There is a wide variety of things to consider but to bring this down to something manageable and this has been condensed this into a single table. These discounts or modifying factors can be combined with the spread of values from the gold sales database (the AAC) to give an indication of what a purchaser would be prepared to pay for a particular mineral asset.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	45%

An example of appropriate discounts for operational factors is included below but these must be considered on a case-by-case basis.

Modifying Factors	Base Metals	Iron Ore	Coal	Gold	Rare Earths
Recovery	75%	75%	70%	95%	60%
Mining	75%	90%	75%	90%	100%
Processing	80%	70%	70%	95%	50%
Rail	80%	90%	70%	95%	75%
Port	80%	90%	50%	100%	90%
Capex	80%	70%	75%	90%	50%
Marketing	75%	80%	75%	100%	75%
Total Operating Discount	17%	21%	7%	69%	7%

Mergers and Acquisitions Activity

A recent review of Mergers and Acquisitions over the last eight years covering the mining boom, the GFC and the recovery phase of the Mining Market indicates the price paid for gold assets.

Merger and Acquisitions Activity (CAD)										
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
Gold Price	$700	$785	$1,021	$1,081	$1,311	$1,488	$1,552	$1,195	$1,290	$1,387
Producing Assets*	$74	$94	$115	$89	$207	$202	$200	$121	$120	$138
Percent of Price	10.57%	11.98%	11.26%	8.23%	15.78%	13.57%	12.88%	10.12%	9.30%	9.95%
Exploration Assets*	$54	$28	$31	$29	$71	$90	$47	$23	$17	$16
Percent of Price	7.71%	3.57%	3.04%	2.68%	5.41%	6.05%	3.03%	1.92%	1.32%	1.15%
*Estimated price paid per ounce of gold in the ground, updated December 31, 2015										
Source: http://www.ibkcapital.com/capital-market-highlights/merger-acquisition-activity/										

The information is based on Canadian experience and closely replicates values reported in Australia and similar metal markets elsewhere. The 'Apparent Acquisition Cost' ("AAC") for gold projects lies in the range of 1.5% to 7.6% of the gold price at the time. The data set does not differentiate between resource categories or variations in deposits type and individual assessment. It is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for AAC. For the purpose of valuation the Average Acquisition Cost for the lower, preferred and higher value is selected at the 25th, 50th and 75th percentiles of the spread of values.

	AAC Percentiles 2006 - 2015 - Exploration Assets				
Percentile	10%	25%	50%	75%	90%
AAC	1.30%	2.11%	3.03%	4.95%	6.21%
	AAC Percentiles 2006 - 2014 - Producing Assets				
Percentile	10%	25%	50%	75%	90%
AAC	9.20%	10.00%	10.92%	12.66%	13.79%

The AAC method percentiles are derived from Canadian Merger and Acquisitions activity in the gold industry. The original database provided $/ounce values for producing and non-producing asset sales for a period of years and Agricola has recalculated this as a percentage of metal value so it can be related to current metal prices in other metals. The quoted prices are based on enterprise value (EV - Market Capitalisation plus debt minus cash) so they cannot be directly compared to technical value. A "top-down" approach is often taken to determine technical vale (for example for stamp duty assessment) where company specific elements such as cash, debt, goodwill, database value etc ate deducted from the EV. Agricola prefers a "bottom-up" approach in this Report where discount factors for resource category and operating factors are assessed for each deposit.

This, of course, is a subjective decision and AAC percentiles are used in conjunction with the resource category discounts and operational factors to "normalise' the rates for gold acquisitions to other metals. In the absence of a useful database of project sales for other metals this is considered to be a reasonable proxy for sales in most metal projects (the combination of AAC, discounts and

Operational factors). Mineral asset sales are related to the current mineral price (or contained value) which is provided by the M & A database over the period 2006 - 2013 through a period of boom and bust and the valuation method is realistic when adjusted by factors that relate specifically to the metal involved and more specifically to the individual deposits.

Sensitivity to Metal Price

Description: Commodity Metals Price Index, 2005 = 100, includes Copper, Aluminum, Iron Ore, Tin, Nickel, Zinc, Lead, and

Valuation of mineral resources is estimated at a specific date as stated in the report and metal prices are estimated from current information available at that time. Metal markets may be quite volatile from time to time and it is appropriate to consider the effect of variations in metal price (which may change on a daily basis).

The chart represent the Commodity Metal Price index over the last fifteen years and shows a marked decline in 2008/09 (GFC) and a similar decline in recent years.

There is an obvious need for reassessment of value if there is a significant change in metal/oxide prices.

Geoscience Factor Method

The Geoscience Factor method attempts to convert a series of scientific opinions about a subject property into a numeric evaluation system. The success of this method relies on the selection of multiplying factors that reflect the tenement's prospectivity.

Agricola Mining Consultants prefers the Geoscientific Factor method (potential for further discoveries) for exploration ground that is not advanced enough to estimate mineral resources. The contemporaneous transactions over adjacent ground may be appropriate but the absence of such information the only viable method (in Agricola’s opinion) is to compare the sale of other deposits on a 'dollar per unit' basis for the mineral resource estimated in accordance with the JORC Code. Agricola uses Past Expenditure and yardstick (Rule of Thumb) methods as an appropriate way of cross checking the reasonableness of the valuation.

The Geoscience Factor method is essentially a technique to define a value based on geological prospectivity. The method appraises a variety of mineral property characteristics:

- location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor (grade) of any mineralisation known to exist on the property being valued;
- geophysical and/or geochemical targets and the number and relative position of anomalies on the property being valued;
- geological patterns and models appropriate to the property being valued.

It is recognised that application of this method can be highly subjective, and that it relies almost exclusively on the geoscience ratings adopted by the valuer. As such, it is good practice for valuers using this method to provide sufficient discussion supporting their selection of the various multiplying factors to allow another suitably qualified geoscientist to assess the appropriateness of the factors selected.

The successful application of this method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. Furthermore, there is the expectation that the outcome reflects the market's perception of value, hence the application of the market factor. Agricola Mining Consultants prefers the Geoscience Factor approach because it endeavours to implement a system that is systematic and defendable. It also takes account of the key factors that can be reasonably considered to impact on the exploration potential. The keystone of the method is the BAC, which provides a standard base from which to commence a valuation. The acquisition and holding costs of a tenement for one year provides a reasonable, and importantly, consistent starting point. Presumably when a tenement is pegged for the first time by an explorer the tenement has been judged to be worth at least the acquisition and holding cost.

It may be argued that on occasions an EL may be converted to a ML expediently for strategic reasons rather than based on exploration success, and hence it is unreasonable to value such a ML starting at a relatively high BAC compared to that of an EL.

It has also been argued that the method is a valuation-by-numbers approach. In Agricola's opinion, the strength of the method is that it reveals to the public, in the most open way possible, just how a tenement's value was systematically determined. It is an approach that lays out the subjective judgements made by the valuer.

Area

The area of a tenement is usually stated in terms of square kilometres as a matter of convenience and cosistency. A graticular boundary (or block) system was introduced for exploration licences in mid 1991 in W.A. and a block is defined as one minute of latitude by one minute of longitude. The square kilometres contained within a block varies from place to place. For instance, at Kunnanurra (Latitude 15 deg. S) one block equals 3.31 square kilometres, at Mt Isa (Latitude 20 deg. S) one block equals 3.22 square kilometres. at Carnarvon or Bundaberg (Latitude 25 deg. S) one block equals 3.11 square kilometres and at Albany or Adelaide (Latitude 35 deg. S) one block equals 2.81 square kilometres.

Prospecting Licences and Mining Leases are granted in Hectares (100 hectares equals one square kilometre.

Basic Acquisition Cost

The Basic Acquisition Cost ("BAC") is the important input to the Geoscience Factor Method and it is estimated by summing the annual rent, statutory expenditure for a period of 12 months and administration fees for a first stage exploration tenement such as an Exploration Licence(the first year holding cost).

The notes are general in nature and references to Western Australia are an example of exploration expenditures. they are appropriate for other states and other countries based on Agricola's experience in many areas of Australia and elsewhere.

The current holding cost for exploration projects is considered to be the average expenditure for the first year of the licence tenure. Exploration Licences in Western Australia, for example, attract a minimum annual expenditure for the first three years of $300 per square kilometre per year with a minimum of $20,000 and annual rent of $46.80. A 15% administration fee is taken into account to imply a holding cost of $400 per square kilometre. A similar approach based on expenditure commitments could be taken for Prospecting Licences and Mining Leases (effective 1 July 2014). The Benchmark minimum expenditure for Exploration Licences in the Northern Territory is $10,000 plus $150 per block.

The BAC was originally based on calculations of exploration expenditures and other costs for Western Australia. Agricola's experience has confirmed this range to be appropriate for other parts of the world where exploration or valuations have been carried out.

Many overseas jurisdictions do not specify a minimum expenditure commitment but require that sufficient work be completed in the first year to allow granting of the tenement into the second year. This usually requires preparation of a report with results of exploration carried out. For example with a grass roots portfolio 500 square kilometres in the first year the expenditure (BAC) would be $200,000 to $225,000 which is appropriate for early work of desktop studies, field visits rock chip sampling and general research. Agricola believes an Australian company would consider this reasonable for the first phase of work in any country.

A company may well choose to spend more than that and budgets of $0.5 to $1.0 million are not uncommon but these budgets are usually based on significant previous encouragement such as scout drilling, aeromagnetic targets etc. The BAC is designed for grass roots projects where no earlier work is available and only regional selection information is available.

Where the Company in earlier work programs has received encouragement from earlier work then that aspect is addressed in the geofactors, which tend to upgrade the BAC based on earlier results and perceived prospectivity.

In Western Australia (from February 2006), an application for a Mining Lease required either a mining proposal or a statement describing when mining is likely to commence; the most likely method of mining; and the location, and the area, of land that is likely to be required for the operation of plant, machinery and equipment and for other activities associated with those mining operations. A mineralisation report is also required that has been prepared by a qualified person.

The mineralisation report must be completed by a qualified person and shall contain information of sufficient standard and detail to substantiate, to the satisfaction of the Director Geological Survey, that significant mineralisation exists within the ground applied for. A 'qualified person' means a person who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG). Significant mineralisation means a deposit of minerals located during exploration activities and that there is a reasonable expectation that those minerals will be extracted by mining operations.

The implication of the mineralisation report suggests that Mining leases should be valued on the body of significant mineralisation (usually a Mineral Resource estimated in accordance with the JORC Code) and not on the basis of prospectivity. The preferred method for valuing resources is by comparable transactions (Market Based).

The Mineral Resources are assumed to encapsulate all the value for the tenements or prospects on which they occur and the exploration results considered for the estimate. A separate value for exploration potential for this tenement is not considered warranted.

It is recognised that further exploration potential may exist within the tenement boundaries but when a mineral resource has already been estimated in accordance with the JORC Code a hypothetical willing but not too anxious purchaser would be unlikely to consider additional value for surrounding untested ground. The possibility of undrilled extensions to mineral resources may be considered in the market factor assessment.

Mining Leases granted prior to 2006 and Prospecting Licences may not have a mineralisation report available and may cover old workings or simply an expedient or strategic method of securing ground at the expiry of an Exploration Licence rather than based on exploration success. While these Licences carry all the obligations set out in the Mining Act, from a valuation point of view they are equivalent to Exploration Licences and it is unreasonable to value such these MLs (or PLs) starting at a relatively high holding cost compared to that of an EL where only exploration results are available. These tenements should be considered on the basis of a **BAC of $400 to $450**. To value these areas at the higher levels may not be considered to be reasonable under the VALMIN Code.

Tenement Status

Uncertainty may exist where a tenement is in the application stage. Competing applications may be present where a ballot is required to determine the successful applicant or Native Title issues and negotiations may add to the risk of timely grant. Other issues may also be present such as state parks or forestry and wildlife reserves, competing land use and compensation agreements. There is an inherent risk that the tenement may not be granted and this needs to be recognised in the base value assessment. A 'grant factor' of zero may be applied where there is no realistic chance of approval (e.g. sacred sites) and where no significant impediments are known the factor may increase to about 60% to reflect delays and compliance with regulations.

Equity

The equity a Company may hold in a tenement through joint venture arrangements or royalty commitments may be addressed in assessing base Value but it is often considered at the end of a valuations report.

Geoscience Factors

The multipliers or ratings and the criteria for rating selection across these four factors are summarised in the following table.

The selection of factors from the table must be tempered with an eye to the reasonableness of the outcome and an awareness of the inherent exploration risks in achieving progress to the next level. Some exploration licences are overly large and may cover several domains of prospective (or entirely unprospective) ground and this should be recognised in the Geology Factor. A conservative approach is considered mandatory.

Estimate of project value is carried out on a tenement-by-tenement basis and uses four calculations as shown below. The value estimate is shown as a range with a preferred value.

Base Value = [Area][Grant Factor]*[Equity]*[Base Acquisition Cost]*

Prospectivity Index = [Off Site Factor][On Site Factor]*[Anomaly Factor]*[Geology Factor]*

Technical Value = [Base Value][Prospectivity Index]*

Market Value = [Technical Value][Market Premium/Discount Factor]*

GEO-FACTOR RATING CRITERIA - **GUIDELINES**					
	Rating	**Address - Off Property**	**Mineralisation - On Property**	**Anomalies**	**Geology**
Low	0.5	Very little chance of mineralisation, Concept unsuitable to environment	Very little chance of mineralisation, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Unfavourable lithology over >75% of the tenement
	0.75				Unfavourable lithology over >50% of the tenement
Average	1	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered favourable geology (40-50%)

	1.5	RAB Drilling with some scattered results	Exploratory sampling with encouragement, Concept validated	Several early stage targets outlined from geochemistry and geophysics	Shallow alluvium Covered favourable geology (50-60%)
	2	Significant RC drilling leading to advance project status	RAB &/or RC Drilling with encouraging intercepts reported	Several well defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)
	2.5	Grid drilling with encouraging results on adjacent sections	Diamond Drilling after RC with encouragement	Several well defined surface targets with encouraging drilling results	Strongly favourable lithology (70-80%)
High	3	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant subeconomic targets - no indication of volume	Highly prospective geology (80 - 100%)
	3.5	Along strike or adjacent to known mineralisation at Pre-Feasibility Stage	Resource areas identified	Subeconomic targets of possible significant volume - early stage drilling	

Prospectivity Enhancement Multiplier ("PEM")

Various valuation methods exist which make reference to historical exploration expenditure. One such method is based on a 'multiple of historical exploration expenditure'. Successful application of this method relies on the valuer assessing the extent to which past exploration expenditure is likely to lead to a target resource being discovered, as well as working out the appropriate multiple to apply to such expenditure.

Another such method is the 'appraised value method'. When adopting this approach, the valuer should only account for meaningful past exploration expenditure plus warranted future expenditures. Warranted future expenditures reflect a reasonable and justifiable exploration budget to test the identified potential of the target.

PEM Factors Used in this valuation method

PEM	Criteria

Range	
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralisation
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed
3.0 – 4.0	Indicated Resources have been identified that are likely to form the basis of a prefeasibility study
4.0 – 5.0	Indicated and Measured Resources have been identified and economic parameters are available for assessment.

When historical expenditure approaches are adopted, it is good practice for valuers to provide full transparency in relation to all historical exploration expenditure on the subject property, details of those expenditures selected for use in the method (including details in relation to warranted future expenditures), and justification for any multiples applied.

Past expenditure on a tenement and/or future committed exploration expenditure can establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented results, a PEM can be derived which takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database.

Future committed exploration expenditure is discounted to 60% by some valuers to reflect the uncertainty of results and the possible variations in exploration programmes caused by future undefined events. Expenditure estimates for tenements under application are often discounted to 60% of the estimated value by some valuers to reflect uncertainty in the future granting of the tenement. The PEM Factors are defined in the table.

Yardstick (Rule of Thumb) Method

A Rule-of-Thumb method sometimes used for valuing Mineral Assets without identified Resources is based upon conversion of comparable sales data to a unit area (per km^2 or per ha). It is probably the most difficult comparative tool to justify. This Method has found greater acceptance in North America, where tenement sizes appear to be smaller and where there are many more transactions forming a deep and liquid market than elsewhere. In addition, dealing in tenements is not discouraged by the mining legislation, especially in the US with its historic focus on property rights. It is used in Canada and Australia, though to a much lesser extent.

In Australia, many State jurisdictions grant large exploration tenements (say 300km2 maximum) on a graticular block system. This means a tenement is usually larger than geometrically necessary to cover the specific geologically prospective terrane. Also, most jurisdictions here require periodic significant reductions in the tenement's size, so it is common to apply for more area than is actually needed to provide for this obligatory reduction. The sale of exploration tenements to third parties is discouraged (although sales, particularly if interests, certainly occur) because the basis of grant is that the applicants will carry out the granted tenement's exploration obligations themselves. The State sees itself as the centralised, timely distributor of exploration rights, not the free market.

That said, some valuers still attempt to use this Rule-of-Thumb (based upon area) in Australia with an emphasis on market value. A review of technical value (which is not influenced by market conditions) of exploration areas carried out by Agricola over the last few years suggests that ground without resources can be categorized as a matter of convenience into four groups:

- Advanced exploration areas located in a well mineralised area near existing mineral deposits with significant potential attract values well above $2000 per square kilometre
- Exploration areas along strike or structurally related to estimated mineral resources. Such areas attract values in the range $1200 to $2000 per square kilometre.
- Exploration areas in known mineral fields. Such areas attract values in the range of $700 to $1300 per square kilometre.
- Exploration areas in green fields or early exploration domains remote from mineral resources. Such areas attract values in the range of $400 to $800 per square kilometre.

Adjustments to the Technical Value – Market Value

Mineral Assets are often bought and sold at a price that is different than their technical value or stand-alone value. To the extent that it exists, the amount of the transacted value differs from the technical value is often described as the 'acquisition premium or discount'.

The concept of market value implies the construction of a hypothetical transaction between willing, knowledgeable, but not anxious buyers and sellers. Therefore, when assessing the market value of resource projects, it is likely that valuers will consider whether it is appropriate to make an adjustment to the technical value of the project to reflect any observed 'acquisition premium or discount', or other adjustments. Such adjustments can either be implicit or explicit in the valuation method chosen. However, care should be taken not to treat as acquisition premium or discount something that is properly part of technical value, such as where assumed forward values for commodity prices are reflected in the technical value.

Particularly when valuing early stage exploration and development projects the technical value may be assessed for a project with reference to parameters that may be above or below those present in the financial markets as at the valuation date. Consequently, when applying these exploration valuation methods, it may be appropriate to reflect a series of high level adjustments to the technical value to account for differences in market conditions relative to those embedded within the method itself.

However, other valuation methods (particularly the DCF valuation method) are able to explicitly reflect a series of parameters that may apply to future financial market expectations. This is particularly the case if valuers adopt commodity price, exchange rate, inflation rate, and discount rate parameters, which are forecast with reasonable confidence, and resource to reserve conversion, cost structure and capital expenditure parameters which are consistent with the expectations in the market. Doing so will limit the need to make further adjustments to the resulting stand alone value to account for such factors as 'market considerations'.

To the extent that valuers choose to apply further adjustments to their assessed stand alone value, it is good practice to clearly identify how they have applied the adjustments are applied, and the rationale for doing so.

Agricola has reviewed alternative comparative valuation methods as set out in Regulatory Guide 111: Content of expert reports (RG 111) at RG 111.65, which considers that "an expert should, where possible, use more than one valuation methodology. We consider this reduces the risk that the expert's opinion is distorted by its choice of methodology. We also consider that an expert should compare the figures derived from using the different methodologies and comment of any differences".

Agricola considers that the expectation of future gain is the main driver for mineral asset valuation of exploration projects as it endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). The method set out in this report is considered appropriate for valuation of mineral resources.

The acquisition may include many commercial aspects, which do not directly relate to the mineral asset and may not be the same for another independent purchaser

Alternative methods such as Market Capitalisation (MCap) and Enterprise Value (EV) are not prohibited by RG111 to form the basis of comparable transaction analysis both MCap and EV include elements relating to corporate valuation such as cash and debt levels, management skills and reputation and many others which are independent of mineral asset values.

In conclusion, given the state of the market at the valuation date and current events, the best and appropriate method to determine a market value of the mineral assets was in accordance with the recommendations. “Observable market values” currently reflect many distortions that make it difficult to apply a reasonable or appropriate valuation to the relevant assets.

Boom and Bust Markets

Investment in the mining sector is cyclical, and sector valuation fluctuations between boom and bust are evident over time in share prices and index prices for miners. Mining is a capital intensive business, so the cycle is driven by liquidity – the availability of investment funding. Liquidity is the product of sentiment, which swings between greed and fear. While the shape of historic cycles reflected in share prices of miners differs from cycle to cycle, indicators of liquidity follow a similar pattern of evolution through each cycle.

Most recently, the mining sector has experienced a bust that produced sustained share price declines across most of the sector, starting in mid-2011. All busts end, and since mid-2013 there has been strengthening signals that a change in sentiment towards miners is underway.

In 2011, 2012 and most of 2013, miners fell whilst the rest of the equity market was positive. 2014 saw stabilisation in miners' equity performance and in 2015 miners have remained weak, but for the first time this has been against a falling broader market. The correlation between miners and the rest of the market for Australia's ASX200 index (ie Resources vs Industrials) was negative during calendar years 2011-14. Year to date in 2015 the correlation is strongly positive ($r2 = 0.72$), signifying that miners are no longer 'falling out of bed'. Combined with signals from liquidity indicators, there is a very strong sense that the sentiment of a bust is now passed. Although it is too early yet to call the next boom, this shift in sentiment strongly suggests the mining sector is now passing through the base of the cycle.

GLOSSARY OF TERMS

'Minerals Industry' (also Extractive Industry) – Defined as encompassing those engaged in exploring for, extracting, processing and marketing **'Minerals'**.

'Price' – The amount paid for a good or service and it is a historical fact. It has no real relationship with 'Value', because of the financial motives, capabilities or special interests of the purchaser; and the state of the market at the time.

Personal Property – Covers all items other than **'Real Estate'** and may be tangible (like a chattel or goods) or intangible (like a patent or debt). It has a moveable character.

'Real Property' – A non-physical, legal concept and it includes all the rights, interests and benefits related to the ownership of **'Real Estate'** and normally recorded in a formal document (eg, deed or lease). The rights are to sell, lease, enter, bequeath, gift, etc. There may be absolute single or partial ownership (subject to limitations imposed by Government, like taxation, planning powers, appropriation, etc). These rights may be affected by restrictive covenants or easements affecting title; or by security or financial interests, say conveyed by mortgages.

'Real Estate' – A physical concept, including land and all things that are a natural part of the land (eg, trees and Minerals). In addition it includes all things effectively permanently attached by people (eg, buildings, site improvements, and permanent physical attachments, like cooling systems and lifts) on, above or below the ground.

VALUATION AND VALUE

'Value' (also Valuation which is the result of determining 'Value') - The estimated likely future 'Price' of a good or service at a specific time, but it depends upon the particular qualified type of value (eg 'Market Value', 'Salvage Value', 'Scrap Value', 'Special Value', etc). There is also a particular value for tax and rating, or insurance purposes.

'Market Value' (IVS Definition) – The result of an objective Valuation of specific identified ownership rights to a specific asset as at a given date. It is the value in exchange not **'Value-in-Use'** set by the market place. It is the *"estimated amount for which a property should exchanged on the date of* *valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently, and without compulsion"*.

'Fair Value' (IVS definition) – An accountancy term used for values envisaged to be derived under <u>any and all conditions</u>, not just those prevailing in an open market for the normal orderly disposal of assets. Being a transaction price it reflects both existing and alternative uses, too. It is also a legal term for values involved in dispute settlements which may not also meet the strict **'Market Value'** definition. Commonly, it reflects the service potential of an asset ie, value derived by DCF/NPV analysis, not merely the result of comparable sales analysis. It is still the *"amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction"*.

'Highest-and-Best-Use' – for physical property, it is the reasonably probable and legal use of property, which is physically possible, appropriately supported and financially feasible, that results in the <u>highest value</u>. In the case of personal property, it is the same with the additional qualification that the highest value must be in the appropriate market place, consistent with the purpose of the appraisal. It may be, in volatile markets, the holding for a future use.

'Value-in-Use' – in contrast to '**Highest-and-Best-Use**', it is the specific value of a specific tangible asset that has a specific use to a specific user. It is not market-related. The focus is on the value that a specific property contributes to the enterprise of which it is a part (being part of a **'Going Concern Valuation'**). It measures the contributory value of a specified asset(s) used within that specific enterprise, although it is not the **'Market Value'** for that individual asset. It is the Value-to-the-Owner/Entity/Business in accountancy terms and may be the lower of net current replacement cost and its recoverable amount. It is also the net present value of the expected future net cash flows from the continued use of that asset, plus its disposal value at the end of its useful life (**'Scrap Value'**). At the **'Valuation Date'**, there must be recognition of its existing use by a particular user. This is in contrast to the alternative reasonable use to which an asset might be put by unspecified owner(s).

'Going Concern Value' – A business valuation concept rather than one relating to individual property valuation. It is the value of an operating business/enterprise (ie one that is expected to continue operating) <u>as a whole</u> and it includes goodwill, special rights, unique patents or licences, special reserves, etc. Apportionment of this total value may be made to constituent parts, but none of these components constitute a basis for **'Market Value'**.

'Forced Sale Value' (Liquidated Value) – The amount reasonably expected to be received from the sale of an asset within a short time frame for completion that is too short to meet the 'Market Value' definition. This definition requires a reasonable marketing time, having taken into account the asset's nature, location and the state of the market). Usually it also involves an unwilling seller and buyers who have knowledge to the disadvantage of the seller.

'Market Capitalization' - The total dollar market value of all of a company's outstanding shares. Market capitalization is calculated by multiplying a company's shares outstanding by the current market price of one share. The investment community uses this figure to determine a company's size, as opposed to sales or total asset figures. Frequently referred to as "market Cap" or MCap

'Enterprise Value - EV' - A measure of a company's value, often used as an alternative to straightforward market capitalization. Enterprise value is calculated as market cap plus debt, minority interest and preferred shares, minus total cash and cash equivalents. In the event of a buyout, an acquirer would have to take on the company's debt, but would pocket its cash. EV differs significantly from simple market capitalization in several ways, and many consider it to be a more accurate representation of a firm's value.

'Market Premium' - A control premium is an amount that a buyer is usually willing to pay over the current market price of a publicly traded company in order to acquire a controlling share in that company. The reason the buyer of a controlling interest is willing to offer a premium over the price currently established by other market participants is the additional prerogatives of control, including electing the company directors, firing and hiring key employees, declaring and distributing dividends, divesting or acquiring additional business assets, and entering into merger and acquisition transactions. The opposite of control premium is the minority discount.

'**Investment Value' (Worth)** – this is the value of a specific asset to a specific investor(s) for identified investment objectives or criteria. It may be higher or lower than 'Market Value' and is associated with 'Special Value'.

'**Property-with-Trading-Potential'** – refers to the valuation of specialised property (eg, hotel, petrol station, restaurant, etc) that is sold on an operating or going concern basis. It recognises that assets other than land and buildings are to be included in the 'Market Value' and it is often difficult to separate the component values for land and property.

'Special Value' – An extraordinary premium over and above the 'Market Value', related to the specific circumstances that a particular prospective owner or user of the property attributes to the asset. It may be a physical, functional or economic aspect or interest that attracts this premium. It is associated with elements of 'Going Concern Value' or 'Investment Value' since it also represents synergistic benefits. In a strict sense it could apply to very specialised or special purpose assets which are rarely sold on the open market, except as part of a business, because their utility is restricted to particular users. In some circumstances, it may be the lower value given by 'Value –in–Use'.

'Salvage Value' – The expected value of an asset at the end of its economic life (ie, being valued for salvage disposal purposes rather than for its originally intended purpose). Hence, it is the value of property, excluding land, as if disposed of for the materials it contains, rather than for its continued use, without special repairs or adaptation.

'Scrap Value' (Residual Value) – The remaining value (usually a net value after disposal costs) of a wasting asset at the end of a prescribed or predictable period of time (usually the end of its effective life) that was ascertained upon acquisition.

'Valuation Date' - Means the reference date to which a Valuation applies. Depending on the circumstances, it could be different to the date of completion or signing of the Valuation Report or the cut-off date of the available data (VALMIN Code,).

'Valuer' (also Valuer [Canada] or Appraiser [USA]) – Either the 'Expert' or 'Specialist' (Qualified Person in Canada) who is the natural person responsible for the Valuation to determine the 'Fair Market Value' after consideration of the technical assessment of the 'Mineral Asset' and other relevant issues. They must have demonstrable 'Competence' (and 'Independence', when required).

JORC CODE

'Competent Person - A 'Competent Person' is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a 'Recognised Professional Organisation' (RPO), as included in a list available on the JORC and ASX websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking. If the Competent Person is preparing documentation on Exploration Results, the relevant experience must be in exploration. If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources. If the Competent Person is estimating, or supervising the estimation of Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves. (*JORC 2012*)

'Independent/Independence' – Means that the person(s) making the Valuation have no '**Material'** pecuniary or beneficial (present or contingent) interest in any of the **'Mineral Assets'** being assessed or valued, other than professional fees and reimbursement of disbursements paid in connection with the assessment or Valuation concerned; or any association with the commissioning entity, or with the owners or promoters (or parties associated with them) likely to create an apprehension of bias. Hence, they must have no beneficial interest in the outcome of the transaction or purpose of the technical assessment/Valuation of the **'Mineral Asset'** (VALMIN Code). ASIC RG112, which deals with the Independence of Expert Reports, provides more detail on this concept. (*JORC 2012*)

'Exploration results' - Exploration Results include data and information generated by mineral exploration programmes that might be of use to investors but which do not form part of a declaration of Mineral Resources or Ore Reserves. The reporting of such information is common in the early stages of exploration when the quantity of data available is generally not sufficient to allow any reasonable estimates of Mineral Resources. Examples of Exploration Results include results of outcrop sampling, assays of drill hole intersections, geochemical results and geophysical survey results. *(JORC 2012)*

'Exploration Target' - An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. Any such information relating to an Exploration Target must be expressed so that it cannot be misrepresented or misconstrued as an estimate of a Mineral Resource or Ore Reserve. The terms Resource or Reserve must not be used in this context. (*JORC 2012*)

'Inferred Mineral Resource' - An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration**.** (*JORC 2012*)

'Indicated Mineral Resource' - An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve. (*JORC 2012*)

'Measured Mineral Resource' - A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve. (*JORC 2012*)

'Modifying Factors' - are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors**.** (*JORC 2012*)

'Scoping Study' - A Scoping Study is an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified. A Scoping Study must not be used as the basis for estimation of Ore Reserves. (*JORC 2012*)

'Pre Feasibility Study' - A Preliminary Feasibility Study (Pre-Feasibility Study) is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre- Feasibility Study is at a lower confidence level than a Feasibility Study. (*JORC 2012*)

'Feasibility Study' - A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre- Feasibility Study. (*JORC 2012*)

VALMIN CODE

'Mineral(s)' – Any naturally occurring material found in or on the Earth's crust, that is useful to and/or has a value placed on it by mankind. The term specifically includes coal, shale and materials used in building and construction, but excludes crude oil and natural gas (*VALMIN Code*).

'Mineral Asset(s)' (Resource Assets or Mineral Properties) - All property including, but not limited to 'Real Property', intellectual property, mining and exploration tenements held or acquired in connection with the exploration, the development of and the production from those tenements; together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with those tenements. Most can be classified as 'Exploration Areas', 'Advanced Exploration Areas', 'Pre-Development Projects', 'Development Projects' or 'Operating Mines' (VALMIN Code).

'**Operating Mines'** – Mineral Properties, particularly mines and processing plants, which have been fully commissioned and are in production (VALMIN Code).

'**Development Projects'** – Mineral Properties which have been committed to production, but which are not yet commissioned or not operating at design levels (VALMIN Code).

'Advanced Exploration Areas' and 'Pre-development Projects' – Mineral Properties where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a positive development decision has not been made. Mineral Properties at the early assessment stage, those for which a development decision has been negative, those on care and maintenance and those held on retention titles are all included in this category if Mineral Resources have been identified. This is even if no further valuation or technical assessment work, delineation or advanced exploration is being undertaken (VALMIN Code).

'**Exploration Areas'** – Mineral Properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified (VALMIN Code).

'**Fair Market Value'** (Market Value or Value) – The object and result of the Valuation. It is the estimated amount of money (or the cash equivalent of some other consideration) for which the 'Mineral Asset' should change hands on the 'Valuation Date'. It must be between a willing buyer and a willing seller in an 'arm's length' transaction in which each party has acted knowledgeably, prudently and without compulsion. It is usually comprised of two components, the underlying or 'Technical Value' and a premium or discount, relating to market, strategic or other considerations (VALMIN Code,).

'Technical Value' – An assessment of a **'Mineral Asset's'** future net economic benefit at the **'Valuation Date'** under a set of assumptions deemed most appropriate by the **'Valuer'**, excluding any premium or discount to account for market, strategic or other considerations (*VALMIN Code*,).

'Expert' – Means a **'Competent' (**and **'Independent',** where relevant) natural person who prepares and has overall responsibility for the Valuation Report. He/she must have at least 10 years of relevant '**Minerals Industry'** experience, using a relevant **'Specialist'** for specific tasks in which he/she is not **'Competent'**. An **'Expert'** must be a corporate member of an appropriate, recognised professional association having an enforceable Code of Ethics, or explain why not (*VALMIN Code*).

'Specialist' – Means a **'Competent' (**and **'Independent',** where relevant) natural person who is retained by the 'Expert' to provide subsidiary reports (or sections of the Valuation Report) on matters on which the 'Expert' is not personally expert. He/she must have at least 5 years of suitable and preferably recent '**Minerals Industry'** experience relevant to the subject matter on which he/she contributes. A **'Specialist'** must be corporate member of appropriate, recognised professional association having an enforceable Code of Ethics, or explain why not (*VALMIN Code*).

'Material/Materiality' - with respect to the contents and conclusions of a relevant Report, it means data and information of such importance that the inclusion or omission of the data or information concerned might result in a reader of the Report reaching a different conclusion than might otherwise be the case. **'Material'** data (or information) is that which would reasonably be required in order to make an informed assessment of the subject of the Report. The Australian Society of Accountants' Standard AAS5 indicates that **'Material'** data (or information) is such that the omission or inclusion of it could lead to changes in total value of greater than 10% (between 5% and 10% it is discretionary). Also the Supreme Court of New South Wales has stated that something is **'Material'** if it is significant in formulating a decision about whether or not to make an investment or accept an offer (*VALMIN Code*).

'Transparent/Transparency' - as applied to a valuation it means, as in the Concise Oxford Dictionary, "*easily seen through, of motive, quality, etc".* It applies to the factual information used, the assumptions made and the methodologies applied, all of which must be made plain in the Report (*VALMIN Code*).

'Competence' – it means having relevant expertise, qualifications and experience (technical or commercial), as well as, by implication, the professional reputation so as to give authority to statements made in relation to particular matters. (*VALMIN Code*).

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