

26 March 2018

Option over Muchea Silica Sand Project

Highlights:

- **High-quality silica sand deposit**
- **Significant potential for high tonnage resource**
- **Muchea complements Arrowsmith Silica Sand Project**

Ventnor Resources Ltd (**Ventnor** or **Company**) (ASX: VRX) is pleased to announce it has secured an option to acquire a potentially high-grade, high tonnage silica sand project near Muchea, north of Perth, Western Australia (**Muchea Silica Sand Project**), subject to shareholder and regulatory approvals.

The Muchea Silica Sand Project is strategically located adjacent to Brand Highway and a rail connection to Kwinana port for bulk handling.

The Company has undertaken a due diligence review which confirms the potential of the prospect. Assays received have indicated a high-quality +99.7% SiO₂ deposit over an area of more than 3,400Ha.

ASX has determined that the option grant constitutes a change in the nature and/or scale of the Company's activities and that ASX Listing Rules 11.1.2 and 11.1.3 apply. As a consequence:

- the proposed transaction requires shareholder approval under the ASX Listing Rules and therefore may not proceed if that approval is not forthcoming;
- the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the proposed transaction may not proceed if those requirements are not met;
- 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 proposed transaction may not proceed if ASX exercises that discretion; and
- investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Further information is set out below.

ASX: VRX

Capital Structure

Shares on Issue:
251.3 million

Unlisted Options:
21.25 million

Corporate Directory

Paul Boyatzis

Non-Executive
Chairman

Bruce Maluish

Managing Director

Peter Pawlowitsch

Non-Executive
Director

John Geary

Company Secretary

Company Projects

Arrowsmith Silica
Sands Project, 270km
north of Perth, WA.

Biranup base metals
and gold Project
adjacent to the
Tropicana Gold Mine,
WA.

Warrawanda Nickel
Project south of
Newman, WA.

The Company is
actively assessing
other projects in
Australia.

Overview of the Muchea Silica Sand Project

The Muchea Silica Sand Project comprises exploration licence E70/4886 (**Tenement**), located in the Muchea area, 50km north of Perth, Western Australia (Figure 1), and is highly prospective for high-quality silica sand. It spans an area of 58km².

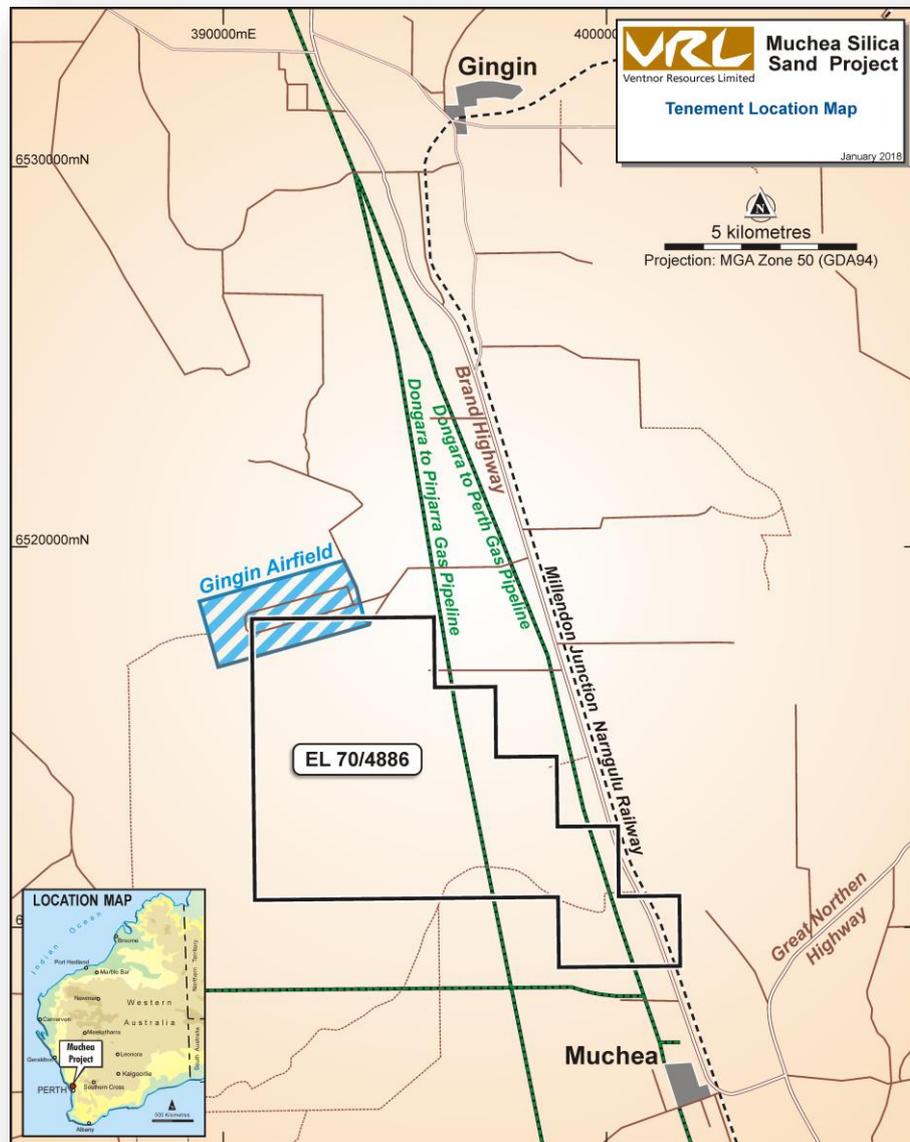


Figure 1: Muchea Silica Sand Project Location

The targeted silica sand deposits are the aeolian sand dunes that overlie the Pleistocene limestones and paleo-coastline which host the Gingin heavy mineral deposits.

The image (Figure 2) below is a schematic section showing the silica sand dune that is targeted for exploration. The targeted dune is the area above the surrounding natural surface and well above the standing water table. The photograph (Figure 3) below shows the extent of the dune looking east.

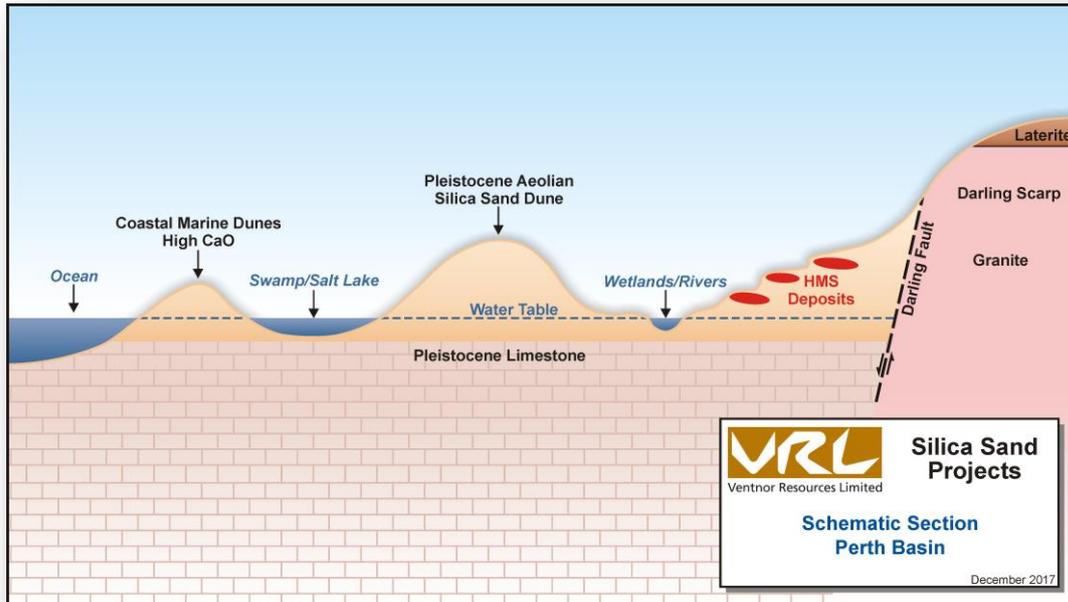


Figure 2: Schematic section of Silica Sand Dune Exploration Target



Figure 3: Photograph of silica sand dune exploration target looking east

The image (Figure 4) below is a topographic map of the area generated by Shuttle Radar Topography Mission data (**SRTM**). This map shows the topographic highs which will be explored for silica sand.

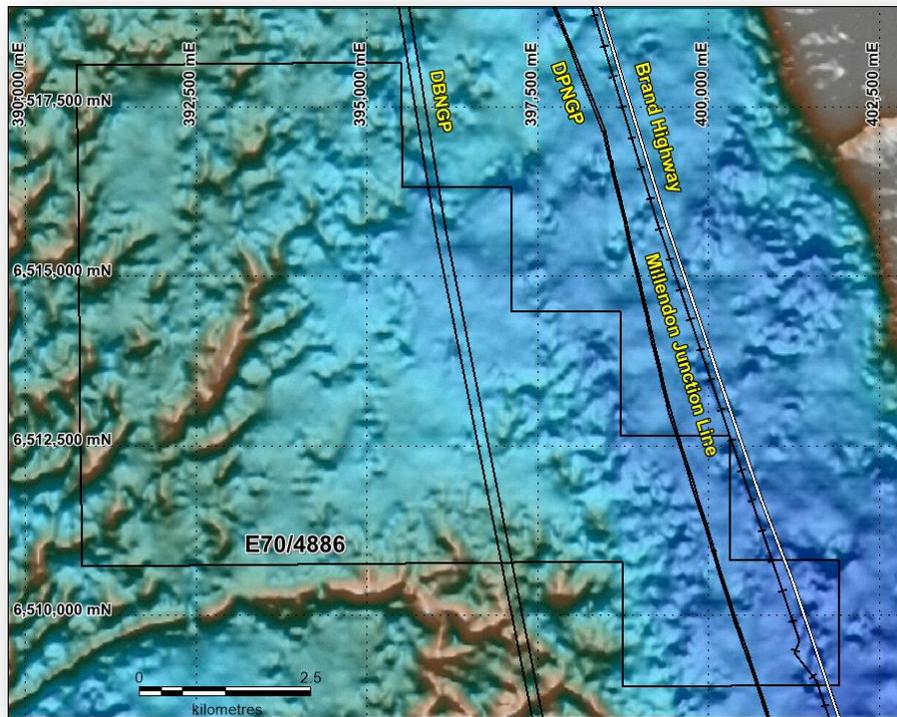


Figure 4: Muchea Silica Sand Project SRTM topographic map

Limited historical exploration for silica sand has been undertaken in the Project area.

The Company has been provided details of a reconnaissance sampling program utilising the existing accessible tracks. A total of 44 hand auger samples to a depth of around 2 metres were completed, the sample locations are shown in the plan (Figure 5) below.

The samples were submitted to the SGS laboratory in Perth and analysed for SiO₂, via ICP silica by difference, with the results shown in the table (Figure 6) below. The results indicate that at the surface there exists very high purity silica sand with the average of all samples returning +99.8% SiO₂ + LOI_{1000C}.

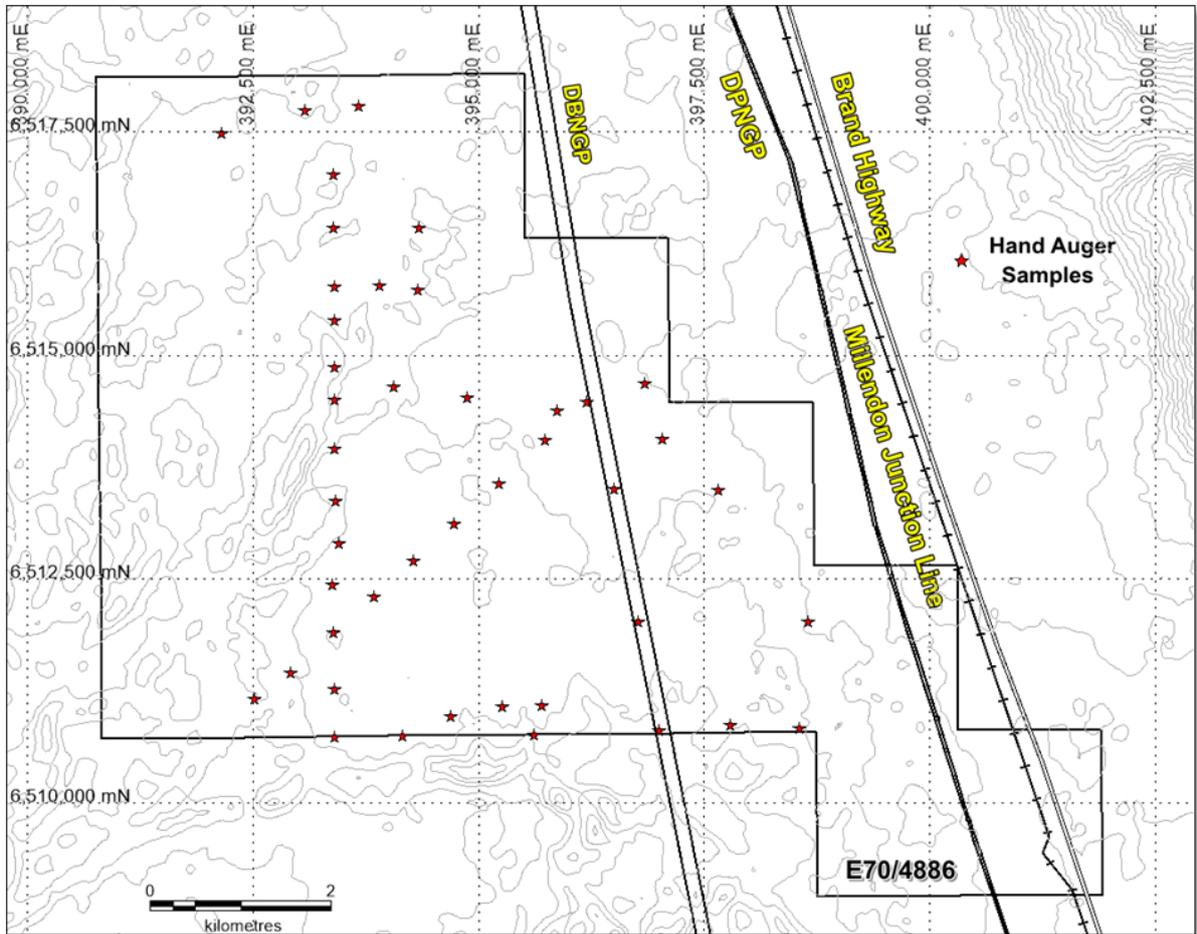


Figure 5 Topographical contours and hand auger sampling locations.

Muceha Silica Sand Project - Hand Auger sampling

MGA_East Zone50	MGA_North Zone50	Calc. SiO2 %	Calc. SiO2+LOI %	Al2O3 ppm	CaO ppm	Cr2O3 ppm	Fe2O3 ppm	K2O ppm	MgO ppm	MnO ppm	Na2O ppm	TiO2 ppm	LOI-1000C %
393672	6517789	99.35	99.72	530	550	-	310	140	60	-	130	1,040	0.38
393383	6517024	99.50	99.86	240	220	-	140	40	30	-	40	660	0.36
393387	6516430	99.25	99.78	720	160	-	310	120	40	-	100	710	0.54
393400	6515769	99.55	99.88	200	90	-	110	30	20	-	30	720	0.33
393902	6515791	99.53	99.90	190	80	-	90	30	20	-	20	580	0.37
394325	6515742	99.48	99.86	330	60	-	150	30	20	-	30	800	0.38
394338	6516428	99.53	99.83	220	60	-	230	30	20	-	30	1,070	0.31
396198	6514489	99.59	99.82	290	60	-	160	50	-	-	30	1,170	0.23
395728	6514056	99.25	99.81	200	60	-	130	30	30	-	40	1,400	0.56
395230	6513569	99.18	99.65	300	70	-	510	60	20	20	40	2,490	0.47
393395	6514869	99.55	99.89	210	40	-	130	30	20	-	20	660	0.34
394056	6514660	99.56	99.88	170	50	-	80	30	20	-	30	810	0.32
394873	6514536	99.48	99.82	200	50	-	140	30	20	-	30	1,300	0.34
395866	6514391	99.51	99.84	250	50	-	130	40	40	-	30	1,080	0.33
396494	6513516	99.53	99.84	220	60	-	140	50	20	-	30	1,060	0.31
396773	6512028	99.54	99.87	180	50	-	100	30	20	-	20	880	0.33
397791	6510871	99.52	99.90	180	40	-	80	30	20	-	20	620	0.38
397004	6510816	99.63	99.88	180	40	-	130	20	20	-	20	760	0.26
397041	6514075	99.55	99.84	220	40	-	120	40	20	-	30	1,140	0.29
397655	6513501	99.61	99.89	180	50	-	90	20	20	-	30	710	0.28
398654	6512034	99.58	99.87	180	60	-	110	20	20	-	30	870	0.29
396845	6514696	99.26	99.84	190	50	-	130	20	20	-	20	1,190	0.58
398552	6510835	99.70	99.91	170	40	-	80	20	20	-	20	600	0.21
392142	6517488	99.39	99.89	190	50	-	110	30	20	-	20	720	0.50
393073	6517748	99.56	99.88	180	40	-	130	20	20	-	20	830	0.32
393395	6515392	99.77	99.85	200	40	-	240	20	20	-	20	960	0.09
393401	6514515	99.80	99.89	190	30	-	140	30	20	-	20	630	0.10
393402	6513968	99.79	99.88	190	20	-	170	30	10	-	20	810	0.08
393409	6513379	99.79	99.88	240	20	-	160	50	10	-	20	690	0.09
393453	6512903	99.63	99.72	240	20	-	620	20	10	20	20	1,900	0.09
393381	6512442	99.73	99.87	180	30	-	170	20	10	-	20	900	0.13
393384	6511909	98.65	99.38	3,390	-	-	630	610	-	-	60	1,500	0.73
393403	6511277	99.73	99.80	290	120	-	310	60	20	-	40	1,170	0.07
393398	6510743	99.76	99.87	320	40	-	140	110	20	-	30	640	0.12
392511	6511161	98.86	99.34	3,830	30	-	1,100	430	20	-	60	1,160	0.48
392908	6511454	98.37	99.35	3,460	-	10	1,130	490	-	-	60	1,310	0.98
393834	6512305	99.71	99.86	270	40	-	170	40	20	-	30	810	0.15
394277	6512714	99.74	99.86	410	30	-	130	100	10	-	30	650	0.12
394720	6513122	99.75	99.85	300	40	-	140	50	10	-	30	960	0.10
394158	6510751	99.73	99.85	260	30	-	200	80	10	-	30	930	0.12
394683	6510969	99.75	99.84	230	30	-	230	40	10	-	30	1,070	0.08
395263	6511084	99.68	99.84	180	30	-	250	20	10	-	30	1,130	0.16
395701	6511088	99.78	99.92	170	30	-	70	20	10	-	30	450	0.14
395606	6510766	99.78	99.92	170	20	-	100	20	10	-	30	450	0.14

Figure 6. SGS Laboratory assay results from hand auger samples

The major impurities identified by the assay results are TiO₂, Al₂O₃ and Fe₂O₃, with TiO₂ being the most significant. Given Ventnor's experience with testwork completed at its Arrowsmith Silica Sand Project, it is expected that a significant amount of these impurities will be able to be removed using conventional sand processing techniques such as gravity separation by spirals, attritioning, sizing and magnetic separation.

It is believed that, if the in-situ resource reflects the shallow auger samples, then a product grade higher than 99.9% SiO₂ + LOI_{1000C} is achievable.

A JORC 2012 Table 1 Report is set out in Schedule 1.

The Company has conducted field visits to determine the potential extent of the prospect. Initial due diligence has comprised the undertaking of deeper sampling of the site pursuant to a granted programme of work (POW), limited to existing tracks, through 46 air core (AC) drill holes at a combined 522 metres and a further 44 hand auger holes for near surface samples.

In situ bulk density analysis has also been undertaken by densitometer.

Testing of those samples is currently being undertaken.

In addition, a bulk sample of 250kg has been dispatched to a specialist laboratory to finalise the recoveries of silica sand products and potential values.

Muchea Project Transaction Details

The Company has entered into an agreement with Australian Silica Pty Ltd, an unrelated Australian proprietary company (**AS**) pursuant to which it has taken an option to purchase the Tenement (**Option**).

Wisecat Pty Ltd (**Wisecat**), a recently incorporated unrelated Australian proprietary company, has taken an assignment of the Option to allow for payment of the option fee of \$250,000 to AS prior to the Company obtaining shareholder approval as required by ASX. The sole shareholder of Wisecat is Goldfire Enterprises Pty Ltd, a company controlled by Mr Robert Martin. The Company has agreed to purchase all of the issued shares in Wisecat, subject to shareholder and regulatory approvals and ASX conditional approval for the re-listing of the Company on ASX, for \$250,000, payable in fully paid ordinary shares in the Company (**Ventnor Shares**) at an issue price equal to 50% of the proposed price under the Company's proposed re-compliance capital raising (see further information below). Wisecat has no material assets other than the Option.

The terms of the Option and Tenement purchase are as follows:

- (a) **Option Term** – The Option term is 2 years, expiring 31 January 2020, however this period will be automatically extended for further periods of six months each for material delays in the Company obtaining relevant approvals for the Tenement. During the Option term, the Company will be entitled to: (i) exclusive possession of the Tenement, keeping the Tenement in good standing at all times; and (ii) carry on such prospecting, exploration or mining activities on the Tenement as the Company thinks fit with a view to determining a JORC compliant resource of silica or other high grade sand.
- (b) **Option Exercise** – If the Option is exercised, completion of the sale and purchase of the Option must take place within 30 days of the date of exercise.
- (c) **Initial consideration** – The Company must pay an initial consideration of 10,000,000 Ventnor Shares within 30 days of Option exercise, to be issued directly to AS shareholders registered in that capacity as at the date of Option exercise in proportion to their respective holdings. Such Ventnor Shares will be escrowed for 12 months from their date of issue.
- (d) **Deferred Consideration** – Deferred consideration is not payable until the Company has undertaken a feasibility study in respect of the project and has made a decision to mine, or earlier at the Company's election. The Company has up to 5 years from the date of grant of the Option (**DTM Period**) to pay the deferred consideration. The DTM Period will be automatically extended for further periods of six months each for material delays in the Company obtaining relevant approvals for the Tenement. The amount of the deferred consideration is \$50 million, payable at the Company's discretion in the form of a minimum of \$5 million in cash, and the balance in cash or Ventnor Shares (again, at the Company's discretion) at an issue price being the lower of: (i) the 30 day VWAP on the date of payment; and (ii) 20 cents.

- (e) **Royalty** – In addition to the above, the Company will pay to AS an ongoing net production royalty of 1%.
- (f) **Board Appointments** – The proposal does not include any appointment rights for AS to the Ventnor board of directors or management team. No changes in that regard are currently anticipated or planned by the Company.
- (g) **Relinquishment of Project** – If the Company does not pay the deferred consideration within the DTM Period, the Company will be obliged to sell and re-transfer the Tenement to AS or its nominee free of encumbrances for a consideration of \$1.00. The Company must not sell or transfer the Tenement during the DTM Period.

A corporate structure chart, post-completion of the acquisition of Wisecat, is set out in Schedule 2.

Overview of the Silica Sand Market

Quartz is the most common silica crystal and the second most common mineral on the Earth's surface. It is found in almost every type of rock: igneous, metamorphic, and sedimentary. While quartz deposits are abundant, and quartz is present in some form in nearly all mining operations, high purity and commercially viable deposits occur less frequently. Silica sand deposits are most commonly surface-mined in open pit operations, but dredging and underground mining methods are also employed.

Silica sand has supported human progress throughout history, being a key raw material in the industrial development of the World, especially in the glass, metal casting, and ceramics industries. Silica contributes to today's information technology revolution, being used in computer components, providing raw materials for silicon chips and as quartz for PV panels.

Globally, silica sand is a strong growth mineral due to the demand by the construction sector, wherein its use in the manufacture of flat glass for windows is constant. Greater growth is being felt in the Asian market, particularly China where there is a massive glass manufacturing expansion. There is also increased demand for specialised plate glass required in double glazing created by Asian/Pacific governments in efforts to reduce energy demands. Developing Asian markets have increasing demand for glass in their developing automobile industry.

Uses for silica sand include:

- **Glassmaking:** Silica sand is the primary component of all types of standard and specialty glass. It provides the essential SiO₂ component of glass formulation; its chemical purity is the primary determinant of colour, clarity and strength in glass. Industrial sand is used to produce flat glass for building and automotive use, container glass for foods and beverages, and tableware.
- **Metal Casting:** Industrial sand is an essential part of both the ferrous and non-ferrous foundry industries. Metal parts ranging from engine blocks to sink faucets are cast in a sand-and-clay mould to produce their external shape, using a resin-bonded core to create the desired internal shape. Silica's high fusion point (1760°C) and low rate of thermal expansion produce stable cores and moulds compatible with all pouring temperatures.
- **Metallurgical Uses:** In metal production, silica sand operates as a flux to lower the melting point and viscosity of slag to make it more reactive and efficient. Lump silica is used either alone or in conjunction with lime to achieve the desired base/acid ratio required for final purification of metals.
- **Chemical Production:** Silicon-based chemicals are found in thousands of everyday applications ranging from food processing to soap and dye production. These chemicals are used in products such as household and industrial cleaners, in the manufacture of fibre optics, and to remove impurities from cooking oil and brewed beverages.

- **Paint and Coatings:** Paint formulators select micron-sized industrial sands to improve the appearance and durability of architectural and industrial paints and coatings. High purity silica produces critical performance properties such as brightness reflectance and colour consistency.
- **Ceramics:** Ground silica is an essential component of the glaze and body formulations of all types of ceramic products, including tableware, sanitary ware and floor and wall tile. In the ceramic body, silica is the skeletal structure onto which clays and flux components attach. Silica products are also used as the primary aggregate to provide high-temperature resistance to acidic attack in industrial furnaces.
- **Filtration and Water Production:** Industrial sand is used to filter water to become drinkable. Uniform grain shapes and grain size distributions produce efficient filtration bed operations for the removal of contaminants from wastewater to provide potable water. As silica is chemically inert, it will not degrade or react when it comes in contact with acids, contaminants, volatile organics, or solvents.
- **Oil and Gas Recovery:** Known commonly as proppant, or “frac sand”, industrial sand is pumped down holes in deep well applications to prop open rock fissures to increase the flow rate of natural gas or oil. In this specialised application, round whole-grain sand is used to maximise permeability and to prevent formation cuttings from entering the well bore.

Additionally, construction sand is the primary structural component in a wide variety of building and construction products. Whole-grain silica is used in flooring compounds, mortars, specialty cements, stucco, roofing shingles, skid-resistant surfaces, and asphalt mixtures to provide packing density and flexural strength without adversely affecting the chemical properties of the binding system. Ground silica performs as a functional extender to add durability, anti-corrosion and weathering properties in epoxy-based compounds, sealants and caulks.

Supply issues are well publicised. Asian regional governments are recognising and acknowledging that sand is a strategic resource, and are limiting exports. Prior mining activities, such as river dredging, have caused significant environmental damage. Coastal developments are increasing, reducing access to resources, and social pressure is mounting against often illegal sand mining operations.

Rationalisation of major producers of silica sand has resulted in a relatively small number of sand-producing corporations.

Key Asian markets for silica sand include:

- **Singapore:** Singapore building construction uses one million tonnes of concrete a month, which includes 300,000 tonnes of construction sand. Current sources are Malaysia, Cambodia, Myanmar and occasionally Philippines. Other regional sources have placed restrictions on or have totally banned exports of their local sand. Sources are generally dredged from rivers with consequential unacceptable environmental impacts. The Singapore Building and Construction Authority (BCA) has placed a requirement that 5% of construction sand be imported from “non-traditional” sources which includes Australia. Singapore is concerned that current sources may become unreliable or intermittent and is actively encouraging a greater spread of sources. Singapore could be a significant market for Australian suppliers.
- **India:** The building expansion program underway has put incredible pressure on sand suppliers for concrete, so much so that illegal dredging of rivers has resulted in recent public scrutiny of the environmental long-term impacts. This is also potentially a significant market for construction sand.
- **Vietnam:** Vietnam has gone from an exporter of industrial sand, to an importer, with increased use in concrete with a significant building boom underway.

The Company has engaged Stratum Resources, a Sydney-based consultancy specialising in minerals management service and mineral economics in Asia and Australasia. Stratum has estimated that the market for silica sand in the Asia/Pacific region is forecast to grow to 138 million tonnes per annum by the end of 2018, an increase of approximately 6% on 2017 demand.

Company Strategy

The Company has been investigating markets in the Asia-Pacific region for the supply of high quality silica sand used for glass manufacturing, concrete construction and as a tech metal, underpinned by increasing demand and diminishing supply, and intends to take advantage of this environment with both the Muchea Silica Sand Project and the Company's existing and complementary Arrowsmith Silica Sand Project (announced to ASX on 12 October 2017).

Early indications, based on the Company's due diligence investigations and the results of testwork to-date, are that both projects are highly prospective, and the Muchea Silica Sand Project is extensive and high grade, with the potential to be one of the largest high grade silica sand deposits in the World.

The Company's objectives are to progress both projects by conducting further exploration and test work, conduct substantive environmental reviews and seek approvals, and to conduct scoping studies to assess the economic viability of developing, in each case, a medium scale mining and processing operation adjacent to each project and utilising existing rail and port facilities to export high quality silica sand to Asian markets.

Results of testwork on the Arrowsmith project and plans for further work on the prospect were announced to ASX on 30 January 2018.

On the Muchea project, the Company will in the near term assay the additional hand auger and AC samples for QA/QC analysis to confirm the appropriate analytical techniques for determination of SiO₂ content in the deposit and final products. The Company will also acquire high resolution data to determine the topographic surface at the deposit to an accuracy of ±0.1 metres to enable accurate auger and AC drill hole collar coordinates.

In addition, the Company will look to maintain its existing projects either through direct exploration, joint venture, farm in and/or partial sale, and continue to review other exploration projects (not necessarily only prospective for silica sands) that have the potential to have economic resources in the project area. If the Muchea project proves to be uneconomic or for any other reason the Company either does not exercise the Option or, if exercised, does not pay the deferred consideration, the Company will continue to be an exploration company focussed on its Arrowsmith project and the discovery and development of economic mineral deposits (as it has been since listing on ASX in 2011) and will continue exploration activities on its existing tenements and assess other projects in the normal course.

Key Risks and Dependencies

The key risks to the success of the Company and its plans can be summarised as follows:

(a) Completion risk

Completion of the acquisition of the shares in Wisecat is conditional on the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules. If the acquisition does not proceed, the Company will not acquire the Option and, therefore, will have no rights to the Muchea Silica Sands Project.

(b) Re-quotations of shares on ASX

ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Company will issue a notice of general meeting requiring shareholder approval for the Company to acquire the shares in Wisecat and the Option, and a capital raising under a prospectus to assist the Company to re-comply with these requirements.

The Company's shares are currently suspended from trading on ASX and it is anticipated that the shares will remain suspended until completion of the capital raising, 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.

(c) Exercise of Option and Payment of Deferred Consideration

The Option is currently held by Wisecat and the Company will have control of the Option upon acquiring all of the issued shares in Wisecat.

The terms of the Option allow the Company to make a decision as to exercising the Option at any time up to 2 years after grant date (ie 31 January 2020), subject to 6-monthly extensions for material delays in the Company obtaining relevant approvals for the Tenement.

There are many factors that will determine whether or not the Company exercises the Option and there is no guarantee that the Company will exercise the Option. If the Company does not exercise the Option within the Option term (as may be extended), then the Option will lapse and the Company will have no rights to the Muchea Silica Sands Project.

If the Company does exercise the Option and reaches a decision to mine (at any time up to 5 years after grant date – 31 January 2023 – subject to 6-monthly extensions for material delays in the Company obtaining relevant approvals for the Tenement) the Company must pay deferred consideration for the purchase of the Tenement of \$50 million, of which a minimum of \$5 million is payable in cash and the remaining \$45 million payable in either cash or fully paid ordinary shares in the Company (at the Company's discretion). Payment of the cash component of the deferred consideration will be dependent on the Company's cash reserves at the time and/or its ability to raise funds which, if in the form of equity capital, will be dilutive to existing shareholders. Further, any payment in shares may be dependent on shareholder approval and there is no guarantee the shareholders will approve the issue of shares. If the Company is unable to pay the deferred consideration, it must sell and re-transfer the Tenement to AS for \$1 and will have no further rights to the Muchea Silica Sands Project.

If these circumstances, the Company will continue to be an exploration company focussed on its Arrowsmith project and the discovery and development of economic mineral deposits through exploration activities on its existing tenements and the assessment of other projects in the normal course.

(d) Title risk

Mining tenements are governed by the respective State legislation and each tenement is held for a specific term and carries with it annual expenditure and reporting commitments as well as other conditions requiring compliance. The grant or maintenance of licences and obtaining renewals often depends on the Company being successful in obtaining the required regulatory approvals for its proposed activities. There is a risk that the Company could lose title to one or more of its tenements if tenement conditions or annual expenditure commitments are not met.

(e) Granting of licences, permits etc

The Company's Arrowsmith project currently comprises applications for exploration licences. The granting of the exploration licences requires the approval of the Department of Mines, Industry Regulation and Safety. Whilst the Company sees no impediment to the granting of exploration licences, there can be no guarantee that the licences will be granted.

In addition, the Company will require numerous governmental, environmental, mining permits, water rights and approvals authorising operations for mining and processing facilities. A decision by a governmental agency or other third party to deny or delay issuing a new or renewed permit or approval, or to revoke or substantially modify an existing permit or approval, could have a material adverse effect on the ability to continue operations. Furthermore, state and local governments could impose a moratorium on mining operations in certain areas. Expansion of operations is also predicated on securing the necessary environmental or other permits, water rights or approvals, which may not be received in a timely manner or at all.

(f) Exploration and Development Risks

Mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards. In addition to the normal competition for prospective ground, and the high average costs of discovery of an economic deposit, factors such as demand for commodities, stock market fluctuations affecting access to new capital, sovereign risk, environmental issues, labour disruption, project financing difficulties, foreign currency fluctuations and technical problems all affect the ability of a company to profit from any discovery.

There is no assurance that exploration of the mineral interests currently held by the Company, or any other projects that may be acquired in the future will result in the discovery of an economically viable mineral deposit. Even if an apparently viable mineral deposit is identified, there is no guarantee that it can be profitably exploited.

(g) Resource and Reserve Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that are valid when made may change significantly when new information becomes available through drilling, sampling and similar examinations.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could adversely affect the Company's operations.

Reserve and resource estimates are expressions of judgment based on drilling results and other exploration observations, along with a competent person's experience working with relevant mining properties, and other factors. Estimates based on available data and interpretations and thus estimations may prove to be inaccurate or may change substantially when new information becomes available.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resources.

Reserves are value based financial and operational forecasts and, consequently, the actual reserves and resources may differ from those estimated either positively or negatively.

(h) Operational Risks

The operations of the Company may be affected by various factors including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

(i) Environmental Risks

The operations and proposed activities of the Company are subject to regulations concerning the environment. The government and other authorities that administer and enforce environmental laws determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if mine development proceeds. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potentially economically viable mineral deposits.

Further, the Company will require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities.

Environmental matters applicable to both the Arrowsmith and Muchea projects are within the remit of Commonwealth and State authorities, including legislation in the form of the *Environment Protection and Biodiversity Conservation Act 1999 (Cth)* (**EPBC Act**) and the *Environmental Protection Act 1986 (WA)*. The Company will need to seek pre-approval on environmental matters for any mining operations and the Environmental Protection Authority will, among other things, assess the impact of proposed activities on matters of national environmental significance under the EPBC Act as part of an accredited assessment.

In addition, future legislation and regulations governing mineral exploration and production may impose significant environmental obligations on the Company. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

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

(j) Metallurgy

Mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- identifying a metallurgical process through test work to produce a saleable product;
- developing an economic process route to produce a product; and
- changes in mineralogy in the deposit can result in inconsistent recovery, affecting the economic viability of a project.

(k) Changes to glassmaking industry in Asia

Prices for silica sand will be subject to glass demand in Asia. A reduction in flat glass and/or container glass production would generally depress the demand, development, production, and mining activity for silica sand the Company may produce. Such a decline would have a material adverse effect on the Company's business, results of operations and financial conditions generally.

The development and use of new technology for effective alternatives for glass, or the development of new processes to replace silica sand, could also cause a decline in demand for the products produced and could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

(l) Changes to demand for silica sand generally

Demand for silica sand products can be affected generally by advances in industry and the development and use of new technology or new processes that reduce or eliminate the need for silica sand products, including as a material for metal casting, metallurgical processes, chemical production, paint and coatings, ceramics, filtration and water production and proppant.

Such events could cause a decline in demand for the products produced and could have a material adverse effect on the Company's business, results of operations and financial conditions generally.

(m) Fluctuations in market pricing

Supply agreements involving the sale of silica sand products have market-based pricing mechanisms. Accordingly, in periods with decreasing prices, results of operations may be lower than if agreements had fixed prices. In periods with increasing prices, some agreements may permit an increase in prices; however, some customers may elect to cease purchasing products if they do not agree with price increases or are able to find alternative, cheaper sources of supply. Furthermore, certain volume-based supply agreements may influence the ability to fully capture current market pricings. These pricing provisions may result in significant variability in results of operations and cash flows from period to period.

(n) A significant reduction in purchases by major buyers

Major customers may not continue to purchase the same levels of products in the future due to a variety of reasons. The Company is likely sell products to customers on a purchase order basis and pursuant to supply agreements that will contain customary termination provisions for bankruptcy related events and uncured breaches of the applicable agreement. If any of these major customers substantially reduces or altogether ceases purchasing products and the Company is not able to generate replacement sales into the market, the business, financial condition, and results of operations could be adversely affected for a short-term period until such time as the Company can generate replacement sales in the market.

(o) Credit risk of major international export customers

The Company is subject to the risk of loss resulting from non-payment or non-performance by customers, many of whose operations are concentrated solely in the Asian market which is subject to volatility and therefore credit risk. Credit procedures and policies may not be adequate to fully reduce customer credit risk. If the Company fails to adequately assess the creditworthiness of customers or unanticipated deterioration in their creditworthiness, any resulting increase in non-payment or non-performance by them and the inability to re-market or otherwise use the production could have a material adverse effect on the Company's business, financial condition, and results of operations.

(p) Increasing logistics costs for rail, port and shipping

Transportation and handling costs are a significant component of the total delivered cost of products. In many instances, transportation costs can represent 50% to 60% of the delivered cost of silica sand. The high relative cost of transportation could favour suppliers located in close proximity to the customer. The Company will contract with rail, wharf and ship services to move products from the production facilities to customers. Labour disputes, derailments, adverse weather conditions or other environmental events and other changes to rail freight systems could interrupt or limit available transportation services or result in a significant increase in transportation service rates. Increased costs resulting from these types of events that we are not able to pass on to customers could impair the ability to deliver the products economically to customers or to expand the markets.

(q) Maintaining effective quality control at the mining and processing operation

The performance and quality of the products are critical to the success of the business. These factors depend significantly on the effectiveness of the quality control systems, the quality-training program, and the ability to ensure that employees adhere to the quality control policies and guidelines. Any significant failure or deterioration of the quality control systems could have a material adverse effect on the Company's business, financial condition, results of operations, and reputation.

(r) Interruptions or failures in information technology systems

The Company's operations will rely on sophisticated information technology systems and infrastructure to support the business, including process control technology. Any of these systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, usage errors by employees, computer viruses, cyber-attacks or other security breaches, or similar events. The failure of any of the information technology systems may cause disruptions in operations, which could adversely affect product supply, sales and profitability.

(s) Extreme seasonal weather conditions

Unexpected weather conditions may result in having insufficient stockpiles to supply feedstock for rail and ship operations and result in being unable to satisfy customer requirements during these periods. As a result of potential seasonal supply impacts, cash flows from operations can fluctuate if plant operations must remain shut down due to extreme weather conditions.

(t) Changes in laws and regulations related to mining and processing

Mining operations are subject to a variety of federal, state and local regulatory legislative requirements affecting the mining and mineral processing industry, including among others, those relating to employee health and safety, environmental permitting and licensing, air and water emissions, greenhouse gas emissions, water pollution, waste management, remediation of soil and groundwater contamination, land use, reclamation and restoration of properties, hazardous materials, and natural resources. Some environmental laws impose substantial penalties for non-

compliance, and liability for the remediation of releases of hazardous substances. Liability under federal and state laws, may be imposed as a result of conduct that was lawful at the time it occurred or for the conduct of, or conditions caused by, prior operators or other third parties. Failure to properly handle, transport, store or dispose of hazardous materials or otherwise conduct operations in compliance with environmental laws could expose us to liability for governmental penalties, cleanup costs and civil or criminal liability associated with releases of such materials into the environment, damages to property or natural resources and other damages, as well as potentially impair the ability to conduct operations. In addition, future environmental laws and regulations could restrict the ability to expand the facilities or extract mineral reserves or could require the Company to acquire costly equipment or to incur other significant expenses in connection with business. Future events, including changes in any environmental requirements (or their interpretation or enforcement) and the costs associated with complying with such requirements, could have a material adverse effect on the Company.

(u) Facility shutdowns due to environmental regulatory actions

Any failure by the Company to comply with applicable environmental laws and regulations may cause governmental authorities to take actions that could adversely impact operations and financial condition, including issuance of administrative, civil, and criminal penalties denial, modification, or revocation of permits or other authorisations, imposition of injunctive obligations or other limitations on operations, including cessation of operations; and requirements to perform site investigatory, remedial, or other corrective actions.

(v) Commodity Price Volatility and Foreign Exchange Risk

In the event that the Company achieves exploration success leading to production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include a reduction in demand for silica sand or any products sold by the Company, forward selling by producers, and production cost levels in major metal-producing regions.

Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and global and regional demand for, and supply of, the commodity as well as general global economic conditions. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

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

(w) Native title

The Native Title Act recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with Native Title in Australia and this may impact on the Company's operations and future plans.

Native Title can be extinguished by valid grants of land (such as freehold title) or waters to people other than the Native Title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost its connection with the relevant land or waters. Native Title is not necessarily extinguished by the grant of

mining leases, although a valid mining lease prevails over Native Title to the extent of any inconsistency for the duration of the title.

Tenements granted before 1 January 1994 are valid or validated by the Native Title Act. For tenements to be validly granted (or renewed) after 1 January 1994, the future act regime established by the Native Title Act must be complied with. The existence of a Native Title claim is not an indication that Native Title in fact exists on the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

(x) Future Capital Needs and Additional Funding

The Company's growth through its proposed and future drilling and exploration campaigns may require substantial expenditure. There can be no guarantees that the Company's cash reserves together with the funds raised by the Capital Raising will be sufficient to successfully achieve all the objectives of the Company's overall business strategy.

In addition, if the Company exercises the Option, it will be required to pay stamp duty on the entire consideration, including the deferred consideration even though the deferred consideration may not actually become payable for several years. The stamp duty liability is currently estimated at approximately \$2.6 million. There is a risk that, even if the Company wishes to exercise the Option, it will not have adequate funding in place to satisfy the stamp duty liability.

If the Company is unable to use debt or equity to fund expansion or stamp duty liability after the substantial exhaustion of the net proceeds of the capital raising and existing working capital, there can be no assurance that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or if at all.

Any additional equity financing may be dilutive to the Company's existing shareholders and any debt financing, if available, may involve restrictive covenants, which limit the Company's operations and business strategy, and may restrict the ability to finance future operations or capital needs or to engage in, expand, or pursue the business activities. The ability to obtain financing or to access the capital markets for future equity or debt offerings may be limited by the financial conditions at the time of any such financing or offering, the covenants contained in credit facilities, term loans or future debt agreements, adverse market conditions or other contingencies and uncertainties that are beyond our control. Failure to obtain the funds necessary to maintain, develop, and increase the asset base, could adversely impact the Company's growth and profitability. Even if the Company is able to obtain financing or access the capital markets, incurring debt will incur interest expense and increase financial leverage, and the level of indebtedness could restrict the ability to fund future development and acquisition activities.

(y) Economic Risk

Changes in the general economic climate in which the Company will operate may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption and the rate of growth of gross domestic product in Australia and other jurisdictions in which the Company may acquire mineral assets.

(z) Insurance Risks

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be

of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance of all risks associated with mineral exploration and production is not always available and, where available, the costs can be prohibitive.

(aa) No Profit To-Date

The Company has incurred losses since its inception and it is therefore not possible to evaluate its prospects based on past performance. As the Company intends to continue investing in exploration and development program, the Company anticipates making further losses in the foreseeable future.

While the Company has confidence in the future revenue-earning potential of the Company, there can be no certainty that the Company will achieve or sustain profitability or achieve or sustain positive cash flow from its operating activities.

(bb) Key Personnel

The ability of the Company to achieve its objectives depends on the retention of key employees and contractors who provide technical expertise. If the Company cannot secure technical expertise (for example to carry out drilling) or if the services of the present technical experts cease to become available to the Company, this may affect the Company's ability to achieve its objectives either fully or within the timeframes and the budget the Company has decided upon.

Whilst the ability of the Company to achieve its objectives may be affected by the matters mentioned above, the Company believes that appropriately skilled and experienced professionals would be available to provide services to the Company at market levels of remuneration in the event key external contractors cease to be available.

(cc) Shortage of labour or labour disputes

Efficient mining using modern techniques and equipment requires skilled operators, preferably with several years of experience and proficiency in multiple mining tasks, including processing of mined minerals. If the shortage of experienced labour is encountered or subject to labour disputes or if we are unable to train the necessary number of skilled operators, there could be an adverse impact on productivity and costs and the ability to maintain production. An inability to maintain good relations with the workforce could cause a material adverse effect on the operations and financial position.

(dd) Changes in Government Policies and Legislation

Any material adverse changes in government policies or legislation of Australia or any other country that the Company may acquire economic interests may affect the viability and profitability of the Company.

(ee) Global credit and investment markets

Global credit, commodity and investment markets can experience a high degree of uncertainty and volatility. The factors which lead to this situation are outside the control of the Company and may result in volatility and uncertainty in world stock markets (including ASX). This may impact the price at which the Company's shares trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

The key dependencies influencing the viability of the Company and its plans are:

- the Company's capacity to re-comply with Chapters 1 and 2 of the ASX Listing Rules to enable re-admission to quotation of the Company's securities on ASX;
- current applications by the Company for exploration licences over the Arrowsmith project being granted;
- successful completion of the acquisition of all of the issued shares in Wisecat; and
- the Company raising sufficient funds to carry out effective exploration activities on both the Arrowsmith and Muchea projects to be funded from available cash following the proposed capital raising (see below).

If the Company's shareholders do not approve the acquisition of Wisecat and taking the Option., the Company will apply to ASX to remain listed on the basis of its continuing operations.

Capital Raising

To assist the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules and to support its exploration strategy post relisting, the Company plans, subject to shareholder approval, to conduct a capital raising under a full form prospectus (**Capital Raising**).

The Company is proposing to issue 30 million new fully paid ordinary shares under the Capital Raising at an issue price of \$0.06 per share to raise \$1.8 million. The last trading price of the Ventnor Shares was \$0.067 on 30 January 2018. The details for the Capital Raising remain indicative only and are subject to change.

The funds raised under the Capital Raising will be used to fund the Company's proposed work on the Arrowsmith and Muchea projects as referred to above, and to provide general working capital. See the indicative use of funds table below for further details.

The table indicates following completion of the Capital Raising and upon re-listing on ASX, the Company will have approximately \$2.7 million in cash (net of costs). Based on an issue price of \$0.06 per share and a total of 289,653,201 shares on issue, the Company's market capitalisation on re-listing will be approximately \$17.38 million.

The Capital Raising is not proposed to be underwritten and at this stage no lead manager has been appointed.

Control issues

The Option grant, acquisition of Wisecat and the Capital Raising will not have any impact on control of the Company.

If the Option is exercised and the Tenement purchased, the Company must pay an initial consideration of 10 million Ventnor Shares. This will not have any impact on control of the Company.

If, after the Tenement is purchased, the Company has undertaken a feasibility study in respect of the project and has made a decision to mine (or otherwise decides to proceed) the Company must pay deferred consideration of \$50 million, in cash and/or Ventnor Shares at the Company's election with a minimum of \$5 million payable in cash (see above). The Option provides for a period of 5 years (or more in the event of material delays) from the date of grant of the Option before the deferred consideration is payable. It is not possible to determine at this stage what impact this will have on control of the Company, as it is dependent upon the number of Ventnor Shares issued (if any) and their price of issue. In any event, any issue of Ventnor Shares that gives a person control of, or voting power of, 20% or more of all of the issued Ventnor Shares will require shareholder approval prior to the issue.

Indicative capital structure

The indicative share capital structure of the Company post-relisting, based on the current securities on issue and including the proposed Capital Raising, acquisition of Wisecat and the initial consideration payable on exercise of the Option, will be as follows:

	Shares	Options
Currently on Issue	251,319,868	21,250,000 ¹
Capital Raising ²	30,000,000	-
Facilitation Options ³	-	5,000,000
Acquisition of Wisecat/Grant of Option ⁴	8,333,333	
Payment of Initial Consideration ⁵	10,000,000	-
Total	299,653,201	26,250,000

Notes:

- Existing options comprise: 1m exercisable at 2.8 cents (Oct-2019), 5m exercisable at 2.8 cents (Nov-2019), and 15.25m exercisable at 7.2 cents (Nov-2020),
- The Company is proposing a capital raising to raise \$1.8 million through the issue of 30 million Ventnor Shares at A\$0.06 each. This remains indicative only and is subject to change.
- Options exercisable at 10 cents (Jun-2021) issued to Goldfire Enterprises Pty Ltd for facilitating the transaction structure for the option over the Muchea project.
- Acquisition cost of \$250,000, payable in Ventnor Shares at an issue price of 50% of the Capital Raising price.
- Payable on exercise of the Option, up to 2 years from the date of grant (subject to automatic 6 month extensions in the event of material delays). There is no guarantee that the Company will exercise the Option.

The Company must also pay deferred consideration of \$50 million, in cash and/or Ventnor Shares at the Company's election with a minimum of \$5 million payable in cash. The deferred consideration is payable on a decision to mine being made by the Company, which can be up to 5 years from the date of grant (ie up to 31 January 2023), subject to automatic 6 month extensions in the event of material delays. The issue price is set as the lower of: (i) the 30 day VWAP on the date of payment; and (ii) 20 cents. The table below sets out the additional impact on capital structure assuming payment of \$45 million in Ventnor Shares (which is the maximum) and issue prices of, first, 6 cents per share (being the proposed price of the Capital Raising) in scenario 1 and 20 cents per shares (being the maximum issue price) in scenario 2:

	Scenario 1 Shares (6c issue price)	Scenario 1 Shares (20c issue price)	Scenarios 1 & 2 Options
On issue after exercise of the Option ¹	299,653,201	299,653,201	26,250,000 ¹
Payment of Deferred Consideration	750,000,000	225,000,000	-
Total	1,049,653,201	524,653,201	26,250,000

Notes:

- Assumes no further shares and/or options are issued in the intervening period.

There is no guarantee that the Company will, firstly, exercise the Option or, secondly, proceed with a decision to mine (which in itself is dependent upon a feasibility study and approvals). In addition, the Company has ultimate discretion on the number of shares to issue and, in any event, any significant issue of shares at that time, either or both because of limits on the Company's capacity to issue securities at that time under ASX Listing Rules 7.1 and 7.1A, and/or the application of section 606 of the Corporations Act 2001 (20% limit on relevant interests), will require prior approval of the Company's shareholders at that time.

Indicative use of funds

The below table sets out the indicative use of funds to be raised under the proposed capital raising during the 12 month period from re-listing:

	Subtotal (A\$'000)	Total (A\$'000)
SOURCE OF FUNDS		
Available cash as at 31 Dec 2017		1,189
Gross proceeds from capital raising*		1,800
Total		2,989
USE OF FUNDS		
Arrowsmith		
- Exploration (drilling, assays, consultants)	540	
- Testwork	40	
- Environmental studies	597	
- Rents and rates	16	
- Scoping study	80	1,273
Muchea		
- Exploration (drilling, assays, consultants)	145	
- Testwork	30	
- Environmental studies	400	
- Rents and rates	3	
- Scoping study	50	628
Biranup		
- Exploration (drilling, assays, consultants)	50	
- Rents and rates	11	61
Warrawanda		
- Exploration (drilling, assays, consultants)	11	
- Rents and rates	9	20
Costs of the offer		300
Corporate and administration		250
Working capital		457
Total		2,989

*The Company is currently proposing a capital raising to raise \$1.8 million through the issue of 30 million Ventnor Shares at A\$0.06 each.

The Company's expenditure plans are the best estimates available to the Company at this time. It is important to recognise that, though certain budget allocations are committed expenditures, work programs are subject to change in line with emerging results, circumstances and opportunities. In addition, the above is subject to change as part of finalising the prospectus for the Capital Raising.

Financial effect of the transaction

The Company's pro forma balance sheet as at 31 December 2017, based on audit reviewed 31 December 2017 accounts for the Company is set out in Schedule 3.

The principal effects of the acquisition of Wisecat and the proposed Capital Raising on the Company's consolidated statement of financial position will be:

- current assets will increase by approximately \$1.8 million, comprised of the net proceeds of the proposed capital raising;
- non-current assets will increase by approximately \$250,000, comprised of the price paid for the shares in Wisecat; and
- total equity interests will increase by a corresponding amount.

The pro forma balance sheet in Schedule 3 also sets out the impact of exercise of the Option, being the payment of the initial consideration of 10 million Ventnor Shares (payable on exercise any time up to 31 January 2020, subject to six-monthly extensions for material delays in tenement approvals) and payment of the deferred consideration of \$50 million (payable only if the Company elects to proceed to mine at any time up to 31 January 2023, or later if there are material delays in tenement approvals). There is no guarantee that the Company will exercise the Option or elect to proceed to mine.

The principal effects on the Company's consolidated statement of financial performance for the financial year ended 30 June 2018 will be:

- the Company does not expect to generate revenues from operations or asset sales during the relevant period – revenues may be increased by a small amount as a result of interest earned on the Company's cash balances;
- expenditure will be increased by approximately \$150,000, comprised principally of expenses related to the Company's exploration expenditure on the Arrowsmith and Muchea projects (\$130,000) and increased corporate and administration costs (\$20,000); and
- net profit (loss) is expected to be in line with the increased expenditure outlined above, with a small increase in revenue as a result of interest earned on the Company's cash balances.

Securities issued by the Company in the previous 6 months

In December 2017, the Company undertook a 1 for 8 non renounceable rights issue of fully paid ordinary shares to eligible shareholders to raise \$977,350 (before costs) at 3.5 cents per share (**Rights Offer**). The offer included a top-up facility under which eligible shareholders could apply for additional shares. The Rights Offer was not underwritten. The Company accepted applications under the Rights Offer from eligible shareholders for their entitlements and pursuant to the top-up facility in respect of 20,696,623 new shares, totalling \$724,382 in funds. The shortfall of 7,227,656 shares was subsequently placed pursuant to the shortfall facility under the Rights Offer and a further \$252,968 was raised. The Funds were raised under the Rights Offer for the Company to conduct further prospect reviews, market evaluations, exploration programs, testwork and feasibility studies on the Company's existing and future projects (including evaluating the Arrowsmith Silica Sands Project), costs of the issue, and for general working capital and administration purposes.

In addition, in December 2017 and January 2018, the Company issued a total of 15,250,000 options to subscribe for Ventnor Shares exercisable at 7.2 cents each on or before 30 November 2020, to directors of the Company and eligible employees and contractors pursuant to shareholder approvals obtained at the Company's Annual General Meeting held on 30 November 2017. No funds were raised from the options issues.

Timetable

An indicative timetable for the proposal and associated events is set out below. This timetable is indicative only and may be subject to change.

Event	Date (week commencing)
Dispatch Notice of Meeting to Shareholders	16 April 2018
Lodge prospectus for Capital Raising and opening date of offer	7 May 2018
Shareholder meeting to approve the Transaction	21 May 2018
Closing date of Capital Raising	28 May 2018
Complete acquisition of Wisecat (and Option)	11 June 2018
Re-instatement to trading on ASX	18 June 2018

The Option expires on 31 January 2020 (subject to automatic 6 month extensions in the event of material delays) and the initial consideration for purchase of the Tenement, if the Option is exercised, is payable within 30 days of exercise. The deferred consideration for the purchase of the Tenement, if the Option is exercised, is payable on a decision to mine being made by the Company, which must be notified to AS by 31 January 2023 (again subject to automatic 6 month extensions in the event of material delays). There is no guarantee that the Company will, firstly, exercise the Option or, secondly, proceed with a decision to mine (which in itself is dependent upon a feasibility study and approvals).

Re-compliance with ASX Listing Rules Chapters 1 and 2 and Shareholder Approvals

As noted above, ASX has determined that the grant of the Option (over the Muchea project) and an acquisition of Wisecat constitutes a change in the nature and/or scale of the Company's activities and that ASX Listing Rules 11.1.2 and 11.1.3 apply. Consequently, the Company will be required to seek shareholder approval for the transaction and re-comply with Chapters 1 and 2 of the ASX Listing Rules for re-listing. This does not mean the Company is required to exercise the Option or at this time has made any decision regarding the exercise of the Option.

The Company will remain suspended until it has re-complied with Chapters 1 and 2 or earlier upon ASX determination.

A notice of general meeting seeking shareholder approval for the resolutions required to give effect to the terms of the transaction and re-compliance will be sent to shareholders in due course. Those approvals will include:

- the change in the nature and scale of the Company's activities, which will note that the Company has made no decision in respect of exercising the Option;
- the acquisition of Wisecat and the issue of shares in consideration for the acquisition;
- the issue of facilitation options in connection with the Wisecat acquisition; and
- the issue of shares in connection with the Capital Raising.

It is anticipated that the Company will hold the general meeting in late May 2018.

Also as noted above, the Company will be required to prepare and lodge a prospectus with ASIC and ASX as part of the re-listing process, and undertake the Capital Raising.

ASX waivers required

The Company intends to seek a waiver from ASX Listing Rules 1.1 (Condition 12) and 2.1 (Condition 2) to enable it to issue securities under the proposed Capital Raising at a price below the 20 cents stipulated in those rules and for existing options on issue that have an exercise price of below 20 cents.

Other information

The Company confirms it has undertaken appropriate due diligence enquiries on the Muchea project and on Wisecat, and believes it is in the best interests of shareholders to purchase all of the issued shares in Wisecat and take the Option (**Proposed Transaction**).

The Company notes that:

- (a) the Proposed Transaction requires shareholder approval under the ASX Listing Rules and therefore may not proceed if that approval is not forthcoming;
- (b) the Company is required to re-comply with ASX's requirements for admission and quotation and therefore the Proposed Transaction may not proceed if those requirements are not met;
- (c) 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 Proposed Transaction may not proceed if ASX exercises that discretion; and
- (d) investors should take account of these uncertainties in deciding whether or not to buy or sell the Company's securities.

Furthermore, the Company:

- (a) notes that ASX takes no responsibility for the contents of this announcement; and
- (b) confirms that it is in compliance with its continuous disclosure obligations under ASX Listing Rule 3.1.

Further information:

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Competent Person's Statement

The information in this release that relates to exploration results is based on, and fairly represents, information compiled by Mr David Reid who is a Member of the Australian Institute of Geoscientists (MAIG). Mr Reid is a contractor to Ventnor Resources Limited. Mr Reid has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the "2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves."

Mr Reid has determined that the results set out in this release are not considered to be compliant with the JORC Code 2012. The sampling that was provided was not done under the supervision of a Competent Person as defined by the JORC Code 2012. The Company accepts the assurances received by it as to the accuracy of the sampling locations. The Company has in its possession the physical samples and the SGS Laboratory Assay Report confirming the results as published herein, and therefore has no reason to doubt the accuracy of the information.

Mr Reid consents to the inclusion in this release of the matters based on information provided by him and in the form and context in which they appear.

**SCHEDULE 1
JORC 2012 Table 1 Report**

Section 1 Sampling Techniques and Data

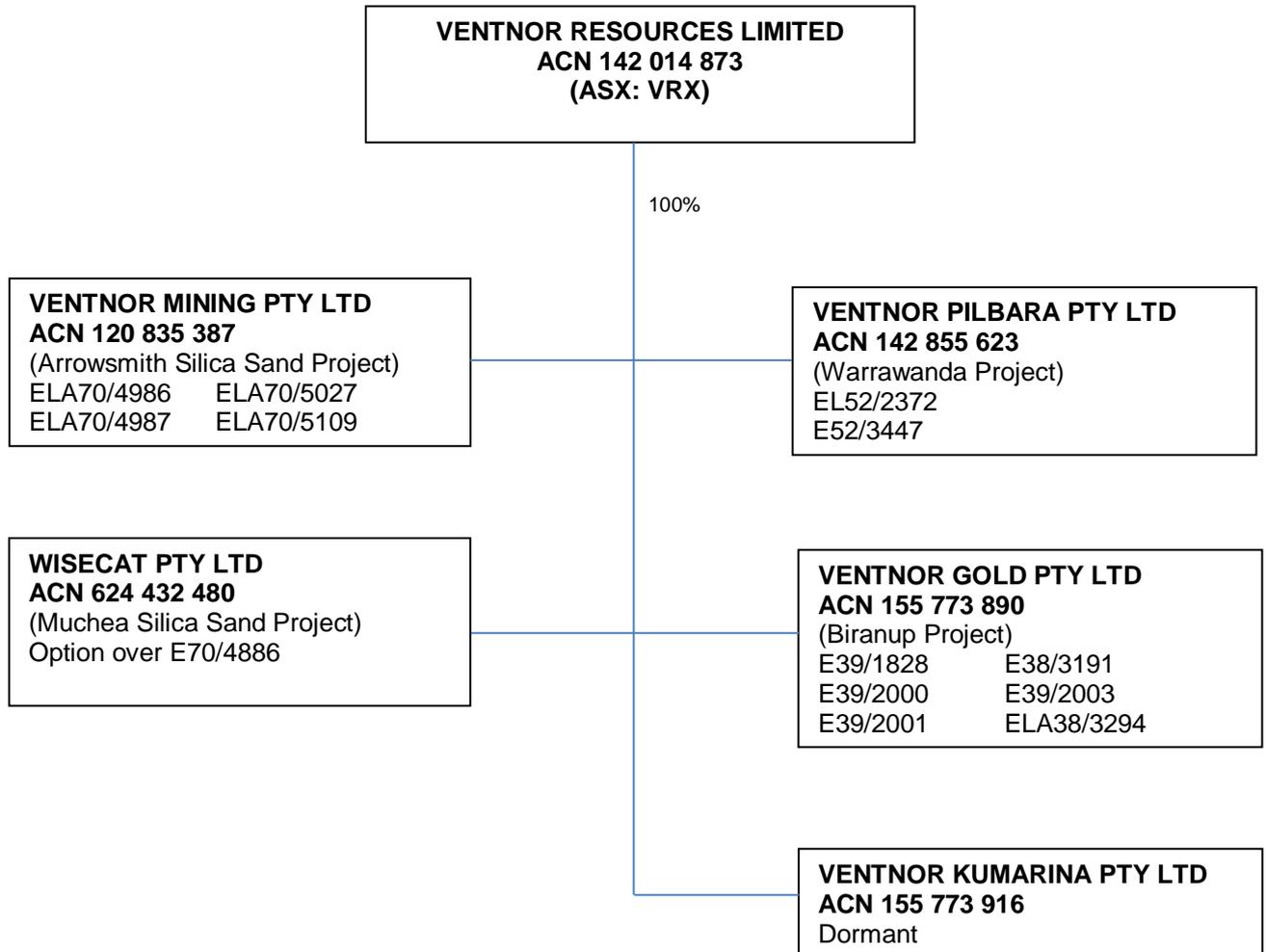
Criteria	Commentary
Sampling techniques	A post hole auger was used to generate ~2kg of sample from each hole.
Drilling techniques	A post hole auger was used to drill 2m deep, 100mm-diameter holes.
Drill sample recovery	Sample recovery is unknown.
Logging	No Logging was done
Sub-sampling techniques and sample preparation	A 50-80g sub-sample was taken from each auger sample for submission to the laboratory. SGS uses a zircon bowl pulveriser to reduce the particle size to $-75\mu\text{m}$.
Quality of assay data and laboratory tests	Samples were submitted for analysis to the SGS Laboratory at the Perth Airport in WA. The assay methods used by SGS are as follows: multi-elements are determined by a 4g charge with a Silica Sand specific four-acid digest including Hydrofluoric, Nitric, Perchloric and Hydrochloric acids in Teflon tubes. Analysed by Inductively Coupled Plasma Mass Spectrometry, silica is reported by difference. The assay results have also undergone internal laboratory QAQC, which includes the analysis of standards, blanks and repeat measurements.
Verification of sampling and assaying	No verification of sampling is possible, the assurances are taken on face value. Original SGS laboratory result sheets are available and have been verified.
Location of data points	Auger sample locations were supplied as a Google Earth KML file, they were measured by hand-held GPS with the expected relative accuracy; UTM Longitude and Latitude coordinate system was used.
Data spacing and distribution	Auger holes were spaced ~600m along existing tracks.
Orientation of data in relation to geological structure	Sampling is being done on aeolian sand dunes the auger orientation is therefore considered appropriate.
Sample security	Sample information was supplied and was taken on face value.
Audits or reviews	None.

Section 2 Reporting of Exploration Results

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

Criteria	Commentary
Mineral tenement and land tenure status	All sampling has been done on Tenement E70/4886. The Tenement is currently held by Michael Galea and Aaron Peter Banks. Messrs Galea and Banks have agreed to transfer the Tenement to Australian Silica Pty Ltd, which has lodged a caveat over the Tenement pending transfer. Wisecat Pty Ltd holds an option over the Tenement.
Exploration done by other parties	No Silica Sand exploration has been completed on E70/4886 prior to that reported here. Minor exploration for mineral sands has been completed by Tronox in the South Eastern corner.
Geology	The targeted silica sand deposits are the aeolian sand dunes that overlie the Pleistocene limestones and paleo-coastline which host the Gingin heavy mineral deposits.
Drill hole Information	The location of samples is presented in summary in the body of the report, see Table 2. Auger sample locations were supplied as a Google Earth KML file, they were measured by hand-held GPS with the expected relative accuracy; UTM Longitude and Latitude coordinate system was used. Elevation (RL) is not recorded.
Data aggregation methods	Not applicable
Relationship between mineralisation widths and intercept lengths	Unknown at this stage
Diagrams	See plans contained within the release
Balanced reporting	The release is considered to represent a balanced report.
Other substantive exploration data	Not applicable.
Further work	Deeper hand auger and Aircore drilling is required to assess the depth and variability of the high-grade silica sand. The results of this work will enable the estimation of an in-situ resource. Testwork is required to determine if conventional sand processing techniques can upgrade the sand to a high value product.

**SCHEDULE 2
Corporate Structure Chart
(Post-completion of the acquisition of Wisecat Pty Ltd)**



SCHEDULE 3

Pro forma Consolidated Statement of Financial Position

	Reviewed at 31 Dec 2017	Subsequent Events		Pro-forma Unaudited 31 Dec 2017	
		Cap Raising and Wisecat Acquisition	Exercise of Muchea Option		
			Initial Consideration		Deferred Consideration
	\$	\$	\$	\$	
ASSETS					
Current Assets					
Cash and cash equivalents	1,189,732	1,800,000 ¹	(5,000,000) ⁴	(2,010,268) ⁵	
Trade and other receivables	113,873			113,873	
Total Current Assets	1,303,605	1,800,000	(5,000,000)	(1,896,395)	
Non-Current Assets					
Trade and other receivables	44,630			44,630	
Plant and equipment	2,000			2,000	
Deferred exploration expenditure	2,472,971	500,000 ²	600,000 ³	53,322,971	
Total Non-Current Assets	2,519,601	500,000	50,000,000	53,369,601	
Total Assets	3,823,206	2,300,000	45,000,000	51,473,206	
LIABILITIES					
Current Liabilities					
Trade and other payables	304,984			304,984	
Provisions	69,672			69,672	
Total Current Liabilities	374,656	-	-	374,656	
Total Liabilities	374,656	-	-	374,656	
Net Assets	3,448,550	2,300,000	600,000	51,098,550	
EQUITY					
Issued capital	21,195,730	2,300,000	600,000	68,845,730	
Reserves	1,923,506			1,923,506	
Accumulated losses	(19,670,686)			(19,670,686)	
Total Equity	3,448,550	2,300,000	600,000	51,098,550	

Notes:

- Contemplates the proposed Capital Raising of \$1.8 million by the issue of 30 million Ventnor Shares at \$0.06 each
- The purchase price for all of the issued shares in Wisecat, payable in Ventnor Shares is \$250,000 payable in Ventnor Shares at a 50% discount to the price under the Capital Raising.
- Assumes the Company exercises the Option and represents the initial consideration for the purchase of the Muchea project. The initial consideration is 10 million Ventnor Shares which, based on the same issue price as under the Capital Raising, represents \$600,000. There is no guarantee that the Company will exercise the Option.
- Assumes the Company exercises the Option and proceeds to a decision to mine the Muchea Project. Represents the deferred consideration for the purchase of the Muchea project, which is \$50 million payable in cash and/or Ventnor Shares at the Company's election with a minimum of \$5 million payable in cash. This figure assumes payment of \$45 million in Ventnor Shares (which is the maximum). The deferred consideration is payable on a decision to mine being made by the Company, which can be up to 5 years from the date of grant (subject to automatic 6 month extensions in the event of material delays). There is no guarantee that the Company will, firstly, exercise the Option or, secondly, proceed with a decision to mine (which in itself is dependent upon a feasibility study and approvals).
- This figure, a negative balance, is the pro forma cash balance assuming the Company exercises the Option and proceeds to a decision to mine the Muchea Project, both of which are long-dated and neither of which is guaranteed. The Company will need to be in a position at the relevant time to fund payment of the cash component of the deferred consideration (see note 4) either by way of additional equity or debt finance or through operational revenue.

About the Company

Ventnor Resources Ltd (**Ventnor** or **Company**) (ASX: VRX) has a significant silica sand project in the form of four exploration license applications pending over the Arrowsmith Silica Sand Project, located 270km north of Perth, Western Australia. Initial testwork is focussing on confirming that the sand can be upgraded to glass-making quality. Grant of the exploration licences is pending.

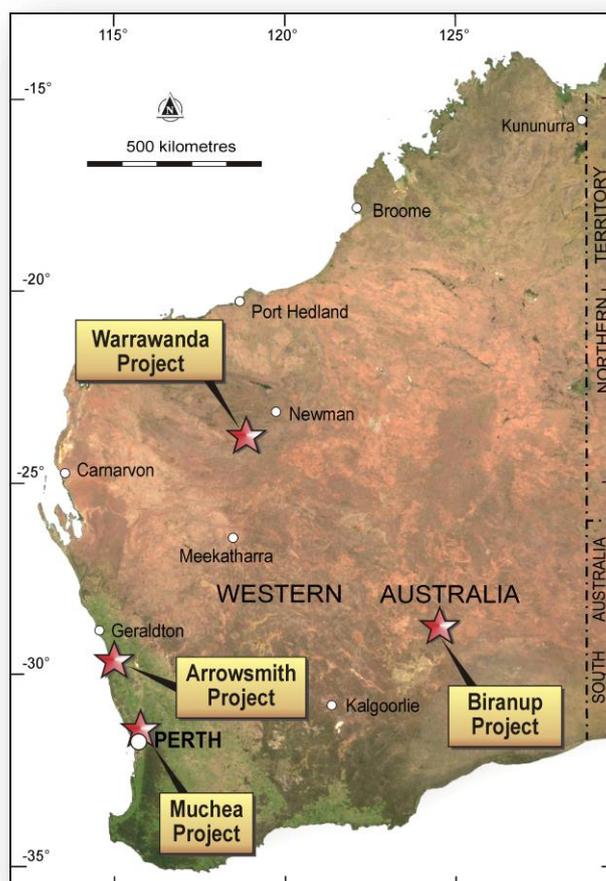
This announcement details the Muchea Silica Sand Project which, if acquired by the Company, will complement the Arrowsmith Silica Sand Project with additional silica sand resources.

Ventnor also has granted tenements adjacent to the Tropicana Gold Mine in WA that are prospective for gold and base metals (Biranup Project), with prospects identified following an extensive review of historical data. The Company has compiled an extensive database of historic exploration, conducted extensive MLEM surveys in the region, and completed initial drill programs at a number of its prospects. Also in Western Australia, 40km south of Newman, is Ventnor’s Warrawanda Nickel Project, which is prospective for nickel sulphides.

Proven Management

The Company’s directors and management team have extensive experience in mineral exploration and production, and in the management of publicly listed mining and exploration companies.

Project Locations*



* Muchea Project subject to shareholder and regulatory approval.