

EXPLAURUM LIMITED

INDEPENDENT EXPERT'S REPORT

17 January 2019

Explaurum Limited (**Explaurum**) advises the Independent Expert, BDO Corporate Finance (QLD) Ltd, has completed its supplementary report in relation to the Improved Ramelius Offer and has concluded that the Improved Ramelius Offer is **FAIR AND REASONABLE**.

The Independent Expert values Explaurum Shares at between 12.3 – 19.0 cents¹ and the value of the Ramelius Offer in the range of 12.0 – 15.5 cents per share.

A full copy of the Independent Expert's Report is annexed to this announcement.

The Explaurum Board recommends unanimously that Shareholders **ACCEPT the Ramelius Offer** for all of the Explaurum Shares in which they have a relevant interest.

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¹ On a controlling interest basis



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C/- The Directors
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17 January 2018

Dear Shareholders

SUPPLEMENTARY DISCLOSURE

BDO Corporate Finance (QLD) Ltd ('BDO CFQ') was engaged to prepare an independent expert's report dated 4 December 2018 ('the IER') to the shareholders of Explaurum Limited ('Explaurum') in relation to the off-market takeover bid made by Ramelius Resources Limited ('Ramelius') for all the ordinary shares in Explaurum ('the Offer'). The consideration to be received by Explaurum shareholders under the Offer was one (1) Ramelius share for every four (4) Explaurum shares held.

Subsequent to the issue of the IER, additional information has been released to the market including an improved offer. This supplementary disclosure ('this Supplementary Disclosure') sets out a summary of the additional information available since the release of the IER and the impact it has on the information and analysis set out in the IER.

This Supplementary Disclosure does not set out all matters that may be relevant to a shareholder's consideration of the Improved Offer. Rather, it is intended to be considered in conjunction with the IER and all other relevant market announcements made by Ramelius and Explaurum. Unless otherwise set out, terms defined in this supplementary disclosure have a meaning consistent with the IER.

Overview of Additional Information in Relation to the Offer, Explaurum and Ramelius

Since the release of the IER on 4 December 2018, additional information has become available in relation to the Offer, Explaurum and Ramelius. This information is summarised below.

This section is a summary only and should not be treated as a complete description of the updated market information. Shareholders should refer to the further Bidder's Statements, Target's Statements and other market announcements for additional information.

The Improved Offer

On 13 December 2018, Ramelius released the Fifth Supplementary Bidder's Statement and announced an increase to the Offer. The improved offer ('the Improved Offer') includes cash consideration of two (2) cents per Explaurum share held in addition to the existing Offer. Ramelius additionally announced an extension to the offer period to 25 January 2019, and an unsecured, interest free finance facility to assist Explaurum with the Company's short term working capital requirements ('the Finance Facility').

In relation to the Improved Offer we note:

- On 18 December 2018, Explaurum recommended to the Company's shareholders to accept Ramelius' Improved Offer, and terminated the Alkane Placement. Under the conditions of the Alkane Placement, Explaurum is to repay the \$800,000 Alkane deposit and pay an additional \$400,000 break fee; and
- On 19 December 2018, Ramelius released the Sixth Supplementary Bidder's Statement, announcing the Improved Offer has become unconditional. Shareholders that accepted the Improved Offer prior to it being announced unconditional will receive the consideration within 14 days. Shareholders who accept the Improved Offer between the unconditional announcement and the proposed close of the Offer period, 25 January 2018, will receive the consideration on or before the earlier of one month after the first date of acceptance and 21 days after the end of the Offer period.

Explaurum

We note, since the release of the IER on 4 December 2018:

- On 7 December 2018, Explaurum announced maiden inferred resource estimates for the Mace deposit at 400,000 tonnes, 1.4 g/t Au, for contained gold of 20koz;
- On 14 December 2018, Explaurum announced an update to the Tampia Feasibility Study. Key changes in the Feasibility Study from the original announcement in May, are:
 - The reduction of initial capital costs of the standalone process plant from \$119 million to \$111 million;
 - Deferred construction of the flotation circuit and ultra-fine grind circuit for 15 months after commencement of operations;
 - Further optimisation of the mine design and mine schedule; and
 - Inclusion of the Mace deposit in the mine plan, requiring no further development capital;
- As part of Explaurum's recommendation to the Company's shareholders to accept the Improved Offer on 18 December 2018, Explaurum subsequently announced that the Alkane Placement will not proceed. Explaurum is reliant on the Financing Facility from Ramelius for expected funding to the conclusion of January 2019. Without ongoing support from Ramelius, Explaurum may not be able to continue as a going concern;
- On 24 December 2018, Explaurum announced the appointment of Mark Zeptner (Managing Director and Chief Executive Officer of Ramelius) as a non-executive director of Explaurum. Further appointments were announced on 9 January 2019, including the appointment of Kevin Lines (Chairman of Ramelius) as the new Chairman, and Tim Manners (CFO of Ramelius) as a non-executive director; and
- In relation to share price movement we note Explaurum has traded between \$0.0790 to \$0.0890 per share since the release of the IER on 4 December to 12 December 2018 (the last day prior the Improved Offer announcement), with a VWAP of \$0.0846 per Explaurum share¹.

¹ Based on Capital IQ data, the volume of Explaurum shares traded over 4 December 2018 to 12 December 2018 was approximately 0.98% of the 481,412,320 shares on issue

Ramelius

We note, since the release of the IER on 4 December 2018:

- On 10 December 2018, Ramelius announced an exploration update in regards to its ongoing Exploration and Resource Development drilling programs at Mount Magnet and Edna May;
- As announced on 15 January 2019, Ramelius has accumulated a controlling interest in Explaurum shares of 76.47%;
- In relation to share price movement we note:
 - Ramelius generally traded between \$0.3800 to \$0.5000 per share between the release of the IER on 4 December to 2 January 2019 (which corresponded to the IER's valuation of a Ramelius share). From 3 January 2019 to 15 January 2019 Ramelius' share price has been in the range of \$0.4800 to \$0.5400;
 - The closing share price as at 15 January 2019 of \$0.5200 is a 25.3% increase relative to the closing price of Ramelius shares as at the date of our IER (i.e. \$0.4150 as at 4 December 2018);
 - Ramelius' VWAP between 10 September 2018, the Offer announcement date, and 15 January 2019 is \$0.4477 per share², while Ramelius' VWAP between 4 December 2018 (the IER release date) and 15 January 2019 is \$0.4540 per share³;
 - Following the exploration update on 10 December 2018, Ramelius' closing share price increased from \$0.4000 per share on 7 December 2018 (the last trading day prior the exploration update), to \$0.4500 per share on 10 December 2018, potentially indicating that the market viewed this announcement positively;
 - On 13 December 2018, Ramelius announced the Improved Offer and the Proposed Finance Facility to Explaurum. Following this announcement, Ramelius' closing share price decreased from \$0.4550 per share on 12 December 2018 (the last day prior the announcement of the Improved Offer), to \$0.4350 per share on 13 December 2018 potentially indicating that the market viewed this announcement negatively;
 - Following the announcements of the Improved Offer becoming unconditional, Ramelius' closing share price decreased from \$0.4250 per share on 18 December 2018 (the last day prior the unconditional announcement), to \$0.4050 per share on 19 December 2018 potentially indicating that the market viewed this announcement negatively; and
 - On 9 January 2019, Ramelius released the company's December 2018 Quarter Production Update, announcing the company had exceeded its quarterly guidance (48koz to 52koz) and produced 52.6koz. Following this announcement, Ramelius' closing share price increased from \$0.5000 per share on 8 January 2019 (the last day prior the production update), to \$0.5250 per share on 9 January 2019 potentially indicating that the market viewed this announcement positively.

² Based on Capital IQ data, the volume of Ramelius shares traded over 10 September and 15 January 2019 was approximately 23.02% of the 533,556,420 average shares on issue.

³ Based on Capital IQ data, the volume of Ramelius shares traded over 4 December and 15 January 2019 was approximately 10.97% of the 544,075,530 average shares on issue.

Fairness Assessment

Given the additional information referred to above, we consider it appropriate to revisit the valuation ranges of Explaurum and the Offer (now the Improved Offer) consideration set out in the IER.

Sum-of-Parts Valuation for Explaurum

We consider it appropriate to adjust our sum-of-parts valuation of a Explaurum share for the following items:

- We have adopted the updated mine plan as outlined within the updated Tampia Feasibility Study, inclusive of updates to the mine design and schedule, initial capital costs, timing of expenses, and inclusion of Mace resources. CSA Global has reviewed the updated DCF inputs and considers them reasonable. For more information on CSA Global’s review of the updated inputs, refer to the CSA Global Report Update attached in Appendix A;
- Having regard to the CSA Global Report Update and our discussions with CSA Global, in our opinion, it is appropriate to include Mace within the DCF. We have made inquiries of CSA Global to satisfy ourselves that they have a reasonable position for including Mace resources in the mine plan and therefore the DCF. While it may not be common to include inferred resources in a DCF, we understand in these particular circumstances the Technical Specialist believes this is appropriate for the following reasons:
 - The Mace deposit is partially located within the planned Tampia pit area, and will be required to be mined for the development of the Tampia open pit;
 - It is not practical to undertake further exploration on the deposit to gain a higher level of confidence beyond the inferred status. This is because the deposit is ‘nuggetty’ in nature and the sampling techniques used for resource estimation in these circumstances cannot produce a greater degree of certainty (due to losses of gold in the sampling techniques available, given the surrounding sediment conditions);
 - Given the nature of the mineralisation, CSA Global considers mining of the Mace deposit without further exploration and increased resource status, as the only practical approach to operations at Tampia; and
 - Cash flow benefits from the Mace area may, in reality, start to be received approximately 15 months earlier than they are forecast in the DCF; and
 - Gold recovery rates may be higher than those adopted in the forecast for the Mace area.
- We have adopted updated economic forecasts (USD/AUD forecast exchange rate, and gold price forecasts) based on Consensus Economics December 2018 estimates, as outlined in Table 1 below;

Table 1: Forecast Economic Assumptions

	CY19	CY20	CY21	CY22	CY23	CY24
USD/AUD ¹	0.722	0.734	0.747	0.756	0.757	0.769
Gold Spot Price ² (Nominal)	1,269.7	1,327.6	1,339.6	1,354.2	1,391.4	1,412.4

Source: Consensus Economics as at December 2018

1. We have adopted CY24 USD/AUD forecasts for all periods after CY24.

2. We have adopted escalated CY23 gold spot price forecasts for all periods after CY24, based on RBA’s target inflation rate of 2.5%.

- We have adopted the updated technical valuation of Explaurum’s Mineral Assets not included within the mine plan, as valued by CSA Global in the CSA Global Report Update attached in Appendix A. The updated Mineral Asset values are adjusted for the movement of Mace resources into the DCF;

- We have removed the Alkane Placement as part of our sum-of-parts valuation; and
- We have subtracted a net amount of approximately \$3.5 million for Explaurum's net payables which include Explaurum's cash balance (adjusted for options exercised on 14 January 2019), trade and accounts payables, payments for ongoing transaction costs associated with the Improved Offer and any outstanding loan balance to Ramelius, based on November 2018 management accounts and discussions with management.

Our sum-of-parts valuation of Explaurum is summarised in Table 2 below.

Table 2: Equity Value of Explaurum

	Low (\$ Million)	High (\$ Million)
Tampia Gold Project (including Mace)	78.67	96.04
Mineral Assets	4.60	12.76
Corporate Overheads	(4.00)	(4.00)
Other Assets and Liabilities	(3.53)	(3.53)
Equity Value of Explaurum	75.73	101.26

Source: BDOCF analysis

Adopting the number of shares and options set out in Explaurum's 14 January 2019 announcement and assuming that 25.0 million shares are to be issued when the JV interest converts (refer to Section 5.3.2 of the IER) results in a sum-of-parts valuation, as at the date of this Supplementary Disclosure, in the range of 14.2 cents to 19.0 cents per Explaurum share on a controlling interest basis. This valuation adopts the same discount rate range as our IER (12% to 15%), which we view as appropriate given the risks and opportunities associated with the updated feasibility study.

We have adopted a discount rate in a magnitude we consider reflective of Explaurum's risks, including funding, having regard to comparable market information and our own experience. We note that the lower discount rate, which corresponds to the high end of the valuation range, represents our view of the value a well-funded marginal acquirer may pay for a controlling interest.

Notwithstanding the above, we have provided some additional information to Shareholders below to consider the impact of dilution from a notional capital raising that occurs at 10 cents and a notional capital raising that occurs at 12 cents. We have provided two scenarios for the notional capital raising price on the basis that the price at which capital will be raised to finance the Tampia Gold Project will ultimately have regard to the information at that time (presumably including a bankable feasibility study, which is not currently available). Further, we would expect that, at the time the Tampia Gold Project is funded, the discount rate on the project would decrease as funding risk and other risks would be reduced relative to the circumstances of the current time (where the Tampia Gold Project is not funded and a bankable feasibility study is not available).

At the assumed notional capital raising prices, our sum-of-parts value of 14.2 cents to 19.0 cents would change as follows:

- At a 10 cent notional capital raising for a \$115.6 million⁴ capital raising, this would result in the valuation range moving to 12.4 cents to 13.6 cents assuming a reduction in discount rate to 10% to 12% (from 12% to 15% as used in our DCF valuation of the Tampia Gold Project); and

⁴ The notional capital raise value of \$115.6 million is based on Tampia Gold Project's estimated initial capital expenditure of \$113.6 million and an additional \$2 million for working capital.

- At a 12 cent notional capital raising for a \$115.6 million⁴ capital raising, this would result in the valuation range moving to 14.0 cents to 15.3 cents assuming a reduction in discount rate to 10% to 12%.

The value movements referred to above from the notional capital raisings may be less in circumstances that the company minimises dilution by raising capital in a staged manner after meeting various milestones and/or utilises a proportion of debt financing.

MBV Valuation of Explaurum

Between the date of the IER and 15 January 2019, shares in Explaurum have traded within the range of 7.9 cents to 15.5 cents. It is difficult to make any further conclusions on the value of Explaurum from this trading data due to the difficulties in separating from Explaurum's trading data the impact of the following announcements:

- the Improved Offer announced on 13 December 2018;
- the updated information in relation to the progress of their feasibility study work in their announcement dated 14 December 2018; and
- the reduced trading liquidity as shareholders accept the Improved Offer.

In the absence of any other information we have calculated an MBV consistent with the IER of 10.4 cents to 14.3 cents.

Value Adopted for an Explaurum Share

We have adopted a valuation range of an Explaurum share on a controlling interest between 12.3 cents and 19.0 cents. The high end of our range incorporates the upper bound of our updated sum-of-parts valuation of an Explaurum share. The low end of our range is based on the midpoint of our MBV of an Explaurum share, and the low end of our sum-of-parts valuation of an Explaurum share assuming a 10 cent notional capital raise.

In accordance with paragraph 111.15 of RG 111, Explaurum shareholders should note that we have not adjusted our valuation for the financial distress that may be experienced by Explaurum if Ramelius no longer decides to continue providing financial support beyond 31 January 2019. We have considered the value of Explaurum on the basis of a knowledgeable and willing, but not anxious, seller that is able to consider alternative options to the Improved Offer.

In circumstances where Ramelius ceases to provide financial support, there is a material risk that any value that may be realised in the short to medium term will be below the values adopted per Explaurum share in this Report.

Value Adopted for the Improved Offer Consideration

The value of the Improved Offer consideration comprises:

- **Scrip:** We are of the view that it is appropriate to value the scrip consideration in the range of 10.0 cents to 13.5 cents (i.e. assuming an exchange ratio of 0.25 Ramelius shares per Explaurum share and a Ramelius share price between \$0.40 and \$0.54). We note:
 - Our valuation range has increased from the IER value where we adopted a value for the scrip consideration in the range of 9.5 cents to 12.5 cents (i.e. assuming an exchange ratio of 0.25 Ramelius shares per Explaurum share and a Ramelius share price between \$0.38 and \$0.50);
 - In the period 2 January 2019 to 15 January 2019 Ramelius has, at times, traded in excess of \$0.50 and at values as high as \$0.5400; and

- Over the previous 12 months Ramelius’ share price has generally traded at levels in excess of \$0.40. The exception to this is a period of time between 12 November 2018 and 7 December 2018 where Ramelius, at times, traded below \$0.40 and as low as \$0.3800; and
- **Cash:** The Improved Offer includes cash consideration equal to 2 cents per share.

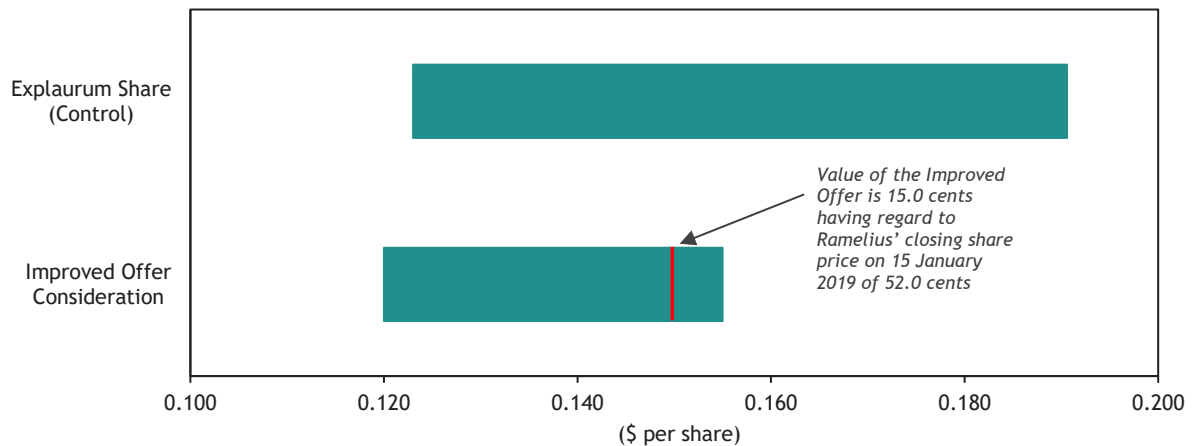
In our view, the Improved Offer consideration is valued in the range of 12.0 cents to 15.5 cents. Based on the Ramelius closing price on 15 January 2019 of \$0.5200, the implied value of the Improved Offer consideration as at this date is 15.0 cents per Explaurum share.

We note that the value that is ultimately derived by an Explaurum Shareholder, in circumstances where they sell the Ramelius shares they obtain under the terms of the Improved Offer, is dependent on the market value of the Ramelius shares at the time they are sold. The potential for the Ramelius share price to move materially between the date of this Supplementary Disclosure and the date the Ramelius shares are received by an Explaurum Shareholder should be considered when forming a view on whether to accept the Improved Offer.

Fairness Conclusion

In order to assess the fairness of the Improved Offer we have compared the value per Explaurum share on a controlling interest basis to the value of the Improved Offer consideration. Pursuant to RG 111, the Improved Offer is considered to be fair if the value of the Improved Offer is equal to or greater than the value of the securities subject of the offer (i.e. the value per Explaurum share). The figure below sets out a graphical comparison of our valuation of a Explaurum share on a controlling interest basis and the Improved Offer (also indicated in red is the value of the Improved Offer having regard to Ramelius’ closing share price on 15 January 2019).

Figure 1: Fairness of the Improved Offer



Source: BDOCF analysis

After considering the information summarised in the IER, this Supplementary Disclosure, the updated valuation of an Explaurum share on a controlling basis, and the valuation of the Improved Offer, it is our view that, in the absence of a superior offer or any additional information, the Improved Offer is **Fair** to Explaurum Shareholders as at the date of this Supplementary Disclosure.

We note:

- The midpoint of our valuation of the Improved Offer consideration (13.75 cents) is greater than the low end of our valuation of an Explaurum share on a control basis (12.3 cents);

- The trading price of Ramelius shares as at 15 January 2019 is at the high end of our valuation range for the Improved Offer consideration;
- 47% of our valuation range of an Explaurum share on a control basis falls within our valuation of the Improved Offer consideration; and
- Approximately 91% of our valuation range of the Improved Offer consideration is greater than the low end of our valuation of an Explaurum share on a control basis.

Reasonableness Assessment

Given the additional information referred to above, we consider it appropriate to revisit our reasonableness assessment of the Offer set out in the IER. While many of the advantages, disadvantages and other considerations raised in Section 2.3 of the IER continue to apply to the Improved Offer, we note the following information should also be considered:

- As stated in RG 111, if an offer is considered fair, the offer is also reasonable. Given that we are of the view that the Improved Offer is fair, it is by definition reasonable;
- The Alkane Placement is no longer an option for Explaurum. Explaurum is now dependent on financial support from Ramelius to remain a going concern. Without the ongoing financial support of Ramelius, there is a risk that Explaurum will not be able to continue as a going concern;
- As announced on 15 January 2019, Ramelius has a controlling interest in Explaurum shares of 76.47%. As the Improved Offer is unconditional, we would expect a reduction in the liquidity of the market for Explaurum shares as Ramelius' relevant interest in Explaurum increases. We also note that any takeover offer for Explaurum will be reliant on the support of Ramelius; and
- If Ramelius obtains a relevant interest in excess of 90%, it will be entitled to compulsorily acquire the remaining Explaurum shares.

Reasonableness Conclusion

After considering the above additional information and other information available (as set out in the IER and other market announcements), it is our view that, in the absence of a superior offer or any other information, the Improved Offer is **Reasonable** as at the date of this Supplementary Disclosure.

Change of Opinion

After considering the above additional information and other information available (as set out in the IER and other market announcements), it is our view that, in the absence of a superior offer or any other information, the Improved Offer is **Fair and Reasonable** as at the date of this Supplementary Disclosure.

Before forming a view on whether to accept or reject the Improved Offer, Shareholders must:

- Have regard to the information set out in the balance of this Supplementary Disclosure, the IER (including the Important Information set out in Section 3) and other market announcements, before deciding whether to accept or reject the Offer;
- Consult their own professional advisers; and
- Consider their specific circumstances.

BDO Corporate Finance (QLD) Ltd



Mark Whittaker
Director



Scott Birkett
Director



APPENDIX A - CSA GLOBAL REPORT UPDATE



The Shareholders
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17 January 2019

Dear Shareholders

SUPPLEMENTARY DISCLOSURE

This document is supplementary to CSA Global's report R438.2018 "*Independent Technical Assessment and Valuation Report on Explaurum Limited's Mineral Assets*" (the Report), with an effective date of 4 December 2018. The Report was commissioned by BDO Corporate Finance (QLD) Ltd (BDO) as an updated Independent Technical Assessment Report and Valuation of Explaurum Limited's (Explaurum or the Company) Mineral Assets, assessing the Tampia Gold Project located in southwest Western Australia. On the basis of CSA Global's findings in relation to the technical mining inputs and assumptions BDO is valuing the Tampia and Mace assets using an income approach supported by the Tampia Feasibility Study (FS) mine plan; and CSA Global is valuing the assets not forming part of the mine plan.

This document has been prepared as a public document, in the format of a supplement to an independent technical specialist's report and has been prepared in accordance with the JORC and VALMIN Codes.

At BDO's request, CSA Global undertook an assessment of the technical inputs into the Tampia Gold Project updated feasibility study (FS) mine plan, to support BDO's Discounted Cash Flow (DCF) model driven valuation of the Ore Reserves and Mineral Resources included in the mine plan. CSA Global's assessment of the inputs into Tampia Gold Project FS mine plan did not identify any material issues, and CSA Global conclude that the inputs and costs indicated in the mine plan are considered appropriate and reasonable.

CSA Global considers the assumed operating expenses, capital expenses, general and administration (G & A), closure and rehabilitation costs to be reasonable; and in CSA Global's opinion the planned mining methodology does not represent a material risk to development, mining and value of the project. The gold recovery inputs to the DCF model are considered reasonable given the test work completed to date.

This document provides additional clarification to the Report, about the reasonable basis underlying the inclusion of Inferred Mineral Resources from the Mace deposit, in the Tampia FS mine plan.

Tampia Gold Project

The Tampia Gold Project contains two reported Mineral Resources (Tampia and Mace) and one Ore Reserve.

Explaurum announced on 30 May 2018 that Tampia included Mineral Resources of 11.7 Mt at 1.8 g/t Au for 675,000 oz of contained gold (Table 1). Included in the Mineral Resource were Probable Ore Reserves totalling 7.2 Mt at 2.1 g/t Au for 485,000 oz of contained gold (Table 2). The Mineral Resource is reported at 0.45 g/t Au cut-off grade for fresh material and 0.30 g/t Au for weathered material.

Explaurum announced on 7 December 2018 an Inferred Mineral Resource at Mace of 435 kt at 1.4 g/t Au for 20,000 oz of contained gold at Mace (Table 3). The mineral resource is reported at 0.1 g/t Au cut-off grade.

The Mace Mineral Resource is a near surface supergene/alluvial gold deposit immediately adjacent to the Tampia Deposit. The supergene mineralisation has currently been defined over a strike length of 1.1 km, within a larger target zone 13 km in length. It extends from 8 m below surface with mineralisation down to around 16–20 m in depth.

Table 1: Tampia Mineral Resources (includes Tampia Ore Reserve), cut-offs: 0.45 g/t Au fresh, 0.30 g/t weathered

Mineral Resources		Tonnes	Grade g/t Au	Contained Metal (Au oz)
Inferred	Weathered	500,000	1.4	20,000
	Fresh	1,500,000	1.7	70,000
	Sub-total	2,000,000	1.6	90,000
Indicated	Weathered	400,000	1.4	20,000
	Fresh	9,400,000	1.8	560,000
	Sub-total	9,800,000	1.8	580,000
Total		11,700,000	1.8	675,000

Table 2: Tampia Ore Reserves (included in Tampia Mineral Resources)

Ore Reserves	Tonnes	Grade g/t Au	Contained Metal (Au oz)
Probable Reserve	7,230,000	2.1	485,000

Table 3: Mace Mineral Resources, 0.1 g/t Au cut-off

Mineral Resources	Tonnes	Grade g/t Au	Contained Metal (Au oz)
Inferred	400,000	1.4	20,000
Total	400,000	1.4	20,000

Mace Deposit

The Mace deposit occurs near surface, and is shown in Figure 1. The Mace deposit occurs partially within the Tampia pit (please see Figure 3) which was designed on the basis of the Tampia Probable Ore Reserve (Table 2). The gold mineralisation in the Mace deposit has been enriched by near surface oxidation processes, which has resulted in an irregular nuggety grade distribution. The estimated block grades are irregular, ranging from 0.16 g/t Au to 26.79 g/t Au inside a broader low grade envelope which averages 1.4 g/t Au.

The Mace deposit has been drilled on a closely spaced 20 m x 10 m drill pattern (please see Figure 2). The mineralisation is shallow, with a low strip ratio of 2:1, has a high metallurgical recovery of 96% and the material is relatively soft with only light blasting required. The geological continuity along and between drill sections of the supergene mineralisation is well-defined, but the grade continuity can be variable (nuggety).

The reverse circulation (RC) drilling is already very closely spaced at 20 m x 10 m; it would not be practical to further decrease the drill spacing as the nuggety nature of the gold mineralisation continuity is unlikely to yield a higher level of confidence beyond Inferred status, no matter how closely spaced the drill holes are. Additionally, it would not be cost effective to drill further diamond holes to solely improve resource classification.

As part of commencing operations at Tampia, the company will initially mine the shallow surface mineralisation from Mace where it is within the Tampia pit, following through to mine the remaining Mace deposit extending beyond the perimeter of the Tampia pit (Figure 4). The entire Mace deposit (see Table 3) will be mined, with 283,000 t @ 1.8 g/t for 16,000 oz contributed by the Mace deposit outside the Tampia pit perimeter.

In CSA Global's opinion this would be a reasonable approach, and indeed the only practical approach to operations at Tampia.

CSA Global has reviewed the description of the methodology employed by RSC Mining and Mineral Exploration (RSC) to estimate the Mineral Resource and is satisfied that the work is largely appropriate.

To check the Mineral Resource estimate, CSA Global imported the Mineral Resource block model, mineralisation and lithological wireframes, and drill hole database files into Datamine software. Wireframes were assessed for correct interpretation (that they appropriately encapsulate the mineralisation) and the block model was checked to confirm if the block grades correlate well with the composited sample data. The interpretations were found to appropriately encapsulate the mineralisation above 0.3 g/t Au in the regolith zone. The grades in the block model were found to honour the grades in the drill holes. No absent grades were noted in the block model. The uncut estimated gold grades varied from 0.16 g/t Au to 26.79 g/t Au.

CSA Global re-reported the Mineral Resource estimate from the block model and was able to reproduce the tonnage, grades and metal estimates tabulated in the RSC report, which gives confidence in the reporting procedure adopted by RCS. No Mineral Resources were reported below the RSL/RSR contact – hence the Mineral Resources are restricted to the regolith.

CSA Global considers that the manner in which the Mineral Resource model was prepared does not represent a material risk to the development, mining or global value of the project.

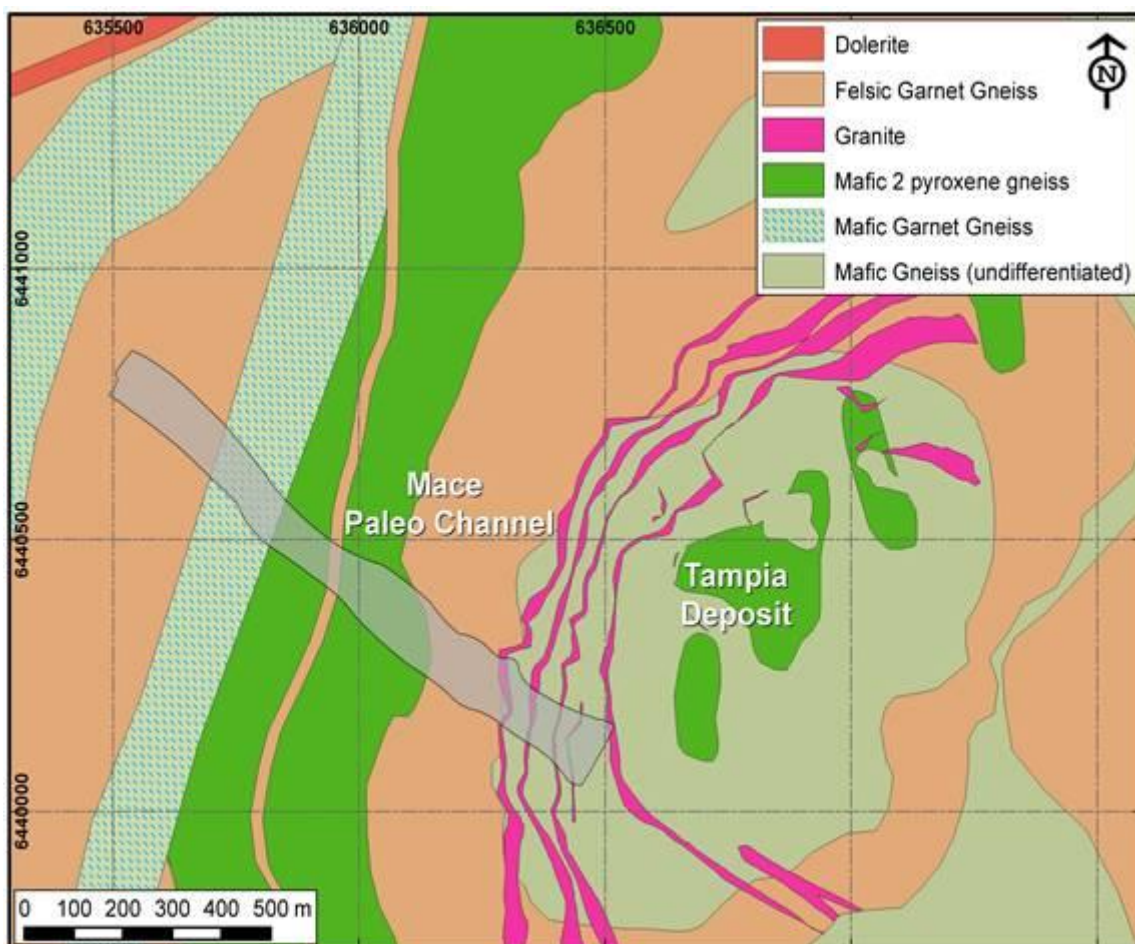


Figure 1: Geology of the Tampia and Mace deposits

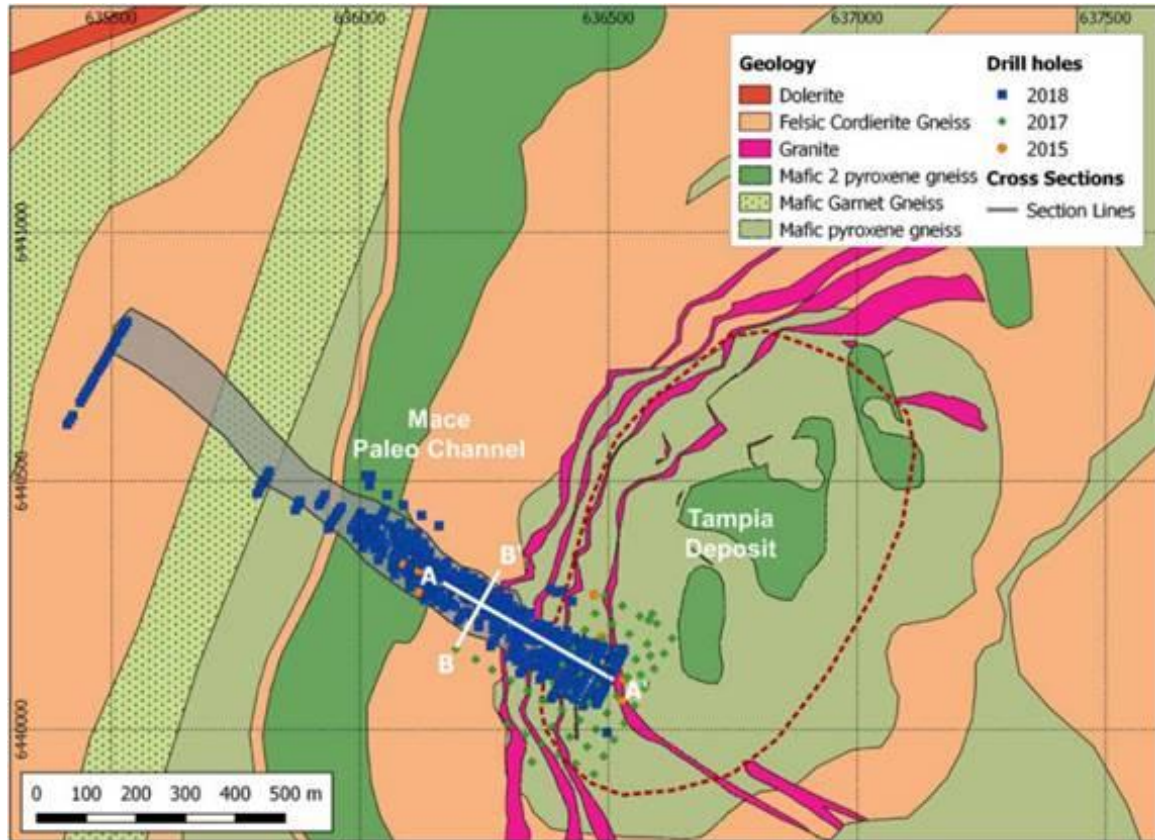


Figure 2: Drilling completed at the Mace Deposit
(RC holes drilled 10m apart on section, and sections spaced 10m part - 10m x 20m drill pattern)

Feasibility Study Technical Inputs Assessment

CSA Global assessed the technical inputs into the Tampia Gold Project updated FS mine plan, to support BDO's DCF model driven valuation of the Ore Reserves and Mineral Resources included in the mine plan. Explaurum reported its FS in May 2018 and provided an update to some aspects of the FS on the 14th December 2018 .

The key changes in the update were firmer pricing on the initial capital for the process plant, the deferral of the construction of the flotation circuit and ultra-fine grind circuit for 15 months, optimised mine design and mine scheduling and the inclusion of the Mace supergene gold Mineral Resource. The mining portion of this study includes detailed assessment of:

- the mining method chosen;
- the pit design created, and Ore Reserve reported;
- the mine production schedule;
- operating and capital costs; and,
- the DCF model for the Tampia Gold Project.

The purpose of this review is to assess the key mining assumptions used in the FS, in terms of:

- the assumption resulting in a material risk to the development, mining and global value of the project;
- the assumption resulting in a perceived fatal flaw to the project;
- checking the mineral resource and reserve estimates; and
- the assumption raising concerns as to the approach taken

Key project statistics include:

- Life of mine : 4.7 years
- Processing rate: 1.5 Mtpa fresh material and 1.9 Mtpa weathered material
- Strip Ratio (Waste/Ore): 8.6:1
- Total material movement: ~68.8 Mt
- Average Met recovery: 91.8%
- Total Production Target: 7.1 Mt @ 2.3 g/t Au for 525,000 oz (includes ~12% Inferred Resources)

The mine planning activities include all those assumptions under the pit optimisation and pit design activity umbrella. The assumptions associated with the pit optimisation activities, include:

- mining dilution;
- mining and process recovery;
- production rates;
- mining cost adjustment factors; and,
- cost model assumptions.

The key mining, processing and G&A cost assumptions, including refining costs are as listed in Table 4.

Table 4: Key Pit Optimisation Assumptions

Whittle Optimisation Parameter	Units	Value
Processing Throughput	Mtpa	1.5
Processing cost – oxide ore (ROM)	\$/t ore	13.6
Processing cost – oxide ore (low grade)	\$/t ore	13.5
Processing cost – fresh ore (ROM)	\$/t ore	22.5
Processing cost – fresh ore (low grade)	\$/t ore	20.1
Process recovery – oxide/fresh	%	91–96
Grade control	\$/t ore	0.9
Drill & Blast - oxide	\$/BCM ore	1.3
Drill & Blast – fresh (waste-ore)	\$/BCM ore	3.2–4.9
Mining cost – L&H waste	\$/BCM	5.0–9.9
Mining – L&H ore	\$/BCM	5.6–10.1
G & A – oxide ore (ROM)	\$/t ore	2.4
G & A – oxide ore (low grade)	\$/t ore	1.6
G & A – fresh ore (ROM)	\$/t ore	2.6
G & A – fresh (low grade)	\$/t ore	1.8
Dore refining costs	\$/oz	3.6
Overall slope assumptions	Batter angles	
	oxide 45°– 60°	5 m Berm
	fresh 75°– 80°	7 m Berm

Based on these assumptions as tabled the total costs in the FS are:

- Mining costs (ore and waste): \$3.33/t total
- Processing costs: \$20.59/t ore
- G&A costs: \$2.65/t ore

CSA Global consider the mining costs are as expected for a similarly sized open pit arrangement. Processing and G&A costs reported are realistic, and align favourably against other equivalent project costs. CSA Global consider the pit optimisation (cost and physical) assumptions are a reasonable representation of projected mining conditions.

The inclusion of Inferred material into the optimisation improves its use as a strategic tool for long term planning. The unique circumstances of the Mace mineralisation in the Tampia Gold project renders this approach a reasonable one, as per ASX GN 31, section 8.7 “*Production targets based solely on inferred mineral resources*” and VALMIN 2015, Section 8.5. “*Use of Ore Reserves and Mineral Resources*”. The context and reasonable basis for this rationale is discussed further in this document (see page 7).

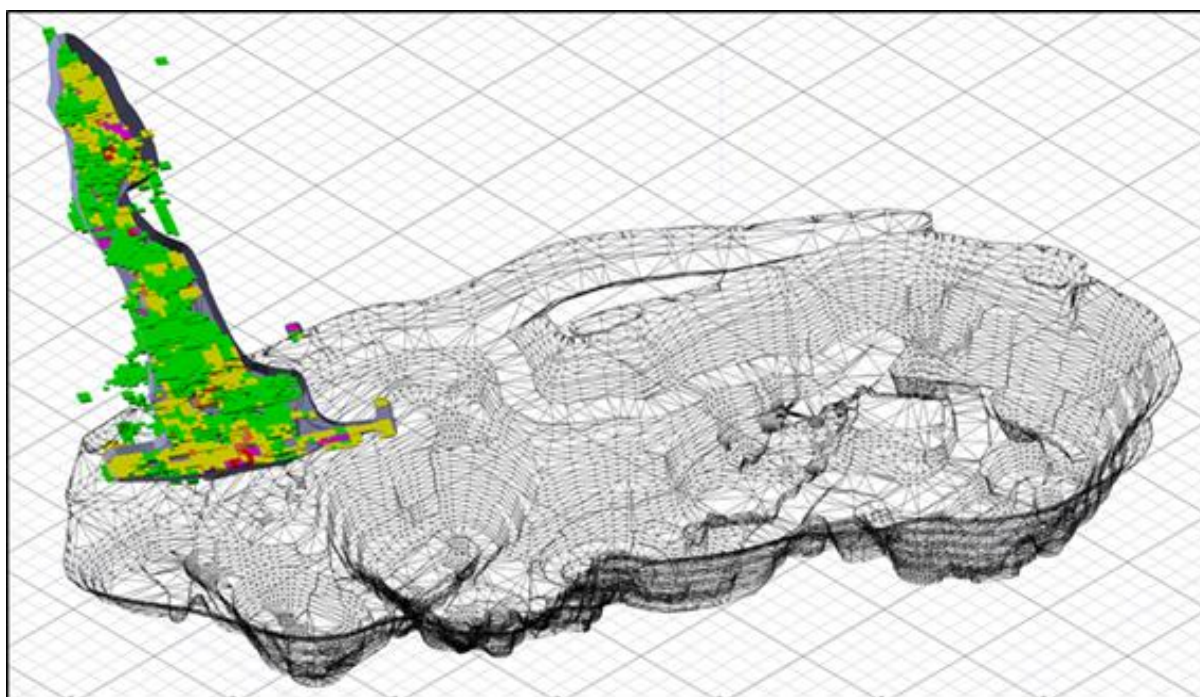


Figure 3: the Tampia pit and the Mace Deposit

Ore production to feed the plant at a rate of 1.9 Mtpa initially on weathered feed, reducing to 1.5 Mtpa is equivalent to 0.125 Mt/month on fresh feed, and rising again at the end to 1.9 Mtpa on low grade feed.

The Mace Deposit is an integral part of the updated Tampia mine plan (announced 14 December 2018 on the ASX), and the south-eastern part of the Mace deposit occurs within the planned Tampia pit area, as illustrated in Figure 11 in Section 2.5.1. The current mine plan envisages mining Mace in the first year, with processing scheduled on an incremental basis after the forecast payback period (15 months).

CSA Global is of the opinion that including Inferred Resources from Mace within the updated mine plan is reasonable under these circumstances, despite its Inferred status (please see page 7). The decision to delay processing of the supergene material mined from the Mace deposit for 15 months until after the forecast payback has been achieved, is considered conservative. This approach was adopted to mitigate the perceived risk attaching to the mining of Inferred material. CSA Global recommends that the processing of the Mace material be considered, before payback is achieved, to maximise the value uplift earlier in the mine plan.

As required by ASX LR 15.6.6 CSA Global caution that there is a low level of geological confidence associated with Inferred Mineral Resources, and there is no certainty that further exploration work will

result in the determination of indicated mineral resources or that the production target itself will be realised. The stated production target (mine plan) is based on the company's current expectations of future results or events and should not be solely relied upon by investors when making investment decisions. Further evaluation work and appropriate studies are required to establish sufficient confidence that this target will be met.

CSA Global further note that these studies are underway at this current time.

Based on the level of study, CSA Global considers the production schedule appropriate. There are still some issues that need to be addressed such as the mining face positions and grade variability, which the on-going studies by Explaurum will address, as the project is developed.

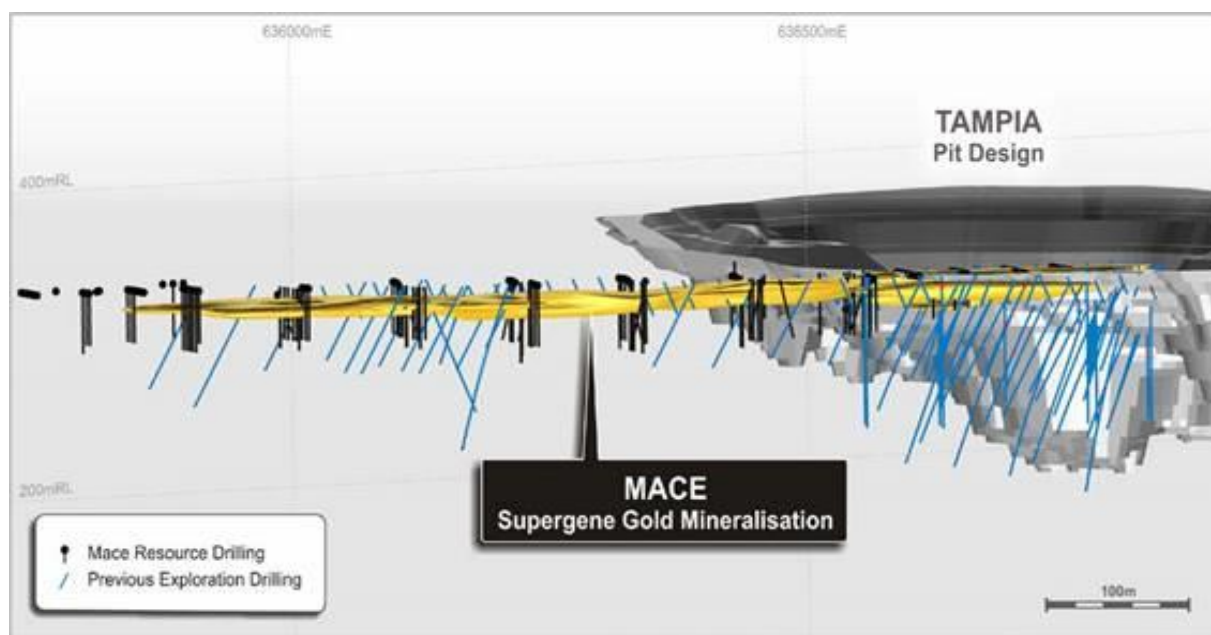


Figure 4: Tampia pit and Mace Deposit long section
Looking North. Showing the Mace supergene gold mineralisation, in relation to the current Tampia pit design.

Rationale

CSA Global have drawn the rationale to support the inclusion of the Inferred Mace Mineral Resource in the Tampia FS from the following guidelines:

ASX GN 31 Section 8.7, as it relates to Production Targets which are based totally on Inferred Resources. The Tampia FS includes the entire Mace Mineral Inferred Mineral Resource as it is summarised in Table 3. CSA Global considers Mace to be significant to the value of the Tampia Gold project, but not critical to the economic viability of the project.

The factors that CSA Global believes provide a reasonable basis for the inclusion of the Inferred material supporting the cash flow are:

- This Inferred material is mineralised (please see Table 3), and contains a mix of high grade and low grade material, a total of 400,000 t averaging 1.4 g/t
- Some of this Inferred material occurs within the Tampia pit, and will be mined as the pit is developed.
- As it is on surface, is easily removed and is mineralised it is logical to continue to mine the remainder of the mineralisation following the portion that is in the Tampia pit
- The 20m x 10m drilling is very close spaced, and it is unlikely that any more closely spaced drilling can improve the nuggety nature of the grade distribution.
- The Mace mineralisation is soft, and will only require light blasting if any.

- The soft nature of the mineralisation is unlikely to require any additional drilling, even for blast holes.
- A cautionary note as per ASX LR 5.16.6 has been included in Section 2.9.5 of the Report

VALMIN 2015, Section 8.5 relating to the use of Ore Reserves and Mineral Resources in the assessment of value in mineral assets

All Ore Reserves and Mineral Resources must be considered in a Technical Assessment or Valuation. When the Reasonable Grounds Requirement has been met for a Valuation, it is generally acceptable to use all Proved and Probable Ore Reserves in the Income Approach. It may sometimes be appropriate to include other classifications, but these must, subject to the Reasonableness Test:

- a) meet the minimum reporting requirements of the ASX Listing Rules and guidance, the ASIC Regulatory Guidelines and guidance, and the JORC Code;
- b) not include Exploration Targets that have not been converted to Production Targets;
- c) be scheduled for extraction behind Proved and Probable Ore Reserves, where practical to do so;
- d) include a statement by the Specialist that confirms the appropriateness of the Modifying Factors along with a description of their level of certainty relative to those of a Feasibility Study or Pre-Feasibility Study; and
- e) be discounted in a manner that is commensurate with the increased uncertainty.

The confidence in this material is derived from:

- an independent mineral resource estimate prepared by consultants RSC Global Pty Ltd, released to the ASX on 14th December 2018, and further independently reviewed by CSA Global for the purpose of this technical valuation.
- the clearly identified geological boundaries of the low grade mineralisation envelope
- the surface occurrence of the mineralisation.
- metallurgical studies for recovery that indicate a high (~96%) recovery for the Mace mineralisation (please see Section 2.8 of attached report).
- 310 RC drill holes and 25 diamond drill holes, drilled on a very close 20m x 10m spacing
- confirmation of the RC drilling by 13 twinned diamond drill holes.

There is a potential uplift in grade indicated by the comparison of the assay results from the 13 twinned RC and diamond drill holes. The drill holes have been surveyed by Southern X Surveys Pty Ltd using a mmGPS in MGA 94/Zone 50.

Chip samples and core were geologically logged to a level of detail to support Mineral Resource estimation. Information included lithology, texture, mineralisation, oxidation, and alteration.

RC drilling equipment with face sampling hammers was used to collect samples. According to the database provided to CSA Global, seven RC holes were drilled in 2016, 37 holes were drilled in 2017 and 355 RC holes were drilled in 2018. A total of 27 diamond holes are within the database, 14 which were drilled as twins to RC holes in 2018 with the aim of validating the RC dataset.

Samples collected by the RC drill hammer were delivered to a Metzke Splitter for sub-splitting. According to Explaurum, recoveries were generally low, with an average of 49% in samples over 0.2 g/t Au. Sample weights were in the order of 3 to 4 kg. The sample preparation process was the same as that used for the Tampia hard-rock deposit samples.

Sampling precision was monitored by collecting a duplicate sample for each metre. According to the Competent Person For the Mineral Resource estimate, reasonable precision was demonstrated from the analysis of duplicate primary sample splits.

Duplicate results for primary splits, secondary (crush) splits and pulp splits were monitored, and according to the Competent Person, no significant bias was noted in the splitting processes.

All samples were analysed at ALS Laboratories in Perth, Australia. All samples used in the Mineral Resource estimation were assayed via fire assay with atomic absorption spectroscopy (AAS) finish.

Explaurum used a range of OREAS certified reference materials (CRMs) that were selected to cover the grade range, to assess laboratory bias. The Competent Person considered the laboratory results accurate across the entire campaign.

Twin results for DD samples that were within both the low-grade mineralisation and 5 m of the RC samples (and where diamond core recoveries were greater than 80%) were provided to CSA Global. The RC results are biased low above 0.6 g/t Au and biased slightly high below 0.6 g/t Au.

Explaurum determined bulk densities through the core-submersion method for selected samples from the core drilling. Samples were not coated with wax prior to submersion because most of the samples were of very competent clay which did not break up in water. Samples were not allowed to dry; hence bulk wet densities were calculated which were later converted to bulk dry densities after drying at the laboratory. The Competent Person reviewed the processes, the results and several calliper-method cross checks and formed the view that the density data was fit for the purpose of resource estimation.

CSA Global considers that data collection techniques are largely fit for purpose.

The RC drilling results (which represent the significantly major portion of the estimation data) appear to be biased low relative to the diamond drilling data, for assay results above 0.6 g/t Au. The diamond drilling results are considered to be a superior sample, and are also more representative as the sample recovery for the diamond drilling is generally in excess of 80%, while the sample recovery in the RC drilling averaged around 49% for samples averaging over 0.2 g/t Au.

The global impact is that estimates using the RC results are likely to be lower compared to estimates completed using the diamond drilling data. This risk associated with the RC data is that it will under-call grade, essentially leading to conservatism in the Mineral Resource estimate.

This observed uplift has not been included in the current reported grade above cut-off as the Company is planning further studies to understand the likely quantum of the uplift. CSA Global notes that any additional clarification of the quantum of this observed uplift is not anticipated to lead to any increase in the confidence of the Mineral Resource classification, as it is the mineralisation continuity that drives the classification, and not assay grades. For the purpose of this supplementary note, CSA Global are of the opinion that the application of a discount factor to account for the Inferred classification of the Mace deposit, would likely be offset by a need to apply an uplift factor to the estimated grade of the Mace Inferred deposit.

For this reason, CSA Global do not believe that it would be appropriate to apply a discount factor to account for the inclusion of the Mace Mineral Resource, as this use of compounding factors has the potential to create an unrealistic view of the accuracy of the technical assessment and valuation of the Tampia Gold Project.

Valuation

CSA Global’s 4 December 2018 valuation was reviewed on 14 December 2018 in light of the addition of Mace to the mining plan. Our opinion on the Market Value of Explaurum’s Mineral Assets as at 14 December 2018 is summarised in Table 5.

As at the date of this document (17 January 2019), CSA Global’s revised opinion, formed on 14 December 2018, has not materially changed.

Table 5: Tampia Gold Project valuation as at 14 December 2018


Mineral Asset	Explaurum’s interest %	Valuation (A\$M)		
		Low	Preferred	High
Mineral Resources (not included in FS study mine plan)	90	2.1	2.9	3.7
Mining Tenure (excluding resource areas)	90	0.3	0.8	1.3
Exploration Tenure	90 & 100	1.9	4.5	7.2
Total	90 & 100	4.3	8.3	12.2

Note: The valuations have been compiled to an appropriate level of precision and minor discrepancies related to rounding may occur.

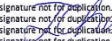
There is significant range in the values derived for the Company’s project. CSA Global has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the project, given the uncertainties inherent in valuing early-stage exploration and pre-development projects.

It is stressed that the valuation is an opinion as to likely values, not absolute values, which can only be tested by going to the market.

CSA Global Pty Ltd.

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Graham Jeffress
Manager - Corporate

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Ivy Chen

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