

**MINTAILS LIMITED  
(TO BE RENAMED “ORMINEX LIMITED”)  
ACN 008 740 672**

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**PROSPECTUS**

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For an offer of 233,333,333 new Shares at an issue price of \$0.03 per Share to raise approximately \$7,000,000 (before costs) (**Offer**).

The Company has executed conditional contracts to acquire interests in two Western Australian gold projects. Completion of the Offer is subject to those contracts becoming unconditional by 30 April 2018 or such later date as agreed by the parties. The contract conditions (**Conditions**) include that;

- Shareholders approve the Transaction Resolutions (which approval is being sought at the General Meeting of the Company to be held on 16 March 2018); and
- the Company receives conditional approval for re-instatement of the Company's Shares to trading on ASX following completion of the Transaction on conditions reasonably satisfactory to the Company.

Refer to Section 5.4 of this Prospectus for full details of the Conditions and Section 5.7 of this Prospectus for the Transaction Resolutions. No Shares will be issued pursuant to the Offer until such time as the Conditions are satisfied or waived.

The Offer is scheduled to close at 5.00pm (WST) on 23 March 2018 unless extended or withdrawn.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission to the Official List following a change in nature and scale of the Company's activities.

This Prospectus also includes a separate offer to issue 10,000,000 unlisted Interim Placement Options to subscribers to the Interim Placement on the basis of one Interim Placement Option for every Share subscribed (**Option Offer**). Refer to Section 6.2 of this Prospectus for further details of the Option Offer.

This Prospectus is also for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company prior to it being re-admitted to the Official List.

Lead manager for the Offer: Viridian Equity Group Pty Ltd (ACN 113 381 623) - AFSL No. 343442.

**IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

The Securities offered by this Prospectus should be considered highly speculative.

# IMPORTANT NOTICES

## General

This Prospectus is dated 16 February 2018 and was lodged with the ASIC on that date. The ASIC, the ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that you read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

## Re-compliance Prospectus

At the General Meeting to be held on 16 March 2018, the Company is seeking Shareholder approval for a change in nature and scale of its activities.

ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy the ASX requirements for re-admission of the Company to the Official List following a change in nature and scale of the Company's activities.

The Company's Shares have been in suspension from trading on the ASX since 17 March 2015 and will remain suspended and not be reinstated unless and until the ASX approves the Company's re-compliance with the admission requirements of Chapters 1 and 2 of the ASX Listing Rules.

ASX has an absolute discretion in deciding whether or not to re-admit the Company to the official list and to quote its securities and therefore the Transaction may not proceed if ASX exercises that discretion.

## Investment advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional investment advice before subscribing for Shares under this Prospectus.

## Conditional Offer

Completion of the Offer is conditional on the satisfaction or waiver of the Conditions. In the event the Conditions are not satisfied or waived then the Company will not complete the Offer and will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.

## Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at [www.mintails.com.au](http://www.mintails.com.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

There is no facility for the Offers to be accepted electronically or by applying online. Shares and Options will not be issued under the electronic version of the Prospectus. The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, such Application Form was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. No document or information included on our website is incorporated by reference into this Prospectus.

## Forwarding-looking statements

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

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

The Company cannot and does not give any assurance that the results,

performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Part D of Section 4 and in Section 1.

## Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person shown endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

## Defined terms

Unless the contrary intention appears, or the context otherwise requires, words and phrases contained in this Prospectus have the same meaning and interpretation as given in the Corporations Act and capitalised terms have the meaning given in the Glossary in Section 17.

## Time

All references to time in this Prospectus are references to Australian Western Standard Time.

## Risks

You should read this document in its entirety and, if in any doubt, consult your professional advisers before deciding whether to apply for Shares or Options offered under this Prospectus. There are risks associated with an investment in the Company and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares and Options offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares or Options. Refer to Part D of Section 4 and in Section 1 for details relating to risk factors.

## Foreign offer restrictions

This Prospectus may not be distributed outside Australia or New Zealand. The Shares and Options offered under the Offers may not be offered outside Australia and New Zealand (and in New Zealand, only to Wholesale Investors – see Section 6.16..

## Privacy Statement

By completing and returning an Application Form, you will be providing

personal information directly or indirectly to the Company, the Share Registry, the Lead Manager and other brokers involved in the Offers, and related bodies corporate, agents, contractors and third-party service providers of the foregoing (**Collecting Parties**). The Collecting Parties collect, hold and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

please call the Company Secretary, on +61 8 6558 1859.

By submitting an Application Form, you authorise the Company to disclose any personal information contained in your Application Form (**Personal Information**) to the Collecting Parties where necessary, for any purpose in connection with the Offers, including processing your acceptance of the Offers and complying with applicable law, the ASX Listing Rules, the ASX Settlement Operating Rules and any requirements imposed by any public authority.

If you do not provide the information required in the Application Form, the Company may not be able to accept or process your acceptance of the Offers.

If the Offers are successfully completed, your Personal Information may also be used from time to time and disclosed to persons inspecting the register of Shareholders, public authorities, authorised securities brokers, print service providers, mail houses and the Share Registry.

Any disclosure of Personal Information made for the above purposes will be on a confidential basis and in accordance with the Privacy Act 1988 (Cth) and all other legal requirements. If obliged to do so by law or any public authority, Personal Information collected from you will be passed on to third parties strictly in accordance with legal requirements. Once your Personal Information is no longer required, it will be destroyed or de-identified. As at the date of this Prospectus, the Company does not anticipate that Personal Information will be disclosed to any overseas recipient.

Subject to certain exemptions under law, you may have access to Personal Information that the Collecting Parties hold about you and seek correction of such information. Access and correction requests, and any other queries regarding this privacy statement, must be made in writing to the Share Registry at the address set out in the Corporate Directory in Section 1 of this Prospectus. A fee may be charged for access.

#### **Enquiries**

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult your broker or legal, financial or other professional adviser without delay. Should you have any questions about the Offers or how to accept the Offers,

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## 1. CORPORATE DIRECTORY

### Directors

Daryl Henthorn

(Non-Executive Director)

Note: Mr Henthorn is to be appointed as Executive Chairman upon completion of the Transaction

Steven Allen Formica

(Non-Executive Director)

Note: Mr Formica intends to resign upon completion of the Transaction.

Stephen Michael Brockhurst

(Non-Executive Director)

Note: Mr Brockhurst intends to resign upon completion of the Transaction.

### Proposed Directors

John Correia

(Proposed Non-Executive Director)

Emmanuel Correia

(Proposed Non-Executive Director)

### Company Secretary

Kelly Moore

### Registered office

Level 9, 863 Hay Street  
Perth WA 6000

Telephone: +61 6558 1859

Facsimile: +61 9380 8300

Email: [info@mintails.com.au](mailto:info@mintails.com.au)

Website: [www.mintails.com.au](http://www.mintails.com.au)

### Current ASX Code

MLI

### Proposed ASX Code

ONX

### Share Registry\*

Security Transfer Australia Pty Ltd

770 Canning Highway

Applecross WA 6153

Telephone: +61 9315 2333

Facsimile: +61 9315 2233

Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

Website: [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

### Solicitors

EMK Lawyers

Suite 4

236 Naturaliste Terrace

Dunsborough WA 6281

### Lead Manager

Viridian Equity Group Pty Ltd

Level 9, 863 Hay Street

Subiaco WA 6008

### Investigating Accountant

Moore Stephens Perth Corporate

Services Pty Ltd

Level 15 Exchange Tower

2 The Esplanade

Perth WA 6000

### Auditor to the Company\*

Moore Stephens

Level 15 Exchange Tower

2 The Esplanade

Perth WA 6000

### Independent Geologist

Agricola Mining Consultants Pty Ltd

P.O. Box 473

South Perth WA 6951

\* These entities have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

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## 2. NON-EXECUTIVE DIRECTOR'S LETTER

On behalf of the Board of Directors, I am pleased to offer this opportunity to become a shareholder in Mintails Limited (to be renamed Orminex Limited).

The Company, as announced on January 25, 2018, has formed a strategic Mineral Ventures alliance with one of Australia's most successful contract mining companies, GBF Mining Pty Ltd (**GBF**), and entered into conditional agreements to acquire interests in two Western Australian gold projects.

The Mineral Ventures alliance, with the proposed acquisitions, positions the Company to meet its objective to be an Australian gold development and production company, with a focus on sourcing, developing, and mining stranded, high-grade gold assets. The Alliance aims to source and fund projects, provide operational resources and expertise, and take gold projects into production.

Many Australian gold projects struggle to be developed because of challenges associated with project scale, sourcing of finance and the lack of appropriate operational resources and expertise. GBF recognised this as an opportunity some years ago, and now, with the formation of the alliance, is positioned to capitalise on the opportunity in this sector.

The Company and GBF will identify gold projects that meet key criteria and have the potential to be successfully developed under the Mineral Ventures alliance and the Company will then share in an equity or profit share interest in the project.

Suitable projects are those that lack the necessary scale to fit the traditional project finance and development model, are too small on a standalone basis for listed companies or, are too big for private funders.

A suitable project will have reliable historical high-grade production data, the ability to provide GBF and the Company with a high degree of confidence in the size and grade of the remaining mineable resource, further exploration potential and the ability to develop the resource within the working capital constraints set by GBF and the Company such that an acceptable risk profile is maintained.

The Company's objective is to operate up to three Mineral Venture projects concurrently, and it is actively establishing a pipeline of potential projects.

The Company proposes to acquire:

- Orminex West Pty Ltd (ACN 615 077 757) (Orminex West), which holds an option to acquire a 51% unincorporated joint venture interest in the Comet Vale gold project, comprising a historic open pit and underground gold mine located ~100 km NW of Kalgoorlie, for consideration of \$1.00. The Comet Vale Project is recorded as hosting a combined JORC 2012 compliant Indicated and Inferred Mineral Resource of approximately 0.75 million tonnes at 8.4g/t for 203,100 ounces of gold<sup>1</sup>; and
- Golden Lode Pty Ltd (ACN 613 588 800) (Golden Lode) which owns 100% of the Golden Lode gold project, comprising a historical underground gold mine located ~130km NNW of Kalgoorlie.

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<sup>1</sup> Refer Section 7.2 of this Prospectus for details and Section 7.5 for Competent Persons Statement.

GBF has executed a mine management agreement for underground mining at Comet Vale under which GBF and the Company have agreed to fund mining costs, to be recovered from gold sales. Subject to obtaining all necessary mining and regulatory approvals and the execution of a toll treatment contract, it is expected that GBF will be in a position to commence underground mining at the Comet Vale project in 2018.

Given the acquisition of Orminex West and Golden Lode will result in a material change in the nature and scale of the Company's activities, the purpose of this Prospectus is to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to provide the Company with funding to pursue the above projects.

Under this Prospectus, the Company is seeking to raise approximately \$7,000,000 (before costs) by the issue of 233,333,333 fully paid ordinary shares in the capital of Company at an issue price of \$0.03 per Share (Offer). These funds are expected to be used to provide a loan to GBF to partially meet initial working capital costs for mining at Comet Vale, to progress the Golden Lode project, to assess and acquire additional stranded mining projects that are considered suitable for the Mineral Ventures alliance and for working capital.

This Prospectus contains detailed information about the Offer and the above acquisitions. It also contains potential risks of investing in the Company (refer to Sections 4 and 11). I encourage you to read this Prospectus carefully before making your investment decision.

On behalf of the Board of Directors, I look forward to welcoming you as a shareholder of the Company.

Yours sincerely,

**Daryl Henthorn**  
**Non-Executive Director**

### 3. KEY OFFER INFORMATION

#### 3.1 Indicative timetable\*

Event	Date
Lodgement of Prospectus with the ASIC	16 February 2018
Opening Date of the Offers	16 February 2018
General Meeting to approve Transaction Resolutions	16 March 2018
Closing Date of the Offer and the Option Offer	23 March 2018
Completion Date of the Transaction, issue of Transaction Shares and exercise of JV Option**	28 March 2018
Completion of JV Option***	11 April 2018
Re-admission to Official List and re-quotation of Securities (including Transaction Shares) on the ASX	20 April 2018

\* The above dates are indicative only and may change without notice. The Company reserves the right to extend the closing dates of the Offer or close the Offer early without prior notice. The Company also reserves the right not to proceed with the Offers at any time before the issue of Shares to Applicants.

\*\* The above stated Completion Date for the Transaction is only a good faith estimate by the Directors and may be varied without notice.

\*\*\* Completion of the JV Option is conditional on receipt of regulatory and third party consents within 3 months of the JV Option being exercised. The above completion date is only a good faith estimate by the Directors. The Company will not be readmitted by ASX to the Official List until the JV Option has been completed.

The Company's Shares will have been suspended from trading on the ASX for 3 years as at 17 March 2018. ASX policy, as set out in ASX Guidance Note 33, is to automatically delist a company whose shares have been suspended from trading for more than 3 years. The Offer is conditional, amongst other things, on the Company obtaining an extension to its delisting deadline of 17 March 2018 from the ASX. The above timetable is based on the Company meeting the requirements for an extension before 17 March 2018 and obtaining an extension to 17 May 2018 which will allow the Transaction and re-admission to the Official List to occur in accordance with the above timetable. The Company has applied to the ASX for an extension.

#### 3.2 Key Statistics of the Offer

Item	Number
Number of Shares currently on issue	6,926,970
Issue price per Share under the Offer <sup>1</sup>	\$0.03
Total number of Shares offered under the Offer	233,333,333
Cash proceeds to be received under the Offer (before costs)	\$7,000,000
Number of Acquisition Consideration Shares to be issued	220,000,000
Total number of Shares on issue at ASX relisting <sup>2</sup>	535,805,376
Ownership by investors under Offer at ASX relisting	43.5%
Total number of Shares on issue at ASX relisting fully diluted	545,883,074



Ownership by investors under Offer at ASX relisting (on a fully diluted basis)	42.7%
Ownership by Vendors and Associates at ASX relisting (on a fully diluted basis) <sup>3,4</sup>	~59%

#### Notes

1. Shares may not trade at this price upon relisting.

2. Comprising 6,926,970 existing Shares, 233,333,333 Shares under the Offer, 220,000,000 Consideration Shares to the Vendors of Orminex West and Golden Lode, 10,445,333 Advisory Shares, 20,000,000 Facilitation Shares, 39,957,452 Shares issued on conversion of the Convertible Notes and for interest under the Convertible Notes and the Loans (assuming \$69,149 in interest converted on 28 March 2018) and 5,142,288 Shares to Related Parties under the Interim Placement. It assumes no Options are exercised or other Shares issued, there are no Applicants under the Cleansing Offer and the Completion Date is 28 March 2018. The actual number of Shares issued on conversion of accrued interest on the Convertible Note and Loans will depend on the actual Completion Date, which may vary from 28 March 2018.

3. On the basis the Vendors of Orminex West and Golden Lode and their Associates will hold up to a total of 322,200,272 Shares comprising 1,225,889 existing Shares, 220,000,000 Consideration Shares, 40,999,998 Shares under the Offer, 10,445,333 Advisor Shares, 13,333,333 Facilitation Shares, 24,685,254 Shares on conversion of Convertible Notes and Loans (assuming \$69,149 in interest is converted on 28 March 2018), 5,142,288 Interim Placement Shares and 6,368,177 Shares on exercise of Interim Placement Options. See Sections 5.13, 5.14 and 5.16 of this Prospectus and Annexure A for further details.

4. On ASX relisting, the Company expects, due to its understanding that certain associations will cease, that the maximum number of Shares held by Shareholders associated with Mr Ross Graham and Mr Michael Foulds (the controlling shareholders of GBF Mining, Orminex West and Golden Lode) will be up to 239,460,320 Shares, resulting in them and their Associates having a Voting Power from relisting of up to a maximum of approximately 44% (fully diluted, based on a total of 545,883,074 Shares being on issue). Refer to Sections 5.13, 5.14 and 5.16 of this Prospectus and Annexure A for further details.

## 4. INVESTMENT OVERVIEW

This Section is a summary only and is not intended to provide full information for investors intending to apply for Shares offered under this Prospectus. This Prospectus should be read and considered in its entirety.

Item	Summary	Further information
<b>A. Company</b>		
<b>Who is the issuer of this Prospectus?</b>	Mintails Limited (ACN 008 740 672) ( <b>MLI</b> or the <b>Company</b> ) (ASX Code: MLI)	
<b>Who is MLI?</b>	<p>The Company was registered on 25 September 1970 and listed on the ASX on 28 July 1971. Since its incorporation, the Company has operated in a number of industries, most recently the operation of gold mines in South Africa.</p> <p>The Company's Shares were suspended from trading on ASX on 17 March 2015 and, on 7 January 2016, the Company was put into voluntary administration. Following completion of a Deed of Company Arrangement (<b>DOCA</b>) on 2 June 2017, the Company came out of administration and has been actively seeking to identify and evaluate new opportunities in related and non-related industries that may increase shareholder value.</p> <p>On 25 January 2018, the Company announced it had entered into the following agreements that, if completed, will see the Company become an Australian gold exploration and development company with a focus on bringing stranded, high grade gold assets into production in alliance with Australian contract miner GBF Mining Pty Ltd (ACN 149 248 215) (<b>GBF</b>):</p> <ul style="list-style-type: none"> <li>a strategic alliance agreement with GBF (<b>Strategic Alliance Agreement</b>) under which the Company and GBF will jointly seek to identify <b>Mineral Venture</b> projects, being stranded, high grade gold projects in Australia and New Zealand, that are suitable for GBF to be appointed as contract miner (with GBF providing funds for mining costs, recoverable from gold sales) and for the Company to acquire an equity or profit share interest in the project, similar to the proposed arrangements for the Comet Vale Project and Golden Lode Project (as detailed below) and to assist GBF with sourcing funds for mining costs;</li> <li>an agreement to acquire 100% of Orminex West Pty Ltd (ACN 615 077 757) (<b>Orminex West</b>) from entities associated with GBF in</li> </ul>	Sections 5.1, 5.2, 5.3, 5.4, 7, 14.1, 14.3 and 14.1

	<p>return for the issue of 200,000,000 Shares at a deemed issue price of \$0.03 each (<b>Orminex West Agreement</b>); and</p> <ul style="list-style-type: none"> <li>an agreement to acquire 100% of Golden Lode Pty Ltd (ACN 613 588 800) (<b>Golden Lode</b>) from entities associated with GBF and Director Mr Daryl Henthorn in return for the issue of 20,000,000 Shares at a deemed issue price of \$0.03 each (<b>Golden Lode Agreement</b>).</li> </ul> <p>The Orminex West Agreement and Golden Lode Agreements (together, the <b>Share Purchase Agreements</b>) are subject to a number of conditions, including that the Company raises \$7,000,000 under the Offer and obtains Shareholder approval for the resolutions required to complete the acquisition of Orminex West and Golden Lode and various associated matters (<b>Transaction Resolutions</b>).</p> <p>The Offer is conditional on the Share Purchase Agreements becoming unconditional. As such, the acquisitions of Orminex West and Golden Lode (<b>Acquisitions</b>) and completion of the Offer are inter-conditional and will only occur together or not at all.</p>	
<p><b>Who are GBF, Orminex West and Golden Lode?</b></p>	<p><b>GBF</b></p> <p>GBF is a successful Australian private contract miner founded and controlled by Mr Ross Graham and Mr Michael Foulds. Both Mr Graham and Mr Foulds have over 30 year's individual experience in underground mining, with a strong reputation as reflected in their current and past client list.</p> <p>In June 2015, GBF acquired a conditional right to 51% of the Comet Vale Project from the 100% owner of the Comet Vale Project, Sand Queen Mining Pty Ltd (ACN 141 839 287) (<b>Sand Queen</b>) for nominal consideration as part of GBF agreeing to assess if contract mining at Comet Vale was feasible.</p> <p>The Comet Vale Project is recorded as hosting a combined JORC 2012 compliant Indicated and Inferred Mineral Resource of approximately 0.75 million tonnes at 8.4g/t for 203,100 ounces of gold.<sup>2</sup></p> <p>GBF has executed a formal mine management agreement with Sand Queen to carry out underground mining at Comet Vale, under which GBF has agreed to fund mining costs, to be recovered from gold sales (<b>Mine Management Agreement</b>).</p>	<p>Sections 5.2, 5.3, 5.16, 7.2, 7.3, 8, 1, 14.4, 14.6 and 14.7</p>

<sup>2</sup> Refer Section 7.2 of this Prospectus for details and Section 7.5 for Competent Persons Statement.

	<p>GBF is responsible for obtaining mining approvals and managing underground mining operations at the Comet Vale Project. The Company's objective is for GBF to commence underground mining at the Comet Vale Project during 2018, subject to receipt of necessary regulatory approvals and finalising a toll treatment contract.</p> <p>At the same time as executing the Mine Management Agreement, GBF entered into an option joint venture agreement with Sand Queen (<b>Option JVA</b>) that grants a formal option to acquire a 51% unincorporated joint venture interest in the Comet Vale Project, expiring 22 July 2018, for consideration of \$1 (<b>JV Option</b>). GBF has novated its interest in the Option JVA to Orminex West, which is controlled by entities associates with Mr Ross Graham and Mr Michael Foulds.</p> <p>The Company and GBF have agreed, as reflected in the Strategic Alliance Agreement, that the Company is the preferred vehicle to own and manage equity and profit share interests in gold projects where GBF is the contract miner.</p> <p>As a result, entities associated with Mr Ross Graham and Mr Michael Foulds that own Orminex West, have agreed to sell Orminex West to the Company, with the Company intending to exercise and complete the JV Option and acquire a 51% unincorporated joint venture interest in the Comet Vale Project prior to the Company being re-admitted to the Official List.</p> <p>Entities associated with Mr Ross Graham and Mr Michael Foulds that control Golden Lode, have also agreed to sell Golden Lode to the Company with GBF agreeing, under the Strategic Alliance Agreement, to assess the potential for it to undertake contract mining at the Golden Lode Project in accordance with the Strategic Alliance Agreement.</p> <p>As a result of the Acquisitions, and other aspects of the Transaction, Mr Ross Graham and Mr Michael Foulds and their Associates will acquire Voting Power in the Company of up to approximately 59% as at readmission to the Official List, on a fully diluted basis, although this is anticipated that this will reduce a maximum of up to approximately 44% due to certain associations ceasing at that time.</p> <p><b>Orminex West</b></p> <p>Orminex West is an Australian proprietary limited company incorporated on 29 September 2016.</p>	
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	<p>Orminex West is owned:</p> <ul style="list-style-type: none"> <li>• 50% by Rolen Pty Ltd (ACN 009 286 088) (which is controlled by Mr Ross Graham, a controlling shareholder of GBF) (<b>Rolen</b>);</li> <li>• 50% by Merrysoul Pty Ltd (ACN 127 768 978) as trustee for the Foulds Family Trust (an associate of Mr Michael Foulds, a controlling shareholder of GBF) (<b>FFT</b>) (<b>Rolen</b> and <b>FFT</b> together the <b>Orminex West Vendors</b>).</li> </ul> <p>Orminex West's only asset is the Option JVA which, on exercise and completion, will result in Orminex West holding a 51% unincorporated joint venture interest in the Comet Vale Project, with Sand Queen as the other 49% joint venturer.</p> <p>Orminex West has entered into an arms' length, unsecured \$2.5m working capital loan facility with GBF to partially fund initial mining costs at Comet Vale (<b>Working Capital Facility</b>). GBF will fund the balance of the start-up mining costs itself. The loan is to be repaid from gold sales.</p> <p>The Working Capital Facility is subject to a number of conditions precedent and ongoing conditions, including that the Company acquires Orminex West and is relisted on the ASX. The Company intends, on acquisition of Orminex West, to use funds raised from the Offer to lend to GBF under the Working Capital Facility.</p> <p>Orminex West was a dormant shell until the Option JVA was novated to it by GBF, and it entered into the Working Capital Facility, on 23 January 2018.</p> <p><b>Golden Lode</b></p> <p>Golden Lode is an Australian proprietary limited company incorporated on 11 July 2016.</p> <p>Golden Lode is owned 2/3<sup>rd</sup>s by Carlowen Pty Ltd (ACN 009 309 415) as trustee for the Carlowen Unit Trust (<b>Carlowen</b>) (which is jointly controlled by Ross Graham and Michael Foulds, who control GBF) and 1/3<sup>rd</sup> by Lantech Developments Pty Ltd as trustee for the DAC Family Trust (controlled by director Daryl Henthorn) (<b>Lantech</b>) (who is currently associated with Ross Graham and Michael Foulds (<b>Carlowen</b> and <b>Lantech</b> together the <b>Golden Lode Vendors</b>)).</p> <p>Golden Lode owns 100% of the Golden Lode Project. It does not have any other assets and has not undertaken any business activities.</p> <p>Refer to Sections 7, 8 and 1 of this Prospectus for further details in relation to the Comet Vale Project, GBF's proposed mining operation at Comet Vale,</p>	
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	and the Golden Lode Project.	
<b>What is the Transaction?</b>	<p>The Acquisitions involve a substantial change in scale of the Company and, as such, the Company must re-comply with Chapters 1 and 2 of the ASX Listing Rules.</p> <p>In order to complete the Acquisitions, re-comply with Chapters 1 and 2 and be re-admitted to the Official List of the ASX, the Company intends to undertake the following (the <b>Transaction</b>):</p> <ul style="list-style-type: none"> <li>• raising approximately \$7 million before costs under the Offer;</li> <li>• the Acquisitions of Orminex West and Golden Lode and exercise and completion of the JV Option;</li> <li>• the election of Mr Emmanuel Correia and Mr John Correia (who are cousins) to the Board and the resignation of existing Directors Mr Steven Formica and Mr Stephen Brockhurst;</li> <li>• changing its name to “Orminex Limited” on completion of the Acquisitions, which in the Board’s opinion will be better suited to the Company’s new strategic direction; and</li> <li>• the issue of securities as part of separate capital raisings by the Company and in satisfaction of corporate advisory and facilitation services provided in relation to the Transaction.</li> </ul>	Section 5.6
<b>How will the Transaction be implemented?</b>	<p>At the Company’s upcoming General Meeting, scheduled to be held on 16 March 2018, the Company will seek Shareholder approval for the Transaction Resolutions, including a change in the nature and scale of its activities as a result of the Transaction.</p> <p>Following the Acquisitions, the Company will have two wholly owned subsidiaries, being Orminex West and Golden Lode, and will procure Orminex West to exercise the JV Option in order to acquire 51% of the Comet Vale Project.</p>	Section 5.7
<b>How are the Acquisitions valued?</b>	<p>The valuation, the number of the Company’s Shares to be issued and the final purchase price for Orminex West and Golden Lode was determined through arms’ length negotiations that took place over a number of months between the Company and Messrs Ross Graham and Michael Foulds. These negotiations took into account, amongst other qualitative factors, the following considerations:</p>	Section 5.8

	<ul style="list-style-type: none"> <li>the Comet Vale resource and the potential for mining operations to commence at Comet Vale in 2018; and</li> <li>the price at which Messrs Ross Graham and Michael Foulds would be prepared to enter into the Strategic Alliance Agreement and sell Orminex West and Golden Lode.</li> </ul> <p>The Company has conditionally agreed to issue:</p> <ul style="list-style-type: none"> <li>the Orminex West Vendors with 200,000,000 Shares with a deemed issue price of \$0.03 each, for a total value of \$6 million, to acquire Orminex West;</li> <li>the Golden Lode Vendors with 20,000,000 Shares with a deemed issue price of \$0.03 each, for a total value of \$600,000, to acquire Golden Lode.</li> </ul> <p>The Company commissioned Moore Stephens Perth Corporate Services Pty Ltd, an independent expert (<b>Expert</b>), to opine on the fairness and reasonableness of the Acquisitions (and related matters) to the non-associated Shareholders of the Company as part of the approval process for the Transaction Resolutions at the General Meeting. The Expert concluded that the Transaction was <b>fair and reasonable</b> to the non-associated Shareholders of the Company.</p> <p>A copy of the report prepared by the Expert was announced by the Company on 15 February 2018 and is available from the Company's website.</p>	
<b>B. Business Model</b>		
<b>What are the key business strategies of MLI?</b>	<p>Upon completion of the Transaction and the JV Option, and re-admission of the Company to the Official List, the Company will become an Australian gold exploration and development company, with a focus on sourcing, developing and mining stranded, high grade gold assets in Australia and New Zealand in a strategic alliance with GBF as its preferred contract miner.</p> <p>The Company will also evaluate exploration opportunities within any Mineral Ventures projects, where it considers that there may be the potential to feasibly extend mine life. At relisting, the Company will hold the Golden Lode Project, which has been historically mined and drilled by previous owners and subject to approvals, intends to conduct its own exploration program, which may include drilling, during 2018.</p>	Sections 7.6

	<p>A key element of the Mineral Ventures strategy is that GBF and the Company are prepared to evaluate and, subject to entering into the relevant mine management agreement, agree to mine projects that may not have bankable feasibility studies in place or are unable to be developed due to a number of reasons which may include some or all of the following:</p> <ul style="list-style-type: none"> <li>• the project owner, whether public or private, is unable to fund development from their own resources or has limited access to capital;</li> <li>• the project being of a size or stage of development where it is unable to attract traditional forms of project finance;</li> <li>• the project being unable to carry the capital and/or operating costs where it has to build its own processing plant and use contract mining;</li> <li>• the owners do not have the expertise to develop the mine and/or are unwilling to build its own management and development team internally to do so; or</li> <li>• the owners consider that the time and cost to reach a bankable feasibility level is not in the best interests of shareholders, if the project may be able to be developed more rapidly under a Mineral Ventures model.</li> </ul> <p>GBF and the Company have therefore agreed that they will evaluate those projects that demonstrate or have the potential to meet certain key criteria, in particular:</p> <ul style="list-style-type: none"> <li>• the ability to achieve a minimum level of gold production of 25,000 ounces per annum;</li> <li>• an all in sustaining cost of approximately \$1,000 per ounce;</li> <li>• the existence of meaningful historical production or the ability to obtain a high degree of confidence in the mineral resource; and</li> <li>• where the projected working capital requirement to reach gold production is no more than \$10 million.</li> </ul>	
<b>How will MLI generate income?</b>	Following completion of the Transaction and the JV Option, and re-admission of the Company to the Official List, the Company's objective is to generate	Section 7.6



	income from mining at the Comet Vale Project, the Golden Lode Project and any other stranded gold projects that the Company acquires an interest in through the successful application of the Mineral Ventures model.	
<b>What are the key dependencies of the Company's business model?</b>	<p>The key factors for the Company to meet its objectives are:</p> <ul style="list-style-type: none"> <li>• the ability of GBF, or any other mining contractor, to mine any current or future gold projects in which the Company has an interest at a cost which is profitable for the Company;</li> <li>• GBF complying with its obligations under its Strategic Alliance Agreement and any mine management agreement, with the Company;</li> <li>• the price of gold not materially falling;</li> <li>• where toll treatment is required for a project, the ability of the Company or GBF to enter into toll milling agreements with third parties for the processing of mined ore on terms acceptable to it, and the ore mined is able to be treated by the toll plant as intended; and</li> <li>• the ability of the Company to identify and acquire future stranded gold projects that can be mined profitably using mining contractors.</li> </ul>	Section 7.7
<b>C. Key Investment Highlights</b>		
<b>What are the key investment highlights?</b>	<p>The Directors are of the view that an investment in the Company provides the following non-exhaustive list of key highlights:</p> <ul style="list-style-type: none"> <li>• Shareholders will benefit from the opportunity to participate in the Mineral Ventures alliance with GBF, with the potential for the Company to earn income from stranded, high grade gold projects it acquires an interest in as a result of the alliance with GBF;</li> <li>• the Mineral Ventures model and the Strategic Alliance Agreement, with an experienced and well-resourced contract miner, provide a key link in the Company's objective of expediting the path to becoming a gold producer;</li> <li>• the Company may be able to raise further funds at higher prices by way of share equity, obtain debt and enter into other financial instruments to assist with expansion of the Mineral Ventures model;</li> </ul>	Section 5.5

	<ul style="list-style-type: none"> <li>the Acquisitions and completion of the JV Option will result in the Company holding (via Orminex West) a 51% unincorporated joint venture interest in the Comet Vale Project for consideration of \$1.00;</li> <li>the Company's objective is for GBF to commence mining at Comet Vale during 2018, subject to receipt of necessary regulatory approvals and finalising a toll treatment contract;</li> <li>the alignment of GBF, the Company and their respective shareholders, due to the structure of the interests held by the Company in Comet Vale and in turn, the major shareholding positions to be held by Messrs Graham and Foulds in the Company;</li> <li>it is anticipated that new projects will be presented to both GBF and the Company for future evaluation, together with exposure to exploration potential at the Golden Lode project;</li> <li>leverage off the industry networks of both GBF and the Company's directors, for the purposes of identifying future projects and mineral opportunities;</li> <li>exposure to positive movements in the gold price; and</li> <li>a larger market capitalisation and enhanced Shareholder base resulting from the Transaction should provide a more liquid market for the Company's Shares.</li> </ul>	
<b>D. Key Risks</b>		
<b>What are the key risks of an investment in MLI?</b>	<p>The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.</p> <p>The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which it can effectively manage them is limited.</p> <p>Based on the information available, a non-exhaustive list of the key risk factors affecting the Company are as follows:</p>	Section 1

**Delisting from ASX**

At present, the Company will be automatically delisted by the ASX if it is not readmitted to the Official List, and its Shares readmitted to Official Quotation, by 17 March 2018 (due to the Company Shares being suspended from trading on the ASX for 3 years on that date). If the Company does not obtain an extension from the ASX to allow the Transaction to be completed, and the Company to be re-admitted to the Official List, after 17 March 2018, or the Company is not re-admitted to the Official List by any extension date granted by the ASX, the Company will be delisted from the ASX, in which case any issue of Shares under the Offers will be void and the Company will return application monies (without interest) as soon as practicable. The Company has applied to the ASX for an extension.

**Re-Quotation of Shares on ASX**

As part of the Company's change in nature and scale of activities, ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company's securities are currently suspended and will remain suspended until completion of the Transaction and re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its Shares will consequently remain suspended from quotation.

In the event that the Company does not receive conditional approval for re-quotation on ASX (or the conditions in that approval are not satisfied) or the Conditions are not satisfied, the Company will not proceed with the Offers and will repay all application monies received.

In the event that the Company's Shares are not re-quoted on the ASX within 3 months of the date of this Prospectus (or such longer period as varied by ASIC, provided not later than 22 July 2018 – see below), any issue of Shares under the Offers will be void and the Company will return application monies (without interest) as soon as practicable.

The ASX will not readmit the Company to the Official List until the JV Option has completed. Completion of the Option is conditional on receipt of regulatory and third-party consents within 3 months of the Option being exercised. While the Company considers the conditions can be satisfied within this timeframe, there is a risk that the Option

	<p>is not able to be completed in time and lapses, in which case the Company will not be re-admitted to the Official List, any issue of Shares under the Offers will be void and the Company will return application monies (without interest) as soon as practicable.</p> <p>The ASX may not readmit the Company to the Official List unless the Mine Management Agreement is unconditional or the parties to it have agreed to extend the end date for the agreement to be unconditional beyond 20 April 2018.</p> <p>If the Company completes the Transaction, but is not re-admitted to the Official List by 22 July 2018, it has agreed with the Orminex West Vendors that the acquisition of Orminex West will be unwound. In this scenario, any issue of Shares under the Offers will be void and the Company will return application monies (without interest) as soon as practicable.</p> <p><b>Joint Venture Risks</b></p> <p>Orminex West will own a 51% unincorporated joint venture interest in the Comet Vale Project on exercise and completion of the JV Option. The remaining 49% will be held by Sand Queen. The joint venture will be governed by the Option JVA which contains joint venture provisions that come into effect on completion of the JV Option. If Sand Queen were to breach this agreement, this may adversely impact the Company's business and financial performance.</p> <p><b>Strategic Alliance Agreement</b></p> <p>If the Strategic Alliance Agreement is terminated or expires, the Company will need to evaluate if it can continue with its business model of acquiring stranded gold projects and developing them using a mining contractor similar to GBF. If not, then the Company may need to revert to a traditional exploration and development company that is not focussed on mining stranded gold projects which may adversely affect the Company's financial performance.</p> <p>The Mineral Ventures alliance is underpinned by the fact the controllers of GBF (Mr Ross Graham and Mr Michael Foulds), are to become major shareholders of the Company and are willing to enter into mining contracts for Mineral Venture projects (as is the case with Comet Vale). If Mr Ross Graham and Mr Michael Foulds were to cease to control GBF, or cease to be major shareholders of the Company (noting their Shares are to be subject to 2 years escrow from re-listing on the ASX), there is a risk that the Company will not be able to secure additional Mineral Venture</p>	
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	<p>projects with GBF, or that the financial return from such projects is reduced or eliminated due to GBF no longer being prepared to enter into mining contracts with the Company, which could adversely affect the Company's financial performance.</p> <p>The Mineral Ventures business model is reliant on GBF having the financial resources to self-fund all or a proportion of start up mining costs for new projects, and additional capacity in its business, such as human resources, operational management and fully paid for equipment such as excavators, loaders, boggers, jumbos and general mining equipment, that can be used for the Mineral Ventures model at a lower cost than through a standard industry contract. If GBF ceases to have sufficient financial capacity or spare operational capacity, this may adversely affect the Company's ability to carry out the Mineral Ventures business plan which may adversely affect the Company's financial performance.</p> <p><b>Mine Management Agreements</b></p> <p>The Mine Management Agreement for the Comet Vale Project is conditional on GBF obtaining all necessary regulatory approvals for underground mining. If these approvals cannot be obtained on terms reasonably acceptable to GBF, or at all, by 20 April 2018, the Mine Management Agreement can be terminated by either party.</p> <p>The Company will be reliant on GBF complying with its obligations under the Mine Management Agreement in respect of the Comet Vale Project and any future mine management agreements for other projects. If GBF were to default under or breach this agreement, or any future mine management agreements in respect of projects in which the Company has an equity or profit share interest, this may adversely affect the Company's operations and any cash flows that were being derived from the projects, if the Company cannot obtain similar services from another mining contractor at similar rates.</p> <p>GBF can terminate the Mine Management Agreement for Comet Vale without cause with 60 days written notice. Termination may adversely affect the financial performance and position of the Company. GBF remains liable for the mine closure plan and transition to another contract miner if required by the Company.</p> <p><b>Toll Treatment and Metallurgy Risk</b></p> <p>GBF is seeking to execute a toll treatment agreement with a third party mill to process ore that it proposes to mine from the Comet Vale Project. If</p>	
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	<p>a toll treatment agreement is unable to be negotiated, or has restrictive terms as to pricing and availability, or ore mined is unable to be treated by the plant as anticipated, this may prevent or delay mining operations and adversely affect the Company's prospects and financial position. This risk will also apply to any future Mineral Venture projects that involve toll treatment of ore proposed to be mined.</p> <p><b>Contract Mining Risks</b></p> <p>The Mineral Ventures alliance is based on GBF contract mining Mineral Venture gold projects, with GBF sourcing funding for mining costs and recovering those costs from gold sales. There can be no guarantee that, if mining occurs at the Comet Vale Project, GBF will be able to mine Comet Vale, or any other Mineral Ventures projects, at a cost that will result in there being net gold sales able to be distributed to the Company, or that the net gold sales distributed will be sufficient for the Company to be profitable.</p> <p><b>Mining Operation Risks</b></p> <p>In the event mining commences at Comet Vale, or any future Mineral Ventures projects in which the Company has an interest, mining can be adversely affected by operational issues, including events of force majeure, that could adversely affect the Company's prospects and financial position.</p> <p><b>Exploration and Development Risk</b></p> <p>There can be no assurance that Comet Vale, Golden Lode, or any other Mineral Venture projects the Company acquires an interest in, will hold an economic mineral resource or, even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.</p> <p><b>Future funding needs</b></p> <p>Further funding may be required by the Company to support its ongoing activities and operations, including the assessment and acquisition of interests in new Mineral Venture projects. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain additional funding will adversely affect the business and financial condition of the Company and consequently its performance</p> <p>Please refer to Section 11 for a non-exhaustive list of risk factors that apply to the Company.</p>	
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<b>E. Directors, Key Management Personnel, Substantial Holders and Related Parties</b>		
<b>Who are the Directors and Proposed Directors?</b>	<p>The Company's Board currently comprises Non-Executive Directors Daryl Henthorn, Steven Allen Formica and Stephen Michael Brockhurst.</p> <p>On completion of the Transaction, Mr Emmanuel Correia and Mr John Correia will join the MLI Board as Non-Executive Directors, Mr Steven Formica and Mr Stephen Brockhurst are intending to step down as Directors and Daryl Henthorn will be appointed Executive Chairman. Details on Mr Daryl Henthorn, Mr Emmanuel Correia and Mr John Correia are provided in Section 12.</p> <p>From Completion of the Transaction, Carlowen, one of the Golden Lode Vendors, will have the right to appoint a director to the Board subject to Carlowen continuing to have Voting Power in the Company of at least 20%. As at the date of this Prospectus, the Company understands that Carlowen has not identified a potential director but intends to do so following the Company's Shares being reinstated to trading on the ASX.</p>	Section 12
<b>Who are the Key Management Personnel?</b>	Apart from the Directors and proposed Directors noted above, there are no other key management personnel on successful completion of the Transaction.	
<b>Substantial Holders</b>	Shareholders who currently hold, and are expected to hold, 5% or more of the total number of Shares on issue on completion of the Transaction and Offers are detailed in Section 6.8.	Section 6.8
<b>Related Party Transactions</b>	<p>The Orminex West Vendors and Golden Lode Vendors are being treated by the Company as related parties prior to re-admission to the Official List, due to acting in concert with Director Daryl Henthorn and proposed Directors Emmanuel Correia and John Correia under corporate advisory mandates. The Company expects that Rolan, FFT and Carlowen will cease to be related parties of the Company after re-admission to the Official List due to ceasing to act in concert with those related parties.</p> <p>The following aspects of the Transaction are related party transactions for which the Company is seeking Shareholder approval at the General Meeting:</p> <ul style="list-style-type: none"> <li>• the Acquisitions;</li> <li>• participation in the Offer by the Vendors and their Associates, and Director Stephen Brockhurst, for up to a maximum of 42,666,665 Shares in total;</li> </ul>	Section 5.15

	<ul style="list-style-type: none"> <li>• the issue of shares on conversion of Convertible Notes and accrued interest to certain Vendors and their Associates;</li> <li>• the issue of Shares and Interim Placement Options to certain Vendors and their Associates as part of the Interim Placement;</li> <li>• the issue of a total of 10,445,333 Shares to the Related Party Advisors for corporate advisory services provided to the Company;</li> <li>• the issue of 13,333,333 Shares to the Related Party Facilitators for facilitation services provide in respect of the Transaction.</li> </ul> <p>The Company has, or proposes to, enter into the following related party transactions on arms' length terms and has not obtained, and does not propose to obtain, Shareholder approval for the benefits to be provided to the relevant related parties under them:</p> <ul style="list-style-type: none"> <li>• letters of appointment with each of its Directors on standard terms;</li> <li>• deeds of indemnity, insurance and access with each of its Directors on standard terms;</li> <li>• unsecured, interest free loan agreements from entities controlled by Directors Daryl Henthorn and Steven Formica;</li> <li>• convertible note terms sheets with certain Vendors and their Associates who are related parties for the issue of Convertible Notes;</li> <li>• Interim Placement loan subscription agreements with certain Vendors and their Associates who are related parties;</li> <li>• the Strategic Alliance Agreement;</li> <li>• the assumption by the Company of 51% of Sand Queen's obligations under the Mine Management Agreement;</li> <li>• the Company assuming (by virtue of acquiring Orminex West), Orminex West's loan obligations to GBF under the Working Capital Facility.</li> </ul> <p>The Company has also appointed Viridian as Lead Manager for the Offer on arms' length terms (refer Section 14.11 for details).</p> <p>Details of the remuneration and interests in the Company's securities of each of the current and proposed Directors are set out in Sections 12.4.</p>	
<b>Vendors and Associates Voting Power</b>	The Vendors and their Associates currently have Voting Power in the Company of 17.7%.	Sections 5.13 and 5.16 and Annexure A



	<p>On completion of the Transaction, the Vendors and their Associates will have voting power of up to approximately 59% in the Company on a fully diluted basis. This is on the basis that Ross Graham and Michael Foulds and their related entities are currently associated with Director Daryl Henthorn and proposed Directors Emmanuel Correia and John Correia and their related entities, due to acting in concert in relation to the Company's affairs with respect to the Transaction.</p> <p>Immediately after the Company is re-admitted to the Official List, the Company expects that association to cease, resulting in the maximum Voting Power of Ross Graham and Michael Foulds and their Associates (the controlling shareholders of GBF Mining, Orminex West and Golden Lode) being up to a maximum of approximately 44%, (on a fully diluted basis).</p>	
<b>F. Financial Information</b>		
<b>What is the key financial information?</b>	<p>The reviewed statement of financial position of MLI as at 31 December 2017 is set out in the Investigating Accountant's Report (<b>IAR</b>) in Section 1. The IAR includes:</p> <ul style="list-style-type: none"> <li>• historical reviewed statement of financial position of MLI as at 31 December 2017;</li> <li>• historical reviewed statement of profit or loss and other comprehensive income of MLI for the six months ended 31 December 2017; and</li> <li>• historical reviewed statement of cash flows of MLI for the six months ended 31 December 2017</li> </ul>	Section 1
<b>What is the financial outlook for MLI?</b>	<p>The reviewed pro-forma statement of financial position for MLI as at 31 December 2017 (which assumes that the Transaction has been completed) is set out in the IAR.</p> <p>Post Transaction, the Company's financial performance is largely dependent on receiving earnings from its interests in Mineral Ventures projects, which are inherently uncertain. Any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection. The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe they do not have a reasonable basis to forecast future earnings.</p> <p>In particular, the Company does not consider it has a reasonable basis at this time for providing any production targets, or financial forecasts based on production targets, in respect of the Comet Vale</p>	Section 1

	<p>Project, as current mining studies are not at a level that would comply with the requirements of a feasibility study as defined by JORC 2012.</p> <p>The Company has, as part of its due diligence, reviewed key elements of the work that GBF has undertaken to support execution of the Mine Management Agreement for Comet Vale and has satisfied itself that the approach adopted by GBF has been rigorous and based upon 'first principles' mine development and costings. This has included presentations to the Company by independent consultants used by GBF for resource validation and mining engineering for the purposes of developing the mine plan for Comet Vale.</p>	
<b>What is the Company's dividend policy?</b>	<p>Post completion of the Transaction, the Company currently does not expect to pay a dividend and funds raised will be allocated to the growth and development of the Company's business. The Board will review the dividend policy on a regular basis.</p>	Section 7.11
<b>G. Offers</b>		
<b>What is the purpose of the Offers?</b>	<p><b>Offer</b></p> <p>The purpose of the Offer is to meet the requirements of the ASX and satisfy Chapters 1 and 2 of the ASX Listing Rules and to position the Company to seek to achieve the objectives set out in Section 6.5.</p> <p>The satisfaction of Chapters 1 and 2 of the ASX Listing Rules is sought for the purpose of seeking ASX's approval for reinstatement of the Company's Securities to quotation.</p> <p><b>Option Offer</b></p> <p>The purpose of the Option Offer is to allow Options to be issued to subscribers to the Initial Placement. You should not complete an acceptance form in relation to the Option Offer unless specifically directed to do so by the Company or Viridian.</p>	Sections 6.5
<b>What are the conditions of the Offer?</b>	<p>Completion of the Offer is conditional on the Orminex West Agreement and Golden Lode Agreement (together, the <b>Share Purchase Agreements</b>) becoming unconditional by 30 April 2018 or such later date as agreed by the parties. The contract conditions (<b>Conditions</b>) include:</p> <ul style="list-style-type: none"> <li>• Shareholders approve the Transaction Resolutions at the General Meeting of the Company to be held on 16 March 2018; and</li> <li>• the Company receives conditional approval for re-instatement of the Company's Shares to trading on ASX on conditions reasonably satisfactory to the Company.</li> </ul>	Section 5.4

	Refer to Section 5.4 for full details of the Conditions. If the Conditions are not satisfied or waived, the Offer will not proceed.	
<b>Is the Offer underwritten?</b>	The Offer is not underwritten.	Section 6.1(b)
<b>What is being offered and who is entitled to participate in the Offer?</b>	<p>The Company will be offering 233,333,333 Shares at an issue price of \$0.03 per Share to raise approximately \$7,000,000 before costs under the Offer.</p> <p>Only residents of Australia and New Zealand may participate in the Offer.</p>	Sections 6.1 and 6.16
<b>Will there be a lead manager to the Offer?</b>	Viridian Equity Group Pty Ltd (ACN 113 381 623) will be the Lead Manager to the Offer. Refer to Section 14.9(e) for details of the fees payable to the Lead Manager for its services.	Section 14.11
<b>What will MLI's capital structure look like after completion of the Transaction?</b>	Refer to Section 6.7 for a pro forma capital structure following the Completion Date.	Section 6.7
<b>Will I be guaranteed a minimum allocation under the Offer?</b>	No, the Company is not in a position to guarantee a minimum allocation of Shares under the Offer.	Section 6.1
<b>What are the terms of the Securities offered under the Offers?</b>	<p>A summary of the material rights and liabilities attaching to the Shares offered under the Offer is set out in Section 15.2.</p> <p>A summary of the material rights and liabilities attaching to the Interim Placement Options offered under the Option Offer is set out in Section 15.3.</p>	Sections 15.2 and 15.3
<b>Will any Shares be subject to escrow?</b>	<p>Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, certain Shares on issue may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.</p> <p>During the period in which these Shares are prohibited from being transferred, trading in Shares may be less liquid which may impact on the ability of a Shareholder to dispose of their Shares in a timely manner.</p> <p>All the Consideration Shares will be restricted from trading for a period of up to 24 months after the date of re-admission of the Company to the Official List.</p>	Sections 6.1 and 6.13

	Subscribers for Interim Placement Options may be required by the ASX to enter into restriction agreements and Interim Placement Options, and Shares issued on exercise of those Options, may be subject to escrow	
<b>Will the Securities offered be quoted?</b>	Application for quotation of all Shares to be issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus.  The Company will not apply for quotation of Interim Placement Options.	Section 6.12
<b>What are the key dates of the Offer?</b>	The key dates of the Offer are set out in the indicative timetable in Section 3.1.	Section 3.1
<b>What is the minimum investment size under the Offer?</b>	Applications under the Offer must be for a minimum of \$2,000 worth of Shares and thereafter, in multiples of \$500 worth of Shares.	Section 6.1
<b>H. Use of proceeds</b>		
<b>How will the proceeds of the Offer be used?</b>	The Company intends to apply funds raised from the Offer over the first two years following reinstatement of the Company to quotation on the Official List of ASX in the manner set out in Section 6.6.  As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.	Section 6.6
<b>I. Additional information</b>		
<b>Is there any brokerage, commission or duty payable by Applicants to the Offer?</b>	No brokerage, commission or duty is payable by Applicants on issue of Shares under the Offer.	
<b>What are the tax implications of investing in Shares?</b>	Holders of Shares may be subject to Australian tax on dividends and possibly capital gains tax on a future disposal of Shares subscribed for under this Prospectus.  The tax consequences of any investment in Shares depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to subscribe for Shares or Interim Placement Options offered under this Prospectus.	
<b>Where can I find more information?</b>	<ul style="list-style-type: none"> <li>By speaking to your sharebroker, solicitor, accountant or other independent professional adviser.</li> </ul>	

	<ul style="list-style-type: none"> <li>• By reviewing MLI's public announcements, which are accessible from ASX's website at <a href="http://www.asx.com.au">www.asx.com.au</a> under the ASX code "MLI".</li> <li>• By visiting MLI's website at <a href="http://www.mintails.com.au">www.mintails.com.au</a></li> <li>• By contacting MLI's Company Secretary on +61 6558 1859.</li> <li>• By contacting the Share Registry on +61 9315 2333.</li> </ul>	
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## **5. TRANSACTION OVERVIEW**

### **5.1 The Company**

The Company was registered on 25 September 1970 and listed on the ASX on 28 July 1971. Since its incorporation, the Company has operated in a number of industries, most recently the operation of gold mines in South Africa.

The Company's Shares were suspended from trading on ASX on 17 March 2015 and, on 7 January 2016, the Company was put into voluntary administration. Following completion of a Deed of Company Arrangement (**DOCA**) on 2 June 2017, the Company came out of administration and has been actively seeking to identify and evaluate new opportunities in related and non-related industries that may increase shareholder value.

### **5.2 The Transaction**

On 25 January 2018, the Company announced it had entered into:

- (a) a Strategic Alliance Agreement with GBF under which the Company and GBF will jointly seek to identify Mineral Venture projects, being stranded, high grade gold projects in Australia and New Zealand that are suitable for GBF to be appointed as contract miner (with GBF sourcing funds for mining costs, recoverable from gold sales) and for the Company to acquire an equity or profit share interest in the project and assist GBF source funding for mining costs;
- (b) the Orminex West Agreement to acquire 100% of Orminex West from entities associated with GBF, in return for the issue of 200,000,000 Shares at a deemed issue price of \$0.03 each. Orminex West is a party to the Option JVA with Sand Queen that grants Orminex West the JV Option. The Company intends to exercise and complete the JV Option, and acquire a 51% joint venture interest in the Comet Vale Project, before it is readmitted to the Official List; and
- (c) the Golden Lode Agreement to acquire 100% of Golden Lode from entities associated with GBF and Director Mr Daryl Henthorn in return for the issue of 20,000,000 Shares at a deemed issue price of \$0.03 each. Golden Lode owns 100% of the Golden Lode Project.

Summaries of the above agreements are set out in Sections 14.1, 14.2, 14.3, 14.4 and 14.5 of this Prospectus.

GBF has executed the Mine Management Agreement for underground mining at the Comet Vale Project under which GBF has agreed to fund mining costs, to be recovered from gold sales. Section 14.6 of this Prospectus summarises the material terms of the Mine Management Agreement.

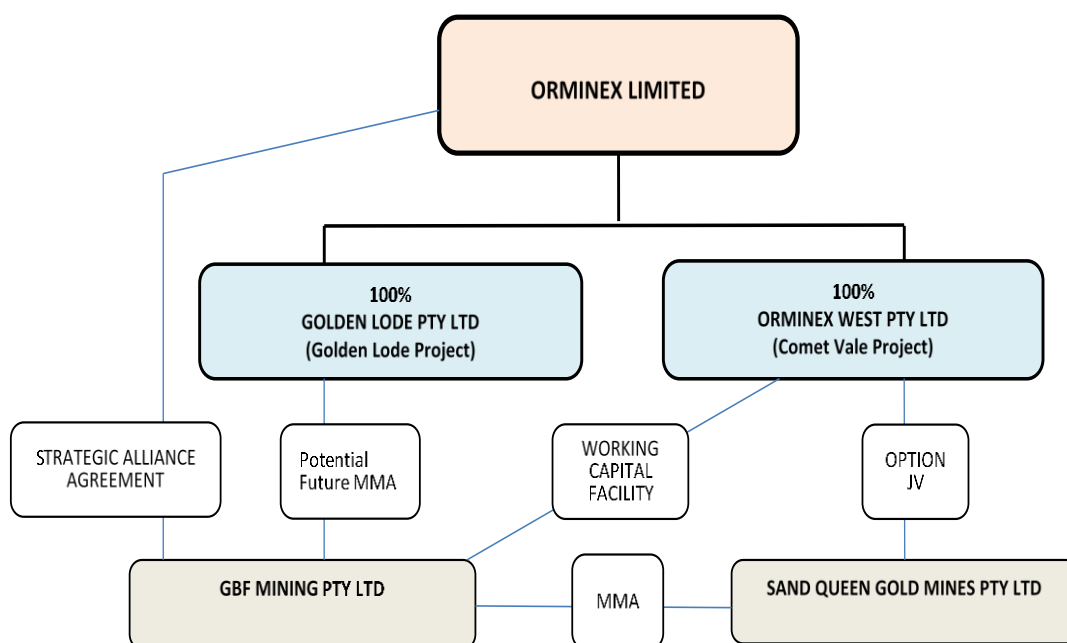
Under the Strategic Alliance Agreement, GBF has agreed to evaluate the potential for underground mining at the Golden Lode Project.

Refer to Section 7 of this Prospectus for further details in relation to the Comet Vale Project, GBF's proposed mining operation at Comet Vale, and the Golden Lode Project.



As a result of the proposed acquisitions, the Company will become an Australian gold exploration and development company, with a focus on sourcing, developing and mining stranded, high grade gold assets in Australia and New Zealand in alliance with GBF as its preferred mining contractor.

The diagram below summarises the above arrangements between the Company as at completion of the Transaction but before the JV Option is completed. On completion of the JV Option, Orminex West will assume 51% of the Mine Management Agreement from Sand Queen.



A more detailed summary of the proposed business of the Company following the completion of the Acquisitions is set out in Section 7 of this Prospectus.

### 5.3 Who are GBF, Orminex West and Golden Lode?

#### GBF

GBF is an Australian proprietary limited company, established in 1995 and with over 350 staff, that has undertaken mining contracts for, amongst others, Gold Fields Limited, WMC Resources Limited, Newcrest Mining Limited, BHP Billiton Limited, and Silver Lake Resources Limited.

GBF is controlled by its principals Mr Ross Graham and Mr Michael Foulds. Both Mr Graham and Mr Foulds have over 30 years respectively of experience in underground mining and have developed GBF into one of Western Australia's leading underground mining contractors.

As a result of the Transaction, Mr Ross Graham and Mr Michael Foulds and their Associates will acquire Voting Power in the Company of up to approximately 59% as at readmission to the Official List on a fully diluted basis, although this is anticipated to immediately reduce to a maximum of up to approximately 44% due to certain associations ceasing at readmission. A breakdown of the maximum proposed Shareholdings of the GBF Entities, Directors Daryl Henthorn and Steven Formica and the Proposed Directors and their related entities in the Company as a result of the Proposed Transactions is provided in Annexure A of this Prospectus.

#### Orminex West

Orminex West is an Australian proprietary limited company incorporated on 29 September 2016. It does not have any subsidiaries.

Orminex West is owned 50% by Rolen (controlled by Mr Ross Graham, a controlling shareholder of GBF) and 50% by FFT (an associate of Mr Michael Foulds, a



controlling shareholder of GBF) (FFT) (**Rolen** and **FFT** together the **Orminex West Vendors**).

Orminex West's only asset is the Option JVA. Section 14.4 of this Prospectus summarises the material terms of the Option JVA.

In addition to granting the JV Option, the Option JVA sets out the terms that will govern the Comet Vale joint venture on completion of the JV Option. These are on standard commercial terms for an agreement of this nature, including provision for certain decisions (including programs and budgets) to be unanimous. Orminex West will be the first manager of the joint venture.

Under a side deed to the Orminex West Agreement, the Company has agreed that, if the Company is not admitted to the Official List on the ASX by 22 July 2018, and the Company has at that time acquired Orminex West, the Company must transfer Orminex West back to the Orminex West Vendors for no consideration.

Orminex West has conditionally agreed to loan up to \$2.5 million to GBF under the Working Capital Facility to partially fund initial mining costs at the Comet Vale Project. GBF will fund the balance of the start-up mining costs itself. The loan is to be repaid from gold sales. The parties may agree to increase the loan facility by an additional \$1 million, subject to the parties agreeing the terms that will apply to this additional loan amount and including GBF's ongoing compliance with other conditions incorporated within the Facility. Section 14.7 of this Prospectus summarises the material terms of the Working Capital Facility.

### **Golden Lode**

Golden Lode is an Australian proprietary limited company incorporated on 11 July 2016. It does not have any subsidiaries.

Golden Lode is owned 2/3<sup>rd</sup>s by Carlowen (which is jointly controlled by Ross Graham and Michael Foulds, who control GBF) and 1/3<sup>rd</sup> by Lantech (controlled by director Daryl Henthorn) (who is currently associated with Ross Graham and Michael Foulds (**Carlowen** and **Lantech** together the **Golden Lode Vendors**)).

Golden Lode owns 100% of the Golden Lode Project.

## **5.4 Conditions to Offer and Transaction**

The Offer is conditional on the Orminex West Agreement and Golden Lode Agreements (the **Share Purchase Agreements**) becoming unconditional.

The Share Purchase Agreements are subject to the following outstanding conditions precedent (**Conditions**), which must be satisfied or waived by 30 April 2018 or such later date as agreed by the parties:

- (a) the Company receiving conditional approval for re-instatement of the Company's Shares to trading on ASX and such conditions being reasonably satisfactory to the Company;
- (b) the Company obtaining all necessary regulatory and Shareholder approvals required to complete the Transaction, including:
  - (i) to change the nature and scale of its activities in accordance with ASX Listing Rule 11.1.2;

- (ii) to issue 200 million Shares to the Orminex West Vendors and 20 million Shares to the Golden Lode Vendors;
- (iii) to issue 233,333,333 Shares under the Offer;
- (iv) to convert the Convertible Notes and accrued interest into Shares;
- (v) to change the name of the Company;
- (c) the Company raising \$7 million under the Offer;
- (d) there being no material breach of any warranties given to the Company by the Golden Lode Vendors or the Orminex West Vendors or given by Sand Queen to Orminex West under the Option JVA;
- (e) the Option JVA remains in force and the Company determines, acting reasonably, that the conditions to settlement of the JV Option are capable of being satisfied within three (3) weeks of the JV Option being exercised;
- (f) the Mine Management Agreement remains in force and the Company determines, acting reasonably, that the condition precedent to it is capable of being satisfied (being the receipt of all statutory approvals required to commence a mining operation at Comet Vale);
- (g) the Company obtaining an extension of the deadline for the Company's Shares to be re-admitted to trading on the ASX (to avoid the Company being de-listed) to 17 May 2018; and
- (h) the Company receiving duly completed restriction agreements in respect of securities issued as part, or related to, the Transaction to the extent required by the ASX.

The Conditions are set out in an umbrella agreement executed by the Vendors at the same time as the Share Purchase Agreements (**Umbrella Agreement**).

## 5.5 Key Investment Highlights

The Directors are of the view that an investment in the Company provides the following non-exhaustive list of key highlights:

- (a) Shareholders will benefit from the opportunity to participate in the Mineral Ventures alliance with GBF, with the potential for the Company to earn income from stranded, high grade gold projects it acquires an interest in as a result of the alliance with GBF;
- (b) the Mineral Ventures model and the Strategic Alliance Agreement, with an experienced and well-resourced contract miner, provide a key link in the Company's objective of expediting the path to becoming a gold producer;
- (c) the Company may be able to raise further funds at higher prices by way of share equity, obtain debt and enter into other financial instruments to assist with expansion of the Mineral Ventures model;
- (d) the Acquisitions and completion of the JV Option will result in the Company holding (via Orminex West) a 51% unincorporated joint venture interest in the Comet Vale Project for consideration of \$1.00;

- (e) the Company's objective is for GBF to commence mining at Comet Vale during 2018, subject to receipt of necessary regulatory approvals and finalising a toll treatment contract;
- (f) the alignment of GBF, the Company and their respective shareholders, due to the structure of the interests held by the Company in Comet Vale and in turn, the major shareholding position to be held by Messrs Graham and Foulds in the Company;
- (g) it is anticipated that additional projects will be presented to both GBF and the Company for future evaluation, as well as exposure to exploration potential at the Golden Lode Project;
- (h) leverage off the industry networks of both GBF and the Company's directors, for the purposes of identifying future projects and mineral opportunities;
- (i) exposure to positive movements in the gold price; and
- (j) a larger market capitalisation and enhanced Shareholder base resulting from the Transaction should provide a more liquid market for the Company's Shares.

## **5.6 Suspension and Re-admission to ASX**

ASX has determined that the Acquisitions, if successfully completed, will represent a significant change in the nature and scale of the Company's activities which will require:

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

The Company's Securities are in suspension and will remain suspended and not be reinstated to trading until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and is re-admitted by the ASX to the Official List.

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

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

The Company expects that the conduct of the Offer pursuant to this Prospectus will enable the Company to satisfy the above requirements.

Applicants should be aware that ASX will not re-admit the Company to the Official List until the Company re-complies with Chapters 1 and 2 of the Listing Rules. In the event that the Company does not receive conditional approval for re-admission to the Official List, the Company will not proceed with the Offer and will repay all Application monies received by it in connection with this Prospectus (without interest).

If Shareholder approval to the change in nature and scale of the Company's activities is not obtained, the Company will be de-listed from the Official List of the ASX.

## 5.7 Shareholder Approval of Transaction Resolutions

MLI has called the General Meeting to seek the approval of Shareholders to the following resolutions required to implement the Transaction:

- (a) a change in the nature or scale of the Company's activities, as required under ASX Listing Rule 11.1.2;
- (b) the issue of 200,000,000 Shares to the Orminex West Vendors in consideration for the acquisition by the Company of 100% of the fully paid ordinary shares on issue in Orminex West – see section 14.2 of this Prospectus for a summary of the Orminex West Agreement;
- (c) the issue of 20,000,000 Shares to the Golden Lode Vendors in consideration for the acquisition by the Company of 100% of the fully paid ordinary shares on issue in Golden Lode – see section 14.3 of this Prospectus for a summary of the Golden Lode Agreement;
- (d) the issue of up to 233,333,333 Shares under the Offer to related party and non-related parties – see Sections 5.15 and 5.16 of this Prospectus for disclosures in relation to which related parties of the Company intend to participate in the Offer;
- (e) the issue of 10,445,333 Shares in consideration for corporate advice provided in relation to the Transaction – see sections 14.11(a) and 14.11(c) of this Prospectus for a summary of the relevant advisory agreements which are with related parties of the Company;
- (f) the issue of 20,000,000 Shares in consideration for facilitation advice provided in relation to the Transaction – see section 14.11(d) of this Prospectus for a summary of the relevant advisory agreements and disclosures on the service providers, some of whom are related parties of the Company;
- (g) the issue of 455,387 Convertible Notes to related parties in satisfaction of convertible loans and up to 27,597,858 Shares to related parties upon conversion of such Convertible Notes and in lieu of interest under those Convertible Notes and Loans – see Section 5.9 and 5.16 of this Prospectus for further details;
- (h) the issue of up to 2,857,644 Shares in lieu of interest payments under Convertible Notes and Loans to unrelated parties – see Sections 5.9 and 5.16 of this Prospectus for further details;
- (i) the issue of up to 5,142,288 Shares and 6,368,177 Options to related parties, and 3,631,823 Options to unrelated parties, under an Interim Placement – see Section 5.10 of this Prospectus for further details;
- (j) the election of Mr John Correia and Mr Emmanuel Correia as new Directors of the Company; and
- (k) the change of the Company's name to Orminex Limited,

(each, a **Transaction Resolution**).

If any one of the Transaction Resolutions is not approved by Shareholders at the General Meeting, the Offer will not proceed and no Shares will be issued pursuant to

this Prospectus. If this occurs, the Company will repay all application monies received by it in connection with this Prospectus within the time prescribed under the Corporations Act, without interest.

## 5.8 Independent Expert's Report

The Company commissioned Moore Stephens Perth Corporate Services Pty Ltd, an independent expert (**Expert**), to opine on the fairness and reasonableness of the Acquisitions (and related matters) to the non-associated Shareholders of the Company as part of the approval process for the Transaction Resolutions at the General Meeting.

The report was required because:

- (a) Shareholder approval is required under section 611(7) of the Corporations Act for the Vendors and their Associates to increase their voting power above 20% as a result of the Transaction, and it is ASIC policy that an independent expert's report be provided to shareholders that assesses whether the transaction resulting in the change in voting power is fair and reasonable to the Shareholders un-associated with the Proposed Transaction; and
- (b) Shareholder approval is also required under ASX Listing Rule 10.1 for various aspects of the Transaction, and the Independent Expert's Report assesses whether the acquisition or disposal of substantial assets as a result of these aspects are fair and reasonable to the Shareholders un-associated with the Transaction.

The Expert concluded that the Transaction was **fair and reasonable** to the non-associated Shareholders of the Company.

The Expert's report includes a technical valuation of the Projects.

A copy of the report prepared by the Expert was announced by the Company on 15 February 2018 and is available from the Company's website at [www.mintails.com.au](http://www.mintails.com.au).

## 5.9 Loans and Convertible Notes

Between December 2016 and September 2017, the Company received a total of \$730,000 in loans (**Loans**) from related and unrelated parties who are exempt investors under section 708 of the Corporations Act. The Loans (which were not underwritten) were used for working capital purposes and to fund a creditors' trust payment in accordance with the DOCA.

The Company has since issued 274,613 Convertible Notes to unrelated parties in satisfaction of \$274,613 worth of these Loans (with a total face value of \$274,613). None of these Convertible Notes have been converted as at the date of this Prospectus, with conversion being at the Company's election.

The remaining Loans are held by certain related parties of the Company (refer Annexure A of this Prospectus for details). The Company is seeking Shareholder approval at the General Meeting to issue 455,387 Convertible Notes (with a total face value of \$455,387) to the related parties in satisfaction of these Loans.

Interest is payable on the Loans and the Convertible Notes at 12% per annum. The Company has agreed, subject to receiving Shareholder approval, to issue Shares in

lieu of interest payments accrued under the Loans and Convertible Notes at a deemed issue price of \$0.02 cents per Share.

Subject to receiving Shareholder approval at the General Meeting, the Company intends, at the same time it completes the Acquisitions, to issue the 455,387 Convertible Notes, and then convert all 730,000 Convertible Notes, as well as all interest on the Loans and Convertible Notes, into Shares at a conversion price of \$0.02 per Share.

The ASX has advised that it may require all Convertible Notes to be converted before the Company will be re-admitted to the Official List. The material terms of the Convertible Notes are provided in Section 15.4 of this Prospectus.

## **5.10 Interim Placement**

In early January 2018, the Company raised \$200,000 under an Interim Placement comprising:

- (a) the issue of 4,857,712 Shares at \$0.02 per Share to unrelated parties to raise \$97,154; and
- (b) loans of \$102,846 (unsecured, interest free) from related parties (refer Annexure A of this Prospectus for details), which loan funds are to be converted, subject to Shareholder approval, into 5,142,288 Shares at a conversion price of \$0.02 per Share. The Company proposes to issue these Shares at the same time it completes the Acquisitions.

The funds raised from the Interim Placement are being used to fund working capital, including implementing the Transaction. The Interim Placement was not underwritten.

Under the terms of the subscription agreements entered into in respect of the Interim Placement (**Subscription Agreements**), the Company has agreed, subject to receiving Shareholder approval, to issue one unlisted Option (exercisable at \$0.03 with a 3 year expiry date) (**Interim Placement Option**) for every Share subscribed for under the Interim Placement (which would result in a total of 10,000,000 Interim Placement Options being issued on the basis of one Interim Placement Option for every one Share subscribed for under the Interim Placement). The Company proposes to issue these Interim Placement Options at the same time it completes the Acquisitions. The full terms of the Interim Placement Options are provided in Section 15.3 of this Prospectus and the key terms of the Subscription Agreements are summarised in Section 14.14 of this Prospectus.

## **5.11 Advisor Fee Shares**

Viridian Equity Group Pty Ltd (ACN 113 381 623) (**Viridian**), which Director Mr Daryl Henthorn controls, has been providing corporate advice to the Company under a mandate that includes a success/services fee payable via the issue of 10,445,333 Shares in the Company (at a deemed issued price of \$0.03 per Share) if the Acquisitions complete (**Advisor Shares**).

Viridian has also been providing corporate advice to GBF under an advisory mandate in relation to the proposed Mineral Ventures business model in consideration for a retainer fee of \$10,000 a month. The terms of the mandate agreement confirm that

Viridian will be entitled to the Advisor Shares upon successful completion of the Acquisitions.

Viridian has engaged entities associated with proposed directors Mr John Correia (Jashmeeka Pty Ltd (ACN 140 127 108) as trustee of the Finance Trust) and Mr Emmanuel Correia (Peloton Advisory Pty Ltd (ACN 152 463 753)) as subcontractors to assist with the mandates with the Company and GBF and to receive one third each of the Advisor Shares in return.

## **5.12 Facilitation Shares**

The Company has entered into facilitation mandates (**Facilitation Mandates**) with each of:

- (a) Lantech (controlled by Director Mr Daryl Henthorn);
- (b) Stevsand Investments Pty Ltd (ACN 009 076 224) as trustee for the Steven Formica Family Trust (controlled by Director Mr Steven Formica) (**Stevsand**); and
- (c) Mr Ariel Edward King,

(together the **Facilitators**) under which each of the Facilitators has been providing facilitation services to the Company in respect of the Transaction. In return, the Company has agreed, subject to obtaining Shareholder approval, to pay each Facilitator (or its nominees) a facilitation fee of \$200,000 plus GST if the Acquisitions complete, to be satisfied through the issue of 6,666,666 Shares, 6,666,667 Shares and 6,666,667 Shares (respectively) (**Facilitation Shares**). Section 14.11 of this Prospectus summarises the material terms of the Facilitation Mandates.

## **5.13 Associates of the Vendors**

Due to the mandates detailed above, the Company is taking the conservative view that, up until completion of the Acquisitions and the Company being re-admitted to the Official List, Directors Mr Daryl Henthorn and Steven Formica, proposed Directors Mr John Correia and Mr Emmanuel Correia, and Mr Ross Graham and Mr Michael Foulds, and the controlled entities and related parties of each of them, are associated with each other due to acting in concert in relation to the Company's affairs.

After completion of the Acquisitions and the Company being re-admitted to the Official List, it is anticipated that Mr Ross Graham and Mr Michael Foulds, and the controlled entities and related parties of each of them, will cease to be associated with Directors Mr Daryl Henthorn and Steven Formica, proposed Directors Mr John Correia and Mr Emmanuel Correia and the controlled entities and related parties of each of them. Directors Mr Daryl Henthorn and Steven Formica are also expected to cease to be Associates of the Proposed Directors and their controlled entities and related parties.

## **5.14 Vendors as related parties**

The Company has also taken the conservative view that Mr Ross Graham and Mr Michael Foulds, and their controlled entities, are related parties of the Company until re-listing due to acting in concert with Director Mr Daryl Henthorn and proposed Directors Mr John Correia and Mr Emmanuel Correia. After completion of the Acquisitions and the Company being re-admitted to the Official List, it is anticipated

that Mr Ross Graham and Mr Michael Foulds, and their controlled entities, will cease to be related parties of the Company.

## **5.15 Related Party Transactions**

The following aspects of the Transaction are related party transactions for which the Company is seeking Shareholder approval at the General Meeting:

- (a) the issue of 220,000,000 Shares to the Vendors in consideration for the Acquisitions;
- (b) participation in the Offer by the Vendors and their Associates, and Director Stephen Brockhurst, for up to a maximum of 42,666,665 Shares in total at an issue price of \$0.03 per Share;
- (c) the issue of up to 455,387 Convertible Notes to certain Vendors and their Associates in satisfaction of \$455,387 in loans provided to meet working capital, and the issue of up to 22,769,350 Shares on conversion of the Convertible Notes, and up to 4,828,508 Shares in satisfaction of accrued interest on the loans and Convertible Notes, at a conversion price of \$0.02 per Share;
- (d) the issue of up to 5,142,288 Shares at an issue price of \$0.02 per Share and up to 6,368,177 Interim Placement Options to certain Vendors and their Associates as part of the Interim Placement;
- (e) the issue of a total of 10,445,333 Shares to the Related Party Advisors for corporate advisory services provided to the Company; and
- (f) the issue of 13,333,333 Shares to the Related Party Facilitators for facilitation services provide in respect of the Transaction.

The Company has, or proposes to, enter into the following related party transactions on arms' length terms and has not obtained, and does not propose to obtain, Shareholder approval for the benefits to be provided to the relevant related parties under them:

- (a) letters of appointment with each of its Directors on standard terms;
- (b) a consultancy agreement under which Director Mr Daryl Henthorn will be appointed Executive Chairman from completion of the Transaction;
- (c) deeds of indemnity, insurance and access with each of its Directors on standard terms;
- (d) unsecured, interest free loan agreements from entities controlled by Directors Daryl Henthorn and Steven Formica under which each has loaned \$50,000 to the Company to meet working capital;
- (e) convertible note terms sheets with certain Vendors and their Associates who are related parties for the issue of Convertible Notes;
- (f) Interim Placement loan subscription agreements with certain Vendors and their Associates who are related parties;
- (g) the Strategic Alliance Agreement;



- (h) the assumption by the Company of 51% of Sand Queen's obligations under the Mine Management Agreement; and
- (i) the Company assuming (by virtue of acquiring Orminex West) Orminex West's loan obligations to GBF under the Working Capital Facility.

#### **5.16 Maximum Voting Power of Vendors and their Associates**

The table below out a summary of the Vendors and their Associates who ultimately control or are beneficiaries of the Transaction Shares and Interim Placement Options to be issued.

The Vendors and their Associates have Voting Power in the Company as at the date of this Prospectus of 17.7% (refer table below).

On completion of the Transaction the Vendors and their Associates will have Voting Power in the Company of up to a maximum of up to approximately 59% on a fully diluted basis, being up to a total of 322,200,272 Shares comprising 1,225,889 existing Shares, 220,000,000 Consideration Shares, 40,999,998 Shares under the Offer, 10,445,333 Advisor Shares, 13,333,333 Facilitation Shares, 24,685,254 Shares on conversion of Convertible Notes and Loans (assuming \$69,149 in interest converted on 28 March 2018), 5,142,288 Interim Placement Shares and 6,368,177 Shares on exercise of Interim Placement Options.

On ASX relisting, the Company expects, due to its understanding that certain associations will cease, that the maximum number of Shares held by Shareholders associated with Mr Ross Graham and Mr Michael Foulds (the controlling shareholders of GBF Mining, Orminex West and Golden Lode) will be up to 239,460,320 Shares (assuming only their Interim Placement Options are exercised and no other Shares are issued), resulting in them and their Associates having a Voting Power from relisting of up to a maximum of up to approximately 44% (fully diluted, based on a total of 545,883,074 Shares being on issue).

Refer to Annexure A of this Prospectus for further details.

	Prior to Transaction		Post Transaction (fully diluted)	
Shareholder	Shares	%	Shares	%
Non-Associated Shareholders	5,701,081	82.3	9,360,602	1.7%
Ross Graham <sup>1</sup>			122,450,594	22.4%
Michael Foulds <sup>2</sup>			117,009,726	21.4%
Darryl Henthorn <sup>3</sup>			39,065,679	7.2%
Steven Formica <sup>4</sup>			22,196,437	4.1%
Emmanuel Correia <sup>5</sup>	475,959	6.9	9,415,467	1.7%
John Correia <sup>6</sup>	407,465	5.9	9,003,740	1.6%
Daniel Correia <sup>7</sup>	342,465	4.9	3,058,629	0.6%
Stephen Brockhurst <sup>8</sup>			1,666,667	0.3%
Unrelated Offer			190,666,668	34.9%
Unrelated Convertible Note and Interest Conversion			15,272,198	2.8%
Unrelated Facilitation Shares			6,666,667	1.2%
<b>Total Shares on issue</b>	<b>6,926,970</b>	<b>100.00</b>	<b>545,883,074</b>	<b>100.00</b>

Below is a breakdown of the sources of the above shareholdings. All of the following, other than Mr Stephen Brockhurst, are either Vendors or Associates of the Vendors until re-listing of the Company on the ASX whose combined maximum voting power is up to approximately 59% on a fully diluted basis:

- (a) Ross Graham – Vendor Shares (106,666,667), Offer Shares (11,666,666), Convertible Note and Interest Shares (2,747,397) and Interim Placement Shares (684,932).
- (b) Michael Foulds - Vendor Shares (106,666,666), Offer Shares (8,333,333), Convertible Note and Interest Shares (1,324,795) and Interim Placement Shares (342,466).

- (c) Daryl Henthorn – Director - Vendor Shares (6,666,667), Offer Shares (10,000,000), Convertible Note and Interest Shares (8,130,377), Interim Placement Shares (2,060,096), Advisor Shares (3,481,777) and Facilitation Shares (6,666,666).
- (d) Steven Formica – Director - Offer Shares (3,333,333), Convertible Note and Interest Shares (8,086,849), Interim Placement Shares (2,054,794), and Facilitation Shares (6,666,667).
- (e) Emmanuel Correia – Proposed Director - Offer Shares (3,333,333), Convertible Note and Interest Shares (1,648,438), Interim Placement Shares (475,959), and Advisor Shares (3,481,778).
- (f) John Correia - Proposed Director - Offer Shares (3,333,333), Convertible Note and Interest Shares (1,373,699), Interim Placement Shares (407,465), and Advisor Shares (3,481,778).
- (g) Daniel Correia – brother of Proposed Director Emmanuel Correia - Offer Shares (1,000,000), Convertible Note and Interest Shares (1,373,699) and Interim Placement Shares (342,465).
- (h) Stephen Brockhurst – Director - Offer Shares (1,666,667). Mr Brockhurst is not an Associate of the Vendors or their Associates and so his relevant interest is not included in determining the maximum 59% voting power of the Vendors or their Associates.

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## **6. DETAILS OF THE OFFERS**

### **6.1 The Offer**

Pursuant to this Prospectus, the Company will be offering 233,333,333 Shares at an issue price of \$0.3 per Share to raise approximately \$7,000,000.

The Shares offered under the Offer will rank equally with the existing Shares on issue. Refer to Section 15.2 for a summary of the terms of the Shares.

**(a) Minimum subscription**

The minimum subscription for the Offer is \$6,999,999.99.

**(b) Not underwritten**

The Offer is not underwritten.

**(c) Minimum application amount**

Applications under the Offer must be for a minimum of \$2,000 worth of Shares (66,667 Shares) and thereafter, in multiples of \$500 worth of Shares (16,667 Shares).

**(d) Eligible participants**

To participate in the Offer, you must be a resident of Australia or New Zealand.

See Section 6.16 for further details.

The Company is not in a position to guarantee a minimum application of Shares under the Offer.

**(e) Quotation and trading**

Application for quotation of the Shares issued under the Offer will be made to ASX no later than 7 days after the date of this Prospectus. See Section 6.12 for further details.

No Shares issued pursuant to the Offer will be subject to any escrow requirements by the ASX.

### **6.2 Option Offer**

The Company has agreed to offer Interim Placement Options to subscribers to the Interim Placement on the basis of one Interim Placement Option for every Share subscribed under the Interim Placement.

As such, this Prospectus includes a separate offer of 10,000,000 Interim Placement Options to subscribers to the Interim Placement. The terms of the Interim Placement Options are summarised in Section 15.3.

Only subscribers to the Interim Placement (or their nominees) may accept the Option Offer. An Application Form in relation to the Option Offer will be issued to subscribers to the Interim Placement together with a copy of this Prospectus.

The Interim Placement Options will not be quoted.

### **6.3 Cleansing Offer**

This Prospectus also includes an offer of one Share, at an issue price of \$0.03, to raise \$0.03 (**Cleansing Offer**).

The Cleansing Offer is included for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company pursuant to Transaction Resolutions (other than the Offer Shares) where those issues occur after the Offer has closed.

The Cleansing Offer which shall close seven (7) days after the Completion Date (and before the Company is re-admitted to the Official List).

### **6.4 Conditions of the Offer**

The Offer is conditional on the Share Purchase Agreements becoming unconditional. The Conditions to the Share Purchase Agreements are set out in Section 5.4 and include:

- (a) Shareholders approving the Transaction Resolutions (which approval is being sought at the General Meeting); and
- (b) the Company receives conditional approval for re-instatement of the Company's Shares to trading on ASX following completion of the Transaction on conditions reasonably satisfactory to the Company.

In the event that any of the Conditions is not satisfied, and is not waived, the Offer will not proceed and no Shares will be issued under this Prospectus. If this occurs, Applicants will be reimbursed their Application monies (without interest).

### **6.5 Purpose of the Offers**

The primary purpose of the Offer is to:

- (a) assist the Company to meet the re-admission requirements of ASX under Chapters 1 and 2 of the ASX Listing Rules (see Section 5.6 for further details);
- (b) provide the Company with funding to provide to GBF a Working Capital Facility to assist in the development of the Comet Vale Project;
- (c) fund the proposed exploration program at Golden Lode;
- (d) identification and assessment of potential Mineral Ventures projects; and
- (e) provide the Company with sufficient working capital.

The Company intends on applying the funds raised under the Offer in the manner detailed in Section 6.6.

The purpose of the Option Offer is to remove the need for an additional disclosure document to be issued upon the sale, within 12 months of issue, of any Shares issued on the exercise of Interim Placement Options.

The purpose of the Cleansing Offer is to remove the need for an additional disclosure document to be issued upon the sale, within 12 months of issue, of any Transaction Shares issued by the Company without disclosure on the Completion Date or other Shares issued without disclosure while the Cleansing Offer is open.

## 6.6 Use of Funds

The Company intends to apply funds raised from the Offer following re-admission to the Official List of the ASX (for the purpose of satisfying ASX's requirements for re-listing following a significant change to the nature and scale of the Company's activities) over the next two (2) years as follows:

Source of Funds	Year 1 (\$)	Year 2 (\$)	Total (\$)	%
Offer raising amount	7,000,000	-	7,000,000	-
Expenses of the Offer <sup>(1)</sup>	687,400	-	687,400	9.8%
Comet Vale Working Capital Facility <sup>(2)</sup>	2,500,000	-	2,500,000	35.7%
Exploration Program – Golden Lode <sup>(1)</sup>	245,000	255,000	500,000	7.1%
New project identification and assessment	200,000	200,000	400,000	5.7%
Stamp Duty Payable - Comet Vale	200,000	-	200,000	2.9%
General working capital <sup>(3)</sup>	1,700,000	1,012,600	2,712,600	38.8%
<b>Total</b>	<b>5,532,400</b>	<b>1,467,600</b>	<b>7,000,000</b>	<b>100.0%</b>

Notes:

1. Refer to the Section 15.10 of this Prospectus for further details in respect of the Expenses of the Offer and the Independent Geologist's Report in Section 8 for further details in respect of the proposed Golden Lode exploration program.

2. Draw down of funds under the Working Capital Facility is to occur in stages based on mining operation milestones set out in GBF's Mine Plan for Comet Vale. These funds will predominantly be directed towards funding mining costs associated with cutting the portal for access to the underground, together with decline development to access the upper levels of minerals. The bulk of the mining costs relate to fuel, labour, ground support, drill and blast operations, electrical and other support services typical for this type of operation. These funds are anticipated to be expended within several weeks of mining commencing. Drawdown of funds is also conditional on GBF meeting its agreed share of working capital costs for these mining operations and other standard financing conditions.

Repayments under the Working Capital Facility will be made by GBF, linked to the amount of funds that it receives under the Mine Management Agreement, with the

Company in general to be repaid any advances made in the same ratio as funds were advanced by the Company and GBF.

To the extent any funds are not drawn down, whether due to the mining operation milestones not being met or the draw down conditions not being met, or are fully and finally repaid in due course from net gold sales, the Company intends to use the funds on further exploration and development of the Comet Vale and Golden Lode Projects.

The Company may elect to increase the Working Capital Facility by a further \$1 million subject to agreement of terms with GBF.

3. General working capital may include payment of director fees, wages, payments to contractors, rent and outgoings, insurance, accounting, audit, legal and listing fees, other items of a general administrative nature and cash reserves which may be used in connection with any project, investment or acquisition, as determined by the Board at the relevant time. In particular, general working capital will provide the Board with flexibility to apply funds toward items such as direct project expenditure, in particular regional exploration in relation to Comet Vale should this be warranted, and an increase of the Working Capital Facility in relation to Comet Vale of up to \$1,000,000, should this be agreed with GBF. The Company intends to repay \$100,000 in loans from Director related entities from this working capital amount.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 1).

The Board believes that the funds raised from the Offer, combined with existing funds, provide the Company with sufficient working capital to progress its business objectives.

## 6.7 Capital Structure

The expected capital structure of the Company following completion of the Transaction (assuming no Options are exercised) is tabled below:

	Shares	Options
Currently on issue <sup>1</sup>	6,926,970	27,698 <sup>2</sup>
Shares to be issued pursuant to the Orminex West Vendors	200,000,000	Nil
Shares to be issued pursuant to the Golden Lode Vendors	20,000,000	Nil
Shares to be issued under the Offer	233,333,333	Nil
Shares to be issued to the Advisors	10,445,333	Nil
Shares to be issued to the Facilitators	20,000,000	Nil
Shares to be issued upon conversion of the Convertible Notes and in lieu of interest under the Convertible Notes and	39,957,452	Nil

Loans <sup>3</sup>		
Securities to be issued under the Interim Placement <sup>4</sup>	5,142,288	10,000,000
Total	535,805,376	10,027,698

1. The Company has 274,613 Convertible Notes currently on issue, and intends, subject to Shareholder approval, to issue a further 455,387 Convertible Notes on the Completion Date, with all 730,000 Convertible Notes, and accrued interest, converted into Shares on the Completion Date. The material terms of the Convertible Notes are summarised in Section 15.4 of this Prospectus.
2. Comprising 6,156 Options exercisable at \$23.40 each and expiring on 21 December 2018, 6,156 Options exercisable at \$31.20 each and expiring on 21 December 2018, 4,616 Options exercisable at \$20.80 each and expiring on 20 December 2018, 4,616 Options exercisable at \$28.60 each and expiring on 20 December 2018 and 6,154 Options exercisable at \$39 each and expiring on 20 December 2018.
3. Assuming \$69,149 in interest and conversion converted on 28 March 2018. The actual number of Shares issued on conversion of accrued interest on the Convertible Note and Loans will depend on the actual Completion Date, which may vary from 28 March 2018.
4. 4,857,712 Shares have already been issued under the Interim Placement.

## 6.8 Substantial Shareholders

As at the date of this Prospectus, the following Shareholders hold 5% or more of the total number of Shares on issue:

Shareholder	Shares	%
J & J Bandy Nominees Pty Ltd ATF The J & J Bandy Superannuation Fund	1,376,849	19.88%
Don Holmes ATF The Don Holmes Family Trust A/C	684,932	9.89%
A22 Pty Ltd	547,945	7.91%
Nyree Correia ATF the Emmanuel Correia Family Trust <sup>1</sup>	475,959	6.97%
John Correia ATF the Jashmeeka Trust <sup>2</sup>	407,465	5.88%
CPS Capital Group Pty Ltd	405,658	5.86%

1. Nyree Correia is the spouse of proposed Director of the Company Mr Emmanuel Correia. Refer to Section 12.3 of this Prospectus for further details on Mr Emmanuel Correia.
2. John Correia is a proposed Director of the Company. Refer to Section 12.3 of this Prospectus for further details on Mr John Correia.



On completion of the Offer and issue of the Transaction Shares (assuming no Options are exercised, no other Shares are issued and all Convertible Notes are converted on 28 March 2018), the Company is aware that there will be the following Shareholders holding 5% or more of the total Shares on issue:

Shareholder	Shares	Options	% (un-diluted)	% (fully diluted)
Rolen Pty Ltd <sup>1</sup>	103,432,329	684,932	19.3	19.1
Graham Enterprises Pty Ltd <sup>1</sup>	3,333,333	Nil	0.6	0.6
Citylight Assets Pty Ltd <sup>1</sup>	8,333,333	Nil	1.5	1.5
Merrysoul Pty Ltd as trustee for the Foulds Family Trust <sup>2</sup>	100,000,000	Nil	18.7	18.3
Kenson Investments WA Pty Ltd as trustee for the Kenson Super Fund <sup>2</sup>	10,000 594	342,466	1.9	1.9
Carlowen Pty Ltd as trustee for the Carlowen Family Trust <sup>1, 2</sup>	13,333,333	Nil	2.5	2.4
Lantech Developments Pty Ltd as trustee for the DAC Family Trust <sup>3</sup>	33,523,806	2,060,096	6.3	6.4
Viridian Equity Group Pty Ltd <sup>3</sup>	3,481,777	Nil	0.6	0.6

1. These substantial Shareholders are controlled by Mr Ross Graham. Accordingly, the combined voting power of Mr Ross Graham and his associates is the aggregate of these shareholdings.
2. These substantial Shareholders are controlled by Mr Michael Foulds. Accordingly, the combined voting power of Mr Michael Foulds and his associates is the aggregate of these shareholdings.
3. These substantial Shareholders are controlled by Director Mr Daryl Henthorn. Accordingly, the combined voting power of Mr Daryl Henthorn and his associates is the aggregate of these shareholdings.

The Company will announce to the ASX details of its top 20 Shareholders (following Completion of the Offer) prior to the Shares commencing trading on ASX.

## 6.9 Taxation

The Transaction and disposal of Securities may have tax consequences, which may differ depending on the individual financial affairs of each investor.

It is not possible to provide a comprehensive summary of the possible taxation positions of all potential Applicants. As such, all potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and/or responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

## **6.10 Applications**

Applications for Securities under the Offers must only be made by investors using the relevant Application Form.

By completing an Application Form, you will be taken to have declared that all details and statements made by you are complete and accurate and that you have personally received the Application Form together with a complete and unaltered copy of the Prospectus.

Completed Application Forms must be mailed or delivered to the address set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (WST) on the Closing Date**.

Applications under the Offer must be accompanied by payment in full in Australian currency by cheque in accordance with the instructions set out in the Application Form.

Participation in the Option Offer is personal and Application Forms in relation to the Option Offer will be issued to the relevant participants together with a copy of this Prospectus.

The Company reserves the right to close the Offers early.

If you require assistance in completing an Application Form, please contact the Company Secretary, on +61 8 6558 1859.

## **6.11 Issue of Shares and Allocation Policy**

### **(a) General**

Subject to the satisfaction of all the Conditions (see Section 5.4), the issue of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date and in accordance with the timetable set out in Section 3.1.

### **(b) Offer**

The allocation of Shares under the Offer will be determined by the Board in its absolute discretion.

There is no guaranteed allocation of Shares under the Offer.

The Board reserves the right to reject any application or to allocate any applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded (without interest) to the Applicant as soon as practicable after the Closing Date.

The Company's decision on the number of Shares to be allocated to an Applicant will be final.

(c) Defects in applications

If an Application Form is not completed correctly or if the accompanying payment is the wrong amount, the Company may, in its discretion, still treat the Application Form to be valid. The Company's decision to treat an application as valid, or how to construe, amend or complete it, will be final.

(d) Interest

Pending the issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each applicant waives the right to claim interest.

## **6.12 ASX Official Quotation of Shares**

The Company will apply for Official Quotation of all Shares issued under this Prospectus within 7 days after the date of this Prospectus. However, Applicants should be aware that ASX will not commence Official Quotation of any Shares until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules and has received the approval of ASX to be re-admitted to the Official List (see Section 6.5). As such, the Shares may not be able to be traded for some time after the Closing Date.

If the Shares are not admitted to Official Quotation by ASX before the expiration of 3 months after the date of this Prospectus, or such period as varied by the ASIC, or if ASX otherwise rejects the Company's application for re-admission to the Official List (see Section 5.6), the Company will not issue any Shares and will repay all Application monies for the Shares within the time prescribed under the Corporations Act, without interest. In those circumstances the Company will not proceed with the Acquisitions or the Offers.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

## **6.13 Restricted Securities**

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules and completing the Offer, certain Transaction Securities may be classified by ASX as restricted securities and will be required to be held in escrow for up to 24 months from the date of Official Quotation.

The Shares issued pursuant to the Offer however will not be classified as restricted securities and will not be required to be held in escrow.

The Company expects to announce to the ASX full details (quantity and duration) of the Securities required to be held in escrow prior to the Company's listed securities being reinstated to trading on ASX (which reinstatement is subject to ASX's discretion and approval).

## **6.14 Top 20 Shareholders**

The Company will announce to the ASX details of its top 20 Shareholders following the completion of the Offer and prior to the date of re-admission of the Company to the Official List.

#### **6.15 Clearing House Electronic Sub-Register System and Issuer Sponsorship**

The Company participates in CHESS. ASX Settlement Pty Ltd, a wholly owned subsidiary of ASX, operates CHESS. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with holding statements (similar to a bank account statement) that set out the number of Shares issued to them under this Prospectus. The holding statements will also advise holders of their Holder Identification Number (if the holder is broker sponsored) or Security Holder Reference Number (if the holder is issuer sponsored) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Electronic sub-registers also mean ownership of Shares can be transferred without having to rely upon paper documentation. Further, monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month. Shareholders may request a holding statement at any other time, however a charge may be made for such additional statements.

#### **6.16 General**

This Prospectus does not, and is not intended to, constitute an offer of, or invitation to apply for, Shares in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or invitation. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Shares or otherwise permit a Offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed in order to accept the Offer.

The Offer does not and will not constitute an offer of Shares in the United States of America (US). Furthermore, no person ordinarily resident in the US is or will become permitted to submit an Application Form. If the Company believes that any Applicant is ordinarily resident in the US, or is acting on behalf of a person or entity that is ordinarily a resident of the US, the Company will reject that Applicant's application.

#### **6.17 New Zealand**

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand) (the "FMC Act"). The Shares and Interim Placement Options are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- (a) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

- (b) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- (c) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- (d) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- (e) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

#### **6.18 Enquiries**

If you have any queries in relation to the Offer, please contact the Company Secretary on +61 8 6558 1859.

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## **7. COMPANY AND PROJECTS OVERVIEW**

### **7.1 The Company**

The Company was incorporated on 25 September 1970 and listed on the ASX on 28 July 1971. Since its incorporation, the Company has primarily operated as a natural resources company but has also operated in the gaming and entertainment industries.

Most recently, the Company was involved in the operation of gold mines in South Africa. These operations were placed into “business rescue” under South African law in 2015. The Company’s shares were suspended from trading on the ASX on 17 March 2015. On 7 January 2016, the Board announced to ASX that it had placed the Company into voluntary administration.

On 9 December 2016, the Company entered into a Deed of Company Arrangement (**DOCA**) which embodied a proposal for the recapitalisation of the Company. On 2 June 2017, the DOCA and an associated creditors’ trust were effected, compromising all of the outstanding pre-administration debts of the Company, and ending the administration the Company. Since then, the Company has been actively seeking to identify and evaluate new opportunities in related and non-related industries that may increase shareholder value.

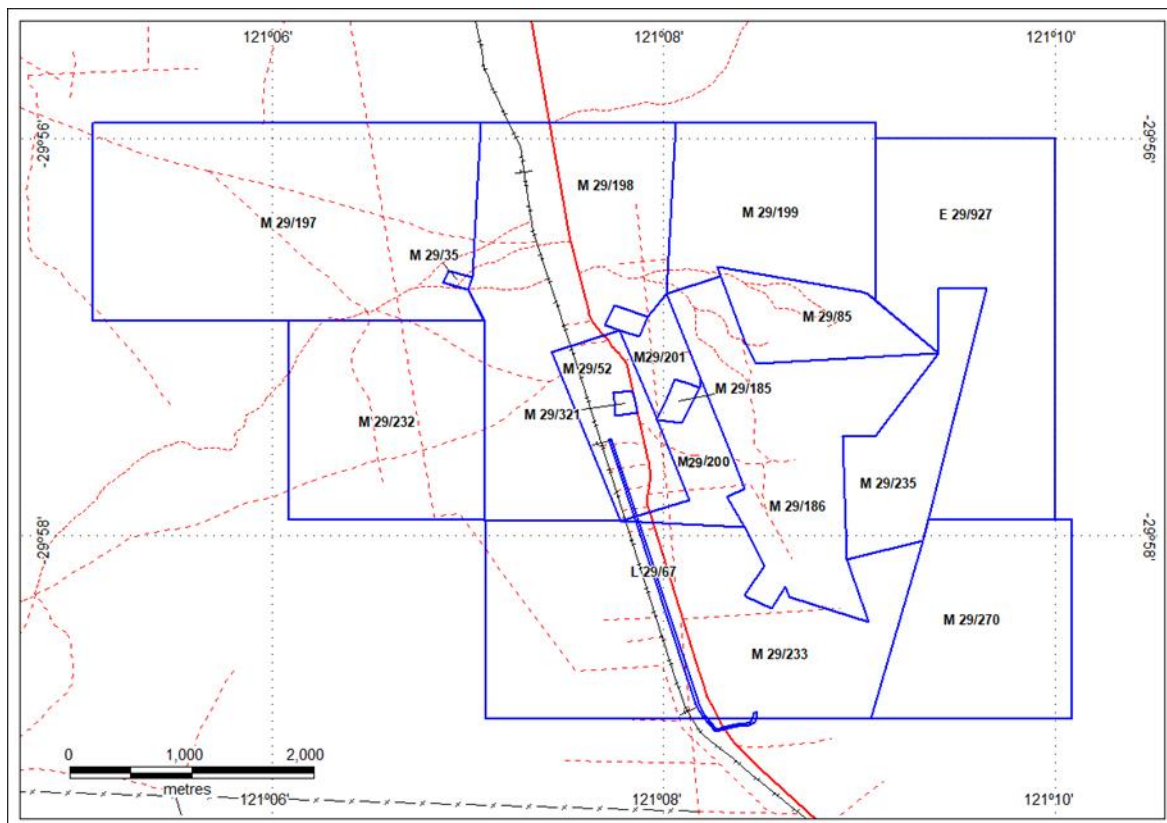
The execution of the Strategic Alliance Agreement with GBF and acquisition of Orminex West and Golden Lode is consistent with this strategy.

The Company does not currently have any subsidiaries. Following completion of the Transaction, the Company will have Orminex West and Golden Lode as wholly owned subsidiaries.

### **7.2 Comet Vale Project**

#### **(a) Comet Vale Tenements**

The Comet Vale Project, located in Western Australia, comprises the tenements set out in the Schedule to the Solicitor’s Report on Tenements in Section 1 of this Prospectus.



(b) History

The Comet Vale Project is centred on the old mining town of Comet Vale, 100 km north northwest of Kalgoorlie, Western Australia. The Goldfields Highway passes through the centre of the Project area and is alongside the Sand Queen main shaft (55m from the centreline of the highway).

Since 2002, Comet Vale has been the subject of extensive exploration and development activity aimed at targeting the area's gold potential. Most exploration focused on the definition of a mineable inventory at the Sand George deposit and an evaluation of various mining options for feasibility studies for the development of an underground mine.

In 2004 dewatering and rehabilitation of the Sand Queen main shaft to below No.4 Level was completed and infill RC drilling at the south end of Sand Queen identified an Indicated Mineral Resource. Exploration of the Comet Vale lode structure at the Sand George prospect included diamond drilling to test the deeper lode positions, re assessment of the geological model, and recalculation of the mineral resource. Drilling also confirmed a shallow, flat lying structure referred to as the Sand Prince West lode.

Previous underground mining operations were focused on the Sand George deposit, 250m south of the old Sand Queen shaft. The shaft provided access to remnant ore near the shaft and to the Sand George lodes. Gold production at Comet vale re-commenced in June 2006, 68 years since ore was last hoisted from the shaft.

In May 2010, underground mining operations were suspended at Comet Vale pending resolution of a long term milling solution and an alternative mining plan as the use of the Sand Queen shaft had limitations in relation to the

volume of ore that could be hoisted to the surface for processing (4,000t per month).

Since the cessation of mining operations at Comet Vale various mining plans and development schedules have been considered. However, the ability to mine the identified resource in a more efficient manner in order to generate positive project returns was constrained by the limitations of the Sand Queen shaft.

Further information in relation to the geology of Comet Vale is set out in the Independent Geologists Report set out in Section 8 of this Prospectus.

(c) Comet Vale Mineral Resource (JORC 2012)

The Comet Vale Project is recorded as hosting a combined JORC 2012 compliant Indicated and Inferred Mineral Resource of approximately 0.75 million tonnes at 8.4g/t for 203,100 ounces of gold<sup>3</sup>.

MINERAL RESOURCE INVENTORY*			
Classification	Tonnes	Au, g/t	Au (Oz)
Sand George Mineral Resources Above 5.0 g/t gold			
Indicated	238,000	10.8	82,500
Inferred	296,000	10.9	103,500
Sand Prince West Mineral Resources Above 1.0 g/t gold			
Indicated	90,000	2.4	7,000
Inferred	19,000	1.5	900
Princess Grace Mineral Resources Above 1.0 g/t gold			
Indicated	92,000	2.9	8,500
Inferred	13,000	1.5	700
Total Mineral Resource			
Indicated	420,000	7.3	98,000
Inferred	328,000	10.0	105,100

A parcel of 61,158 tonnes of ore from the Sand Prince West and Princess Grace open pit has been contract mined and toll treated at a third party mill since this estimate was prepared. This yielded 3,949 ounces of gold (2.17 g/t reconciled head grade).

The Mineral Resource statement above has not been recalculated to allow for this reduction as:

- there is insufficient evidence available to estimate the amount of material in tonnes and grade that were subsequently mined and to ascribe the quantities to either the Sand Queen or Princess Grace Deposit or whether it came from Indicated or Inferred category (or possibly elsewhere);

<sup>3</sup> Refer Section 7.2 of this Prospectus for details and Section 7.5 for Competent Persons Statement.



- the 3,949 ounces of gold were mined from the open pit at Comet Vale (which contains the Sand Prince West and Princess Grace deposits), not from the Prince George Mineral Resource which is underground and where GBF is proposing to commence mining;
- the reconciled head grade of gold of 2.17g/t is not relevant to underground mining as it relates to the Sand Prince and Princess Grace deposits that have been open pit mined. The reconciled grade is consistent with the grades for the Sand Prince West and Princess Grace deposits reported in the Mineral Resource; and
- the later production represents less than 2% of the total ounces and is not considered to be material in the context of underground mining as proposed by GBF and the Transaction.

\* Refer Competent Persons Statement in Section 7.5.

(d) Contract Mining by GBF

On 5 June 2015, Sand Queen entered into a framework agreement with contract miner GBF under which Sand Queen granted GBF the right to contract mine the Comet Vale Project (based on a cost plus margin contract and otherwise on terms to be agreed) (**2015 Framework Agreement**).

The 2015 Framework Agreement has a term of 5 years and can be extended by a further 5 years by agreement (with Sand Queen not to unreasonably withhold consent if GBF's works have been in accordance with good operating policies).

On 5 June 2015, Sand Queen also entered into a Memorandum of Understanding with GBF (**2015 MOU**) which provided for GBF to undertake investigations in relation to underground mining at Comet Vale following which:

- (i) if underground mining was considered viable, the parties agreed to sign a mine management agreement governing underground mining by GBF;
- (ii) within 30 days of signing a mine management agreement, the parties agreed to sign a joint venture agreement under which GBF acquired a controlling 51% interest in the Comet Vale Project; and
- (iii) within 90 days of the joint venture agreement being signed, GBF would commence underground mining at Comet Vale.

On 22 September 2015, GBF and Sand Queen entered into a mine management agreement for GBF to mine the existing open pit at Comet Vale. Mining of the open pit under this agreement has now been completed, with a total of 3,949 ounces of gold having been produced and no further surface mining is anticipated will occur.

On 23 January 2018, Sand Queen entered into a mine management agreement with GBF with a view to commencing underground mining at the Comet Vale Project in 2018 (**Mine Management Agreement**).

The material terms of the Mine Management Agreement are summarised in Section 14.6 of this Prospectus.

In effect, GBF has control of mining the tenements subject to the Mine Management Agreement and bears the risk that gold revenue is insufficient to cover its costs. The Comet Vale joint venturers are paid their joint venture interest of any net gold sales revenue after deduction of GBF's costs and working capital contributions and government and third party royalties.

Once a third party toll treatment contract is executed, subject to regulatory mining approvals being obtained, GBF must commence mining operations in time to satisfy the first milling campaign under that toll treatment contract.

GBF has agreed to pay Sand Queen \$2.5 million if GBF does not mine and treat 5,000t of ore from Comet Vale within 12 months of commencing mining operations. The fee is to be satisfied through the transfer of Shares held by Rolan and FFT (valued based on a 15 day VWAP price) unless those Shares are escrowed, in which case the payment must be in cash.

(e) Proposed Comet Vale Mine Plan

Sand Queen and GBF have prepared a proposed Comet Vale mine plan that aims to remove the previously identified constraint related to the low hoisting ability of the Sand Queen shaft.

In preparation for underground mining operations to recommence in 2018, two open pits have been developed at Comet Vale. A portal will be cut into the north west corner of the Sand Prince West pit to provide access to the underground levels via a decline.

The current plan focuses on dewatering the existing workings and developing the decline down to the 6<sup>th</sup> level to access what is anticipated to be higher grade material.

The current mine plan is anticipated to commence in 2018. Subject to execution of a toll treatment agreement with a third party toll mill and finalisation of testwork, it is intended that run of mine ore will be concentrated on site through the application of ore sorting technology, then trucked offsite to a toll mill for toll treating. GBF aims to commence its first campaign in 2018.

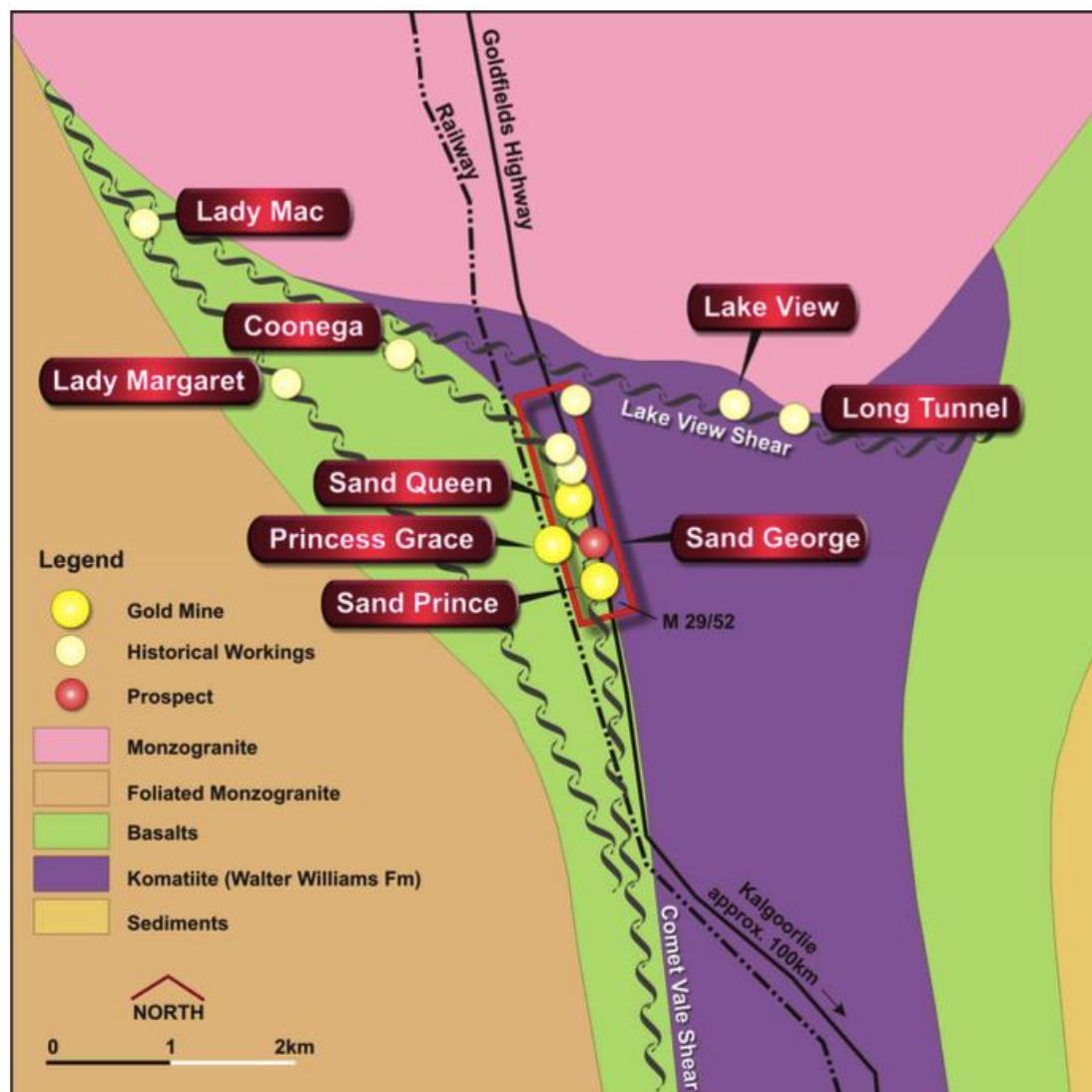
In addition to the proposed recommencement of mining operations at Comet Vale, the Company's intention on acquiring Orminex West and forming the Comet Vale joint venture, will be to assess the merits of conducting further exploration activities within the underground mining area and possibly within the broader tenement area. The objective of any further exploration activity will be to provide confidence in the mining and resource model and to also increase the resource inventory of the project area.

(f) Exploration

Four (4) major targets (Coongera, Lake View & Long Tunnel, Lady Margaret & Lady Mac and Down Dip extensions – Sand George) have been identified for further exploration.

The Company may, in due course review, develop and implement an exploration program to assess down dip extension to the Sand George

deposit and also focus on satellite deposits of Coongera, Lake View etc. with the view of developing programs to define mineral resource at these targets.



*Exploration Targets in the Comet Vale Area*

*Source: Reed Resources Ltd, 2011*

(g) Royalty

In addition to the Western Australian government royalty, there is a royalty payable to MTAB Pty Ltd in relation to certain tenements comprising the Comet Vale Project under a royalty agreement as follows:

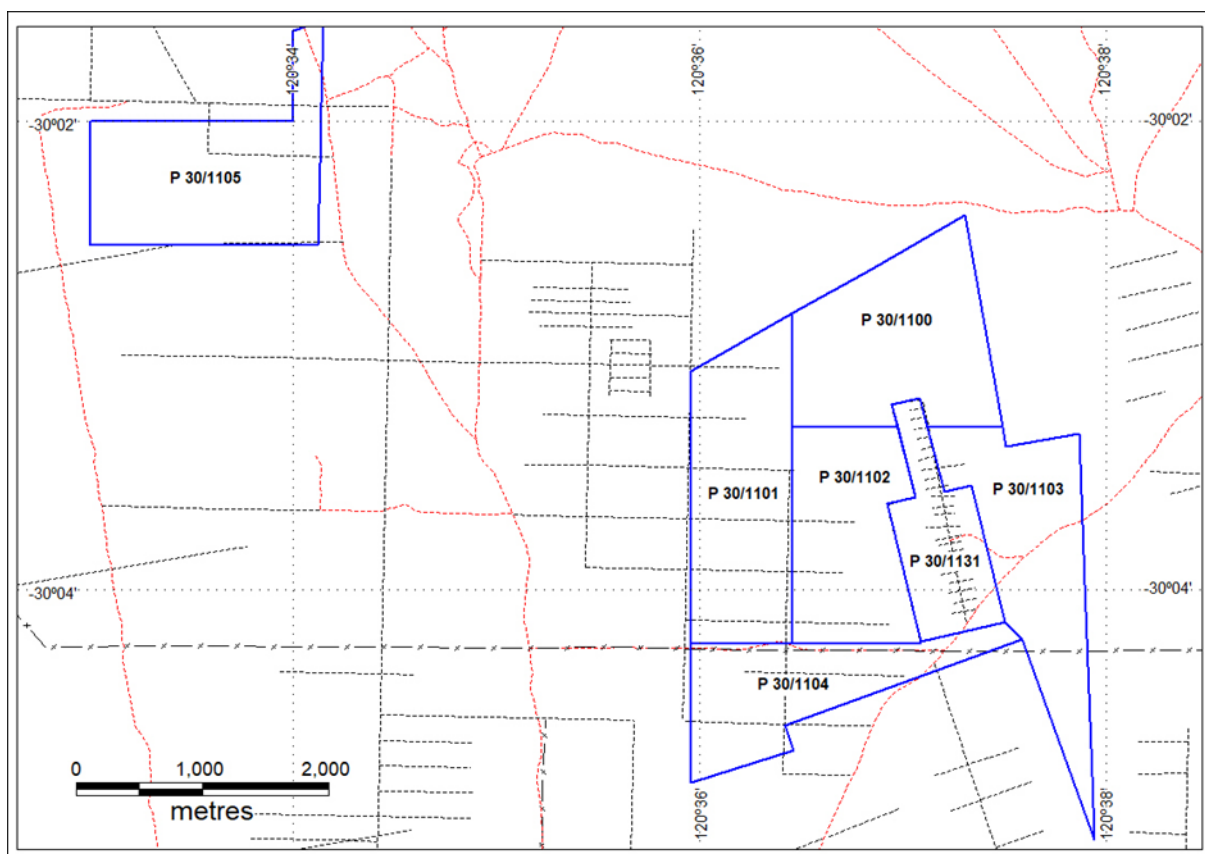
- (i) a royalty equal 2% of the value of gold produced; and
- (ii) a 2% net smelter royalty payable on all minerals other than gold generated from the tenements.

See the notes to the table in Schedule 3 for the tenements that are subject to the Royalty.

### 7.3 Golden Lode Project

(a) Golden Lode Tenements

The Golden Lode Project, located in Western Australia, comprises the tenements set out in the Schedule to the Solicitor's Report on Tenements set out in Section 1 of this Prospectus.



(b) History

The Golden Lode Project is located 130km NNW from Coolgardie, Western Australia, with access to the project area provided by high quality gravel roads from Coolgardie (134km) or from Broad Arrow (93km). The road passing through from Callion to Davyhurst Mine passes through the southern extremity of the Golden Lode Project area.

Golden Lode is situated within the Coolgardie-Mt Ida greenstone belt of the Eastern Yilgarn Province of the Archaean Yilgarn Block. A major north trending fault extends from Mt Ida through Davyhurst to the south of Callion and is proximal to the Project.

The Golden Lode deposit forms part of the larger Davyhurst gold district. Gold was discovered in the Davyhurst area in 1897. Between 1897 and 1937 approximately 108,000oz of gold was produced from the area. Modern exploration commenced in the 1980s with several companies exploring around the historical underground works. Total production from the Davyhurst project area between 1986 – 1999 was approximately 523,840 oz of gold.

In 2002, Croesus Mining NL completed two RAB drilling programs in the Golden Lode area. A total of 84 holes for a total of approximately 4,000 m were drilled to test a soil geochemistry anomaly located north of the Golden

Lode Mine and to test shallow (laterite) and bedrock anomalies discovered in previous RAB drilling located north of the Golden Lode Mine.

The material RAB drill intercepts are outlined in Annexure 5 of the Company's ASX announcement of 25 January 2018.

8,000m of diamond drilling has also been completed across the Golden Lode Project (Refer Annexure 5 of the Company's ASX announcement of 25 January 2018).

Exploration to date has tested mineralisation down to a depth of approximately 260m. Potential down plunge extensions of mineralisation adjacent to the main shoot remains to be tested. Surficial material obscures the underlying geology of the project. Shallow reconnaissance drilling is required to determine the potential of hosting repetitions of the main sheared contact.

(c) **Summary of Proposed Golden Lode Work Program**

The Company, if it acquires Golden Lode, proposes to spend \$500,000 over the next two years toward further exploration and development at Golden Lode with the objective of outlining a maiden mineral resource for the project area.

The Company has commenced a technical review of the project and will undertake the required heritage, flora and fauna surveys prior to commencing more detailed field operations.

The proposed two year work program contains a combination of RAB and diamond drilling and associated metallurgical test work. Subject to the satisfactory results achieved, allocation has been made in the work program to commence pre-feasibility studies and permitting work.

The table below outlines the proposed two year work program for Golden Lode:

<b>Activity</b>	<b>Year 1 \$</b>	<b>Year 2 \$</b>
Detailed Technical Review	20,000	
Heritage Surveys	5,000	
Flora / Fauna Surveys	20,000	
Resource Definition Drilling	80,000	80,000
Mineral Resource Estimation		50,000
Diamond Drilling	100,000	50,000
Metallurgical Test Work	20,000	20,000
Geotechnical Study		15,000
Pre-Feasibility Study		30,000
Permitting		10,000
<b>Total</b>	<b>245,000</b>	<b>255,000</b>

## 7.4 Project Pipeline

In addition to the Comet Vale and Golden Lode projects, the Company is in the process of assessing other stranded gold projects that may be of interest and suitable for the application of the business model being developed by the Company in conjunction with GBF.

## **7.5 Competent Person Statement**

The information in this Prospectus that relates to Exploration Results and Mineral Resources is based on, and fairly represents, information and supporting documentation that has been reviewed and prepared by Malcolm Castle, who is a Member of AusIMM. Mr Malcolm 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' ("JORC Code 2012"). Mr Malcolm Castle consents to the inclusion in this Prospectus of the matters based on the information in the form and context in which they appear.

The Company is not aware of any new information or data, other than that disclosed in this Prospectus, that materially affects the information included in this Prospectus and that all material assumptions and parameters underpinning Mineral Resource Estimates and Exploration Results as reported in the market announcement dated 25 January 2018 continue to apply and have not materially changed.

## **7.6 MLI Business Model**

Upon completion of the Transaction and the JV Option, and re-admission of the Company to the Official List, the Company's business will be an Australian gold exploration and development company, with a focus on sourcing, developing and mining stranded, high grade gold assets in Australia and New Zealand in an alliance with GBF as its preferred contract miner.

The Company's objective is to generate income from mining at the Comet Vale Project, the Golden Lode Project and any other stranded gold projects that the Company acquires an interest in that are able to be profitably mined by a mining contractor.

The Company considers that many gold projects in Australia have challenges in being developed primarily because of obtaining finance and the lack of appropriate operational expertise. In addition, a number of gold projects fail to develop due to a combination of reasons such as:

- (a) low grade gold inventory, which requires a substantial resource base and capital to develop;
- (b) relatively high costs of completing the required resource definition and feasibility study work needed to attract the required project funding and/or investor interest;
- (c) inability to mine low volumes at low operating costs and/or capital cost per production ounce of gold due to the considerable cost base required to maintain statutory compliance and establish operating capability;
- (d) inability to attract funding due to project economics or company size; and
- (e) lack of operational expertise at the project owner level.

The Company and GBF have recognised the market opportunity to offer a business model to take these gold assets into production. This opportunity forms the basis of a Mineral Ventures business between the Company and GBF.

GBF, as an established and mature business, has latent incremental capacity in its business, such as capital, human resources, extensive management and operating systems and support and underground mining equipment that can be used for the Mineral Ventures model at an incremental and largely variable cost basis.

In consideration for providing project owners funding and mining services under the Mineral Ventures model GBF negotiates a mine management agreement (mining contract) and an equity and/or profit share interest in the project.

GBF entered into agreements with Sand Queen in June 2015 which granted GBF, subject to GBF delivering on a number of conditions, the right to manage mining on the Comet Vale Project (based on a cost plus margin contract) and to earn a controlling 51% interest in the project. This right to a 51% interest is now reflected in the Option JVA, with Orminex West having replaced GBF as a party to the Option JVA.

During mid 2017, Carlowen acquired 66.67% of Golden Lode with a view to entering into similar agreements for the mining of the Golden Lode Project by GBF.

Following arms' length discussions, the Company and GBF have agreed that the Company would be a preferred vehicle for owning and managing any equity and profit share interests in gold projects where GBF is the contract miner. The advantages of this arrangement are:

- (a) GBF can focus on its core business, which is contract mining;
- (b) the Company can focus on managing ownership of equity and profit share interests in stranded gold projects, including managing exploration programs and administration of underlying project tenements, as well as focusing on identifying and acquiring equity and profit share interests in new stranded gold projects; and
- (c) by being listed on the ASX, the Company has the potential to raise capital to meet a portion of start-up mining costs for new stranded gold projects (to be advanced by way of loans to GBF), complementing GBF's own funds that it has to provide to bring stranded gold assets it is contract mining into production.

In order to facilitate the Mineral Ventures business model outlined above, the Company and GBF have entered into the exclusive Strategic Alliance Agreement under which the parties have agreed, subject to the Company completing the proposed acquisitions of Orminex West and Golden Lode, to:

- (a) identify stranded gold projects in Australia and New Zealand which are considered suitable for application of the Mineral Ventures business model. The Strategic Alliance Agreement sets out financial and investment criteria to assist with identification of suitable projects; and
- (b) give each other exclusive rights, for a period of 12 months from the time a potentially suitable project is identified, to jointly negotiate with the project owner for the execution of a framework agreement and memorandum of understanding, under which GBF is granted the right to assess the feasibility of the project and if positive the Company has the right to acquire a direct

project interest or a share of project profit and GBF has the right to conduct the mining operations as a contract miner.

Under the Strategic Alliance Agreement, GBF has agreed to enter into a framework agreement and memorandum of understanding with the Company in relation to Golden Lode (post relisting). If GBF concludes that Golden Lode can be profitably mined, the Company will enter into a mine management agreement with GBF to govern mining operations.

GBF and the Company have agreed in the Strategic Alliance Agreement that in order for a project to be considered for a mineral venture, it must have the potential to deliver the following key metrics which the parties will assess in their due diligence on the economic viability of the project;

- (a) 25,000 oz one-off or per annum gold production;
- (b) potential 10+ g/t average mined grade and/or approximately \$1,000 AISC;
- (c) historical production or high confidence mineral resource;
- (d) understood and acceptable risk profile; and
- (e) working capital requirement to reach gold production of up to \$10 million.

The Strategic Alliance Agreement has a term of 5 years with either party being able to exercise an option for a further 5 years.

The Company and GBF's objective is for there to be 3 Mineral Venture projects operating concurrently, with GBF appointed as contract miner and the Company owning an equity interest or profit share arrangement in each of the projects (including at least a 51% controlling interest in Comet Vale).

## **7.7 Key Dependencies of the Business Model**

The key factors for the Company to meet its objectives are:

- (a) the ability of GBF, or any other mining contractor, to mine any current or future gold projects in which the Company has an interest at a cost which is profitable for the Company;
- (b) GBF complying with its obligations under its Strategic Alliance Agreement, and any mine management agreement, with the Company;
- (c) the price of gold not materially falling;
- (d) where toll treatment is required for a project, the ability of the Company or GBF to enter into toll milling agreements with third parties for the processing of mined ore on terms acceptable to it, and the ore mined able to be treated by the toll plant as intended; and
- (e) the ability of the Company to identify and acquire future stranded gold projects that can be mined profitably using mining contractors.

## **7.8 Funding**

The funding for the Company for the two years following re-admission to the Official List of ASX will be met by the offer of Shares pursuant to the Offer under this



Prospectus and by the Company's existing cash reserves (see Section 6.6 for further details). As and when further funds are required, either for existing or future developments, the Company will consider both raising additional capital from the issue of Securities and/or from debt funding.

## **7.9 Financial Information**

### **(a) Historical financial information**

The Investigating Accountant's Report contained in Section 1 of this Prospectus sets out:

- (i) the reviewed Statement of Profit or Loss and Other Comprehensive Income for MLI for the six months ended 31 December 2017;
- (ii) the reviewed Statement of Cash Flows for MLI for the six months ended 31 December 2017;
- (iii) the reviewed Statement of Financial Position of MLI as at 31 December 2017; and
- (iv) the reviewed pro-forma Statement of Financial Position of MLI (post-completion of the Transaction) as at 31 December 2017.

Investors are urged to read the Investigating Accountant's Report in full.

The full financial statements for MLI for the financial year ended 30 June 2017 and the half year ended 31 December 2017, which include the notes to the financial statements, can be found from the Company's ASX announcements platform on [www.asx.com.au](http://www.asx.com.au).

## **7.10 Forecasts**

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

In particular, the Company does not consider it has a reasonable basis at this time for providing any production targets, or financial forecasts based on production targets, in respect of the Comet Vale Project, as current mining studies are not at a level that would comply with the requirements of a feasibility study as defined by JORC 2012.

The Company has, as part of its due diligence, reviewed key elements of the work that GBF has undertaken to support execution of the Mine Management Agreement for Comet Vale and has satisfied itself that the approach adopted by GBF has been rigorous and based upon 'first principles' mine development and costings. This has included presentations to the Company by independent consultants used by GBF for resource validation and mining engineering for the purposes of developing the mine plan for Comet Vale.

## **7.11 Dividend Policy**

For the Company to progress its business model, significant funding is likely to be required and therefore the Company currently has no plans to declare any dividends.

Any future determination as to the payment of dividends by the Company will be at the discretion of the Board and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Board. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

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**8. INDEPENDENT GEOLOGIST'S REPORT**



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

15 February 2018

The Directors  
Mintails Limited  
Level 9, 863 Hay Street  
Perth WA 6000

Dear Sirs,

**Re: INDEPENDENT GEOLOGIST'S REPORT ON  
THE COMET VALE and GOLDEN LODGE PROJECTS IN WESTERN  
AUSTRALIA**

Agricola Mining Consultants Pty Ltd ("Agricola") has been commissioned by the Directors of Mintails Limited ("Mintails" or the "Company") to provide an independent technical report ("Report") on the Comet Vale and Golden Lode Projects in Western Australia ("Projects"). This Report is to be included in a Prospectus to be lodged by the Company with the Australian Securities and Investments Commission ("ASIC") in respect of the Company's public offer required to re-comply with Chapters 1 and 2 of the ASX Listing Rules (the "Offer"). The funds raised under the Offer will primarily be used for funding working capital for the commencement of underground mining at the Comet Vale Project by way of loan, pursuing additional acquisition opportunities, undertaking exploration and development and working capital requirements.

**The Projects**

The **Comet Vale Project** is centred on the old mining town of Comet Vale, 100 km north northwest of Kalgoorlie, Western Australia. Underground mining operations have focused on the Sand George mineralised body. The Sand Queen shaft had previously been dewatered and rehabilitated and provided access to remnant material near the shaft and to the Sand George lodes.

The **Golden Lode Project** lies in the NNW striking Coolgardie-Mt Ida greenstone belt, a western branch of the Norseman-Wiluna belt. A twin compartment shaft was developed in 1989 and shrinkage stope mining was undertaken on a high grade lens identified by drilling. Stopping commenced in August 1990 with treatment of 10,297t at 8.86g/t Au completed.

## **Declarations**

### *Relevant codes and guidelines*

This Report has been prepared as a technical assessment in accordance with the Australasian Code for Public Reporting of Technical Assessment of Mineral Assets (the “VALMIN Code”, 2015 Edition) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code”, 2012 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 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, they were prepared pursuant to the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (“the JORC Code 2012”).

This Report is not a Valuation Report (as defined in the VALMIN Code) and does not express an opinion as to the value of the mineral assets or make any comment on the fairness and reasonableness of any transactions related to the Offer. Aspects reviewed in this Report may include prices, socio-political issues and environmental considerations; however, the author does not express an opinion regarding the specific value of the assets and tenements involved.

### *Sources of Information*

The statements and opinion contained in this Report are given in good faith and this Report is based on information provided by the Company, along with technical reports prepared 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 prior to lodgement.

In compiling this Report, Agricola did not carry out a site visit to the Project areas. Based on its professional knowledge and experience, familiarity with the general area and the availability of extensive databases and technical reports made available by various government agencies, Agricola considers that sufficient current information was available to allow an informed appraisal to be made without such a visit. Agricola has no reason to doubt the authenticity or substance of the information provided.

This Report contains statements attributable to third persons. These statements are made in, or based on statements made in previous geological reports that are publicly available from either a governmental department, authority or agency of an Australian State or Territory or of the Commonwealth; or an operator of a prescribed financial market. The statements are included in accordance with ASIC Corporations (Consents to Statements) Instrument 2016/72, 8(1B).

This Report has been compiled based on information available up to and including the date of this Report. Consent has been given for the inclusion of this Report in the

Prospectus relating to the Offer and distribution of this Report in the form and context in which it appears.

### *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 50 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 30 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 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.

Mr Castle is the Principal Consultant for Agricola Mining Consultants Pty Ltd (ABN: 84 274 218 871), an independent geological consultancy established over 10 years ago. He is a Member of the AusIMM.

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

Malcolm Castle has sufficient experience relevant to the Technical Assessment of the Mineral Assets under consideration and to the activity, which he is undertaking to qualify as a 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 2012:* The information in this Report that relates to Exploration Results and Mineral Resources of the Company is based on, and fairly represents, information and supporting documentation that has been reviewed and prepared by Malcolm Castle, who is a Member of AusIMM. 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' ("JORC Code 2012"). 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 Project. 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 \$11,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Agricola and Malcolm Castle consent to the inclusion of the matters based on the information in the form and context in which they appear in the Company's Offer.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Malcolm Castle', with a long horizontal flourish extending to the right.

Malcolm Castle  
B.Sc.(Hons), MAusIMM, GCertAppFin (Sec Inst)  
Agricola Mining Consultants Pty Ltd ABN: 84 274 218 871

## TENEMENT LOCATION



*Location of the Comet Vale and Golden Lode and Projects*



## TENEMENT SCHEDULE

### Western Australian Tenements

Tenement	Holder	Area, Ha	Start	Expiry	Status
<b>Comet Vale Gold Project</b>					
E29/927	Sand Queen Gold Mines Pty Ltd	2 BL	2-Dec-14	1-Dec-19	Live
L29/67		8.20	20-Mar-02	19-Mar-23	Live
M29/35		2.43	28 Jan 87	27-Jan-29	Live
M29/52		96.88	18-May-88	17-May-30	Live
M29/85		97.68	12-Jan-89	11-Jan-31	Live
M29/185		8.13	25-Jun-99	24-Jun-20	Live
M29/186		285.54	24-Nov-06	23-Nov-27	Live
M29/197		581.40	25-Oct-02	24-Oct-23	Live
M29/198		445.30	25-Oct-02	24-Oct-23	Live
M29/199		247.30	25-Oct-02	24-Oct-23	Live
M29/200		55.75	25-Oct-02	24-Oct-23	Live
M29/201		34.24	25-Oct-02	24-Oct-23	Live
M29/232		297.00	25-Oct-02	24-Oct-23	Live
M29/233		541.65	25-Oct-02	24-Oct-23	Live
M29/270		257.74	25-Jun-13	24-Jun-34	Live
M29/235		133.00	25-Oct-02	24-Oct-23	Live
M29/321		3.58	13-Nov-02	12-Nov-23	Live
Total Area MLs		3,095.80	Ha		
Total Area - EL		6.00	km <sup>2</sup>		
<b>Golden Lode Gold Project</b>					
P30/1100	Golden Lode Pty Ltd	197.00	23-Feb-15	22-Feb-19	Live
P 30/1101		192.00	25-Jul-13	24-Jul-21	Live
P 30/1102		154.00	23-Feb-15	22-Feb-19	Live
P 30/1103		190.00	23-Feb-15	22-Feb-19	Live
P 30/1104		140.00	25-Jul-13	24-Jul-21	Live
P 30/1105		200.00	25-Jul-13	24-Jul-21	Live
P 30/1131		94.00	28-Jul-16	27-Jul-20	Live
Total Area		1,167.00	Ha		

The status of the tenements has been verified based on a recent independent inquiry of the Department of Mines and Petroleum, WA, Mineral Titles On Line database (*source: [www.dmp.wa.gov.au](http://www.dmp.wa.gov.au)*) by Agricola, pursuant to section 7.2 of the Valmin Code, 2015. The tenements are believed to be in good standing based on this inquiry.

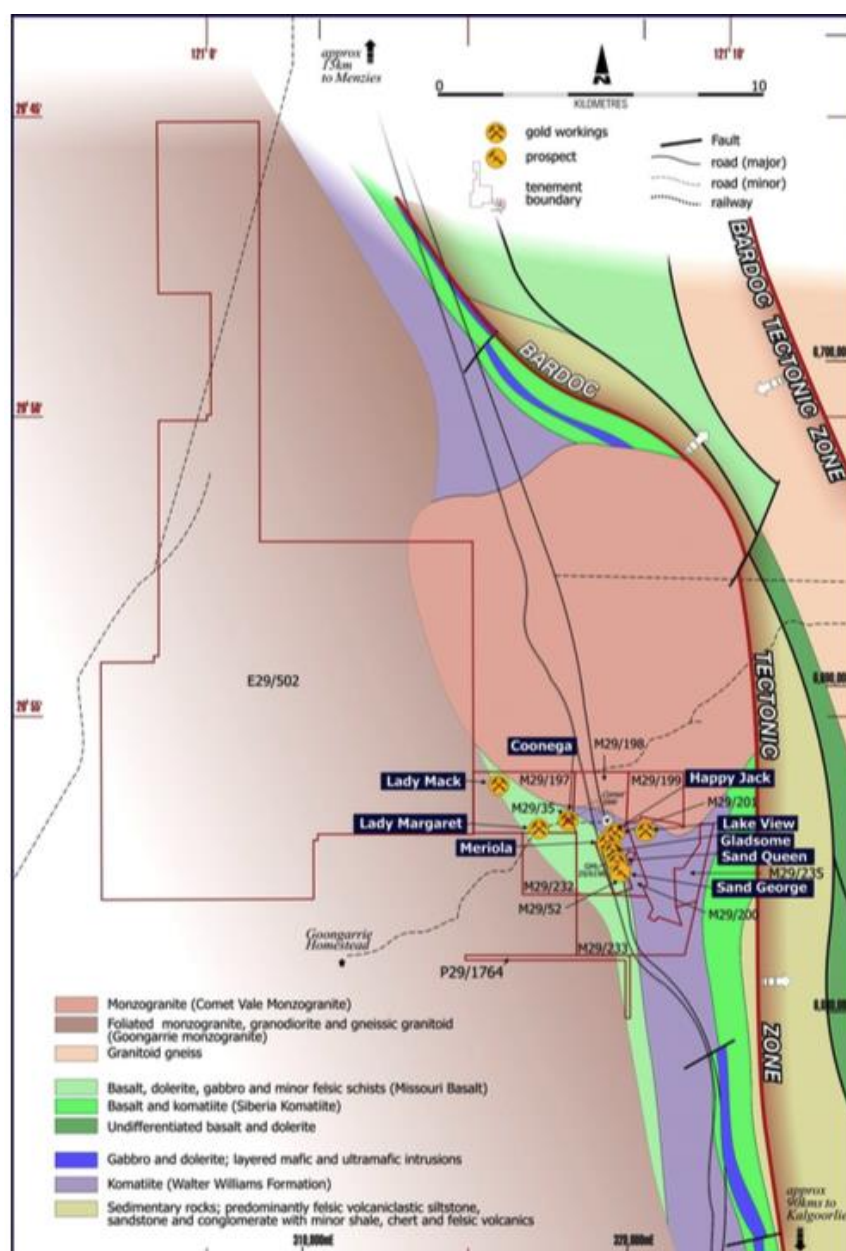
## COMET VALE PROJECT

### Location and Tenure

The Comet Vale Project is centred on the old mining town of Comet Vale, 100 km north northwest of Kalgoorlie, Western Australia. The Goldfields Highway passes through the centre of the Project area and is alongside the Sand Queen main shaft (55m from the centreline of the highway).

### Regional Geology

The Comet Vale Project is underlain by mafic ultramafic volcanic rocks of the Ora Banda Domain, granitic rocks of the Goongarrie Monzogranite to the west and the Comet Vale Monzogranite to the north. The Ora Banda Domain is one of six tectono-stratigraphic domains that make up the Kalgoorlie Terrane and is host to several large gold deposits, including the Ora Banda and Mt Pleasant gold camps.



*Tenements and Regional Geology of the Comet Vale Project  
Unpublished Company report, Reed Resources Ltd, March, 2009.*

The mafic ultramafic volcanic and metasedimentary rocks and mafic igneous sills within the Ora Banda Domain are referred to as the Ora Banda Sequence. Comet Vale is on the eastern side of the Ora Banda Domain, along a one to five km wide arm that extends for about 30km north of Menzies. This arm of the Ora Banda Sequence, known as the Menzies Greenstone Belt, is bound to the west by the Goongarrie Monzogranite and to the east by the regional scale Bardoc Menzies Tectonic Zone.

### **Deposit Geology**

Mafic ultramafic rocks in the Comet Vale area are a continuation of the lower part of the Ora Banda Sequence, though generally with a reduced thickness. The mafic ultramafic volcanic sequence at Comet Vale is divided into three formations that are correlated with the Missouri Basalt, Walter Williams Formation and Siberia Komatiite. Only the Missouri Basalt and Walter Williams Formation crop out in the vicinity of and along strike from the Sand Queen Gladsome mine

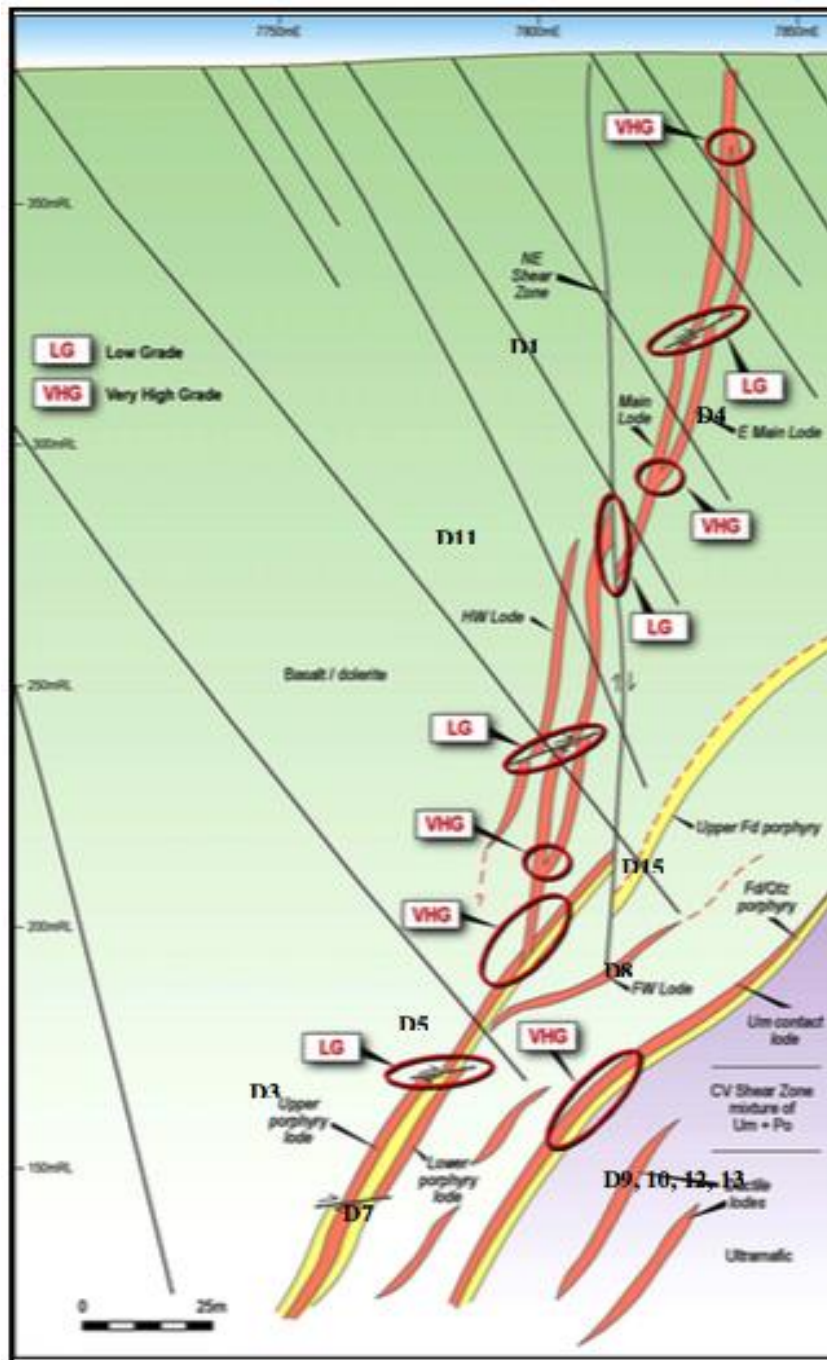
Gold deposits at Comet Vale (Sand Queen Gladsome, Sand George) are in a NNW SSE trending and steep west dipping structure that is sub parallel to the boundary between the Missouri Basalt and Walter Williams Formation. Although the exact nature of this structure is not known, it is apparently unrelated to emplacement of the Comet Vale Monzogranite.

The Sand George deposit consists of a sequence of ultramafic, dolerite and basalt units progressing from East to West. This sequence has been intruded by a number of relatively thin porphyry units and the whole package has subsequently been cross cut by one major NE SW trending fault and a number of minor NW SE trending faults. Gold mineralisation occurs along some of the porphyry contacts or associated with shears within the dolerite and basalt units.

Economic gold mineralisation at the Sand Queen mine is solely within quartz boudins that vary from 0.1m to 4.5m wide (average 1.2m) and of highly variable lengths ranging from 5m to 50m. En echelon stacking occurs both laterally and vertically. The gold mineralisation shows a shallow northerly plunge, overprinted by a steeper southerly plunge.

A number of different generations of quartz and associated mineralisation are apparent. Evidence exists for early low-grade buck quartz veins that have been overprinted and recrystallized by later highly sulphidic higher grade quartz veins. There also appears to be post gold mineralisation quartz veining and felsic intrusions that 'stoped' the gold bearing veins. Alteration haloes are extremely tight around individual veins with 5 – 30cm sheared contacts quickly grading into weakly foliated wall rock.

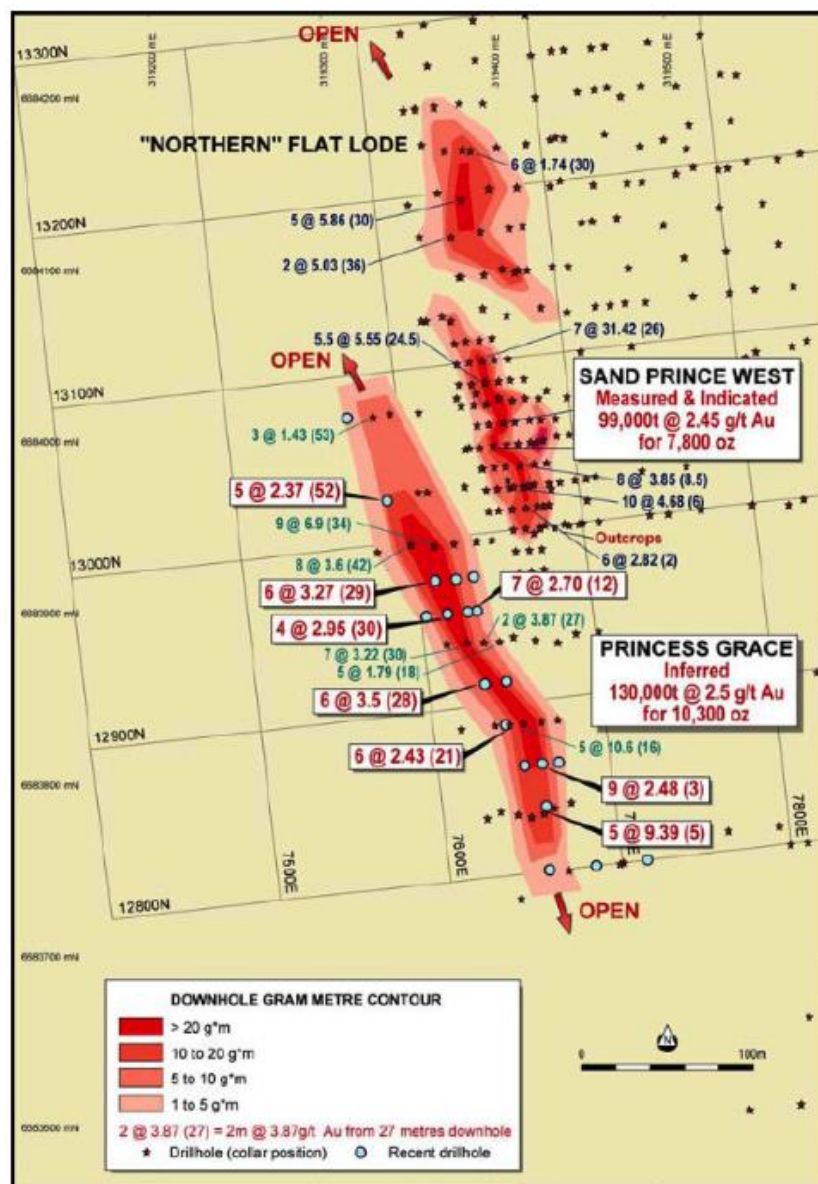
Footwall contacts tend to be extremely sharper than the hanging wall contacts, which tend to have 30 – 50cm intensely sheared margins with 1 to 10 cm wide quartz stringers. Further, later veining appears to have intruded along the hanging wall contact rather than the footwall. Gold grades in the shears and the alteration haloes rarely exceed 0.5g/t. Gold is mostly present as free gold and interstitial to quartz in veins. It is spatially associated with pyrite/marcasite, pyrrhotite, sphalerite, galena and chalcopyrite.



*Type Cross-Section through Comet Vale, with Lode (D) positions – Looking North  
Unpublished Company report, Reed Resources Ltd, March, 2009.*

## Exploration History

2002: Surface exploration focused on the Sand George deposit and the potential for repetition of high-grade lodes elsewhere along the Comet Vale lode structure. Work commenced on dewatering and rehabilitation of the Sand Queen main shaft to gain underground access to source any remnant material, for geological mapping, and to assess use of the shaft as a means of underground access to the Sand George deposit.



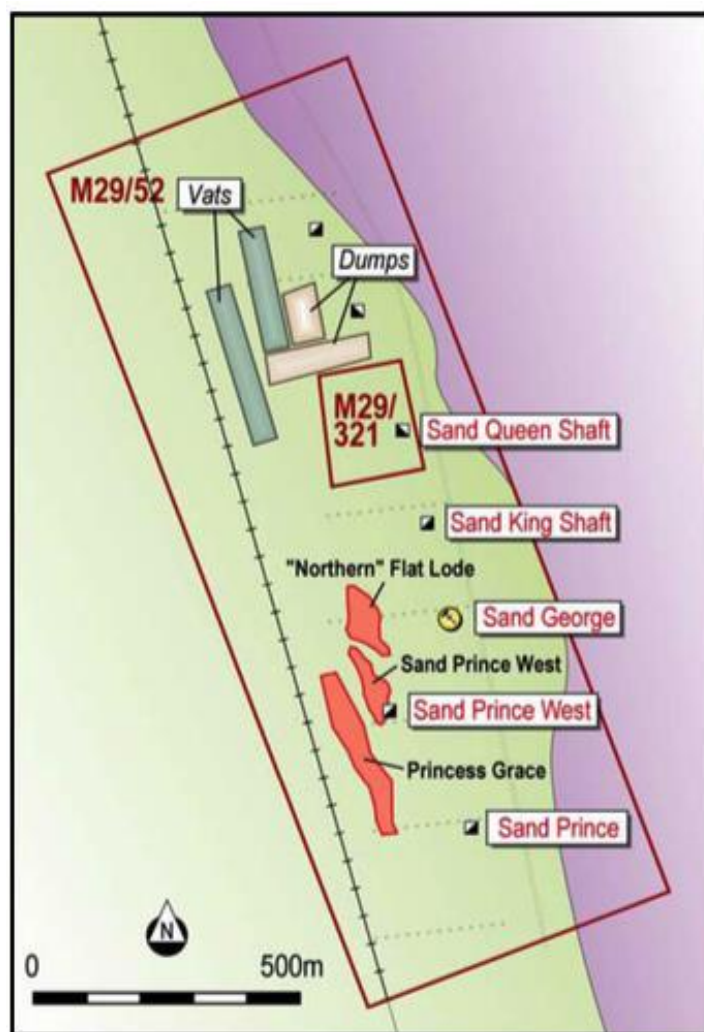
*Sand Price West and Princess Grace Project – drill hole location plan with interpreted mineralised lode structure (Reed ASX release, May 2007)*

2003: Dewatering and rehabilitation of the Sand Queen main shaft to below No.4 Level was completed and geological mapping/sampling of the 4 Level south drive revealed a change in structural position of the lode below 4 Level. Infill RC drilling at the south end of Sand Queen identified an Indicated Mineral Resource. Exploration of the Comet Vale lode structure at the Sand George prospect included diamond drilling to test the deeper lode positions, re assessment of the geological model, and recalculation of the Mineral Resource. Drilling also confirmed a shallow, flat lying structure referred to as the Sand Prince West lode.



2004: Exploration at the Comet Vale project during 2004 continued to target the area's gold potential and was confined mostly to M29/52 and the included M29/321. Most exploration focused on definition of a mineable inventory at the Sand George deposit and an evaluation of various mining options for feasibility studies for development of a mine.

2005: Development focused on Sand Prince West where a total of 93 RC holes were drilled. Exploration focused on mapping of the eastern tenure, determining the potential for nickel laterite within the Walter Williams formation, drilling at Coonega and flying of an aeromagnetic survey.



*Local Infrastructure, main mineralised zones and workings of the Comet Vale mine area (Reed Quarterly Report, September 2007)*

2006: Exploration and infill drilling proved up further gold resources to the south and west of the Sand George lode. Detailed aeromagnetic and gravity surveys over the tenure along with detailed surface mapping, and anomalous geochemistry defined further gold targets. Encouraging significant results at Long Tunnel and Happy Days prospects led to establishing survey control at Long Tunnel/Lake View and Lady Margaret. An environmental survey of the western tenure was conducted prior to first pass drilling at Sand Duke. Other work included the collation of historical data and further evaluation of the nickel/copper sulphide potential over eastern tenements.

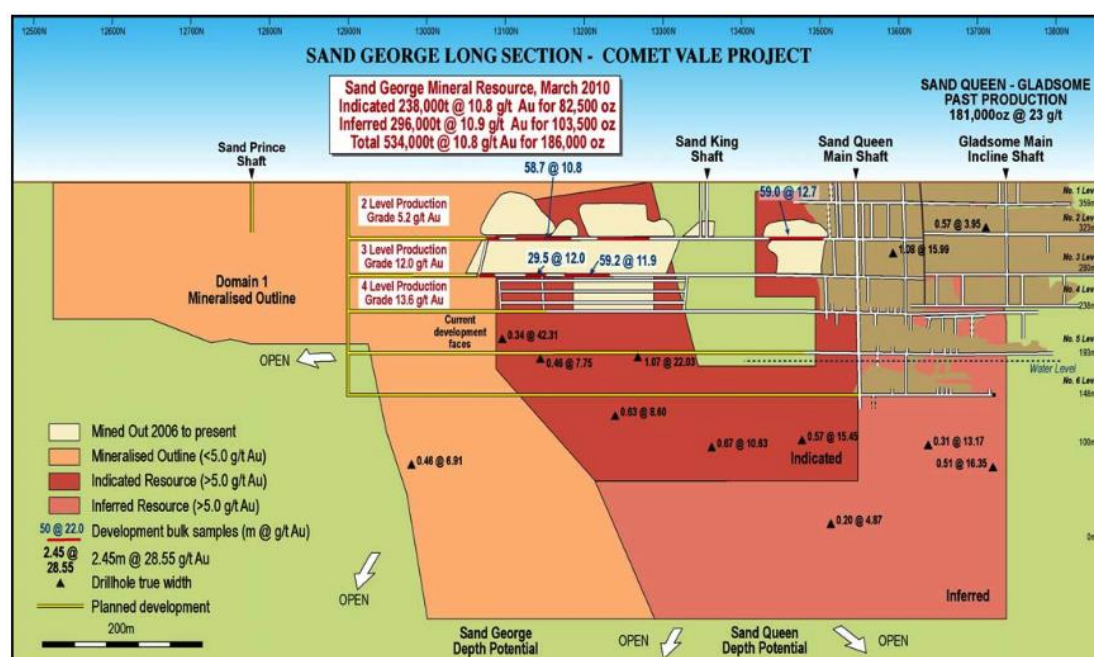
2007: Exploration and development drilling continued to expand the extent of the known gold mineralisation. Exploration RC drilling tested a number of outcropping quartz veins and structural targets.

2008 - 2009: Resource extension drilling continued to expand the extent of the known gold mineralisation. Exploration for shallow, open pittable deposits, to complement the Sand Prince West and Princess Grace deposits, included RC drilling along strike from the old Coonega mine and of the Comet Vale Shear Zone northeast of Coonega. Resource extensional drilling into Sand Prince was undertaken open pit extensions and expansion.

## Recent Mining Operations

Underground mining operations have focused on the Sand George deposit, 250 m south of the old Sand Queen shaft. The Sand Queen shaft had previously been dewatered and rehabilitated down to the four level (152 m vertical depth) but most of the old workings were inaccessible. The shaft provided access to remnant mineralisation near the shaft and to the Sand George lodes. Gold production recommenced in June 2006, 68 years since material was last hoisted from the shaft.

Mining was completed at the Sand Queen Gold Mine on 31 May 2010 under the pre-existing production joint venture arrangement. In May 2010, Underground operations were suspended at the Sand Queen Gold Mine from 1 June 2010 pending resolution of a long term milling solution or the refurbishment and re-commissioning of the Nimbus processing plant, 15 km southeast of Kalgoorlie that was purchased in September 2009.



*Vertical longitudinal projections of the Sand Queen Gold Mine, showing the resource outline in relation to current and planned development with selected drillhole intersections for Domain 1 (top) only. (Footwall and Hangingwall Domains can be found on ASX announcement 8 April 2010)<sup>1</sup>*

<sup>1</sup> Source: Reed Resources Ltd, 2010





## Mineral Resource Estimate

The Mineral Resource estimation work was carried out by Mr. Mark Zammit of Cube Consulting in February 2010 and reported under NI43-101 Code in August 2011. Mr. Malcolm Castle, a competent person (CP) under JORC Code 2012 updated the Mineral Resource estimate and reported it under JORC Code 2012 in January 2018.

The Comet Vale Project is reported as hosting a Mineral Resource estimate of approximately 0.75Mt at 8.5 g/t gold for 203,100 ounces of gold.

<b>RESOURCE INVENTORY</b>			
<b>Classification</b>	<b>Tonnes</b>	<b>Au, g/t</b>	<b>Au (Oz)</b>
Sand George Mineral Resources Above 5.0 g/t gold			
Indicated	238,000	10.8	82,500
Inferred	296,000	10.9	103,500
Sand Prince West Mineral Resources Above 1.0 g/t gold			
Indicated	90,000	2.4	7,000
Inferred	19,000	1.5	900
Princess Grace Mineral Resources Above 1.0 g/t gold			
Indicated	92,000	2.9	8,500
Inferred	13,000	1.5	700
Total Mineral Resource			
Indicated	420,000	7.3	98,000
Inferred	328,000	10.0	105,100

*Mineral Resource Estimate, Reported 25 January 2018<sup>2</sup>*

Mintails Limited announced the Mineral Resource Estimate to the ASX on 25 January 2018 - Mintails Limited – Proposed Acquisition Of WA Gold Projects And Re-Listing On ASX.

Agricola is not aware of any new information or data that materially affects the information included in the ASX release of 25 January 2018 and all the material assumptions and technical parameters underpinning the estimates continue to apply. The form and context in which the findings of the ASX release are presented have not been materially modified.

A parcel of 61,158 tonnes material from the Sand Prince West and Princess Grace open pit has been contract mined and toll treated at a third-party mill since this estimate was prepared. This yielded 3,949 ounces of gold (2.17 g/t reconciled head grade). The Mineral Resource statement above has not been recalculated to allow for this reduction as:

- There is insufficient evidence available to estimate the amount of material in tonnes and grade what were subsequently mined and to ascribe the quantities to either the Sand Queen or Princess Grace Deposit or whether it came from Indicated or Inferred category (or possibly elsewhere).

<sup>2</sup> Castle, M., 2018, Mintails Ltd ASX Announcement, 25 January 2018

- The Mineral Resource estimate by CUBE Consulting has not been recalculated at this stage to preserve the integrity of the JORC Code 2012 and NI 43-101 reports and the review work that stands behind it.
- The 3,949 ounces of gold were mined from the open pit at Comet Vale (which contains the Sand Prince West and Princess Grace deposits), not from the Prince George Mineral Resource which is underground and which is the focus of proposed mining.
- The later production represents less than 2% of the total ounces and the impact of the later production is not considered to be significant in the valuation.

In preparing the JORC Code 2012 Mineral Resource Statement in January 2018, Mr Malcolm Castle considered that this small amount of production is consistent with the metallurgical and geological factors assessed in the Mineral Resource Estimate and no adjustment to the estimate was required.

Agricola is not aware of any new information or data that materially affects the information included in the report by Cube Consulting Pty Ltd “Independent Technical Report (NI 43-101) Resource Estimation For The Comet Vale Gold Project Western Australia, August 2011” and in the case of mineral resources that all the material assumptions and technical parameters underpinning the estimates in the Cube report continue to apply. The form and context in which the findings of the Cube report are presented have not been materially modified.

## NOTES ON THE MINERAL RESOURCE ESTIMATE

### **Geology, Mineralisation and Exploration Concept**

The deposits within the Comet Vale project are typical Archaean narrow, high-grade gold quartz lode deposit within a shear hosted system. Numerous economic deposits of this mineralisation style exist in Western Australia and include the best known and giant Golden Mile deposit at Kalgoorlie in the Norseman – Wiluna Belt of the Yilgarn Craton. Other deposits include Norseman, Kanowna Bell, Mt Charlotte, Jundee and Bronzewing.

The Comet Vale deposit is hosted in the Ora Banda Sequence of mafic-ultramafic volcanic and metasedimentary rocks. Economic gold mineralisation is predominantly within quartz boudins from 0.1 to 4.5m in width with free gold spatially associated with pyrite/marcasite, pyrrhotite and elevated base metal values (sphalerite, galena, chalcopyrite).

The Sand George (including Sand Queen, Sand King and Sand George) deposit comprises fifteen mineralised lodes striking approximately north-south (local grid) and dipping around 70° towards the west. Domain 1 is the main lode and has been the focus for previous and current underground mining activities. The Sand Prince West deposit consists of six mineralised domains and Princess Grace a single domain. Both are located approximately 150 to 250m to the west of the Sand George deposit and are associated with flat west-north-west dipping, weakly sulphidic, milky quartz veins surrounded by an alteration halo.

### **Drilling and Sampling Procedures**

#### *RC Drilling*

Majority of the drilling comprised face sampling hammer reverse circulation drilling. Drill samples were collected on 1m intervals and four metre composite samples were taken

#### *Diamond Core Drilling*

The majority of the drilling at Comet Vale was carried out using NQ2 diamond core with some shallow holes completed using HQ core. Limited core orientation was carried out.

#### *Core recovery*

Core recovery was generally very good being close to 100%. Some core loss was experienced because of poor ground conditions, or in attempting to recover drilled core that had not been recovered in the tube because of a core spring malfunction.

#### *Core logging*

Lithological contacts, sample intervals and geological features such as foliations and shears were marked with their respective down hole depth on the core and then logged.

#### *Drillhole Surveying*

Drill collars were surveyed using differential GPS equipment. The resultant surveyed hole data comprised of local grid coordinates, AMG84 coordinates and collar elevations (RL) at surface level. Down hole surveys were initially carried out by Eastman camera and Electronic Multi-Shot.

### **Sample Preparation, Analyses and Security**

#### *Laboratory and Sample Submission Procedures*

Drill samples for assaying are delivered the analytical laboratories by company personnel.

#### *Sample Preparation and Analysis*

RC and diamond core samples were analysed using 50g Fire Assay with an AAS finish (FA50/AAS). For 2000 to 2003 sample analysis was carried out by using Aqua Regia acid digestion (B/ASS), Fire Assay (FA50/FA25) and Cyanide Leach (Leachwell). Laboratories used were:

- Genalysis Laboratory Pty Ltd ('Genalysis') in Perth for all 1 metre samples and diamond core samples (CVA sample prefix), the primary laboratory,
- Kalgoorlie Assay Laboratory ('KAL') in Kalgoorlie for assay of the first pass 4 metre composite samples (CVB sample prefix).
- Amdel Laboratory Services ('AMDEL') based in Kalgoorlie were used from 2008 for assay of the first pass 4 metre composite samples
- Australian Laboratory Services Pty Ltd ('ALS-Chemex') in Perth for all cross checking samples, the umpire laboratory.

#### *Quality Control*

Quality control procedures include the regular use of blanks and standards. Laboratory cross checking procedures were put in place to check the analysis of the main gold intersections in both the RC and diamond core drill programmes.

## **Mineral Resource Modelling**

The Mineral Resource estimates have been classified and reported in accordance with the JORC Code 2012. Cube estimated gold for the main identifiable lodes.

### *Modelling Process*

The following key points summarise the modelling process, key parameters and observations:

- The delineation of the Comet Vale mineralised domains for volume control and estimations was predominantly based on geological and grade attributes, particularly the occurrence of quartz veining, anomalous gold, elevated base metals and along strike lode continuity;
- Density was assigned as a global value of 2.7 tonnes/m<sup>3</sup> across the resource, based on discussions with Reed;
- For the Sand George deposit, intercept compositing was carried out independently for each mineralised zone using database flagging to control compositing. Mineralised vein grades were composited across the entire coded interval resulting in a single intercept composite;
- For the Princess Grace and Sand Prince West deposits, 1m downhole composites were extracted using database flagging to control compositing;
- Variography has been used to define the spatial structure of the accumulation variable for the Sand George intercept composites and the 1m composites at Sand Prince West and Princess Grace.;
- Grade interpolation for the Sand Prince West and Princess Grace deposits was carried out using traditional 3D Ordinary Kriging (OK) for the mineralised domains using the uniquely coded 1m downhole composite data specific to each domain;
- The Comet Vale Mineral Resources have been and classified and reported in accordance with JORC Code 2012.

### *Drill Hole Spacing*

The Sand George Mineral Resources were classified as *Indicated* where drilling centres on long section was nominally 25m x 25m and included some areas up to 50m x 50m. Drilling centres at this spacing are sufficient to classify the global resources as Indicated, given the mining history, current standards of drilling, sampling, assaying and geological understanding. Sand Prince West and Princess Grace were classified as *Indicated Mineral Resources* where the drilling was based on 25m spaced sections and nominally 10m spacing on section. This classification is one where the level of geological knowledge and data were sufficient to assume the continuity of shape and grade characteristics to a reasonable level of confidence.

The Sand George Mineral Resources were classified as *Inferred* where drilling centres on long section were wider than 50m x 50m and located around the periphery of the Indicated material or where confidence in all aspects of the resource was significantly lower. Sand Prince West and Princess Grace were classified as *Inferred Mineral*

*Resources* where the drilling was based on greater than 25m spaced sections which was typically 50m with 10m spacing on section.

## **Grade Estimation**

The following key points summarise the modelling process, key parameters and observations:

- The delineation of the Comet Vale mineralised domains for volume control and estimations was predominantly based on geological and grade attributes, particularly the occurrence of quartz veining, anomalous gold, elevated base metals and along strike lode continuity;
- Density was assigned as a global value of 2.7 tonnes/m<sup>3</sup> across the resource, based on discussions with Reed;
- For the Sand George deposit, intercept compositing was carried out independently for each mineralised zone using database flagging to control compositing. Mineralised vein grades were composited across the entire coded interval resulting in a single intercept composite. For the Princess Grace and Sand Prince West deposits, 1m downhole composites were extracted using database flagging to control compositing;
- Statistical analysis of the composite data was carried out to determine if high grade assay cuts were necessary. A modest high-grade assay cut of 130g/t gold was applied to Domain 1 and 30g/t gold to Domain 2 and 3 to the Sand George intercept composites. No top cutting was deemed necessary for the Princess Grace 1m composites and a top cut of 20g/t gold was applied to Sand Prince West (Domain 1 only);
- Variography has been used to define the spatial structure of the accumulation variable for the Sand George intercept composites and the 1m composites at Sand Prince West and Princess Grace. This in turn assisted in determining the appropriate estimation inputs to the interpolation process. In general, poor to moderately structured variograms were achieved for the main domains with a moderate relative nuggets being modelled such as 26% (Sand George), 28% (Sand Prince West) and 27% (Princess Grace);

## **Resource Classification and Reporting**

### *Classification Approach*

Not all blocks within a given interpreted mineralised domain (wireframe) were considered suitable for classification. This follows the assumption that the block was informed by the minimum number of composites required for a robust estimate.

Indicated resources have been defined where geological confidence for volume and grade definition is moderate, defined by good support from drilling and areas where the drilling is averaging a nominal 25x25m along strike/down dip spacing and included areas of up to 50x50m. Areas where the estimation quality is high, delineated by a slope of regression (true to estimated blocks) greater than 0.75. Slope of regression is evaluated using whole model Quantitative Kriging Neighbourhood Analysis.

Inferred resources have been defined where geological confidence for volume and grade definition is low, defined by areas where drilling is typically greater than 50x50m along strike/down dip spacing;

Inferred resources are located around the periphery of the Indicated material where confidence in all aspects of the resource is significantly lower. Any material that failed to be estimated within minimum criteria has not been included as reportable resources.

#### *Mining Methods*

The Mineral Resource Estimate was undertaken whilst mining operations were still underway at Sand George. The estimation was undertaken with the expectation that they would be evaluated using the small scale selective underground mining methods (airleg shrink and gallery stoping).

The Mineral Resource Estimate for Sand Prince West and Princess Grace was undertaken with the expectation that they would be evaluated for future open pit mining methods.

#### *Recovery Methods*

Material mined at Sand George, until June 1st 2010, was toll treated using a gravity circuit followed by CIP leaching with recovery of gold generally above 93%.

### **Prior Mining Operations 2010-2011**

Operations at Comet Vale are currently suspended. Recommencement of operations requires a formal letter to the State Mining Engineer informing of the intent to recommence.

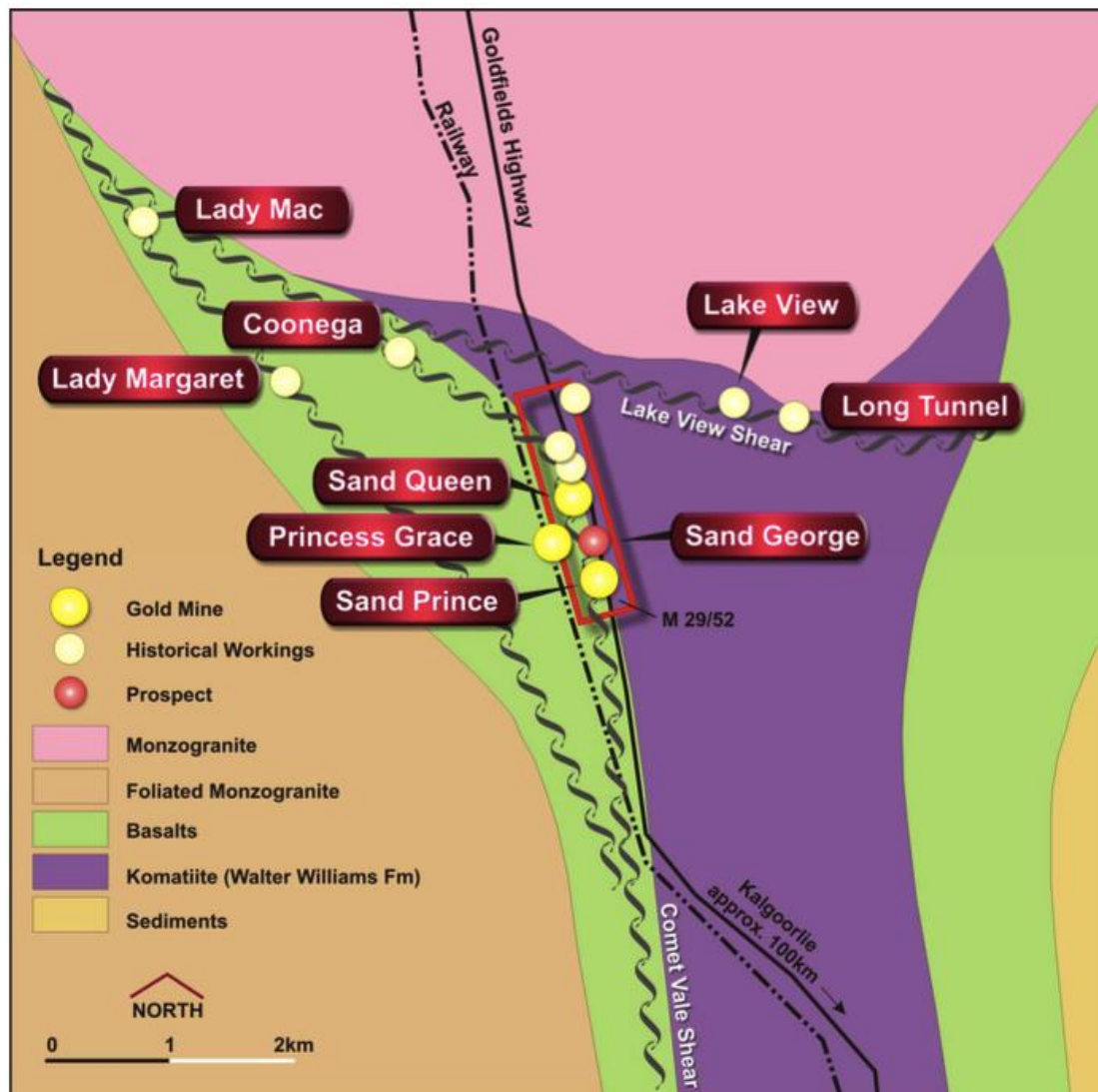
A mining plan and schedule was developed in May 2010. The option modelled was to re commission the existing hoisting installation, re enter the existing haulage shaft to gain access to both the 5 and 6 levels. The strategy of the mining schedule is to balance the efficient development of the required stoping areas with a hoisting constraint of 4,000t per month. If an overly aggressive development approach is taken, the shaft cannot hoist sufficient quantities of ore with the waste.

The mine schedule commenced in January 2012 and has eight weeks allocated to dewatering the mine to the 4L. Once the 3 level pump station is established and the 4 level plat cleared, stope mining can recommence on the 4 Level.

The Company is reviewing the 2101 mine plan and will develop a new feasibility study for the proposed operation

## Prospectivity and Exploration Potential

Four (4) major targets (Coongera, Lake View & Long Tunnel, Lady Margaret & Lady Mac and Down Dip extensions – Sand George) were identified for further exploration.



*Exploration Targets in the Comet Vale Area*

*Source: Reed Resources Ltd, 2011*

### Coonega

The Coonega mining lease M29/35 is located approximately 2km NW of the Sand Queen shaft. The area was historically mined underground down to approximately 40m vertical during the early 1900s but no production figures are available. Initial drilling was completed by Hill Minerals Ltd in 1986 and 1987 with sporadic drilling since then.

The gold mineralisation is within a single 7m wide quartz lode dipping 70° towards 200°. Gold grades are highly variable and are associated with pyrrhotite and pyrite rich zones within the quartz, with better grades occurring at the margins. It appears that there is a number of different quartz veining events, with an earlier bucky quartz

vein acting as a rigid body and later gold bearing veins wrapping around boudins of the earlier vein. The country rock has historically been described as an amphibolite (ex basalt/dolerite) with potassic alteration proximal to the quartz vein.

Exploration potential for extensions down dip and along the Lake View Shear – Comet Vale Shear intersection is a prospective target.

### **Lake View & Long Tunnel**

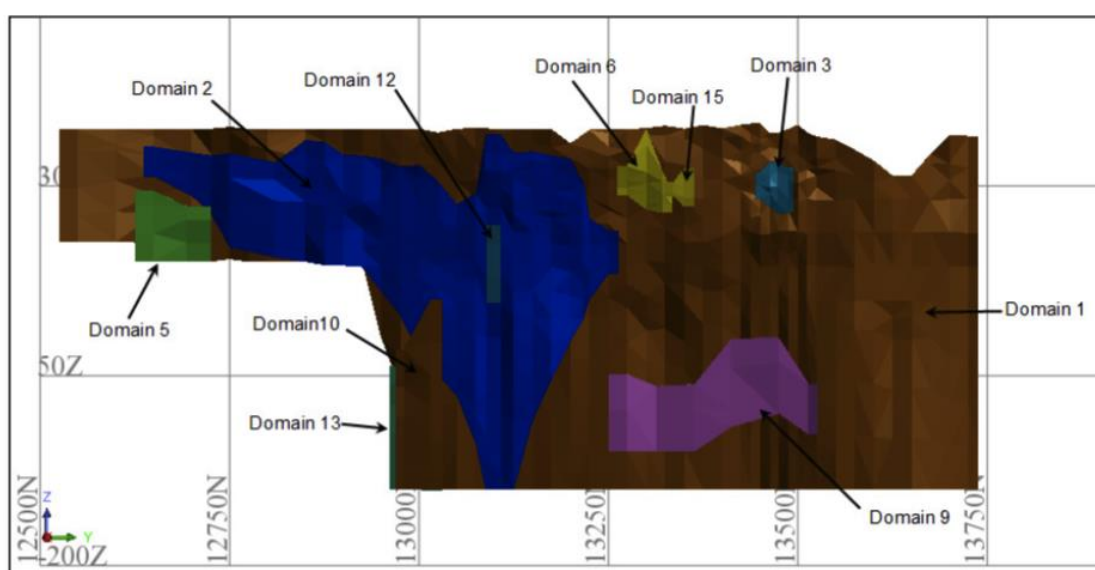
Lake View resides on the eastern part of the Project (M29/201) and is identified by the extensive historical workings. Production figures for this mine could not be located, however the underground workings are formidable. Reconnaissance drilling has been sparsely undertaken at this project. Significant potential exists to delineate this structural corridor. There is no resource on this area.

### **Lady Margaret & Lady Mac**

Both these deposits reside on the Lady Margaret shear zone (M29/197). This shear zone is pitted with a plethora of artisanal historical workings that range in depth from a few metres to in excess of 20m deep. This line of mineralisation has been very poorly exploited by modern exploration techniques.

### **Down Dip extensions – Sand George**

Further mineralisation may be expected to occur down dip from the Mineral Resource Estimate area. The following long section of Sand George suggests that Domains 1 and 13 that warrant further exploration drilling to expand the mineral inventory. Down dip extensions are also suggested below Domain 5.



*Sand George Mineralised Lodes - Looking West*

*Source: Zammit, M., 2011*



## GOLDEN LODGE PROJECT

### Location and Tenure

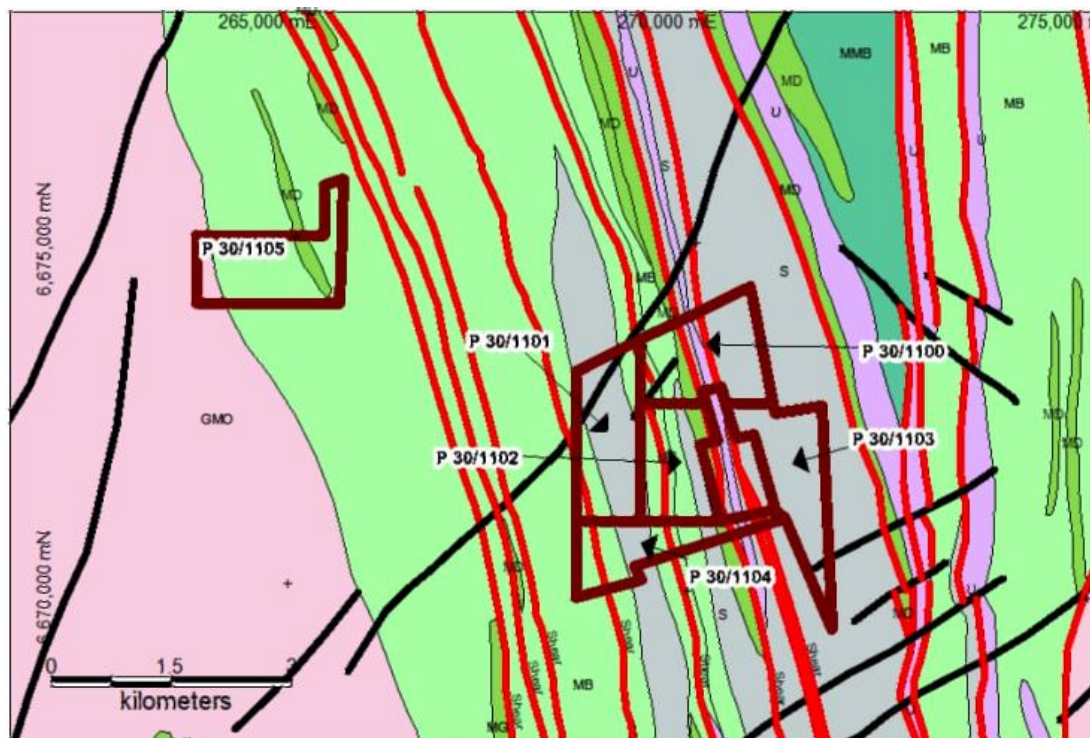
Access to the Golden Lodge Project area is along high quality gravel roads from Coolgardie (134km) or from Broad Arrow (93km). The Road passing through from Callion to Davyhurst Mine passes through the southern extremity of the Golden Lodge Project area.

### Regional Geology

Golden Lodge is situated within the Coolgardie-Mt Ida greenstone belt of the Eastern Yilgarn Province of the Archaean Yilgarn Block. A major north trending fault extends from Mt Ida through Davyhurst to the south of Callion and is proximal to the Project.

The dominant rock types of the Barlee Terrane are tholeiitic basalts and gabbros and the distinctive Banded Iron Formation (BIF) units. Outcrop is generally sparse with much of the area being covered by varying thicknesses of lateritic gravel, laterite and recent alluvial deposits.

There are several major regional shear zones in the area. The Mt Ida Fault marks the contact between the western mafic sequence and the eastern basaltic-ultramafic-felsic-sedimentary sequence. The Zulieka shear defines the eastern boundary of the greenstone belt. These shears are associated with several major gold deposits in the region.



*Tenements and Regional Geology of the Comet Vale Project*  
*Source: Jewson, R., November 2017*

The greenstone rocks within the project area can be divided into distinct zones. The 'Western sequence' comprises fine-grained clastic metasedimentary rocks, dolerite, high magnesium basalts with minor interflow sedimentary rocks and felsic volcanic intercalated with felsic volcanoclastic rocks. The 'Eastern sequence' comprises a thick succession of tholeiitic basalts with minor dolerite and thin schist units. A thin ultramafic unit marks the boundary between the two sequences. The dominant rock types of the Barlee Terrane are tholeiitic basalt, gabbro and Banded Iron Formation.

## **Project Geology**

A well-defined vertical to steeply west dipping lithological contact extends north through the Golden Lode Project area. To the west is a sequence of metasediments, to the east mafic to ultramafic schists. Gold mineralisation occurs as a well-defined sulphidic lode largely within the mafic to ultramafic schists at or close to the contact zone. The contact is obscured beneath a thin but extensive cover of lateritic soil.

Two small shafts 15 and 30m deep were dug along the contact zone and a 15m deep open stope is visible at surface. Reported production from the workings is 1,030t treated for 393oz Au produced.

The project is located on a major shear, which is to the east of the geological contact, but within 10 metres. The western area's rocks are deemed lower prospectively than the eastern shears and rocks, which hosts the main lodes in the region. The "Golden Lode Fault" intersects the eastern rocks and has significant mineralisation. The fault has been mapped from aerial photography. There is a magnetic response from the rock unit west of the NNW mineralised shear contact (main lode). A second north east trending structure is speculated at the northern end of the tenements supported by geochemistry.

## *Mineralisation*

Gold mineralisation occurs in mafic hosted sulphidic lode systems developed within 10m of the mafic to ultramafic/metasediment contact. Drilling of the contact zone has demonstrated a nearly continuous development of one and locally two to three parallel lodes varying in thickness from less than 20cm to greater than 5m thick over a strike length of >1,000m and to a depth of 260m. Further depth and strike extensions remain to be tested.

The most extensive and continuous lode is developed immediately adjacent to the contact. The parallel lodes developed up to 10m into the mafic host are discontinuous and mainly restricted to a central 300m section of the 1,000m strike length tested to date. A discrete but strike discontinuous zone of enrichment occurs at depths of between 30 and 60m. In a central 300m portion of the 1,000m of strike, multiple lodes are developed and a high-grade shoot plunges at about 50 degrees to the north down to at least 260m below the surface.

Arsenopyrite, pyrrhotite and pyrite are widely distributed in the lodes, locally forming up to 10% of the lode material. The sulphides occur in and around the quartz veins and through the mafic host material. There is a marked correlation between the arsenopyrite content and gold. It has not yet been determined if the gold is preferentially contained in the quartz or the host mafic material.

Above about 50m below surface the sulphides are oxidised to a prominent brown limonitic and jarositic discoloration. In the open stope, the brown discolouration is preferentially but not exclusively associated with the highly deformed quartz veins.

## **Historical Mining**

In September 1989 a Tribute Agreement was signed whereby Golden Lode Syndicate would work the resource on behalf of Intrepid Resources NL. The work involved sinking of a 97m twin compartment shaft, with development on two levels (46 and 91m level below surface). Shrinkage stope mining was undertaken on a high grade lens identified by drilling. Stoping commenced in August 1990 with treatment of 10,297t at 8.86g/t Au completed.

## **Previous Exploration**

### *Early Exploration 1980-2000 – Davyhurst Group*

The Golden Lode deposit forms part of the larger Davyhurst gold district. Gold was discovered in the Davyhurst area in 1897. Between 1897 and 1937 approximately 108,000oz of gold was produced from the area. Modern exploration commenced in the 1980s with several companies exploring around the historical underground works. In 1983 Western Mining Corporation (WMC) commenced exploration around the old Golden Eagle and Waihi workings. Between 1984 and 1987, Jones Mining and Billiton Australia in Joint Venture and Hill Minerals began exploring leases adjacent to, and surrounding the WMC leases, at which time WMC established a 300,000 tpa CIP plant at Golden Eagle to mill ore from Golden Eagle and Waihi.

In 1988 Consolidated Exploration Limited acquired the Davyhurst assets of WMC and Jones Mining (Billiton withdrawing from the Jones JV in 1987) through a series of stock market acquisitions and direct purchases. Consolidated Exploration Ltd continued mining at Golden Eagle and developed open cuts at Great Ophir, Lady Eileen, Lady Eileen South and Homeward Bound. Mining operations ceased in 1991 and the plant was sold.

Hill Minerals formed a JV with Aberfoyle in 1988 to commence mining of the Lights of Israel (LOI) deposit, with the material being trucked to Bardoc Mill. In 1993 the Bardoc JV purchased M30/73 from Consolidated Exploration Ltd to extend the LOI Open cut, which subsequently lead to the discovery of the LOI underground resource.

In 1996 the leases of Consolidated Gold NL (formerly Consolidated Exploration Ltd) were consolidated with the acquisition of the Bardoc Gold Mines Pty Ltd from Aberfoyle Resources Ltd. The Bardoc Mill subsequently moved from Bardoc to Davyhurst and upgraded to 1.2 Mta. The mill commenced operations at Davyhurst in July 1997.

During 1998 Consolidated Gold NL was restructured as Davyhurst Project Pty Ltd, in March 1999 the mill was placed on care and maintenance. Total production from the Davyhurst project area between 1986 and 1999 was approximately 523,840oz of gold.

### *Golden Lode - Croesus Mining NL 2002*

A soil geochemistry survey was completed on previously untested areas surrounding the Golden Lode Mine. Two RAB drilling programs were conducted in the Golden Lode area during 2002. Firstly 54 holes for a total of 2520 m were drilled on a 200 m line spacing by 80m drill hole spacing. These holes were designed to test a soil geochemistry anomaly located north of the Golden Lode Mine and targeted the continuation of the sediment/mafic contact that hosts the Golden Lode Mine, some 1km to the south.

A second RAB drilling program was conducted to test shallow (laterite) and bedrock anomalies discovered in previous RAB drilling located north of the Golden Lode Mine. Drilling consisted of a RAB infill program with a 100 m line and 40 m drill hole spacing. A total of 30 holes angled at -60° to grid east were drilled in the program for 1907 m.

RAB drilling at the Golden Lode prospect intersected, from west to east, basalt, felsic sediments, mafic schist, amphibolite, quartz and feldspathic sandstones and fine-grained siltstones. Sediments intersected include feldspar-quartz-biotite sandstones, siltstone and shale. The mafic schist unit of the Golden Lode Shear was also intersected. There appears to be a supergene blanket of mineralisation in the regolith with higher grades being associated with quartz veining.

Material RAB Intercepts - Golden Lode						
Hole ID	Northing	Easting	Azi.	Decl.	Depth	Intercept
GNRB020	6673400	269960	0	-90	54m	1m at 20.47g/t Au from 18m
GNRB030	6673040	270040	0	-90	39m	8m at 2.89g/t Au from 29m
GNRB049	6672800	270120	0	-90	65m	7m at 1.52g/t Au from 30m
						3m at 1/14g/t Au from 42m
						6m at 1.21g/t Au from 49m
GNRB056	6672800	270080	-60	-60	85m	6m at 1.67g/t Au from 43m
GNRB060	6673200	270080	-60	-60	64m	4m at 1.19g/t Au from 51m
GNRB074	6673300	270000	-60	-60	59m	3m at 2.65g/t Au from 56m

*All material intercepts are shown in the table. Interval Top Cut 999g/t, Interval Bottom Cut 0.5g/t, Maximum Internal Dilution 1m, Individual Assay Au Average 30g/t. Intercepts are reported as down hole distances.*

*Source: Gunther & Winzer, 2003, Davyhurst Project, Annual Technical Report, 2002*

### *Diamond Drilling at Golden Lode*

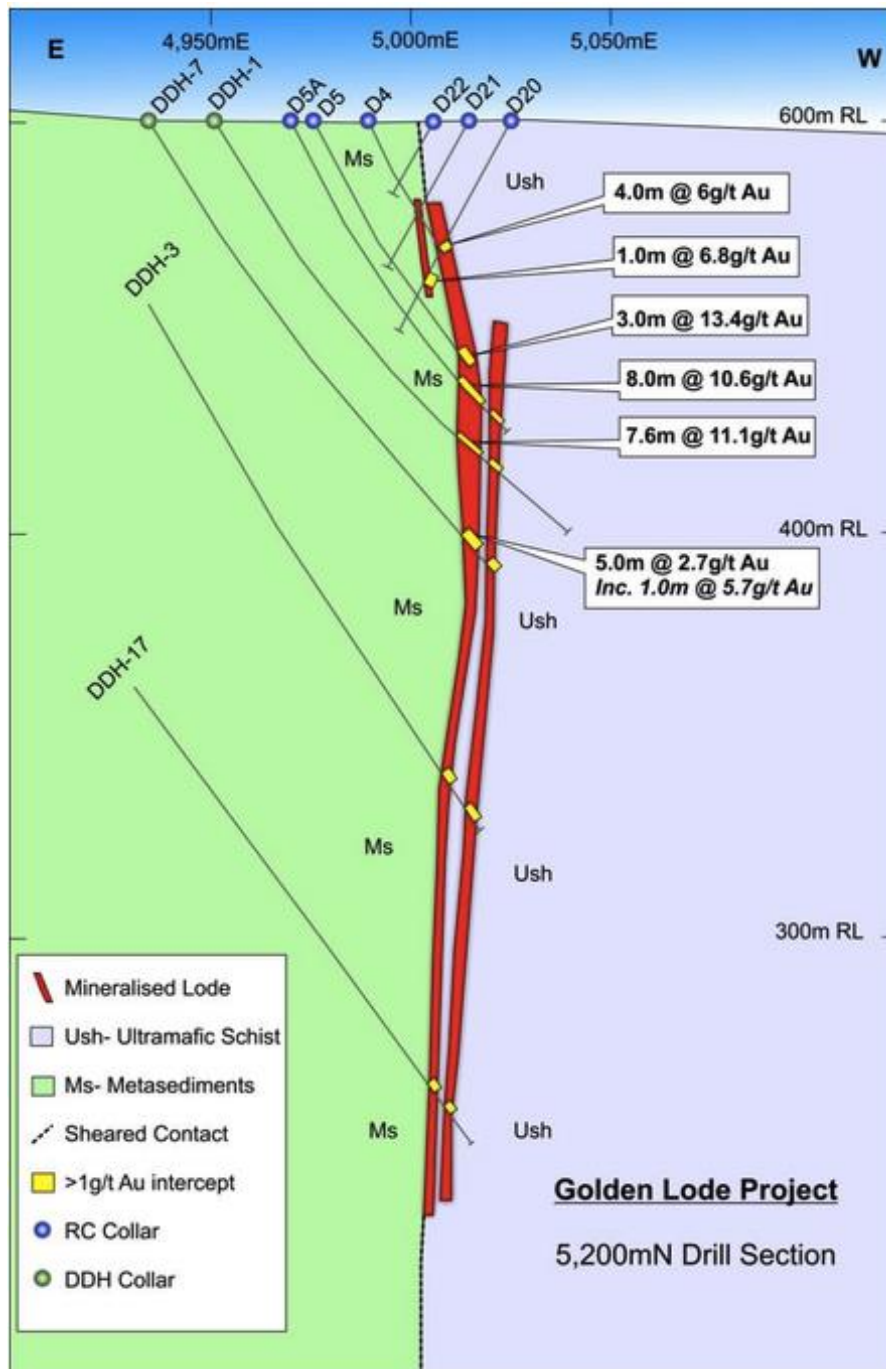
113 diamond drill holes for 8,560.6m have been completed across the Golden Lode Project area. Mineralisation has been tested to a maximum depth of 285.35m down hole. The drilling has been completed on a nominal 20 x 40m grid across the contact zone with a maximum depth of 314.8m. Material intercepts reported include:

Golden Lode - Drill Hole Intercepts >5g/t Au						
Hole ID	East	North	From	To	Length	Au, g/t
D59	4964	4953	33.00	35.00	2.00	19.65
D55	4973	4999	56.00	60.00	4.00	5.77
D02	4994	5110	32.00	33.00	1.00	6.00
DDH09	4953	5116	106.95	107.35	0.40	6.18
D17	5013	5135	34.00	35.00	1.00	10.90
D30	4987	5138	20.00	23.00	3.00	28.33
D05	4971	5197	68.00	71.00	3.00	13.43
D05A	4961	5197	77.00	85.00	8.00	10.65
DDH01	4950	5197	97.95	105.55	7.60	11.35
D20	5027	5205	32.00	36.00	4.00	6.02
and	5027	5205	43.00	44.00	1.00	6.84
DDH14	4907	5240	184.70	186.80	2.10	5.53
DDH06	4938	5240	122.65	122.95	0.30	15.00
DDH05	4935	5282	123.30	124.30	1.00	14.14
DDH15	4893	5283	201.35	202.20	0.85	10.03
D11	4980	5320	37.00	39.00	2.00	10.52
D12	4960	5320	66.90	76.80	9.90	6.46
DDH16	4899	5320	170.40	171.25	0.85	12.71
GLRC004	4970	5360	47.00	48.00	1.00	5.80
D33	4960	5400	50.00	56.00	6.00	77.36
and	4960	5400	59.00	60.00	1.00	266.00
D42	4940	5482	90.86	91.05	0.20	18.00
GLRC005	4970	5520	35.00	36.00	1.00	109.00
D46	4941	5522	89.20	91.20	2.00	10.08
D76	4940	5680	66.00	70.00	4.00	8.85

*Drill intercepts are down hole length and not true width. A table of all drill intercepts over 1g/t Au is included at the end of this report.*

The distribution of intercepts grades is shown in the following quartile table.

Quartiles - Gold intercepts >1g/t			
1st	2nd	3rd	4th
1.93	3.23	6.06	266.00



*Schematic interpretation of the mineralised zone on section 5,200mN*

*Source: Jewson, R., November 2017*

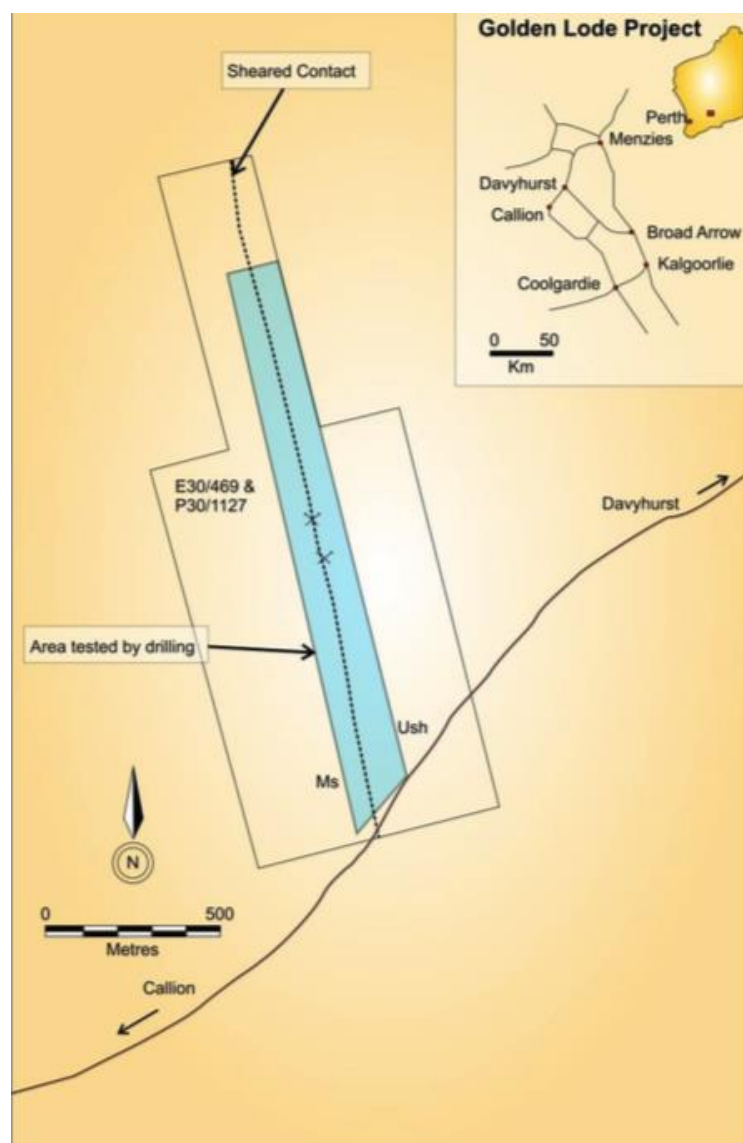
## Prospectivity and Exploration Potential

High grade supergene mineralisation is ineffectively tested by current drilling between the depths of 20-60m. This zone has the potential of delineating a mineral inventory amenable to open pit mining.

Exploration to date has tested mineralisation down to a depth of approximately 260m. Potential down plunge extensions of mineralisation adjacent to the main shoot remains to be tested

Surficial material obscures the underlying geology of the project. Shallow reconnaissance drilling is required to determine the potential of hosting repetitions of the main sheared contact

Further mineralisation may be expected to extend down dip from DDH-17. This warrants further drilling to assess the potential. The mineralised zone can be traced further north from the the historic drilling.



Golden Lode area tested by drilling

*Source: Jewson, R., November 2017*



## **PROPOSED WORK PROGRAM AND BUDGET**

### **Comet Vale**

#### *Contract Mining by GBF*

The current 100% owner, Sand Queen Gold Mines Pty Ltd (Sand Queen), has entered into a mine management agreement (MMA) with GBF Mining Pty Ltd (**GBF**) under which GBF is granted the right to manage underground mining operations at Comet Vale.

GBF has responsibility for obtaining mining approvals and managing underground mining operations, and has indicated that its objective is to commence underground mining during 2018 subject to receipt of necessary approvals and finalising a toll treatment contract for the ore to be mined.

In preparation for underground mining operations to recommence, two open pits have been developed at Comet Vale. GBF proposes to cut a portal into the north west corner of the Sand Prince West pit to provide access to the underground levels via a decline.

The Comet Vale underground mine currently has 6 levels and it is proposed that mining at Comet Vale be undertaken in discreet stages.

#### *Exploration*

Four major targets (Coongera, Lake View & Long Tunnel, Lady Margaret & Lady Mac and Down Dip extensions – Sand George) were identified for further exploration.

Mintails may in due course review, develop and implement an exploration program to assess down dip extension to Sand George deposit and also focus on satellite deposits of Coongera, lake View etc. with the view of developing programs to define mineral resource at these targets.

### **Golden Lode**

High grade supergene mineralisation is ineffectively tested by current drilling between the depths of 20-60m. This has the potential of delineating a mineral resource amenable to open pit mining.

Exploration to date has tested mineralisation down to a depth of approximately 260m. Potential down plunge extensions of mineralisation adjacent to the main shoot remains to be tested. Surficial material obscures the underlying geology of the project. Shallow reconnaissance drilling is required to determine the potential of hosting repetitions of the main sheared contact.

The Company plans to complete a drilling program with the objective of allowing a mineral resource estimate to be compiled in accordance with the JORC Code, 2012. Detailed surveys and metallurgical testwork will be included in the exploration program in support of feasibility studies.



<b>Golden Lode Exploration Budget, A\$</b>			
	Year 1	Year 2	Total
Detailed Technical Review	20,000		20,000
Heritage Surveys	5,000		5,000
Flora/Fauna Surveys	20,000		20,000
Resource Definition Drilling	80,000	80,000	160,000
Mineral Resource Estimation		50,000	50,000
Diamond Drilling	100,000	50,000	150,000
Metallurgical Test Work	20,000	20,000	40,000
Geotechnical Study		15,000	15,000
Pre-Feasibility Study		30,000	30,000
Permitting		10,000	10,000
Total	245,000	255,000	500,000

The budget will be spent on the granted tenements. The exploration budget will be subject to modification on an on-going basis depending on the results obtained from exploration and development activities as they progress.

It is considered that the Company has a reasonable proposed exploration budget over two years consistent with its stated objectives and that this program is warranted and justified on the basis of the historical exploration activity and demonstrated potential for discovery of mineralisation.

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## GLOSSARY OF TECHNICAL TERMS

alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
anomalies	An area where exploration has revealed results higher than the local background level.
anticline	A fold in the rocks in which strata dip in opposite directions away from the central axis.
auger sampling	A drill sampling method using an auger to penetrate upper horizons and obtain a sample from lower in the hole.
bedrock	Any solid rock underlying unconsolidated material.
carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO <sub>3</sub> . Essential component of limestones and marbles.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
chlorite	A green coloured hydrated aluminium-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.
ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earth's surface.
fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
folding	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granodiorite	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
gypsum	Mineral of hydrated, or water-containing, calcium sulphate.

hematite	Iron oxide mineral, $\text{Fe}_2\text{O}_3$ .
hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.
igneous	Rocks that have solidified from a magma.
insitu	In the natural or original position.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
intrusive contact	The zone around the margins of an intrusive rock.
joint venture	A business agreement between two or more commercial entities.
laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
lithological contacts	The contacts between different rock types.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
ppb	Parts per billion; a measure of low level concentration.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers insitu basement rock.
residual	Soil and regolith which has not been transported from its point or origin.
rhyolite	Fine-grained felsic igneous rock containing high proportion of silica and feldspar.
rock chip sampling	The collection of rock specimens for mineral analysis.
saprolite	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.
satellite imagery	The images produced by photography of the earth's surface from satellites.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
scree	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
sedimentary	A term describing a rock formed from sediment.
sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
sheared	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
sheet wash	Referring to sediment, usually sand size, deposited over broad areas characterised by sheet flood during storm or rain events. Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silcrete	Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silica	Dioxide of silicon, $\text{SiO}_2$ , usually found as the various forms of quartz.
sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
silts	Fine-grained sediments, with a grain size between those of sand and clay.
soil sampling	The collection of soil specimens for mineral analysis.

stocks	A small intrusive mass of igneous rock, usually possessing a circular or elliptical shape in plan view.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
stream sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
strike	Horizontal direction or trend of a geological structure.
subcrop	Poorly exposed bedrock.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
supergene	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
syenite	An intrusive igneous rock composed essentially of alkali feldspar and little or no quartz and ferromagnesian minerals.
syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
talc	A hydrous magnesium silicate, usually formed due to weathering of magnesium silicate rocks.
tectonic	Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.
thrust fault	A reverse fault or shear that has a low angle inclination to the horizontal.
tremolite	A grey or white metamorphic mica of the amphibole group, usually occurring as bladed crystals or fibrous aggregates.
veins	A thin infill of a fissure or crack, commonly bearing quartz.
volcaniclastics	Pertaining to clastic rock containing volcanic material.
volcanics	Formed or derived from a volcano.
zinc	A lustrous, blueish-white metallic element used in many alloys including brass and bronze.

## APPENDIX 1 - Comet Vale Project JORC Code (2012) Table 1

### Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> <li>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</li> </ul>	<ul style="list-style-type: none"> <li>A diamond drilling program to test the mineralised structures was conducted</li> <li>Interpreted mineralised intervals were marked up and cut via a diamond saw, with half core submitted for analysis. Length of intervals selected and cut ranged from 0.5 to 1.0 metre and were based on geological boundaries were appropriate.</li> <li>Drill hole collar locations were recorded by handheld GPS survey with accuracy +/-2 metres.</li> <li>Analysis was conducted by submitting the half core 2-4kg sample whole for preparation by crushing, drying and pulverising</li> <li>The sampling procedures were audited as part of the Mineral Resource Estimation.</li> </ul>
Drilling techniques	<ul style="list-style-type: none"> <li>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</li> </ul>	<p><i>RC Drilling</i></p> <ul style="list-style-type: none"> <li>Majority of the drilling comprised face sampling hammer reverse circulation drilling. Drill samples were collected on 1m intervals and four metre composite samples were taken</li> </ul> <p><i>Diamond Core Drilling</i></p> <ul style="list-style-type: none"> <li>The majority of the drilling at Comet Vale was carried out using NQ2 diamond core with some shallow holes completed using HQ core. Limited core orientation was carried out.</li> </ul>
Drill sample recovery	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	<ul style="list-style-type: none"> <li>Core recovery was generally very good being close to 100%. Some core loss was experienced because of poor ground conditions, or in attempting to recover drilled core that had not been recovered in the tube because of a core spring malfunction.</li> <li>A number of duplicate samples were collected by comparing ¼ core with ½ core and results were within 15% of each other. The recorded data indicates no potential sampling bias.</li> </ul>
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<ul style="list-style-type: none"> <li>Lithological contacts, sample intervals and geological features such as foliations and shears were marked with their respective down hole depth on the core and then logged.</li> <li>HQ core was logged in detail, photographed wet and dry, RQDs, structural measurements on all completed. Core was orientated where possible.</li> <li>Logging and recording of critical data for the diamond core is a combination of qualitative and quantitative measurements and observations</li> <li>All drilling was logged.</li> </ul>
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> </ul>	<ul style="list-style-type: none"> <li>diamond core was sawn in half along orientation lines or cut lines marked by the geologist in the field.</li> <li>Sample preparation for all recent samples follows industry best practice..</li> <li>Sample preparation involving oven drying, fine crushing to 95% passing 4mm, followed by rotary splitting and pulverisation to 85% passing 75 microns.</li> <li>The sampling procedures were audited as part of the Mineral Resource Estimation.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<p><i>Sample Preparation and Analysis</i></p> <p>RC and diamond core samples were analysed using 50g Fire Assay with an AAS finish (FA50/AAS). For 2000 to 2003 sample analysis was carried out by using Aqua Regia acid digestion (B/ASS), Fire Assay (FA50/FA25) and Cyanide Leach (Leachwell). Laboratories used were:</p> <ul style="list-style-type: none"> <li>Genalysis Laboratory Pty Ltd ('Genalysis') in Perth for all 1 metre samples and diamond core samples (CVA sample prefix), the primary laboratory,</li> <li>Kalgoorlie Assay Laboratory ('KAL') in Kalgoorlie for assay of the first pass 4 metre composite samples (CVB sample prefix).</li> <li>Amdel Laboratory Services ('AMDEL') based in Kalgoorlie were used from 2008 for assay of the first pass 4 metre composite samples</li> <li>Australian Laboratory Services Pty Ltd ('ALS-Chemex') in Perth for all cross checking samples, the umpire laboratory.</li> <li></li> </ul>
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> <li>Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</li> </ul>	<ul style="list-style-type: none"> <li>The methods are considered appropriate to the style of mineralisation. Extractions are considered near total.</li> <li>No geophysical tools were used to determine any element concentrations at this stage.</li> <li>Laboratory QA/QC involves the use of internal lab standards using certified reference material, blanks, splits and duplicates as part of the in house procedures. Repeat and duplicate analysis for samples shows that the precision of analytical methods is within acceptable limits.</li> </ul> <p><i>Quality Control</i></p> <ul style="list-style-type: none"> <li>Quality control procedures include the regular use of blanks and standards. Laboratory cross checking procedures were put in place to check the analysis of the main gold intersections in both the RC and diamond core drill program.</li> </ul>
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>The Company's Geologist has visually reviewed the samples collected.</li> <li>No twin holes were drilled.</li> <li>Data and related information is stored in a validated database. Data has been visually checked for import errors.</li> <li>No adjustments to assay data have been made.</li> </ul>
Location of data points	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>All drillholes have been located by GPS with precision of sample locations considered +/-2m.</li> <li>Location grid of plans and cross sections and coordinates use WGS84,</li> <li>Topographic data and RL values are assumed.</li> </ul>
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>The holes are nominally spaced on 25 metre sections (approx. E-W) with hole spacing down dip being 10 to 20 metres.</li> <li>Data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for Mineral Resource estimation classification applied.</li> <li>Sample compositing has not occurred.</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	<ul style="list-style-type: none"> <li>The orientation of sampling is considered adequate and there is not enough data to determine bias if any.</li> <li>Mineralisation strikes north-north-west. Drilling was orthogonal to this apparent strike and comprised angled diamond drill holes.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Chain of custody is managed by the Company and samples are transported to the laboratory via Company staff with samples safely consigned to Intertek for preparation and analysis. Whilst in storage, they are kept in a locked yard. Tracking sheets are used track the progress of batches of samples.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>The sampling procedures were audited as part of the Mineral Resource Estimation.</li> </ul>

## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> <li>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</li> <li>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</li> </ul>	<ul style="list-style-type: none"> <li>The Comet Vale Project is covered by Mineral Leases as specified in the Tenement Schedule. M29/35, M29/52, M29/85, M29/185, M29/186, M29/197, M29/198, M29/199, M29/200, M29/201, M29/232, M29/233, M29/235, M29/321 covering 28.30 square kilometres</li> <li>The Tenements are held by Sand Queen Gold Mines Pty Ltd</li> <li>The tenements are in good standing</li> <li>No impediments to operating on the permit are known to exist.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>The project was previously explored by Reed Resources Ltd</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Gold mineralisation occurs in mafic hosted sulphidic lode systems developed within 10m of the mafic to ultramafic/metasediment contact. Drilling of the contact zone has demonstrated a nearly continuous development of one and locally two to three parallel lodes varying in thickness from less than 20cm to greater than 5m thick over a strike length of &gt;1,000m and to a depth of 260m. Further depth and strike extensions remain to be tested.</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</li> </ul>	<ul style="list-style-type: none"> <li>113 diamond drill holes for 8,560.6m have been completed across the Golden Lode Project area. Mineralisation has been tested to a maximum depth of 285.35m down hole. The drilling has been completed on a nominal 20 x 40m grid across the contact zone with a maximum depth of 314.8m.</li> <li>Details of the drilling are included in the Mineral Resource Estimation Report</li> </ul> <p><i>Drillhole Surveying</i></p> <ul style="list-style-type: none"> <li>Drill collars were surveyed using differential GPS equipment. The resultant surveyed hole data comprised of local grid coordinates, AMG84 coordinates and collar elevations (RL) at surface level. Down hole surveys were initially carried out by Eastman camera and Electronic Multi-Shot.</li> </ul>



Criteria	JORC Code explanation	Commentary
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></li> <li><i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></li> <li><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></li> </ul>	<ul style="list-style-type: none"> <li>No averaging or aggregation techniques have been applied.</li> <li>No top cuts have been applied to exploration results.</li> <li>No metal equivalent values are used in this report.</li> </ul>
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li><i>These relationships are particularly important in the reporting of Exploration Results.</i></li> <li><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i></li> <li><i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i></li> </ul>	<ul style="list-style-type: none"> <li>The orientation or geometry of the mineralised zones strikes in a north-northwest direction and dips in sub vertical to steep manner to the west.</li> <li>Drill intercepts were measured along the length of the core and do not represent true width.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li><i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></li> </ul>	<ul style="list-style-type: none"> <li>Appropriate maps are included in main body of report with gold results</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li><i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i></li> </ul>	<ul style="list-style-type: none"> <li>All results for the target economic minerals being gold have been reported.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li><i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> <li><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>

### Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Commentary
<i>Database integrity</i>	<ul style="list-style-type: none"> <li><i>Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.</i></li> <li><i>Data validation procedures used.</i></li> </ul>	<ul style="list-style-type: none"> <li>Data was provided as a Excel spreadsheets of collar, down hole survey, and sample intervals, together with four laboratory spreadsheets of assay results. The data was digitally imported and merged using Micromine software). Validation routines were run to confirm validity of all data.</li> <li>Analytical results have all been electronically merged to avoid any transcription errors.</li> </ul>
<i>Site visits</i>	<ul style="list-style-type: none"> <li><i>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</i></li> <li><i>If no site visits have been undertaken indicate why this is the case.</i></li> </ul>	<ul style="list-style-type: none"> <li>The CP has not made a site visit at this stage due to time constraints.</li> <li>All logging has been done by site geologists.</li> <li>Details of the drilling are included in the Mineral Resource Estimation Report</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Geological interpretation</i>	<ul style="list-style-type: none"> <li>Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.</li> <li>Nature of the data used and of any assumptions made.</li> <li>The effect, if any, of alternative interpretations on Mineral Resource estimation.</li> <li>The use of geology in guiding and controlling Mineral Resource estimation.</li> <li>The factors affecting continuity both of grade and geology.</li> </ul>	<ul style="list-style-type: none"> <li>The confidence in the geological interpretation is good.</li> <li>Geological logging and interpretation allows extrapolation of drill intersections between adjacent sections.</li> <li>Alternative interpretations are likely to result in similar tonnage and grade estimation techniques.</li> <li>Geological boundaries are determined by the spatial locations of the various mineralised structures, and the geological host rocks.</li> <li>Factors affecting continuity are cross faults, old historic workings and the potential complexity of the mineralized systems.</li> <li>The drill density is appropriate to the level of classification.</li> <li>Details of the drilling are included in the Mineral Resource Estimation Report</li> </ul>
<i>Dimensions</i>	<ul style="list-style-type: none"> <li>The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.</li> </ul>	<ul style="list-style-type: none"> <li>Details of the drilling and the mineralised zone are included in the Mineral Resource Estimation Report</li> <li></li> </ul>
<i>Estimation and modelling techniques</i>	<ul style="list-style-type: none"> <li>The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.</li> <li>The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.</li> <li>The assumptions made regarding recovery of by-products.</li> <li>Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).</li> <li>In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.</li> <li>Any assumptions behind modelling of selective mining units.</li> <li>Any assumptions about correlation between variables.</li> <li>Description of how the geological interpretation was used to control the resource estimates.</li> <li>Discussion of basis for using or not using grade capping or capping.</li> <li>The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.</li> </ul>	<p>The Mineral Resource estimates have been classified and reported in accordance with the JORC Code 2012. Cube estimated gold for the main identifiable lodes.</p> <p><i>Modelling Process</i></p> <p>The following key points summarise the modelling process, key parameters and observations:</p> <ul style="list-style-type: none"> <li>The delineation of the Comet Vale mineralised domains for volume control and estimations was predominantly based on geological and grade attributes, particularly the occurrence of quartz veining, anomalous gold, elevated base metals and along strike lode continuity;</li> <li>Density was assigned as a global value of 2.7 tonnes/m<sup>3</sup> across the resource, based on discussions with Reed;</li> <li>For the Sand George deposit, intercept compositing was carried out independently for each mineralised zone using database flagging to control compositing. Mineralised vein grades were composited across the entire coded interval resulting in a single intercept composite;</li> <li>For the Princess Grace and Sand Prince West deposits, 1m downhole composites were extracted using database flagging to control compositing;</li> <li>Variography has been used to define the spatial structure of the accumulation variable for the Sand George intercept composites and the 1m composites at Sand Prince West and Princess Grace.;</li> <li>Grade interpolation for the Sand Prince West and Princess Grace deposits was carried out using traditional 3D Ordinary Kriging (OK) for the mineralised domains using the uniquely coded 1m downhole composite data specific to each domain;</li> <li>The Comet Vale Mineral Resources have been classified and reported in accordance with The Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code).</li> </ul> <p><i>Grade Estimation</i></p> <ul style="list-style-type: none"> <li>The delineation of the Comet Vale mineralised domains for volume control and estimations was predominantly based on geological and grade attributes, particularly the occurrence of quartz veining, anomalous gold, elevated base metals and along strike lode continuity;</li> </ul>

Criteria	JORC Code explanation	Commentary
		<ul style="list-style-type: none"> <li>For the Sand George deposit, intercept compositing was carried out independently for each mineralised zone using database flagging to control compositing. Mineralised vein grades were composited across the entire coded interval resulting in a single intercept composite. For the Princess Grace and Sand Prince West deposits, 1m downhole composites were extracted using database flagging to control compositing;</li> <li>Variography has been used to define the spatial structure of the accumulation variable for the Sand George intercept composites and the 1m composites at Sand Prince West and Princess Grace. This in turn assisted in determining the appropriate estimation inputs to the interpolation process. In general, poor to moderately structured variograms were achieved for the main domains with a moderate relative nuggets being modelled such as 26% (Sand George), 28% (Sand Prince West) and 27% (Princess Grace);</li> </ul>
Moisture	<ul style="list-style-type: none"> <li>Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.</li> </ul>	<ul style="list-style-type: none"> <li>Tonnages are estimated on a dry basis.</li> </ul>
Cut-off parameters	<ul style="list-style-type: none"> <li>The basis of the adopted cut-off grade(s) or quality parameters applied.</li> </ul>	<ul style="list-style-type: none"> <li>Statistical analysis of the composite data was carried out to determine if high grade assay cuts were necessary. A modest high-grade assay cut of 130g/t gold was applied to Domain 1 and 30g/t gold to Domain 2 and 3 to the Sand George intercept composites. No top cutting was deemed necessary for the Princess Grace 1m composites and a top cut of 20g/t gold was applied to Sand Prince West (Domain 1 only);</li> </ul>
Mining factors or assumptions	<ul style="list-style-type: none"> <li>Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>The resources defined to date would potentially be amenable to simple open pit and underground mining.</li> </ul> <p>The Mineral Resource Estimate was undertaken whilst mining operations were still underway at Sand George. The estimation was undertaken with the expectation that they would be evaluated using the small scale selective underground mining methods (airleg shrink and gallery stoping).</p> <p>The Mineral Resource Estimate for Sand Prince West and Princess Grace was undertaken with the expectation that they would be evaluated for future open pit mining methods.</p>
Metallurgical factors or assumptions	<ul style="list-style-type: none"> <li>The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>Preliminary metallurgical testwork has suggested excellent metal recoveries.</li> </ul> <p>Material mined at Sand George, until June 1st 2010, was toll treated using a gravity circuit followed by CIP leaching with recovery of gold generally above 93%.</p>
Environmental factors or assumptions	<ul style="list-style-type: none"> <li>Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.</li> </ul>	<ul style="list-style-type: none"> <li>Preliminary environmental studies have been completed and a Mining Proposal is well advanced. The area has been extensively mined in the past and no environmental impediments are expected.</li> </ul>

Criteria	JORC Code explanation	Commentary
Bulk density	<ul style="list-style-type: none"> <li>Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.</li> <li>The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.</li> <li>Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.</li> </ul>	<ul style="list-style-type: none"> <li>Bulk density/specific gravity have been assigned based on mineralogical review and analytical results.</li> <li>Additional testwork (Archimedes Method) of material of various geological and mineralisation types is under way and will be used to update the model in due course. The following densities are applied to the resource model.</li> <li>Density was assigned as a global value of 2.7 tonnes/m<sup>3</sup> across the resource, based on discussions with Reed;</li> </ul>
Classification	<ul style="list-style-type: none"> <li>The basis for the classification of the Mineral Resources into varying confidence categories.</li> <li>Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).</li> <li>Whether the result appropriately reflects the Competent Person's view of the deposit.</li> </ul>	<p><i>Classification Approach</i></p> <p>Not all blocks within a given interpreted mineralised domain (wireframe) were considered suitable for classification. This follows the assumption that the block was informed by the minimum number of composites required for a robust estimate.</p> <p>Indicated resources have been defined where geological confidence for volume and grade definition is moderate, defined by good support from drilling and areas where the drilling is averaging a nominal 25x25m along strike/down dip spacing and included areas of up to 50x50m. Areas where the estimation quality is high, delineated by a slope of regression (true to estimated blocks) greater than 0.75. Slope of regression is evaluated using whole model Quantitative Kriging Neighbourhood Analysis.</p> <p>Inferred resources have been defined where geological confidence for volume and grade definition is low, defined by areas where drilling is typically greater than 50x50m along strike/down dip spacing;</p> <p>Inferred resources are located around the periphery of the Indicated material where confidence in all aspects of the resource is significantly lower. Any material that failed to be estimated within minimum criteria has not been included as reportable resources.</p> <ul style="list-style-type: none"> <li>The Mineral Resources have been classified as Indicated and Inferred.</li> <li>The Resource model uses a classification scheme based upon drill hole spacing plus block estimation parameters, kriging variance, number of composites in search ellipsoid informing the block cell and average distance of data to block centroid.</li> <li>The results of the Mineral Resource Estimation reflect the views of the Competent Person.</li> </ul>
Audits or reviews	<ul style="list-style-type: none"> <li>The results of any audits or reviews of Mineral Resource estimates.</li> </ul>	<ul style="list-style-type: none"> <li>No audits of the Mineral Resource Estimate have been carried out</li> </ul>
Discussion of relative accuracy/ confidence	<ul style="list-style-type: none"> <li>Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.</li> <li>The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.</li> <li>These statements of relative accuracy and confidence of the estimate should be compared</li> </ul>	<ul style="list-style-type: none"> <li>The relative accuracy of the Mineral Resource is reflected in the reporting of the Mineral Resource as being in line with the guidelines of the 2012 JORC Code.</li> <li>The statement relates to global estimates of tonnes and grade, with reference made to resources above a certain cut-off that are intended to assist mining studies.</li> <li>No production data is available for comparisons.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<i>with production data, where available.</i>	

## APPENDIX 2 - Golden Lode Project JORC Code (2012) Table 1

### Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Comments
Sampling techniques	· <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	There were 3 drilling programs undertaken. The first program consisted of 90 RC holes D01 – D89 for 5268m in 1987/88 presented in WAMEX report a24688. The second program was conducted in 1988/89 consisted of 18 diamond holes with RC pre-collars presented in WAMEX report a26662, and the third program of 6 RC holes for 330m was conducted in 1995 presented in WAMEX report a47241.
	· <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	No information has been provided in reports a24688 and a26662 in regards to the reference to measures taken to ensure sample representivity. Report a47241 states that duplicate samples were collected, however there is no information regarding the analysis of the duplicate and original sample pairs to assess representivity.
	· <i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	As this data was based entirely on data provided by previous project operators, the following information has been sourced from WAMEX reports provided to the Department of Mines and Petroleum: - RC samples were collected from 5m composites initially, and re-sampled as 1m samples in mineralised zones for the D series holes. The DDH series holes were diamond core which was halved and sampled at varying intervals from 0.3m to 1.0m within mineralised zones. The later 1995 GL holes were RC with samples collected from 5m composites initially, and re-sampled as 1m samples in mineralised zones.
	· <i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	RC drilling was initially sampled as 4 or 5 metre 2-3kg composite samples and submitted for industry standard gold analysis using atomic absorption for the 1987/88 holes and fire assay for the 1995 RC holes. 1m samples from the mineralised zones were later collected and analysed by the same methodology.  Diamond core was logged, halved and sampled on intervals typically less than 1m. Sampled were submitted for gold analysis using atomic absorption.
Drilling techniques	· <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	Drilling types used were RC and diamond. Drilling was undertaken by previous project operators and no records of RC or diamond drilling diameter is available.
Drill sample recovery	· <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Drilling was undertaken by previous project operators and no records of sample recovery were recorded.

	<ul style="list-style-type: none"> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> </ul>	As drilling was undertaken by previous project operators, no records of measures taken to maximise sample recovery and ensure representative nature of the samples were recorded
	<ul style="list-style-type: none"> <li>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</li> </ul>	No sample bias has been reported in annual exploration reports of previous project operators
Logging	<ul style="list-style-type: none"> <li>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</li> </ul>	All RC and diamond drill holes have been logged by previous project operators and geology has been included in the WAMEX reports. Subsequent drilling is planned by the company which will be geologically and geotechnically logged to a modern level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
	<ul style="list-style-type: none"> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> </ul>	Logging has been conducted both qualitatively or quantitatively with logging codes assigned to all intervals and descriptions of lithologies, alteration, weathering, mineralisation and veining.
	<ul style="list-style-type: none"> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	The entire length of all RC and Diamond drill holes was logged.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> </ul>	1/2 core sampled.
	<ul style="list-style-type: none"> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> </ul>	No record of the drill cuttings being riffled, tube sampled or rotary split were recorded nor whether samples were wet or dry. Given the age of the drilling it is likely that the 1m samples were riffle split to industry standards at the time.
	<ul style="list-style-type: none"> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> </ul>	Diamond core was sampled at intervals usually not greater than 1 metre intervals in mineralised zones. RC chip samples were taken at 1m intervals in mineralised zones. 1m sample intervals are appropriate given the narrow nature of the gold lodes.
	<ul style="list-style-type: none"> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> </ul>	Quality control procedures have not been described in detail within the reports. There is mention of duplicate samples and standards being used, but no detail is provided. A comment is provided stating that gold analysis check work using fire assay in comparison to the original atomic absorption assay show no bias, but no details were provided to conduct an independent analysis.
	<ul style="list-style-type: none"> <li>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</li> </ul>	40 replicate core samples of the core were also submitted and assayed by fire assay, and 1 RC chip sample in every 12 samples were submitted as a duplicate sample.
	<ul style="list-style-type: none"> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	Sample sizes are appropriate to the grain size of the material being sampled
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> </ul>	Assays were analysed by Kalgoorlie Assay Laboratories using atomic absorption for gold with check assaying by fire assay. Both assay techniques are considered total.

	<ul style="list-style-type: none"> <li>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</li> </ul>	Not used for grade reporting or interpretation
	<ul style="list-style-type: none"> <li>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</li> </ul>	Standard industry quality control procedures appear to have been adopted, although the detail of these procedures were not included in Wamex report. Comment is provided that the assay method of atomic absorption is appropriate for gold analysis given no bias was noted against the 40 check samples submitted for fire assay.
Verification of sampling and assaying	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> </ul>	No record of independent verification exists
	<ul style="list-style-type: none"> <li>The use of twinned holes.</li> </ul>	No twinned holes were recorded in the database
	<ul style="list-style-type: none"> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> </ul>	The primary data was located within the drilling logs included as an appendix to the Wamex reports.
	<ul style="list-style-type: none"> <li>Discuss any adjustment to assay data.</li> </ul>	No adjustments were made to assay data presented in this report
Location of data points	<ul style="list-style-type: none"> <li>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</li> </ul>	No reference to survey accuracy has been made in exploration reports
	<ul style="list-style-type: none"> <li>Specification of the grid system used.</li> </ul>	Collar locations were referenced on exploration plans in local grid co-ordinates
	<ul style="list-style-type: none"> <li>Quality and adequacy of topographic control.</li> </ul>	No reference to topographic control has been made in exploration reports
Data spacing and distribution	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> </ul>	Drilling was conducted on 40m spaced drilling sections with a 20m hole spacing
	<ul style="list-style-type: none"> <li>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</li> </ul>	Data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource Estimation procedures.
	<ul style="list-style-type: none"> <li>Whether sample compositing has been applied.</li> </ul>	No Sample compositing applied
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> </ul>	The orientation of drill holes is appropriate for testing a steeply dipping mineralised zone, with hole direction approximately perpendicular to the strike of the mineralised zones.
	<ul style="list-style-type: none"> <li>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</li> </ul>	The relationship between the drilling orientation and the orientation of key mineralised structures is not considered to have introduced a sampling bias.
Sample security	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	No record has been kept relating to the security of the samples taken by previous operators



<i>Audits or reviews</i>	· <i>The results of any audits or reviews of sampling techniques and data.</i>	No record of audits or reviews by previous operators has been located
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## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	· <i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The project consists of seven prospecting licenses P30/1100 – 1105 and P30/1131 in Western Australia. The tenements are held by Golden Lode Pty Ltd.
	· <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	All tenements are in good standing and there are no known impediments to conduct exploration activities in the area.
<i>Exploration done by other parties</i>	· <i>Acknowledgment and appraisal of exploration by other parties.</i>	All work referenced in this report has been undertaken by previous project operators and is deemed appropriate to industry standards at the time of operation. The majority of the material work undertaken was by Intrepid Resources in 1987 to 1989, and by Consolidated Gold in 1995.
<i>Geology</i>	· <i>Deposit type, geological setting and style of mineralisation.</i>	A well-defined vertical to steeply west dipping lithological contact extends north through the Golden Lode Project area. To the west is a sequence of metasediments, to the east mafic to ultramafic schists. Gold mineralisation occurs as a well-defined sulphidic lode largely within the mafic to ultramafic schists at or close to the contact zone. The contact is obscured beneath a thin but extensive cover of lateritic soil.
<i>Drill hole Information</i>	· <i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i>	The drill holes reported in this announcement have the following parameters applied:
	<i>easting and northing of the drill hole collar</i>	Eastings and Northings are provided in the original local drilling grid which is perpendicular the strike of the mineralised zones. Local grid north strikes at 347 <sup>o</sup> magnetic.
	<i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i>	Surface elevation is assumed to be 500m
	<i>dip and azimuth of the hole</i>	The dip of the holes are -60 <sup>o</sup> , and the azimuth of the majority of the holes is 090 <sup>o</sup> , with the exception of 10 holes (D17, D20 – 28) were drilled towards 270 <sup>o</sup>
	<i>down hole length and interception depth</i>	Down hole length of the hole is the distance from the surface to the end of the hole, as measured along the drill trace. Interception depth is the distance down the hole as measured along the drill trace. Intersection width is the downhole distance of an intersection as measured along the drill trace.

	<i>hole length.</i>	Hole length is the distance from the surface to the end of the hole, as measured along the drill trace.
	<i>· If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	All results relating to the drill sections provided have been stated
<i>Data aggregation methods</i>	<i>· In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	No upper or lower grade truncations have been applied
	<i>· Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	No aggregate intercepts have been reported.
	<i>· The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No Metal equivalence are reported.
<i>Relationship between mineralisation widths and intercept lengths</i>	<i>· These relationships are particularly important in the reporting of Exploration Results.</i>	The intersection width is measured down the hole trace and is not the true width. Cross sections provided in the report allow the relationship between true and down hole width to be viewed.
	<i>· If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	Drill holes are drilled perpendicular to the strike of the mineralised zone.
	<i>· If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	All drill results within this announcement are downhole intervals only. True width is not reported but can be calculated from the cross sections provided in the report.
<i>Diagrams</i>	<i>· Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Appropriate maps and cross sections are included in the report.
<i>Balanced reporting</i>	<i>· Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All results where gold grades of greater than 1g/t have been reported.

<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>· <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i></li> </ul>	No other exploration data is considered meaningful and material to this announcement. Bulk density, groundwater, geotechnical and rock characteristics were not recorded in the historical drilling
<i>Further work</i>	<ul style="list-style-type: none"> <li>· <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i></li> </ul>	Infill holes will be drilled to define the continuity of mineralisation and Specific Gravity, metallurgical and geotechnical samples.
	<ul style="list-style-type: none"> <li>· <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></li> </ul>	Future drilling areas have not currently been defined.

### APPENDIX 3 - GOLDEN LODGE PROJECT Drilling Results

GOLDEN LODGE DRILL COLLARS						
HoleID	East	North	RL	Azimuth	Dip	depth
D01	4972	5163	500	90	-60	67
D02	4994	5110	500	90	-60	43
D03	4973	5114	500	90	-60	85.1
D04	4992	5197	500	90	-60	37
D05	4971	5197	500	90	-60	71
D05A	4961	5197	500	90	-60	92
D06	4981	5282	500	90	-60	52
D07	4960	5282	500	90	-60	83.9
D08	4980	5359	500	90	-60	36
D09	4960	5359	500	90	-60	73
D10	5001	5318	500	90	-60	43
D11	4980	5320	500	90	-60	45
D12	4960	5320	500	90	-60	80.2
D13	5001	5240	500	90	-60	43
D14	4981	5240	500	90	-60	43
D15	4960	5240	500	90	-60	96.65
D16	4984	5160	500	90	-59	43
D17	5013	5135	500	270	-59	55
D19	4976	5034	500	90	-60	76
D20	5027	5205	500	270	-62	62
D21	5016	5205	500	270	-59	40
D22	5008	5241	500	270	-60	20
D23	5007	5179	500	270	-60	20
D24	5012	5179	500	270	-60	40
D25	5022	5179	500	270	-60	55
D26	5012	5222	500	270	-60	19
D27	5021	5222	500	270	-60	43
D28	5014	5157	500	270	-60	46
D29	4998	5138	500	90	-59	24
D30	4987	5138	500	90	-59	67
D31	5000	5399	500	90	-59	49
D32	4980	5400	500	90	-59	55
D33	4960	5400	500	90	-59	61
D34	4940	5401	500	90	-55	100.2
D35	5000	5441	500	90	-60	55
D36	4981	5441	500	90	-60	61
D37	4960	5444	500	90	-60	67
D38	4940	5448	500	90	-57	107.7
D39	5000	5480	500	90	-57	61
D40	4981	5478	500	90	-56	55
D41	4961	5480	500	90	-60	73
D42	4940	5482	500	90	-60	96
D43	5000	5519	500	90	-60	49
D44	4982	5520	500	90	-60	50
D45	4961	5523	500	90	-60	67
D46	4941	5522	500	90	-60	103

D47	5015	5072	500	90	-60	31
D48	4993	5070	500	90	-60	42
D49	4974	5070	500	90	-60	74.2
D50	5015	5035	500	90	-60	31
D51	4994	5035	500	90	-60	49
D52	4985	5035	500	90	-60	55
D53	5014	4999	500	90	-60	34
D54	4994	4999	500	90	-60	46
D55	4973	4999	500	90	-60	66
D56	5025	4951	500	90	-60	31
D57	5004	4952	500	90	-60	69
D58	4984	4952	500	90	-60	31
D59	4964	4953	500	90	-60	55
D60	4943	4951	500	90	-60	122.3
D61	4984	4917	500	90	-60	31
D62	4964	4918	500	90	-60	49
D63	4943	4918	500	90	-60	125
D64	4964	4876	500	90	-61	49
D65	4981	5559	500	90	-61	40
D66	4961	5559	500	90	-60	60
D67	4941	5559	500	90	-60	108
D68	4982	5598	500	90	-60	40
D69	4960	5598	500	90	-59	60
D70	4940	5598	500	90	-59	93
D71	4982	5639	500	90	-59	40
D72	4961	5638	500	90	-60	53
D73	4941	5640	500	90	-60	79
D74	4981	5680	500	90	-60	40
D75	4960	5680	500	90	-60	60
D76	4940	5680	500	90	-60	72
D77	4960	5720	500	90	-60	60
D78	4940	5720	500	90	-60	69
D79	4940	4878	500	90	-59	91
D80	4980	4836	500	90	-59	40
D81	4961	4837	500	90	-60	60
D82	4940	4837	500	90	-60	105.5
D83	4980	4799	500	90	-59	40
D84	4960	4799	500	90	-59	60
D85	4940	4798	500	90	-60	96
D86	4980	4759	500	90	-60	40
D87	4960	4758	500	90	-60	60
D88	4981	4718	500	90	-59	40
D89	4960	4718	500	90	-59.5	60
DDH01	4950	5197	500	90	-60	135.7
DDH02	4926	5401	500	90	-60	132.5
DDH03	4934	5359	500	90	-62	116.5
DDH04	4934	5320	500	90	-60	126.6
DDH05	4935	5282	500	90	-60	131.2
DDH06	4938	5240	500	90	-60	127

DDH07	4936	5197	500	90	-60	137.6
DDH08	4945	5162	500	90	-60	131
DDH09	4953	5116	500	90	-65	110.5
DDH10	4952	5070	500	90	-60	106
DDH11	4940	4999	500	90	-70	126.7
DDH12	4915	5680	500	90	-60	189
DDH13	4904	5199	500	90	-60	204
DDH14	4907	5240	500	90	-64	194.2
DDH15	4893	5283	500	90	-62	210
DDH16	4899	5320	500	90	-60	175
DDH17	4858	5200	500	90	-66	294.55
DDH18	4842	5357	500	90	-60	314.8
GLRC004	4970	5360	500	90	-60	60
GLRC005	4970	5520	500	90	-60	50
GLRC006	4965	5800	500	90	-60	60
GLRC007	4940	5800	500	90	-60	50
GLRC008	4915	5800	500	90	-60	60
GLRC009	4990	5800	500	90	-61	50

#### Golden Lode - Drill Hole Intercepts

Maximum Internal Dilution : 2.00, Minimum Grade :

1.00

Hole Id	From	To	Length	Au ppm
D02	21	23	2	4.83
D02	32	33	1	6.00
D03	58	59	1	1.10
D03	60	64	4	3.50
D05	68	71	3	13.43
D05A	77	85	8	10.65
D05A	88	91	3	1.96
D06	25	29	4	1.82
D06	46	50	4	2.39
D07	68	68.5	0.5	3.34
D07	76.65	80.25	3.6	2.53
D09	58	63	5	4.57
D09	66	69	3	4.28
D11	37	39	2	10.52
D12	54	56	2	1.80
D12	59	60	1	1.00
D12	66.9	76.8	9.9	6.46
D14	33	34	1	2.42
D15	84.9	85.61	0.7	4.62
D16	24	28	4	3.71
D16	31	32	1	1.00
D17	34	35	1	10.90
D17	48	49	1	1.06
D19	67.95	68.55	0.6	3.18
D20	32	36	4	6.02
D20	43	44	1	6.84

D21	25	26	1	1.22
D27	39	41	2	4.62
D30	20	23	3	28.33
D33	50	56	6	77.36
D33	59	60	1	266.00
D37	43	44	1	1.40
D37	46	47	1	1.32
D37	62	63	1	3.34
D42	90.86	91.05	0.2	18.00
D45	42	55	13	2.22
D46	89.2	91.2	2	10.08
D49	67.7	69.5	1.8	2.10
D52	48	49	1	1.20
D55	36	38	2	3.28
D55	44	45	1	2.66
D55	51	52	1	1.64
D55	56	60	4	5.77
D58	1	2	1	2.50
D59	33	35	2	19.65
D60	115.9	118.15	2.25	2.11
D63	111.75	112.5	0.75	1.37
D63	120	120.5	0.5	2.10
D64	38	41	3	1.35
D64	42	43	1	1.14
D66	42	48	6	4.27
D73	60	61	1	3.68
D73	74	75	1	3.50
D76	66	70	4	8.85
D78	57	58	1	1.04
D78	62	64	2	3.06
D79	82	84	2	1.43
D81	30	32	2	1.96
DDH01	97.95	105.55	7.6	11.35
DDH01	109.8	111.9	2.1	2.35
DDH05	115.75	117.75	2	2.10
DDH05	123.3	124.3	1	14.14
DDH06	122.65	122.95	0.3	15.00
DDH07	126.7	130.7	4	2.87
DDH08	120.8	121.4	0.6	3.12
DDH09	100.55	101.55	1	1.62
DDH09	103.55	104.65	1.1	1.99
DDH09	106.95	107.35	0.4	6.18
DDH11	118	119	1	2.13
DDH11	122	122.5	0.5	2.28
DDH13	198.05	200.85	2.8	1.36
DDH14	184.7	186.8	2.1	5.53
DDH15	201.35	202.2	0.85	10.03
DDH16	165.15	166.3	1.15	1.83
DDH16	170.4	171.25	0.85	12.71

DDH17	284.6	285.35	0.75	3.53
GLRC004	47	48	1	5.80
GLRC005	35	36	1	109.00
GLRC005	42	43	1	1.44
GLRC006	47	48	1	3.66



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**9. SOLICITORS REPORT ON TENEMENTS**

8 February 2018

The Directors  
Mintails Limited  
Level 11  
216 St Georges Terrace  
Perth WA 6000

Dear Sirs

## Re: Solicitor's Report on Tenements

### 1. Introduction

This tenement report (**Report**) is prepared for inclusion in a prospectus (**Prospectus**) to be issued by Mintails Limited ACN 008 740 672 (**Company**) for an offer of 233,333,333 Shares at an issue price of \$0.03 to raise approximately \$7 million.

This Report relates to Western Australian mining tenements (**Tenements**) in which Orminex West Pty Ltd has contractual rights to a 51% interest and in which Golden Lode Pty Ltd is the registered holder of a 100% interest. Both those companies are to become wholly owned subsidiaries of the Company upon completion occurring under various agreements which are summarised in Section 14 of the Prospectus (**Material Agreements Section**).

Schedule 1 of this Report contains an overview of the Tenements (**Tenement Schedule**). Schedule 1 forms part of this Report.

### 2. Scope of the Report

The scope of the Report is limited to outlining the results of searches and enquiries conducted in respect of the specified publicly available records listed below. We have relied solely on the result of those searches and enquiries and have not been requested by the Company to investigate or report as to any other matters. Except as expressly referred to in this Report, we have not conducted any enquires into, or reported on or advised in this Report as to any legal matters which may impact on the Tenements or their validity.

### 3. Report

Based on the searches and enquiries listed in Section 4 we confirm that at the date of our searches that:

(a) the details of the Tenements contained in the Schedule are accurate;

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- (b) the Tenements are in good standing in relation to obligations to pay applicable rents and satisfy applicable minimum expenditure conditions;
- (c) none of the Tenements are subject to any unusual material encumbrances, dealings, endorsements or conditions other than as disclosed in this Report;
- (d) this Report lists all third-party interests (including encumbrances) affecting the Tenements ascertainable from our searches (it is noted that the documentation referred to in the Material Agreements Section discloses some other third-party rights and interests affecting the Tenements not ascertainable from our searches); and
- (e) other than as disclosed in this Report we did not identify any material issues in respect of the Tenements.

The above confirmation is made is subject to the limitations as to the scope of this Report referred to in Section 2 and the qualifications and assumptions in Section 6 of this Report.

#### 4. Searches and Enquiries

For the purposes of this Report we have conducted, and exclusively relied upon, the following searches and enquiries:

- (a) searches of the Tenements in the mining tenement register (**Register**) maintained by the Department of Mines and Petroleum of Western Australia (**DMP**) pursuant to the *Mining Act 1978* (WA) (**Mining Act**) and *Mining Regulations 1981* (WA) (**Mining Regulations**) conducted on 8 February 2018; and
- (b) quick appraisal searches of the Tenements provided by DMP summarising information obtained on-line from the 'TENGRAPH' system (**Quick Appraisal**) maintained by the DMP conducted on 8 February 2018.

#### 5. Material Agreements

It is noted that in the Material Agreements Section, various disclosures are made by the Company in relation to deeds or agreements with third parties which are relevant to the Company's commercial interest in the Tenements and associated obligations to third parties.

We note below the primary agreements under which the Company's commercial interest in the Tenements arises.

##### Agreements relating to Orminex West Pty Ltd and Golden Load Pty Ltd

Under the agreements defined as the Option JVA, the Orminex West Agreement and the Golden Lode Agreement in sections 14.5, 14.2 and 14.4 of the Prospectus respectively:

- (a) Orminex West Pty Ltd is entitled, subject to the satisfaction of various terms and conditions, to acquire a 51% interest in each of the Comet Vale Tenements from Sand Queen Gold Mines Pty Ltd;

- (b) the Company is entitled, subject to the satisfaction of various terms and conditions, to acquire 100% of the issued shares in Orminex West Pty Ltd; and
- (c) the Company is entitled, subject to the satisfaction of various terms and conditions, to acquire 100% of the issued shares in Golden Lode Pty Ltd

#### Ministerial Approval

The Company has been advised that Orminex West Pty Ltd has sought consent of the Minister under the Mining Act and the Mining Regulations to the transfer of a 51% interest in each of the Comet Vale Tenements to Orminex West Pty Ltd (other than in relation to E 29/927 as the transfer of an interest in E 29/927 does not require such approval) as required by the Mining Act and Mining Regulations for a transfer of interests in Mining Leases and Miscellaneous Licences.

The Company is not aware of any reason why such consent may not be granted and the Company will make an announcement to ASX once such consent has been obtained.

#### Private Royalty Obligations

It is noted that the Material Agreements Section of the Prospectus discloses a number of obligations to pay private royalties calculated by reference to mining on various of the Comet Vale Tenements. Some of these obligations arise under agreements relating to native title claims.

#### Registered Agreements

The Tenement searches of the Register at the DMP revealed a number of registered agreements against certain Comet Vale Tenements as noted in the notes to the table in Part 1 of Schedule 1.

### **6. Qualifications and Assumptions**

In providing the confirmation in section 3 of this Report:

- (a) we have assumed the accuracy and completeness of the results of the searches of the Register and other information obtained from DMP including the quick appraisals;
- (b) we have assumed that all expenditure in relation to a Tenement noted on the Register as reported by the holder in relation to that Tenement is accurate and was actually expended by the holder in the relevant categories of expenditure in the period to which the expenditure relates;
- (c) we have assumed that the holder of each Tenement has complied with all applicable provisions of the Mining Act and all other legislation affecting the Tenement or activities on the Tenement;
- (d) we have assumed that the holder of each Tenement has complied with all conditions imposed in relation to that Tenement;

- (e) we have assumed that in relation to any Tenement which was granted or renewed after 1 January 1994, that such Tenement was granted or renewed by the Western Australian Government in conformity with the procedures and requirements under the *Native Title Act* (Cth) such that the grant or renewal would not be wholly or partially invalid to the extent that native title rights or interest may exist on any part of the land or waters contained within such the area of such Tenement;
- (f) we express no opinion as to whether the area of any Tenement may be subject to native title rights or interests; and
- (g) we have not conducted any searches or enquiries for the purposes of ascertaining whether there are any registered or unregistered sites of significance to aboriginal people within the area of any Tenement.

## 7. Activities on Mining Tenements

The Tenements are granted under the Mining Act and are regulated by the provisions of the Mining Act and Mining Regulations.

Although the Tenements represent the foundation form of tenure for conducting exploration and mining activities, the conduct of such activities will be affected by other regulatory requirements arising from relevant legislation and regulations. Typically, a range of other consents, permits or other authorisations may be required to conduct activities depending on the nature of the activities and other factors.

Where the Tenements cover any land falling into particular categories, additional consents or approvals may be necessary in order for exploration or mining activities to be conducted. Some of these requirements are reflected in the conditions imposed in relation to the Tenements. Other requirements arise from the Mining Act and Mining Regulations or other applicable legislation.

### Reserves

Land reserved under Part 4 of the *Land Administration Act 1997* (WA) is generally subject to a requirement that under section 24(5A) of the Mining Act that 'mining' (which term includes exploration and prospecting) on that land may be carried out with the written consent of the Minister who may refuse his consent or give consent subject to terms and conditions. This does not apply to:

- (a) certain national parks and certain Class A nature reserves in relation to which more stringent controls may apply;
- (b) land reserved for mining or commons;
- (c) land reserved and designated for public utility for any purpose pursuant to that part; or
- (d) land that is a townsite within the meaning of the Land Administration Act.

The notes to the tables in Schedule 1 disclose that a number of the Tenements are subject to reserves of different types. The category of reserve which affects the largest proportion of the land covered by the Tenements is a "C class

reserve common” which is excluded from the requirement for Ministerial consent to mining activities under section 24(5A) of the Mining Act.

However, as disclosed in the notes to the tables in Schedule 1, there are numerous other categories of reserves affecting some of the Tenements. We have not been instructed to undertake the necessary research and enquiries to ascertain, or express an opinion as to, whether any of these other categories of reserve would attract a requirement for Ministerial consent to mining activities. It is noted, therefore, that it is possible that some of the other categories of reserve applicable to some of the Tenements may attract a requirement for ministerial approval should the holder wish to conduct mining activities on the relevant reserve area.

As disclosed in the notes to the tables in Schedule 1, in relation to some Tenements, the conditions imposed in relation to those Tenements expressly import such a requirement for Ministerial approval in relation to specific reserve areas.

As disclosed in the notes to the tables in Schedule 1, the Quick Appraisal searches reveal in relation to a number of the Tenements a notation that there is a proposed conservation estate in a special land category in relation to varying portions of those Tenements. Should this proposal proceed and be implemented, then depending on the category of conservation estate reserved, this may result in the imposition of a requirement for ministerial approval for mining on the relevant areas.

#### The Different Types of Tenements

The Tenements include prospecting licences, one exploration licence, mining leases and one miscellaneous licence. The primary rights granted by each type of Tenement are as summarised as follows

##### **(a) Prospecting Licences**

A prospecting licence authorises the holder to enter upon land for the purpose of prospecting for minerals with employees, contractors and such vehicles, machinery and equipment as may be necessary or expedient. The holder may take limited substances from the licence area.

No ground disturbing equipment can be used when prospecting unless a programme of work has been approved by the Minister or a prescribed official.

A prospecting licence remains in force for a period of four years from the date of grant. If satisfied that a ‘prescribed ground’ for extension exists, the Minister may extend its term by one period of four years.

Prescribed grounds for extension include where the land the subject of the licence has, for any reason the Minister considers sufficient, been unworkable for the whole or a considerable part of any year of the term or where the work already carried out under the licence justifies further prospecting.

A prospecting licence holder may apply to the Minister for retention status where a mineral resource has been identified and the mining of

the resource is impracticable for any of the reasons specified in section 54(1) of the Mining Act. Permissible reasons include where the resource is uneconomic or subject to marketing problems but may reasonably be expected to become economic or marketable in the future. Where retention status is granted the Minister may extend the term by a further period or periods of four years.

The holder of a prospecting licence must comply with prescribed expenditure conditions unless an exemption is applied for and granted. Failure to comply with the expenditure conditions renders the prospecting licence vulnerable to forfeiture.

The Mining Act confers on the prospecting licence holder the right to apply for and have granted one or more mining leases or general purpose leases over any of the area. This right is granted 'subject to the Act' and any conditions which the prospecting licence is held.

**(b) Exploration Licences**

An exploration licence authorises the holder to enter land for the purposes of exploration for minerals with employees and contractors and such vehicles, machinery and equipment as may be necessary or expedient.

The exploration licence remains in force for a period of five years from its grant. If satisfied that a prescribed ground for extension exists, the Minister may extend the term (as to the whole or part of the land the subject of the exploration licence) for one further period of five years and by a further period or periods of two years. The prescribed grounds for extension include if the land the subject of the exploration licence has been unworkable for any reason the Minister considers sufficient for the whole or a considerable part of the any year of the term.

The holder of an exploration licence must comply with the prescribed expenditure conditions unless exemption has been obtained. Failure to comply can render the exploration licence liable to forfeiture.

The holder of an exploration licence may apply to the Minister for retention status on the grounds that a resource has been identified and mining is impracticable for certain reasons specified in the Mining Act including if the resource is uneconomic or subject to marketing problems but may reasonably be expected to become economic or marketable in the future.

The Mining Act confers on the holder of an exploration licence the right to apply for and be granted one or more mining leases or one or general purpose leases, or both, over any land within the area of the licence. This right is 'subject to the Act' and to any conditions on which the exploration licence is held.

The Mining Act imposes compulsory surrender obligations on an exploration licence holder on or before the expiration of the sixth year after the grant of an exploration licence comprising ten or more blocks. Where this applies at least 40% of the blocks must be surrendered.

The surrender requirement does not apply to an exploration licence for which surrender status has been granted.

**(c) Mining Leases**

A mining lease authorises the holder to mine for and dispose of any minerals on the land in respect of which the mining lease is granted. A mining lease authorises the holder to do all acts and things necessary to effectively carry out mining operations and the lessee is entitled to use, occupy and enjoy the land for mining purposes and owns all minerals lawfully mined (subject to limited exceptions). The rights are exclusive for mining purposes.

A mining lease is subject to various prescribed covenants including a covenant not to use ground disturbing equipment unless a programme of works in that regard has been approved by the Minister or a prescribed official.

A mining lease remains in force for a period of 21 years. Under the Mining Act the holder has an option to renew 'as of right' for a further term of 21 years. Thereafter the Minister has a discretion to renew for successive periods of not more than 21 years.

A mining lease holder must comply with prescribed expenditure conditions unless an exemption is granted. Failure to comply with the expenditure conditions can render a mining lease liable to forfeiture.

**(d) Miscellaneous Licences**

A miscellaneous licence is granted under the Mining Act for purposes directly connected with mining. The purposes of which a miscellaneous licence may be granted are as prescribed in the Mining Act. A miscellaneous licence authorises the holder to do such matters and things as are specified in the licence.

A miscellaneous licence remains in force for a period of 21 years and the Minister must renew this term for a further 21 years on application. The Minister may further renew the term for successive periods of 21 years each on application by the holder.

**8. Rehabilitation Obligations**

A Tenement holder in Western Australia is subject to a range of environmental and rehabilitation obligations. These obligations can arise under a range of laws or documents including the Mining Act or the Mining Regulations, the *Environmental Protection Act 1986* (WA) and any works approvals or licences granted under it, the *Mining Rehabilitation Fund Act 2012* (WA), the *Contaminated Sites Act 2006* (WA) and the terms of any mine closure plan lodged with DMP in accordance with regulatory requirements and DMP guidelines.

The Comet Vale Tenements have generally been in existence for a number of decades and a number have been the subject of historical mining activities. Some or all of those Tenements may come with latent rehabilitation obligations as a result of past operations.



Tenement holders are required to pay levies under the *Mining Rehabilitation Fund Act 2012* (WA). These levies are in addition to a Tenement holder's environmental and rehabilitation obligations in relation to the Tenements in which they have an interest.

## 9. **Aboriginal Heritage**

The laws governing the protection of aboriginal heritage can impact on, and restrict, the activities which can be conducted on a Tenement.

### Western Australian Laws

The *Aboriginal Heritage Act 1972* (WA) (**Aboriginal Heritage Act**) prohibits a person from destroying or damaging sites of spiritual, cultural or heritage significance to Aboriginal people as defined in the Aboriginal Heritage Act (**Sites**). In order to comply with the Aboriginal Heritage Act, mining tenement holders will often arrange for Aboriginal heritage surveys and other research to be conducted to ensure that no Sites will be affected by the holders proposed activities.

There is a process whereby consent to impact on a Site can be sought under the Aboriginal Heritage Act.

Although there is a process whereby Sites can be registered under the Aboriginal Heritage Act, Sites are protected whether registered or not.

We have not conducted any searches or investigations as to whether there are any protected Sites on the Tenements.

### Commonwealth laws

Separate to the Aboriginal Heritage Act, the *Aboriginal and Torres Strait Island Heritage Protection Act 1994* (Cth) operates to protect areas and objects of significance to Aboriginal people. Under this Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects and such a declaration, if made, could potentially limit the ability to conduct exploration or mining or other activities on the Tenements.

## 10. **Native Title**

The common law recognises that indigenous persons may have a form of traditional rights or interests in land or water known as "native title." Native title is regulated and protected by the provisions of the *Native Title Act 1993* (Cth) (**Native Title Act**).

All the Tenements are located within a registered native title claim known as Maduwongga WC 2017/001 (WAD 186/2017) (**NT Claim**). The existence of this registered claim doesn't necessarily mean that native title exists within the claim area. Whether native title exists in the area will be determined by the Federal Court in due course. We have not undertaken any enquires as to the merits of the NT Claim and express no opinion as to the prospects of it being successful.

It also possible that additional native title claims may be made in the future.

If native title rights and interests are found to exist in relation to areas within any Tenements, then the native title holders will have a right to claim compensation from the State of Western Australia under the Native Title Act in relation to the effect the grant of the relevant Tenement had on their native title rights and interests. Section 125A of the Mining Act operates to shift this compensation liability to the holder of the mining tenement at the time the amount is required to be paid.

A native title holder may also have a right to claim compensation from a tenement holder under the Mining Act itself in the same way as a holder of ordinary freehold title, or other occupier or owner of land, can claim compensation in relation to the impact on activities under a mining tenement on their land.

### Conversion to Mining Leases

If any of the prospecting licences or the exploration licence listed in the Schedule are to wholly or partially replaced with a mining lease in the future, it will be necessary to comply with the future act (right to negotiate) processes (**Future Act Processes**) in the Native Title Act in order to ensure that the resulting mining lease is not invalid as a consequence of its impact on any native title rights or interests that may exist in the area applied for.

In summary in the context of an application for a mining lease the Future Act Processes will entail:

- (a) a minimum of six months negotiations with any determined native title holders or registered claimants under any native title claims registered four months after the time the Western Australian Government issues a notice under section 29 of the Native Title act of its intention to grant the mining lease;
- (b) the negotiations would involve the mining lease applicant, the registered native title claimants or holders and the Western Australian government;
- (c) the purpose of the negotiation is to agree, if possible, the terms and conditions on which the registered native claimants or holders will agree to the grant of the mining lease (for example, in exchange for agreed compensation, royalties or other benefits); and
- (d) if agreement cannot be reached after the minimum six months negotiation period, then the applicant for the mining lease may make application to the National Native Title Tribunal for a determination that the mining lease should be granted in the absence of an agreement. There is no certainty that the National Native Title Tribunal will, in that instance, determine that the mining lease should be granted.

Particularly in the context of applications for prospecting licenses or exploration licenses, a simpler Future Act Process under the Native Title Act known as the 'expedited procedure' may apply. The grant of a tenement can occur under the expedited procedure if:

- (a) the grant will not interfere directly or indirectly with community or social activities by the native title holders;

- (b) the grant is not likely to interfere with areas or sites of particular significance in accordance with their traditions to native holders; and
- (c) the grant is not likely to involve any major disturbance to any land or waters concerned or create rights whose existence is likely to involve major disturbance to the land or waters.

If the State considers the expedited procedure is appropriate, notice of the proposed grant will be given in accordance with the Native Title Act. Registered native title claimants or holders may object to the application of the expedited procedure, in which case the National Native Title Tribunal must determine whether the expedited procedure is applicable

#### Validity of the Tenements under the Native Title Act

Mining tenements granted over land on which native title rights and interests exist may be invalid in certain circumstances.

#### Tenements Granted Prior to 1 January 1994

A number of the Tenements were granted prior to 1 January 1994. These Tenements were either valid at the time of grant or subsequently validated by the Titles Validation Act 1995 (Western Australia) as 'past acts'.

#### Tenements Granted After 1 January 1994

Any Tenement granted after 1 January 1994 which affects native title will generally only be valid if it was granted in compliance with the Future Act Processes in the Native Title Act. Many of the Tenements were granted after 1 January 1994.

Between 1 January 1994 and March 1995, the Western Australian Government policy was not to comply with the Future Act Processes in the Native Title Act. None of the Tenements were granted in this period.

Between June 2000 and 10 February 2001, the Western Australian Government policy was that it would permit the grant of mining tenements on certain land without compliance with the Future Act Processes in reliance on a Federal Court decision which was later overturned on the relevant issue by High Court. None of the Tenements were granted during period.

Apart from during the periods mentioned above, it is understood that it has generally been the policy of the Western Australian government to comply with the Future Act Processes in granting mining tenements under the Native Title Act. On the assumption that the Western Australian Government did, in fact comply with the relevant requirements of the Native Title Act in this regard, none of the Tenements granted after 1 January 1994 will be invalid by reason of any part of the Tenements are subject to native title rights and interests.

We have not been asked to conduct any searches or enquiries for the purposes of seeking to verify that the Western Australian Government did in fact comply with the Future Act Processes in relation to the Tenements granted after 1 January 1994 and we express no opinion as to whether the Western Australian Government did comply with such processes. We note that the Schedule indicates that in relation to a number of the Tenements which are mining leases, the Register contains a notation that a deed under the Native Title Act had been

entered into between the State of WA and the tenement holder and native title claimants. This notation would be consistent with compliance with the Native Title Act processes, at least in relation to the affected mining leases.

### Renewals

A renewal or extension of a Tenement after 1 January 1994 may also be invalid to the extent that any area of the Tenements is subject to native title rights or interests and the renewal or extension was not effected in conformity with relevant processes in the Native Title Act.

The Native Title Act contains a number of provisions which permit valid renewals of mining tenements in certain circumstances without compliance with the Future Act Processes in the Native Title Act.

Three of the Tenements, namely M29/35, M29/52 and M 29/85 (**Renewed Tenements**) were renewed after 1 January 1994. To the extent that the area of a Renewed Tenement contains any native title rights and interests, such renewal will only be valid if the Western Australian Government effected the renewal in accordance with the Native Title Act.

We comment briefly on some of these provisions as they might apply to the Renewed Tenements.

### Past Acts

- (a) Each of the Renewed Tenements was granted prior to 1 January 1994. If the original grant of a Renewed Tenement would have been invalid to any extent due to its impact on native title rights and interests, then the original grant of that Renewed Tenement would have been a 'past act' as defined in the Native Title Act.
- (b) All 'past acts' in Western Australia were validated by the *Titles Validation Act 1995* (WA).
- (c) A later renewal or extension of a 'past act' will also qualify as a 'past act' (and be validated by the *Titles Validation Act 1995* (WA)) if the renewal:
  - (i) created interests in the grantee of the original past act or person who acquired such interests by assignment;
  - (ii) the interests created by the renewal take effect before or immediately after the interests created by the earlier act cease to have effect; and
  - (iii) the interests created by the later act permit activities of a similar kind to those permitted by the original grant.

### Future Acts

- (a) If the original grant of a Renewed Tenement was not a 'past act' then the renewal of a Renewed Tenement would be a 'future act' for the purposes of the Native Title Act to the extent the renewal affected any native title rights and interests.

- (b) Section 24ID of the Native Title Act provides, in effect, for the validity of future acts which are which are “permissible lease etc. renewals” subject to Subdivision P (which deals with the right to negotiate).
- (c) Under section 24IC of the Native Title Act, a future act is a ‘permissible lease etc. renewal’ if it satisfies certain conditions, including the following relevant conditions:
  - (i) it is the renewal or extension of a lease, permit or authority (the **original lease etc.**) that is valid;
  - (ii) the original lease etc. was granted prior to 23 December 1996; and
  - (iii) the future act does not confer a right of exclusive possession over any of the area or otherwise create a larger proprietary interest in the area covered by the original lease etc. or create proprietary interest over any of the area where the original lease etc. created non- proprietary interests.
- (d) Section 26D of the Native Title Act provides that Subdivision P does not apply the renewal or extension of the term of an earlier right to mine satisfying the following relevant conditions:
  - (i) the earlier right was created on or before 23 December 1996;
  - (ii) the area to which the earlier right relates is not extended;
  - (iii) the term of the right is no longer then the term of the original right; and
  - (iv) no rights are created in connection with the right that were not created in connection with the earlier right.

On the basis of the information apparent from the searches of the Register at the DMP there is no reason to believe that the renewal of the Renewed Tenements would be invalid if the renewal affected native title rights and interests.

Any future renewal of any Tenement would also need to comply with the Native Title Act in order to be valid to the extent that any of that Tenement affects native title rights and interests.

## **11. Benefit and Reliance**

This Report is given solely for the benefit of the Company in connection with the issue of the Prospectus. This Report is not to be relied upon for any other purpose or quoted or referred to in any other public document. To the maximum extent permitted by law, EMK Lawyers disclaims any liability in respect of this Report to any person other than the Company.

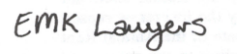
## **12. Consent**

EMK Lawyers has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included and have not withdrawn their consent before the lodgement of the Prospectus with ASIC.

**13. Disclosure of Interest**

EMK Lawyers will be paid normal and usual professional fees for the preparation of this Report and related matters as set out elsewhere in the Prospectus.

Yours faithfully

A handwritten signature in black ink that reads "EMK Lawyers". The signature is written in a cursive, slightly slanted style.

**EMK Lawyers**

## SCHEDULE 1- TENEMENT SCHEDULE

### PART 1 COMET VALE TENEMENTS

Lease or Licence Number	Registered Holder	Shares Held	Grant Date	Expiry Date	District	Area	Annual Rent	Minimum Annual Expenditure
E 29/927	Sand Queen Gold Mines Pty Ltd	100 shares	02/12/2014	01/12/2019	Menzies	2 blocks	Annual rent of \$416 reported as paid in full for 2018	<p>Minimum annual expenditure for previous TY was \$15,000 with \$19,569 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 01/12/2018 is \$20,000</p> <p>Project Status</p>
M 29/35	Sand Queen Gold Mines Pty Ltd	100 shares	<p>28/01/1987</p> <p>(renewal for 21 years recorded on 05/03/2008)</p>	27/01/2029	Menzies	2.42850 hectares	Annual rent of \$52.80 reported as fully paid for 2019	<p>No expenditure has been lodged for previous TY (minimum annual expenditure was \$5,000 for that TY). Lodgement is required within 60 days of the anniversary of the TY. This period has not expired yet in relation to the previous TY (which expired on 28/01/2018). If expenditure is not lodged within the timeframe and/or no exemption is granted then the Warden can institute forfeiture proceedings for the tenement under the Mining Act and Mining Regulations.</p> <p>Minimum annual expenditure for current TY end 27/01/2019 is \$5,000</p> <p>Project Status</p>

Lease or Licence Number	Registered Holder	Shares Held	Grant Date	Expiry Date	District	Area	Annual Rent	Minimum Annual Expenditure
M 29/52	Sand Queen Gold Mines Pty Ltd	100 shares	18/05/1988 (renewal for 21 years recorded on 12/03/2009)	17/05/2030	Menzies	96.88 hectares	\$1,653.85 paid for 2018	<p>Minimum annual expenditure for previous TY was \$10,000 with \$129,550 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 17/05/2018 is \$10,000</p> <p>Project Status</p>
M 29/85	Sand Queen Gold Mines Pty Ltd	100 shares	12/01/1989 (renewal for 21 years recorded on 08/12/2009)	11/01/2031	Menzies	97.68 hectares	\$1,724.80 paid for 2019	<p>No expenditure has been lodged for previous TY (minimum annual expenditure was \$10,000 for that TY). Lodgement is required within 60 days of the anniversary of the TY. This period has not expired yet in relation to the previous TY (which expired on 11/01/2018). If expenditure is not lodged within the timeframe and/ or no exemption is granted then the Warden can institute forfeiture proceedings for the tenement under the Mining Act and Mining Regulations.</p> <p>Minimum annual expenditure for current TY end 11/01/2019 is \$10,000</p> <p>Project Status</p>
M 29/185	Sand Queen Gold Mines Pty Ltd	100 shares	25/06/1999	24/06/2020	Menzies	8.131 hectares	\$153.45 paid in full for 2018	<p>Minimum annual expenditure for previous TY was \$10,000 with \$15,414 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 24/06/2018 is \$10,000</p> <p>Project Status</p>



Lease or Licence Number	Registered Holder	Shares Held	Grant Date	Expiry Date	District	Area	Annual Rent	Minimum Annual Expenditure
M 29/186	Sand Queen Gold Mines Pty Ltd	100 shares	24/11/2006	23/11/2027	Menzies	285.537 4 hectares	\$5,033.60 paid in full for 2018	<p>Minimum annual expenditure for previous TY was \$28,600 with \$32,703 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 23/11/2018 is \$28,600</p> <p>Project Status</p>
M29/197	Sand Queen Gold Mines Pty Ltd	100 shares	25/10/2002	24/10/2023	Menzies	581.4 hectares	\$10,243.20 paid for 2018	<p>Minimum annual expenditure for previous TY was \$58,200 with \$61,605 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 24/10/2018 is \$58,200</p> <p>Project Status</p>
M29/198	Sand Queen Gold Mines Pty Ltd	100 shares	25/10/2002	24/10/2023	Menzies	445.3 hectares	\$7,849.60 paid for 2018	<p>Minimum annual expenditure for previous TY was \$44,600 with \$48,113 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 24/10/2019 is \$44,600</p> <p>Project Status</p>
M 29/199	Sand Queen Gold Mines Pty Ltd	100 shares	25/10/2002	24/10/2023	Menzies	247.3 hectares	\$4,364.80 paid for 2018	<p>Minimum annual expenditure for previous TY was \$24,800 with \$27,233 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 24/10/2018 is \$24,800</p>

Lease or Licence Number	Registered Holder	Shares Held	Grant Date	Expiry Date	District	Area	Annual Rent	Minimum Annual Expenditure
								Project Status
M 29/200	Sand Queen Gold Mines Pty Ltd	100 shares	25/10/2002	24/10/2023	Menzies	55.745 hectares	\$985.60 annual rent paid for 2018	<p>Minimum annual expenditure for previous TY was \$10,000 with \$16,211 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 24/10/2018 is \$10,000</p> <p>Project Status</p>
M 29/201	Sand Queen Gold Mines Pty Ltd	100 shares	25/10/2002	24/10/2023	Menzies	34.235 hectares	\$616 annual rent paid for 2018	<p>Minimum annual expenditure for previous TY was \$10,000 with \$15,581 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 24/10/2018 is \$10,000</p> <p>Project Status</p>
M 29/232	Sand Queen Gold Mines Pty Ltd	100 shares	25/10/2002	24/10/2023	Menzies	297 hectares	\$5,227.20 annual rent reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$29,700 with \$42,955 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 24/10/2019 is \$29,700</p> <p>Project Status</p>
M 29/233	Sand Queen Gold Mines Pty Ltd	100 shares	24/09/2002	23/09/2023	Menzies	541.65 hectares	\$9,539.20 annual rent reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$54,200 with \$65,155 recorded as expended for that TY</p>

Lease or Licence Number	Registered Holder	Shares Held	Grant Date	Expiry Date	District	Area	Annual Rent	Minimum Annual Expenditure
								<p>Minimum annual expenditure for current TY end 23/09/2019 is \$54,200</p> <p>Project Status</p>
M 29/235	Sand Queen Gold Mines Pty Ltd	100 shares	25/10/2002	24/10/2023	Menzies	133 hectares	\$2,340.80 annual rent reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$13,300 with \$21,474 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 24/10/2019 is \$13,300</p> <p>Project Status</p>
M 29/321	Sand Queen Gold Mines Pty Ltd	100 shares	13/11/2002	12/11/2023	Menzies	3.5765 hectares	Annual rent of \$70.40 reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$5,000 with \$8,604 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 12/11/2019 is \$5,000</p> <p>Project Status</p>
M 29/270	Sand Queen Gold Mines Pty Ltd	100 shares	25/06/2013	24/06/2034	Menzies	257.7415 hectares	Annual rent of \$4,398.90 reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$25,800 with \$28,350 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 24/06/2018 is \$25,800</p> <p>Project Status</p>
L 29/67	Sand Queen Gold	100	20/03/2002	19/03/2023	Menzies	8.2	Annual rent	No expenditure obligations

Lease or Licence Number	Registered Holder	Shares Held	Grant Date	Expiry Date	District	Area	Annual Rent	Minimum Annual Expenditure
	Mines Pty Ltd	shares				hectares	of \$135.90 reported as paid for 2018	

### Key to Tenement Schedule

E	–	Exploration Licence
M	–	Mining Lease
L	–	Miscellaneous Licence
TY	--	Tenement Year

### Notes

Project status granted for Sand Queen Project C number 3/1999.

L 29/67 is granted for the purposes of Pipeline, Road, Water Management Facility.

A 'block' when used to define the area of an exploration licence is defined in the Mining Act in section 56C(2) and will usually be subject to the exclusions including pre-existing mining tenements.

### Material Encumbrances, Dealings, Endorsements or Conditions in relation to Comet Vale Tenements

#### E 29/297

Restrictions apply to Water Resource Management Areas, Artesian Aquifers, wells, waterways and proclaimed ground water areas (21).

#### M 29/35

One registered agreement lodged 8 June 1987 between Hillman Gold Mines Pty Ltd and William Edwards Deans. This agreement is a historical farm-in and option to purchase agreement which is no longer relevant.

#### M 29/52

Endorsement in relation to Interface Deed –Blasting between Brookfield Rail Pty Ltd and Sand Queen Gold Mines Pty Ltd in relation to rail safety zone and rail corridor land at Comet Vale.

Restrictions on mining Recreation reserve 13763, Rifle range reserve 13737 and Comet Vale Town site. Limitations on mining on cemetery reserves no 11107. Restrictions on mining in rail corridor land 13.

Rights of access to tailings under license to treat tailings preserved. Gold mining leases 29/6025, 29/6196, ML 29/35 and P 29/1086 excised.

Construction and operation and environmental measure to be in accordance to previously approved named documents. Requirement for annual brief annual report about operations and rehabilitation to be lodged in March each year. Mine closure plan to be lodged in 2018.

Agreement 1H/889 lodged on 1 July 1988 between Valiant Consolidated, Ltd, Ridek Corporation Pty Ltd and Goongarries Gold Pty Ltd and Julia Mines. This Agreement to an application for miscellaneous license 29/36 which overlapped M 29/52 (and expired exploration license E29/18). The miscellaneous licence has expired and accordingly this agreement is no longer relevant.

Agreement 30H/889 between Valiant Consolidated Ltd, Ridek Corporation Pty Ltd lodged 22 July 1988. This agreement related to a joint venture between previous holders of M29/52 and accordingly is no longer relevant.

JV Agreement 335H/890 lodged 29 March 1990 between Valiant Consolidated Ltd, Platgold Pacific NL and Ashton Gold Mines Pty Ltd. This agreement related to a joint venture between previous holders of M29/52 and accordingly is no longer relevant.

#### **M 29/85**

Particular restrictions imposed in relation to area described as PSF87. Restrictions in relation to Geodetic survey Staton and roads or road reserves.

Annual brief report required. Project and rehab to comply with named document dated 9 Sept 2005.

#### **M 29/185**

Condition requiring payment of compensation to CALM for land clearing. Condition requiring royalty payments to Executive Director for any produce.

Annual reporting to State Mining Engineer and CALM.

Agreement (Acquisition) 43H/990 registered 21 Dec 1999 between Robert Charles Gardner and Gild-Edged Mining. This agreement relates to a historical sale of M29/185, amongst other tenements, and is no longer relevant.

#### **M 29/186**

Uranium and Iron Ore excluded.

Mining on roads etc. restricted. Restrictions on Trigonometrical Station reserve 42708. Restrictions in relation to PSF/87.

Operations and rehab measures to comply with previous program of works and environmental management plan.

### **M29/197**

Deed under the Native Title Act entered into between the State of WA, Minister of State Development, tenement holder and NT claimants.

Uranium and iron ore excluded.

Special restrictions in relation to exploration on 'designated area'.

12 monthly reporting in relation to operational and rehabilitation program and programs for next 12 months.

### **M 29/198**

Deed under the Native Title Act entered into between the State of WA, Minister of State Development, tenement holder and NT claimants.

Uranium and iron ore excluded.

Restrictions on road reserves, recreation reserve 13763, explosive reserve 13500 and Comet Vale Town site. No mining on Cemetery Reserve 11107. No interference with Geodetic Survey Stations. Restrictions on Rail Corridor Land and Safety Zone. Restrictions on exploration on "Designated Area."

12 monthly reporting obligations.

Project and environmental measures to be in accordance with programs of work application 20 September 2006.

### **M 29/199**

Deed under the Native Title Act entered into between the State of WA, Minister of State Development, tenement holder and NT claimants.

Uranium and Iron Ore excluded.

Restrictions in relation to roads and road reserves, Sanitary Reserve 15722, Rubbish Disposal Reserve 15723 and Explosives Reserve 13500. Restrictions regarding exploration programs on "Designed Area".

12 monthly reporting.

Project and environmental measures to comply with program of work dated 9 May 2014 and environmental management plan dated April 2014.

**M 29/200**

Uranium and Iron ore excluded.

Deed under the Native Title Act entered into between the State of WA, Minister of State Development, tenement holder and NT claimants.

Restrictions in relation to activities near rail corridor land, safety zone.

12 monthly reporting. Project and environmental measures to comply with specified documents. Obligation on completion of operations or progressively to rehabilitate waste dumps, tailings storage facilities, stockpiles and other mining related landforms. Mine closure plan to be submitted in 2018.

**M 29/201**

Deed under the Native Title Act entered into between the State of WA, Minister of State Development, tenement holder and NT claimants.

Uranium and iron ore excluded.

Restrictions in relation to activities on Geodetic Survey Station Menzies 96, Comet Vale Town site and in relation to Goldfields Highway areas. Specific restrictions apply to 'designated area'.

Annual reporting obligations. Project and environmental measures to comply with specified documents.

**M 29/232**

Deed under the Native Title Act entered into between the State of WA, Minister of State Development, tenement holder and NT claimants. Uranium and iron ore excluded.

Restrictions on activities on roads, road verges or road reserves. Restrictions in relation to defined 'designated area'. Annual reporting obligations.

**M 29/233**

Deed under the Native Title Act entered into between the State of WA, Minister of State Development, tenement holder and NT claimants.

Uranium and iron ore excluded.

Restrictions on cable item fibre and installations, activities on Land Act Reserves 7 & 8, Geodetic Survey Station MNZ 93, Goldfields Highway and verge or road reserve, Rail corridor land and surrounds, safety zone. Restrictions applicable to 'designated area' as defined.

Annual reporting. Operation of project and environmental measures to comply with specified documents. Mine closure plan to be lodged in 2018.

**M 29/235**

Deed under the Native Title Act entered into between the State of WA, Minister of State Development, tenement holder and NT claimants.

Uranium and iron ore excluded.

Specified restrictions applicable to the 'Designated Area' as defined.

Annual reporting obligations.

**M 29/231**

Iron ore and uranium excluded.

Project and environmental measures to comply with specified documents. On completion of operations or progressively waste dumps, tailings storage facilities, stockpiles or other mining landforms to be rehabilitated. Annual reporting obligations in March. Mine closure plan to be submitted in 2018.

**M 29/270**

Restrictions apply to Water Resource Management Areas, Artesian Aquifers, wells, waterways and proclaimed ground water areas (21).

Endorsement recording exclusion of late exploration licence 29/423 (Kalgoorlie Blocks 1670 K and P, Mining Lease 29/233 (Part of later exploration licence 29/163).

**L 29/67**

Restrictions apply to Water Resource Management Areas, Artesian Aquifers, wells, waterways and proclaimed ground water areas (21).

**Reserves etc.**

Quick appraisal searches through the Tengraph system indicate that most of the Comet Vale Tenements includes reserves, notations etc. indicating where land is in various different categories. Some of these are summarised below.



The following Comet Vale Tenements are shown as overlapping a “C” class reserve common encroaching as to the following percentages – M29/201 (99.77%), M29/232 (100%), M29/233 (64.59%), M29/235 (0.52%), M29/321 (86.85%), L 29/67 (95.85%), M 29/35 (100%), M29/52 (72.01%), M29/85 (71.09%), M29/185 (100%), M29/186 (83.58%), M29/197 (95.21%), M29/198 (66.86%), M29/199 (30.71%), M29/200 (97.53%).

The Comet Vale tenements overlapping a “C” class reserve common are also subject to a notation that there is a proposed conservation estate in a special land category for the same or a similar percentage of encroachment as the “C” class reserve common.

The Comet Vale Tenements overlapping a “C” class reserve common are also subject to a notation that there is a “proposed 5(1)(h) reserve Comet Vale” in a special category land for the same or a similar percentage of encroachment.

All Comet Vale Tenements (other than L29/67) are showing as overlapping Groundwater Area Goldfields GWA 21 encroaching as 100%.

M29/201 and M29/321 includes road reserves. M29/233 includes road reserves (including Goldfields Highway) and a railway reserve and a notation ‘water (unallocated crown land)’ encroaching as to 20.58% and rail corridor land (encroaching as to 2.13%). M29/235 includes a notation ‘water (unallocated crown land)’ encroaching as to 99.48%. M29/270 includes a notation ‘water (unallocated crown land)’ encroaching as to 100%. L29/67 includes road reserves (Goldfields Highway). E29/927 includes a notation ‘water (unallocated crown land)’ encroaching as to 100%. M29/52 includes a railway reserves (encroaching as to 10.44%) and Road Reserves (Goldfields Highway). M29/85 contains a notation ‘water (unallocated crown land)’ encroaching as to 28.91%. M29/186 contains a “C” class reserve Trigonometrical Station encroaching as to 0.14% and a notation ‘water (unallocated crown land)’ encroaching as to 16.28%.

M29/232, M29/233 and M29/197 contain a notation “File Notation Area Change of Purpose- Reserve 16153 clearance” encroaching in relation to each mining lease as to less than 0.22%.

M29/198 contains numerous “C Class” reserves each encroaching as to less than 1% described respectively as reserves for historic cemetery site, hall site, explosives, recreation, church site roman catholic, hall site Anglican, public conveniences, local board of health and hotel site. M29/198 is also subject to a “C” class reserve “excepted from sale”. M29/198 also contains a railway reserve (encroaching as to 3.87%), Road reserves (Goldfields Highway), private freehold land (encroaching as to 0.07%) and rail corridor land (encroaching as to 3.87%). M29/198 is subject to a notation ‘water (unallocated crown land)’ encroaching as to 3.39%.

M29/199 contains a number of “C” class reserves encroaching as to less than 2% respectively for explosives, rubbish disposal site and sanitary. M29/199 is subject to a notation ‘water (unallocated crown land)’ encroaching as to 64.1%.

M29/200 contains a railway reserve (encroaching as to 0.32%), rail corridor land (encroaching as to 0.33%) and road reserves (Goldfields Highway).

**PART 2 - GOLDEN LODGE TENEMENTS**

Licence Number	Registered Holder	Shares Held	Grant date	Expiry Date	District	Area	Annual Rent (next rental year)	Minimum annual expenditure
P 30/1100	Golden Lode Pty Ltd	100 shares	23/02/2015	22/02/2019	Ularring	197 hectares	Annual rent of \$492.50 recorded as paid for 2018	<p>Minimum annual expenditure for previous TY was \$7,880 with \$7,918.50 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 22/02/2018 is \$7,880</p> <p>Project Status</p>
P 30/1101	Golden Lode Pty Ltd	100 shares	25/07/2013	24/07/2021	Ularring	192 hectares	Annual rent of \$499.20 reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$7,680 with \$3,979 recorded as expended for that TY and an exemption from spending the required amount is recorded as being granted</p> <p>Minimum annual expenditure for current TY end 24/07/2018 is \$7,680</p> <p>Project Status</p>
P 30/1102	Golden Lode Pty Ltd	100 shares	23/02/2015	22/02/2019	Ularring	154 hectares	Annual rent of \$385 reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$6,160 with \$6,542.60 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 22/02/2018 is \$6,160</p> <p>Project Status</p>

Licence Number	Registered Holder	Shares Held	Grant date	Expiry Date	District	Area	Annual Rent (next rental year)	Minimum annual expenditure
P30/1103	Golden Lode Pty Ltd	100 shares	23/02/2015	22/02/2019	Ularring	190 hectares	Annual rent of \$475 reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$7,600 with \$8,219 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 22/02/2018 is \$7,600</p> <p>Project Status</p>
P 30/1104	Golden Lode Pty Ltd	100 shares	25/07/2013	24/07/2021	Ularring	140 hectares	Annual rent of \$364 reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$5,600 with \$3,089 recorded as expended for that TY and an exemption from spending the required amount is recorded as being granted</p> <p>Minimum annual expenditure for current TY end 24/07/2018 is \$5,600</p> <p>Project Status</p>
P 30/1105	Golden Lode Pty Ltd	100 shares	25/07/2013	24/07/2021	Ularring	200 hectares	Annual rent of \$520 reported as paid for 2018	<p>Minimum annual expenditure for previous TY was \$8,000 with \$4,125 recorded as expended for that TY and an exemption from spending the required amount is recorded as being granted</p> <p>Minimum annual expenditure for current TY end 24/07/2018 is \$8,000</p> <p>Project Status</p>
P 30/1131	Golden Lode	100 shares	28/07/2016	27/07/2020	Ularring	94	Annual rent \$224.40	Minimum annual expenditure for

Licence Number	Registered Holder	Shares Held	Grant date	Expiry Date	District	Area	Annual Rent (next rental year)	Minimum annual expenditure
	Pty Ltd					hectares	reported as paid for 2018	<p>previous TY was \$3,760 with \$34,050 recorded as expended for that TY</p> <p>Minimum annual expenditure for current TY end 27/07/2019 is \$3,760</p> <p>Project Status</p>

**Key to Tenement Schedule**

P – Prospecting Licence

**Notes:**

1. Project Status refers to C Number 114/2016 for the Davyhurst Project.
2. 'TY' means tenement year.

**Material Encumbrances, Dealings or Conditions in relation to Golden Lode Tenements****For all Prospecting Licences other than P30/1311**

Restrictions apply in relation to Water Resource Management Areas, Artesian Aquifers and Wells, Waterways and Proclaimed Ground Water Areas (21).

Restrictions apply in relation to the area designated as CPL 50 in Tengraph (including prior to any ground disturbing activities preparing a detailed program for each phase of exploration for approval by the Executive Director, Environment Division, DMP and undertaking rehabilitation.

**For P 30/1100, P30/1102 and P30/1103**

Consent to prospecting activities on 'excepted from sale' reserve 10111 granted 23/02/2015 by Minister.

**For P 30/1131**

Restrictions apply in relation to Water Resource Management Areas, and Proclaimed Ground Water Areas (21).

Consent of Minister required before commencing any prospecting activities on 'excepted from sale' reserve 10111.

### **Reserves etc. in Relation to Golden Lode Tenements**

Quick appraisal searches through the Tengraph system indicate that most of the Golden Lode Tenements include reserves, notations etc. indicating where land is in various different categories. Some of these are summarised below.

P30/1100, P30/1102, P30/1103 and P30/1131 contain a "C" class reserve excepted from sale encroaching as to 97.3%, 2.66%, 1.73% and 6.44% respectively.

All of the Golden Lode Tenements are subject to a Groundwater Area Goldfields (GWA 21) as to 100%.

The following Golden Lode Tenements are subject to a notation that there is a proposed conservation estate (FNA 13408) in a special land category – P 0/1100 (encroaching as to 2.7%), P30/1101 (encroaching as to 100%), P30/1102 (encroaching as to 76.25%), P30/1103 (encroaching as to 8.98%), P30/1104 (encroaching as to 81%) and P30/1105 (encroaching as to 99.53%).

The following Golden Lode Tenements are shown as overlapping a "C" class reserve common encroaching as to the following percentages - P30/1102 (21.09%), P30/1103 (89.29%), P30/1104 (19%) and P30/1131 (93.56%).

P30/1105 contains road reserves.

CPL 50 (relating to leases purchased by CALM) encroach, to the percent shown, on the following Golden Lode Tenements P30/1100 (2.7%), P30/1101 (100%), P30/1102 (76.25%), P30/1103 (8.98%), P30/1104 (81%) and P30/1105 (99.53%).

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**10. INVESTIGATING ACCOUNTANT'S REPORT**

15 February 2018

**MOORE STEPHENS**

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The Directors  
Mintails Limited  
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Dear Directors

## INVESTIGATING ACCOUNTANT'S REPORT

### 1. Introduction

This report has been prepared at the request of the Directors' of Mintails Limited ("Mintails" or "the Company") for inclusion in the Prospectus.

On 23 January 2018, the Company signed binding agreements with GBF Mining Group ("GBF") and its associated entities to:

- Acquire 100% of the share capital of Golden Lode Pty Ltd;
- Acquire 100% of the share capital of Orminex West Pty Ltd; and
- Enter into a Strategic Alliance Agreement with GBF

Amongst other things, shareholder approval of the acquisitions and the significant change to the nature and scale of the Company's activities that will result from the acquisitions will be required at an upcoming general meeting of shareholders. In addition, the Company will need to be re-admitted to the Official List of the Australian Securities Exchange Limited ("ASX").

Pursuant to the Prospectus, the Company is also making a public offer of up to 233,333,333 fully paid Ordinary Shares with an issue price of \$0.03 (three cents per share) payable in full on application to raise \$7,000,000 ("Capital Raising").

Expressions defined in the Prospectus have the same meaning in this report.

### 2. Basis of Preparation

This report has been prepared to provide investors with information in relation to historical and pro-forma financial information of Mintails as at 31 December 2017.

The historical and pro-forma financial information is presented in an abbreviated form insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to financial reports in accordance with the *Corporations Act 2001*.

The report does not address the rights attaching to the shares to be issued in accordance with the Offer, nor the risks associated with accepting the Offer. Moore Stephens Perth Corporate Services Pty Ltd has not been requested to consider the prospects for Mintails nor the merits and risks associated with becoming a shareholder and accordingly has not done so, nor purports to do so.

Consequently, Moore Stephens Perth Corporate Services Pty Ltd has not made and will not make any recommendation, through the issue of this report, to potential investors of the Company, as to the merits of the Offer and takes no responsibility for any matter or omission in the Prospectus, other than responsibility for this report.

### 3. Background

Mintails is a public company, incorporated in Australia, which listed on the Australian Securities Exchange (ASX: MLI) on 28 July 1971. The Company's primary operations until 2015 were the management and operation of gold mines in South Africa.

The Company has been suspended from trading since 17 March 2015 and was placed into voluntary administration on 7 January 2016. On 9 December 2016, the Company executed a Deed of Company Arrangement (DOCA). The DOCA was effectuated on 2 June 2017 which had the effect of settling its liabilities, transferring residual assets to a Creditors' Trust and recapitalisation of the Company.

On 23 January 2018, the Company signed binding agreements with GBF and its associated entities to acquire the following:

- Acquire 100% of Golden Lode Pty Ltd for \$600,000;
- Acquire 100% of Orminex West Pty Ltd for \$6,000,000; and
- Enter into a Strategic Alliance Agreement with GBF.

The agreements are subject to a number of conditions including Mintails receiving necessary approvals required by law and a capital raising of up to \$7,000,000 before costs.

GBF is an Australian Private Company, which began trading in the Western Australian Goldfields in 1988 as a locally owned and operated underground mining contractor. GBF now employs more than 350 staff across the group.

#### Golden Lode Pty Ltd

Golden Lode Pty Ltd holds the rights to the Golden Lode gold exploration project located 134km from Coolgardie in Western Australia. The project is currently owned 66.6% by Carowen Pty Ltd (a related party of GBF) and 33.3% by Lantech Pty Ltd (a related party of Mintails).

#### Orminex West Pty Ltd

Orminex West Pty Ltd has an option to acquire a 51% interest in the Comet Vale Project from the current 100% owner of the Project, Sand Queen Gold Mines Pty Ltd ("SQGM"). The Comet Vale Project is located approximately 100 kilometres north of Kalgoorlie. Different owners have historically mined the project over many years. In January 2018 GBF entered into a Mine Management Agreement with SQGM, under which GBF will undertake underground mining at the project. In return for the provision of these services, GBF will receive a Contract Sum (represented by agreed mining unit costs plus a margin).

#### Strategic Alliance Agreement

Mintails has entered into a conditional Strategic Alliance Agreement with GBF, which aligns the two parties with the sourcing, assessment and development of future projects. The Strategic Alliance Agreement provides exclusivity between Mintails and GBF for the provision of services in relation to this business model and also outlines the key deliverables by GBF, namely access to development finance and the operational expertise of GBF. This Strategic Alliance Agreement has an initial 5-year term with an option to renew for further periods.

Further information about the acquisitions and the future plans of the Company can be found in other sections of the Prospectus.



#### 4. Scope of Report

You have requested Moore Stephens Perth Corporate Services Pty Ltd prepare an Investigating Accountant's Report on:

- a) The Statement of Profit or Loss and Other Comprehensive Income of Mintails for the six months ended 31 December 2017;
- b) The Statement of Cash Flows of Mintails for the six months ended 31 December 2017;
- c) The Statement of Financial Position of Mintails as at 31 December 2017; and
- d) The Consolidated Pro-forma Statement of Financial Position of Mintails as at 31 December 2017 adjusted on the basis of the acquisition of two gold projects and the completion of certain other transactions as disclosed in this report.

We have not included the historical Statement of Profit or Loss and Other Comprehensive Income, nor the historical Statement of Cash Flows, for Mintails prior to 30 June 2017 in this report as this information is not relevant to the future activities of the Company (the Company was placed into voluntary administration on 7 January 2016, and has not been trading since then). In addition, the auditor opinions expressed on Mintails 30 June 2015, 30 June 2016 financial statements and the conclusion expressed on the Mintails 31 December 2016 financial statements were disclaimed, which has led us to conclude that the financial information is not sufficiently reliable for inclusion in our report, nor for reliance to be placed on it by investors.

The historical Statement of Profit or Loss and Other Comprehensive Income and the historical Statement of Cash Flows for the six months ended 31 December 2017 are disclosed in the publicly available interim report for the period ended 31 December 2017, and have been included in this report.

We have not separately disclosed related party transactions, as these are disclosed elsewhere in the prospectus.

#### 5. Scope of Review

##### *Sources of information*

The historical financial information of Mintails has been extracted from the reviewed financial statements of the Company for the half year ended 31 December 2017. These financial statements were subject to review by their external auditor, Moore Stephens Perth. The auditor's review conclusion for the period ended 31 December 2017 contained the following qualification:

##### *Basis for Qualified Conclusion*

*The accounting records of Mintails Limited for the comparative period ended 31 December 2016 were incomplete and therefore we were unable to obtain sufficient appropriate evidence to verify the amounts disclosed in the comparative Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the half year ended 31 December 2016.*

The auditor disclaimed their opinion on the financial report for the half year ended 31 December 2016. Mintails was placed into voluntary administration on 7 January 2016, and remained in administration for the year ended 30 June 2016 and most of the year ended 30 June 2017 (until 2 June 2017). The auditor for Mintails was unable to obtain sufficient appropriate evidence to verify the amounts disclosed in the financial statements for the half year ended 31 December 2016.

Notwithstanding this we have been able to express a conclusion on the actual and pro-forma Statements of Financial Position of Mintails as at 31 December 2017, and the financial results for the six months ended on that date, as the reviewed interim financial report for the six months ended 31 December 2017 were compiled after effectuation of the DOCA (2 June 2017), and the pro-forma incorporates transactions which have taken place subsequent to 31 December 2017 and reflects the post DOCA financial position of the Company.

## 5. Scope of Review (continued)

### Golden Lode Pty Ltd

We have reviewed the historical financial information of Golden Lode Pty Ltd for the period from its incorporation on 11 July 2016 to 30 June 2017 and for the six months ended 31 December 2017. These financial statements were subject to audit by their external auditor, Moore Stephens Perth. The audit opinions for the periods ended 30 June 2017 and the six months ended 31 December 2017 were unqualified.

### Orminex West Pty Ltd

We have reviewed the historical financial information of Orminex West Pty Ltd for the period from its incorporation on 29 September 2016 until 30 June 2017 and for the six months ended 31 December 2017. These financial statements were subject to audit by their external auditor, Moore Stephens Perth. The audit opinions for the periods ended 30 June 2017 and the six months ended 31 December 2017 were unqualified.

### *Management's Responsibilities*

The Directors of Mintails are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions.

### *Our Responsibilities*

We have conducted our review of the historical financial information in accordance with Australian Auditing Standard ASRE 2405 Review of Historical Financial Information Other than a Financial Report. We have also considered the requirements of ASAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used to compile the pro-forma financial information, nor have we, in the course of this engagement, performed an audit of the financial information used in compiling the pro-forma financial information, or the pro-forma information itself.

The purpose of the compilation of the pro-forma information is solely to illustrate the impact of the proposed transactions and acquisitions on unadjusted financial information of the Company as if the events had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed acquisitions and related transactions would be as presented.

We made such inquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- a) a review of contractual arrangements;
- b) a review of financial statements, management accounts, work papers, accounting records and other documents, to the extent considered necessary;
- c) a review of work papers of the auditors of Mintails, Golden Lode Pty Ltd and Orminex West Pty Ltd including making enquiries of the auditors, to the extent considered necessary.
- d) a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, with the accounting policies adopted by Mintails;
- e) a review of the assumptions used to compile the pro-forma Statement of Financial Position; and
- f) enquiry of directors, management and advisors of Mintails and GBF.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

## 5. Scope of Review (continued)

These procedures have been undertaken to form an opinion as to whether we have become aware, in all material respects, that the historical financial information set out in Appendix 1 to 4 does not present fairly, in accordance with Australian Accounting Standards and the accounting policies adopted by the Company, a view which is consistent with our understanding of the financial position and pro-forma financial position of the Company as at 31 December 2017, and of its financial results and cash flows for the six months ended 31 December 2017.

### *Historical and Pro-Forma Financial Information*

The Statement of Profit or Loss and Other Comprehensive Income of Mintails for the six months ended 31 December 2017 is included at Appendix 1 and is presented without adjustment.

The Statement of Cash flows of Mintails for the six months ended 31 December 2017 is included at Appendix 2 and is presented without adjustment.

The Statement of Financial Position as at 31 December 2017 of Mintails is included in Appendix 3. Also, included in Appendix 3 is the Consolidated Pro-forma Statement of Financial Position of the Company which incorporates the Statement of Financial Position as at 31 December 2017, adjusted on the basis of the pro-forma adjustments as disclosed in this report. Details of these transactions are set out in Note 2 of Appendix 4.

## 6. Valuation of interests in exploration and mining assets

The principal assets acquired are interests in exploration and mining tenements and projects. The interests have been included in the Pro-forma Statement of Financial Position as at 31 December 2017 at cost of acquisition in accordance with the accounting policy adopted for such assets by the Company. We have not performed our own valuations of the tenements and do not express a view on whether the carrying values of the tenements are fairly stated. The value of the tenements may rise or fall depending on future exploration results and world prices for minerals being sought.

## 7. Conclusion

Based on our review, which is not an audit:

- Nothing has come to our attention which causes us to believe that the Statement of Profit or Loss and Other Comprehensive Income of the Company for the six months ended 31 December 2017, as set out in Appendix 1, does not present fairly the results of the Company for the period then ended in accordance with the accounting methodologies required by Australian Accounting Standards. This is consistent with the Independent Auditors conclusion issued by Moore Stephens Perth on the financial report for the half year ended 31 December 2017.
- Nothing has come to our attention which causes us to believe that the Statement of Cash Flows of the Company for the six months ended 31 December 2017, as set out in Appendix 2, does not present fairly the cash flows of the Company for the period then ended in accordance with the accounting methodologies required by Australian Accounting Standards. This is consistent with the Independent Auditors conclusion issued by Moore Stephens Perth on the financial report for the half year ended 31 December 2017.
- Nothing has come to our attention which causes us to believe that the historical Statement of Financial Position of the Company, as set out in Appendix 3, does not present fairly the assets and liabilities of the Company as at 31 December 2017 in accordance with the accounting methodologies required by Australian Accounting Standards. This is consistent with the Independent Auditors conclusion issued by Moore Stephens Perth on the financial report for the half year ended 31 December 2017.

## 7. Conclusion (continued)

- Nothing has come to our attention which causes us to believe that the Consolidated Pro-forma Statement of Financial Position of the Company, as set out in Appendix 3, does not present fairly the assets and liabilities of the Company and its controlled entities as at 31 December 2017 in accordance with the accounting methodologies required by Australian Accounting Standards and on the basis of assumptions and transactions set out in Note 2 of Appendix 4.
- Nothing has come to our attention which causes us to believe that the assumptions and applicable criteria used in the preparation of the consolidated Pro-forma Statement of Financial Position of the Company as at 31 December 2017 do not provide a reasonable basis for presenting the significant effects directly attributable to the acquisitions and do not reflect proper application of those adjustments to the unadjusted financial information.

## 8. Subsequent Events

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 December 2017 not otherwise disclosed in this report or the Prospectus that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

The Consolidated Pro-forma Statement of Financial Position as at 31 December 2017, as presented in Appendix 3 of our report, does not take into account the trading results of Mintails subsequent to 31 December 2017, except to the extent of specific transactions itemised in Note 2 of Appendix 4.

## 9. Other Matters

Moore Stephens Perth Corporate Services Pty Ltd does not have any pecuniary interest that could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion on this matter.

Moore Stephens Perth, a related practice entity, currently acts as auditor of Mintails Limited.

Moore Stephens Perth Corporate Services Pty Ltd will receive a professional fee for the preparation of this Investigating Accountant's Report.

Moore Stephens Perth Corporate Services Pty Ltd were not involved in the preparation of any other part of the Prospectus and accordingly makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Moore Stephens Perth Corporate Services Pty Ltd consents to the inclusion of this assurance report in the Prospectus in the form and context in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully



Neil Pace  
Director

Moore Stephens Perth Corporate Services Pty Ltd

APPENDIX 1

MINTAILS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER INCOME  
SIX MONTHS ENDED 31 DECEMBER 2017

Summarised below is Mintails actual Statement of Profit or Loss and Other Comprehensive Income for the six months ended 31 December 2017. The Statement of Profit or Loss and Other Comprehensive Income does not incorporate the pro-forma adjustments set out in Appendix 4.

	Actual Reviewed Six months ended 31 December 2017 \$
Professional fees	(147,779)
Other expenses	(57,581)
Loss before tax expense	(205,360)
Income tax expense	-
<b>Loss after tax expense</b>	<b>(205,360)</b>
Other comprehensive income	-
<b>Total comprehensive income</b>	<b>(205,360)</b>

Investors should note that past results are not a guarantee of future performance.

## APPENDIX 2

## MINTAILS LIMITED

## STATEMENT OF CASH FLOWS

## SIX MONTHS ENDED 31 DECEMBER 2017

Summarised below is Mintails actual Statement of Cash Flows for the six months ended 31 December 2017. The Statement of Cash Flows does not incorporate the pro-forma adjustments set out in Appendix 4.

	Actual Reviewed Six months ended 31 December 2017 \$
<b>Cash flows from operating activities</b>	
Payments to suppliers and employees	(175,503)
Net cash used in operating activities	(175,503)
<b>Cash flows from financing activities</b>	
Proceeds from borrowings	200,774
Transfer to Creditor's Trust	(400,043)
Net cash used in financing activities	(199,269)
Net decrease in cash held	(374,772)
Cash and cash equivalents at the beginning of the period	400,043
<b>Cash and cash equivalents at the end of the period</b>	<b>25,271</b>

Investors should note that past results are not a guarantee of future performance.

### APPENDIX 3

#### MINTAILS LIMITED

#### ACTUAL AND PRO-FORMA STATEMENTS OF FINANCIAL POSITION

#### AS AT 31 DECEMBER 2017

The Pro-forma Statement of Financial Position represents the reviewed Statement of Financial Position of the Company as at 31 December 2017 adjusted for subsequent events and pro-forma transactions outlined in note 2 of appendix 4. It should be read in conjunction with the notes to the historical and pro-forma financial information.

	Note	Actual Reviewed 31 December 2017 \$	Unaudited Pro-Forma 31 December 2017 \$
<b>Current assets</b>			
Cash & bank balances	3	25,271	3,687,871
Trade & other receivables	4	27,030	2,527,030
		52,301	6,214,901
<b>Non-current assets</b>			
Exploration & evaluation assets	5	-	6,800,000
		-	6,800,000
<b>Total assets</b>		<b>52,301</b>	<b>13,014,901</b>
<b>Current liabilities</b>			
Trade & other payables		106,887	106,887
Other borrowings	6	50,000	-
Convertible loans	7	730,000	-
		886,887	106,887
<b>Non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>886,887</b>	<b>106,887</b>
<b>Net Assets/(Liabilities)</b>		<b>(834,586)</b>	<b>12,908,014</b>
<b>Equity</b>			
Share capital	8	265,665,000	280,490,109
Option reserve	8a	14,841,000	14,841,000
Accumulated losses		(281,340,586)	(282,423,095)
<b>Total Equity/(Deficiency)</b>		<b>(834,586)</b>	<b>12,908,014</b>

**APPENDIX 4**  
**MINTAILS LIMITED**  
**NOTES TO THE CONDENSED FINANCIAL INFORMATION**

**1. Summary of Significant Accounting Policies**

The condensed financial information of Mintails for the year ended 31 December 2017 has been prepared on a condensed basis in accordance with the Australian Accounting Standard 134 Interim Financial Reporting. Mintails Limited is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

The condensed financial information does not include all the information and disclosures required in annual financial statements.

**a) Basis of preparation of the financial report**

**Statement of compliance**

The financial information has been prepared in accordance with applicable Accounting Standards including the Australian Equivalents of International Financial Reporting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Material accounting policies adopted in the preparation of this financial information are presented below and are consistent with those applied in the Company's reviewed financial statements for the half year ended 31 December 2017.

The financial information has been prepared on an accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**b) Going concern**

The Group had net current liabilities of \$834,586 as at 31 December 2017.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Directors believe it is appropriate to prepare these accounts on a going concern basis because under the DOCA effectuated on 2 June 2017, the Company has extinguished all liabilities associated with the previous administration of the Company. The Company is in the process of being recapitalised, which will involve an acquisition, capital raising, share consolidation, re-compliance with Chapters 1 and 2 of the ASX Listing Rules, and subsequently an ASX relisting.

Should the Group not achieve a recapitalisation and successful ASX re-listing, there is significant uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

**c) Principle of consolidation**

The financial information incorporates the assets and liabilities of all subsidiaries of Mintails Ltd and the results of all subsidiaries for the period then ended.

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Company.



## APPENDIX 4

## MINTAILS LIMITED

## NOTES TO THE CONDENSED FINANCIAL INFORMATION

**1. Summary of Significant Accounting Policies (continued)****c) Principle of consolidation (continued)**

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany transactions, balances and unrealised gains on transactions between Company companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity respectively.

When the Company ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

**d) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

## APPENDIX 4

## MINTAILS LIMITED

## NOTES TO THE CONDENSED FINANCIAL INFORMATION

## 1. Summary of Significant Accounting Policies (continued)

## d) Income Tax (continued)

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

## e) Financial Instruments

## Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at 'fair value through profit and loss', in which case transaction costs are expensed in the profit or loss immediately.

## Classification and Subsequent Measurement

Financial instruments are subsequently measured at either: fair value, amortised cost using the effective interest rate method, or cost.

*Amortised cost* is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

## Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

## Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

APPENDIX 4

MINTAILS LIMITED

NOTES TO THE CONDENSED FINANCIAL INFORMATION

1. Summary of Significant Accounting Policies (continued)

e) Financial Instruments (continued)

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts.

g) Revenue

Revenue from the rendering of a service and goods sold is recognised upon the delivery of the goods and service to the customer.

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

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as operating cash flows included in receipts from customers or payments to suppliers.

i) Trade and Other Receivables

Trade receivables are financial instruments (loans receivables) and are carried at amortised cost using the effective interest rate method less a provision for impairment. However, the effect of amortisation is not considered where they are of a short-term nature. An impairment of receivables is made when collection of the full amount is no longer probable.

Receivables from related parties are carried at the amortised cost less provision for impairment. Interest is taken up as income on an accrual basis.

j) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost due to their short-term nature which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Trade and other payables are unsecured and are usually settled within 30 to 90 days of recognition depending on suppliers' terms.

Payables to related parties are carried at the principle amount. Interest, when charged by the lender is recognised as an expense on an accruals basis.

## APPENDIX 4

## MINTAILS LIMITED

## NOTES TO THE CONDENSED FINANCIAL INFORMATION

**1. Summary of Significant Accounting Policies (continued)****k) Share Capital**

Ordinary share capital is recognised as the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**l) Exploration and evaluation assets**

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**m) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

**Key judgements****i. Exploration and evaluation expenditure**

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

**APPENDIX 4****MINTAILS LIMITED****NOTES TO THE CONDENSED FINANCIAL INFORMATION****1. Summary of Significant Accounting Policies (continued)****n) New Accounting Standards for Application in Future Periods**

During the half year ended 31 December 2017, the Company has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations. The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the period ended 31 December 2017. As a result of this review the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company's accounting policies.

## APPENDIX 4

## MINTAILS LIMITED

## NOTES TO THE CONDENSED FINANCIAL INFORMATION

**2. The Preparation of the Condensed Consolidated Pro-Forma Statement of Financial Position**

The 31 December 2017 Statement of Financial Position of Mintails has been adjusted to reflect the impact of the following proposed transactions or actual transactions which have either taken place or are proposed to take place subsequent to 31 December 2017:

- An interim placement of 10,000,000 ordinary shares, raising cash of \$200,000 for working capital together with 10,000,000 free attaching options (\$0.03 exercise price, 3-year term) on a 1 for 1 basis;
- An additional short-term loan from the Directors of \$50,000 for working capital, to be repaid from the proceeds of the capital raising;
- The acquisition of the following:
  - Golden Lode Pty Ltd (Golden Lode project) for \$600,000 satisfied by the issue of 20,000,000 Mintails Limited shares at \$0.03 per share
  - Orminex West Pty Ltd (which has an option to acquire a 51% interest in the Comet Vale project) for \$6,000,000 satisfied by the issue of 200,000,000 Mintails Limited shares at \$0.03 per share
- Pursuant to the Prospectus, a capital raising of 233,333,333 ordinary shares at an issue price of \$0.03 per share to raise \$7,000,000;
- The payment from cash of estimated total expenses of the capital raising of \$687,400 which has been debited to issued capital as share issue costs;
- The issue upon listing of 20,000,000 ordinary shares in Mintails Limited to corporate advisors for facilitating the corporate transaction, at an issue price of \$0.03 per share. The total cost of \$600,000 has been expensed to accumulated losses;
- The issue upon listing of 10,445,333 ordinary shares in Mintails Limited to corporate advisors as a mandate success fee, at an issue price of \$0.03 per share. The total cost of \$313,360 has been expensed to accumulated losses;
- The advance of a working capital finance facility of \$2,500,000 to GBF Mining Group subsequent to completing the capital raising and listing on ASX;
- The reduction from cash and debiting to accumulated losses of the estimated overhead costs of operating the Company of \$100,000 from 1 July 2017 to 15 April 2018;
- The cash payment of stamp duty associated with the acquisition of the Comet Vale project of \$200,000 which is capitalised as part of exploration and evaluation assets; and
- The conversion of total convertible notes of \$730,000 plus accrued interest to 28 March 2018 (the proposed completion date) of \$69,149 to equity at \$0.02 per share.

APPENDIX 4

MINTAILS LIMITED

NOTES TO THE CONDENSED FINANCIAL INFORMATION

	Actual as at 31 December 2017 \$	Pro-forma as at 31 December 2017 \$
<b>3. Cash and Cash Equivalents</b>		
<b>CURRENT</b>		
Cash at bank and on hand	25,271	3,687,871

The movements in cash at bank are as follows:

Actual as at 31 December 2017	25,271
Proceeds from the issue of Capital Raising Shares (before costs)	7,000,000
Proceeds from interim share placement	200,000
Proceeds from Directors loans	50,000
Repayment of Directors loans	(100,000)
Payment of stamp duty	(200,000)
Payment of costs of the offer and non-offer related costs	(787,400)
Provision of GBF Mining Pty Ltd Finance Facility (see note 4)	(2,500,000)
Pro-Forma balance as at 31 December 2017	3,687,871

**4. Other Receivables**

Other receivables and prepayments	27,030	27,030
GBF Mining Pty Ltd Finance Facility	-	2,500,000
	27,030	2,527,030

The movements in other receivables are as follows:

Actual as at 31 December 2017	27,030
Provision of GBF Mining Pty Ltd Finance Facility	2,500,000
Pro-Forma balance as at 31 December 2017	2,527,030

Orminex West Pty Ltd has entered into an arm's length unsecured working capital facility agreement with GBF Mining Pty Ltd ("GBF") to partially fund initial mining costs for the Comet Vale Project. The funds will be repaid from gold sales revenue after deduction of amounts that GBF is entitled to retain under the Mine Management Agreement.

## APPENDIX 4

## MINTAILS LIMITED

## NOTES TO THE CONDENSED FINANCIAL INFORMATION

	Actual as at 31 December 2017 \$	Pro-forma as at 31 December 2017 \$
<b>5. Exploration and Evaluation</b>		

Exploration and evaluation assets	-	6,800,000
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The movements in exploration and evaluation assets are as follows:

Actual as at 31 December 2017	-
Asset recognised on acquisition of Golden Lode Pty Ltd (which owns 100% of the Golden Lode Project)	600,000
Asset recognised on acquisition of Orminex West Pty Ltd (which has an option to acquire a 51% interest in the Comet Vale Project)	6,000,000
Stamp duty associated with the Comet Vale project	200,000
Pro-Forma balance as at 31 December 2017	6,800,000

The Golden Lode Project is located in the North Coolgardie Goldfield in Western Australia. The project is carried at cost of the consideration paid, being 20,000,000 Mintails shares at \$0.03 per share.

Orminex West Pty Ltd holds an option to acquire a 51% interest in the Comet Vale Project, which is located next to the Goldfields Highway in Western Australia. The option is exercisable within 6 months for \$1, and on exercise will form an unincorporated joint venture with the current owner of the project. Mintails intends on exercising the option on acquisition of Orminex West Pty Ltd. The Comet Vale Project is carried at cost of the consideration paid, being 200,000,000 Mintails shares at \$0.03 per share.

The recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of the respective assets.

**6. Other Borrowings**

Directors' loans	50,000	-
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The movements in other borrowings are as follows:

Actual as at 31 December 2017	50,000
Proceeds from Directors' loans	50,000
Cash repayment of Directors' loans	(100,000)
Pro-Forma balance as at 31 December 2017	-

The loans from Directors are to fund the working capital of the Company. They are unsecured with no set date of repayment.



## APPENDIX 4

## MINTAILS LIMITED

## NOTES TO THE CONDENSED FINANCIAL INFORMATION

	Actual as at 31 December 2017 \$	Pro-forma as at 31 December 2017 \$
<b>7. Convertible Notes</b>		
Convertible notes	730,000	-

The movements in convertible notes are as follows:

Actual as at 31 December 2017	730,000
Conversion of convertible notes to equity	(730,000)
Pro-Forma balance as at 31 December 2017	-

The convertible notes have a face value of \$1.00, an interest rate of 12% per annum and are convertible into fully paid ordinary shares in the Company at the Company's election at a conversion price of \$0.02 per share subject to obtaining shareholder approval.

**8. Issued Capital**

	No. of shares	\$
<b>Ordinary issued and paid up share capital</b>		
<b>Actual balance as at 31 December 2017</b>	268,894,893	265,665,000
Consolidation of Capital on a 1 for 130 bases	(266,825,635)	-
Post consolidation balance	2,069,258	265,665,000
<b>Pro-forma adjustments:</b>		
Interim share placement	10,000,000	200,000
Purchase consideration for Golden Lode Pty Ltd	20,000,000	600,000
Purchase consideration for Orminex West Pty Ltd	200,000,000	6,000,000
Shares issued pursuant to current prospectus to raise \$7,000,000	233,333,333	7,000,000
Costs of the Offer	-	(687,400)
Issue of facilitator shares	20,000,000	600,000
Issue of Mandate success fee	10,445,333	313,360
Conversion of convertible notes (plus associated interest) to equity	39,957,452	799,149
<b>Pro-Forma balance as at 31 December 2017</b>	<b>535,805,376</b>	<b>280,490,109</b>

# APPENDIX 4

## MINTAILS LIMITED

### NOTES TO THE CONDENSED FINANCIAL INFORMATION

#### 8. Issued Capital (continued)

##### a) Options

Movements in options	No. of options	\$
<b>Actual balance as at 31 December 2017</b>	3,600,000	14,841,000
Consolidation of Capital on a 1 for 130 bases	(3,572,302)	-
Post consolidation balance	27,698	14,841,000
<b>Pro-forma adjustments:</b>		
Interim placement free attaching options	10,000,000	-
<b>Pro-Forma balance as at 31 December 2017</b>	10,027,698	14,841,000

Total share options outstanding as at 31 December 2017 (on a pre-consolidated bases) were as follows:

Series Issued	Quantity	Grant Date	Expiry Date	Exercise Price	Value Attributed at Grant Date
21/12/2011 (34)	800,000	24/11/2011	21/12/2018	\$0.18	\$0.0349
21/12/2011 (35)	800,000	24/11/2011	21/12/2018	\$0.24	\$0.0328
21/12/2012 (37)	600,000	21/12/2012	20/12/2018	\$0.16	\$0.0456
21/12/2012 (38)	600,000	21/12/2012	20/12/2018	\$0.22	\$0.0414
21/12/2012 (39)	800,000	21/12/2012	20/12/2018	\$0.30	\$0.0376
	<u>3,600,000</u>				

#### 9. Commitments

##### Exploration Expenditure Commitments

The Company has certain statutory requirements to undertake a minimum level of exploration activity in order to maintain rights of tenure to its various exploration tenements. These requirements may vary from time to time, subject to approval of the relevant government departments and are expected to be fulfilled in the normal course of operations of the Company to avoid forfeiture of any tenement.

	Actual as at 31 December 2017 \$	Pro-forma as at 31 December 2017 \$
These exploration commitments are not provided for in the financial statements and are payable		
Within one year	-	263,512
Later than one year but not later than five years	-	906,711
More than five years	-	434,884
	-	<u>1,605,107</u>

##### Capital Commitments

The Company had no capital expenditure contracted at the reporting date. The Directors are not aware of any capital commitments associated with the Company's operations.

**APPENDIX 4**

**MINTAILS LIMITED**

**NOTES TO THE CONDENSED FINANCIAL INFORMATION**

**10. Contingent Liabilities**

The Directors are not aware of any contingent liabilities.

**11. Events After the Reporting Period**

The Directors are not aware of any events subsequent to 31 December 2017, other than those mentioned in note 2.

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## 11. RISK FACTORS

The business, assets and operations of the Company, including after completion of the Transaction, are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of our Company.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Set out below are specific risks that the Company is exposed to. Shareholders should be aware that if the Transaction is approved and completed, the Company will be changing the nature and scale of its activities and will be subject to additional or increased risks arising from its new business model as an Australian gold exploration and development company, the Option JVA, the Mine Management Agreement and other agreements, including, but not limited to, those summarised in Section 14 of this Prospectus.

The risks and uncertainties described below are not intended to be exhaustive. This Prospectus does not take into account the personal circumstances, financial position or investment requirements of any particular person. There may be additional risks and uncertainties that the Company is unaware of or that the Company currently considers to be immaterial, which may affect the Company, Golden Lode, Orminex West and their related entities and consequently Applicants. Based on the information available, a non-exhaustive list of risk factors for the Company associated with the Company's proposal to undertake the Transaction is as follows.

### 11.1 Risks relating to the Change in Nature and Scale of Activities

(a) Delisting from ASX

The Company's Shares will have been suspended from trading on the ASX for 3 years as at 17 March 2018. ASX policy, as set out in ASX Guidance Note 33, is to automatically delist a company whose shares have been suspended from trading for more than 3 years.

The ASX may agree to a short extension to an automatic de-listing deadline of up to 3 months where a company can demonstrate to the ASX's satisfaction that it is in the final stages of implementing a transaction that will lead to the resumption of trading in its securities. For these purposes, "final stages" means:

- (i) having announced the transaction to the ASX. This has been satisfied in respect of the Transaction;
- (ii) having signed definitive legal agreements for the transaction (including any financing required). This has been satisfied in respect of the Transaction;
- (iii) where required, having lodged a prospectus with ASIC and that prospectus not being subject of a stop order or other regulatory action by the ASIC. This Prospectus is intended to meet this requirement;

- (iv) having obtained any necessary approvals from shareholders, government agency or financier. The Company is seeking shareholder approval at the General Meeting and anticipates receiving the necessary regulatory approvals for the Transaction before 17 March 2018; and
- (v) ASX being reasonably satisfied that the transaction is reasonably capable of being consummated within the period of the extension.

The Transaction is conditional on the Company obtaining an extension to the delisting deadline of 17 March 2018 from the ASX. If the above requirements cannot be satisfied, and an extension is not obtained, the Company will be automatically delisted from the ASX prior to commencement of trading on 19 March 2018. The Company has applied to the ASX to obtain an extension..

(b) Re-Quotation of Shares on ASX

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company's securities are currently suspended and will remain suspended until completion of the Transaction and re-compliance by the Company with Chapters 1 and 2 of the ASX Listing Rules and compliance with any further conditions ASX imposes on such reinstatement. There is a risk that the Company will not be able to satisfy one or more of those requirements and that its securities will consequently remain suspended from quotation.

In the event that the Company does not receive conditional approval for re-quotation on ASX (or the conditions in that approval are not satisfied) or the Conditions are not satisfied, the Company will not proceed with the Offers and will repay all application monies received.

In the event that the Company's Shares are not re-quoted on the ASX within 3 months of the date of this Prospectus (or such longer period as varied by ASIC, provided not later than 22 July 2018 – see below), any issue of Shares under the Offers will be void and the Company will return application monies (without interest) as soon as practicable.

The ASX will not readmit the Company to the Official List until the JV Option has completed. Completion of the Option is conditional on receipt of regulatory and third party consents within 3 months of the Option being exercised. While the Company considers the conditions can be satisfied within this timeframe, there is a risk that the Option is not able to be completed in time and lapses, in which case the Company will not be re-admitted to the Official List, any issue of Shares under the Offers will be void and the Company will return application monies (without interest) as soon as practicable.

The ASX may not readmit the Company to the Official List unless the Mine Management Agreement is unconditional or the parties to it have agreed to extend the end date for the agreement to be unconditional beyond 20 April 2018.

If the Company completes the Acquisitions and the Offer, but is not re-admitted to the Official List by 22 July 2018, it has agreed with the Orminex

West Vendors that the acquisition of Orminex West will be unwound. In this scenario, any issue of Shares under the Offers will be void and the Company will return application monies (without interest) as soon as practicable.

(c) Dilution Risk

The Company currently has 6,926,970 Shares on issue. On completion of the Transaction, the Company proposes to issue the Transaction Shares. On a fully diluted basis, the existing Shareholders will retain approximately 1.3% of the issued capital of the Company, with the Orminex West Consideration Shares comprising 37.0%, the Golden Lode Consideration Shares comprising 3.7% and the investors under the Offer holding 43.2% of the issued capital of the Company respectively.

## 11.2 Risks Specific to the Company's Business

(a) Joint Venture Risks

Orminex West will own a 51% interest in the Comet Vale Project on exercise and completion of the JV Option. The remaining 49% will be held by Sand Queen. The joint venture will be governed by the Option JVA which contains joint venture provisions that comes into effect on completion of the JV Option. If Sand Queen were to breach this agreement, this may adversely impact the Company's business and financial performance.

(b) Strategic Alliance Agreement

If the Strategic Alliance Agreement is terminated by GBF or expires, the Company would need to evaluate if it can continue with its business model of acquiring stranded gold projects and developing them using a mining contractor similar to GBF. If not, then the Company may need to revert to a traditional exploration and development company that is not focussed on mining stranded gold projects which may adversely affect the Company's financial performance.

The Mineral Ventures alliance is underpinned by the fact the controllers of GBF (Mr Ross Graham and Mr Michael Foulds) are to become major shareholders of the Company and are willing to enter into mining contracts for Mineral Venture projects (as is the case with Comet Vale). If Mr Ross Graham and Mr Michael Foulds were to cease to control GBF, or cease to be major shareholders of the Company (noting their Shares are to be subject to 2 years escrow from re-listing on the ASX), there is a risk that the Company will not be able to secure additional Mineral Venture projects with GBF, or that the financial return from such projects is reduced or eliminated due to GBF no longer being prepared to enter into mining contracts with the Company, which could adversely affect the Company's financial performance.

The Mineral Ventures business model is reliant on GBF having the financial resources to fund all or a proportion of start up mining costs for new projects, and additional capacity in its business, such as human resources, operational management and fully paid for equipment such as excavators, loaders, bidders, jumbos and general mining equipment, that can be used for the Mineral Ventures model at a lower cost than through a standard industry contract. If GBF ceases to have sufficient financial capacity or spare operational capacity, this may adversely affect the Company's ability to carry

out the Mineral Ventures business plan which may adversely affect the Company's financial performance.

(c) Mine Management Agreements

The Mine Management Agreement for the Comet Vale Project is conditional on GBF obtaining all necessary regulatory approvals for underground mining. If these approvals cannot be obtained on terms reasonably acceptable to GBF, or at all, by 20 April 2018, the Mine Management Agreement can be terminated by either party.

The Company will be reliant on GBF complying with its obligations under the Mine Management Agreement in respect of the Comet Vale Project and any future mine management agreements for other projects. If GBF were to default under or breach this agreement, or any future mine management agreements in respect of projects in which the Company has an equity or profit share interest, this may adversely affect the Company's operations and any cashflows that were being derived from the projects if the Company cannot obtain similar services from another mining contractor at similar rates.

GBF can terminate the Mine Management Agreement for Comet Vale without cause with 60 days written notice. This may adversely affect the financial performance and position of the Company. GBF remains liable for the mine closure plan and transition to another contract miner if required by the Company.

Under mine management agreements, GBF is to be given the right to manage mining operations for Mineral Venture projects, including treatment of ore and gold sales. As a result, the Company will have less control the timing and method by which mining is carried out in Mineral Ventures, which may adversely affect the Company's financial performance.

(d) Toll Treatment and Metallurgy Risk

GBF is seeking to execute a toll treatment agreement with third a party mill to process ore that it proposes to mine from the Comet Vale Project. If a toll treatment agreement is unable to be negotiated, or has restrictive terms as to pricing and availability, or ore mined is unable to be treated by the plant as anticipated, this may prevent or delay mining operations and adversely affect the Company's prospects and financial position. This risk will also apply to any future Mineral Venture projects that involve toll treatment of ore proposed to be mined.

(e) Contract Mining Risks

The Mineral Ventures alliance is based on GBF contract mining Mineral Venture gold projects, with GBF sourcing funding for mining costs and recovering those costs from gold sales. There can be no guarantee that GBF will be able to mine Comet Vale, or any other Mineral Ventures projects, at a cost that will result in there being net gold sales able to be distributed to the Company, or that the net gold sales distributed will be sufficient for the Company to be profitable.

(f) Profit Share Agreements

Where the Company acquires a profit share in relation to a Mineral Ventures project (whether by way of gross or net revenue royalties or otherwise), the

Company will be reliant on the project owner complying with the terms of the profit share agreement. If a project owner were to default under or breach of a profit share agreement, this may adversely impact on the Company's business.

(g) Acquisitions

The Company may make acquisitions of, or significant investments in, companies or assets that are complementary to its business. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies or assets, such as integrating cultures and systems of operation, relocation of operations, short term strain on working capital requirements, achieving mineral exploration success and retaining key staff.

(h) Environmental risk

The Company's activities will be subject to the environmental laws inherent in the mining industry and in Australia. The Company intends to conduct its activities in an environmentally responsible manner and in compliance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

In addition, environmental approvals may be required from relevant government or regulatory authorities before activities may be undertaken which are likely to impact the environment. Failure or delay in obtaining such approvals will prevent the Company from undertaking its planned activities.

Further, the Company is unable to predict the impact of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

(i) Safety

Safety is a fundamental risk for any exploration and production company with regard to personal injury, damage to property and equipment and other losses. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage or destruction of property, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

(j) Reliance on Key Personnel

The Company is substantially reliant on the expertise and abilities of its key personnel in overseeing the day-to-day operations of its projects. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees or contractors cease their relationship with the Company.

(k) Commercial and commodity price risk

The mining industry is competitive and there is no assurance that, even if commercial quantities are discovered, a profitable market will exist for sales of such commodities. There can be no assurance that the quality of the



commodity will be such that the properties in which the Company holds an interest can be mined at a profit.

Specifically, in relation to the proposed activities of the Company, any material adverse fall or fluctuation in the gold price may affect the financial returns and viability of a Mineral Venture project.

(l) Exploration and development risk

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. Success in this process involves (amongst other things):

- (i) discovery and proving-up, or acquiring, an economically recoverable resource or reserve;
- (ii) access to adequate capital throughout the acquisition/discovery and project development phases. The Mineral Ventures business model is meant to reduce the funding risk given GBF has the ability to self fund a proportion of mining start up costs;
- (iii) securing and maintaining title to mineral exploration projects;
- (iv) obtaining required development consents and approvals necessary for the acquisition, mineral exploration, development and production phases; and
- (v) accessing the necessary experienced operational staff, the applicable financial management and recruiting skilled contractors, consultants and employees.

There can be no assurance that exploration on the Projects or any other exploration properties that may be acquired in the future will result in the discovery of an economic mineral resource. Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

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

(m) Operational risk

The operations of the Company and GBF may be affected by various factors, including:

- (i) failure to locate or identify mineral deposits;
- (ii) failure to achieve predicted grades in exploration and mining;
- (iii) operational and technical difficulties encountered in mining;
- (iv) insufficient or unreliable infrastructure, such as power, water and transport;

- (v) difficulties in commissioning and operating plant and equipment;
- (vi) mechanical failure or plant breakdown;
- (vii) unanticipated metallurgical problems which may affect extraction costs; and
- (viii) adverse weather conditions.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected. The Company intends to reduce this risk through engaging GBF as its preferred contract miner for projects.

(n) Results of due diligence

GBF and the Company will undertake due diligence and, if required, associated test work and other programs seeking to confirm if a project has the potential to meet the criteria to be considered as a Mineral Venture (refer Section 7.6 of this Prospectus).

This due diligence and associated test work will be completed within parameters designed to determine the economic feasibility of the projects within certain limits. There can be no guarantee that any of the due diligence or test work will confirm the economic viability of the projects or the results of other studies undertaken by the Company.

Even if the due diligence and any associated test work confirms the economic viability of a project, there can be no guarantee that the project will be successfully brought into production as assumed or within the estimated parameters as determined during the due diligence period (e.g. operational costs and commodity prices) once production commences. Further, the ability of the Company to complete the due diligence and associated test work may be dependent on the Company's ability to raise further funds to complete the work required.

### 11.3 General Risks

(a) Additional Requirements for Capital

The funds to be raised under the Offer are considered sufficient to meet the immediate objectives of the Company. Further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement its strategies.

The Company's ability to effectively implement its business and operations plans in the future, to take advantage of opportunities for future acquisitions or other business opportunities and to meet any unanticipated liabilities or expenses which the Company may incur may depend in part on its ability to raise additional funds. The Company may seek to raise further funds through equity or debt financing or other means. There can be no assurance that additional finance is available when needed or, if available, the terms of the financing may not be favourable to the Company and might involve substantial dilution to Shareholders.

There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing

for the Company's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Company.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Company may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Company would be able to repay such loans in the event of an acceleration.

(b) Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been taken into account in the planning of the Transaction. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the financial performance of the Company.

(c) Management of Growth

There is a risk that the Company's management may not be able to implement the Company's growth strategy after completion of the Transaction. The capacity of the Company's management to properly implement the strategic direction of the Group may affect the Company's financial performance.

As part of its business strategy, the Company may make acquisitions of, or significant investments in, additional complementary companies or prospects (although no such acquisitions or investments are currently planned, other than the Acquisitions). Any such transactions may be accompanied by risks commonly encountered in making such acquisitions.

(d) Litigation Risk

The Company may in the ordinary course of business become involved in litigation and disputes, for example with service providers, customers or third parties infringing the Company's intellectual property rights. Any such litigation or dispute could involve significant economic costs and damage to relationships with contractors, customers or other stakeholders. Such outcomes may have an adverse impact on the Company's business, reputation and financial performance.

(e) Market Conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and technology stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(f) Force Majeure

The Company and its projects, now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, extreme weather conditions,

fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(g) Share Market Risk

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

- (i) general economic and political outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of the Company's Shares could fluctuate significantly. The market price of the Company's Shares may fluctuate based on a number of factors including the Company's operating performance and the performance of competitors and other similar companies, the public's reaction to the Company's press releases, other public announcements and the Company's filings with securities regulatory authorities, changes in earnings estimates or recommendations by research analysts who track the Company's Shares or the shares of other companies in the gold and mineral exploration sector, changes in general economic conditions, the number of the Company's Shares publicly traded and the arrival or departure of key personnel, acquisitions, strategic alliances or joint ventures involving the Company or its competitors.

In addition, the market price of the Company's Shares is affected by many variables not directly related to the Company's success and are therefore not within the Company's control, including other developments that affect the market for all resource sector shares, the breadth of the public market for the Company's Shares, and the attractiveness of alternative investments.

(h) Competition

The Company intends to compete with other companies, including major gold companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business. There can be no assurance that the Company can compete effectively with these companies.

(i) Natural Disasters

Natural disasters or adverse conditions may occur in those geographical areas in which the Company operates including severe weather, tsunamis,

cyclones, tropical storms, earthquakes, floods, volcanic eruptions, excessive rainfall and droughts as well as power outages or other events beyond the control of the Company.

(j) Insurance coverage

The Company intends to maintain adequate insurance over its operations within the ranges that the Company believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, the Company may not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

(k) Changes to laws and regulations

The Company may be affected by changes to laws and regulations (in Australia and other countries in which the Company may operate) concerning property, the environment, superannuation, taxation trade practices and competition, government grants, incentive schemes, accounting standards and other matters. Such changes could have adverse impacts on the Company from a financial and operational perspective.

#### **11.4 Investment Speculative**

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

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## **12. BOARD AND MANAGEMENT**

### **12.1 Directors and key management personnel of the Company**

As at the date of this Prospectus, the Board is comprised of:

- (a) Mr Daryl Henthorn (Non-Executive Director);
- (b) Mr Stephen Brockhurst (Non-Executive Director); and
- (c) Mr Steven Formica (Non- Executive Director).

Kelly Moore acts in the capacity of Company Secretary.

It is proposed that Mr Stephen Brockhurst and Mr Steven Formica will resign on the Completion Date of the Transaction.

It is proposed that Mr Daryl Henthorn will be appointed Executive Chairman on the Completion Date of the Transaction and receive remuneration in the amount of \$120,000 per annum from that time.

### **12.2 Proposed Directors of the Company**

The Company intends that the following directors be appointed to the board of the Company as at the Completion Date:

- (a) Mr Emmanuel Correia (proposed Non-Executive Director);
- (b) Mr John Correia (proposed Non-Executive Director).

It is proposed that Mr Emmanuel Correia and Mr John Correia each receive remuneration in the amount of \$60,000 per annum for their services as Non-Executive Directors.

Further details of Mr Emmanuel Correia and Mr John Correia, who are cousins, are provided in Section 12.3.

The Company is aware of the need to have sufficient management to properly manage the business of the Company and the Board will continually monitor the management roles in the Company. The Board may look to appoint additional management and/or consultants when and where appropriate to ensure proper management of the Company.

From Completion of the Transaction, Carlowen, one of the Golden Lode Vendors, will have the right to appoint a director to the Board. As at the date of this Prospectus, the Company understands that Carlowen has not identified a potential director but intends to do so following the Company's Shares being reinstated to trading on the ASX.

### **12.3 Profiles of Directors**

The profiles of the proposed directors of the Company on completion of the Transaction (including Mr Daryl Henthorn, who is a continuing Director who is to be appointed Executive Chairman) are set out below:

- (a) Mr Daryl Henthorn (Non-Executive Director)

Mr Henthorn has over 30 years of experience in financial services, advisory and operational management across a number of industry sectors and has broad commercial skills. His company, Viridian Equity Group Pty Ltd, holds AFSL 343442 and is authorised to issue and deal in financial products and has acted for a number of public and private companies in mining and property. He has experience in equity raising, debt, private equity and the structuring of financial instruments for ASX listed and private companies. He has served on the Board of public companies previously and acts as trustee for unlisted investment vehicles.

Mr Henthorn is not a director of any listed company other than the Company.

It is anticipated that Mr Henthorn will not be independent as his associates will have a substantial shareholding in the Company upon completion of the Transaction.

(b) Mr Emmanuel Correia (proposed Non-Executive Director)

Mr Emmanuel Correia is a Chartered Accountant with over 27 years' experience in the provision of corporate finance advice to a diverse client base both in Australia and in overseas markets. He is a co-founder and director of Peloton Capital, holder of AFSL 406040.

Emmanuel specialises in the provision of corporate advice in relation to private and public capital raisings, mergers and acquisitions, corporate strategy and structuring, IPO's, project and company valuations. Emmanuel holds a number of public company directorships and is also very actively involved in the management and development of a large private property portfolio.

Emmanuel also spent a number of years in corporate finance for J.P. Morgan, Deloitte and the Transocean Group in Australia.

Mr Emmanuel Correia is currently a director of Canyon Resources Limited (ASX: CAY) and Argent Minerals Limited (ASX: ARD).

It is anticipated that Mr Emmanuel Correia will not be independent Director due to his associates holding a material shareholding in the Company.

(c) Mr John Correia (proposed Non-Executive Director)

Mr John Correia has over 27 years in the banking and corporate finance sector. Mr Correia worked with BankWest for several years in resources finance, including leading the Corporate Banking team before managing the Bank of Scotland's Perth project finance business. In 2007 Mr Correia joined PCF Capital Group, a boutique adviser to the mining sector as Director Corporate Finance, responsible for project finance and also involved in financial modelling, project sales, valuations and strategic advisory. Whilst at PCF he was a co-founder and a director of MinesOnline.com. Mr Correia established licenced finance broker C4 Capital in 2014, which was awarded AFG's Best Commercial Loan Writer award in 2016 and the MFAA's WA Commercial Broker award in 2017.

Mr John Correia is not a director of any listed company.

It is anticipated that Mr John Correia will not be independent Director due to his associates holding a material shareholding in the Company.

## 12.4 Personal Interests of Directors

Directors are not required under MLI's Constitution to hold any Shares to be eligible to act as a Director.

None of the Directors currently hold any Shares.

Details of the Directors' remuneration are set out in the table below:

Director	Remuneration for year ended 30 June 2017	Proposed remuneration for current financial year
Stephen Brockhurst	Nil	\$18,000
Daryl Henthorn	Nil	\$18,000
Steven Formica	Nil	\$18,000

MLI's Constitution provides that the remuneration of non-executive Directors will be not more than \$300,000 per annum, although this may be varied by ordinary resolution of the Shareholders in general meeting.

The remuneration of any executive director that may be appointed to the Board will be fixed by the Board and may be paid by way of fixed salary or consultancy fee.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Board reviews and approves the remuneration policy to enable the Company to attract and retain Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility.

Details of the Directors' interests in the Securities of the Company upon completion of the Offer are set out in the table in Section 5.16 of this Prospectus.

Details of the Directors' related party transactions with the Company are provided in Section 5.15.



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## **13. CORPORATE GOVERNANCE**

### **13.1 ASX Corporate Governance**

The Company has adopted comprehensive systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent applicable, commensurate with the Company's size and nature, MLI has adopted The Corporate Governance Principles and Recommendations (3rd Edition) as published by ASX Corporate Governance Council (**Recommendations**).

The Board seeks, where appropriate, to provide accountability levels that meet or exceed the Recommendations.

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined below and further details in MLI's Corporate Governance Plan available on the Company's website at [www.mintails.com.au](http://www.mintails.com.au).

### **13.2 Board of Directors**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- (a) maintain and increase Shareholder value;
- (b) ensure a prudential and ethical basis for the Company's conduct and activities; and
- (c) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

- (a) developing initiatives for profit and asset growth;
- (b) reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- (c) acting on behalf of, and being accountable to, the Shareholders; and
- (d) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

In light of the Company's size and nature, the Board considers that the proposed board is a cost effective and practical method of directing and managing the Company. If the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance policies and structures will be reviewed.

### **13.3 Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- (a) the Board is to comprise Directors with a blend of skills, experience and attributes appropriate for the Company and its business; and
- (b) the principal criterion for the appointment of new Directors is their ability to add value to the Company and its business.

Following the Completion Date, the Board is proposed to consist of three (3) members, two of whom will be non-executive Directors, but none of whom will be considered independent. The Company has not adopted a Nominations Committee or a Remuneration Committee but has formally adopted a policy and procedure for the selection and reappointment of Directors. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity as to justify the formation of a nomination or remuneration committee. The responsibilities of a nomination and remuneration committee are currently carried out by the Board.

Where a casual vacancy arises during the year, the Board has procedures to select the most suitable candidate with the appropriate experience and expertise to ensure a balanced and effective Board. Any Director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next general meeting and is then eligible for re-election by the Shareholders.

#### **13.4 Identification and management of risk**

The Board does not have a risk management committee. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity as to justify the formation of a risk management committee.

#### **13.5 Ethical standards**

The Board is committed to the establishment and maintenance of appropriate ethical standards.

#### **13.6 Independent professional advice**

Subject to the Chairman's approval (not to be unreasonably withheld), the Directors, at the Company's expense, may obtain independent professional advice on issues arising in the course of their duties.

#### **13.7 Trading policy**

The Board has adopted a policy that sets out the guidelines on the sale and purchase of securities in the Company by its Directors and senior managers. The policy generally provides that key management personnel are required to refrain from trading in the Company's Securities during a 'closed period' except for trading during exceptional circumstances.

#### **13.8 External audit**

The Company in general meetings is responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

#### **13.9 Audit committee**

The Company does not have an audit committee. The Directors consider that the Company is currently not of a size, nor are its affairs of such complexity as to justify the formation of an audit committee.

#### **13.10 Departures from Recommendations**

Following re-admission to the Official List of ASX, MLI will be required to report any departures from the Recommendations in its annual financial report. The Company will also be required to disclose departures from the Recommendations prior to re-admission to the Official List.

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## 14. MATERIAL CONTRACTS

### 14.1 Strategic Alliance Agreement

The Company and GBF have entered into an exclusive Strategic Alliance Agreement dated 23 January 2018, under which the parties have agreed, subject to the Company completing the Acquisitions, to:

- (a) identify stranded gold projects in Australia and New Zealand which are considered suitable for application of the business model. The Strategic Alliance Agreement sets out financial and investment criteria to assist with identification of suitable projects; and
- (b) give each other exclusive rights, for a period of 12 months from the time a potentially suitable project is identified, to jointly negotiate with the project owner for the execution of a framework agreement and memorandum of understanding, under which GBF is granted the right to assess the feasibility of the project and, if positive, the Company has the right to acquire a direct project interest or a share of project profit and GBF has the right to conduct the mining operations as a contract miner.

If a framework agreement and memorandum of understanding are not executed within the 12 month exclusivity period, the party that identified the project can proceed without the other party's involvement.

Once a framework agreement is signed, GBF will conduct detailed investigations to determine if mining can be profitably undertaken on the project.

If GBF considers mining can be undertaken, the project owner must execute a mine management agreement that sets out the detailed mining process and costs and a project interest agreement that grants the Company an equity or profit share interest in the project. If mining does not commence within an agreed period, the parties can terminate the arrangement.

Under the Strategic Alliance Agreement, GBF has agreed to enter into a memorandum of understanding and framework agreement with the Company in relation to Golden Lode. If GBF concludes that Golden Lode can be profitably mined, the Company will enter into a mine management agreement with GBF to govern mining operations. As discussed above, the Company intends to acquire 100% of Golden Lode as part of the Transaction.

The Strategic Alliance Agreement has a term of 5 years with either party being able to exercise an option for a further 5 years.

### 14.2 Orminex West Agreement

The Company has entered into a share sale agreement (**Orminex West Agreement**) dated 23 January 2018 to acquire 100% of the issued capital in Orminex West in consideration for the issue of 200,000,000 Shares to the vendors of Orminex West, comprising 100,000,000 Shares to Rolan Pty Ltd (ACN 009 286 088) (which is controlled by Mr Ross Graham, a controlling shareholder of GBF) (**Rolan**) and 100,000,000 Shares to Merrysoul Pty Ltd (ACN 127 768 978) as trustee for the Foulds Family Trust (an associate of Mr Michael Foulds, a controlling shareholder of GBF) (**FFT**) (Rolan and FFT together the **Orminex West Vendors**).

Completion of the Orminex West Agreement is subject to the Conditions, which are

set out in Section 5.4 of this Prospectus.

Settlement of the sale and purchase of the Orminex West shares will occur the date which is 5 business days after the last of the conditions precedent is satisfied or waived (or such other date as is agreed between the parties).

The Company and the Orminex West Vendors have entered into a side deed dated 23 January 2018 under which it is agreed that if the Company is not listed on the ASX by 22 July 2018, and the Company has at that time acquired Orminex West, the Company must transfer Orminex West back to Rolan and FFT for no consideration.

### 14.3 Golden Lode Agreement

The Company has entered into an agreement with the Golden Lode vendors (**Golden Lode Agreement**) dated 23 January 2018 to acquire 100% of the issued capital in Golden Lode Pty Ltd (ACN 613 588 800) in consideration for the issue of 20,000,000 Shares to the vendors of Golden Lode, comprising 13,333,333 Shares to Carlowen Pty Ltd as trustee for the Carlowen Unit Trust (**Carlowen**) (which is jointly controlled by Ross Graham and Michael Foulds, who control GBF) and 6,666,667 Shares to Lantech Developments Pty Ltd as trustee for the DAC Family Trust (controlled by director Daryl Henthorn) (**Lantech**) (who is currently associated with Ross Graham and Michael Foulds (Carlowen and Lantech together the **Golden Lode Vendors**)).

The Golden Lode Agreement is subject to the same conditions precedent as the Orminex West Agreement. Refer to Section 14.2 of this Prospectus for further details.

Settlement of the sale and purchase of the Golden Lode shares will occur the date which is 5 business days after the last of the conditions precedent is satisfied or waived (or such other date as is agreed between the parties).

The Golden Lode Vendors provides warranties in relation to the Golden Lode Tenements customary for an agreement of this nature including in relation to title, third party agreements and the like.

Carlowen has the right to appoint a non-executive director to the Company on completion of the Golden Lode acquisition and subject to Carlowen continuing to have Voting Power in the Company of at least 20%. The Company understands that Carlowen has not identified a potential director but intends to do so following the Company's Shares being reinstated to trading on the ASX.

### 14.4 Umbrella Agreement

The parties to the Share Purchase Agreements have entered into an umbrella agreement dated 23 January 2018 (**Umbrella Agreement**) which confirms that the Share Purchase Agreements are conditional on the conditions in the Umbrella Agreement being satisfied or waived. The conditions set out in the Umbrella Agreement are detailed in Section 5.4 of this Prospectus.

### 14.5 Option JVA

Orminex West is a party to an Option and Joint Venture Agreement dated 23 January 2018 with Sand Queen Gold Mines Pty Ltd (ACN 141 839 287) (**Sand Queen**) (**Option JVA**) under which Orminex West has been granted a 6 month option (expiring 22 July 2018) to acquire a controlling 51% interest in the Comet Vale Project from (**Sand Queen**), for consideration of \$1.00 (**JV Option**), with Orminex West and

Sand Queen to form an unincorporated joint venture in respect of the Comet Vale Project on exercise of the JV Option.

Settlement of the JV Option is subject to the following conditions precedent (which must be satisfied or waived within 3 months of the Option being exercised otherwise the Option JV can be terminated by either party):

- (a) consent is obtained from the WA Minister for Mines for the transfer of a 51% interest in the Comet Vale Project mining leases and miscellaneous tenements;
- (b) any third party consents required under Comet Vale Project agreements for the transfer of any aspect of the 51% interest in the Comet Vale Project (as required) are obtained; and
- (c) Orminex West and Sand Queen enter into deeds of assignment and assumption in respect of the transfer of a 51% interest in the Comet Vale project agreements.

The Company intends, upon acquiring Orminex West, to exercise the JV Option and complete the acquisition of the controlling 51% interest in the Comet Vale Project immediately prior to re-listing on the ASX.

The unincorporated joint venture created on completion of the JV Option (as governed by the Option JVA), will be on the following material terms:

- (a) joint venture operations will be managed by a manager except to the extent contracted out to a third party contractor;
- (b) Orminex West will be the first manager under the joint venture;
- (c) joint venture operations are overseen by a management committee comprising 2 members of each party with the representatives having that number of votes equal to the joint venturer's percentage interest in the joint venture;
- (d) accordingly, upon exercising the JV Option and acquiring a 51% interest in the Comet Vale Project, Orminex West will control the joint venture except for decisions that require unanimous approval of the joint venturers (which include approvals for programs and budgets, and undertaking a range of actions outside approved programs and budgets, entry into new mine management agreements or entering into agreements with related parties);
- (e) upon a joint venturer defaulting in paying a called sum under the joint venture they will dilute their joint venture interest equal to the percentage interest that their total prior paid called sums are as a percentage to all prior paid called sums of the joint venturers;
- (f) if the management committee make a decision to commence development in connection with a mining operation not funded by a contractor, each party will grant the other party a cross security over their joint venture interest;
- (g) either party can withdraw from the joint venture with at least 14 days notice prior to completion of an approved program for a 3 month work period. A party withdrawing will be liable for its percentage shareholding of rehabilitation obligations and must transfer its joint venture interest to the other party.

## 14.6 Mine Management Agreement

On 23 January 2018, Sand Queen entered into a mine management agreement with GBF with a view to re-commencing underground mining at the Comet Vale Project in 2018 (**Mine Management Agreement**).

The material terms of the Mine Management Agreement are as follows:

- (a) the agreement is subject to the condition precedent that all statutory approvals are obtained to conduct a mining operation on the Exploitable Gold Area (being the tenements which comprises the underground mine at the Comet Vale Project);
- (b) if the condition precedent is not satisfied or waived by agreement of the parties within 60 business days of the execution date, either party may terminate with 30 days' notice;
- (c) subject to satisfaction or waiver of the condition precedent:
  - (i) GBF is granted an exclusive licence to mine for gold on the Exploitable Gold Area. GBF's rights include the right to enter into toll treatment contracts for processing gold ore mined. In consideration for contract mining the Exploitable Gold Area, GBF is entitled to retain from gold sales its mining costs plus a 20% margin as well as repayment of working capital contributions that GBF makes to fund initial mining costs;
  - (ii) subject to a third party toll treatment contract being executed GBF must commence mining operations in time to satisfy the first milling campaign under that toll treatment contract; and
  - (iii) GBF can terminate the agreement without cause with 60 days written notice, in which case GBF remains liable for the mine closure plan and transition to another contract miner if required by the Company.

In effect, GBF has control of mining the tenements subject to the Mine Management Agreement, and bears the risk that gold revenue is insufficient to cover its costs. The Comet Vale joint venturers are paid their joint venture interest of any net gold sales revenue after deduction of GBF's costs and working capital contributions and government and third party royalties.

GBF has agreed to pay Sand Queen \$2.5 million if GBF does not mine and treat 5,000t of ore from Comet Vale within 12 months of commencing mining operations (subject to any extension due to force majeure). The fee is to be satisfied through the transfer of Shares held by Rolan and FFT (valued based on a 15 day VWAP price of the Company) unless those Shares are escrowed, in which case the payment must be in cash.

## 14.7 Working Capital Facility

Orminex West has entered into an arms' length, unsecured \$2.5m Working Capital Facility Agreement with GBF dated 23 January 2018 to partially fund initial mining costs related to cutting of the portal, which will provide access to the underground and initial decline development at the Comet Vale Project. GBF will fund the balance of the start-up mining costs from its own resources. MLI intends, on acquisition of Orminex West, to lend funds raised from the Offer to Orminex West to be on-lent to

GBF under this facility.

The material terms of the Working Capital Facility Agreement are as follows:

- (a) the agreement is subject to the following material conditions precedent:
  - (i) GBF advising that it has received all necessary approvals to enable it to commence underground mining at Comet Vale;
  - (ii) GBF being in compliance with all the terms of the Mine Management Agreement;
  - (iii) GBF and Orminex West have agreed the order and amounts of working capital that GBF and Orminex West will contribute to mining operations; and
  - (iv) the Company becoming re-listed on the ASX following the acquisition of Orminex West with sufficient funds raised to meet Orminex West's funding obligations to GBF;
- (b) GBF must repay a proportion of any drawn down amount within 5 business days of GBF receiving payment for its mining costs in accordance with the Mine Management Agreement from Comet Vale gold sales. The amount paid depends on the ratio of working capital that GBF has provided in comparison to funds from Orminex West. This mechanism ensures that the Company is repaid at the same time and in the same manner as GBF is repaid the funds it has contributed towards working capital;
- (c) interest of 10% per annum is payable, payable as and when any repayment amount is paid;
- (d) GBF can repay outstanding amounts early without penalty or request a redraw of amounts repaid. Redrawing is at Orminex West's sole discretion;
- (e) the facility may be increased by an additional \$1 million subject to agreement by GBF and Orminex as to the terms applying to the additional funds, as well as GBF's ongoing compliance with its general obligations under the facility; and
- (f) the facility will become due for repayment should GBF terminate or default under the Mine Management Agreement including if there is a material adverse effect to GBF or the Comet Vale Project or a breach of the certain conditions of the facility.

The Working Capital Facility Agreement is otherwise on standard commercial terms for an agreement of this nature and provides protections to the Company regarding GBF's compliance and performance under the facility.

## **14.8 2015 Framework Agreement**

On 5 June 2015, Sand Queen entered into a framework agreement with contract miner GBF under which Sand Queen granted GBF the right to contract mine the Comet Vale Project based on a cost plus margin contract and otherwise on terms to be agreed (**2015 Framework Agreement**).

The Mine Management Agreement was negotiated in accordance with the 2015 Framework Agreement and formalises GBF's right to contract mine within the



tenements listed in the Mine Management Agreement (which cover the historical underground mine and surrounds).

Upon the Mine Management Agreement becoming unconditional, the 2015 Framework Agreement term will be extended to 5 June 2025.

In the event further exploration of the Comet Vale Project outside the scope of the Mine Management Agreement results in the identification of a deposit that is capable of being economically mined, the 2015 Framework Agreement will (if then in force) apply to govern negotiations between GBF and the Comet Vale joint venturers for the execution of a new mine management agreement in respect of that new deposit.

## **14.9 Royalty Agreements**

### **(a) Royalty Deed with MTAB Pty Ltd**

By a deed entitled "Royalty Deed" dated 15 April 2002 and made between David John Reed and MTAB Pty Ltd, Reed agreed to grant MTAB Pty Ltd two royalties calculated by reference to minerals produced from an area described as the 'Complete Tenement Area'.

The "Complete Tenement Area" comprises the 'Tenement Area' and the 'Future Tenement Area.'

The 'Tenement Area' is the area enclosed by the external boundaries of the Tenements as at the date of the deed. The 'Tenements' are described as the tenements granted under the Mining Act and the tenement applications identified in Schedule 1 and substitute tenements.

"Future Tenement Area" is the area enclosed by the external boundaries of a Future Tenement. A 'Future Tenement' means a tenement granted pursuant to a tenement application listed in Schedule 2 or a substitute tenement.

The tenements identified in Schedule 1 comprise M29/35, M29/52, GML 29/6196, E29/163, P29/1374 and L29/67. The tenement applications identified in Schedule 1 comprise M29/197 to M29/201 (inclusive) and Ms 29/232, 233 and 235. The tenement application listed in schedule 2 is E 29/502.

M 29/321 covers the same area as originally covered by GML 29/6196 and accordingly M 29/321 would also be subject to these royalties. M 29/270 covers 1.22% of the area previously covered by E 29/163 and would also be subject to these royalties in relation to the area of the overlap.

The royalties are a Gold Royalty being 2% of Gross Sales Revenue from sale of gold and an Other Minerals Royalty being a 2% Net Smelter Return on minerals other than gold.

### **(b) Amendment Deed with MTAB Pty Ltd**

By a deed made between Sand Queen and MTAB Pty Ltd, the parties made a number of amendments to the Royalty Deed with MTAB Pty Ltd dated 15 April 2002.

In recital 1 to the deed it is stated that David Reed assigned his interest in the Royalty Deed to Reed Resources by deed dated 15 April 2002 and Reed

Resources assigned its interest in the Royalty Deed to Sand Queen by Assumption Deed dated 16 May 2011.

The Gold Royalty was amended to be equal to 2% of the value of Gold produced from the Complete Tenement Area, where the value of such gold is the value determined in accordance with the provisions of the Mining Act and associated regulations applicable from time to time for the purposes of calculating the royalty payments Reed is required to pay to the State.

In relation to the Other Minerals Royalty the method of calculation of the Net Smelter Return was amended to enable the decision from sale proceeds of usual and reasonable selling costs, the cos of mining, milling, leaching, smelting, refining or other processing costs, assaying and sampling costs and umpire charges and tax other than income taxes in connection with producing or selling but not transporting the products.

#### **14.10 Native Title Agreements**

(a) Mining Agreement (Central East native title claimants)

By an agreement dated 10 April 2013 and made between the claimants in the Central East native title claim (**Claimants**), Reed Resources and Sand Queen Gold Mines Pty Ltd (**SQGM**) (**Mining Agreement**), the Claimants consented to the grant of a Mining Tenement application (MLA 29/270) and acknowledged the validity of certain Granted Tenure (including 8 mining leases which are Comet Vale Tenements, namely M29/197 to M29/201 (inclusive) and Ms 29/232, 233 and 235).

The Mining Agreement provides for the payment of a range of consideration and other benefits for the benefit of the Claimants, including \$10,000 on each tenement grant, annual payments of \$5,000 until commencement of mining, \$20,000 on commencement of commercial production for each mining operation, and an annual payment to a scholarship fund of \$20,000 for the duration of commercial mining in the Agreement Area (defined as the area of certain listed tenements). These amounts are adjusted in accordance with consumer price index increases for Perth.

Once production commences, production payments are payable calculated by reference to gold produced from the relevant tenements. The production payments are on a sliding scale ranging between 0.50% of gold value and 2% of gold value depending on the prevailing gold price. For a gold price of \$1,000 per ounce or less the royalty rate is 0.50%. Once the gold price reaches \$2,201 or more the royalty rate is 2%. Between \$1,000 and \$2,200 the royalty rate increases in increments of 0.25% for each \$400 increase in the gold price.

The Mining Agreement also provides for measures and procedures to protect aboriginal heritage and environmental protection obligations and measure to encourage claimant participation in employment, training and contacting opportunities.

Clause 5 provides that if the native title claim is dismissed by the Federal Court the Mining Agreement remains in force for three years from the date of the dismissal unless capable of assignment under clause 8.3 (clause 8.3 permits assignment to a new native title claim group that claims all or part of

the Agreement Area or to a replacement or substituting claim where the new claim group is wholly or substantially comprised of Central East claimants).

The “Native Title Claim” is defined as determination application WAD 70/98 as amended, amalgamated or substituted.

As a result of the WAD 70/98 being discontinued, there is some uncertainty as to the status and enforceability of the Mining Agreement.

Clause 8 of the Mining Agreement provides that the relevant tenements (or any part) may only be assigned where the assignee enters into a deed agreeing to be bound by the provisions of the Mining Agreement.

The Company has been advised that Orminex West Pty Ltd (the holder of an option to acquire a 51% interest in the Mining Agreement tenements which are Comet Vale Tenements (**Option**)) is currently considering the status and enforceability of the Mining Agreement and what actions are required to be taken in relation to it as a result of the exercise of the Option, if any.

(b) Deed Poll for Mining Agreement (Central East native title claimants)

By a deed poll dated 6 February 2014, executed by Sand Queen in favour of the applicants under the Central East Goldfield people native title claim (WAD 70/98) on behalf of themselves and the native title claim group Sand Queen agreed to comply with the Mining Agreement dated 10 April 2013 described above.

The Company has been advised by Orminex West Pty Ltd that it considers that nothing will be required to be done in relation to the Deed Poll as a result of the exercise of the Option.

(c) Native Title Deferred Production Deed (Central East Goldfields People)

By deed entitled Native Title (Deferred Production) Deed undated but prepared in 2002 and made between Reed Resources Limited, Destra Corporation Ltd and the registered claimants for the Central East Goldfields people, the claimants authorised the grant of M29197 -201 (inclusive) and M 29/232,233 and 235.

The deed provided for a payment of \$11,200 to the claimants. The deed also provided in clause 8.1 for future negotiations following the issue of a notice of intent to mine with the object of reaching agreement as to benefits or compensation to the claimant group prior to mining. Clause 8.2 provided for the matter to be referred to arbitration in the event agreement cannot be reached.

The “Claim” is described as WAG 0070 of 1998 which claim was discontinued on 17 June 2014. This discontinuance may raise some uncertainty as to the status and enforceability of the deed.

Clause 15 of the deed provides that Reed Resources Limited shall not assign all or any part of its rights or obligations under the Deed unless it first procures from the assignee the execution of a deed in favour of the claimants whereby the assignee agrees to be bound by the deed.

The Company has been advised that Orminex West Pty Ltd (the holder of an option to acquire a 51% interest in the tenements the subject of the deed

which are Comet Vale Tenements) is currently considering the status and enforceability of the deed and what actions are required to be taken in relation to it as a result of the exercise of the Option, if any.

(d) Deed of Variation

The deed of variation is undated (but signed by one party on 14 September 2006) and is made between Reed Resources, certain persons as registered native title claimants for an on behalf of the Central East Goldfields People and Robert Gardner.

The deed of variation is expressed to vary an earlier agreement described as an agreement in respect of Deferred Production described as the 2002 Agreement. This would appear to be the "Native Title Deferred Production Deed" mentioned above.

The deed of variation amended to 2002 Agreement by, amongst other things, including mining lease 29/186 as a Tenement Application (one effect of which is to include that mining lease as tenement the claimants agree can be granted).

The Company has been advised by Orminex West Pty Ltd that it considers that nothing will be required to be done in relation to the deed of variation as a result of the exercise of the Option.

(e) Deed for Grant of Mining Tenements

This Deed is undated and the parties are the State of WA, the Minister for State Development and registered native title claimants for the Maduwongga people in relation to native title claim WC99/9.

Under the deed the native title party agrees to the grant of mining leases 29/197, 29/198, 29/199, 29/200, 29/201, 29/232, 29/233 and 29/235.

The deed is described as an agreement for the purposes of section 28(1)(f) and section 31(1)(b) of the Native Title Act.

The Company has been advised by Orminex West Pty Ltd that it considers that nothing will be required to be done in relation to this Deed as a result of the exercise of the Option.

(f) Native Title Deed (Maduwongga people)

By a deed entitled "Native Title Deed" and dated 2 July 2002 and made between Reed Resources, D.J. Reed, C.J. Reed, Destra Corporation Ltd and the registered native title claimants for the Maduwongga People the claimants agreed to the grant of certain mining tenements described in the agreement as "Tenement Applications" "Future Tenements".

The "Tenement Applications" cover Ms 29/197 -201 (inclusive) and M 29/232, 233 and 235.

"Future Tenements" encompass tenements arising from any other application for a mining tenement made by Reed Resources, a related body corporate, David Reed or Chris Reed wholly or partially within the "Claim Area" – described as the area the subject of the claim made on behalf of the

Maduwongga people WAG 76 of 1997 (WC 99/9) as at the date of the deed (i.e. the area of the claim as at 2 July 2002).

The agreement provided for the provision of various payments and other benefits for the benefit of the claimant group, primarily a payment of \$25,000 and a royalty of A\$1.00 per ounce of Gold produced from the Tenements or any Future Tenements.

Provision is also made for aboriginal heritage surveys.

The claim described in the deed was dismissed by the Federal Court and ceased to be included in the Register of Native Title Claims on 12 September 2005. This dismissal may raise some uncertainty as to the status and enforceability of the deed.

Clause 14 of the deed provides that Reed Resources Limited, D.J. Reed and C.J. Reed shall not assign all or any part of its rights or obligations under the Deed unless it first procures from the assignee the execution of a deed in favour of the claimants whereby the assignee agrees to be bound by the deed.

The Company has been advised that Orminex West Pty Ltd (the holder of an option to acquire a 51% interest in the relevant Native Title Deed tenements which are Comet Vale Tenements) is currently considering the status and enforceability of the Native Title Deed and what actions are required to be taken in relation to it as a result of the exercise of the Option, if any.

(g) Deed of Grant for Mining Tenements

This Deed is undated and the parties are the State of WA, the Minister for State Development, registered native title claimants for the Wongatha people and Destra Corporation Ltd in relation to native title claim WAG 6005/98 (WC99/1).

Under the deed the native title party agrees to the grant of mining leases 29/197, 29/198 and 29/199.

The deed is described as an agreement for the purposes of section 28(1) (f) and section 31(1) (b) of the Native Title Act.

The Company has been advised by Orminex West Pty Ltd that it considers that nothing will be required to be done in relation to this Deed as a result of the exercise of the Option.

(h) Native Title Deed (Wongatha People)

By a deed entitled "Native Title Deed" dated 6 January 2003 and made between Reed Resources, D.J. Reed, C.J. Reed and the registered native title claimants on behalf of the Wongatha people, the claimants agreed to the grant of certain "Tenement Applications" (namely M29/197, 29/198 and 29/199).

The deed provided for payments including \$30,000 on execution and a royalty of \$1.00 per ounce of gold produced from the Tenements (i.e. M29/197, 29/198 and 29/199) and annual payment equal to 20% of the sum of the rental and local government rates for each tenement.

The “Claim” is defined as WAG 6005/98(WC 99/1) and each of the applications combined to form that application and includes any other application for determination of native title instituted by any of the Claimant Group over any part of the tenement applications.

WAG 6005/98 (WC 99/1) was dismissed and ceased to be in the Register of Native Title Claims on 13 March 2007.

This dismissal may raise some uncertainty as to the status and enforceability of the deed.

Clause 14 of the deed provides that Reed Resources Limited, D.J. Reed and C.J. Reed shall not assign all or any part of its rights or obligations under the Deed unless it first procures from the assignee the execution of a deed in favour of the claimants whereby the assignee agrees to be bound by the deed.

The Company has been advised that Orminex West Pty Ltd (the holder of an option to acquire a 51% interest in the relevant Native Title Deed tenements which are Comet Vale Tenements) is currently considering the status and enforceability of the Native Title Deed and what actions are required to be taken in relation to it as a result of the exercise of the Option, if any.

#### 14.11 Mandates

- (a) The Company has entered into an advisory mandate agreement with Viridian Equity Group Pty Ltd (ACN 113 381 623) (**Viridian**) (which Director Mr Daryl Henthorn controls) dated 12 September 2017. Under this agreement Viridian has been providing corporate advice to the Company in relation to the Acquisitions. Viridian will receive a success/services fee of 10,445,333 Shares in the Company (at a deemed issued price of \$0.03 per Share) if the Acquisitions with the Company complete (**Advisor Shares**) and a retainer fee of \$40,000 payable upon completion of the Acquisitions (**Advisory Mandate**).
- (b) Viridian has also entered into an advisory mandate agreement with GBF dated 17 November 2017. Under this agreement Viridian has been provided corporate advice to GBF in relation to the Acquisitions. Viridian receives a retainer fee of \$10,000 a month and the agreement confirms that Viridian will be entitled to the Advisor Shares upon successful completion of the Acquisitions.
- (c) Viridian has engaged Jashmeeka Pty Ltd (ACN 140 127 108) as trustee of the Finance Trust (an entity controlled by proposed Director Mr John Correia) and Peloton Advisory Pty Ltd (ACN 152 463 753) (an entity controlled by proposed Director Mr Emmanuel Correia), under sub-mandates dated 11 September 2017, and Peloton Advisory Pty Ltd (ACN 152 463 753) (an entity controlled by proposed Director Mr Emmanuel Correia), as subcontractors to assist with the Advisory Mandate to receive one third each of the Advisor Shares in return.
- (d) The Company has entered into facilitation mandates with each of Lantech (controlled by Director Mr Daryl Henthorn), Stevsand Investments Pty Ltd (ACN 009 076 224) as trustee for the Steven Formica Family Trust (controlled by Director Mr Steven Formica) (**Stevsand**) and Mr Ariel Edward King, dated 21 December 2017 (respectively), under which each of those

parties have been providing transaction facilitation advice to the Company that includes a success fee of 6,666,666 Shares, 6,666,667 Shares and 6,666,667 Shares (respectively per facilitator) if the Acquisitions with the Company complete.

- (e) The Company has entered into a capital raising administration agreement with Viridian Equity Group Pty Ltd (ACN 113 381 623) (**Viridian**) (which Director Mr Daryl Henthorn controls) dated 12 September 2017 under which Viridian is appointed the capital raising administration manager for all capital raisings of the Company for the purposes of the Shares of the Company being readmitted to quotation on the ASX. The fees payable for these services equal 6% of all equity raised, comprising a 1% management fee and 5% capital raising fee.

#### **14.12 Director Loans**

Lantech and Stevsand have each loaned \$50,000 to the Company to meet working capital requirements under the terms of identical loan deeds in December 2017 and February 2018 respectively (**Director Loans**). The loans are unsecured and interest free and repayable on the earlier of 6 months from the first draw down and the date the Company completes a capital raising of at least \$7 million.

#### **14.13 Convertible Note Term Sheets**

Between December 2016 and September 2017, the Company received a total of \$730,000 in loans (**Loans**) from related and unrelated parties under convertible note term sheets (**Term Sheets**) that, as now varied, provide for the Loans to be satisfied, subject to necessary shareholder approval, by the issue of 730,000 convertible notes (each with a face value of \$1.00) convertible into Shares at \$0.02 per Share. The convertible notes are convertible into Shares at the election of the Company and the holders must execute any ASX restriction agreement required in respect of the Shares.

Interest at 12% pa applies to the Loans and the face value of convertible notes and is convertible into Shares, subject to Shareholder approval, at a conversion price of \$0.02 per Share at the election of the Company.

The Company has issued convertible notes to unrelated parties in accordance with the Term Sheets and is seeking Shareholder approval at the General Meeting to issue convertible notes to related parties, and for the conversion of the accrued interest into Shares. The Company anticipates that at the time it completes the Acquisitions it will issue the convertible notes to related parties and convert all convertible notes and accrued interest into Shares.

#### **14.14 Interim Placement Subscription Agreements**

During January 2018 the Company entered into subscription agreements with a number of unrelated parties, and subscription loan agreements with a number of related parties, under which the Company raised \$200,000 for working capital purposes.

The subscription agreements were on standard terms for agreements of this nature and provided for the issue of Shares at an issue price of \$0.02 per Share (which have

been issued) and, subject to shareholder approval, the issue of one Interim Placement Option for every Share subscribed for.

The subscription loan agreements provided for the related party to lend funds to the Company in return for the Company issuing, subject to shareholder approval, Shares in satisfaction of the loans at an issue price of \$0.02 per Share together with the issue of one Interim Placement Option for every Share subscribed for. If shareholder approval is not obtained within 120 days of the date of a subscription loan agreement, the loan must be repaid. The loans are unsecured and interest free.

The Company is seeking approval at the General Meeting to issue the Shares to related parties and the Interim Placement Options to all subscribers and it is anticipated that these Shares and Options will be issued on completion of the Acquisitions.

#### **14.15 Non-executive letters of appointment**

The Company has entered into letters of appointment with each of its Directors with each entitled to a fee of \$18,000 until completion of the Transaction and otherwise on standard terms for agreements of this nature.

The Company has entered into letters of appointment with each of the Proposed Directors, to take effect from completion of the Transaction, with each entitled to a fee of \$60,000 per annum and otherwise on standard terms for agreements of this nature.

#### **14.16 Executive Chairman Agreement**

The Company has entered into a consultancy agreement with Agri-Project Services Pty Ltd and Director Daryl Henthorn, to take effect on completion of the Transaction, under which Mr Daryl Henthorn will act as Executive Chairman of the Company from that time for a three year term (with a mutual three month termination rights for no cause). He will be entitled to a fee of \$120,000 plus GST per annum. The agreement is otherwise on standard terms for agreements of this nature.

#### **14.17 Deeds of indemnity, insurance and access**

The Company has entered into deeds of indemnity, insurance and access with each of its Directors and Proposed Directors. The deeds commence for the Proposed Directors upon them being appointed directors. Under these deeds, the Company agrees to indemnify each officer to the extent permitted by the Corporations Act against any liability arising as a result of the officer acting as an officer of the Company or a related body corporate (subject to customary exceptions). The Company is also required to maintain insurance policies for the benefit of the relevant officer and must also allow the officers to inspect board papers and other documents provided to the Board in certain circumstances.



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## **15. ADDITIONAL INFORMATION**

### **15.1 Litigation**

Neither the Company nor any of its respective subsidiaries are involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company or any of their respective subsidiaries.

### **15.2 Rights and liabilities attaching to Shares (including Shares to be issued under the Offer)**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### **(c) Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to

dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit.

(d) Winding-up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

(e) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the ASX Listing Rules.

(g) Future increase in capital

The issue of any new Shares is under the control of the Board of the Company as appointed from time to time. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing Share or class of shares), the Directors may issue Shares and other Securities as they shall, in their absolute discretion, determine.

(h) Variation of rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue

of the shares of that class) may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) Alteration of Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of votes validly cast for Shares at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

### 15.3 Rights and Liabilities attaching to Interim Placement Options

Below are the terms and conditions of the Interim Placement Options.

The Options entitle the holder (**Optionholder**) to subscribe for, and be issued, ordinary shares in the capital of the Company (**Shares**) on and subject to the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for, and be issued, one Share.
- (b) The Options will expire at 5.00pm (WST) on the date that is 3 years after the issue date (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Option will be \$0.03 (**Exercise Price**).
- (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion on which Options are exercised.
- (e) An Optionholder may exercise any Options by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Options specifying the number of Options being exercised (**Exercise Notice**); and
  - (ii) a cheque or electronic funds transfer for the aggregate Exercise Price for the number of Options being exercised.
- (f) An Exercise Notice is only effective when the Company has received the full amount of the aggregate Exercise Price in relation the Options the subject of that Exercise Notice.
- (g) By lodging an Exercise Notice, the Optionholder agrees to take the applicable Shares and agrees to be bound by the constitution of the Company.
- (h) Within 10 Business Days of receipt of the Exercise Notice and the aggregate Exercise Price, the Company will allot the applicable Shares to the Optionholder.

- (i) The Options are not transferable and will not be listed for quotation on the ASX or on any other stock exchange.
- (j) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other issued fully paid Shares.
- (k) The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) If, prior to the Expiry Date, the issued capital of the Company is reorganised, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and any requirements with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (m) There are no participating rights or entitlements inherent in the Options.
- (n) An Optionholder will not be entitled to participate in new issues of securities offered to Shareholders during the currency of the Options except to the extent that Options are exercised prior to the 'record date' for determining entitlements for the new issue.
- (o) An Option does not confer on the holder any right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

#### 15.4 Convertible Notes

The material terms of the Convertible Notes, which are all on the same terms, are set out below.

- (a) **(Interest):** from the subscription date until the principal amount is redeemed or converted into Shares, the Convertible Note shall bear interest at the rate of 12% per annum on the principal amount outstanding from time to time (which includes accrued but unpaid interest under the relevant Loan). Subject to Shareholder approval, interest will be satisfied by the issue of Shares at \$0.02 per Share. Interest is repayable on the later of Shareholder approval for conversion of the interest into Shares and the date the Convertible Note is fully repaid or converted into Shares.
- (b) **(Conversion):** Subject to the Company obtaining Shareholder approval, each Convertible Note is convertible into Shares at the election of the Company. The number of Shares to be issued upon conversion will be calculated by dividing the face value of the Convertible Note by \$0.02. Subject to receiving Shareholder approval, the Company intends to convert all Convertible Notes into Shares at the same time it completes the Acquisitions.
- (c) **(Restrictions on conversion):** Each Noteholder is prohibited from being issued Shares to the extent a Noteholder (together with its Associates) would hold a relevant interest exceeding 19.99% or more in the issued share capital of the Company (unless the issue of Shares to the Noteholder satisfies any of the exemptions in section 611 of the Corporations Act).
- (d) **(Repayment):** In the event that an event of default occurs under a Convertible Note (which includes if a Convertible Note has not been converted or repaid within 12 months from the date of issue of the Convertible

Note), the Convertible Note together with all outstanding monies shall become repayable within 10 business days of a demand by the Company to the Noteholder.

- (e) **(Escrow):** The Noteholders agree to Shares being subject to any escrow requirements imposed by the Listing Rules.

## **15.5 Incentive Option Plan**

The Company has adopted an incentive option plan on standard terms for an ASX listed company plan. The material terms are summarised in the Notice of Meeting.

## **15.6 Regulatory Approvals**

The Company has obtained the following waivers from the ASX in respect of the Transaction:

- (a) a waiver from Listing Rule 1.1 condition 12 to the extent necessary to permit the exercise price of the Interim Placement Options proposed to be issued in conjunction with the Acquisitions not to be at least \$0.20, on the following conditions:
  - (i) the terms of the waiver are immediately disclosed to the market and, along with the terms and conditions of the Interim Placement Options, are clearly disclosed in the Notice of Meeting and in the Prospectus; and
  - (ii) Security holders specifically approve the exercise price of the Interim Placement Options as part of the approvals obtained under ASX Listing Rule 11.1.2 for the Acquisitions; and
- (b) a waiver from Listing Rule 2.1 condition 2 to the extent necessary to permit the issue price of the Shares issued under the Offer not to be at least \$0.20 each on the following conditions:
  - (i) the issue price of the Offer Shares is not less than \$0.02 each ("Issue Price");
  - (ii) the terms of this waiver are immediately disclosed to the market and are clearly disclosed in the Notice and in the Prospectus; and
  - (iii) Security holders approve the Issue Price of the Offer Shares as part of the approvals obtained under Listing Rule 11.1.2 for the Acquisitions.

Completion of the Transaction is conditional on any necessary regulatory approvals being obtained. The Company is not aware of any other regulatory approvals required for the Transaction to be completed.

Completion of the JV Option is conditional, amongst other things, on Orminex West obtaining approval from the WA Minister for Mines for the transfer of a 51% interest in the Comet Vale Project mining leases and miscellaneous tenements. The Company is not aware of any reason why this approval will not be granted prior to the proposed date for completion of the JV Option.

## **15.7 Interests of Directors**

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

## **15.8 Interests of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (d) the formation or promotion of the Company; or
- (e) the Offer.

Viridian Equity Group Pty Ltd has acted as Lead Manager for the Company in relation to the Offer. The Company estimates it will pay Viridian Equity Group Pty Ltd (ACN 113 381 623) those fees as set out in Section 15.10. During the 24 months preceding lodgement of this Prospectus with ASIC, Viridian Equity Group Pty Ltd (ACN 113 381 623) has been paid nil (excluding GST) for their services.

Moore Stephens Perth Corporate Services Pty Ltd has acted as Investigating Accountant for the Company and has prepared the Investigating Accountant's Report which is included in Section 1 of this Prospectus. The Company estimates it will pay Moore Stephens Perth Corporate Services Pty Ltd up to \$20,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Moore Stephens Perth Corporate Services Pty Ltd has received \$37,283 (excluding GST) from the Company for their services.

Moore Stephens has acted as auditor of the Company, Orminex West and Golden Lode. The Company estimates it will pay Moore Stephens up to \$9,000 (excluding GST) for audit and review services required for this Prospectus. During the 24 months preceding lodgement of this Prospectus with ASIC, Moore Stephens has received \$28,300 (excluding GST) from the Company for the audit services.

EMK Lawyers Pty Ltd ATF the EMK Lawyers Trust (**EMK Lawyers**) has acted as the solicitors to Company in relation to the Offer and has prepared the Solicitor's Report on Tenements in Section 1 of this Prospectus. The Company estimates that it will pay EMK Lawyers up to \$90,000 (excluding GST) for these services related to the Prospectus. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with ASIC, EMK Lawyers has received \$30,000 (excluding GST) from the Company for their services.

Agricola Mining Consultants Pty Ltd has acted as the Independent Geologist for the Company and has prepared the Independent Geologist Report in Section 8 of this Prospectus. The Company estimates it will pay Agricola Mining Consultants Pty Ltd up to \$20,000 (excluding GST) for these services. During the 24 months preceding lodgement of this Prospectus with ASIC, Agricola Mining Consultants Pty Ltd has received nil from the Company for its services.

## 15.9 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this Section 15.9:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;

- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Viridian Equity Group Pty Ltd has given its written consent to being named as the Lead Manager to the Offer in this Prospectus. Viridian Equity Group Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Moore Stephens has given its written consent to being named as auditor of the Company, Orminex West and Golden Lode in this Prospectus. Moore Stephens has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Moore Stephens Perth Corporate Services Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 1 of this Prospectus in the form and context in which the information and report is included. Moore Stephens Perth Corporate Services Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

EMK Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 1 of this Prospectus in the form and context in which the information and report is included. EMK Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Agricola Mining Consultants Pty Ltd has given its written consent to being named as the Independent Geologist in this Prospectus and to the inclusion of the Independent Geologist Report in Section 8 of this Prospectus in the form and context in which the information and report is included. Agricola Mining Consultants Pty Ltd has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

Malcolm Castle has given its written consent to being named as the Competent Person in this Prospectus and to the inclusion of the Competent Persons Statement in Section 7.5 of this Prospectus and in the Independent Geologist Report in Section 8 of this Prospectus in the form and context in which the information is included. Malcolm Castle has not withdrawn its consent prior to the lodgement of this Prospectus with ASIC.

#### **15.10 Expenses of the Offer**

The total expenses of the Offer (excluding GST) are estimated to be approximately \$687,400 and are expected to be applied towards the items set out in the table below:

<b>Item of Expenditure</b>	<b>Amount A\$</b>	<b>%</b>
ASIC fees	2,400	0.3%
ASX Listing Fees	75,000	10.9%
Capital Raising Fees	420,000	61.1%
IGR	20,000	2.9%
IAR	20,000	2.9%
Solicitor's Report on Tenements	30,000	4.4%



Legal	60,000	8.7%
Mandate Fee	40,000	5.8%
Printing, distribution and miscellaneous	20,000	2.9%
<b>Total</b>	<b>687,400</b>	<b>100.0%</b>

#### **15.11 Continuous disclosure obligations**

As the Company is admitted to ASX's Official List, the Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

Price sensitive information is publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants is also managed through disclosure to the ASX. In addition, the Company posts this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

#### **15.12 Electronic Prospectus**

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form and have fully read those documents. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at [www.mintails.com.au](http://www.mintails.com.au).

The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to or accompanies a hard copy of the Prospectus or a complete and unaltered electronic copy of this Prospectus. The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, the Application Form was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **15.13 Governing law**

The Offer and the contracts formed on return of an Application Form are governed by the laws applicable in Western Australia, Australia. Each person who applies for Shares pursuant to this Prospectus submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia, and the relevant appellate courts.

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## **16. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC.

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**Daryl Henthorn**  
**Non-Executive Director**  
**For and on behalf of**  
**Mintails Limited**

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## 17. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

**\$** means an Australian dollar.

**Acquisitions** means the Company's proposed acquisition of Orminex West and Golden Lode as summarised in Section 5.2 of this Prospectus.

**Advisor Shares** has the meaning given in Section 5.11 of this Prospectus.

**Applicant** means a party that completes an Application Form and submits it to the Company in accordance with this Prospectus relating to the Offer.

**Application Form** means an application form attached to or accompanying this Prospectus relating to the Offer.

**ASIC** means Australian Securities & Investments Commission.

**Associates** has the meaning set out in sections 11 to 17 of the Corporations Act, as applicable and in accordance with the note to Listing Rule 14.11.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

**ATF** means 'as trustee for'.

**Board** means the board of Directors as constituted from time to time.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Raising** means the Offer.

**Carlowen** means Carlowen Pty Ltd (ACN 009 309 415) as trustee of the Carlowen Unit Trust.

**CHESS** means the Clearing House Electronic Sub-register System.

**Cleansing Offer** means the offer of 1 Share at an issue price of \$0.03 per Share to raise \$0.03 pursuant to this Prospectus as further described in Section 6.3.

**Closing Date** means the closing date of the Offer as set out in the indicative timetable in Section 3.1 of this Prospectus (subject to the Company reserving the right to extend the Closing Date or close the Offer early).

**Comet Vale Project** means the project described in Section 7.2 of this Prospectus.

**Comet Vale Tenements** means the mining tenements listed under the heading 'Comet Vale Tenements' in the Schedule which forms part of the Solicitor's Tenement Report.

**Company** means Mintails Limited (ACN 008 740 672) (to be renamed 'Orminex Limited').

**Completion Date** means the completion date for the Transaction as noted in Sections 14.2 and 14.3 of this Prospectus.

**Conditional Approval** means the letter issued by the ASX to the Company stating the conditions that are required to be met by the Company in order to re-comply with Chapters 1 and 2 of the ASX Listing Rules for re-quotation of its Shares on the Official List.

**Conditions** has the meaning set out in Section 5.4 of this Prospectus.

**Consideration Shares** means the Shares to be issued in consideration under the Orminex West Agreement and the Golden Lode Agreement as described in Sections 14.2 and 14.3 of this Prospectus.

**Constitution** means the constitution of the Company.

**Convertible Notes** means the Convertible Notes referred to in Section 5.8 of this Prospectus.

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

**Directors** means the current directors of the Company at the date of this Prospectus.

**DOCA** has the meaning given in Section 5.1 of this Prospectus.

**Facilitators** means the Related Party Facilitators and Mr Ariel Edward King.

**Facilitation Mandates** has the meaning given in Section 5.12 of this Prospectus

**Facilitation Shares** has the meaning given in Section 5.12 of this Prospectus.

**FFT** means Merrysoul Pty Ltd (ACN 127 768 978) as trustee for the Foulds Family Trust.

**GBF** means GBF Mining Pty Ltd (ACN 149 248 215).

**General Meeting** means the meeting convened by the Notice of Meeting, scheduled to occur on 16 March 2018.

**Golden Lode** means Golden Lode Pty Ltd (ACN 613 588 800).

**Golden Lode Agreement** means the agreement under which the Company has conditionally agreed to acquire 100% of the shares on issue in the capital of Golden Lode as described in Section 14.3 of this Prospectus.

**Golden Lode Project** means the project described in Section 7.3 of this Prospectus.

**Golden Lode Tenements** means the mining tenements listed under the heading 'Golden Lode Tenements' in the Schedule which forms part of the Solicitor's Tenement Report.

**Golden Lode Venders** means Carlowen and Lantech.

**Interim Placement** means the placement announced to ASX on 23 January 2018 and referred to in Section 5.10 of this Prospectus.

**Interim Placement Options** means unlisted Options on the terms and conditions set out in Section 15.3 of this Prospectus.

**Investigating Accountant's Report** means the report enclosed in Section 1 of this Prospectus.

**JV Option** means the option to acquire a 51% unincorporated joint venture interest in the Comet Vale Project granted under the Option JVA.

**Lantech** means Lantech Developments Pty Ltd (ACN 007 034 684) as trustee for the DAC Family Trust.

**Lead Manager** means Viridian Equity Group Pty Ltd (ACN 113 381 623).

**Lead Manger Mandate** has the meaning given to it in Section 14.11(e).

**Loans** means the loans referred to in Section 5.8 of this Prospectus.

**Mine Management Agreement** has the meaning given in Section 14.6 of this Agreement.

**Noteholder** means the holder of a Convertible Note.

**Notice of Meeting** means the notice of general meeting, including the explanatory statement and proxy form, released on ASX on 15 February 2018 in relation to the General Meeting.

**Offer** means the offer, pursuant to this Prospectus, as set out in Section 6.1, of 233,333,333 Shares at an issue price of \$0.03 per Share to raise approximately \$7,000,000 before costs.

**Offers** means the Offer, the Option Offer and the Cleansing Offer.

**Official List** means the official list of ASX.

**Official Quotation** means official quotation by ASX in accordance with the ASX Listing Rules.

**Option** means an option to acquire a Share.

**Option Offer** means the offer of 10,000,000 Interim Placement Options to subscribers to the Interim Placement, as set out in Section 6.2.

**Option JVA** means the option and joint venture agreement dated 23 January 2018 between Orminex West and Sand Queen following a novation from GBF to Orminex West.

**Optionholder** means a holder of an Option.

**Orminex West** means Orminex West Pty Ltd (ACN 615 077 757).

**Orminex West Agreement** means the agreement under which the Company has conditionally agreed to acquire 100% of the shares on issue in the capital of Orminex West as described in Section 14.2 of this Prospectus.

**Orminex West Vendors** means Rolen and FFT.

**Projects** means the Comet Vale Project and the Golden Lode Project.

**Prospectus** means this prospectus.

**Reed Resources** means Reed Resources Ltd ABN 89 099 116 631.

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

**Related Party Advisors** means Viridian Equity Group Pty Ltd (ACN 113 381 623), Jashmeeka Pty Ltd (ACN 140 127 108) as trustee of the Finance Trust and Peloton Advisory Pty Ltd (ACN 152 463 753).

**Related Party Facilitators** means Lantech Developments Pty Ltd (ACN 007 034 684) as trustee for the DAC Family Trust and Stevsand Investments Pty Ltd (ACN 009 076 224) as trustee for the Steven Formica Family Trust.

**Rolen** means Rolen Pty Ltd (ACN 009 286 088).

**Royalty** means the royalty referred to in Section 14.8 of this Prospectus.

**Sand Queen** means Sand Queen Gold Mines Pty Ltd (ACN 141 839 287).

**Section** means a section of this Prospectus.

**Security** means a security issued or to be issued in the capital of the Company, including a Share or an Option.

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

**Share Purchase Agreements** means the Orminex West Agreement and the Golden Lode Agreement.

**Shareholder** means a registered holder of a Share.

**Stevsand** means Stevsand Investments Pty Ltd (ACN 009 076 224) as trustee for the Steven Formica Family Trust.

**Transaction** has the meaning given in Section 5.2 of this Prospectus.

**Transaction Resolutions** means those resolutions referred to in Section 5.7 of this Prospectus to be considered at the General Meeting, as described in further detail in the Notice of Meeting.

**Transaction Shares** means the Shares referred to in Sections 5.7(b), 5.7(c), 5.7(d), 5.7(e), 5.7(f), 5.7(g), 5.7(h) and 5.7(i) of this Prospectus.

**Vendors** means the vendors under a Share Purchase Agreement.

**WST** means Australian Western Standard Time as observed in Perth, Western Australia.

## Annexure A – Maximum Voting Power of Vendors and their Associates

Name	Shares to Orminex West Vendors	Shares to Golden Lode Vendors	Advisor Shares	Facilitation Shares	Shares under Offer (assuming maximum take up)	Convertible Notes Convertible Note/ Loan Shares <sup>1</sup>	Interim Placement Shares Interim Placement Options	Total Shares (assuming Options are exercised)	% Shareholding (fully diluted)
Rolen Pty Ltd	100,000,000	0	0	0	0	50,000 2,747,397	684,932 684,932	104,117,261	19.1%
Merrysoul Pty Ltd ATF the Foulds Family Trust	100,000,000	0	0	0	0	0	0	100,000,000	18.3%
Lantech Developments Pty Ltd ATF the DAC Family Trust	0	6,666,667	0	6,666,666	10,000,000	150,387 8,130,377	2,060,096 2,060,096	35,583,902	6.5%
Carlowen Pty Ltd ATF the Calowen Unit Trust	0	13,333,333	0	0	0	0	0	13,333,333	2.4%
Viridian Equity Group Pty Ltd	0	0	3,481,777	0	0	0	0 0	3,481,777	0.6%
Peloton Advisory Pty Ltd	0	0	3,481,778	0	0	0	0	3,481,778	0.6%
John Correia ATF for the Jashmeeka Trust <sup>2</sup>	0	0		0	3,333,333	25,000 1,373,699	407,465 407,465	5,521,962	1.0%
Jashmeeka Pty Ltd as trustee of the Finance Trust.	0	0	3,481,778	0	0	0	0	3,481,778	0.6%
Nyree Correia ATF the	0	0	0	0	3,333,333	30,000	475,959	5,933,689	1.1%

Emmanuel Correia Family Trust <sup>3</sup>						1,648,438	475,959		
Stevsand Investments Pty Ltd ATF the Steven Formica Family Trust	0	0	0	6,666,667	1,666,667	150,000 8,086,849	2,054,794 2,054,794	20,529,771	3.8%
Kenson Investments WA Pty Ltd ATF the Kenson Super Fund	0	0	0	0	8,333,333	25,000 1,324,795	342,466 342,466	10,343,060	1.9%
Madeira Nominees Pty Ltd <sup>4</sup>	0	0	0	0	1,000,000	15,000 824,219	205,479	2,235,177	0.4%
Daniel Correia <sup>5</sup>	0	0	0	0	0	10,000 549,479	136,986	823,451	0.2%
Graham Enterprises (Aust) Pty Ltd (ACN 162 693 316)	0	0	0	0	3,333,333	0	0	3,333,333	0.6%
Citylight Asset Pty Ltd (ACN 130 994 339)	0	0	0	0	8,333,333	0	0	8,333,333	1.5%
TJF Investments (WA) Pty Ltd (ACN 600 602 579) ATF the Tyler Formica Family Trust	0	0	0	0	833,333	0	0	833,333	0.2%
First One Realty Pty Ltd (ACN 107 186 809)	0	0	0	0	833,333	0	0	833,333	0.2%
<b>Total</b>	<b>200,000,000</b>	<b>20,000,000</b>	<b>10,445,333</b>	<b>13,333,333</b>	<b>40,999,998</b>	<b>455,387 24,685,254</b>	<b>6,368,177 6,368,177</b>	<b>322,200,272</b>	<b>59.0%</b>

Notes:

1. Including Shares issued in lieu of interest under Convertible Notes and Loans as at 28 March 2018.



2. John Correia ATF for the Jashmeeka Trust currently holds 407,465 Shares.
3. Nyree Correia ATF the Emmanuel Correia Family Trust currently holds 475,959 Shares.
4. Madeira Nominees Pty Ltd currently holds 205,479 Shares.
5. Daniel Correia currently holds 136,986 Shares.

#### Controllers/ Beneficiaries

##### (a) Orminex West Vendors

- (i) Rolan an entity is controlled by Mr Ross Graham.
- (ii) FFT is an entity controlled by Mr Michael Foulds and acts as trustee of the Foulds Family Trust. Mr Michael Foulds is a beneficiary of the trust.

##### (b) Golden Lode Vendors

- (i) Lantech is controlled by Director Mr Daryl Henthorn and is trustee of the DAC Family Trust. Mr Daryl Henthorn is a beneficiary of the trust.
- (ii) Carolwen Pty Ltd is controlled by Mr Ross Graham and Mr Michael Foulds and acts as trustee of the Carlowen Unit Trust. Mr Ross Graham and Mr Michael Foulds equally hold all the units in the unit trust.

##### (c) The Related Party Advisors

- (i) Viridian Equity Group Pty Ltd (ACN 113 381 623) (**Viridian**) Viridian is controlled by Lantech, which is controlled by Director Daryl Henthorn.
- (ii) Jashmeeka Pty Ltd (ACN 140 127 108) (**Jashmeeka**) as trustee of the Finance Trust. Jashmeeka is controlled by proposed Director Mr John Correia. Mr John Correia is a beneficiary of the Finance Trust;
- (iii) Peloton Advisory Pty Ltd (ACN 152 463 753) (**Peloton**). Peloton is controlled by proposed Director Mr Emmanuel Correia along with third parties.

- (d) Related Party Facilitators
  - (i) Lantech. Lantech is controlled by Director Daryl Henthorn.
  - (ii) Stevsand Investments Pty Ltd (ACN 009 076 224) as trustee for the Steven Formica Family Trust (**Stevsand**). This entity is controlled by Director Mr Steven Formica. Mr Steven Formica is a beneficiary of this trust.
- (e) Related Party Convertible Note Holders, Related Party Interim Placement Subscribers and Related Party subscribers in the Offer (unless otherwise noted)
  - (i) Rolen Pty Ltd (ACN 009 286 088) (Note: not a Related Party subscriber in the Offer).
  - (ii) Lantech
  - (iii) Mr John Correia as trustee for the Jashmeeka Trust. Mr John Correia is a proposed Director and a beneficiary under the Jashmeeka Trust
  - (iv) Nyree Correia as trustee for the Emmanuel Correia Trust. Mrs Nyree Correia is the wife of proposed Director Mr Emmanuel Correia. Both Mrs Nyree Correia and Mr Emmanuel Correia are beneficiaries under the Emmanuel Correia Family Trust.
  - (v) Stevsand.
  - (vi) Kenson Investments WA Pty Ltd (ACN 112 292 047) as trustee for the Kenson Super Fund. This entity is controlled by Mr Michael Founds and his family members. Mr Michael Foulds is a beneficiary of this trust.
  - (vii) Madeira Nominees Pty Ltd (ACN 008 857 163). This entity is controlled by Mrs Conceicao Correia and Mr Daniel Correia. Mrs Correia is the mother of proposed Director Mr Emmanuel Correia. Mr Daniel Correia is the brother of Mr Emmanuel Correia and cousin of proposed Director Mr John Correia.
  - (viii) Mr Daniel Correia. Mr Daniel Correia is the brother of proposed Director Mr Emmanuel Correia and cousin of proposed Director Mr John Correia. (Note: not a Related Party subscriber in the Offer)
  - (ix) Graham Enterprises (Aust) Pty Ltd (ACN 162 693 316). This entity is controlled by Mr Ross Graham who controls Rolen. (Note: only a Related Party subscriber in the Offer)

- (x) Citylight Asset Pty Ltd (ACN 130 994 339). This entity is controlled by Mr Ross Graham with his wife Mrs Linda Graham. Mr Ross Graham controls Rolen. (Note: only a Related Party subscriber in the Offer)
- (xi) TJF Investments (WA) Pty Ltd (ACN 600 602 579) as trustee for the Tyler Formica Family Trust. This entity is controlled by Mr Tyler Formica, son of Director Mr Steven Formica. Mr Tyler Formica is a beneficiary of the Tyler Formica Family Trust. See Annexure A for holding details. (Note: only a Related Party subscriber in the Offer)
- (xii) First One Realty Pty Ltd (ACN 107 186 809). This entity is controlled by Fallon Formica, daughter of Director Mr Steven Formica. (Note: only a Related Party subscriber in the Offer)