
WHITESTAR RESOURCES LIMITED

ACN 123 511 017

(To Be Renamed Spookfish Limited)

NOTICE OF GENERAL MEETING

**A General Meeting of the Company will be held at
Level 1, Suite 5, The Business Centre,
55 Salvado Road, Subiaco, Western Australia on
23 December 2014 at 11:00AM (WST).**

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The Independent Expert has concluded that the transaction subject to Resolution 2 of the General Meeting is not fair but reasonable to non-associated Shareholders. All Shareholders should refer to the Independent Expert's Report sent as Part 2 of this Notice of General Meeting.

***Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on
(08) 9380 6789.***

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WHITESTAR RESOURCES LIMITED
(TO BE RENAMED SPOOKFISH LIMITED)
ACN 123 511 017

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of WhiteStar Resources Limited (to be renamed Spookfish Limited) (**Company**) will be held at Level 1, Suite 5, The Business Centre, 55 Salvado Road, Subiaco, Western Australia, on 23 December 2014 at 11:00AM (WST) (**Meeting**).

The Explanatory Statement to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 21 December 2014 at 11:00AM (WST).

Terms and abbreviations used in this Notice and Explanatory Statement are defined in Section 11.

AGENDA

1. Resolution 1 – Change to Scale and Nature of Activities

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

"That, subject to all Other Resolutions being passed, for the purposes of Listing Rule 11.1.2 and for all other purposes, the Company be authorised to make a significant change to the scale and nature of its activities on the terms and conditions in the Explanatory Statement accompanying this Notice."

2. Resolution 2 – Approval of Issue of Vendor and Facilitation Securities

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

"That, subject to all Other Resolutions being passed, and for the purposes of section 611 item 7 of the Corporations Act, and all other purposes, Shareholders approve the issue of:

- (a) 160,000,000 Shares (**Vendor Shares**);
- (b) 160,000,000 Milestone 1 Shares;
- (c) 200,000,000 Milestone 2 Shares,
(collectively the **Vend Securities**);
- (d) 8,400,000 Shares (**Facilitation Shares**);

- (e) 11,200,000 Milestone 1 Shares; and
- (f) 14,000,000 Milestone 2 Shares,
- (collectively the **Facilitation Securities**),

to the Vendors and Advisors (and/or their nominees) as consideration for the Acquisition on the terms and conditions in the Explanatory Statement accompanying this Notice.”

Independent Expert’s Report

Shareholders should carefully consider the Independent Expert’s Report prepared by Stantons International for the purposes of Shareholder approval required under section 611 (item 7) of the Corporations Act for this Resolution. The Independent Expert’s Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders. The Independent Expert has determined that the transaction is **not fair but reasonable** to the non-associated Shareholders.

3. Resolution 3 – Issue of New Securities Pursuant to the Placement

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

*"That, subject to all Other Resolutions being passed, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Directors to issue up to 145,000,000 Shares (**Placement Shares**) each at an issue price of \$0.035 together with one free attaching unlisted Option for every two Placement Shares issued exercisable at \$0.05 on or before 30 November 2018 (**Placement Options**) on the terms and conditions in the Explanatory Statement accompanying this Notice (**Placement**)."*

4. Resolution 4 – Change of Company Name

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

"That, subject to all Other Resolutions being passed, with effect from the date that ASIC alters the details of the Company’s registration in accordance with section 157(1) of the Corporations Act, the name of the Company be changed to Spookfish Limited."

5. Resolution 5(a), (b) and (c) – Appointment of Proposed Directors and Re-election of Mr Jason Marinko

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

- (a) *"That, subject to all Other Resolutions being passed, in accordance with Article 11.7 of the Constitution, and for all other purposes, Mr Stephen Rice, having provided conditional consent to act and be appointed as a director of the Company from Completion of the Acquisition, be elected as a Director of the Company with effect from Completion of the Acquisition."*
- (b) *"That, subject to all Other Resolutions being passed, in accordance with Article 11.7 of the Constitution, and for all other purposes, Mr Mike von Bertouch, having provided conditional consent to act and be appointed as a director of the Company*

from Completion of the Acquisition, be elected as a Director of the Company with effect from Completion of the Acquisition."

- (c) *"That Mr Jason Marinko, having been appointed as a Director prior to the date of this meeting, who retires in accordance with the Constitution and, being eligible, be re-appointed as a director of the Company with immediate effect."*

6. Resolution 6 – Issue of Shares to Loan Investors

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

"That, subject to all Other Resolutions being passed, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue up to 20,000,000 Shares at a deemed issue price of \$0.025 each on the terms and conditions set out in the Explanatory Statement."

7. Resolution 7 – Approval of Performance Rights Plan

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

"That for the purposes of Listing Rule 7.2, Exception 9(b), as an exception to Listing Rule 7.1, and for all other purposes, the Shareholders approve the performance rights plan for employees (including Directors) of the Company known as "Spookfish Limited Performance Rights Plan" and the grant of Performance Rights and the issue of Shares under such Performance Rights Plan, which Performance Rights Plan is summarised in the Explanatory Statement."

Voting Exclusion Statement

The following voting exclusion statement applies to the Resolutions under the Listing Rules or where applicable, the provisions of the Corporations Act in relation to the following persons (**Excluded Persons**). The Company will disregard any votes on the following Resolutions cast by the following Excluded Persons:

No.	Title	Excluded Persons
1.	Change in Change in nature and scale of activities of the Company	Any person who may obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associate of that person.
2.	Approval of Issue of Vendor and Facilitation Securities	Any person who may participate in the issue of the Vendor and/or Facilitation Securities and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed, and any associate of that person.
3	Issue of New Securities Pursuant to the Placement	Any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed, and any associate of that person.
6	Issue of Shares to Loan Investors	Any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the Resolution is passed, and any associate of that person.
7	Approval of Performance Rights Plan	The Existing Directors, the Proposed Directors, and/or any of their nominees (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), and any of their associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Explanatory Statement

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

Each Resolution is subject to and conditional on each of the Other Resolutions being passed. Accordingly, the Resolutions should be considered collectively as well as individually.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms used in this Notice of General Meeting and the Explanatory Statement.

Proxies

Please note that:

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

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

Voting entitlements

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth), the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the register of Shareholders as at 11:00am (WST) on 21 December 2014. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the General Meeting.

Dated 24 November 2014

BY ORDER OF THE BOARD



Shannon Robinson
Director and Company Secretary

WHITESTAR RESOURCES LIMITED (TO BE RENAMED SPOOKFISH LIMITED)

ACN 123 511 017

Explanatory Statement

1. Introduction

This Explanatory Statement has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Level 1, Suite 5, The Business Centre, 55 Salvado Road, Subiaco, Western Australia on 23 December 2014 at 11:00AM (WST).

This Explanatory Statement should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Statement is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

Personalised Proxy Forms have been sent out with this Notice.

2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Statement carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The personalised Proxy Form enclosed provides further details on appointing proxies and lodging Proxy Forms.

3. Summary of the Acquisition

3.1 Background

The Company was incorporated on 18 January 2007 and listed on the ASX on 19 April 2007. The Company has previously focused on mineral exploration in Chile.

In light of difficult market conditions in the mining and exploration sector, the Company has been evaluating high quality and value adding investment opportunities outside the commodities industry to take advantage of global market trends and maximise Share value.

As announced to ASX on 17 July 2014, the Company entered into an option agreement (**Spookfish Option Agreement**) whereby the Company had an option to acquire all of the share capital of Spookfish (**Spookfish Option**). Spookfish Pty Ltd (**Spookfish**) is an Australian company focused on the commercialisation of premium geospatial imagery products and services. Spookfish is seeking to redefine the global geospatial industry by aiming to provide quick and easy subscription based access to high quality geospatial imagery and textured 3D models to the government and corporate sectors at significantly improved levels of resolution, accuracy, cost effectiveness and consistency compared to current industry offerings.

Pursuant to the Spookfish Option Agreement, the Company also had a right to acquire an initial 12.5% interest in the share capital of Spookfish in consideration for a cash payment of \$1,000,000 within 30 days of signing the Spookfish Option Agreement. The Company acquired a 12.5% interest in Spookfish effective 1 August 2014.

In addition Spookfish had secured additional funding via a \$500,000 loan facility made available by Geospatial Investments Pty Ltd (**Geospatial Investments**) as part of a right for a strategic investment of approximately a 19% interest in Spookfish. The Company also agreed an option to acquire Geospatial Investments upon exercise of the Spookfish Option (**Geospatial Investments Option** together with the Spookfish Option being the **Acquisition**) and that the loan facility may be satisfied by cash reimbursement or the issue of shares in the Company at a price of 2.5 cents per share, subject to shareholder approval of the transaction, as set out in the agreements between the parties dated 17 July 2014. The consideration for the acquisition of Geospatial Investments forms part of the consideration originally agreed pursuant to the Terms Sheet to acquire Spookfish.

On 29 October 2014, the Company announced that it had exercised the Spookfish Option and the Geospatial Investments Option to acquire the remaining share capital of Spookfish and to acquire 100% of the share capital of Geospatial Investments.

Under the terms of the Acquisition, and subject to Shareholders approving the Resolutions, the Company will:

- Issue 160,000,000 Vendor Shares, 160,000,000 Milestone 1 Shares and 200,000,000 Milestone 2 Shares (on satisfaction of the applicable milestone) to the Vendors in consideration of the remaining share capital of Spookfish and to acquire 100% of the share capital of Geospatial Investments;
- Issue 8,400,000 Facilitation Shares, 11,200,000 Milestone 1 Shares and 14,000,000 Milestone 2 Shares (on satisfaction of the applicable milestone) to the Advisors in respect of the introduction and facilitation of the Acquisition to the Company;
- Undertake a capital raising seeking to raise a minimum of \$4,025,000 under a Prospectus (see Section 3.13 for the proposed use of these funds);

- Change its name to “Spookfish Limited”; and
- Restructure its Board, with Mr Stephen Rice and Mr Mike von Bertouch to join the Board, with effect from completion of the Acquisition.

Under the terms of the Acquisition, the Company has agreed to issue Shares and Milestone Shares as consideration to the Vendors.

Following Completion of the Acquisition and the Placement, the Vendors will hold up to the following number of Shares and have the right to be issued Milestone Shares and exercise the following Voting Power in the Company:

	Number of Shares	Number of Milestone Shares	Voting Power
Vendors	160,000,000	360,000,000	24.75% ^{1, 2, 3}
Advisors	8,400,000	25,200,000	1.30% ^{1, 2, 3}

Notes:

1. Assumes the raising of \$4.025 million under the Placement and that no options have been exercised. If the Company raises \$5.075 million under the Placement, the Voting Power of the Vendors will be 23.65% and the Voting Power of the Advisors will be 1.24%.
2. Assumes the issue of 8,400,000 Shares and right to 25,200,000 Milestone Shares to the Advisors pursuant to completion of the Acquisition.
3. In addition the Company has agreed to issue up to 22,500,000 Shares to Mr Jason Marinko on satisfaction of vesting conditions pursuant to his incentive share package.

If the milestones in respect of all of the Milestone Shares are met and the Shares are issued (and assuming the Company does not issue any further Shares other than pursuant to the Placement), the Vendors will hold the following number of Shares and exercise the following Voting Power in the Company:

	Number of Shares	Number of Milestone Shares	Voting Power
Vendors	520,000,000	Nil	50.40% ^{1, 2, 3}
Advisors	33,600,000	Nil	3.26% ^{1, 2, 3}

Notes:

1. Assumes the raising of \$4.025 million under the Placement and that no options have been exercised. If the Company raises \$5.075 million under the Placement, the Voting Power of the Vendors will be 48.98% and the Voting Power of the Advisors will be 3.16%.
2. Assumes the issue of 8,400,000 Shares and the right to 25,200,000 Milestone Shares to the Advisors pursuant to completion of the Acquisition.
3. In addition the Company has agreed to issue up to 22,500,000 Shares to Mr Jason Marinko on satisfaction of vesting conditions pursuant to his incentive share package.

The Vendors and the Advisors do not consider they will be associates of one another after the Vend Securities and the Facilitation Securities are issued to them and, therefore, do not consider that their Voting Power in the Company will exceed 20% following completion of the Acquisition. However, at the point in time when the Vend Securities and the Facilitation Securities are issued, the Vendors and the Advisors may be considered associates due to their

common understanding and intentions with respect to the Acquisition and by agreeing to effectively sell their securities in Spookfish and Geospatial Investments to the Company.

In addition, Spookfish has entered into the Spookfish Option Agreement which provides (inter alia) for the appointment of directors to the Board. By reason of this “relevant agreement” to alter the composition of the Board, the shareholders of Spookfish are likely to be considered associates of each other for the purposes of section 12(2)(b) of the Corporations Act. However, the shareholders of Spookfish do not consider that they will be associates with respect to their interests in the Company following completion of the Acquisition.

The Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because, at the time of issuing the Vend Securities and the Facilitation Securities pursuant to Resolution 2, the Vendors and the Advisors may be considered associates of one another and it is anticipated that they will hold Voting Power in the Company of 26.05% (assuming that \$4,025,000 is raised under the Placement).

As a result of the Acquisition, the Company will change its nature from a mining and mineral exploration company to a geospatial imagery company. In addition, the scale of the Company’s share capital base will significantly increase as a result of the Placement and the issue of the Vend Securities and Facilitation Securities. Accordingly, ASX requires the Company to re-comply with Chapters 1 and 2 of the Listing Rules in order to complete the Acquisition.

3.2 Proposed Board

The Board of the Company post completion of the Acquisition will be comprised of Mr Jason Marinko, Ms Shannon Robinson and Messrs Stephen Rice and Mike von Bertouch as nominees of Spookfish (subject to shareholder approval pursuant to Resolutions 6(a) and (b)). Mr Stephen Anastos intends to resign as a director of the Company following completion of the Acquisition and the Board will seek to identify new candidates with the necessary skills and experience to compliment the Board.

In addition, the board of the subsidiary company, Spookfish, which is the entity that holds and develops the intellectual property for the Spookfish Technology will be comprised of Messrs Anthony Grist, Stephen Rice, Mike von Bertouch, Simon Cope, Guy Perkins and Jason Marinko.

Brief profiles of the Directors and Proposed Directors of the Company and its subsidiary are set out below.

Jason Marinko (MBA, GAICD, F Fin, B.Com), Executive Chairman

Mr Marinko has extensive senior corporate executive and equity capital markets experience. He previously held associate director positions at Azure Capital, where he managed equity capital raisings for private and public companies, and Euroz Corporate, where he advised on small and mid-cap mergers, acquisitions and equity capital raisings. Mr Marinko was formally the CEO of Little World Beverages Limited and Little Creatures Brewing Pty Ltd and has held senior corporate strategy roles with Qantas and SingTel Optus. He is a fellow of the Financial Services Institute of Australasia (FINSIA), a graduate of the Australian Institute of Company Directors (AICD), has an MBA from INSEAD Business School in France.

Shannon Robinson (LLB, B.Com, AGIA, MAICD), Non-Executive Director & Joint Company Secretary

Ms Robinson is a former corporate lawyer and corporate advisor with over 10 years' international experience in providing general corporate, capital raising, transaction and strategic advice to numerous ASX / AIM listed and unlisted companies. Ms Robinson has also been a director of several ASX and AIM listed resource companies including Black Mountain Resources Limited and Kaboko Mining Ltd.

Stephen Rice, Executive Director & CEO

Mr Rice has over 30 years' experience in commercialisation, innovation, emerging and disruptive technologies as well as online businesses and eCommerce. Mr Rice is a member of the Federal Government's Commercialisation Australia Expert Network panel and a founding member of eGroup Association, an industry ecosystem representing WA's digital economy. Mr Rice is non-executive chairman of Global Mind Screen, a multi-channel Internet health business and is a board member of several private companies.

Mike von Bertouch (BEng, MBA), Executive Director & Strategic Operations Director

Mike von Bertouch is responsible for all image acquisition systems hardware, aeronautics and flight operations for Spookfish. He is a highly respected engineering and business professional with a proven track record delivering complex projects across a variety of industries. Mr von Bertouch holds a Bachelor of Engineering (Aerospace) degree with Honours from the Royal Melbourne Institute of Technology and an MBA (Technology Management) from La Trobe University.

Mr von Bertouch has in excess of 20 years of professional experience across a wide range of industries and organisations. His experience includes being an Australian Civil Aviation Safety Authority (CASA) Authorised Person holding a broad range of design approval authorities which Mr von Bertouch has used in approving modifications for survey and aeromedical operators and he has acted as a consultant to Nearmap Ltd. Mr von Bertouch is also a director of Structured Design Pty Ltd, a provider of technical and technology-management consulting services to companies and government departments including the Australian Defense Forces.

Anthony Grist (B.Com, A.Fin, FAICD), Subsidiary Chairman

Mr Grist has extensive experience in the capital markets. He has been involved in the management of publicly listed companies across a range of industries both in Australia and overseas. Mr Grist is a former Head of Corporate Finance at an Australian Stock Broking company. In 1990 he founded what became Albion Capital Partners. He holds a Bachelor of Commerce from the University of Western Australia, is an Associate of the Financial Services Institute of Australasia and a Fellow of the Australian Institute of Company Directors.

Mr Grist was co-founder and currently serves as the Chairman of ASX listed Amcom Telecommunications Ltd, a leading fibre optic telecommunications carrier. Until the recent in specie distribution of its iiNet shareholding to Amcom shareholders, Amcom was the largest shareholder of iiNet Ltd, Australia's 2nd largest DSL internet service provider. Mr Grist was a director of iiNet Ltd from July 2006 to 6 September 2011.

Simon Cope, Subsidiary Director & Chief Technical Officer

Mr Cope is a recognised senior technology leader with a proven track record in delivering market disrupting technologies and innovative products in the geospatial imagery sector from prototype stage through to large-scale commercial production. Mr Cope has a diverse blend of

skills acquired and honed over 20 years working in the geospatial technology field, having performed a range of roles in early stage start-ups to multi-nationals including chief architect at Landgate, Western Australia's primary source of land information and geographic data; spatial architect at Ajilon, a leading IT services consultancy; chief technical officer at Nearmap Ltd; chief technologist at ERDAS LLC, a division of Swiss based Leica Geosystems; founder of fotoMuse Pty Ltd which was acquired by Leica Geosystems; and chief software architect at Earth Resource Mapping Ltd which was acquired by Swedish based Hexagon, a global provider of design, measurement and visualisation technologies.

Guy Perkins (B.Eng (Civil)), Subsidiary Director & Strategic Sales Director

Mr Perkins has over 25 years' experience in the global geospatial industry including in Europe, Asia, North America and Australia/NZ. He has worked with ESRI, MapInfo, ER Mapper, Hexagon, NearMap and 1Spatial in various executive management roles. MapInfo, Hexagon, NearMap and 1Spatial are listed entities. Mr Perkins is a civil engineer (UWA) with extensive business know-how and GeoSpatial Industry Knowledge.

Mr Perkins is an active participant in the GeoSpatial Industry community and was a founding director of the Australian Spatial Information Business Association (SIBA). He was a member of the Research Investment Review Board of the Cooperative Research Centre - Spatial Information (CRC-SI) and other industry advisory bodies. He was recently appointed Chairman of the Advisory Board to Curtin University, School of Spatial Sciences.

Ian Magee (B.Sc (Hons), CA, FGIA, MAICD), Chief Financial Officer & Joint Company Secretary

Mr Magee is a highly experienced finance and corporate compliance executive. Having initially worked in the accounting profession in both London and Perth with Deloitte and Price Waterhouse Coopers, Mr Magee has subsequently gained extensive experience in CFO and company secretary roles with ASX-listed organisations in a range of industry sectors, including information technology, financial services, biotechnology, engineering and mining services. Mr Magee has a successful track record of achievement in financial and strategic management, financial and operating systems, corporate actions (including mergers and acquisitions), treasury management, corporate governance and risk management. He is a member of the Institute of Chartered Accountants, a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors.

3.3 Commercial Terms and Agreements relating to the Acquisition

Set out below are summaries of the commercial terms of the Acquisition and the agreements entered into by the Company which relate to the Acquisition.

(a) Summary of commercial terms

The Company entered into the Acquisition Agreements with the Vendors to acquire 100% of the share capital of Spookfish and Geospatial Investments on the following commercial terms:

- (a) Payment of a \$250,000 cash option fee;
- (b) The Company had a right to acquire an initial 12.5% interest in the share capital of Spookfish in consideration for a cash payment of \$1,000,000. The Company acquired a 12.5% interest in Spookfish on 1 August 2014;

- (c) Issue 160,000,000 Vendor Shares, 160,000,000 Milestone 1 Shares and 200,000,000 Milestone 2 Shares (on satisfaction of the applicable milestone) to the Vendors as consideration for the Acquisition;
- (d) Issue 8,400,000 Facilitation Shares, 11,200,000 Milestone 1 Shares and 14,000,000 Milestone 2 Shares (on satisfaction of the applicable milestone) to the Advisors in respect of the introduction and facilitation of the Acquisition;
- (e) On completion of the Acquisition, the shareholders of Spookfish will be entitled to appoint 2 nominees to the Board;
- (f) The Geospatial Investments Loan Facility which may be satisfied by cash reimbursement or the issue of shares in the Company at a price of \$0.025 per share, subject to shareholder approval; and
- (g) The Company seeking shareholder and regulatory approval of the Acquisition, including in accordance with chapter 11 of the Listing Rules, and for the issue of securities to the Vendors and the Advisors.

The key terms on which the Milestone Shares will be issued are:

- (a) Milestone 1 Shares
 - (i) On the achievement of:
 - (A) the Company, Spookfish and any Related Entity combined generating \$20,000,000 of cumulative revenue; or
 - (B) the VWAP of the Shares being equal to or greater than \$0.18,

each right to a Milestone 1 Share will result in the issue of one Share.
 - (ii) The milestone in paragraph (a) above must be achieved on or before 5.00pm (WST) on the date that is four years after the date of Completion.
- (b) Milestone 2 Shares
 - (i) On the achievement of:
 - (A) the Company, Spookfish and any Related Entity combined generating \$36,000,000 of cumulative revenue; or
 - (B) the VWAP of the Shares being equal to or greater than \$0.18,

each right to a Milestone 2 Share will result in the issue of one Share.

- (ii) The milestone in paragraph (c) above must be achieved on or before 5.00pm (WST) on the date that is five years after the date of Completion.
- (c) General Provisions applying to both Milestone 1 and Milestone 2 Shares
 - (i) If there is a Successful Takeover in relation to the Company or a Related Entity prior to the issue of all the Milestone Shares:
 - (A) on or prior to the date that is two years from the date of Completion, then on the date that the Successful Takeover occurs, for the right to every two Milestone Shares that have not already been issued one Share will be issued; and
 - (B) during the period after the date that is two years after Completion but prior to the Expiry Date, then on the date that the Successful Takeover occurs, for the right to every twenty Milestone Shares that have not already been issued thirteen Shares will be issued,

provided however, if the number of Shares to be issued as a result of the Milestone 1 Shares and the Milestone 2 Shares due to a Successful Takeover in relation to the Company or a Related Entity is in excess of 10% of the total fully diluted share capital of the Company at the time of the issue, then the number of Shares to be issued in respect of the Milestone 1 Shares and Milestone 2 Shares will be prorated so that the aggregate number of Shares issued for all Milestone 1 Shares and all Milestone 2 Shares that remain unissued is equal to 10% of the entire fully diluted share capital of the Company.
 - (ii) If there is a reorganisation (including, without limitation, consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of a Holder will be varied (as appropriate) in accordance with the Listing Rules which apply to reorganisation of capital at the time of the reorganisation.
 - (iii) An application will be made by the Company to the ASX for official quotation of the Shares issued upon the issue of each Milestone Share within the time period required by the Listing Rules.

Resolution 2 seeks Shareholder approval for the issue of the Vend Securities and the Facilitation Securities (refer to Section 5 for further details).

The Acquisition is conditional upon, and subject to, a number of conditions. These conditions have either been satisfied or substantially satisfied, with the exception of the following conditions which remain outstanding at the date of this Notice:

- (a) completion of due diligence;
- (b) Shareholder approval of the Acquisition; and

- (c) the Company obtaining all necessary regulatory approvals required in relation to the Acquisition including re-compliance with Chapters 1 and 2 of the Listing Rules.

The Vendors and Advisors acknowledged that some or all of the Vend Securities and the Facilitation Securities may be escrowed in accordance with the requirements of ASX.

(b) **Spookfish Option Agreement**

The Company and Spookfish entered into the Spookfish Option Agreement on 17 July 2014. Under the agreement, the Company paid a non-refundable option fee of \$250,000 to Spookfish and Spookfish granted the Company an option to acquire all of their securities in Spookfish within the next 9 months or completion of the enhancement and testing of the first phase technology demonstrator (**Spookfish Technology Demonstrator**). The shareholders of Spookfish approved the terms of the Acquisition on or about the date of the Spookfish Option Agreement.

Under the Option Agreement, the Company was entitled to undertake due diligence investigations into Spookfish. The Company also had a right to acquire a 12.5% equity interest in Spookfish for a cash payment of \$1,000,000 within 30 days which is to be used for testing and enhancement of the prototype technology unless otherwise mutually agreed. The Company exercised this right and acquired an initial 12.5% interest in Spookfish effective 1 August 2014.

The Company announced the exercise of the Spookfish Option on 29 October 2014. Completion of the Acquisition is conditional on further due diligence including full scale testing of the Spookfish Technology Demonstrator.

Other key terms of the Option Agreement include the following:

- (a) The total purchase price payable to the Spookfish shareholders (or their nominees) is 130,000,000 Vendor Shares plus the right to 145,000,000 Milestone 1 Shares and 180,000,000 Milestone 2 Shares. The Vend Securities will be subject to any escrow requirements of ASX.
- (b) Spookfish will be entitled to nominate 2 directors to the Board.
- (c) Completion is subject to the following conditions precedent:
 - (A) the Company and Spookfish obtaining all necessary shareholder and regulatory approvals, consents or acceptances to the transactions contemplated by the Agreement;
 - (B) the Company completing a capital consolidation (if required);
 - (C) the Company re-complying with Chapters 1 and 2 of the Listing Rules;
 - (D) the Company completing the Placement;
 - (E) no material default or breach of the Spookfish Option Agreement by Spookfish occurring; and
 - (F) no material adverse change occurring.

The Acquisition is conditional upon, and subject to, a number of conditions. These conditions have either been satisfied or substantially satisfied, with the exception of the following conditions which remain outstanding at the date of this Notice:

- (a) completion of due diligence;
- (b) Shareholder approval of the Acquisition; and
- (c) the Company obtaining all necessary regulatory approvals required in relation to the Acquisition including re-compliance with Chapters 1 and 2 of the Listing Rules and approval of the relevant regulatory authorities.

(c) **Geospatial Investments Option and Facility Deed**

Spookfish, Geospatial Investments and the Company entered into an option and facility deed on 17 July 2014 whereby Spookfish granted Geospatial Investments an option to acquire an 18.96% equity interest in Spookfish for \$1.00. In consideration for the option, Geospatial Investments made available to Spookfish a loan facility for up to \$500,000 to be drawn on mutual consent repayable at completion of the Acquisition or within 12 months (**Geospatial Investments Loan Facility**). Interest on the loan is at 2.5% above the “BBYS” base rate on the Reuter Monitor System. The funds advanced may only be used for working capital purposes and the development of the business or any other purpose agreed between Spookfish and Geospatial Investments.

The Geospatial Investments Loan Facility may convert into shares in the Company at \$0.025 per share at the election of Geospatial Investments subject to the Company obtaining shareholder approval. The Company guarantees the Geospatial Investments Loan Facility subject to the Company obtaining shareholder approval for the Acquisition under chapter 11 of the Listing Rules.

Pursuant to the deed, the exercise of the option to acquire an equity interest in Spookfish by Geospatial Investments is conditional upon:

- (i) Mr Anthony Grist consenting to act as a director of Spookfish;
- (ii) the Spookfish technology demonstrator being completed; and
- (iii) Spookfish obtaining all board and shareholder approvals necessary to complete the option.

As part of the exercise of the Spookfish Option and the Geospatial Investments Option by the Company, the above conditions were satisfied other than the completion of the Spookfish technology demonstrator which was waived.

As at the date of this Notice, the Geospatial Investments Loan Facility has not been drawn.

(d) **Geospatial Investments Share Sale Agreement**

The Company and Geospatial Investments entered into the Geospatial Investments Share Sale Agreement.

Key terms of the Geospatial Investments Sale Agreement include the following:

- (a) The total purchase price payable to the Geospatial Investments shareholders (or their nominees) is 30,000,000 Vend Shares plus the right to 15,000,000 Milestone 1 Shares and 20,000,000 Milestone 2 Shares. The Vend Securities will be subject to any escrow requirements of ASX.
- (b) Completion is subject to the following conditions precedent:
 - (A) the Company exercising the Spookfish Option;
 - (B) the Company and Geospatial Investments obtaining all necessary shareholder and regulatory approvals, consents or acceptances to the transactions contemplated by the Agreement including approval for the issue of securities to the shareholders of Geospatial Investments;
 - (C) the Company re-complying with Chapters 1 and 2 of the Listing Rules and obtaining conditional approval of ASX for re-instatement of the Company's securities to quotation of the ASX following completion of the Acquisition;
 - (D) no material default or breach of the Spookfish Option Agreement by Spookfish occurring; and
 - (E) no material adverse change occurring.
- (e) **Facilitation Letter**

The Company and the Advisors entered into a letter agreement formalising details of the Facilitation Securities to be issued to the Advisors on completion of the Acquisition as set out in Schedule 2, subject to shareholder approval, for the introduction and facilitation of the Acquisition to the Company. The terms of the Facilitation Letter were set out in the initial terms sheet entered into between the Company and Spookfish.
- (f) **Lead Manager and Placement Mandate**

The Company has appointed Forrest Capital (AFSL 298 311) as lead manager of the Placement. Forrest Capital has sought firm commitments in respect of the minimum raising of \$4,025,000. Forrest Capital will receive a lead manager fee of 6% of the amount raised, this amount includes any fees paid to brokers.

3.4 Overview of Spookfish

Background

The aerial and satellite imagery market is mature, large and growing steadily. The 'traditional' Australian market for geospatial imagery is in the region of \$100M, dominated by government purchasers. Divided almost evenly between satellite and aerial imagery, the global acquisition and processing market is worth around \$6B per year. Imagery product is standardised within the industry and priced consistently on a global basis; the price determined by resolution, accuracy, coverage as well as convenience and timeliness of the delivery of data.

There are wide and varied uses of geospatial aerial imagery which includes: governments to help monitor and manage environmental change; local governments to improve town planning; mining companies to help quantify and manage disturbance and rehabilitation;

engineers rely on aerial imagery to help determine optimal route location and design for major infrastructure project; emergency services rely on rapid-response aerial imagery to help assess damage caused by natural disasters and plan future mitigation strategies.

Spookfish is developing a suite of geospatial imagery technologies, which it intends to commercialise. Spookfish is more than simply a collection of technologies bolted together. It is a complete business capability to plan, capture, process, store and distribute high quality imagery.

Spookfish has planned a clear, pragmatic, staged approach to developing, evolving and commercialising its suite of technologies over the next few years (**Spookfish Technology**). The fundamental core elements of the first phase technology demonstrator are the result of research and development to date. This will be demonstrated in full scale test flights over the coming weeks with potential early commercial revenue opportunities to follow.

Spookfish has an experienced management and a world-class technical team encompassing the full gamut of constituent knowledge areas including geospatial, engineering, aeronautics, data processing, data storage, control systems, communications, optics and sensor devices. These have been employed to perform this first demonstration step, which is then the launching pad for initial commercial operations and further development of technology in 2015.

Financial History

Spookfish is essentially a start-up company with limited trading history. Since incorporating in October 2012, Spookfish's activities have principally involved an extensive research and development program, development of its technology roadmap, comprehensive market analysis and strategic business planning.

Other than immaterial revenue through charter/hire of its aircraft, Spookfish did not receive any revenue in 2014.

Given Spookfish's limited trading history, and given that its business is largely unproven, it is difficult to make an evaluation of Spookfish's business or its prospects. Accordingly, no assurance can be given by that the Company will achieve commercial viability through the acquisition of Spookfish and the implementation of its business plan.

Please refer to section 3.2 of the Independent Expert's Report for historical financial information for Spookfish.

Business Model

Following completion of the Acquisition, the Company will focus on the test flight and pilot programs for the technology demonstrator and development of phase two of its technology roadmap; a scaled-up, high altitude system.

In 2015 Spookfish anticipates that there may be limited commercialisation opportunities of its low altitude demonstrator technology as part of the planned pilot program. The target is to commercialise the next phase technology with higher altitude capabilities which is anticipated for 2016 with further advanced phases to be developed and subsequently commercialised.

When the Spookfish Technology is fully deployed, the aim is for customers to receive a consistent, high quality, high currency product across their area of interest from a single supplier at a cost effective rate unmatched using traditional camera systems. It is intended that customers will no longer have to mosaic imagery from various suppliers with variable

acquisition dates, resolution, quality, currency, precision, projection systems and then have the need to colour balance imagery across a range of suppliers. Spookfish aims to enable customers to source their aerial imagery requirements from one simple convenient portal, being the proposed Spookfish portal currently under development, and be able to select a delivery, quality and payment plan that suits their technical requirements and budget.

Eventually, multiple products for different markets will be derived from a single data source to further segment and address the market with optimal combinations of product features and price points.

Revenue Model

The Company's revenue model will be subscription based, charging customers in advance on a monthly, quarterly or annual basis. In addition the revenue model may include an enterprise license structure on a per seat model charged per annum in advance and volume based licensing fees for bespoke content capture.

It is anticipated during the early stages of development that operational trials, pilot programs and bespoke project based surveys will be provided for key early customers.

3.5 Overview of the Spookfish Technology

Technology Demonstrator

The Spookfish Technology being developed is not simply a camera and processing system; it is an integrated end-to-end technology ecology that encompasses all aspects of the 'technology value chain'. Each element incorporates proprietary Spookfish innovations.

It is anticipated that the Spookfish Technology Demonstrator will be completed this year with operational trials and a low altitude pilot program to commence during Q1 2015. Development of a scaled-up operation will begin in the second half of 2015 for commercial release in 2016. Concurrently, development of the next phase high altitude technology is planned for 2015|2016 for subsequent release to the market.

Research and Development program

Spookfish will maintain a significant ongoing R&D program to continue to drive competitive advantage. Whilst the core system has been engineered using existing known art, significant incremental improvements are possible in the areas of image compression, data protection, processing quality, performance, flight optimisation and 3D model extraction, ongoing R&D will reduce cost, improve quality and efficiency, reduce time to market, expand the product set and provide additional key points of differentiation.

3.6 Overview of Spookfish' intellectual property

Spookfish's primary assets are its intellectual property. It relies on a combination of trademark, patent and copyright laws in Australia to protect its proprietary technologies and brand.

Patents

Spookfish has filed the following patent applications

Application No.	Country	Title	Filing Date	Status
2014903450	Australia	Loss of Separation Avoidance	29 August 2014	Provisional
2014904018	Australia	An Aerial Camera System	8 October 2014	Provisional

Trademarks

Spookfish has filed the following trademark applications:

Application No.	Country	Type	Category	Classes	Filing Date
1627153	Australia	Word	Goods and Services	9, 35, 38, 41, 42, 45	6 June 2014

Domain name (registered)

Spookfish is the registered holder of the following domain names:

- www.spookfish.com
- www.spookfish.com.au
- www.spookfish.biz
- www.spookfishimagery.com
- www.spookfishmaps.com
- www.spookfishportal.com
- www.spookfish.it
- www.spook.fish
- www.spookfish.xyz
- www.spookfish.co
- www.spookfishtechnology.com

3.7 Indicative Timetable

Set out in the table is the expected timing for completion of the Acquisition and the matters contemplated by the Resolutions, subject to compliance with all regulatory requirements. These dates are indicative only and are subject to change. The Directors reserve the right to amend the timetable without notice.

Event	Anticipated Date
Notice of Meeting sent to Shareholders	24 November 2014
Lodgment of Prospectus with ASIC Prospectus offer opens	10 December 2014
Last day for lodgment of Proxy Form	21 December 2014
Suspension of the Company's securities from trading on ASX at the opening of trading General Meeting to approve the Resolutions	23 December 2014
Prospectus offer closes	23 December 2014
Completion of the Proposed Transaction Issue of Consideration Shares Issue of New Shares pursuant to the Placement	January 2015
Expected date for Shares to be reinstated to trading on ASX (subject to satisfaction of all conditions to re-compliance with Chapters 1 and 2 of the Listing Rules)	January 2015

3.8 Effect of the Acquisition on the Company

(a) Capital Structure

Below is a table showing the Company's current capital structure and the possible capital structure on completion of the Placement (assuming \$4.025 million is raised), Completion and upon issue of the maximum possible Milestone Shares and assuming none of the Options expire, or are exercised, prior to the date that all of the Milestone Shares have been issued.

	Shares	Options	Milestone Shares
Balance as at the date of this Notice	363,085,005 ^{2,6}	-	-
Balance following completion of the Placement	478,085,005 ^{1,3,6}	57,500,000 ^{3,5}	-
Balance following completion of the Acquisition	646,485,005 ^{1,3,6}	57,500,000 ^{3,5}	385,200,000
Balance following issue of the Milestone Shares ³	1,031,685,005 ^{4,6}	57,500,000 ^{3,5}	-

Notes:

1. Assumes the raising of \$4.025 million under the Placement.

2. In addition the Company has agreed to issue up to 22,500,000 Shares to Mr Jason Marinko on satisfaction of vesting conditions pursuant to his incentive share package.
3. An additional 30,000,000 Placement Shares and 15,000,000 Placement Options may be issued if \$5.075 million is raised.
4. Assumes all of the Milestone Shares are issued prior to the expiry date of the right to be issued the Milestone Shares.
5. In addition the Company has agreed to issue 7,500,000 unlisted options to Directors to recognise the efforts of existing and former Directors over the past 18 months.
6. As at the date of this Notice, no funds have been drawn by Spookfish pursuant to the Geospatial Investments Loan Facility. In the event that the facility is fully drawn and Geospatial Investments elects to convert the loan funds under the terms of the Geospatial Investments Loan Facility, then the maximum number of Shares to be issued on conversion would be 20,000,000 Shares.

The table above shows the possible capital structure of the Company that will give the Vendors and the Advisors the maximum Voting Power.

(b) The Vendors and the Advisors Voting Power

The following table outlines the Voting Power of the Vendors and the Advisors under various scenarios depending on whether the Milestone Shares are issued.

Event Causing the Share Issue	Number of Shares Issued to the Vendors and the Advisors	% of Share Capital Held by the Vendors and the Advisors on Issue of the Shares
On completion of the Acquisition and Placement	168,400,000	26.05% ²
On achievement of the Milestones prior to the expiry date of the Milestone Shares	553,600,000	53.66% ^{2,3}

Notes:

1. In addition the Company has agreed to issue up to 22,500,000 Shares to Mr Jason Marinko on satisfaction of vesting conditions pursuant to his incentive share package. Issue of these Shares will be subject to Shareholder approval at the Company's next general meeting.
2. Assumes the raising of \$4.025 million under the Placement. If the Company raises \$5.075 million under the Placement then the Vendors and the Advisors Voting Power will be 24.89%.
3. Assumes all of the Milestone Shares are issued as Shares prior to the expiry date of the right to be issued Milestone Shares. If the Company raises \$5.075 million under the Placement then the Vendors and the Advisors Voting Power will be 52.14% if all Milestone Shares are issued.

3.9 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2. Refer to section 12 of the Independent Expert's Report for further advantages:

- (a) the Acquisition provides Shareholders with exposure to geospatial imagery company with significant potential for growth. Assuming that the Placement is fully subscribed, the business will be well capitalised with approximately \$4 million which will primarily be used to fund flight testing and pilot programs, initial limited commercialisation, marketing and growth activities as well as continuing technology development;
- (b) a larger market capitalisation and enhanced Shareholder base resulting from the Acquisition may provide a more liquid market for the Company's Shares than what currently exists;
- (c) the appointment of the Proposed Directors will add experience and skill to the Board to assist with the growth of the Company;
- (d) the Independent Expert has concluded that the proposed 100% acquisition of Spookfish and Geospatial Investments is not fair but reasonable to non-associated Shareholders (see Annexure A);
- (e) currently the Company has a strategic exploration holding in Chile. If the Acquisition is approved, Shareholders will be exposed to the potential upside from geospatial imagery company with potential for early commercialisation and revenue opportunities;
- (f) the Company's ability to raise funds and attract expertise will be improved;
- (g) the Acquisition may encourage new investors in the Company because the Company is pursuing a new strategic direction. This improvement in the attractiveness of an investment in the Company may lead to an increased liquidity of Shares and greater trading depth than currently experienced by Shareholders; and
- (h) Shareholders may be exposed to further debt and equity opportunities that it did not have prior to the Acquisition.

3.10 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the Resolutions:

- (a) assuming that the Placement is fully subscribed, the Acquisition and the passing of the Resolutions will result in Shareholders' interests in the Company being diluted by approximately 43.84% (not including any Shares issued on satisfaction of milestones pursuant to the Milestone Shares or exercise of Placement Options);
- (b) the Company will be changing the nature and scale of its activities to comprise geospatial imagery technology which may not be consistent with the objectives of Existing Shareholders;
- (c) the Company and its Shareholders will be exposed to risks associated with Spookfish and its technology including (but not limited to) those set out in Schedule 1;
- (d) Should the Acquisition be completed, the Company's Shareholders will have their Voting Power reduced. As such, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets will be reduced accordingly; and

- (e) Following the issue of the Shares as the consideration under the Acquisition Agreement, the Vendors will become the largest shareholder of the Company. In this scenario, the Vendors may have the ability to significantly influence or control the Company.

3.11 Investment speculative

The list of risk factors set out in Schedule 1 ought not to be taken as exhaustive of the risks faced by the Company. These factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities.

3.12 Pro forma statement of financial position

The pro forma statement of financial position of the Company, assuming the Resolutions are passed and implemented, is set out in section 5.4 of the Independent Expert's Report, a copy of which is in Annexure A to this Explanatory Statement.

3.13 Proposed use of funds

The Company intends to use the funds raised from the Placement as follows:

Use of funds	Amount	%
Commercialisation & Development of Technology	2,300,000	57.14%
Operations, Infrastructure & Business Development	1,200,000	29.81%
Working Capital & Corporate Overheads	525,000	13.04%
Total	4,025,000	

Note:

1. The above table is a statement of the Board's current intention as at the date of this Notice and assumes the raising of \$4,025,000 under the Placement. If the Company raises an additional \$1,050,000 under the Placement, those monies will be applied towards general working capital. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

3.14 Placement

The Company intends to undertake the Placement being the issue of up to 145,000,000 Placement Shares each at an issue price of \$0.035 together with one free attaching unlisted Placement Option for every two Placement Shares issued to fund initial working capital on the Spookfish Technology. The Placement Options will be exercisable at \$0.05 each on or before 30 November 2018. The Company will seek to raise a minimum of \$4,025,000 (before costs) but may also accept subscriptions of up to an additional \$1,050,000. Resolution 3 seeks Shareholder approval for the Placement (refer to Section 6 for further details).

The Company has received firm commitments for the Placement in respect of the minimum raising of \$4,025,000. Forrest Capital (AFSL 298 311) will receive a lead manager fee of 6% of the amount raised, this amount includes any fees paid to brokers.

3.15 Incentive Plans

The Company intends to use appropriate long term and short term incentives to attract and retain employees. The Company currently has an Employee Share Plan and intends to adopt a Performance Rights Plan, the subject of Resolution 7 of this Notice.

3.16 Existing Exploration Projects in Chile

The Company continues to maintain its strategic land holding in Chile and will re-evaluate the projects in the new year, subject to completion of the Acquisition seeking either a strategic partner or divestment.

3.17 Risk Factors

The Company will continue to undertake the requisite due diligence process (including title, legal, technical and other risks) prior to Completion. While this process is undertaken to identify any material risks specific to the Spookfish, Geospatial Investments and the Spookfish Technology, it should be noted that the usual risks associated with companies with a small market capitalisation undertaking the development and commercialisation of geospatial imagery technology are expected to remain after the completion of due diligence.

Investing in a company involves risks of various kinds, some of which are within the realms of influence of the Company and some, arising from external factors, which may be beyond the control of the Company. A summary of the risks associated with the Acquisition and ongoing development of the Spookfish Technology are outlined in Schedule 1.

3.18 Independent Expert's Report

The Directors resolved to appoint Stantons International as an independent expert and commissioned it to prepare a report to provide an opinion as to whether or not the proposal in Resolutions 1 and 2 are fair and reasonable to the existing Shareholders.

What is fair and reasonable must be judged by the independent expert in all the circumstances of the proposal. This requires taking into account the likely advantages to Shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.

Stantons International has concluded that the proposed Acquisition is not fair but reasonable to the existing Shareholders.

The Company strongly recommends that you read the Independent Expert's Report in full, a copy of which is in Annexure A to this Explanatory Statement.

3.19 Director Recommendation

Based on the information available, including:

- (a) the information contained in this Explanatory Statement; and
- (b) the Independent Expert's Report in Annexure A,

the Directors consider that Resolutions 1 and 2 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolutions 1 and 2.

Each of the Directors voted for the proposal to be put to Shareholders.

Each of the Directors who holds Shares in the Company (or whose associated entities hold Shares) and is entitled to vote will vote their Shares in favour of the Acquisition.

Other than as set out below, the Directors do not have any material personal interest in the outcome of the Resolution other than their interests arising solely in their capacity as Shareholders of the Company.

4. Resolution 1 – Change to scale and nature of activities

4.1 Background

Resolution 1 seeks approval from Shareholders for a change to the scale and nature of the activities of the Company.

As outlined in Section 3 of this Explanatory Memorandum, the Company has entered into the Acquisition Agreements under which the Company has agreed to acquire Spookfish and Geospatial Investments.

The Acquisition Agreements is subject to a condition precedent to obtain Shareholder approval.

Resolution 1 is an ordinary resolution and is subject to the approval of all Other Resolutions.

4.2 Listing Rule 11.1 Requirements

Chapter 11 of the Listing Rules requires Shareholders to approve any significant change in the nature or scale of a company's activities. The acquisition of Spookfish and Geospatial Investments by the Company will have the effect of increasing the scale and changing the nature of the Company's activities.

Resolution 1 seeks Shareholder approval to allow the Company to complete the Acquisition thereby increasing the scale and changing the nature of its activities. The Company previously operated in the mineral exploration sector. In 2013 the Company reviewed its exploration activities in Chile and undertook a restructure and cost saving initiatives as well as commencing discussions with several parties regarding a potential transaction in respect of its exploration interests in Chile. Therefore the proposed Acquisition will change the scale and nature of the Company's activities. Accordingly the Company must:

- (a) under Listing Rule 11.1.1, notify ASX of the proposed change;
- (b) under Listing Rule 11.1.2, obtain shareholder approval to undertake the change; and
- (c) under Listing Rule 11.1.3, meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company was applying for admission to the official list of ASX, if required by ASX. The ASX has confirmed that the Company will need to re-comply with the requirements of Chapters 1 and 2 of the Listing Rules. The Company proposes to undertake the Placement pursuant to Resolution 3 to meet the requirements of re-compliance.

See Section 3 of this Explanatory Statement for further information on the Acquisition and the likely affect that the Acquisition will have on the Company.

A voting exclusion statement is included in the notice.

4.3 Waiver of 20 cent rule as part of re-compliance

As set out in Section 4.2, the proposed Acquisition will require the Company to meet the requirements of Chapters 1 and 2 of the Listing Rules as if the Company were applying for admission to the official list of ASX. These requirements include:

- (a) that the main class of a company's securities for which a company seeks quotation must have an issue price of at least 20 cents in cash (pursuant to Listing Rule 2.1 Condition 2); and
- (b) that the exercise price for any options on issue must be at least 20 cents in cash (pursuant to Listing Rule 1.1 Condition 11).

The terms of the proposed capital raising pursuant to Resolution 3 will not meet the requirements set out in Listing Rule 2.1 Condition 2 as the Placement is proposed to be completed at an issue price of 3.5 cents per Share, being an issue price of less than 20 cents.

Following completion of the Placement, the Company will have Options on issue with an exercise price of \$0.05, being less than the 20 cent exercise price required by Listing Rule 1.1 Condition 11.

On 1 September 2014, ASX released a policy update indicating that ASX will consider a request for the 20 cent rule (Listing Rule 2.1 Condition 2) not to apply to a company, where subject to the satisfaction of certain other requirements, that company's securities have been trading on ASX at a price less than 20 cents and where not applying the 20 cent rule may otherwise be in the interests of a company and its shareholders.

The Company has applied to ASX for a waiver of ASX Listing Rule 2.1 Condition 2 together with a waiver from ASX Listing Rule 1.1 Condition 11 to allow the Company to issue the Placement Shares at 3.5 cents per Share, and to have the Placement Options on issue with an exercise price less than 20 cents. Completion of the Acquisition (including the Company meeting the re-compliance requirements pursuant to Chapters 1 and 2 of the Listing Rules) will be conditional on these waivers being granted. The Company will make an announcement once the result of ASX's decision on the waivers is notified to the Company.

5. Resolution 2 – Approval of issue of Vendor and Facilitation Securities

5.1 General

Resolution 2 seeks Shareholder approval under item 7 of section 611 of the Corporations Act to issue securities exceeding 20% of the Company's fully diluted share capital to a party.

A company is not required to obtain Shareholder approval under Listing Rule 7.1 where Shareholder approval is granted under item 7 of section 611 of the Corporations Act. Accordingly, Shareholder approval to issue the Vend Securities and the Facilitation Securities to the Vendors and the Advisors is not required pursuant to Listing Rule 7.2 exception 16.

Resolution 2 is an ordinary resolution and is subject to the approval of all the Other Resolutions.

5.2 Information required by item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74

Resolution 2 seeks Shareholder approval under item 7 of section 611 of the Corporations Act to the acquisition by the Vendors and the Advisors of a Relevant Interest in 168,400,000 Shares, 171,200,000 Milestone 1 Shares and 214,000,000 Milestone 2 Shares upon the issue of those securities.

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

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

Under section 610 of the Corporations Act, a person's Voting Power is determined by the percentage of the total voting shares in the Company held by the person and the person's associates.

The Vendors and the Advisors do not consider they will be associates of one another after the Vend Securities and the Facilitation Securities are issued to them and, therefore, do not consider that their Voting Power in the Company will exceed 20% following completion of the Acquisition. However, at the point in time when the Vend Securities and the Facilitation Securities are issued, the Vendors and the Advisors may be considered associates due to their common understanding and intentions with respect to the Acquisition and by agreeing to effectively sell their securities in Spookfish and Geospatial Investments to the Company.

In addition, Spookfish has entered into the Option Agreement which provides (inter alia) for the appointment of directors to the Board. By reason of this "relevant agreement" to alter the composition of the Board, the shareholders of Spookfish are likely to be considered associates of each other for the purposes of section 12(2)(b) of the Corporations Act. However, the shareholders of Spookfish do not consider that they will be associates with respect to their interests in the Company following completion of the Acquisition.

The Company is seeking the approval of Shareholders under item 7 of section 611 of the Corporations Act for the purposes of section 606 of the Corporations Act because, at the time of issuing the Vend Securities and the Facilitation Securities pursuant to Resolution 2, the Vendors and the Advisors may be considered associates of one another and it is anticipated that they will hold Voting Power in the Company of 26.05% (assuming that \$4,025,000 is raised under the Placement).

The Vendors, Advisors and their associates are precluded from voting on Resolution 2.

The information that Shareholders require under item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74 is as follows:

- (a) **The identity of the Vendor, the Advisors and any person who will have a relevant interest in the Vendor Securities and/or the Facilitation Securities to be allotted to the Vendors and/or the Advisors**

If Resolution 2 is passed, and all the Vend Securities and the Facilitation Securities are issued pursuant to that Resolution, the Vendors and the Advisors (or their nominees) will receive the numbers of the Vend Securities and the Facilitation Securities (and acquire a Relevant Interest in the number of the Vend Securities and the Facilitation Securities) set out in Schedule 2.

- (b) **Full particulars (including the number and percentage) of the shares in the Company to which the Vendors and the Advisors will be entitled immediately before and after the acquisition**

Refer to Section 3.8 for full particulars (including the number and percentage) of the Vend Securities and the Facilitation Securities in which the Vendors and the Advisors have, or will have, a Relevant Interest in immediately before and after the Acquisition and after the issue of the Milestone Shares (assuming all of the Milestone Shares are issued as Shares).

- (c) **The identity, associations (with the Company, the Vendors, the Advisors or any of their associates) and qualifications of any person who is intended to become a director if Shareholders agree to the acquisition**

It is intended that Messrs Stephen Rice and Mike von Bertouch will become directors of the Company if Shareholders approve the Acquisition, as nominees appointed by the shareholders of Spookfish. In addition it is intended that Mr Anthony Grist will be appointed as a director of the Subsidiary if Shareholders approve the Acquisition, Mr Grist is a director and shareholder of Geospatial Investments. Refer to Section 3.2 for full particulars.

- (d) **The Vendors and the Advisors intentions regarding the future of the Company if Shareholders agree to the Acquisition and the allotment of Shares and Milestone Shares to the Vendors and the Advisors in consideration of the Acquisition**

The Vendors and the Advisors will be Shareholders in the Company following Completion of the Acquisition and:

- (a) there is no intention to change the business of the Company (other than as disclosed in this Notice);
- (b) there is no intention to inject further capital into the Company (other than as disclosed in this Notice);
- (c) there is no intention to change the future employment of the present employees of the Company;
- (d) there is no proposal whereby any property will be transferred between the Company and the Vendors or the Advisors or any parties associated with the Vendors or the Advisors; and

(e) there is no intention to otherwise redeploy any of the fixed assets of the Company (other than as disclosed in this Notice).

- (e) **Particulars of the terms of the proposed allotment of Shares and Milestone Shares and any contract or proposed contract between the Vendors, the Advisors and the Company or any of their associates which is conditional upon, or directly or indirectly dependent on, Shareholders agreement to the allotment of Shares to the Vendors and the Advisors in consideration of the acquisition**

Other than the Acquisition Agreements and as set out in Section 3, there are no contracts or proposed contracts between the Vendors and the Advisors and the Company or any of their associates which are conditional upon, or directly or indirectly dependent on, Shareholder agreement to the allotment of Vend Securities and Facilitation Securities to the Vendors and the Advisors in consideration of the Acquisition.

- (f) **When the allotment of Shares to the Vendors and the Advisors as consideration under the Acquisition Agreement is to be made**

The Vend Securities and the Facilitation Securities will be issued to the Vendors and the Advisors on Completion of the Acquisition in respect of the Shares and on achievement of the applicable milestone in respect of the Milestone Shares. Completion is expected to occur shortly after approval of the Acquisition by Shareholders.

- (g) **An explanation of the reasons for the proposed allotment of Vend Securities and Facilitation Securities to the Vendors and the Advisors**

The Vend Securities will be issued to the Vendors on Completion as consideration for the Acquisition. The Facilitation Securities will be issued to the Advisors on Completion as consideration for the introduction and facilitation of the Acquisition to the Company.

- (h) **The interests of the Directors in Resolution 2**

None of the Directors have an interest in Resolution 2.

- (i) **Identity of the Directors who approved or voted against the proposal to put Resolution 2 to Shareholders and the Explanatory Memorandum**

All of the Directors voted in favour of the proposal to put the Acquisition to the approval of Shareholders.

- (j) **Any intention of the Vendors or the Advisors to change significantly the financial or dividend policies of the Company**

The Vendors and the Advisors do not intend to change significantly the financial or dividend policies of the Company at this time.

- (k) **Recommendation or otherwise of each Director as to whether Shareholders should agree to the proposed allotment and the reasons for the recommendation or otherwise**

See Section 3.19 in respect to the Directors Recommendation.

- (l) **An analysis of whether the proposed allotment of Vend Securities and Facilitation Securities to the Vendors and the Advisors in consideration of the Acquisition is fair and reasonable when considered in the context of the interests of the Shareholders other than the Vendor.**

Refer to section 3.18 of this Explanatory Statement.

6. Resolution 3: Issue of New Securities Pursuant to the Placement

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 7.1 for the allotment and issue of up to 145,000,000 Placement Shares each at an issue price of \$0.035 together with one free Placement Option for every two Placement Shares issued. The Placement Options will be exercisable at \$0.05 each on or before 30 November 2018. The Company will seek to raise a minimum of \$4,025,000 (before costs) but may also accept subscriptions of up to an additional \$1,050,000.

The Company has received firm commitments for the Placement in respect of the minimum raising of \$4,025,000. Forrest Capital (AFSL 298 311) will receive a lead manager fee of 6% of the amount raised, this amount includes any fees paid to brokers.

Obtaining Shareholder approval of the issue of the Placement Shares and the Placement Options means that this issue will not reduce the Company's 15% placement capacity under Listing Rule 7.1 should the Company undertake the Placement.

Resolution 3 is an ordinary resolution and is subject to the approval of all Other Resolutions.

6.1 Specific information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3 information regarding the issue of the Placement Shares is provided as follows:

- (a) The maximum number of securities the Company intends to issue under Resolution 3 is 145,000,000 Placement Shares and 72,500,000 Placement Options.
- (b) The Company will issue and allot the Placement Shares and the Placement Options no later than three months after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (c) The Placement Shares will be issued at an issue price of \$0.035 and the Placement Options will be free attaching options on the basis of one free Placement Option for every two Placement Shares issued.
- (d) The Placement Shares and the Placement Options are proposed to be issued to applicants who apply for Placement Shares and Placement Options under the Prospectus. Such persons may include clients of Forrest Capital, who will act as the lead manager of the Placement.
- (e) The Placement Shares to be issued are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue. The Placement Options will be unlisted options exercisable at \$0.05 on or before 30 November 2018 and on exercise and conversion to Shares will rank equally in all respects with the Company's existing Shares on issue, full terms and conditions of the Placement Options are set out in Schedule 3.

- (f) The funds raised from the Placement will be used to fund the Acquisition and provide general working capital in accordance with the table set out in section 3.13.
 - (g) A voting exclusion statement is not included in the Notice.
-

7. Resolution 4 – Change of Company Name

As part of the Acquisition, the Directors have determined to change the Company name to Spookfish Limited. Resolution 4 seeks Shareholder approval for the change of name in accordance with section 157 of the Corporations Act.

Resolution 4 is a special resolution and is subject to the approval of Other Resolutions.

If the proposed change of name is available, that change of name will take effect from when ASIC alters the details of the Company's registration.

8. Resolutions 5(a), (b) and (c) – Appointment of Proposed Directors and re-election of Mr Jason Marinko

Subject to the passing of all Other Resolutions, Resolutions 5(a), (b) and (c) are ordinary resolutions which provide for the approval of the appointment of the Proposed Directors to the Board and the appointment of Mr Marinko.

In accordance with ASX Listing Rule 14.4, a director of the Company appointed to fill a casual vacancy or as an addition to the Board may not hold office (without re-election) past the next Annual General Meeting following their appointment. Further, in accordance with the Constitution, any Director appointed by the Board holds office only until conclusion of the next Annual General Meeting and is eligible for re-election. Accordingly, Mr Marinko retires and being eligible for re-election, offers himself for re-election at the Meeting.

The appointment of the Proposed Directors will become effective only on and from the date on which the Acquisition is completed and the re-election of Mr Marinko will be effective immediately. Brief profiles of Mr Marinko and the Proposed Directors are set out in section 3.2.

9. Resolution 6 – Issue of Shares to Loan Investors

9.1 General

Resolution 6 seeks Shareholder approval for the allotment and issue of up to 20,000,000 Shares at a deemed issue price of \$0.025 per Share.

The Shares under Resolution 6 will be issued to loan investors who provide up to an aggregate of \$500,000 in loans to Spookfish pursuant to the Geospatial Investments Loan Facility to fund prior and future activities of Spookfish and general working capital up until completion of the Acquisition (any surplus will become available funds of the Company post Acquisition). Full details of the Geospatial Investments Loan Facility are set out in Section 3.3 of this Notice.

As at the date of this Notice, no funds have been drawn by Spookfish pursuant to the Geospatial Investments Loan Facility. In the event that the facility is fully drawn at the date of completion of the Acquisition and Geospatial Investments elects to convert the loan funds

under the terms of the Geospatial Investments Loan Facility, then the maximum number of Shares to be issued on conversion would be 20,000,000 Shares.

The Company has agreed to acquire such loans for Shares with each Share being issued at a deemed issue price of \$0.025 per Share (a 28% discount to the issue price under the Placement). The effect of Resolution 6 will be to allow the Directors to issue the Shares during the period of 3 months after the Meeting (or longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

9.2 Technical Information Required by Listing Rule 7.3

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 6:

- (a) the maximum number of Shares to be issued is 20,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that allotment will occur on the same date, being the Settlement Date;
- (c) the deemed issue price of the Shares will be \$0.025 each;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Loan Investors will be the shareholders of Geospatial Investments or their nominees; and
- (f) no funds will be raised from the issue of the Shares to the Loan Investors.

10. Resolution 7 – Approval of Performance Rights Plan

10.1 Background

Resolution 7 seeks to approve the establishment of the Spookfish Limited Performance Rights Plan (**Performance Rights Plan**).

The Performance Rights Plan provides for the issuance of Performance Rights which, upon a determination by the Board that the performance conditions attached to the Performance Rights have been met, will result in the issue of one ordinary Share in the Company for each Performance Right.

The Company wishes to exempt issues of securities under the Performance Rights Plan from contributing towards the rolling annual limit of 15% of issued Shares prescribed by Listing Rule 7.1. This limit otherwise applies to all new issues of equity securities made without Shareholder approval. Shareholder approval of the Performance Rights Plan is therefore sought under Listing Rule 7.2, Exception 9, whereby the Shareholders may approve in advance the issue of securities made under the Performance Rights Plan as an exception to the limit under Listing Rule 7.1.

No securities have been issued under the Performance Rights Plan and the Performance Rights Plan has not previously been approved by Shareholders.

Pursuant to the Listing Rules, Shareholders must re-approve the Performance Rights Plan and all unallocated Performance Rights issuable pursuant thereto every three years.

Further information about the Performance Rights Plan is set out below.

Reasons for the new Performance Rights Plan

To achieve its corporate objectives, the Company needs to attract and retain its key staff. The Board believes that grants made to eligible participants under the Performance Rights Plan will provide a powerful tool to underpin the Company's employment and engagement strategy, and that the implementation of the Performance Rights Plan will:

- (a) enable the Company to recruit, incentivise and retain Key Management Personnel and other eligible Employees needed to achieve the Company's business objectives;
- (b) link the reward of key staff with the achievements of strategic goals and the long term performance of the Company;
- (c) align the financial interest of participants of the Performance Rights Plan with those of Shareholders; and
- (d) provide incentives to participants of the Performance Rights Plan to focus on superior performance that creates Shareholder value.

Outline of the Performance Rights Plan

This section gives a brief outline of how the Board intends to implement initial participation under the rules of the proposed Performance Rights Plan.

Participation

Carefully designed, performance linked, equity plans are widely considered to be very effective in providing long term incentives to staff. As well, they are used to attract and retain staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the Company.

As part of the Company's strategy, the Board wishes to be in a position to grant Performance Rights under the Performance Rights Plan to employees (including Directors), to achieve the objectives outlined above. A Performance Right is a right to be issued a Share upon satisfaction of certain performance conditions that are attached to the Performance Right, as determined by the Board. In accordance with the requirements of the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan.

Overview of the Performance Rights Plan rules and terms and conditions

The Board is cognizant of general Shareholder concern that long-term equity based rewards for staff should be linked to the achievement by the Company of a performance condition. Performance Rights granted under the Performance Rights Plan to eligible participants will be subject to performance conditions as determined by the Board from time to time. These performance conditions must be satisfied in order for the Performance Rights to vest. Upon Performance Rights vesting and the Employee being advised that the vesting conditions have been met, Shares will be issued to the Employee exercising the Performance Rights.

The Board considers the Performance Rights Plan a crucial mechanism to encourage and retain high level executive and employee performance. The Board intends to implement the Performance Rights Plan, and set the performance conditions, in a manner designed to incentivise and reward high level executive and employee performance.

The main features of the Performance Rights Plan (and the terms and conditions to be attached to the Performance Rights Plan) are summarised as follows:

Eligible Participants: The eligible participants under the Performance Rights Plan are Employees (including Directors) of the Company and its subsidiaries (**Eligible Employees**).

In accordance with the Listing Rules, prior Shareholder approval will be required before any Director or related party of the Company can participate in the Performance Rights Plan and be granted Performance Rights.

Limits on Entitlements: The Company may issue such number of Performance Rights, where the number of Shares that may be acquired on conversion of those Performance Rights when added to the total number of Shares or Performance Rights that have already been issued pursuant to the Performance Rights Plan or other incentive scheme in any one year, excluding any Performance Rights or other incentive securities for which Shareholder approval is sought, will not exceed 5% of the total number of issued Shares at the time of the issue.

Individual Limits: The Performance Rights Plan does not set out a maximum number of Shares that may be made issuable to any one person or company.

Consideration Payable: Performance Rights will be issued for no consideration and no amount will be payable upon exercise thereof.

Offer and Performance Conditions: The Performance Rights issued under the Performance Rights Plan to Eligible Employees may be subject to performance conditions, determined by the Board from time to time and expressed in a written offer letter (**Offer**) made by the Company to the Eligible Employee which is subject to acceptance by the Eligible Employee within a specified period. The performance conditions may include one or more of (i) service to the Company of a minimum period of time (ii) achievement of specific performance conditions by the participant and/or by the Company (iii) a vesting period following satisfaction of performance conditions before the Performance Rights vest, or (iv) such other performance conditions as the Board may determine and set out in the Offer. The Board in its absolute discretion determines whether performance conditions have been met.

Milestone Date, Expiry Date & Lapse: The performance conditions of Performance Rights will have a milestone date as determined by the Board in its absolute discretion and will be specified in the Offer. The Board shall have discretion to extend a milestone date where the Board (in its sole discretion) considers that unforeseen circumstances or events have caused a delay in achieving the performance condition by the milestone date. The Board shall not be permitted to extend the milestone date beyond the expiry date of the Performance Rights.

If a performance condition of a Performance Right is not achieved by the earlier of the milestone date or the expiry date then the Performance Rights will lapse. A Performance Right will also lapse if the Board determines the participant ceases to be an Eligible Employee for the purposes of the Performance Rights Plan for any reason (other than as a result of retirement, disability, bona fide redundancy or death).

Retirement, Disability, Redundancy or Death: Under the Performance Rights Plan, upon the retirement, total and permanent disability, bona fide redundancy or death of a participant, the Board shall determine, in its discretion, whether those Performance Rights which have not

satisfied the performance condition but have not lapsed, shall in whole or in part be deemed to have become vested Performance Rights or be deemed to have lapsed.

Forfeiture: If a participant acts fraudulently or dishonestly or is in breach of his or her obligations to the Company, the Board will have the discretion to deem any Performance Rights to have lapsed and deem any Performance Rights that have become Shares to be forfeited. In the event the underlying Shares have been sold by the participant, the participant will be required to pay all or part of the net proceeds of that sale to the Company.

Assignment: Without prior approval of the Board, Performance Rights may not be transferred, assigned or novated, except, upon death, a participant's legal personal representative may elect to be registered as the new holder of such Performance Rights and exercise any rights in respect of them.

Takeover Bid or Change of Control: All Performance Rights automatically vest in the event of:

- (a) a Court ordering a meeting to be held in relation to a proposed compromise or arrangement for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other company or companies and the shareholders of the Company approve the proposed compromise or arrangement at such meeting;
- (b) a takeover bid (as defined in the Corporations Act) is announced, has become unconditional and the person making the takeover bid has a Relevant Interest in 50% or more of the shares in the Company; or
- (c) any person acquires a Relevant Interest in 50.1% or more shares in the Company by any other means.

Alteration in Share Capital: Appropriate adjustments will be made to the number of Performance Rights in accordance with the Listing Rules in the event of a reconstruction of the share capital of the Company, such as a share consolidation, share split or other reduction of capital.

Pro Rata Issue of Securities: If, during the term of any Performance Rights, the Company makes a pro rata issue of Securities to the Company's Shareholders by way of a rights issue, the holder thereof shall be entitled to participate in the rights issue on the same terms as the Company's Shareholders as if the holder held that number of Shares equal to the number of Shares issuable to the holder if all of the holder's Performance Rights were exercised prior to the record date for determining entitlement under the pro rata issue.

A holder will not be entitled to any adjustment to the number of Shares he or she is entitled to under any Performance Rights or adjustment to any Performance Condition which is based, in whole or in part, upon the Company's Share price, as a result of the Company undertaking a rights issue.

Bonus Issue: If, during the term of any Performance Rights, the Company completes a bonus issue, the number of Shares each Performance Rights holder is then entitled to, shall be increased by that number of securities which the holder would have been issued if the Performance Rights then held by the holder were exercised immediately prior to the record date for the bonus issue.

Participation in other Opportunities: There are no participation rights or entitlements inherent in the Performance Rights though the Company will use its reasonable endeavours to

ensure that each holder is given an opportunity to participate on the same basis as if his or her Performance Rights had been exercised.

Termination, Suspension or Amendment: The Board may terminate, suspend or amend the Performance Rights Plan at any time subject to any resolution of the Company required by the Listing Rules.

10.2 Specific Information Required by Listing Rule 7.2

In accordance with the requirements of Listing Rule 7.2 Exception 9(b) the following information is provided:

- (a) The material terms of the Performance Rights Plan are summarised above.
- (b) This is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Performance Rights Plan.
- (c) No securities have been issued under the Performance Rights Plan.
- (d) A voting exclusion statement has been included for the purposes of Resolution 7.

11. Definitions

In this Notice, Explanatory Statement and Proxy Form:

\$ means Australian Dollars.

Acquisition has the meaning in Section 3.1.

Acquisition Agreements means the Spookfish Option Agreement and the Geospatial Investments Share Sale Agreement.

Advisors mean Alto Capital (AFSL 279099), Forrest Capital (AFSL 298311) and Ventnor Capital Pty Ltd, collectively.

Annual Report means the Directors' Report, the Financial Report and Auditor's Report thereon, in respect to the financial year ended 31 December 2013.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

Auditor's Report means the auditor's report on the Financial Report.

Board means the board of Directors.

Closely Related Party has the meaning in section 9 of the Corporations Act.

Company means White Star Resources Limited (ACN 123 511 017) (to be renamed Spookfish Limited).

Completion means completion of the Acquisition pursuant to the Acquisition Agreements.

Constitution means the current constitution of the Company.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Directors' Report means the annual directors report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities.

Eligible Employee has the meaning given in Section 10.

Explanatory Statement means the explanatory Statement attached to the Notice.

Facilitation Shares has the meaning given in Resolution 2.

Facilitation Securities has the meaning given in Resolution 2.

Financial Report means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

Geospatial Investments means Geospatial Investments Pty Ltd (ACN 160 423 578).

Geospatial Investments Loan Facility has the meaning given in Section 3.3.

Geospatial Investments Option has the meaning given in Section 3.3.

Geospatial Investments Option and Facility Deed has the meaning given in Section 3.3.

Geospatial Investments Share Sale Agreement has the meaning given in Section 3.3.

Independent Expert's Report means the independent expert's report prepared by Stantons International in Annexure A of this Notice.

Key Management Personnel means a person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Milestone 1 Share means the contractual right to a Share on the achievement of the milestones and on the terms detailed in Section 3.3(a).

Milestone 2 Share means the contractual right to a Share on the achievement of the milestones and on the terms detailed in Section 3.3(a).

Milestone Shares means the Milestone 1 Shares and the Milestone 2 Shares.

Notice means this notice of meeting.

Option means an option to acquire a Share.

Other Resolution means all resolutions in this Notice other than the resolution being considered.

Performance Rights Plan means the Spookfish Limited Performance Rights Plan.

Placement has the meaning in Resolution 3.

Placement Options have the meaning in Resolution 3.

Placement Shares have the meaning in Resolution 3.

Prospectus means the prospectus to be issued by the Company for the offer of the Placement Shares and Placement Options.

Proxy Form means the proxy form attached to the Notice.

Related Entity of a corporation means:

- (a) a related body corporate of that corporation within the meaning of section 50 of the Corporations Act; and
- (b) a trustee of any unit trust in relation to which that corporation, or any corporation referred to in paragraph (a) directly or indirectly:
 - (i) controls the right to appoint the trustee;

- (ii) is in a position to control the casting of more than one half of the maximum number of votes that might be cast at a meeting of holders of units in the trust; or
- (iii) holds or is in a position to control the disposal of more than on half of the issued units of the trust,
but excludes Mystic Sands Pty Ltd ACN 130 070 389 and any joint venture, debt or general financing arrangements.

Relevant Interest has the meaning given in the Corporations Act.

Resolution means a resolution contained in this Notice.

Schedule means a schedule to this Notice.

Section means a section contained in this Explanatory Statement.

Securities mean Shares (including the issue of the Milestone Shares) and Options.

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

Shareholder means a shareholder of the Company.

Spookfish or **Subsidiary** means Spookfish Pty Ltd (ACN 160 841 341).

Spookfish Option has the meaning given in Section 3.1.

Spookfish Option Agreement has the meaning given in Section 3.1.

Spookfish Technology has the meaning given in Section 3.5.

Spookfish Technology Demonstrator has the meaning in Section 3.3.

Successful Takeover means in relation to the Company or a Related Entity (as relevant):

- (c) any person, either alone or together with any associate (as defined in the Corporations Act) acquires a Relevant interest in more than 90% of the Shares in the Company or Related Entity (as relevant); or
- (d) shareholder of the Company or Related Entity (as Relevant) have at a Court convened meeting of shareholders voted in favour, by the necessary majority, of a proposed scheme of arrangement under which all shares are to be either cancelled or transferred to a third party.

Vend Securities has the meaning in Resolution 2.

Vendors mean the shareholders of Spookfish and the shareholders of Geospatial Investments as set out in Schedule 2.

Vendor Shares has the meaning in Resolution 2.

Voting Power has the meaning given in the Corporations Act.

VWAP means the volume weighted average price of Shares calculated on the preceding 20 days on which trades are recorded on the ASX.

WST means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

Schedule 1 – Risk Factors of the Acquisition

1. Introduction

There are a number of risks associated with the Acquisition that may have an impact on the financial returns received by Shareholders. These risks are important for Shareholders to understand.

Shareholders are already exposed to a number of risks through their existing shareholding in the Company. A number of these risks are inherent in investing in securities generally and also inherent in any technology company such as that of the Company.

The risk factors include, but are not limited to, those detailed below. Additional risks not presently known to the Company, or if known, not considered material, may also have an adverse impact.

Significant work has gone into understanding the risks and towards mitigating these. The Directors believe that the advantages of the Acquisition outweigh the associated extent of the risks.

2. Risks specific to the Acquisition

(a) **Limited trading history** – Spookfish is essentially a start-up company with limited trading history. Spookfish has to date principally developed its software and product as well as seeking patent protection. However Spookfish is still developing and testing its technology and has yet to commence the commercialisation phase of the business cycle and as such carries the normal risks of a start up business. Given the limited trading history of Spookfish, no assurance can be given that Spookfish will achieve commercial viability through the implementation of its business plan.

(b) **Technology and product development -**

(i) **Technology Demonstrator:** - The Acquisition of Spookfish is related to the successful enhancement and deployment of the Spookfish Technology Demonstrator, which is in the final stages of development. Should the testing and verification of the Spookfish Technology Demonstrator not be completed to the satisfaction of the procedures specified by the Company, then Spookfish will have to expend additional time and resources to rectify any outstanding issues which will delay the development of the next stage of development or at the very worst, if unassailable barriers are encountered, abandon the project entirely.

(ii) **Next phase technology development.** - After the Spookfish Technology Demonstrator phase, Spookfish will then develop the first commercial high altitude stage of its aerial image acquisition system. Any inability to execute on this next stage of development will hamper or obstruct Spookfish's ability to develop a commercial offering capable of earning revenue. The main risk in developing future stages lies in encountering unexpected problems not identified and solved in the previous stage or in the Spookfish Technology Demonstrator.

- (iii) **Viable commercialisation** - risks are involved in the ability to translate the developed technology in to a solution that provides the expected quality of data in a cost effective manner to support the price needed to make an impact in the marketplace. The main factors that may introduce risk include but are not limited to data storage costs, costs of producing, maintaining and operating aircraft, and the efficient functioning of the image processing software and computing resources.
- (c) **Building the Delivery platform** – Spookfish is building a sophisticated state of the art online delivery platform comprising of advanced image storage and delivery technology combined with an e-commerce engine with the ability for the customer to configure their needs and have the resultant output delivered to them at turnaround times that exceed current offerings in the market. As with any such undertaking, breaking new ground poses risks that include reducing the Spookfish competitive position. The worst case will be that Spookfish may be forced to deliver image output at turnaround times equivalent or marginally better than services available today.
- (d) **Market adoption and sales and marketing** – use of proceeds post completion will focus efforts on development and commercialisation of the Spookfish Technology. Spookfish does not currently have any contracts in place to become revenue generating, there are no guarantees of success in obtaining sales contracts and new business. Following development of its product, the success of the commercialisation of Spookfish will relate to the acceptance of its offerings for routine use within its target markets. Take up of the products will involve education of market participants and marketing programmes to raise the profile of Spookfish and its products.
- (e) **Competition and new technologies** – Spookfish is confident that its product will provide a unique market proposition in providing an existing, qualified market place with new levels of quality, price and availability. The Spookfish product is also able to extend its market by offering the same service internationally. Notwithstanding this, the industry in which Spookfish operates is competitive and includes companies with significantly greater financial, technical, human, research and development, and marketing resources than currently available to Spookfish. Numerous entities around the world may resist Spookfish' efforts to commercialise or market products that may compete with their own offerings. Spookfish ' competitors may develop products: in advance of Spookfish; that are more effective than those developed by Spookfish; or have greater market acceptance. As a consequence, Spookfish' current and future technologies and products may become obsolete or uncompetitive, resulting in adverse effects on revenue, margins and profitability.
- (f) **Reliance on key personnel** – Spookfish currently employs or engages as consultants a number of key management and personnel, and Spookfish' future depends on retaining and attracting suitable qualified personnel. In particular Messrs Mike von Bertouch and Simon Cope are the inventors and main founders of the business. Mr von Bertouch's background in aeronautical engineering and Mr Cope's background in geospatial imagery and software development are significant advantages and the reason for the successful lodging of patents applications and development of the Spookfish Technology. In the short term Mr von Bertouch and Mr Cope will be responsible for development, enhancement and testing of Spookfish Technology as well as being the main drivers of business development initiatives, new products and development. There is no guarantee that Spookfish will be able to attract and retain suitable qualified personnel, and a failure to do so could materially adversely affect the business, operating results and financial prospects.

- (g) **Regulatory and legislative change** – as with any technology product offering, especially those that are used by public and statutory bodies or insurance companies and financial institutions for forensic or legal purposes may be exposed to the regulatory environment of a particular jurisdiction. In addition, while currently not exposed to privacy laws in Australia, the provision of aerial images may in the future, both in Australia and in other countries, pose legal and regulatory risks for all image providers, including Spookfish.
- (h) **Faults with products/services** – the product of Spookfish may have errors or defects that are identified after customers start using it, which could harm reputation and business. Internet-based services frequently contain undetected errors with first introduced or when new versions or enhancements are released. Such an occurrence could result in loss of revenue or customers.
- (i) **External Technology Risk** – Spookfish has developed its own software in house, which is used in conjunction with off-the-shelf software to enable the functionality of its product offerings. Such software may be subject to external factors, such as deprecation of operating systems, libraries, components, third party interfaces, drivers, patches, compatibility, version conflict or obsolescence or other related issues. In addition, the software will require updating and maintenance. These external factors may also affect the ability of Spookfish to effectively upgrade and maintain its software. Furthermore, licensing and commercial conditions imposed by third party software companies may be unsustainable or impractical for Spookfish, causing a need to rely on other solutions or develop these in house. Should Spookfish have such issues it may affect the ability of Spookfish to successfully provide its product. In addition to software
- (j) **Dependency on service providers** – Spookfish currently proposes to operate a significant amount of its operations through a series of contractual relationships with third party service providers and intends to continue to operate in this manner. All of such arrangements carry a risk that the third parties do not adequately or fully comply with their respective contractual rights and obligations. Such failure can lead to termination and/or significant damage to the Spookfish product. In particular Spookfish may store information within third-party datacenter hosting facilities located in the cloud. These facilities may be vulnerable to damage or interruption from floods, fires, power loss, telecommunications failures and similar events. They may also be subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Such disruption, particularly prolonged ones, in these services may have a material adverse impact on the reputation of Spookfish and its business operations, Spookfish relies on advanced hardware technology as part of all its systems from image capture to flight operations. Factors concerning performance of this hardware, the availability of maintenance services and spare parts may affect the ability of Spookfish to maintain its equipment and minimise interruptions to the continuous performance of its systems.
- (k) **Customer Service and reputational risk** - The reputation of Spookfish and its products is important in attracting retaining business and obtaining new business and key employees. Reputational damage could arise due to a number of circumstances, including errors or defects, inadequate services or unsatisfactory client outcomes. Negative publicity could adversely impact the reputation of which may potentially result in a fall in the number of customers seeking the products and services of Spookfish.

- (l) **Hackers** - Spookfish will rely on the availability of its website (*which is scheduled to be built in 2015*) to provide services to customers. Hackers could render the website unavailable. Whilst Spookfish takes reasonable precautions, Spookfish may be a target for hackers. Actual or perceived security vulnerabilities in Spookfish' services or any breaches of its security controls and unauthorized access to a customer's data could harm the business and operating results.
- (m) **Patent rights** – Spookfish relies somewhat for its success on its ability to obtain and maintain patent protection for its technology. Spookfish has pending patent applications covering core technology which present commercialisation opportunities. The prospect of attaining patent protection for products and the technology such as those proposed is highly uncertain and involves complex and continually evolving factual and legal questions. These include:
- (i) legislative and judicial changes, or changes in the examination guidelines of governmental patent offices, which may negatively affect Spookfish' ability to obtain patents for its products and technologies. In addition, the scope of patent applications can be significantly reduced during prosecution of the patent applications, with the result that the scope of protection in the issued patent being significantly less than the scope of protection sought by Spookfish. As a result, Spookfish ' patent application may not proceed to issued patents and, if issued, may not be of commercial benefit to Spookfish, or may not afford Spookfish adequate protection from competing products; and
 - (ii) since most patent applications remain secret for eighteen months from the time of filing, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, Spookfish cannot be certain that it is the first to make the inventions covered by the pending patent applications or that its patent applications for such inventions was the first to be filed.

Even if Spookfish succeeds in obtaining patent protection for its products, its patents could be partially or wholly invalidated following challenges by third parties.

- (n) **Infringement of third party intellectual property rights** - If a third party accuses Spookfish of infringing its intellectual property rights or if a third party commences litigation against Spookfish for the infringement of patent or other intellectual property rights, Spookfish may incur significant costs in defending such action, whether or not it ultimately prevails. Typically, patent litigation is expensive. Costs that Spookfish incurs in defending third party infringement actions would also include diversion of management's and technical personnel's time.

In addition, parties making claims against Spookfish may be able to obtain injunctive or other equitable relief that could prevent Spookfish from further developing discoveries or commercialising its products. It is noted that initial proceedings have been commenced against Spookfish regarding information discovery relating to potential claims. In the event of a successful claim of infringement against Spookfish, it may be required to pay damages and obtain one or more licenses from the prevailing third party. If it is not able to obtain these licenses at a reasonable cost, if at all, it could encounter delays in product introductions and loss of substantial resources while it attempts to develop alternative products. Defence of any lawsuit or failure to obtain any of these licenses could prevent Spookfish from

commercialising available products and could cause it to incur substantial expenditure.

- (o) **Sufficiency of funding** - Spookfish' growth through product development and commercialisation activities will require substantial expenditure and may not result in profitability being achieved. There can be no guarantees that Spookfish' cash reserves together with the funds raised by the Placement will be sufficient to successfully achieve all the objectives of Spookfish' overall business strategy.

If Spookfish is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Placement and existing working capital, there can be no assurance that Spookfish 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 Spookfish or at all.

Any additional equity financing may be dilutive to Spookfish' existing Shareholders and any debt financing, if available, may involve restrictive covenants, which limit [insert]' operations and business strategy. Spookfish' failure to raise capital if and when needed could delay or suspend Spookfish' business strategy and could have a material adverse effect on Spookfish' activities.

- (p) **Foreign exchange risks** – Spookfish is potentially a global business and may have commercial opportunities outside of Australia in general to generate revenue. The Australian geospatial imagery market is small when compared with Europe and the United States. Any billing in foreign currencies will be converted to AUD for reporting purposes will be affected by currency fluctuations, which may adversely impact on financial performance and position.
- (q) **Litigation** – Spookfish is exposed to the risk of actual or threatened litigation or legal disputes in the form of customer claims, intellectual property claims, personal injury claims, employee claims and other litigation and disputes. If any claim was successfully pursued it may adversely impact the financial performance, financial position, cash flow and share price of Spookfish.

3. General Risks

- (a) **Market conditions** - Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:
 - (i) general economic outlook;
 - (ii) introduction of tax reform or other new legislation;
 - (iii) interest rates and inflation rates;
 - (iv) changes in investor sentiment toward particular market sectors;
 - (v) the demand for, and supply of, capital; and
 - (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource

exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

- (b) **Economic and government risks** - The future viability of the Company is also dependent on a number of other factors affecting performance of all industries and not just the technology industry including, but not limited to, the following:
- (i) general economic conditions in jurisdictions in which the Company operates;
 - (ii) changes in government policies, taxation and other laws in jurisdictions in which the Company operates;
 - (iii) the strength of the equity and share markets in Australia and throughout the world, and in particular investor sentiment towards the technology sector;
 - (iv) movement in, or outlook on, interest rates and inflation rates in jurisdictions in which the Company operates; and
 - (v) natural disasters, social upheaval or war in jurisdictions in which the Company operates.

Schedule 2 – Participation in Vend Securities and Facilitation Securities

Vendors	Vendor Shares	Milestone 1 Shares	Milestone 2 Shares
Michael John von Bertouch ATF von Bertouch Family Trust	25,430,065	28,364,303	35,210,859
Simon John Cope ATF the Cope Family Trust	25,430,065	28,364,303	35,210,859
Colin Vivian Douglas Richards ATF the Richards Family Trust	20,806,416	23,207,157	28,808,884
Stephen Rice ATF Rice Family Trust	20,806,416	23,207,157	28,808,884
Guy Perkins	19,862,815	22,154,678	27,502,359
Grier Nominees Pty Ltd	3,208,246	3,578,428	4,442,186
Roland & Kathryn Staniforth AST Staniforth Superannuation Fund	1,887,203	2,104,958	2,613,051
Keycrest Holdings Pty Ltd ATF von Bertouch Superannuation Fund	1,415,402	1,578,718	1,959,788
Fletcher Law Pty Ltd	1,037,962	1,157,727	1,437,178
James Donald Ross	943,602	1,052,479	1,306,525
Soemya Super Pty Ltd	943,602	1,052,479	1,306,525
GSETH Pty Ltd ATF George Seth Superannuation Fund	943,602	1,052,479	1,306,525
Meiktila Pty Ltd	943,602	1,052,479	1,306,525
Dalrow Pty Ltd	943,602	1,052,479	1,306,525
Craig John Hansen and Janette Marie Hansen Superannuation Fund	943,602	1,052,479	1,306,525

Vendors	Vendor Shares	Milestone 1 Shares	Milestone 2 Shares
Seattle Bay Pty Ltd ATF Todd Superannuation Fund	943,602	1,052,479	1,306,525
Nicolino D'Adamo	754,881	841,983	1,045,220
Colin Dennis	471,801	526,239	653,263
James Fraticelli	471,801	526,239	653,263
Linley Edith Willis	471,801	526,239	653,263
Marian Callaghan	471,801	526,239	653,263
George Seth	471,801	526,239	653,263
Phil and Anne Marie Bonser ATF The Bonser Investment Trust	207,592	231,545	287,436
Adam Sahb	188,720	210,496	261,305
JK Nominees Pty Ltd	10,000,000	5,000,000	6,666,667
Oaktone Nominees Pty Ltd	10,000,000	5,000,000	6,666,667
Tisia Nominees Pty Ltd	10,000,000	5,000,000	6,666,667
TOTAL	160,000,000	160,000,000	200,000,000

Advisors	Facilitation Shares	Milestone 1 Shares	Milestone 2 Shares
Alto Capital	3,600,000	4,800,000	6,000,000
Forrest Capital	3,000,000	4,000,000	5,000,000
Ventnor Capital Pty Ltd	1,800,000	2,400,000	3,000,000
	8,400,000	11,200,000	14,000,000

Schedule 3 – Terms and Conditions of the Placement Options

The Terms and Conditions of the Placement Options are set out below:

1. Entitlement

The Placement Options entitle the holder to subscribe for one Share upon the exercise of each Placement Option.

2. Exercise price

The exercise price of each Placement Option is \$0.05 (**Exercise Price**).

3. Expiry date

The expiry date of each Placement Option is 30 November 2018 (**Expiry Date**). Any Placement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

4. Exercise period

The Placement Options are exercisable at any time on or prior to the Expiry Date.

5. Notice of exercise

The Placement Options may be exercised by notice in writing to the Company (**Notice of Exercise**) and payment of the Exercise Price for each Placement Option being exercised. Any Notice of Exercise of a Placement Option received by the Company will be deemed to be a notice of the exercise of that Placement Option as at the date of receipt.

6. Shares issued on exercise

Shares issued on exercise of the Placement Options will rank equally with the then issued Shares of the Company.

7. Placement Options not quoted

The Company will not apply to ASX for quotation of the Placement Options.

8. Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Placement Options.

9. Timing of issue of Shares

After a Placement Option is validly exercised, the Company must as soon as possible following receipt of the Notice of Exercise and receipt of cleared funds equal to the sum payable on the exercise of the Placement Option:

- (a) issue the Share;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all things

necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (c) do all such acts, matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Placement Option.

10. Participation in new issues

There are no participation rights or entitlements inherent in the Placement Options and the holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement Options.

11. Adjustment for bonus issues of Shares

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):

- (a) the number of Shares which must be issued on the exercise of a Placement Option will be increased by the number of Shares which the Placement Option holder would have received if the Placement Option holder had exercised the Placement Option before the record date for the bonus issue; and
- (b) no change will be made to the Exercise Price.

12. Adjustment for rights issue

If the Company makes an issue of Shares pro rata to existing Shareholders there will be no adjustment of the Exercise Price of a Placement Option.

13. Adjustments for reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the option holder may be varied to comply with the Listing Rules which apply to a reorganisation of capital at the time of the reorganisation.

14. Placement Options not transferable

The Placement Options are transferable subject to compliance with the Corporations Act.

15. Lodgment instructions

Cheques shall be in Australian currency made payable to the Company and crossed Not Negotiable. The application for Shares on exercise of the Placement Options with the appropriate remittance should be lodged at the Company's share registry.

WHITESTAR RESOURCES LIMITED

ACN 123 511 017

(To Be Renamed Spookfish Limited)

NOTICE OF GENERAL MEETING

**A General Meeting of the Company will be held at
Level 1, Suite 5, The Business Centre,
55 Salvado Road, Subiaco, Western Australia on
23 December 2014 at 11:00AM (WST).**

PART 2

ANNEXURE A – INDEPENDENT EXPERT REPORT

11 November 2014

The Directors

Whitestar Resources Limited
Level 1, Suite 5
The Business Centre
55 Salvado Road
SUBIACO WA 6005

The Independent Expert has concluded that the transactions related to the issue of a total of 160,000,000 shares and the right to receive 360,000,000 milestone shares in Whitestar Resources Limited (as part of the Acquisition of Spookfish Pty Ltd and Geospatial Investments Pty Ltd) to the Vendors and the issue of 8,400,000 ordinary shares and 25,200,000 milestone shares to the Facilitators, all the subject of Resolution 2 outlined in this Notice of General Meeting is not fair but reasonable to Shareholders of the Company (not associated with the Vendors and Facilitators) as at the date of this report.

Dear Sirs

Re: WHITESTAR RESOURCES LIMITED (ABN 24 123 511 017) (“WHITESTAR” OR “THE COMPANY”) ON THE PROPOSAL TO ISSUE A TOTAL OF 160,000,000 ORDINARY SHARES AND 360,000,000 MILESTONE SHARES AS CONSIDERATION TO ACQUIRE 100% OF SPOOKFISH PTY LTD (“SPOOKFISH”) AND 100% OF GEOSPATIAL INVESTMENTS PTY LTD (“GEOSPATIAL”) TO THE VENDORS OF SPOOKFISH AND GEOSPATIAL AND THE ISSUE OF 8,400,000 ORDINARY SHARES AND 25,200,000 MILESTONE SHARES TO FACILITATORS TO THE ACQUISITION OF SPOOKFISH AND GEOSPATIAL. - SHAREHOLDERS MEETING PURSUANT TO THE CORPORATIONS ACT 2001 SECTION 611 (ITEM 7)

1. Introduction

- 1.1 We have been requested by the Directors of Whitestar to prepare an Independent Expert's Report to determine the fairness and reasonableness as noted in Resolution 2 (the issue of a total of 160,000,000 ordinary shares and the right to receive 360,000,000 milestone shares to the shareholders (“Vendors”) of Spookfish and Geospatial as noted in paragraphs 1.5 and 1.8 below) and the issue of 8,400,000 ordinary shares and 25,200,000 milestone shares to advisers and facilitators (“Facilitators”) to the Company as referred to in paragraph 1.10 and in the Notice of Meeting of Shareholders (“Notice”) and Section 5 of the Explanatory Statement (“ES”) attached to the Notice to be forwarded to shareholders in November 2014.
- 1.2 It is proposed that Whitestar will acquire 100% of the issued capital of Spookfish and Geospatial as initially announced to the market on 4 June 2014 and which has been subsequently updated by announcements issued on 17 July 2014 and 29 October 2014.
- 1.3 The proposal to acquire 100% of the shares in Spookfish is referred to in this report as the Spookfish Acquisition. Spookfish is an Australian company focused on the commercialisation of premium geospatial imagery products and services. Spookfish is

seeking to redefine the global geospatial industry by aiming to provide quick and easy subscription based access to high quality geospatial imagery and textured 3D models to the government and corporate sectors at significantly improved levels of resolution, accuracy, cost effectiveness and consistency compared to current industry offerings.

- 1.4 A definitive agreement ("Option Agreement") had been executed in respect of the option to acquire Spookfish following approval by the shareholders of Spookfish. The Company had an option to acquire Spookfish ("Option") within 9 months or completion of the enhancement and testing of the first phase technology demonstrator ("Option Period"). The Option Period commenced following execution of formal binding agreements and payment of a \$250,000 non-refundable option fee. In late August 2104, the Company paid \$1,000,000 to acquire an initial 12.5% of the share capital of Spookfish (refer paragraph 1.6 below).

On 29 October 2014 the Company announced that it had exercised the option to acquire the remaining 87.5% of the share capital of Spookfish and 100% of the share capital of Geospatial. However, the Spookfish Acquisition and Geospatial Acquisition cannot proceed as they are subject to shareholder approval as noted below.

- 1.5 The key terms of the Spookfish Acquisition (for the remaining 87.5%) are as follows:
- i) issue of 130,000,000 fully paid ordinary shares in the capital of the Company ("Spookfish Consideration Shares");
 - ii) 145,000,000 Milestone Shares (and referred to in this report as the Milestone 1 Shares that will result in the issue of 145,000,000 fully paid ordinary shares in the capital of the Company upon:
 - Spookfish or the Company generating \$20,000,000 of cumulative revenue; or
 - the VWAP of the Company's shares calculated on the preceding 20 days on which trades are recorded on ASX being equal to or greater than 18 cents, at any time within four (4) years of completion of the Spookfish Acquisition. These shares will be subject to voluntary escrow from the time of issue on satisfaction of the above milestone until date of 24 months from completion of the Spookfish Acquisition.

However in the event of a successful takeover of the Company or Spookfish within 2 years of completion of the Spookfish Acquisition 72,500,000 Milestone 1 Shares shall vest and during the period 2 years after completion of the Spookfish Acquisition, but no later than 4 years after completion of the Spookfish Acquisition 94,500,000 Milestone 1 Shares shall vest in the event of a successful takeover of the Company or Spookfish thereafter subject to a limit being equal to 10% of the issued capital of the Company at the time of the successful takeover of at least a 90% interest in the Company or related entity; and

- iii) 180,000,000 Milestone Shares (and referred to in this report as the Milestone 2 Shares) that will result in the issue of 180,000,000 fully paid ordinary shares in the capital of the Company upon:
 - Spookfish or the Company generating \$36,000,000 of cumulative revenue; or
 - the VWAP of the Company's shares calculated on the preceding 20 days on which trades are recorded on ASX being equal to or greater than 18 cents, at any time within five (5) years of completion of the Spookfish Acquisition.

These shares will be subject to voluntary escrow from the time of issue on satisfaction of the above milestone until date of 24 months from completion of the Spookfish Acquisition

However in the event of a successful takeover of the Company or Spookfish within 2 years of completion of the Spookfish Acquisition 90,000,000 Milestone 1 Shares shall vest and during the period 2 years after completion of the Spookfish Acquisition, but no later than five (5) years after completion of the Spookfish Acquisition, 117,000,000 Milestone 2 Shares shall vest in the event of a successful takeover of the Company or Spookfish thereafter subject to a limit being equal to 10% of the issued capital of the Company at the time of the successful takeover of at least a 90% interest in the Company or related entity.

- 1.6 The Company had a right to acquire a 12.5% equity interest in Spookfish for a cash payment of \$1,000,000 which is to be used for testing and enhancement of the prototype technology unless otherwise mutually agreed. On 1 August 2014 the Company announced that it had exercised its right to acquire an initial 12.5% interest in Spookfish and that the Company had paid \$1,000,000 to exercise the right.

The Company will continue to undertake further technical and transactional due diligence until completion of the Spookfish Acquisition.

On completion of the Spookfish Acquisition, the shareholders of Spookfish will be entitled to appoint two nominees to the board of the Company

- 1.7 Completion of the Spookfish Acquisition is subject to various conditions precedent, including:
- Whitestar completing a technical, legal and commercial due diligence on Spookfish; and
 - Whitestar obtaining all required shareholder and regulatory approvals.
- 1.8 On 17 July 2014 the Company also announced that Spookfish has secured further funding via a \$500,000 loan facility made available by Geospatial Investments as part of a right for a strategic investment of approximately a 19% interest in Spookfish. The announcement went on to say that Geospatial brings access to and support from a skilled and experienced group of entrepreneurs which will be critical to the future success and commercialisation of Spookfish. At the date of this report, no draw down has been made under the loan facility and Geospatial has not drawn down funds from associated parties.
- Geospatial is associated with Mr Tony Grist, Albion Capital and Forrest Capital who have extensive experience in the technology sector and has a history of creating shareholder value.
- 1.9 In terms of a letter agreement dated 16 July 2014 between Whitestar and Geospatial ("Geospatial Option"), Whitestar and Geospatial agree that, in the event Whitestar exercises its option to acquire Spookfish, Whitestar will acquire all of the issued capital of Geospatial from the shareholders of Geospatial, and its strategic investment option in Spookfish, for the following consideration, subject to shareholder and regulatory approvals:
- i. 30,000,000 fully paid ordinary shares ("Geospatial Consideration Shares") in the capital of Whitestar to be issued to the shareholders of Geospatial at completion of the acquisition of Geospatial;

- ii. the right to be issued 15,000,000 Milestone 1 Shares to the shareholders of Geospatial on satisfaction of the relevant milestone following completion of the Geospatial Acquisition, on:

- Whitestar or any Related Entity combined generating \$20,000,000 of cumulative revenue; or
- in the event the 20 day VWAP of the shares is equal to or greater than 18 cents within four (4) years of completion of the Spookfish Acquisition (“Milestone 1 Shares”).

However, in the event of a successful takeover of the Company or Spookfish within 2 years of completion of the Spookfish Acquisition 7,500,000 Milestone 1 Shares shall vest and be issued during the period 2 years after completion of the Spookfish Acquisition, but no later than four (4) years after completion of the Spookfish Acquisition, 9,750,000 Milestone 1 Shares shall vest and be issued in the event of a successful takeover of the Company or Spookfish thereafter subject to a limit being equal to 10% of the issued capital of the Company at the time of the successful takeover of at least a 90% interest in the Company or related entity.

- iii. the right to be issued 20,000,000 Milestone 2 Shares to the shareholders of Geospatial on satisfaction of the relevant milestone following completion of the Geospatial Acquisition, on:

- Whitestar or any Related Entity combined generating \$36,000,000 of cumulative revenue; or
- in the event the 20 day VWAP of the shares is equal to or greater than 18 cents within five (5) years of completion of the acquisition of Geospatial (“Milestone 2 Shares”).

However, in the event of a successful takeover of the Company or Spookfish within 2 years of completion of the Spookfish Acquisition 10,000,000 Milestone 2 Shares shall vest and be issued during the period 2 years after completion of the Spookfish Acquisition, but no later than five (5) years after completion of the Spookfish Acquisition, 13,000,000 Milestone 2 Shares shall vest and be issued in the event of a successful takeover of the Company or Spookfish thereafter subject to a limit being equal to 10% of the issued capital of the Company at the time of the successful takeover of at least a 90% interest in the Company or related entity.

The proposal to acquire Geospatial is referred to in this report as the Geospatial Acquisition. The Spookfish Acquisition and the Geospatial Acquisition are referred to in the report as the Acquisitions. The 130,000,000 Spookfish Consideration Shares and 30,000,000 Geospatial Consideration Shares are collectively known as the Consideration Shares.

It is also agreed that, in the event Whitestar exercises its option to acquire Spookfish, the loan facility may be repaid in cash or Geospatial may elect to have the loan facility converted into shares in Whitestar at a price of 2.5 cents per share, subject to shareholder approval of the Spookfish Acquisition.

- 1.10 The following securities would be issued as part of completion of the Spookfish Acquisition to Facilitators for the introduction and facilitation of the Spookfish Acquisition:

- i) 8,400,000 shares ("Facilitator Shares") to be issued at completion of the Spookfish Acquisition;
- ii) the right to 11,200,000 Milestone 1 Shares following satisfaction of the relevant milestone following on completion of the Spookfish Acquisition, to be issued on:
 - Spookfish or the Company generating \$20,000,000 of cumulative revenue; or
 - the VWAP of the Company's shares calculated on the preceding 20 days on which trades are recorded on ASX being equal to or greater than 18 cents, at any time within four years of completion of the Spookfish Acquisition. These shares will be subject to voluntary escrow from the time of issue on satisfaction of the above milestone until date of 24 months from completion of the Spookfish Acquisition.

However in the event of a successful takeover of the Company or Spookfish within 2 years of completion of the Spookfish Acquisition 5,600,000 Milestone 1 Shares shall vest and be issued during the period 2 years after completion of the Spookfish Acquisition, but no later than four (4) years after completion of the Spookfish Acquisition, 7,280,000 Milestone 1 Shares shall vest and be issued in the event of a successful takeover of the Company or Spookfish thereafter subject to a limit being equal to 10% of the issued capital of the Company at the time of the successful takeover of at least a 90% interest in the Company or related entity; and

- iii. the right to 14,000,000 Milestone 2 Shares following satisfaction of the relevant milestone following completion of the Spookfish Acquisition, to be issued on:
 - Spookfish or the Company generating \$36,000,000 of cumulative revenue; or
 - the 20 trading day VWAP of the Company's shares calculated on the preceding 20 days on which trades are recorded on ASX being equal to or greater than 18 cents, at any time within five years of completion of the Spookfish Acquisition. These shares will be subject to voluntary escrow from the time of issue on satisfaction of the above milestone until date of 24 months from completion of the Spookfish Acquisition.

However in the event of a successful takeover of the Company or Spookfish within 2 years of completion of the Spookfish Acquisition 7,000,000 Milestone 2 Shares shall vest and be issued during the period 2 years after completion of the Spookfish Acquisition, but no later than five (5) years after completion of the Spookfish Acquisition, 9,100,000 Milestone 2 Shares shall vest and be issued, subject to a limit being equal to 10% of the issued capital of the Company at the time of the successful takeover of at least a 90% interest in the Company or related entity.

- 1.11 Resolution 2(a) to 2(f) in the Notice refers to the issue of 160,000,000 Consideration Shares as consideration for Whitestar to increase its shareholding interest to 100% of the issued capital of Spookfish and Geospatial, the issue of 360,000,000 Milestone 1 and Milestone 2 Shares to be issued to the Vendors; 8,400,000 Facilitation Shares to be issued to the Advisors and the issue of 25,200,000 Milestone 1 and Milestone 2 Shares to be issued to the Advisors.
- 1.12 On 22 August 2014 Whitestar announced the appointment of Mr Jason Marinko as an executive director (chairman) of the Company. The executive package for Mr Marinko includes an annual salary of \$225,000 per annum (including superannuation entitlements)

together with an executive placement to Mr Marinko of 2,500,000 ordinary shares at an issue price of \$0.035, raising \$87,500. The shares were issued on 28 August 2014.

In addition, Mr Marinko will be given the right to the following ordinary shares on satisfaction of the milestones set out below within 5 years and payment pursuant to a non-interest bearing loan with the Company at a vesting price of \$0.04 per share (“Incentive Shares”):

- (a) 2,500,000 shares on the date of appointment (these share were issued on 28 August 2014);
- (b) 5,000,000 shares on the Company’s share price trading at a 5 day VWAP of \$0.05 or more;
- (c) 5,000,000 shares the Company’s share price trading at a 5 day VWAP of \$0.07 or more;
- (d) 7,500,000 shares the Company’s share price trading at a 5 day VWAP of \$0.10 or more; and
- (e) 5,000,000 shares the Company’s share price trading at a 5 day VWAP of \$0.15 or more.

The Incentive Shares are only available where Mr Marinko continues to act as a director of the Company at the date of satisfaction of the relevant milestone.

- 1.13 On 29 October 2014 the Company announced that it had appointed Forrest Capital as lead manager for a minimum capital raising of a gross \$4,025,000 (“Capital Raising”) through the issue of 115,000,000 shares at an issue price of 3.5 cents each with a 1 for 2 free attaching option. The unlisted options are exercisable at 5.0 cents by 30 November 2018. For purposes of this report, we have assumed a minimum Capital Raising of a gross \$4,025,000. The Company is seeking approval to issue up to 145,000,000 Capital Raising Shares (and a 1 for 2 free attached share options) to raise up to \$5,075,000.

- 1.14 Under Paragraph 606 of the Corporations Act 2001 (“TCA”), a person must not acquire a relevant interest in issued voting shares in a company if because of the Spookfish Acquisition and Geospatial Acquisition, that persons’ or someone else’s voting power in the company increases:

- (a) from 20% or below to more than 20%; or
- (b) from a starting point that is above 20% and below 90%.

There are various exceptions to the prohibition in Section 606, detailed in Section 611 of the Corporations Act. Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any transaction of shares in a company by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. Under Section 610 of TCA, a person’s Voting Power is determined by the percentage of the total voting shares in the Company held by the person and the person’s associates.

Resolution 2 seeks shareholder approval under item 7 of Section 611 of TCA to the acquisition by the Vendors of a Relevant Interest in 160,000,000 Consideration Shares and 360,000,000 Milestone Shares upon the issue of those securities. In addition Resolution 2 seeks shareholder approval under Item 7 of Section 611 of TCA to the acquisition by the Facilitators of a Relevant Interest in 8,400,000 Facilitator Shares and 25,200,000 Milestone Shares upon the issue of those securities. The Vendors and Facilitators do not consider they will be associates of one another after the Consideration Shares are issued to them and, therefore, do not consider that their Voting Power in the Company will exceed 20% following completion of the Acquisitions.

However, at the point in time when the new shares are issued, the Vendors may be considered associates due to their common understanding and intentions with respect to the Acquisition and by agreeing to effectively sell their securities in Spookfish and Geospatial Investments to the Company.

In addition, Spookfish had entered into the Option Agreement which provides (inter alia) for the appointment of directors to the Board. By reason of this “relevant agreement” to alter the composition of the Board, the shareholders of Spookfish are likely to be considered associates of each other for the purposes of Section 12(2)(b) of TCA. However, the shareholders (Vendors) of Spookfish and Geospatial do not consider that they will be associates with respect to their interests in the Company following completion of the Acquisitions.

The Company is seeking the approval of shareholders under Item 7 of Section 611 of TCA for the purposes of Section 606 of TCA because, at the time of issuing the new shares pursuant to Resolution 2, the Vendors and Facilitators may be considered associates of one another and it is anticipated that they will hold voting power in the Company of approximately 26.05% (assuming that \$4,025,000 is raised under the Capital Raising and 115,000,000 Capital Raising Shares issued). Assuming that all the Milestone shares are also issued before any other shares are issued (other than the minimum Capital Raising shares), the potential holding of the Vendors and Facilitators could increase to approximately 53.66%. It is noted that the maximum Capital Raising has been set at \$5,075,000 (up to 145,000,000 Capital Raising Shares at 3.5 cents each). If this occurred, the initial collective interests of the Vendors and Facilitators would approximate 24.89%.

The Vendors, Facilitators and their associates are precluded from voting on Resolution 2.

An independent expert is therefore required to report on the fairness and reasonableness of the transactions noted pursuant to a Section 611 (Item 7) meeting.

- 1.15 An independent expert’s report should accompany the Notice stating whether the proposals to issue a total of 160,000,000 Consideration Shares and 360,000,000 Milestone Shares to the Vendors and the issue of 8,400,000 Facilitator Shares and 25,200,000 Milestone Shares to the Facilitators as noted above are fair and/or reasonable to the shareholders of Whitestar not associated with the Vendors and Facilitators. To assist shareholders in making a decision the directors have requested that Stantons International Securities prepare an Independent Expert’s Report to report on the proposals as outlined in Resolution 2 (we are not reporting on the fairness and/or reasonableness of the other Resolutions contained in the Notice).

This report addresses the issues of whether the proposals to issue a total of 160,000,000 Consideration Shares and 360,000,000 Milestone Shares to the Vendors as part of the consideration to acquire all of the share capital of Spookfish and Geospatial (and the issue of the 8,400,000 Facilitator Shares and 25,200,000 Milestone Shares to the Facilitators) are fair and reasonable to the shareholders of Whitestar not associated with the Vendors (and Facilitators). In order for us to arrive at a conclusion on the proposals with the Vendors, we in effect need to arrive at an opinion as to whether the Acquisitions themselves for the consideration offered are fair and reasonable.

- 1.16 There are 8 resolutions being put to the shareholders. Resolution 1 relates to the approval to make a significant change in the nature and scale of activities; Resolution 2 relates to the approval of the issue of 160,000,000 Consideration Shares, 200,000,000 Milestone 1 Shares and 160,000,000 Milestone 2 Shares to the Vendors, and the issue of 8,400,000 Facilitation Shares, 11,200,000 Milestone 1Shares and 14,000,000 Milestone 2 Shares to the

Facilitators; Resolution 3 relates to the approval to create a new class of share; Resolution 4 relates to the authority for the Company to the issue of up to 145,000,000 shares ("Placement Shares") to various investors at an issue price of 3.5 cents together with one free attaching unlisted for each Placement share issued exercisable at 5 cents on or before 30 November 2018 to raise up to \$5,075,000; Resolution 5 relates to the proposal to change the Company's name to Spookfish Limited; Resolution 6 (a) relates to the approval to appoint Stephen Rice as a Director of Whitestar following completion of the Spookfish Acquisition; Resolution 6 (b) relates to the approval to appoint Mike von Bertouch as a Director of Whitestar following completion of the Spookfish Acquisition; Resolution 6(c) relates to the approval for Jason Marinko to be reappointed a Director of the Company; Resolution 7 relates to the approval for the directors to issue up to 20,000,000 shares at a deemed price of 2.5 cents each; and Resolution 8 relates to approval to grant performance rights and issue of shares on vesting of performance rights.

We are not reporting on the merits or otherwise of Resolutions 1 and 3 to 8 but note that for us to report on the proposals as noted in Resolution 2 we in effect are required to opine on the fairness and reasonableness of the proposals to acquire Spookfish and Geospatial (as noted in Resolution 2).

1.17 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of Whitestar and Spookfish
- Future direction of Whitestar
- Basis of valuation of Whitestar shares
- Value of consideration
- Basis of valuation of Spookfish and Geospatial
- Fairness of the Acquisitions
- Conclusion as to fairness
- Reasonableness of the offers
- Conclusion as to reasonableness
- Sources of information
- Appendix A and our Financial Services Guide and the CSA Valuation Report attached as Appendix B to the Notice

1.18 In determining the fairness and reasonableness of the Acquisitions of 100% of the shares of Spookfish (from 12.5%) and Geospatial, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.

An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Although in this case the proposed acquisition of Spookfish and Geospatial is not a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness.

- 1.19 **In our opinion, the proposals as outlined in Resolution 2 may, on balance, taking into account the factors referred to in 12 below and elsewhere in this report, be considered to be not fair but reasonable to the shareholders of Whitestar (not associated with the Vendors and Facilitators) as at the date of this report.**
- 1.20 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the 25 October 2014 CSA Global Pty Ltd (“CSA”) Independent Geologist’s Report and Valuation of Whitestar Resource’s Chilean Mineral Assets (“CSA Valuation Report”) a copy of which is attached as Appendix B to this report.

2. Implications of the Proposals

- 2.1 As at 10 November 2014, there were 363,085,005 ordinary fully paid shares on issue in Whitestar. The top 20 shareholders list as at 30 October 2014 discloses the following:

Shareholder	No. of fully paid shares	% of issued fully paid shares
Zero Nominees Pty Ltd	28,128,572	7.747
Keyrate Enterprises Pty Ltd	22,800,000	6.280
Denlin Nominees Pty Ltd	8,800,000	2.424
Ravenhill Investments Pty Ltd	8,200,000	2.258
JK Nominees Pty Ltd	8,000,000	2.203
Tisia Nominees Pty Ltd	6,400,000	1.763
Greatside Holdings Pty Ltd	6,000,000	1.653
Pershing Australia Nominees Pty Ltd	5,635,000	1.552
Wimalex Pty Ltd	5,000,000	1.377
Ice Cold Investments Pty Ltd	5,000,000	1.377
	<u>103,963,572</u>	<u>28.634</u>

The top 20 shareholders as per the top 20 shareholders list at 30 October 2014 owned approximately 40.30% (146,331,067 shares) of the ordinary issued capital of the Company.

- 2.2 As at 10 November 2014 there are no share options on issue.
- 2.3 On 22 August 2014 the Company announced that Jason Marinko was appointed and executive director/chairman of the Company. The executive package for Mr Marinko includes an annual salary of \$225,000 per annum (including superannuation entitlements) together with an executive placement to Mr Marinko of 2,500,000 ordinary shares at an issue price of \$0.035, raising \$87,500 (these share were issued on 28 August 2014). In addition, the right to the following ordinary shares on satisfaction of the milestones set out below within 5 years and payment pursuant to a non-interest bearing loan with the Company at a vesting price of \$0.04 per share (“Incentive Shares”):
- (a) 2,500,000 shares on the date of appointment (these share were issued on 28 August 2014);
 - (b) 5,000,000 shares on the Company’s share price trading at a 5 day VWAP of \$0.05 or more;
 - (c) 5,000,000 shares the Company’s share price trading at a 5 day VWAP of \$0.07 or more;
 - (d) 7,500,000 shares the Company’s share price trading at a 5 day VWAP of \$0.10 or more; and
 - (e) 5,000,000 shares the Company’s share price trading at a 5 day VWAP of \$0.15 or more.

The Incentive Shares are only available where Mr Marinko continues to act as a director of the Company at the date of satisfaction of the relevant milestone.

- 2.4 If the Acquisitions are completed, the collective shareholding of the Spookfish shareholders would approximate 20.11% and the collective shareholding of the Geospatial shareholders would approximate 4.64%. The collective shareholding of the Facilitators would approximate 1.30%.

The movement in the issued capital of the Company, assuming a Capital Raising of \$4,025,000 will be:

	No. of Shares
Shares on issue at 10 November 2014	363,085,005
Capital Raising Shares (Minimum raising)	115,000,000
Issue of Consideration Shares to the Spookfish Shareholders	130,000,000
Issue of Consideration shares to the Geospatial Shareholders	30,000,000
Issue of Consideration shares to the Facilitators	8,400,000
Ordinary Shares on Issue post the Acquisitions	646,485,005
Potential issue of Incentive Shares to Marinko based on VWAP's ranging from 5 cents to 15 cents	22,500,000
Subtotal	668,985,005
Potential issue of Spookfish Milestone 1 Shares	145,000,000
Potential issue of Geospatial Milestone 1 Shares	15,000,000
Potential issue of Facilitator Milestone 1 Shares	11,200,000
Subtotal	840,185,005
Potential issue of Spookfish Milestone 2 Shares	180,000,000
Potential issue of Geospatial Milestone 2 Shares	20,000,000
Potential issue of Facilitator Milestone 2 Shares	14,000,000
Potential shares on issue if all Milestones are met	1,054,185,005

A further 20,000,000 ordinary shares may be issued if a \$500,000 loan facility is drawn down and the loan converted to ordinary shares in Whitestar.

- 2.5 The current Board of Directors is expected to change in the near future as a result of the Spookfish Acquisition. The Board is currently Stephen Anastos, Jason Marinko and Shannon Robinson. The Company Secretary is Shannon Robinson. Messrs Stephen Rice and Mike von Bertouch will become new directors of Whitestar and Mr Ian Magee will become Joint Company Secretary of Whitestar from completion of the Spookfish Acquisition. It is expected that Stephen Anastos will resign as a Director of Whitestar following completion of the Acquisition. Further directors may be appointed at a later stage following completion of the Acquisition.
- 2.6 Spookfish and Geospatial will become legally wholly owned subsidiaries of Whitestar. Currently, Whitestar, after exercising an option, owns 12.5% of Spookfish.
- 2.7 We have been advised that the Company proposes to raise a minimum of \$4,025,000 (115,000,000 shares at 3.5 cents each) and a maximum of \$5,075,000 (145,000,000 shares at 3.5 cents each). The Capital Raising will be conditional on the Company obtaining shareholder approval and the successful completion of the Acquisitions. The majority of the funds raised will be used by Spookfish in 2015 to finance the pilot programme of the technology demonstrator and the development of phase two higher altitude commercial offering (assuming the Acquisitions proceed).

2.8 In the event that the 115,000,000 Capital Raising shares are issued, the 8,400,000 Facilitator Shares are issued and the 160,000,000 Consideration Shares are issued to the Spookfish and Geospatial shareholders (the Vendors), the Spookfish, Geospatial and Facilitator shareholders combined would own 168,400,000 ordinary shares or approximately 26.05% of the expanded issued ordinary capital of Whitestar totalling 646,485,004 shares on issue. Assuming that all the Milestone shares are also issued before any other shares are issued (other than the minimum Capital Raising Shares), the potential holding of the Vendors and Advisors could collectively increase to 53.66%.

2.9 As noted in paragraphs 1.5, 1.9 and 1.10 the Company may issue Milestone Shares to the shareholders of Spookfish, Geospatial and the Facilitators to the Spookfish Acquisition. The Milestone Shares will be issued as fully paid ordinary shares in Whitestar upon the achievement of Milestones 1 and 2 as noted below:

- Milestone 1 - 145,000,000 Spookfish Milestone 1 Shares would be issued;
 - 15,000,000 Geospatial Milestone 1 Shares would be issued;
 - 11,200,000 Adviser Milestone 1 Shares would be issued; upon
 - Spookfish or the Company generating \$20,000,000 of cumulative revenue; or
 - the VWAP of the Company's shares calculated on the preceding 20 days on which trades are recorded on ASX being equal to or greater than 18 cents, at any time within four (4) years of completion of the Spookfish Acquisition. These shares will be subject to voluntary escrow from the time of issue on satisfaction of the above milestone until date of 24 months from completion of the Spookfish Acquisition.
- Milestone 2 - 180,000,000 Milestone 2 Shares would be issued;
 - 20,000,000 Geospatial Milestone 2 Shares would be issued;
 - 14,000,000 Advisor Milestone 2 Shares would be issued; upon
 - Spookfish or the Company generating \$36,000,000 of cumulative revenue; or
 - the VWAP of the Company's shares calculated on the preceding 20 days on which trades are recorded on ASX being equal to or greater than 18 cents, at any time within five (5) years of completion of the Spookfish Acquisition. These Shares will be subject to voluntary escrow from the time of issue on satisfaction of the above milestone until date of 24 months from completion of the Spookfish Acquisition

2.9 In the event that all the Milestone Shares are issued as ordinary shares in Whitestar, (each Milestone needs to be met) the percentage interests of the Vendors of Spookfish and in the absence of any other share issues will be as follows:

After conversion of Milestone 1 Shares - approximately 33.63%

After conversion of Milestone 2 Shares - approximately 44.10%

The Geospatial shareholders collective shareholding in Spookfish would approximate 3.67% after conversion of Milestone 1 Shares and 6.70% after conversion of Milestone 2 Shares.

3. Corporate History and Nature of Businesses

Whitestar

3.1 Principal Activities and Significant Assets

Whitestar is an ASX listed mineral exploration and evaluation company having achieved an ASX listing in 2007 after raising a gross \$3,500,000 (17,500,000 shares at 20 cents each) via a prospectus and initial public offering (the initial name was Whinnen Resources Limited – name changed in December 2011). The primary mineral commodity comprises copper and gold in South America (acquired at an initial cost of over \$3 million after undertaking a further capital raising). In its review of operations in the 31 December 2013 financial report, the directors noted that the Company had reviewed its exploration and business development activities in Chile. Part of this process included the Company closing its offices in Copiapo and Santiago. The Company would continue to maintain title security to its existing project tenements in Chile whilst seeking potential joint venture partners for the early stage exploration projects.

A summary audit reviewed consolidated balance sheet, as adjusted (consolidated statement of financial position) of Whitestar as at 30 June 2014 is noted elsewhere in this report (subsequently reduced as noted in paragraph 5.4.1 below).

Spookfish

3.2 Principal Activities, Significant Assets and Shareholdings

Spookfish is incorporated in Australia as a non-listed private company with 78,725,714 shares on issue to 25 shareholders. As at 7 November 2014 the top 5 shareholders, who are involved in the management of Spookfish, own approximately 86.41% of the shares on issue and are as follows:

Shareholder	No. of fully paid shares	% of issued fully paid shares
Michael John von Bertouch ATF von Bertouch Family Trust	13,475,000	19.56
Simon John Cope ATF the Cope Family Trust	13,475,000	19.56
Colin Vivian Douglas Richards ATF the Richards Family Trust	11,025,000	16.00
Stephen Rice ATF Rice Family Trust	11,025,000	16.00
Guy Perkins	10,525,000	15.28
	<u>59,250,000</u>	<u>86.41</u>

Spookfish is focused on the commercialisation of premium geospatial imagery products and services. Spookfish is seeking to redefine the global geospatial industry by aiming to provide quick and easy subscription based access to high quality geospatial imagery and textured 3D models to the government and corporate sectors at significantly improved levels of resolution, accuracy, cost effectiveness and consistency compared to current industry offerings.

The 'traditional' Australian market for geospatial imagery is in the region of \$100M, dominated by government purchasers. This market is growing rapidly as it is in other jurisdictions. This global image acquisition and processing market is in the vicinity of \$6B, approximately split equally between aerial and satellite imagery. Spookfish aims to

become a significant participant in this demanding global market where accuracy and image quality are of paramount importance.

Spookfish has planned a clear, pragmatic, staged approach to developing, evolving and commercialising its suite of technologies over the next few years. The fundamental core elements of the first phase technology demonstrator are the result of research and development to date. This will be demonstrated in flight prior to completion of the Spookfish Acquisition with potential early commercial revenue opportunities to follow.

Further details are outlined in the ESS attached to the Notice and announcements made by Whitestar from July to 9 November 2014.

A summary of the unaudited adjusted balance sheet (statement of financial position) of Spookfish as at 30 September 2014 is noted elsewhere in this report.

Geospatial

3.3 Principal Activities, Significant Assets and Shareholdings

Geospatial is incorporated in Australia as a non-listed private company with three shares on issue to three shareholders.

The Company has not traded since incorporation. At 30 June 2014 the Company had share capital of \$3 and accumulated losses of \$1,991. We have been advised by Tony Grist a director of Geospatial that since 30 June 2014 there have not been any significant transactions by Geospatial. Additionally, Tony Grist has confirmed that Oaktone Nominees Pty Ltd, a company of which he is a director and which has substantial assets and available liquidity, will provide a guarantee of \$500,000 funding to Geospatial should the facility between Spookfish and Geospatial be drawn down in whole or in part.

4. Future Directions of Whitestar

4.1 We have been advised by the directors and management of Whitestar that:

- There are no proposals currently contemplated either whereby Whitestar will acquire any further assets from Spookfish's shareholders (however Whitestar will issue Consideration Shares and potentially Milestone Shares to the Spookfish shareholders as outlined above in relation to the Spookfish Acquisition) or where Whitestar will transfer any of its property or assets to Spookfish's shareholders;
- There are no proposals currently contemplated either whereby Whitestar will acquire any further assets from Geospatial's shareholders (however Whitestar will issue Consideration Shares and potentially Milestone shares to the Geospatial shareholders as outlined above in relation to the Geospatial Acquisition) or where Whitestar will transfer any of its property or assets to Geospatial's shareholders;
- The composition of the Board will change in the short term as noted above;
- The Company is expecting to raise a minimum of approximately \$4,025,000 via a Capital Raising in December 2014 and most of these funds will be on-lent to Spookfish;
- The Company proposes to change its name to Spookfish Limited;

- No dividend policy has been set; and
- The Company will endeavour to enhance the value of its interests in its existing mineral assets (possible by sale) and will concentrate on its investment in Spookfish and Geospatial, once acquired.

5. Basis of Valuation of Whitestar Shares

5.1 Shares

5.1.1 In considering the proposal to acquire all of the shares in Spookfish and Geospatial, we have sought to determine if the considerations payable by Whitestar to the Spookfish and Geospatial shareholders are fair and reasonable to the existing non-associated shareholders of Whitestar.

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the ordinary shares in Spookfish and Geospatial being acquired by Whitestar is greater than the implicit value of the Consideration Shares (ordinary shares) and Milestone Shares in Whitestar being offered as considerations. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on the Spookfish shares and Geospatial shares for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a Whitestar ordinary share (and also a Spookfish and Geospatial share) are:

- Capitalised maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net asset backing and windup value; and
- The market price of Whitestar shares (and Spookfish and Geospatial shares).

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Whitestar's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. Whitestar made a loss after tax of \$325,946 for the six months ended 30 June 2014 and as at 30 June 2014 has accumulated losses of \$16,879,986 based on the audit reviewed accounts at 30 June 2014. For the year ended 31 December 2013, Whitestar made an audited loss after tax of \$1,629,658.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Whitestar could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Whitestar have formed the view that there are unlikely to be any takeover bids made for Whitestar in the immediate future. However, if the agreements to acquire Spookfish and Geospatial are completed, the Spookfish Shareholders collectively will initially control approximately 22.43% of the expanded ordinary issued capital of Whitestar.

5.4 Adjusted Net Asset Backing

5.4.1 We set out below the audit reviewed balance sheet (statement of financial position) of Whitestar (Balance Sheet "A") as at 30 June 2014, adjusted for:

- the payment of \$250,000 in July 2014 as an option fee to acquire Spookfish;
- the payment of \$1,000,000 in August 2014 to acquire a 12.5% equity interest in Spookfish;
- the issue for cash of 2,500,000 shares at 3.5 cents each to Jason Marinko in August 2014 to raise \$87,500;
- the issue of 2,500,000 incentive shares to Jason Marinko in August 2014 at a vesting price of 4 cents per share and payment pursuant to a non interest bearing loan. For purposes of this report only we have ascribed a value of \$62,000 to the issue of these shares which for accounting purposes will be treated akin to options and does not affect the net assets of the Company;
- the incurring of estimated costs of \$176,000 on legal due diligence, agreements and consultants in relation to the acquisition of Spookfish;
- the incurring of \$750,000 for estimated costs to 31 December 2014 for the technical due diligence relating to the acquisition of Spookfish;
- the incurring of estimated administration and corporate costs of approximately \$376,000 for the period 1 July 2014 to 31 December 2014; and
- the incurring of approximately \$120,000 on exploration and evaluation expenditure in Chile for the period 1 July 2014 to 31 December 2014.

In addition, we disclose a pro-forma consolidated balance sheet “Balance Sheet “B” assuming the following:

- The acquisition of the remaining 87.5% of the shares on issue in Spookfish by way of an issue of 130,000,000 Spookfish Consideration Shares at a deemed issue price of 3.5 cents per share for a total consideration of \$4,550,000;
- The acquisition of 100% of the shares on issue in Geospatial by way of an issue of 30,000,000 Geospatial Consideration Shares at a deemed issue price of 3.5 cents per share for a total consideration of \$1,050,000;
- The issue of 8,400,000 Facilitator shares to the Facilitators to the Spookfish Acquisition at a deemed issue price of 3.5 cents per share for a total value of \$294,000;
- Allowing for costs relating to the Prospectus, listing fees and Notice preparation of approximately \$80,000;
- Allowing for costs relating to the Acquisitions including, investigating experts report, independent geologists report, legal fees, listing fees and other related costs of approximately \$100,000;
- The completion of the Capital Raising assumed to be a minimum of \$4,025,000 and incurring capital raising costs of \$241,500;
- The issue of the right to 325,000,000 Milestone 1 and 2 Shares as part of the Consideration for the acquisition of Spookfish and ascribing a fair value of \$nil;
- The issue of the right to 35,000,000 Milestone 1 and 2 Shares as part of the Consideration for the acquisition of Geospatial and ascribing a fair value of \$nil; and
- The issue of the right to 25,200,000 Milestone 1 and 2 Shares to the Facilitators to the Spookfish Acquisition and ascribing a fair of \$nil.

In addition, we disclose the unaudited statement of financial position of the Spookfish as at 30 September 2014 adjusted for an R&D tax incentive receipt of \$210,000, grant and other income of approximately \$48,000, R&D expenditure of approximately \$170,000 capitalised, expenditure on plant and equipment of approximately \$64,000 and further net expenditure from 1 October 2014 to 31 December 2014 of approximately \$391,000.

The unaudited accounts of Geospatial as at 30 June 2014 reflect net liabilities of \$2,000. We have been advised that the estimated expenditure to 31 December 2014 is expected to be minimal and therefore, the net liabilities of Geospatial are expected to remain at

approximately \$2,000. The Company has not traded since being incorporated September 2012.

	Audit Reviewed Adjusted 30 June 2014 Whitestar \$000 “A”	Unaudited Pro-forma 30 June 2014 Whitestar (including consolidation of Spookfish and Geospatial) \$000 “B”	Unaudited Adjusted Spookfish 30 September 2014 \$000
Current Assets			
Cash assets	1,556	5,200	41
Trade and other receivables	29	92	63
Financial assets held for trading	10	10	-
Prepayments and deposits	-	99	99
Total Current Assets	1,595	5,401	203
Non Current Assets			
Plant and equipment	9	274	265
Deposits	-	30	30
Intangibles and goodwill	-	6,477	304
Capitalised exploration costs (Chile) (refer below in paragraph 5.4.4)	-	-	-
Investment in Spookfish	1,250	-	-
Total Non Current Assets	1,259	6,781	599
Total Assets	2,854	12,182	802
Current Liabilities			
Trade and other payables	207	332	123
Employee entitlements	-	-	-
Total Current Liabilities	207	332	123
Total Liabilities	207	332	123
Net Assets	2,647	11,850	679
Equity			
Issued Capital	19,423	28,920	1,892
Reserves	1,648	1,648	250
Accumulated Losses	(18,372)	(18,666)	(1,463)
Parent Entity Interest	2,699	11,902	679
Non controlling Interest	(52)	(52)	-
Total Equity	2,647	11,850	679
Shares on Issue	363,085,005	646,485,005	
Net asset amount per share (cents)	0.73	1.83	

The net asset (book value) backing per fully paid (pre acquisition of Spookfish and Geospatial) ordinary Whitestar share as at 30 June 2014 based on the unaudited adjusted balance sheet (Balance Sheet “A”) and 363,085,005 ordinary shares on issue is approximately 0.729 cents (refer paragraph 5.4.5 below).

Based on the unaudited pro-forma consolidated net asset book values and assuming a minimum Capital Raising of \$4,025,000, this equates to a value per fully paid ordinary share post the Acquisitions of approximately 1.83 cents per share (ignoring the value, if any, of non-booked tax benefits).

The net asset backing per share may approximate 1.89 cents in the event that the maximum Capital Raising of \$5,075,000 occurred and Capital Raising costs increased by \$63,000. Gross cash on hand may approximate \$6,187,000.

The Directors of Whitestar will need to determine the fair value to attribute to the Consideration Shares and Milestone Shares and the figures used may differ to what we have used in the pro-forma consolidated statement of financial position of the Whitestar Group, incorporating the Spookfish Group (considered to be Spookfish and Geospatial although they currently have separate shareholders).

5.4.2 We have accepted the Whitestar amounts as disclosed for all current assets and non-current assets, except for the carrying value of the Company's interest in the Chilean Tenements ("Chilean Mineral Assets"). We have been advised by the management of Whitestar that they believe the carrying value of all current assets, fixed assets and liabilities at 30 June 2014 (as adjusted as noted above) are fair and not materially misstated.

5.4.3 In determining the net tangible asset value on a going concern basis it is necessary to adjust the book values of the Chilean Mineral Assets to reflect the technical (market) fair value of those Chilean Mineral Assets. We, in conjunction with Whitestar instructed CSA to undertake a valuation of the Chilean Mineral Assets of Whitestar. The Chilean Mineral Assets comprise the Amigo, Condor, Dundee, Henry and Nany Projects situated in the Atacama Region of Chile. In October 2014 CSA prepared the CSA Valuation Report in relation to the Chilean Mineral Assets. We have used and relied on the CSA Valuation Report and have satisfied ourselves that:

- CSA is a suitably qualified consulting firm and has relevant experience in assessing the merits of base metal projects and preparing base metal asset valuations (also the principal author of the report, Trivindren Naidoo of CSA is suitably qualified and experienced);
- CSA is independent from Whitestar and Spookfish;
- CSA to the best of our knowledge has employed sound and recognised methodologies in the preparation of the CSA Valuation Report on Whitestar's Chilean Mineral Assets.

5.4.4 CSA ascribed a range of market values for the Chilean Mineral Assets as follows:

	Low	Preferred	High
	\$000	\$000	\$000
Chilean Mineral Assets	<u>1,000</u>	<u>2,300</u>	<u>5,000</u>

5.4.5 Using the fair values in Australian Dollars of the Chilean Mineral Assets as ascribed in the CSA Valuation Report and based on the assumptions/values provided to us of the other assets and liabilities of Whitestar as at 30 June 2014 as per Balance Sheet A above, the net fair value of the Whitestar Group is expected to lie in the range as follows:

	Paragraph	Low \$000's	Preferred \$000's	High \$000's
Chilean Mineral Assets	5.4.4	1,000	2,300	5,000
Property, plant and equipment		9	9	9
Remaining non-current assets		1,250	1,250	1,250
Current assets		1,595	1,595	1,595
Total liabilities		(207)	(207)	(207)
Total Net Assets at fair values		<u>3,647</u>	<u>4,947</u>	<u>7,647</u>
Number of shares on issue		646,485,005	646,485,005	646,485,005
Net asset per share (cents)		0.56	0.76	1.18

5.4.6 Based on the preferred values, the adjusted net book values at 30 June 2014 equates to a value per share (646,485,005 shares) of approximately 0.76 cents (ignoring the value, if any, of non-booked tax benefits). See comments below on ASX share prices.

5.4.7 We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Whitestar and other parties. We also note it is not the present intention of the Directors of Whitestar to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Whitestar based on the market perceptions of what the market considers a Whitestar share to be worth.

5.4.8 The market has either generally valued the vast majority of mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for Whitestar shares and the market is kept fully informed of the activities of the Company. However, it is noted that from Whitestar's point of view as the legal parent company, the value ascribed to the 160,000,000 Consideration Shares to be issued to the Spookfish and Geospatial Shareholders (Vendors) would be accounted for at the market value of a Whitestar share at date of issue. The Milestone Shares would also be accounted for using ASX market prices but adjusted for probability of meeting Milestone targets (some of the Milestone Shares may have an ascribed value of nil). The actual share price at the date of the acquisitions of Spookfish and Geospatial cannot be determined at this point of time. For accounting purposes under Australian Equivalents to International Financial Reporting Standards ("IFRS"), the consideration for the issue of Whitestar shares to acquire the shares in Spookfish and Geospatial from the Spookfish and Geospatial shareholders will be booked at the fair value of the shares in Spookfish or Geospatial respectively or at the share price of an Whitestar share at the date of Acquisitions and not any perceived technical value.

5.5 Market Price of Whitestar Fully Paid Ordinary Shares

5.5.1 Share prices in Whitestar as recorded on the ASX since 1 January 2014 up to and including 3 June 2014 (immediately before the announcement of the proposed Spookfish Acquisition on 4 June 2014) and subsequent to that date and up to 11 November have been as follows:

2014	High Cents	Low Cents	Closing Price Cents	Volume 000's
January	1.0	0.8	0.9	2,842
February	1.0	0.7	0.9	5,897
March	1.1	0.8	1.1	12,669
April	1.4	1.0	1.1	57,557
May	1.6	1.0	1.6	8,201
June (to 3rd)	1.6	1.6	1.6	nil
June (from 4th)	4.5	2.3	4.2	95,703
July	4.6	3.3	3.9	25,038
August	4.4	3.3	3.8	24,707
September	4.2	3.6	3.9	9,441
October	4.0	3.6	3.8	9,253
November (to 11 th)	4.4	3.6	4.4	23,758

As can be seen from the trading volume on ASX, there was, except for the month of April 2014, limited trading of the Whitestar shares before the announcement of the Spookfish Acquisition. The Spookfish Acquisition (which included Geospatial) was announced to the market on 4 June 2014. There were numerous trading days over the six months to 4 June 2014 where there were no trades of Whitestar shares on ASX.

As can be seen above, the price at which shares traded varied considerably and it is difficult to arrive at a fair value for a Whitestar share, particularly in light of the modest trading volumes. Due to the modest volumes (no Deep Market exists), varying share price and the lack of significant progress relating to the Chilean Mineral Assets that may be affecting the share price, we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance.

Subsequent to the announcement of the Spookfish Acquisition, the shares in Whitestar traded on ASX had been between 2.3 cents and 4.6 cents with a last sale on 11 November 2014 of 4.4 cents. The volume of trades in Whitestar shares post the announcement has risen significantly. Between 4 June 2014 and 30 June 2014, the volume of trades in Whitestar shares on ASX was approximately 96 million shares and to 11 November 2014 approximated 92.198 million shares.

6. Preferred valuation method of valuing a Whitestar Share

6.1 In assessing the fair value of Whitestar and a Whitestar ordinary share pre the acquisition of Spookfish and Geospatial from the Spookfish and Geospatial Vendors we have selected the net assets on a going concern methodology as the preferred methodology as:

- Whitestar does not generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 31 December 2012 and 2013 (and for the six months to 30 June 2014). Therefore the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and
- Although the shares of Whitestar are listed, as there is only moderate trading volumes on ASX and the share prices in recent times may be affected by the lack of cash resources it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the proposals with the Spookfish and Geospatial Vendors.

- 6.2 As stated at paragraph 5.4.5 we have assessed the value of Whitestar prior to the proposed acquisitions of Spookfish and Geospatial on a net asset basis on a going concern basis as follows:

	Low	Preferred	High
Net asset per share (cents)	<u>0.56</u>	<u>0.76</u>	<u>1.18</u>

In accordance with Regulatory Guide 111, we have relied upon CSA to assess the preferred value of the Chilean Mineral Assets and incorporated it in the table above in determining the net asset value on a technical basis. We note that, the technical net asset values may not necessarily reflect fair values in these tough economic times.

- 6.3 As noted above the estimated net asset price per share after adjusting for the valuation of the Chilean Mineral Assets varies from 0.56 cents to 1.18 cents with a preferred value of approximately 0.76 cents per share which is significantly less than the last ASX share price of 1.6 cents on 28 May 2014 (the last trading share price date before of the announcement of the Spookfish Acquisition on 4 June 2014).

- 6.4 The future value of a Whitestar share will depend upon, inter alia:

- the future prospects of its mineral assets (effectively the Chilean exploration assets) and the success of the geospatial imagery technology of Spookfish being obtained via the Spookfish Acquisition and the Geospatial Acquisition;
- the state of the base metal markets (and prices) in Australia and overseas (whilst the Company owns mineral assets);
- the state of Australian and overseas stock markets;
- the strength and performance of the Board and management and/or who makes up the Board and management;
- Foreign exchange rates;
- general economic conditions;
- the liquidity of shares in Whitestar; and
- possible ventures and transactions entered into by Whitestar.

7. Premium for Control

- 7.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.
- 7.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, the Spookfish Vendors, Geospatial Vendors and Facilitators combined voting shareholding in Whitestar could increase from approximately nil% as at 10 November 2014 to approximately 26.05% after the issue of the Consideration Shares and then to up to approximately 53.66% on the conversion of all Milestone Shares (if Milestones 1 and 2 are met). Technically, no Spookfish Vendor, Geospatial Vendor or Facilitators is obtaining a shareholding interest in Whitestar of greater than 20% but as noted above, the collective Vendors and Facilitators will initially contain a shareholding in Whitestar of approximately 26.05%.

- 7.3 It is generally accepted that premium for control may vary from nil to 40% or more depending on many different factors including the nature of the business, the financial position of a company, and shareholding percentages. As “control” in the circumstances for Whitestar is temporary, we consider a 20% premium for control is reasonable.
- 7.4 Our preferred methodology is to value Whitestar and a Whitestar share on a technical net asset basis which assumes a 100% interest in the Company. Therefore no adjustment is considered necessary to the technical asset value determined under paragraph 5.4.5 as this already represents the fair value of the Company or a share in the Company on a pre Proposed Acquisitions (transaction) control basis.
- 7.5 As noted under paragraph 9.14 below we are unable to conclude upon a meaningful valuation range for Spookfish due to the lack of readily available and reliable financial projections. However the net tangible assets of Spookfish are estimated at \$679,000 (we cannot value the intangible assets relating to the geospatial imagery products and services). Geospatial has not previously traded and has net liabilities of approximately \$2,000. Geospatial has been valued at nil. As we are unable to conclude upon a meaningful valuation range for Spookfish and Geospatial is valued at nil we are of the opinion that the Vendors of Spookfish and Geospatial are deemed to not be paying a premium for control.
- 7.6 We set out below the comparison of the low, preferred and high values of a Whitestar share compared to the potential issue price for the Consideration Shares based on ASX share prices in July 2014.

	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of a Whitestar ordinary Share	5.4.5	0.56	0.76	1.18
Issue price of the ordinary Consideration Shares		0.80	1.40	1.60
Excess/(shortfall) between Issue Price and fair value		0.24	0.64	0.28

- 7.7 We note that Spookfish does not have Board control of Whitestar before the Proposed Acquisitions and transactions pursuant to Resolutions 1 to 8. Post the Acquisitions, Spookfish will appoint two persons to the Board of Whitestar (Stephen Rice and Mike von Bertouch) and thus have two Board members of the five person expanded Board.

8. Value of Consideration

- 8.1 Based on the pre-announcement assessed fair value of an ordinary share in Whitestar (not ASX share prices), the ordinary share consideration would be:

	Para.	Low	Preferred	High
Estimated fair value of a Whitestar ordinary share (cents)	5.4.5	0.56	0.76	1.18
160,000,000 Consideration Shares (\$)		896,000	1,216,000	1,888,000
8,400,000 Advisor Shares (\$)		47,040	63,840	99,120
Total (\$)		943,040	1,279,120	1,987,120

As noted below, we have ascribed nil value to the Milestone Shares.

- 8.2 It is noted that at the time of negotiation of the Acquisitions, the Whitestar directors considered that the fair market value of a Whitestar ordinary share may have been around 1.6 cents.
- 8.3 If we used the 2.3 cents to 4.6 cents being the recent ASX share prices (post the announcement of the proposed Spookfish and Geospatial Acquisitions as noted above), the amounts attributable to the ordinary 160,000,000 Consideration Shares and the 8,400,000 Facilitator Shares would lie in the range of \$3,873,200 to \$7,746,400. Based on the last sale price on 11 November 2014, the deemed accounting consideration (for the Consideration Shares only) may approximate \$7,409,600 (4.4 cents per share).
- 8.4 In addition to the 160,000,000 Consideration Shares to be issued for the Acquisitions, the Company is to issue the 2 tranches of Milestone Shares referred to as the Milestone 1 shares and Milestone 2 Shares.

160,000,000 Milestone 1 Shares are to be issued to the Spookfish and Geospatial shareholders for the Acquisitions if Spookfish or the Company generates cumulative revenue of \$20,000,000 or the VWAP of the Company's shares are equal to or greater than 18 cents within 4 years of completion of the Acquisitions. We have not ascribed any value to these Milestone 1 Shares as it is not possible at this stage to assess the probability of these hurdles being achieved.

200,000,000 Milestone 2 Shares are to be issued to the Spookfish and Geospatial shareholders for the Acquisitions if Spookfish or the Company generates cumulative revenue of \$36,000,000 or the VWAP of the Company's shares are equal to or greater than 18 cents within 4 years of completion of the Acquisitions. We have not ascribed any value to these Milestone 2 Shares as it is not possible at this stage to assess the probability of these hurdles being achieved.

- 8.5 Using the assessed fair value of an ordinary share in Whitestar between 0.56 cents and 1.18 cents with a preferred fair value of 0.76 cents, results in a possible fair value attributable to the Milestone Shares prior to any discounting for probability of not meeting the performance conditions as follows:

	Low \$	Preferred \$	High \$
Milestone 1 Shares	958,720	1,301,120	2,202,160
Milestone 2 Shares	<u>1,198,400</u>	<u>1,626,400</u>	<u>2,525,200</u>
Total possible Consideration relating to the issue of Milestone Shares	<u>2,157,120</u>	<u>2,927,520</u>	<u>4,727,360</u>

- 8.6 We are not sure as to what values the Whitestar Directors will finally ascribe to the four classes of Milestone Shares for Spookfish Acquisition accounting purposes. The value may be as low as nil. It is noted that if the individual Milestones are met, the share prices of an ordinary share in Whitestar at the conversion dates would be higher than the ASX share prices of June/July 2014 and of early November 2014 (to 11th).

9. Basis of Valuation of Spookfish and Geospatial

- 9.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

- 9.2 Spookfish and Geospatial are unlisted private companies and therefore valuing the shares on a takeover basis and on a market based approach are not relevant. There are no indications that other parties wished to acquire all of the shares in Spookfish and Geospatial other than Whitestar. The shareholders in Spookfish and Geospatial do not have an active market to trade their shares.
- 9.3 The unaudited adjusted balance sheet of Spookfish at 30 June 2014 is disclosed under paragraph 5.4.1 above. This balance sheet shows the Spookfish net assets carried at a book value of approximately \$679,000 with capitalised research and development costs carried at a book value of \$304,000. The unaudited adjusted net liabilities of Geospatial as disclosed under paragraph 5.4.1 amounts to \$2,000.
- 9.4 Completion of the Acquisitions is conditional on all necessary due diligence being undertaken on the ownership interests of Spookfish and Geospatial, Spookfish's shareholding and interests and ownership of the geospatial imagery technology of Spookfish. We advise that we have not undertaken any further steps to ascertain ownership of Spookfish and its assets and liabilities and the geospatial imagery technology.
- 9.5 As part of the Acquisitions, Whitestar will also acquire all of the issued capital of Geospatial. We also advise that we have not undertaken any further steps to ascertain ownership of Geospatial and its assets and liabilities and any related technology.
- 9.6 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market. To estimate the fair market value of the shares in Spookfish and also Geospatial, we have considered valuation methodologies recommended by ASIC Regulatory Guideline 111 regarding valuation reports of independent experts and common market practice. These are discussed below.
- 9.7 Market based methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or market value of comparable companies. Market based methods include:

- Capitalisation of maintainable earnings;
- Analysis of a company's recent share trading history; and
- Industry specific methods.

The capitalisation of maintainable earnings methods estimates fair market value based on the company's future maintainable earnings and an appropriate earnings multiple. An appropriate earnings multiple is derived from market transactions involving comparable companies. The capitalisation of maintainable earnings is appropriate where the company's earnings are relatively stable. The most recent share trading history provides evidence on the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. Industry-specific methods estimate market value using rules of thumb for a particular industry. Generally, rules of thumb provide less persuasive evidence on market value of a company, since they may not account for company-specific factors.

9.8 Discounted cash flow method

The discounted cash flow method estimates market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection or forecast of future cash flows can be made with a reasonable degree of confidence. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

9.9 Asset-based methods

Asset-based methods estimate the market value of a company's shares based on the realisable value of its identifiable net assets. Asset-based methods include:

- Orderly realisation of assets method;
- Liquidation of assets method; and
- Net asset on a going concern basis.

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to shareholders, after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter timeframe. Since winding up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis, estimates the market values of the net assets of the company but does not take account of realisation costs.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets. Asset-based methods are appropriate when companies are not profitable or a significant proportion of a company's assets are liquid.

9.10 Selection of Valuation Methodologies

All of the valuation methodologies considered above have significant limitations or restrictions in their application to Spookfish and Geospatial.

Capitalisation of maintainable earnings is not appropriate because Spookfish and Geospatial are not presently profitable. Recent share trading is not applicable as Spookfish is an unlisted private company in the geospatial imagery technology owned by the Associated Vendors and Geospatial is an unlisted private company which has not traded. The discounted cash flow method has not been applied because no reliable prospective financial information is available (refer below). An asset-based method is limited by the fact that Spookfish primary asset is an interest in the geospatial imagery technology that has yet to be fully commercially exploited. The book values of Spookfish's assets and liabilities as at 30 June 2014, as adjusted, is noted in paragraph 5.4.1 and the net assets disclosed are approximately \$679,000.

9.11 In this section we consider the valuations of Spookfish and Geospatial. We have considered the valuations of Spookfish and Geospatial in assessing whether or not the proposals outlined in Resolution 2 are fair and reasonable for Whitestar's non-associated shareholders. The Geospatial valuation has been considered as in terms of the Geospatial Option, Whitestar has the right to acquire 100% of the issued share capital if it exercises its option to acquire Spookfish. This option has been exercised as announced to the ASX on 29 October 2014. In forming our opinion on the values of Spookfish and Geospatial we have, inter-alia:

- Considered the stage of development of Spookfish and the activities of Geospatial and the prospective financial information available on both companies;
- Considered the appropriateness of the valuation methodologies available; and
- Considered the ability of Spookfish and Geospatial to continue as going concerns without funding.

9.12 Valuation of Spookfish

As discussed, the capitalisation of maintainable earnings, discounted cash flow and asset-based methodologies have limitations in their application to Spookfish. It is noted that there are no internal valuations prepared and no formal adoption of cash flows and profit and loss forecasts (other than for 2014/15).

9.13 Owing to the nature of the business of Spookfish, valuations depend on the value placed on the technology interests of the company. The valuation of technology interests and valuing future profitability and cash flows is extremely subjective because it involves assumptions regarding future events that are not capable of independent substantiation

9.14 Summary of valuation methodology and conclusion

We are unable to conclude on a meaningful valuation range for Spookfish due to the lack of readily available and reliable financial projections and information. It is noted that Spookfish will have estimated cash reserves of \$41,000 at 31 December 2014 and current liabilities totalling \$123,000. If the acquisition of Spookfish by Whitestar is achieved, Whitestar will need to meet the liabilities of Spookfish and Geospatial. Whitestar does not have large cash reserves but as part of the Spookfish Acquisition is proposing to raise a minimum gross \$4,025,000 in December 2014 and as noted elsewhere in this report the majority of these funds will be lent to Spookfish for working capital.

9.15 Valuation of Geospatial

As discussed, the capitalisation of maintainable earnings, discounted cash flow and asset-based methodologies have limitations in their application to Geospatial. It is noted that there are no internal valuations prepared and no formal adoption of cash flows and profit and loss forecasts. The Company has not previously traded and has net liabilities of approximately \$2,000. We are therefore unable to attribute any value to Geospatial.

10. Fairness of the Proposals with Spookfish and Geospatial

10.1 In arriving at our conclusion on fairness, we considered whether the transaction is “fair” by comparing:

- (a) the fair market value of a Whitestar share pre-transaction on a control basis; versus
- (b) the fair market value of a Whitestar share post-transaction on a minority basis, taking into account the additional cash raised via the Capital Raising and the associated dilution resulting from the issue of new ordinary shares under the proposed Acquisitions, and the issue of the other shares to various parties involved with the Acquisitions and the exercise of the Capital Raising Share Options.

10.2 The preferred value of a Whitestar share pre the Proposed Acquisitions on a control basis as noted in paragraph 5.4.5 is 0.76 cents.

10.3 We set out below the range of estimated technical net asset values of Whitestar post transaction on a minority basis based on the net assets as detailed in paragraph 5.4.5 which includes adjusting for the following transactions:

- i) The completion of the Capital Raising assumed to be the minimum gross amount of \$4,025,000 and incurring capital raising costs of \$321,500;
- ii) The acquisition of all of the shares in Spookfish by way of an issue of 130,000,000 Spookfish Consideration Shares. However, as noted below we cannot currently ascribe a fair value to Spookfish. It is noted that the pro-forma consolidated balance

sheet of Spookfish discloses net assets of \$679,000 as at 30 June 2014 (as adjusted). The ultimate fair value of Spookfish may materially exceed the book liability position if Spookfish management is able to successfully commercialise the geospatial imagery technology;

- iii) The acquisition of all of the shares in Geospatial by way of an issue of 30,000,000 Geospatial Consideration Shares. Geospatial has not traded and it is noted that the pro-forma balance sheet of Geospatial discloses negative net liabilities of approximately \$2,000 as at 30 June 2014 (as adjusted). We have estimated the value of Geospatial to be nil;
- iv) The issue of 8,400,000 Facilitator shares at a deemed price of 3.5 cents each as consideration for the introduction and facilitation of the Spookfish Acquisition;
- v) Allowing for costs relating to the Acquisitions including, investigating experts report, independent geologists report, legal fees, listing fees and other related costs of approximately \$100,000; and
- vi) The issue of 385,200,000 Milestone 1 and Milestone 2 shares pursuant to the Acquisition with a value deemed to be nil.

In addition we have assumed that shareholders will exercise 57,500,000 share options issued under the minimum Capital Raising of 115,000,000 shares exercisable at 5.0 cents each, on or before 30 November 2018 and the Company raises new cash funds of \$2,875,000.

	Low \$	Preferred \$	High \$
Net assets of Whitestar at fair values pre Acquisition and other transactions	3,647,000	4,947,000	7,647,000
Value of Spookfish	679,000	679,000	679,000
Value of Geospatial	-	-	-
Net cash raised from Capital Raising (115,000,000 shares)	3,703,500	3,703,500	3,703,500
Other costs of Acquisitions	(100,000)	(100,000)	(100,000)
Issue of 57,500,000 shares on conversion of options issued under the Capital Raising	<u>2,875,000</u>	<u>2,875,000</u>	<u>2,875,000</u>
Total Post Acquisition Value	<u>10,804,500</u>	<u>12,104,500</u>	<u>14,804,500</u>
Number of ordinary shares on issue (see below)	646,485,005	646,485,005	646,485,005
Assumed conversion of Milestone 1 and Milestone 2 Shares	385,200,000	385,200,000	385,200,000
Assumed conversion of Capital Raising Options	<u>57,500,000</u>	<u>57,500,000</u>	<u>57,500,000</u>
Diluted number of ordinary shares that may be on issue	<u>1,089,185,005</u>	<u>1,089,185,005</u>	<u>1,089,185,005</u>

Net asset value per share (cents)	0.99	1.11	1.36
Minority interest discount	16.67%	16.67%	16.67%
Minority value per share (cents)	<u>0.82</u>	<u>0.92</u>	<u>1.13</u>

The above calculation tables take into account the Capital Raisings (at 3.5 cents per share) as part and parcel of the Acquisitions. Shareholders must approve the Acquisitions before the Capital Raising proceeds. In the absence of the Acquisition approvals, the Acquisitions will not proceed and Whitestar will end up as virtually a cash box.

On the event that we ignore the exercise of the 57,500,000 Capital Raising Share Options, the minority value per share would lie in the range of 0.64 cents and 0.96 cents with a preferred value of 0.75 cents. However, the Milestone Shares may also not be issued due to not meeting certain Milestone Conditions.

The above calculations exclude the Marinko Incentive Shares as noted in paragraph 1.12 above. They are exercisable at 4 cents but various hurdles before they vest- the lowest hurdle is the first tranche at 5 cents hurdle, the second tranche hurdle at 7 cents, the third tranche hurdle at 10 cents and the fourth tranche hurdle at 15 cents. The Incentive Shares are only available where Mr Marinko continues to act as a director of the Company at the date of satisfaction of the relevant milestone.

10.4 We have been unable to determine a fair value for Spookfish. In arriving at this view on the value of Spookfish, we have, inter-alia, referred to the following factors:

- The Geospatial imagery technology is still in the process of further development;
- The ability to produce positive cash flows and profits over a period of time is still uncertain;
- Spookfish needs to obtain sufficient working capital to meet its planned development and marketing objectives;
- The lack of longer term cash flow models; and
- The risks associated with commercialisation of the Geospatial imagery technology.

Had we been able to ascribe a value to the Geospatial imagery technology, the value post Acquisitions may have been significantly enhanced.

10.5 In order to reflect the minority interest value we have applied a minority interest discount to the technical net asset value. The minority interest discount has been calculated as the inverse of the premium for control of 20% as discussed in paragraph 7.3.

10.6 We have taken into account the right to 385,200,000 Milestone Shares that will result in the issue of 385,200,000 ordinary shares in Whitestar (on meeting both Milestone 1 and 2 Conditions as noted above) even though no funds will be received on the issue of the Milestone Shares. However, we assume that significant additional value would be added to the Spookfish business being acquired if the Milestone Conditions were met.

10.7 Using the preferred net asset fair values, the estimated fair value of a Whitestar share pre the Proposed Acquisition on a control basis (0.76 cents) is less than the estimated fair value of a Whitestar share post the proposals on a minority basis (0.92 cents) (based on the assumptions notes and on a diluted basis that includes the issue of 385,200,000 Milestone shares) and on the preferred methodology basis, the issue of 160,000,000 Consideration shares to the Spookfish Vendors and Geospatial Vendors and the issue of 8,400,000 Facilitator Shares to the Facilitators would be fair. However, refer paragraph 11.4 below.

11. Conclusion as to Fairness

- 11.1 The proposal pursuant to Resolution 2 is believed fair to Whitestar's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in Spookfish and Geospatial to be acquired.
- 11.2 Owing to the nature of the business of Spookfish, valuations depend on the value placed on the technology interests of the company. The valuation of technology interests and valuing future profitability and cash flows is extremely subjective because it involves assumptions regarding future events that are not capable of independent substantiation.
- 11.3 We have been unable to determine a fair value for Spookfish. In arriving at our view that we are unable to form an opinion on the value of Spookfish, we have, inter-alia, referred to the following factors:
- The Geospatial imagery technology is still in the process of further development;
 - The ability to produce positive cash flows and profits over a period of time is still uncertain;
 - Spookfish needs to obtain sufficient working capital to meet its planned development and marketing objectives;
 - The lack of longer term cash flow models; and
 - The risks associated with commercialisation of the Geospatial imagery technology.
- 11.4 Furthermore, as we cannot ascribe a fair value to Spookfish, the above exercise is somewhat superfluous and thus, even if we did not undertake the above calculations, in the absence of ascribing a fair value to Spookfish we would conclude the proposals with the Vendors of Spookfish and Geospatial (and the Facilitators) **would not be fair.**

12. Reasonableness of the Spookfish/Geospatial Transactions

- 12.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisitions that we considered in arriving at our conclusion on the reasonableness of the Acquisitions and in particular the proposals pursuant to Resolution 2.

Advantages

- 12.2 The Company, in effect moves from a near cash box company with only some mineral assets in Chile (albeit some longer term potential) to a technology driven company in the geospatial imagery sector with some opportunities to move into the earning of profits and positive cash flows if the Spookfish business can be successfully commercialised.
- 12.3 The Company may be better placed to raise further funds by way of share equity as a result of acquiring all of the shares in Spookfish. It is proposed that a minimum \$4,025,000 (115,000,000 Capital Raising Shares) will be raised in December 2014 under the proposed Capital Raising (and up to a maximum of \$5,075,000) following the proposed Acquisitions of Spookfish and Geospatial and if commercial success is achieved by Spookfish, Whitestar may be able to raise further funds for expansion of the Spookfish business.
- 12.4 There is an incentive to Whitestar and Spookfish, to successfully exploit the geospatial imagery technology as the Spookfish shareholders will collectively have significant shareholding interests in Whitestar.
- 12.5 Whitestar currently only has mineral tenements in Chile, and management is currently reviewing its options with regards to these tenements. Should these tenements prove not to be commercially viable, diversification into the geospatial technology sector by acquiring 100% of Spookfish may reduce the risk. Currently capital raisings for small junior

exploration companies is extremely difficult and by diversifying into other businesses, this increases the scope for new capital raisings.

- 12.6 Existing shareholders may be given the opportunity to sell their shares in excess of the share prices existing prior to the transaction announcement. However, those shareholders who consider the risk of entering into a new business outside mineral exploration mineral to be too high may wish to sell their shareholdings in Whitestar. The market via an increased volume of trades in Whitestar shares (and an increased share price) subsequent to the announcement of the proposed Acquisitions has indicated a positive response to the proposal.
- 12.7 The net book assets of Whitestar are estimated at \$2,647,000 whilst post the Acquisitions, the net book assets of the Whitestar Group that will include the Spookfish Group is estimated to be an initial \$11,850,00 (although intangibles may amount to around \$6,477,000). The book value attributable to the existing shareholders approximates \$6,655,000 compared with a current book shareholding interest of approximately \$2,647,000.

Disadvantages

- 12.8 Currently, the Spookfish and Geospatial shareholders and the Facilitators collectively do not have a beneficial interest in the shares in the Company. If Resolution 2 is passed, the Spookfish and Geospatial shareholders and the Facilitators will increase their collective shareholding interest in Whitestar to approximately 26.05% (assuming the issue of 115,000,000 Capital Raising Shares). The existing shareholders will be diluted from owning a current 100% shareholding interest in Whitestar and its underlying assets to a smaller shareholding of approximately 73.95% post the Acquisitions.
- 12.9 The geospatial imagery technology owned by Spookfish may not turn out to be commercially viable and thus losses may be incurred. Loans will be made by Whitestar to Spookfish and these plus the investment cost may need to be impaired if Spookfish does not in the future earn sufficient profits and obtain positive cash flows.
- 12.10 Spookfish and Geospatial are estimated to have cash reserves of \$41,000 but current liabilities totalling approximately \$125,000 at the time the expected Acquisitions are approved at the end of December 2014. If the acquisition of Spookfish and Geospatial by Whitestar is achieved, Whitestar will need to meet the liabilities (current and future) of Spookfish that may be material in nature. It is proposed that a minimum \$4,025,000 (before costs) of new capital will be raised in late December 2014, and this will reduce the shareholdings of existing shareholders at the time.

Other Factors

- 12.11 It is noted that for accounting purposes in the books of Whitestar, the Consideration Shares will be booked at the market value of the ordinary shares in Whitestar at the date the Consideration Shares are issued to the Spookfish and Geospatial shareholders. Whitestar as the legal parent entity will account for the value of the Consideration Shares at the market value of the ordinary shares in Whitestar that may be considered to be around 1.6 cents per share, being the last share price of an Whitestar share trading on ASX as at 28 May 2014 or 4.4 cents based on the last share price on 11 November 2014.

In this report, we have not ascribed a value to the Milestone Shares as there is a risk that the Milestones will not be met (it is not possible to assess with any degree of accuracy the probability of these Milestones being achieved as the technology is still in the development stage and there are no long term projections of revenues or cashflows). The ultimate fair value of an investment in Spookfish is at this stage unknown and write downs in the

investment may be required at a later stage (particularly if commercial success is not forthcoming).

- 12.12 The proposed Acquisitions provides the Company with a clear strategic direction as compared with the existing position of shareholders owning shares in a near dormant company with minimal cash and no clear vision. The Company requires a business that will provide it with the opportunity to sustain a viable business and allow the company to be a going concern.
- 12.13 The number of fully paid ordinary shares on issue initially rises by 283,400,000 to 646,485,005. This represents a substantial increase in the ordinary shares of the Company based on the number of shares on issue at the time of the announcement of the Acquisitions on 4 June 2014. In addition, if all Milestones are met, the 385,200,000 Milestone Shares (in Tranches) would be issued as ordinary shares in Whitestar further diluting the existing shareholders. However, if this was to occur, it would be expected that the share prices of a Whitestar share would be substantially higher than the June 2014 share price (and share prices in early November 2014) and thus the existing shareholders would benefit.
- 12.14 The proposed new board members, which includes two new Spookfish directors brings further technical and business experience. Further details on the proposed new directors have been included in Section 3.2 of the ES.
- 12.15 The ultimate value ascribed to the Milestone 1 and 2 Shares may be higher at the time of meeting the Milestone conditions, than at the date of this report, based upon the share trading price of a Whitestar ordinary share.
- 12.16 It is the view of the Board of Whitestar that the investment in Spookfish and Geospatial is in the best interests of all shareholders.
- 12.17 Based on the rise in the share price (and volumes of trades) of a Whitestar share following the announcement (a rise of between 0.7 cents and 3.0 cents (average rise of around 2.0 cents) as compared with the last sale price before the announcement of the proposed Acquisitions, the market is arguably favourable of the proposals. Arguably, in effect the market is ascribing value to Spookfish of between approximately \$2,541,000 and \$10,892,000.
- 12.18 The issue of Geospatial Consideration Shares, Geospatial Milestone Shares, Facilitator Shares and Facilitator Milestone Shares on their own would not be fair and reasonable, but the Acquisitions and issue of ordinary and Milestone Shares to Geospatial Vendors and Advisors is part of a package to increase Whitestar's shareholding interest in Spookfish to 100%. On 17 July 2014 the Company also announced that Spookfish has secured further funding via a \$500,000 loan facility made available by Geospatial Investments as part of a right for a strategic investment of approximately a 19% interest in Spookfish. The announcement went on to say that Geospatial brings access to and support from a skilled and experienced group of entrepreneurs which will be critical to the future success and commercialisation of Spookfish. At the date of this report, no draw down has been made under the loan facility and Geospatial has not drawn down funds from associated parties.

Geospatial is associated with Mr Tony Grist, Albion Capital and Forrest Capital who have extensive experience in the technology sector and has a history of creating shareholder value.

13. Conclusion as to Reasonableness

- 13.1 After taking into account the factors referred to in 12 above and elsewhere in this report we are of the opinion that the advantages to the existing shareholders outweigh the disadvantages and thus the proposed Acquisitions may be considered, on balance, to be reasonable to the existing non-associated shareholders of Whitestar at the date of his report.

14. Shareholder Decision

- 14.1 Stantons International Securities has been engaged to prepare an independent expert's report setting out whether in its opinion the issues of 160,000,000 Consideration Shares, 8,400,000 Facilitator Shares and 385,200,000 Milestone Shares are fair and reasonable and state reasons for that opinion. Stantons International Securities has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolution 2 (but we have been requested to determine whether the proposals pursuant to Resolution 2 are fair and/or reasonable to those shareholders not associated the Vendors and Facilitators. The responsibility for such a voting recommendation lies with the directors of Whitestar.
- 14.2 In any event, the decision whether to accept or reject Resolution 2 is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposals under Resolution 2, shareholders should consult their own professional adviser.
- 14.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Whitestar. This is an investment decision upon which Stantons International Securities does not offer an opinion and is independent on whether to accept the proposals under Resolution 2. Shareholders should consult their own professional adviser in this regard.

15. Sources of Information

- 15.1 In making our assessment as to whether the proposed Acquisitions as noted above are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, Spookfish and the Geospatial imagery technology that is relevant to the current circumstances. In addition, we have held discussions with the management of Whitestar about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Whitestar.
- 15.2 Information we have received includes, but is not limited to:
- a) Draft Notices of Meeting and EM of Whitestar of October and November 2014;
 - b) Discussions with management of Whitestar and Spookfish;
 - c) Details of historical market trading of Whitestar ordinary fully paid shares recorded by ASX for the period 1 January 2014 to 11 November 2014;
 - d) Shareholding details of Whitestar as supplied by the Company's share registry as at 30 October 2014;
 - e) Audited financial report of Whitestar for the year ended 31 December 2013 and the audit reviewed financial report for the half year ended 30 June 2014;
 - f) Unaudited management accounts of Spookfish for the years ended 30 June 2013 and 30 June 2014;
 - g) Unaudited management accounts of Spookfish to 30 September 2014 and projected costs for the 3 months ended 31 December 2014;

- h) Unaudited management accounts of Geospatial for the years ended 30 June 2013 and 30 June 2014;
- i) Announcements made by Whitestar to the ASX from 1 January 2014 to 11 November 2014 (2 pm);
- j) The signed Option Agreement between Spookfish and Whitestar dated 17 July 2014;
- k) The signed Option and Facility Deed between Spookfish, Geospatial and Whitestar dated 17 July 2014;
- l) The signed Option to Acquire Geospatial Letter Agreement dated 16 July 2014;
- m) Business Plan of Spookfish;
- n) Cash flow forecasts of Spookfish for 2014/15;
- o) Cash flow forecasts of Whitestar for 2014/15;
- p) ASIC extracts of Whitestar, Spookfish and Geospatial;
- q) The Independent Geologist's Report and Valuation prepared by CSA Global Pty Ltd and dated 25 October 2014 on the Chilean Mineral Assets; and
- r) Board minutes of Whitestar from 26 March 2014 to 30 July 2014.

15.3 Our report includes Appendix A and Appendix B (the CSA Valuation Report) and our Financial Services Guide attached to this report.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)



J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 11 November 2014, relating to the issue of 160,000,000 Consideration Shares and 360,000,000 Milestone Shares to be issued to the Vendors as part of the acquisition of Spookfish and Geospatial (and the issue of 8,400,00 Facilitator Shares and 25,200,000 Milestone Shares to the Facilitators) as outlined in Section 1 of the report and Resolution 2 in the Notice of Meeting to Shareholders and the Explanatory Statement proposed to be distributed to the Whitestar shareholders in November 2014.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with Whitestar, Spookfish and Geospatial other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of \$25,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities does not hold any securities in Whitestar, Spookfish and Geospatial. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (No. 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and transactions that involve securities. The directors of Stantons International Audit and Consulting Pty Ltd are the directors of Stantons International Securities Pty Ltd. Stantons International Securities Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the persons responsible for the preparation of this report, have extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered.

The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Whitestar in order to assist them to assess the merits of the proposed issue of Consideration Shares and Milestone Shares to the Vendors and Facilitators as part of the Acquisitions as outlined in Resolution 2 the Explanatory Statement (to shareholders) to which this report relates. This report has been prepared for the benefit of Whitestar's shareholders and does not provide a general expression of Stantons International Securities opinion as to the longer term value of Whitestar, Spookfish and Geospatial and their assets, including the value of the geospatial imagery technology. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Whitestar, Spookfish and Geospatial. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolution 2 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 2.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Whitestar and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), Whitestar has agreed:

- (a) To make no claim by it or its officers against Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Whitestar may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Whitestar; and
- (b) To indemnify Stantons International Securities Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) against any claim arising (wholly or in part) from Whitestar or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Whitestar or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities Pty Ltd

A draft of this report was presented to Whitestar directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 11 November 2014**

1. Stantons International Securities ABN 42 128 908 289 and Financial Services Licence 448697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. **Financial Services Guide**

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 448697;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. **Financial services we are licensed to provide**

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and notes)

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

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. **General Financial Product Advice**

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the transaction or possible transaction of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

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

6. Remuneration or other benefits received by our employees

SIS has no employees and Stantons International Audit and Consulting Pty Ltd charges a fee to SIS. All Stantons International Audit and Consulting Pty Ltd employees receive a salary. Stantons International Audit and Consulting Pty Ltd employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

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

8. Associations and relationships

SIS is ultimately a wholly subsidiary of Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. Stantons International Audit and Consulting Pty Ltd trades as Stantons International that provides audit, corporate services, internal audit, probity, management consulting, accounting and IT audits.

From time to time, SIS and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons International Securities Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

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

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

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

10. Contact details

You may contact us using the details set out above.

Telephone	08 9481 3188
Fax	08 9321 1204
Email	jvdieren@stantons.com.au

APPENDIX B

**INDEPENDENT VALUATION OF THE CHILEAN MINERAL ASSETS HELD BY
WHITESTAR RESOURCES LIMITED IN CHILE DATED 25 OCTOBER 2014**



Graham M. Jeffress
Manager – Exploration and Evaluation

Author and Reviewer Signatures

Principal Author:	Trivindren Naidoo	Signature:	Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
		Date:	20 th October, 2014
Principal Author:	Dennis Arne	Signature:	Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
		Date:	20 th October, 2014
Project Code	WSRVAL01		
Principal Reviewer:	Graham Jeffress	Signature:	Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
		Date:	20 th October, 2014
Secondary Reviewer:	Jim Royall	Signature:	Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
		Date:	20 th October, 2014
CSA Authorisation:	Graham M. Jeffress	Signature	Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication. Electronic signature not for duplication.
		Date	25 th October, 2014

Executive Summary

Stantons International Securities Pty Ltd (“Stantons”) has commissioned CSA Global Pty Ltd (“CSA”) to prepare an Independent Valuation Report on White Star Resource’s (“Whitestar”) Amigo, Condor, Dundee, Henry and Nany Projects situated in the Atacama Region (Third Region) of Chile (Figure 1).

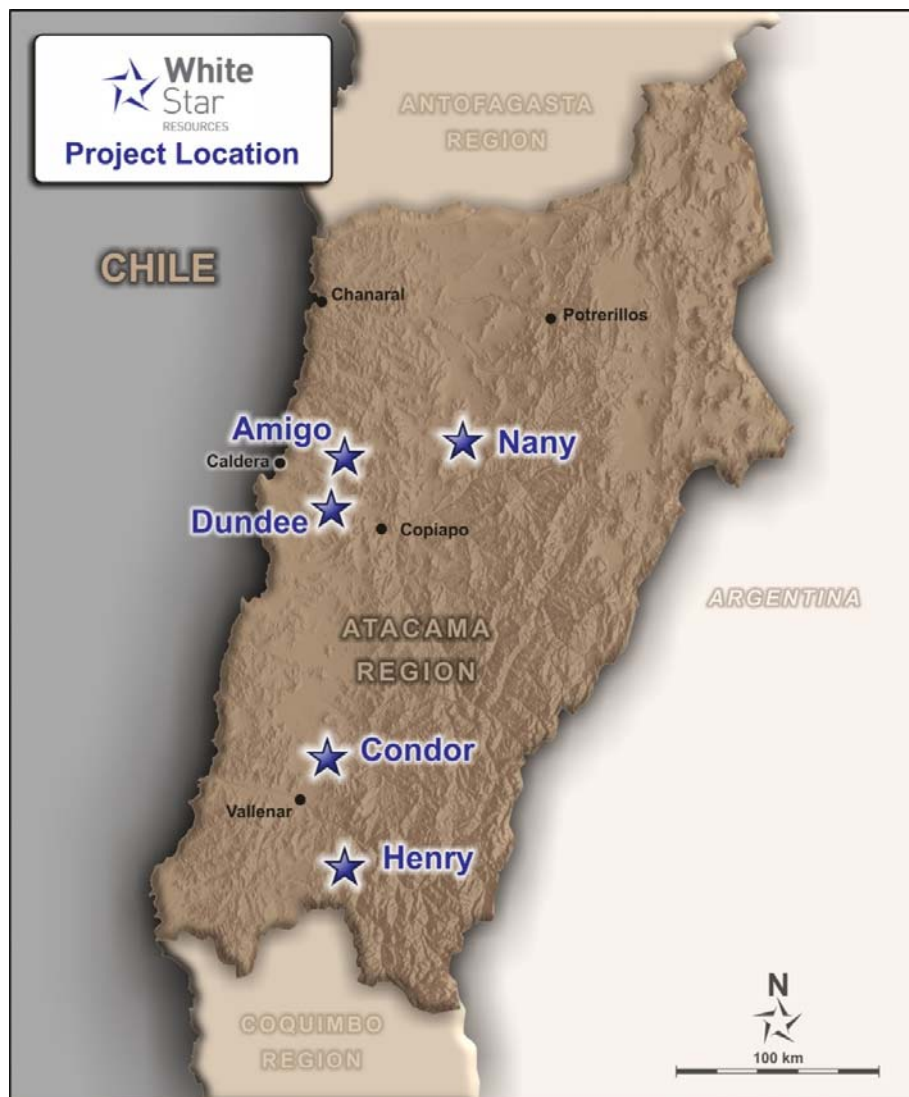


Figure 1: White Star Resources’ Chilean Projects

The western portion of the Atacama region occurs within the Coastal Cordillera in a belt of rocks that has potential for iron oxide-copper-gold (“IOCG”), manto copper, porphyry copper, iron ore and vein-hosted precious metal deposits. The central portion of the Atacama region is dominated by the Pre-Cordillera, a belt that hosts the major porphyry copper deposits of Chile, as well as epithermal precious metal deposits.

The Amigo Project consists of 2,800 ha of mixed exploration and exploitation licenses located approximately 75 km west of the coastal city of Caldera in the Coastal Cordillera. It is located directly east of the historical Algarrobo Roble copper mining district. Exploration work by Whitestar on the Amigo Project has consisted of mapping, rock chip sampling and soil sampling. Elevated levels of copper and gold have been identified in northwest-trending veins systems in two main target areas. The property is considered to have potential for both IOCG and vein-hosted precious metal mineralization.

The Condor Project is also situated within the Coastal Cordillera approximately 30 km north of the city of Vallenar. It consists of 2,313 ha of predominantly exploitation tenements in varying stages of progression to patented claim status. A number of small copper deposits occur within the immediate area. Exploration conducted by Whitestar on the Condor Project has consisted of mapping, rock and soil sampling, and purchase of multi-client aeromagnetic data. No high priority exploration targets have been identified on the property as a result of this work. There may be potential for porphyry copper mineralization within the area of the Condor Project based on exploration work nearby conducted by other companies.

The Dundee Project consists of a single 100 ha tenement approximately 25 km south of the Amigo Project within the Coastal Cordillera. The area hosts a historical artisanal gold mining operation in a fractured quartz vein. Whitestar has conducted no exploration work on the property and no targets have been identified beyond the historical workings. There may be potential for further vein-hosted precious metals mineralization on the property.

The Henry Project is located approximately 50 km to southeast of the city of Vallenar on the western margin of the Pre-Cordillera. It comprises the largest tenement package controlled by Whitestar, consisting of 6,876 ha. A variety of mineralization styles have been identified on the property, including vein-hosted gold and base metal mineralization, placer gold deposits, fracture-hosted copper mineralization, magnetite stockworks with copper and gold, and tourmaline-bearing breccias with copper mineralization. Whitestar have completed mapping, a ground magnetic survey, trenching, and property wide rock and soil sampling. A number of geophysical and geochemical targets have been identified on the property. The Henry Project is considered to have potential for porphyry copper and molybdenum, as well as breccia-hosted copper mineralization.

The Nany Project is situated approximately 50 km to north-northeast of the city of Copiapo in the western Pre-Cordillera. A number of vein-hosted precious metal occurrences have been identified in the area, including a 1 km long quartz-calcite vein system up to 15 m in width that has been the subject of diamond drilling, trenching and a ground induced polarization/resistivity survey by Whitestar. Whitestar have also conducted mapping, as well as rock and soil sampling over their tenements. Adjacent tenements have been explored under a joint venture agreement. While there is regional potential for porphyry copper-gold mineralization, the greatest potential at the Nany Project appears to be for epithermal precious metal deposits.

CSA has reviewed the relevant projects, and has assessed their values using a Market-based approach (using the Comparable Transactions method) and Cost-Based approaches (using the Appraised Value and the Geoscience Factor methods).

A summary of CSA's preferred value and valuation ranges for the various projects is provided in Table 1 below.

Table 1: Summary of Preferred Fair Market Valuations as at 30th September 2014

Project	Valuation		
	Low	High	Pref.
	A\$ Millions		
Amigo	0.15	0.95	0.40
Condor	0.15	0.80	0.35
Dundee	0.02	0.06	0.04
Henry	0.50	2.00	1.00
Nany	0.20	1.20	0.50
Totals	1.0	5.0	2.3

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

The valuations rely on tenement information provided to us by Mr Marcelo Olivares of the Chilean law firm Quizio Abogados in a report dated 3rd October, 2014 and accompanying tenement maps supplied by an independent tenement manager, Mr Juan Bedmar, of Juan Bedmar and Sons Limited. Mr Olivares is a Director of White Star Chile SCM and is not considered to be independent. CSA has relied on the information provided in reaching its valuations but has not been able to independently verify the information provided.

The total area claimed by White Star Resources (127.8 km²) has been used for the valuation. However, this total area is significantly greater than the area of 98 km², which is the area of preferred rights that is not disputed by 3rd parties. Therefore, a potential risk in this valuation is that the full 127.8 km² is not eventually awarded to White Star Resources.

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1 Introduction

1.1 Context, Scope and Terms of Reference

On 3rd June, 2014, White Star Resources (“Whitestar”) announced an option to acquire the geospatial imagery company, Spookfish Pty Ltd (“Spookfish”).

Whitestar has engaged Stantons International Securities Pty Ltd (“Stantons”) to prepare an Independent Expert’s Report (“IER”) in order to comply with ASX listing rules.

Stantons has also commissioned CSA Global Pty Ltd (“CSA”) to prepare an Independent Technical Valuation Report (“Report”) on the Amigo, Condor, Dundee, Henry and Nany Projects (Figure 1) for inclusion in the IER. The Report, or a summary of it, is to be appended to the IER, and as such, will become a public document.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 30th September 2014 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

1.2 Compliance with the VALMIN Code 2005

This Independent Technical Valuation Report (“Report”) has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (“The Valmin Code”), which is binding upon Members of the Australian Institute of Geoscientists (“AIG”) and the Australasian Institute of Mining and Metallurgy (“AusIMM”), the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, 2012 Edition (“JORC 2012”) and the rules and guidelines issued by such bodies as the ASIC and ASX that pertain to Independent Expert Reports.

The authors have taken due note of the rules and guidelines issued by such bodies as the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX), including ASIC Regulatory Guide 111 – Content of Expert Reports, and ASIC Regulatory Guide 112 – Independence of Experts.

We note that in the absence of a recent and independent review of tenement status by an Expert or Specialist, as required by the VALMIN Code 2005, this aspect of the valuation is not in full compliance with the code.

1.3 Principal Sources of Information

This Report has been based upon information available up to and including 30th September 2014 (“Valuation Date”). The information was provided to CSA by Whitestar or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants, and other data relevant to the Projects.

The authors have endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this report is based. Whitestar was provided a final draft of this Report and requested to identify any material errors or omissions prior to its lodgement.

CSA has elected not to undertake site visits specifically for this report. This is because CSA associate Jim Royall formerly worked for Whitestar as its exploration manager and visited the sites on numerous



occasions. Furthermore, since Jim left Whitestar's employment there has been very limited on ground work completed, and CSA decided a site visit was unnecessary. As discussed below Jim has reviewed this report.

The valuations presented herein rely on tenement information provided to us by Mr Marcelo Olivares of the Chilean law firm Quizio Abogados in a report dated 3rd October, 2014 and accompanying tenement maps supplied by an independent tenement manager, Mr Juan Bedmar, of Juan Bedmar and Sons Limited. Mr Olivares is a Director of White Star Chile SCM and is not considered to be independent. CSA has relied on these sources in reaching its valuations but has not been able to independently verify the information provided. Copies of these documents are provided in Appendix 1.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of the 30th September 2014 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

1.4 Authors of the Report

This Report has been prepared by CSA Global Pty Ltd.

Technical aspects of this report have been prepared by CSA's Principal Consultant, Mr Dennis Arne PhD, a Member of the Australian Institute of Geoscientists, a Registered Professional Geologist ("RPGeo"), and a registered Professional Geoscientist in the provinces of British Columbia and Ontario, Canada. He has worked for over 30 years as a geologist with experience in the exploration for, and research of, mineral and petroleum deposits within Australia and worldwide. Mr Arne has the relevant qualifications, experience, competence and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in JORC 2012.

The valuation was prepared by Mr Trivindren Naidoo MSc. Mr Naidoo is an exploration geologist with over 15 years' experience in the minerals industry, including 10 years as a consultant. He specialises in project evaluations and technical reviews, as well as code-compliant reporting and valuations. His knowledge is broad-based, and he has wide-ranging experience in the field of mineral exploration, having managed or consulted on various projects ranging from first-pass grassroots exploration to brownfields exploration and evaluation, including the assessment of operating mines. Mr Naidoo is a Registered Professional Natural Scientist (Pr.Sci.Nat) in the field of Geology with the South African Council for Natural Scientific Professions (SACNASP), and a Member of the Australasian Institute of Mining and Metallurgy, as well as a Member of the Geological Society of South Africa.

The technical completeness of the report was reviewed by Mr Jim Royall BSc (Hons). Mr Royall, a member of the Australian Institute of Geoscientists ("MAIG") has over 17 years' experience in mineral exploration in Europe and Chile, including as exploration manager for White Star Resources from 2011 to 2013. As such, he is intimately familiar with the exploration work carried out by Whitestar on their Chilean tenements. His involvement, as well as the early stage of exploration work undertaken on most of the tenements, removes the need to undertake a site visit.

The primary reviewer of the report is CSA's Principal Geologist Mr Graham Jeffress BSc. (Hons), a Member of the Australian Institute of Geoscientists and Fellow of the AusIMM, and a Registered Professional Geologist ("RPGeo"), who has worked for over 25 years as a professional geologist with experience in the exploration for, and the evaluation and mining of, mineral properties within Australia and worldwide. Mr Jeffress has the relevant qualifications, experience, competence and independence to be considered an "Expert" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in the JORC Code.



1.5 Independence

CSA is an independent geological and mining consultancy. This Report is prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this report. The fee for the preparation of this report is approximately \$25,000 which will be paid by Whitestar.

The authors of this report have no prior association with Whitestar in regard to the mineral assets. Peer reviewer Jim Royall was previously employed by Whitestar as Exploration Manager in Chile but left that employment in mid-2013.

Neither CSA, nor the authors of this report, has or has had previously, any material interest in Whitestar, its predecessor Mystic Sands Pty Ltd, or the mineral properties in which Whitestar has an interest. No member or employee of CSA is, or is intended to be, a director, officer or other direct employee of Whitestar. The authors of this report do not have and have never had any shareholding in Whitestar. To the best of CSA's knowledge no member or employee of CSA has, or has had, any material shareholding in Whitestar, apart from peer reviewer Jim Royall, who in the past held employee options in Whitestar, but these options lapsed at the end of his employment with Whitestar in mid-2013.

CSA's relationship with Whitestar is solely one of professional association between client and independent consultant. Whitestar has been a client of CSA Global since late 2013 and CSA has been assisting with monitoring of tenement reports and providing occasional advice of a technical nature to prospective joint venture partners. There is no formal agreement between CSA and Whitestar as to CSA conducting further work for Whitestar on their Chilean tenements. CSA's relationship with Whitestar has solely been one of professional association between client and independent consultant. Any further involvement with Whitestar by CSA will be based on normal commercial practices and technical performance and is in no way contingent on the results of this report.

1.6 Declarations

This Report has been prepared by CSA Global Pty Ltd at the request of, and for the sole benefit of Stantons. Its purpose is to provide an Independent Technical Assessment and Valuation of the Amigo, Condor, Dundee, Henry and Nany Projects in Chile controlled by the wholly-owned Whitestar subsidiary, White Star Chile S.C.M. The Report is to be included in its entirety or in summary form within an IER to be presented to the shareholders of Whitestar at a meeting in October, 2014.

It is not intended to serve any purpose beyond that stated and should not be relied upon for any other purpose.

The information in this report that relates to exploration results relating to Whitestar's Projects is based upon information compiled by Trivindren Naidoo, MSc, who is a Member of the AusIMM and Dennis C. Arne, PhD, who is a Member of the AIG and a Professional Geoscientist registered in the provinces of British Columbia and Ontario, Canada.

The technical information compiled for this report has been reviewed by Jim Royall, MAIG and the valuation has been reviewed by Graham Jeffress BSc.(Hons), MAIG/RPGeo, FAusIMM, FSEG. All authors/reviewers are employed by CSA, independent resource industry consultants, and have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Naidoo and Mr Arne consent to the inclusion in the report of the matters based on his information in the form and context in which it appears. All parties have consented to the inclusion of their work for the purposes of this announcement.

CSA has consented to the inclusion of the Report within the IER in the form and context in which it is to appear. Neither the whole nor any part of the Report, nor any reference to it, may be included in or with, or attached to any other documents, circular, resolution, letter or statement without the prior written consent of CSA as to the form and context in which it is to appear.

2 Regional Geology

Whitestar's tenements are located in the Third, or Atacama, Region of Chile approximately 600 km north of Santiago (Figure 2).

The entire west coast of Chile has been subjected to prolonged plate convergence and subduction extending back nearly 500 Ma (Mpodozis and Cornejo, 2012). Evidence for this tectonic activity is found in Palaeozoic metamorphic rocks along the present day coastline.

The modern Andean magmatic arc began to form during the early Mesozoic and was accompanied by the eruption of volcanic rocks and the emplacement of granites and granodiorites along the Coastal Cordillera. Magmatism progressively stepped to the east through the Mesozoic and eventually became focused in the Pre-Cordillera during the mid-Tertiary.

Volcanism continued through the Tertiary to Recent times and is focused in main Cordillera. It was accompanied by deposition of the Atacama Gravels during the late Tertiary and, more recently, by the deposition of Quaternary alluvial, aeolian and colluvial deposits; these deposits obscure bedrock in the Atacama Region and are a major challenge for mineral exploration.



Figure 2: Location of the Whitestar tenements in the Atacama Region of northern Chile

3 Prospectivity and Mineralisation

The Atacama Region is highly prospective for both porphyry copper-molybdenum-gold deposits (“porphyry”) and iron oxide-copper-gold (“IOCG”) deposits (Sillitoe, 2012).

IOCG mineralisation occurred during the Mesozoic (Jurassic and Early Cretaceous) in the Coastal Cordillera of western Chile, while economic porphyry mineralisation formed during the early and middle Tertiary (Palaeocene to early Oligocene) directly to the east in the Pre-Cordillera Belt (Maksaev et al., 2007).

Precious metal vein deposits are either dominated by gold-copper or by silver and formed through the Jurassic to Pliocene in northern Chile. Porphyry copper deposits of Cretaceous age do exist in the Coastal Cordillera, but the primary mineralisation tends to be lower grade than the Cenozoic deposits further to the east.

Copper mineralisation, as well as other deposit types, occurred in response to subduction of the Nazca Plate eastward beneath the South American continent, leading to widespread magmatism. The late Eocene to early Oligocene period was a time of prolific porphyry mineralisation associated with the development of the Domeyko Fault System (Mpodozis and Cornejo, 2012). The distribution of major copper deposits in the third region relative to the western Atacama and eastern Domeyko Fault Systems is also illustrated in Figure 3.

The Mesozoic Coastal Cordillera of Chile is host to a variety of copper, gold, mercury and IOCG deposits and occurrences (Figure 3 and Figure 4). These include porphyry copper and strata-bound (manto-type) deposits and epithermal gold deposits formed during the Cretaceous along the Atacama Fault System (Maksaev et al., 2007).

The Early Cretaceous Iron Belt begins to the south of La Serena and hosts magnetite-apatite deposits such as El Romeral (Bookstrom, 1977).

Copper mineralisation hosted by faults and breccia pipes occurs at Manto Verde (Vila et al. 1996), as well as in the Punta del Cobre district where it overlaps with IOCG deposits such as Candelaria (Sillitoe & Perelló 2005) formed primarily during the mid-Cretaceous (Mpodozis and Cornejo, 2012) and disseminated to manto-style copper mineralisation such as El Soldado (Marschik & Fontbote 1996).

Structurally-controlled epithermal copper-silver-gold mineralisation with associated haematite+sericite+carbonate+chlorite±quartz alteration also occurs in the Coastal Cordillera at Petorca (Camus et al., 1991).

Several copper skarn districts and deposits are known to the south of the Atacama Region (e.g. Panulcillo San Antonio, San Cristóbal and Tambillo) and these are developed in Early Cretaceous volcano-sedimentary rocks intruded by Cretaceous diorites.

Further east, the Pre-Cordillera was dominated by prolific porphyry copper mineralisation that developed beginning in the Palaeocene and early Eocene, and culminated in the late Eocene and early Oligocene with the emplacement of giant porphyry copper deposits such as Chuquibambilla and La Escondida along the Domeyko Fault System (Mpodozis and Cornejo, 2012).

Palaeocene to early Eocene mineralisation was accompanied by the emplacement of gold-silver epithermal veins and copper breccia pipe deposits. High-sulphidation epithermal gold-silver deposits, such as Pascua-Lama, and gold-rich porphyry deposits such as Refugio, formed near the border with Argentina during the Miocene and Pliocene (Maksaev et al., 2007). Large copper deposits such as Los Bronces and El Teniente formed near the border with Argentina further south near Santiago at this time.

The intervening zone between these two major metallogenic provinces saw the formation of rare porphyry copper deposits and a number of a number of gold-copper and silver-rich vein systems during the Late Cretaceous (Maksaev et al., 2007).

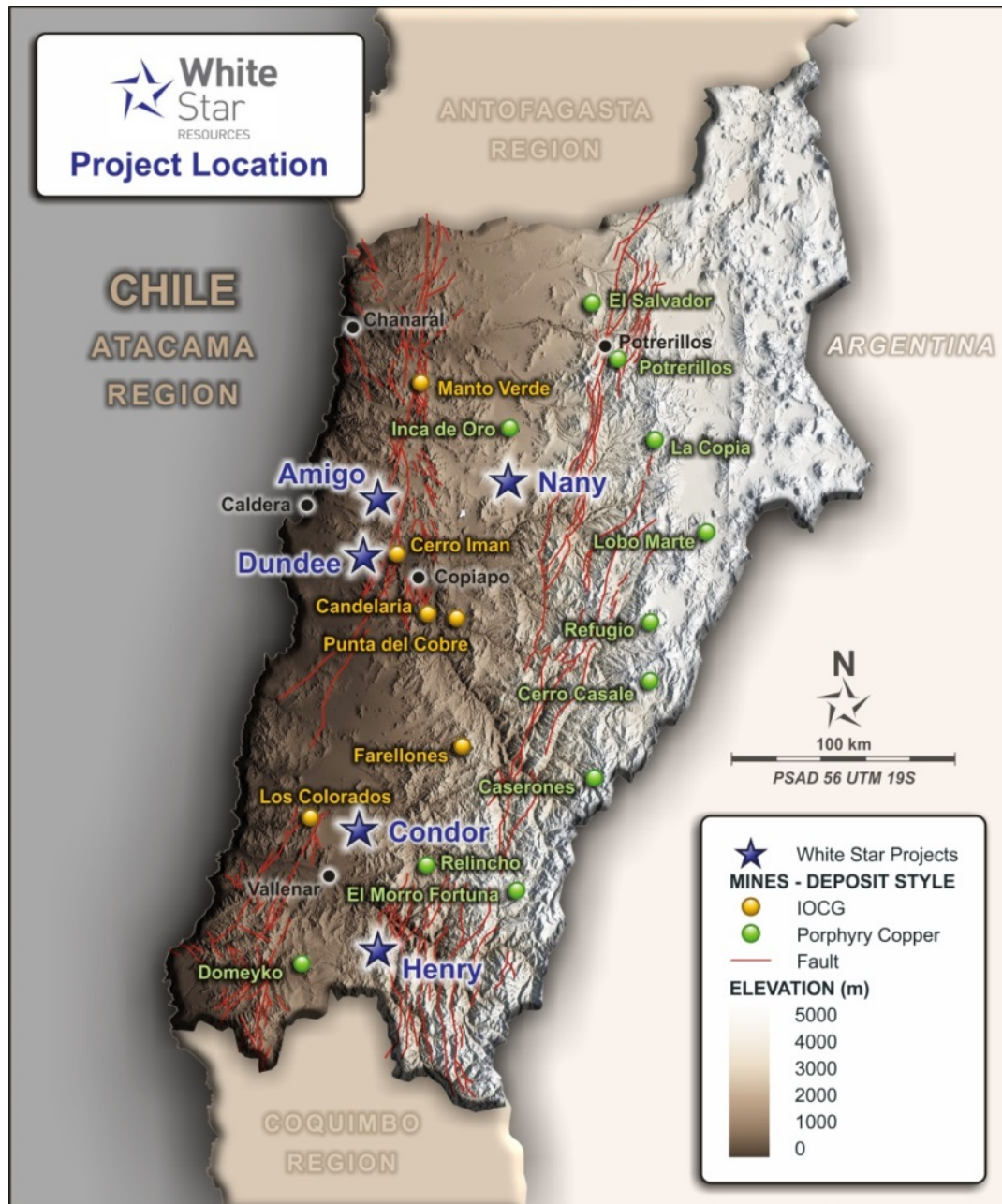


Figure 3: Selected deposits in the Atacama Region in relation to Whitestar tenements.

3.1 Iron Oxide Copper-Gold Deposits

The Cretaceous rocks of the Coastal Cordillera are host to IOCG deposits considered to be IOCG deposits *sensu stricto* by Groves *et al.* (2010). They vary from veins in breccia pipes, calcic skarns to stockworks and replacement zones adjacent to veins, generally cutting felsic intrusive rocks or adjacent volcano-sedimentary sequences (Sillitoe and Perelló, 2005). Those deposits are dominated by magnetite and are

associated with actinolite and apatite, with possible clinopyroxene, whereas the haematite-dominated deposits tend to be associated with chlorite and sericite alteration (Sillitoe and Perelló, 2005).



Figure 4: Major mineral deposits of the Atacama Region

Although IOCG deposits are generally considered as a separate class from porphyry copper deposits, Richards and Mumin (2013) have recently suggested the two deposit types may represent a continuum. The differences observed between the two deposit types are attributed by the authors to variations in the levels

of magmatic oxidized sulphur. Intermediate deposits sharing characteristics of both end-member models would be exemplified by gold-rich porphyry copper deposits. Two of the best known examples of IOCG deposits in the Coastal Cordillera, Candelaria and Punta del Cobre, occur southeast of Copiapo (Figure 3).

3.2 Manto-type Copper Deposits

Manto-type copper deposits occur in two principal areas of the Coastal Cordillera of Chile. The oldest are hosted in rocks of Jurassic age which are principally located in the north of the country. The second group is hosted in Cretaceous rocks and are found at lower latitudes. Manto-type deposits are large producers of copper in Chile and rank as the third largest producers in the country after the porphyry and IOCG deposits (Maksaev and Zentilli, 2002). Strata-bound copper deposits of Jurassic age are typically found well to the north of Caldera.

The largest of the Cretaceous manto deposits is El Soldado located 130 km north of Santiago, this deposit contains a global resource of >200 Mt at 1.4% Cu. The next largest known deposit is the now exhausted Lo Aguirre deposit with a resource of 19 Mt at 1.66% Cu. The Jurassic deposits in the north are hosted in rocks of the La Negra Formation. The largest known deposit of this age is Mantos Blancos (120 Mt at 1.2% Cu), located close to Antofagasta, and the second largest is Mantos de la Luna with 40.5 Mt at 1.39% Cu (Maksaev *et al.* 2007).

Manto copper deposits form relatively early (i.e. syngenetic) and have a simple mineral paragenesis from chalcocite to bornite, chalcopyrite, pyrite and haematite. They can also carry subordinate concentrations of silver of up to 10 or 20 g/t. Associated hydrothermal alteration is not extensive or strong and is propylitic, being characterised by the development of albite, chlorite, epidote and calcite (Oyarzun, 2000).

They are typically formed by hydrothermal fluids at temperatures < 500°C (Maksaev and Zentilli, 2002), and fed vertically by faults, stockworks and breccia pipes that spread laterally along favourable primary or secondary porosity. This could include the matrix of poorly compacted or cemented strata, the tops of flows and within the groundmass and vesicles of lava flows or in the matrix of pyroclastic rocks. The feeder systems can be mineralised, however in many cases the vertical fluid pathways have yet to be found.

Individual mineralised layers are generally several metres thick although the entire mineralised package can be vertically extensive and up to several hundreds of metres thick. The El Soldado deposit consists of numerous isolated zones of mineralisation separated by barren zones distributed in clusters or zones. The mineralisation covers an area of 2 km by 1 km by 0.6 km vertical extent. Regionally the El Soldado deposit displays a strong structural control with grade dropping off rapidly away from the feeder sites (Boric *et al.* 2002).

3.3 Porphyry Copper Deposits

Although not as well developed or as economically significant as the Cenozoic porphyry copper deposits, the Mesozoic Coastal Cordillera of Chile does host porphyry copper deposits (Sillitoe and Perelló, 2005). Such deposits tend to have a low hypogene grade but have very high tonnage. They are characterized by complex alteration patterns in part caused by the overprinting of earlier, high temperature assemblages during the waning stages of hydrothermal circulation. The main primary minerals tend to be chalcopyrite and/or molybdenite associated with multiple vein sets. Copper grades are typically less than 1% in the hypogene zone but tend to higher in the oxide zone through supergene enrichment that produces oxide blankets overlying the primary mineralisation.

The Domeyko porphyry copper deposit is considered to be of Early Cretaceous age, whereas the Carmen and Dinamarquesa porphyry deposits near Copiapo are considered to be of Late Cretaceous age by Maksaev

et al. (2007). The Inca de Oro porphyry – epithermal system is located near the Nany Project and the Relincho porphyry copper deposit is located not far from Condor and Henry.

3.4 Epithermal Gold-Copper Deposits

A common type of precious metal deposits found in volcanic arc environments are epithermal silver-gold deposits (Simmons *et al.*, 2005). There are two main variants generally recognised. *High-sulphidation deposits* are often copper-rich and spatially related to intrusive rocks emplaced at shallow crustal levels and may be associated with porphyry copper mineralisation at depth (Sillitoe, 2010). *Low-sulphidation deposits* lack the clear spatial link to intrusive activity and tend to be silver-rich.

The two deposit types can be distinguished on the basis of a number of features, including alteration type and spatial distribution, style of mineralisation, vein textures, mineralogy and trace elements.

Copper-silver veins near Copiapo at Inca de Oro are also considered to be of Late Cretaceous age (Maksaev *et al.*, 2007), similar to nearby porphyry copper deposits.

3.5 Iron Oxide - Apatite Deposits

The Chilean magnetite-haematite-apatite deposits are of enigmatic origin, as are this class of deposit in general. They generally consist of massive magnetite that may be partially replaced by haematite, and can contain abundant apatite. Volcanic host rocks are often strongly altered to an assemblage consisting of actinolite, scapolite-biotite-tourmaline-chlorite-apatite-sphene (Maksaev *et al.*, 2007). Various models have been proposed for their formation, including an extrusive magmatic origin associated with volcanism, as well as an intrusive magmatic origin. They formed during the Early Cretaceous in the Coastal Cordillera (Maksaev *et al.*, 2007) in a linear belt extending from La Serena to just north of Caldera.

4 Whitestar Tenements and Chilean Mining Law

It is a legal requirement that tenements in Chile are registered by either an individual living in Chile or a Chilean-registered company. The Whitestar tenements in Chile were initially owned by Puna Resources Chile S.C.M., the wholly-owned Chilean subsidiary of Mystic Sands Pty Ltd (“Mystic”). Mystic was purchased by Whitestar in July, 2011 and Puna Resources was re-named White Star Chile S.C.M. Tenements held by Mystic prior to the purchase by Whitestar are still held in the name of Puna Resources for legal reasons and CSA has been informed by a director of White Star Chile S.C.M. (Alejandro Lasen Sordo) that it is the beneficial owner of those tenements. The most recent tenements acquired by Whitestar are held in the name of Whitestar Chile S.C.M.

The following description of mining law in Chile is sourced from White Star Resources (2013). Chile’s current mining policy is based on legal provisions that were enacted as part of the 1980 constitution. These were established to stimulate the development of mining and to guarantee the property rights of both local and foreign investors. According to the law, the state owns all mineral resources, but exploration and exploitation of these resources by private parties is permitted through mining concessions, which are granted by the courts.

The concessions have both rights and obligations as defined by a Constitutional Organic Law (enacted in 1982). Concessions can be mortgaged or transferred and the holder has full ownership rights and is entitled

to obtain the rights of way for exploration and exploitation. In addition, the concession holder has the right to defend his ownership against state and third parties. An exploration concession is obtained by a claims filing and includes all minerals that may exist within its area. Exploration mining rights in Chile are acquired in the following stages:

Pedimento: A pedimento is an exploration licence whose position is well defined by UTM coordinates which define north-south and east-west boundaries. The minimum size of a pedimento is 100 ha and the maximum is 5,000 ha with a maximum length-to-width ratio of 5:1. The duration of validity is for a maximum period of two years, however at the end of this period it must be reduced in size by at least 50% and renewed for an additional two years. If the yearly claim taxes are not paid on a pedimento, then the claim can remain in good standing by paying double the annual claim tax the following year. Pedimentos are allowed to overlap with pre-existing ones, however the underlying tenement always takes precedent, providing the claim holder does not allow the claim to lapse due to lack of payments, filing errors, etc.

Manifestacion: Before a pedimento expires, or at any stage during its two year life, it may be converted to a manifestacion which lasts for 220 days.

Mensura: Prior to the expiration of a manifestacion, the claim is surveyed by a government licensed surveyor. Once surveyed and the application is accepted by the government, the claim becomes a mensura (patented claim).

At each of the three main stages of the claim acquisition process, several steps are required (sentence, publication, and inscription payments, notarization, tax payments, patente payment, lawyers' fees, publication of the extract, etc.) before the application is finally accepted by the court. A full description of the process is documented in Chile's mining code.

If accepted by the court the claim is published in Chile's official mining bulletin (published weekly). At the manifestacion and mensura stages a process for opposition from conflicting claims is allowed. Most companies in Chile retain a Chilean representative to review the weekly mining bulletins and ensure that their land position in Chile is kept secure.

5 Amigo Project

5.1 Location, Access and Infrastructure

The Amigo project is located approximately 75 km due west of Caldera (Figure 3) and is accessed via the C-23 road off the Caldera-Copiapo Highway 5. Caldera and Copiapo are the two closest major centres to the project area.

Two government-owned toll-treatment plants (ENAMI) occur within 100 km of the Amigo Project and Caldera is a major port city.

5.2 Tenements

The tenement information presented here was provided to us by Mr Marcelo Olivares of the Chilean law firm Quizio Abogados in a report dated 3rd October, 2014 and accompanying tenement maps supplied by an independent tenement manager, Mr Juan Bedmar. Mr Olivares is a Director of White Star Chile SCM and is not considered to be independent. CSA has relied on these sources in reaching its valuations and has not independently verified the information provided. The maps are presented in UTM PSAD56 Zone 19. The Amigo tenements are listed in Table 2 as of September 30, 2014. The maps are presented in UTM PSAD56 Zone 19.

A series of tenements, Amigo 2, 6, 8 and 9 were put in place to overlap existing manifestacions to help protect the ground position while the process of mensurades (process of converting an exploration license, or pedimento, to a patented claim, or mensura) was occurring. An initial collection of 6 pedimentos totalling an area of 1,700 ha were assembled by Mystic Sands Pty Ltd and an additional 1,100 ha was obtained by Whitestar, for a total gross area of 2,800 ha, of which 282 ha is contested leaving a total of 2,518 ha of uncontested tenement (Figure 5).

Table 2: Summary of Amigo Project tenements of September 30, 2014

Name or number	Claim Type	Status	Date granted	Expiry date	Area Granted (Ha)	% held by Whitestar
AMIGO 2, 1-30	Manifestacion	In progress			300	100%
AMIGO 6, 1-30	Manifestacion	In progress			300	100%
AMIGO 8, 1-30	Manifestacion	In progress			300	100%
AMIGO 9, 1-20	Manifestacion	In progress			200	100%
AMIGO 1A, 1-40	Manifestacion	In progress			200	100%
AMIGO 7A, 1-60	Manifestacion	In progress			300	100%
AMIGO 2	Pedimento	In progress			300	100%
AMIGO 6	Pedimento	Granted	19/05/2014	19/05/2016	300	100%
AMIGO 8	Pedimento	Granted	19/05/2014	19/05/2016	300	100%
AMIGO 9	Pedimento	Granted	19/05/2014	19/05/2016	200	100%
AMIGO 10	Pedimento	In progress	12/08/2014	12/08/2016	300	100%
AMIGO 11	Pedimento	In progress	12/08/2014	12/08/2016	300	100%
AMIGO 12	Pedimento	In progress	12/08/2014	12/08/2016	300	100%
AMIGO 13	Pedimento	In progress	12/08/2014	12/08/2016	300	100%
Total area					2,800	

5.3 Project Geology and Mineralisation

The project area is predominantly underlain by an altered mafic complex that is partially obscured by aeolian sands. A granodiorite of presumed Jurassic age occupies the southeast corner of the tenements (Figure 6).

The project is located directly east of the Algarrobo Roble mining district where high-grade copper veins hosted by Punta del Cobre volcanic rocks have been mined intermittently. These veins are associated with siderite+magnetite+haematite+chlorite+albite+epidote alteration along a north-trending set of andesite dykes (Floyd, 2010a).

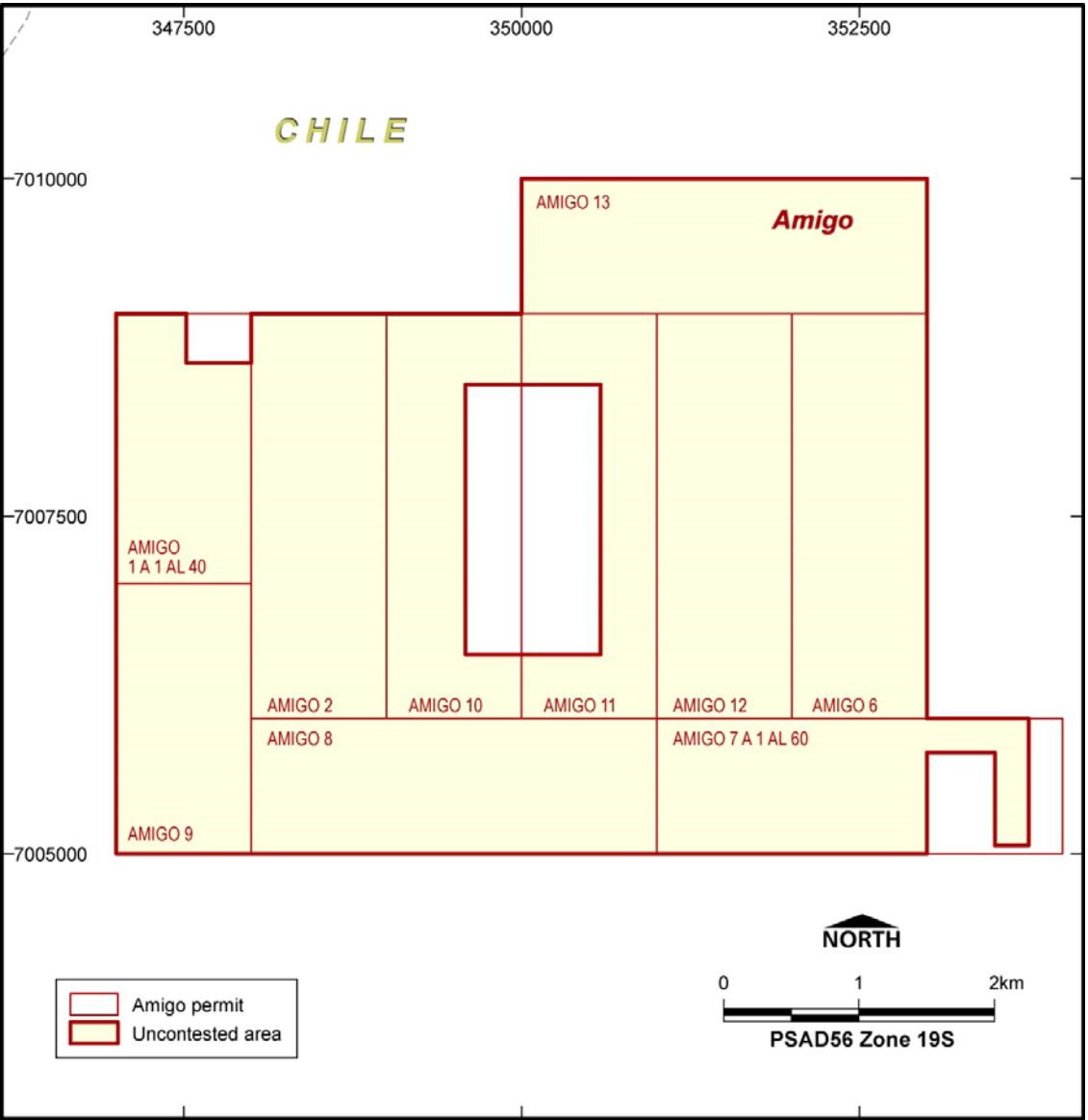


Figure 5: Whitestar's Amigo tenements as of September 30, 2014.

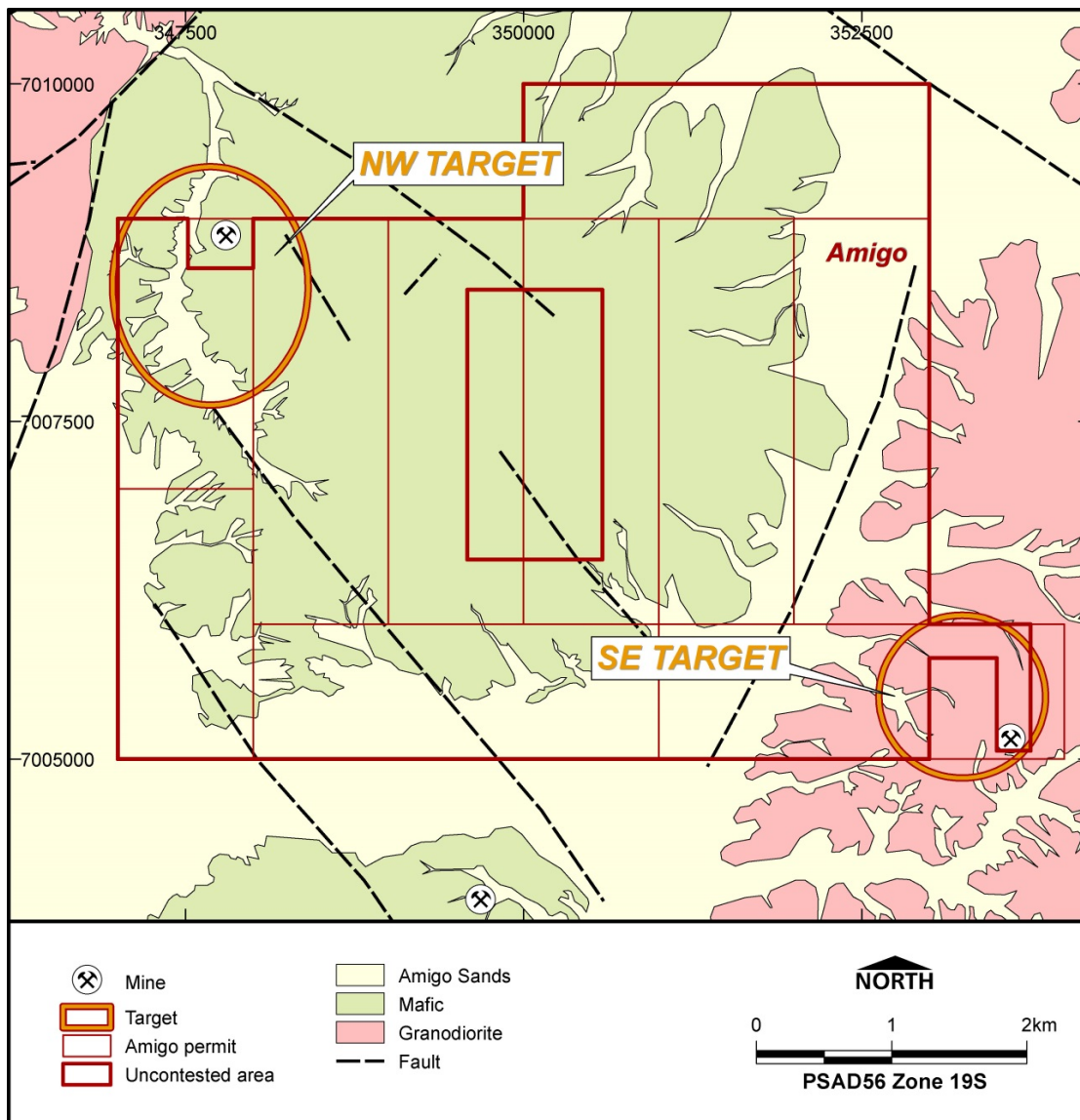


Figure 6: Geology of the Amigo Project.

5.4 Past Exploration

Although the Algarrobo El Roble mining district was a major copper producer in the 19th century, there is no recorded official production from the Amigo project area from the artisanal workings that can be observed on the ground. Aside from several field visits and some mapping (Floyd, 2010a), there was no significant exploration work undertaken by Mystics Sands Pty Ltd prior to its purchase by Whitestar, and no record of any previous systematic exploration programs.

5.5 Recent Exploration by Whitestar

The work undertaken in 2011 and 2012 following that purchase by Whitestar is summarized in Table 3. Two main target areas were identified by this work. The northwest target is characterized by anomalous soils containing up to 2,500 ppm Cu associated with copper and iron oxide-bearing veins averaging 1 m in width

and trending for up to several hundred meters. The better rock chip results from laboratory analyses are illustrated in Figure 7 along with a gridded image of the soil geochemical results.

Table 3: Summary of historical exploration activity at the Amigo Project

Mapping	Rock Samples	Soil Samples	Trenching	Drilling	Geophysics	Expenditure (A\$)
Completed	133	223	None	None	None	186,029

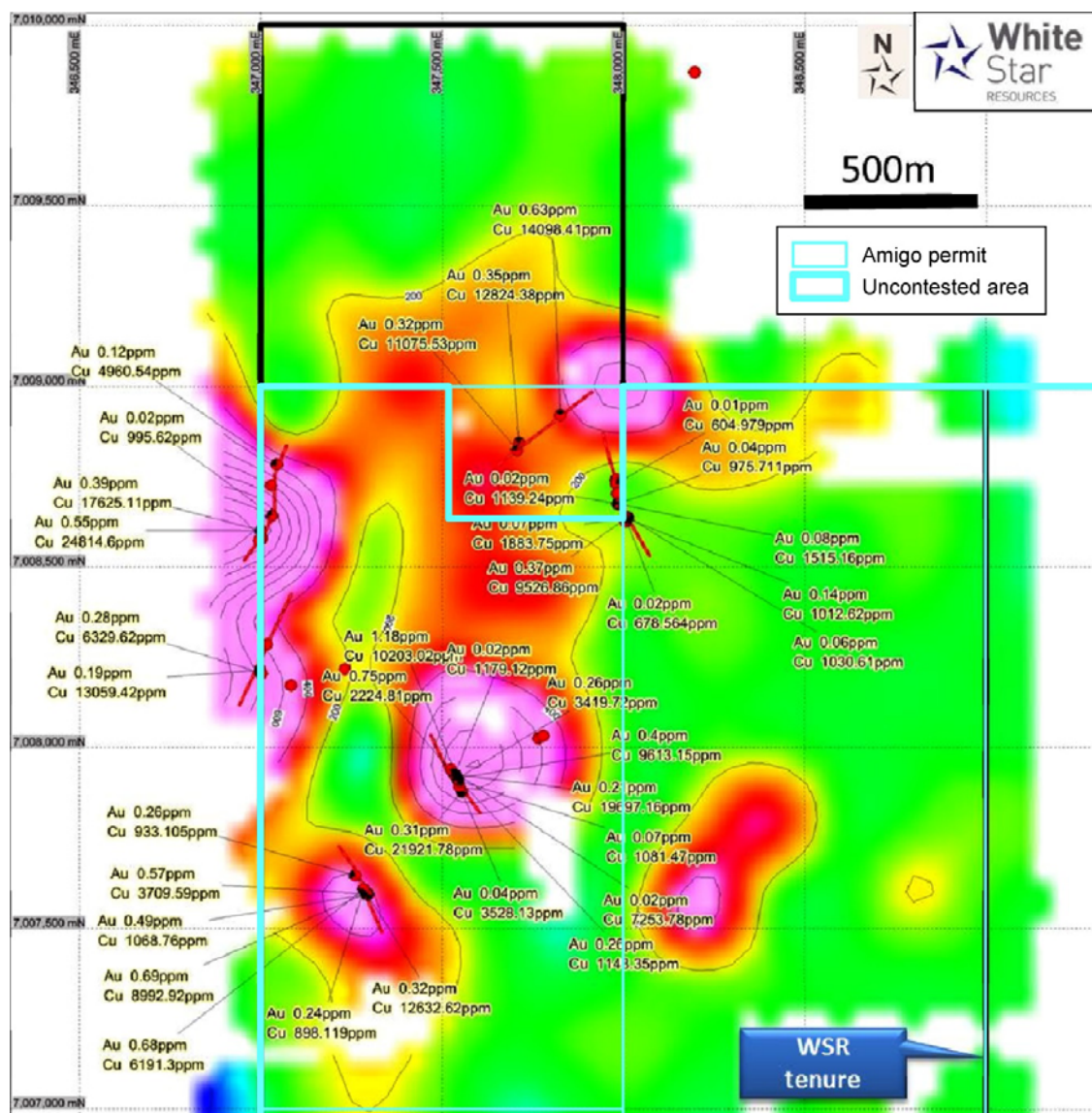


Figure 7: Gridded image of copper in soil with grab geochemical results from mineralized veins in the northwest Amigo Project area.

A NW-SE trending vein up to 5 m wide has been traced over a distance of 1 km within granodiorite in the southeast target area. Rock chip samples from the vein range up to 7 ppm gold and up to 3% Cu (Figure 8). Apparently the vein has been worked underground on the adjacent tenement, although there are no records of grade or tonnages produced.

In addition to the exploration expenditure on the Amigo Project by Whitestar, A\$102,191 was spent on tenement maintenance and acquisition in 2011 and 2012.

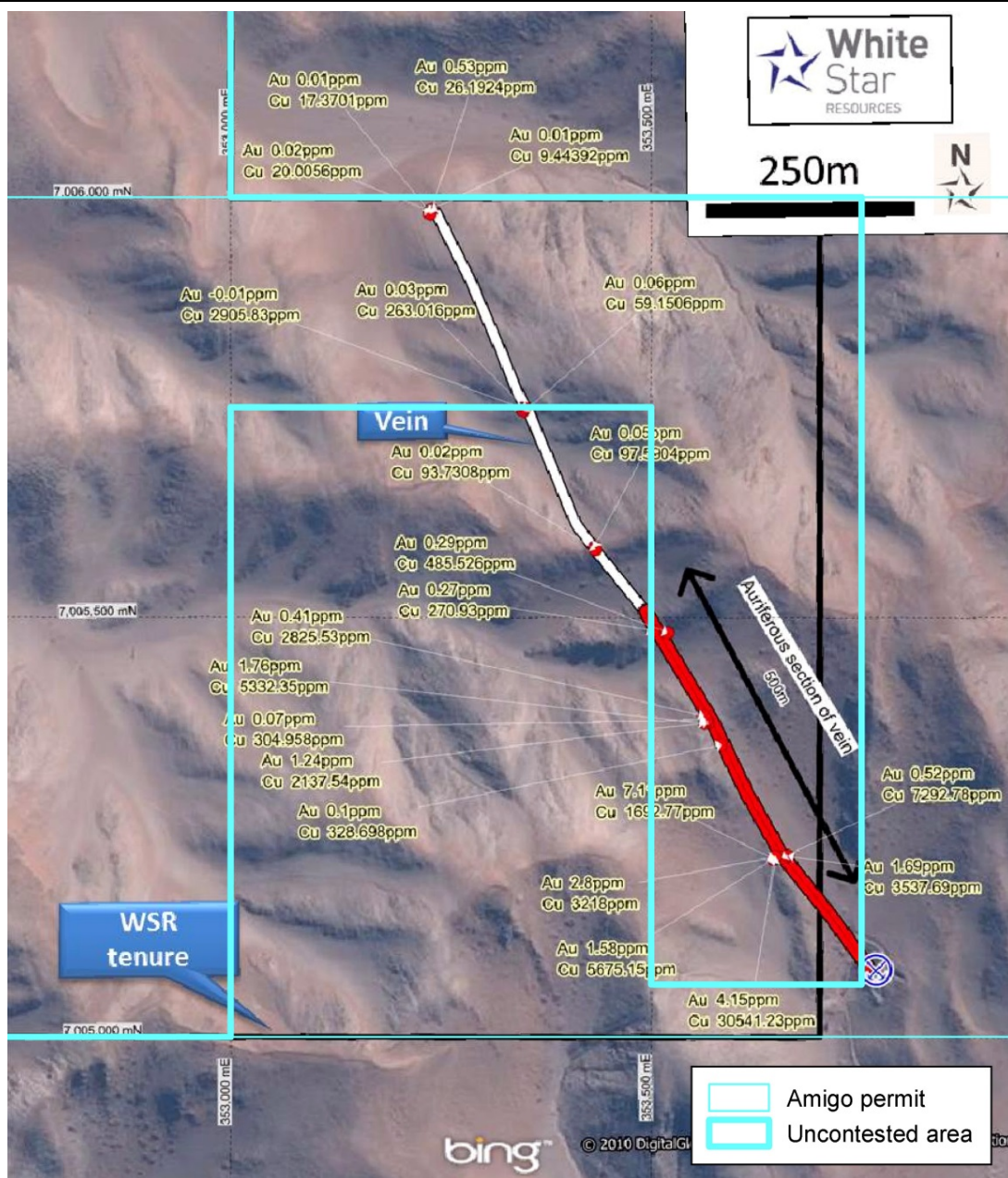


Figure 8: Selected rock chip sample results from the mineralized vein in the southeast corner of the Amigo Project area (data from December 2012 Whitestar Quarterly Report, available at <http://www.whitestarresources.com.au/quarterly-reports>).

5.6 Exploration Potential

The Algarrobo El Roble mining district is interpreted to represent high level oxide veins associated with IOCG mineralisation (Floyd, 2010a). The veins identified in the northwestern portion of the Amigo Project are likely to be a continuation of this style of mineralisation and so, by extension, the Amigo Project may have some potential for buried IOCG mineralisation. The gold-bearing vein in the southeast part of the tenements also has characteristics similar to the San Jose gold deposit located approximately 12 km to the south of the Amigo Project.

A 1,000 m diamond drilling program was announced by Mining Group Limited on November 6, 2013 on the El Roble tenements, but there is no indication this drilling was ever undertaken on the company web site. The company changed its name to Metallum Limited in June 2014.

The Amigo Project area lies along strike of the westernmost faults that define the Atacama Fault System, a fault system with which large IOCG deposits such as Manto Verde and Candelaria (Figure 3) are associated. Therefore, it is reasonable to conclude that there is conceptual potential for IOCG deposits on the Amigo Project. However, the direct potential for IOCG mineralisation at depth at Amigo cannot be assessed in the absence of geophysical data, specifically magnetics and induced polarization/resistivity.

5.7 Exploration Programme and Budgets

No specific exploration budget has been allocated for the Amigo Project for 2014. We would consider ground geophysical surveys to be a high priority for any future exploration expenditure.

The estimated direct cost to complete the conversion of the pedimentos to mensuras is A\$16,064 using an exchange rate of 530 Chilean pesos to A\$1.00 (as of September 22, 2014). This cost does not include tenement administrative or legal costs, or any costs associated with corporate administration in Chile or Australia.

6 Condor Project

6.1 Location, Access and Infrastructure

The Condor Project is accessed from Vallenar (Figure 3) by taking Highway 5 towards Copiapo for 10 km and then turning onto C467 and then C465. Both are dirt roads. Vallenar is a major regional city with approximately 50,000 inhabitants.

There is an ENAMI ore treatment plant in Copiapo approximately 100 km to the north and an ENAMI solvent extraction plant for the treatment of copper oxide ore located within 30 km at Vallenar.

6.2 Tenements

The tenement information presented here was provided to us by Mr Marcelo Olivares of the Chilean law firm Quizio Abogados in a report dated 3rd October, 2014 and accompanying tenement maps supplied by an independent tenement manager, Mr Juan Bedmar. Mr Olivares is a Director of White Star Chile SCM and is not considered to be independent. CSA has relied on these sources in reaching its valuations and has not independently verified the information provided. The maps are presented in UTM PSAD56 Zone 19.

The Condor Project tenements are summarized in Table 4. They comprise a total of 2,313 ha, of which 1,945 ha is uncontested (Figure 9). This claim group includes San Pablo uno al tres, of which Whitestar holds a 50% interest. The other 50% of this tenement is held by Mr Eduardo Ponce.

Table 4: Summary of Condor Project tenements of September 30, 2014

Name or number	Claim Type	Status	Date granted	Expiry date	Area Granted (Ha)	% held by Whitestar
CONDOR 1-55	Mensura	Granted	24/02/2014		257	100%
CONDOR 2, 1-30	Mensura	Granted	14/04/2014		283	100%
CONDOR CINCO 1-60	Manifestacion	In progress			288	100%
CONDOR NUEVE 1 AL 10	Mensura	Granted	16/01/2014		70	100%

SAN PABLO UNO AL TRES	Mensura	Granted	03/09/1981		15	50%
CONDOR SEIS, 1-60	Manifestacion	In progress			300	100%
CONDOR SIETE, 1-60	Manifestacion	In progress			300	100%
NICOLE 1, 1 AL 40	Manifestacion	In progress			200	100%
CATHERINE 1 AL 40	Manifestacion	In progress			200	100%
CONDOR 9, 1 AL 20	Manifestacion	In progress			100	100%
CONDOR 4	Pedimento	Granted	21/03/2014	21/03/2016	300	100%
Total					2,313	

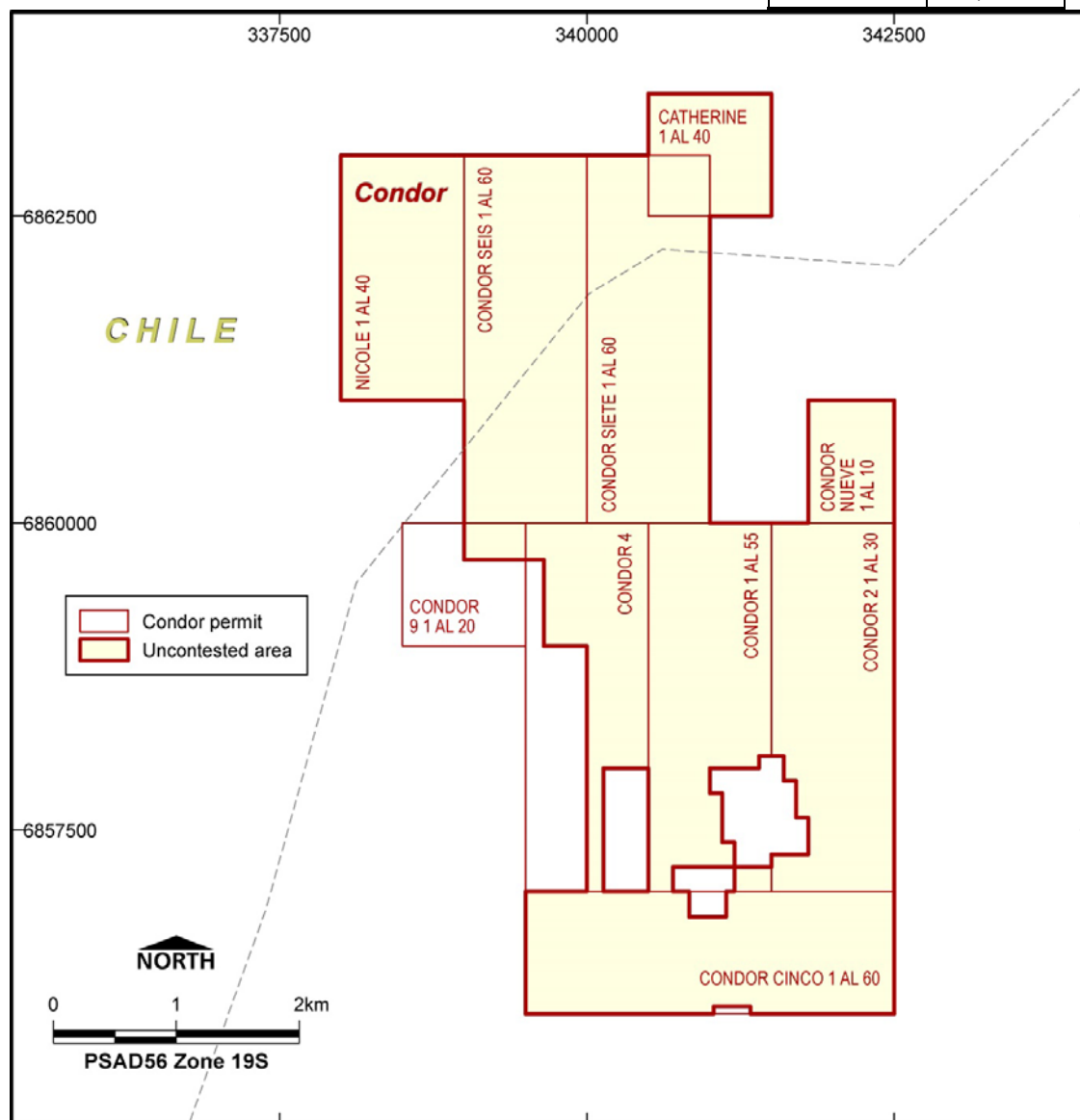


Figure 9: Whitestar's Amigo tenements as of September 30, 2014.

6.3 Project Geology and Mineralisation

The Condor Project is located approximately 20 km east of the Los Colorados iron mine in an area underlain by Mesozoic andesite volcanic rocks of the Punta del Cobre Formation intruded by high-level porphyries. It lies along the Condor-San Pablo-Calavera mineralized trend, which occurs within a shear zone (Figure 11). Copper mineralisation is associated with carbonate and barite in NE-SW trending veins.

Government records (SERNAGEOMIN) report grades of up to 2.6% Cu and 2 ppm Au from the open pit at Calavera (Figure 11). A decline is reported to have been driven along the mineralized trend on the Condor Project but there is no record of it having been sampled.

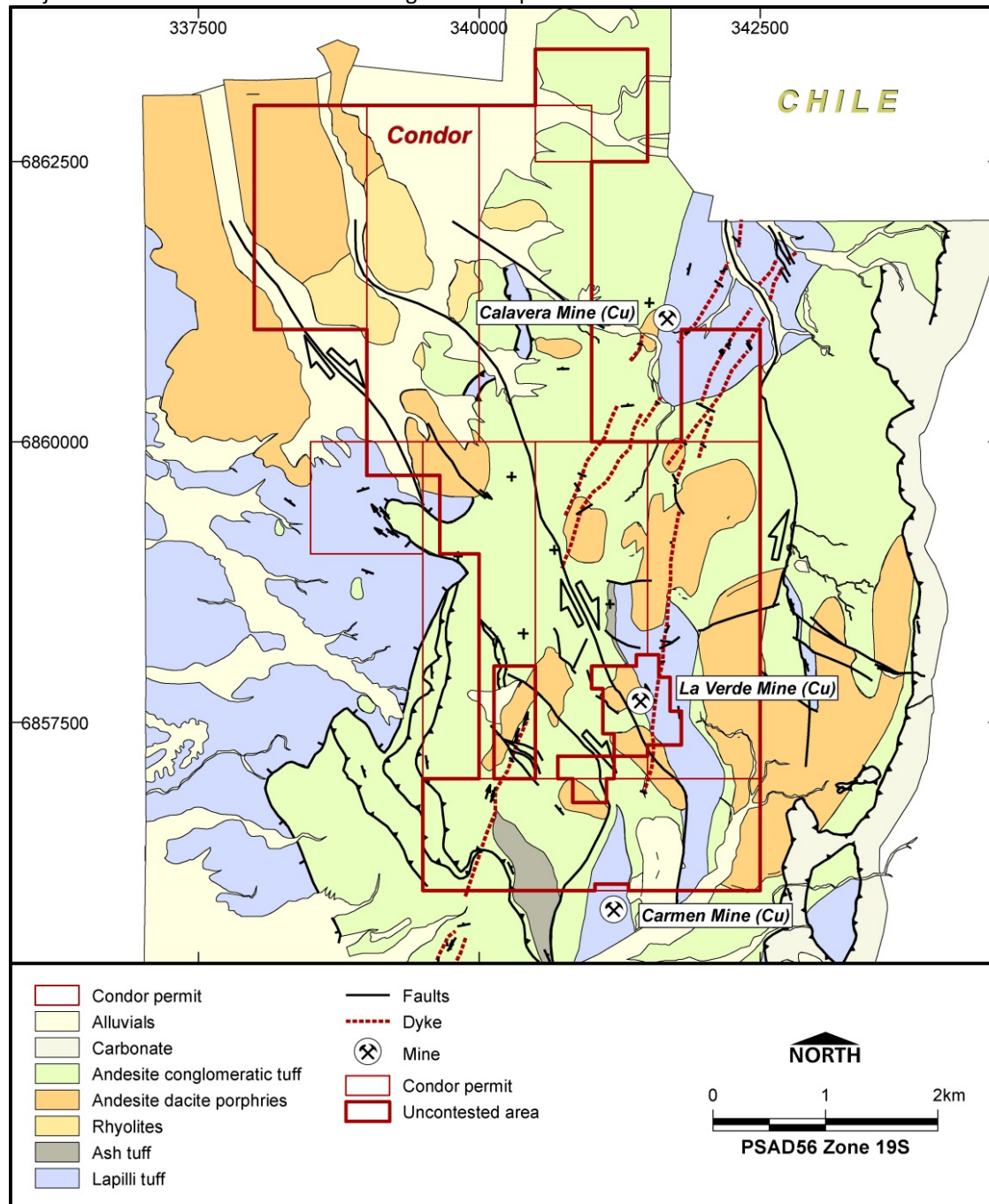


Figure 10: Geology of the Condor Project.

6.4 Past Exploration

There is no record of previous work having been undertaken on the Condor Project, although there is evidence of prior trenching having been undertaken on the property. Mystic Sands Pty Ltd engaged Harry Floyd to do mapping and rock sampling around artisanal workings on the property (Floyd, 2010b, 2010c).

Drilling has occurred to the north of the Condor Project on a partially concealed porphyry copper target called Las Breas located 5 km to the north of the Condor Project.

6.5 Recent Exploration by Whitestar

The exploration undertaken by Whitestar during 2011 and 2012 is summarized in Table 5. In addition to this work, A\$85,392 was spent on tenement maintenance and acquisition during this period. The main exploration activities included the purchase of multi-client airborne magnetics data from Fugro and the completion of a soil geochemical survey over the property (Figure 11). The magnetics data were interpreted to have been uninformative given a coarse flight line spacing of 400 m.

Table 5: Summary of recent exploration activity on the Condor Project

Mapping	Rock Samples	Soil Samples	Trenching	Drilling	Geophysics	Expenditure (A\$)
Completed	28	705 + 16*	None	None	Magnetics	\$255,718

* samples analysed by portable XRF only.

6.6 Exploration Potential

The Condor Project lies between the Atacama Fault System to the west and the Domeyko Fault System to the east. There is a major structure running north-south through the tenements, but it is associated with relatively small scale copper vein-style mineralisation within the area (Calavera and La Verde deposits). The Las Breas targets to the north of the Condor Project may have potential for porphyry copper mineralisation, but this has not been verified and the airborne magnetic data from the Condor Project failed to generate any targets of interest.

6.7 Exploration Programme and Budgets

No specific exploration budget has been allocated for the Condor Project for 2014. Induced polarisation/resistivity surveys would be the next logical step in terms of ground geophysics, although neither the airborne magnetic or soil geochemical data have presented high priority targets for further investigation.

The estimated direct cost to complete the conversion of the pedimentos to mensuras and maintain the existing mensuras until December 2015 is A\$16,470 using an exchange rate of 530 Chilean pesos to A\$1.00 (as of September 22, 2014). This cost does not include tenement administrative, legal costs, or any costs associated with corporate administration in Chile or Australia.

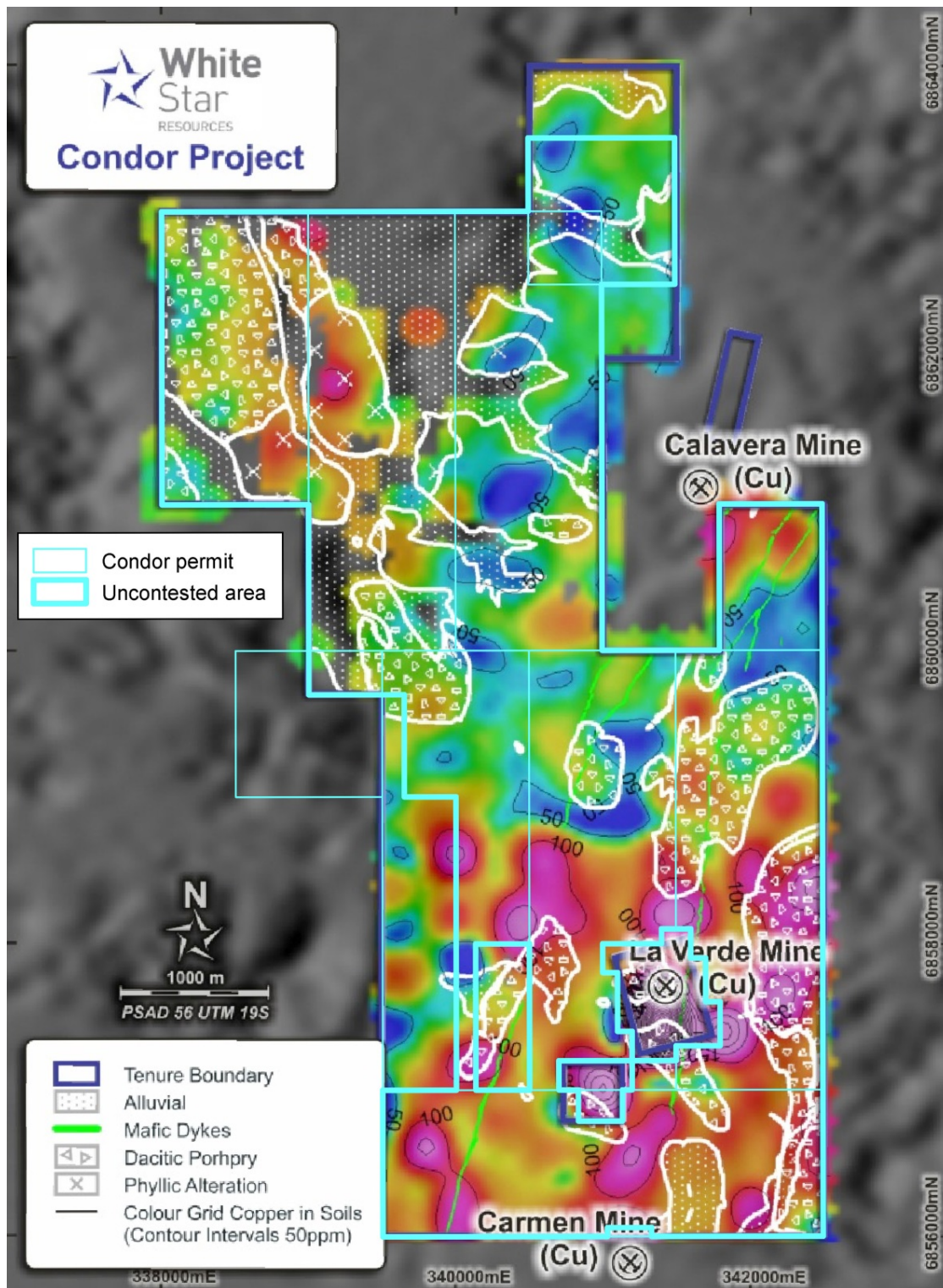


Figure 11: Copper in Soil geochemistry and simplified geology of the Condor Project (from Whitestar 2012 annual report, available from www.whitestarresources.com.au/annual-reports).

7 Dundee Project

7.1 Location, Access and Infrastructure

The Dundee Project is located to the south of Amigo, close to Highway 5 connecting Caldera and Copiapo (Figure 3). However, there is no road access to the site and all previous work has been undertaken by hand and transport has been by mule. Approximately 5 km of road would need to be constructed to create vehicle access to the site (Floyd, 2008a).

Caldera and Copiapo are the two closest major centres to the project area. Two government-owned toll-treatment plants (ENAMI) occur within 100 km of the Dundee Project and Caldera is a major port city.

7.2 Tenements

The tenement information presented here was provided to us by Mr Marcelo Olivares of the Chilean law firm Quizio Abogados in a report dated 3rd October, 2014 and accompanying tenement maps supplied by an independent tenement manager, Mr Juan Bedmar. Mr Olivares is a Director of White Star Chile SCM and is not considered to be independent. CSA has relied on these sources in reaching its valuations and has not independently verified the information provided. The maps are presented in UTM PSAD56 Zone 19.

The Dundee Project consists of a single 100 ha tenement (Table 6 and Figure 12).

Table 6: Tenement Summary for the Dundee Project of September 30, 2014

Name or number	Claim Type	Status	Date granted	Expiry date	Area Granted (Ha)	% held by WS
DUNDEE 1 AL10	Manifestacion	In progress			100	100%
				Total	100	

7.3 Project Geology and Mineralisation

Whitestar has conducted no exploration work on the Dundee Project (previously known as the Crocodilo Project by Mystic Sands Pty Ltd). The following description is taken from Floyd (2008a).

Bedrock in the area is described as sheared granodiorite and migmatite of the Cretaceous Cerro Morado Pluton (Figure 14). It hosts an auriferous vein between 2 m and 6 m wide consisting of fractured quartz, haematite, limonite, sericite and chalcedony. It has an exposed strike length of approximately 400 m. The vein has been worked historically at what is referred to locally as the Robote Mine. It lies within the Atacama Fault System.

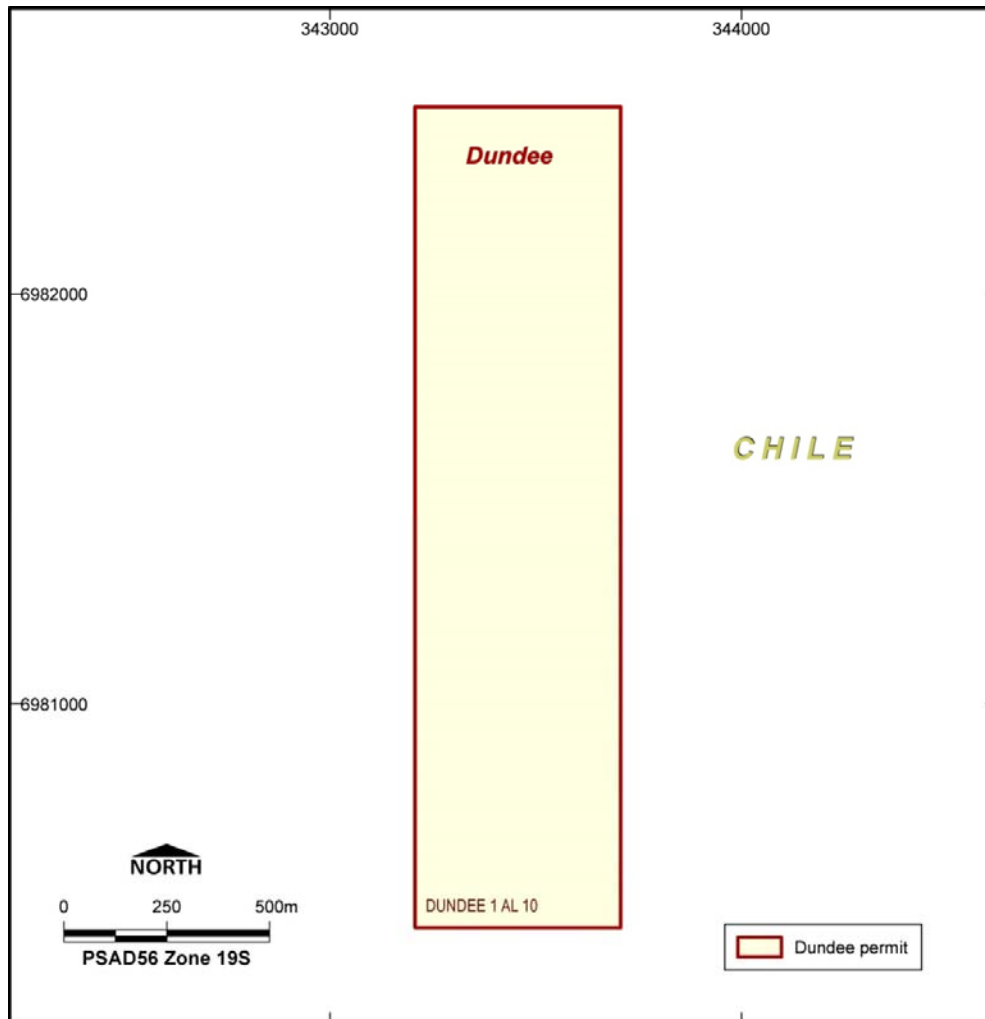


Figure 12: Whitestar's Dundee tenement as of September 30, 2014.



Figure 13: View of artisanal workings on the Dundee Project (From Floyd, 2008a).

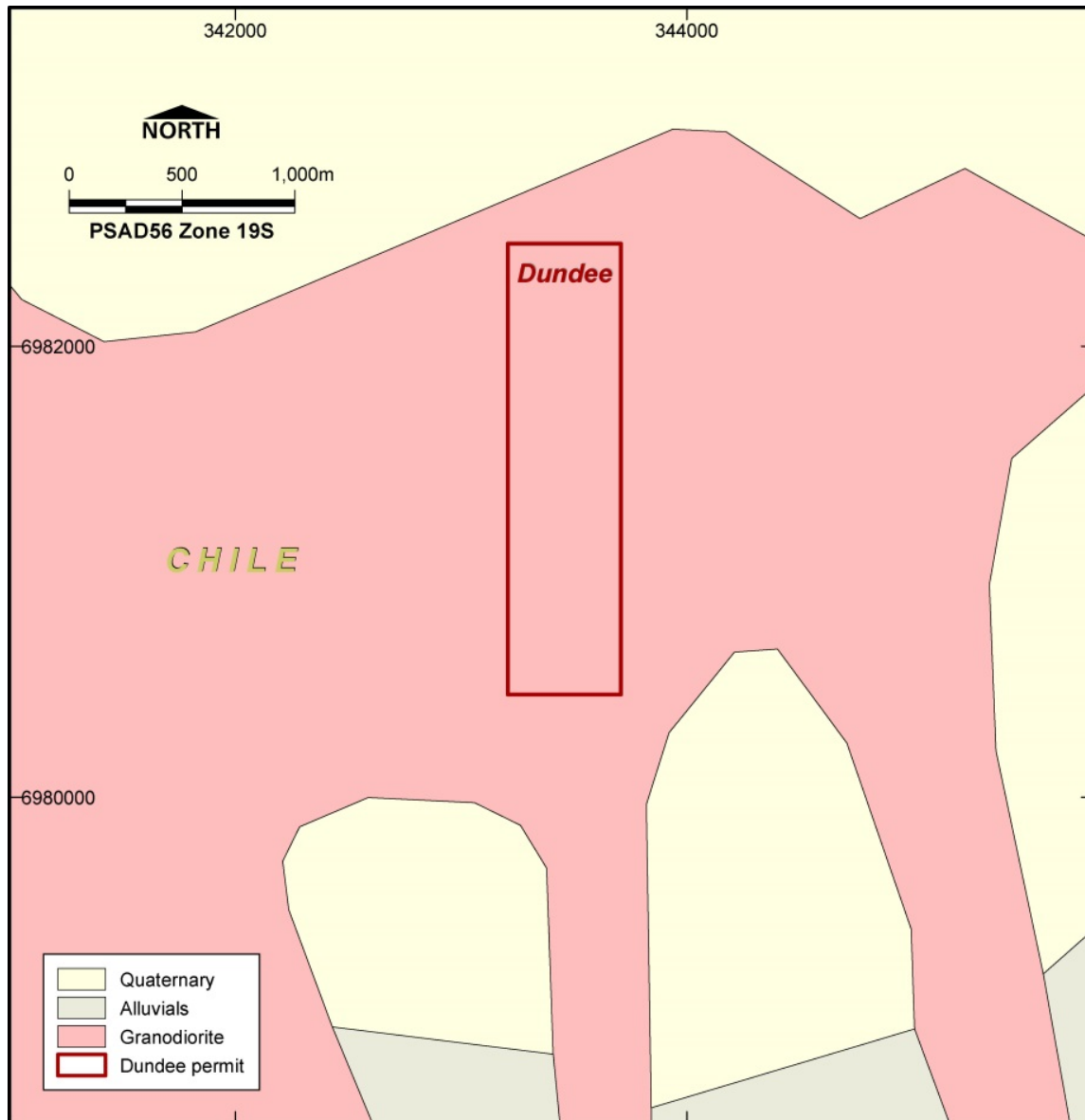


Figure 14: Geology of the Dundee Project.

7.4 Past Exploration

The area has seen artisanal mining activity in the past (Figure 13). Floyd (2008a) reported the results from 10 chip and rock samples that ranged from just over 10 ppm Au to 0.05 ppm. The samples also display elevated silver, arsenic, antimony, copper and bismuth, with the highest copper value at 0.14%.

7.5 Recent Exploration by Whitestar

There is no record of Whitestar having undertaken exploration work on the Dundee Project, although there has been some allocation of exploration expenditure attributed to it for 2011 and 2012 (Table 7). In addition, tenement maintenance costs for the same period were A\$60,440.

Table 7: Summary of recent exploration activity on the Condor Project

Mapping	Rock Samples	Soil Samples	Trenching	Drilling	Geophysics	Expenditure (A\$)
						\$62,179

7.6 Exploration Potential

The potential of the project is hard to assess in the absence of basic geological information, such as mapping, geophysics or soil geochemistry. The Roboto vein may have characteristics similar to gold-silver-copper veins that are common along the length of the Coastal Cordillera, as well as being similar to the El Roble veins believed associated with IOCG deposits. The bedrock in the area is partially concealed by Quaternary aeolian sands.

7.7 Exploration Programme and Budgets

No specific exploration budget has been allocated for the Dundee Project for 2014.

The estimated direct cost to complete the conversion of the pedimentos to mensuras is A\$811 using an exchange rate of 530 Chilean pesos to A\$1.00 (as of September 22, 2014). This cost does not include tenement administrative, legal costs or any costs associated with corporate administration in Chile or Australia.

8 Henry Project

8.1 Location, Access and Infrastructure

The Henry Project is located approximately 50 km to the southeast of the city of Vallenar in the Pre-Cordillera Belt (Figure 3). Access to the project area is from Highway 5 south of Vallenar and then onto a dirt road, C-509.

Vallenar is a major regional centre with a population of approximately 50,000. There is an EMAMI copper solvent extraction plant in Vallenar for the treatment of copper oxide ore.

8.2 Tenements

The tenement information presented here was provided to us by Mr Marcelo Olivares of the Chilean law firm Quizio Abogados in a report dated 3rd October, 2014 and accompanying tenement maps supplied by an independent tenement manager, Mr Juan Bedmar. Mr Olivares is a Director of White Star Chile SCM and is not considered to be independent. CSA has relied on these sources in reaching its valuations and has not independently verified the information provided. The maps are presented in UTM PSAD56 Zone 19.

The Henry Project tenements are summarized in Table 8. They consist of a combination of both fully constituted exploration and exploitation tenements totalling an area of 6,876 ha, of which 4,853 ha is uncontested (Figure 15). There are a number of areas excluded from the Whitestar tenements that encompass the El Orito mining district.

8.3 Project Geology and Mineralisation

The Henry Project is underlain by Cretaceous volcanic rocks that were intruded in the Tertiary by a felsic pluton that is locally tourmaline-bearing (Figure 16). A series of tourmaline-bearing breccias have also been identified on the property (Floyd, 2008b) and it encompasses the historical Orito Mining District. The property overlaps the north to northeast trending Punilla-La Plata Fault System to the west of the main Domeyko Fault System running along the Pre-Cordillera.

The following styles of mineralisation have been identified on the Henry Project to date:

- Vein-hosted gold and lead-zinc-silver mineralisation;
- Placer gold deposits associated with quartz-haematite-sulphide veins;
- Fracture-hosted, possible manto-style copper mineralisation;
- Magnetite stockwork with copper and gold; and,
- Tourmaline-bearing breccias as dykes and small pipes with copper.

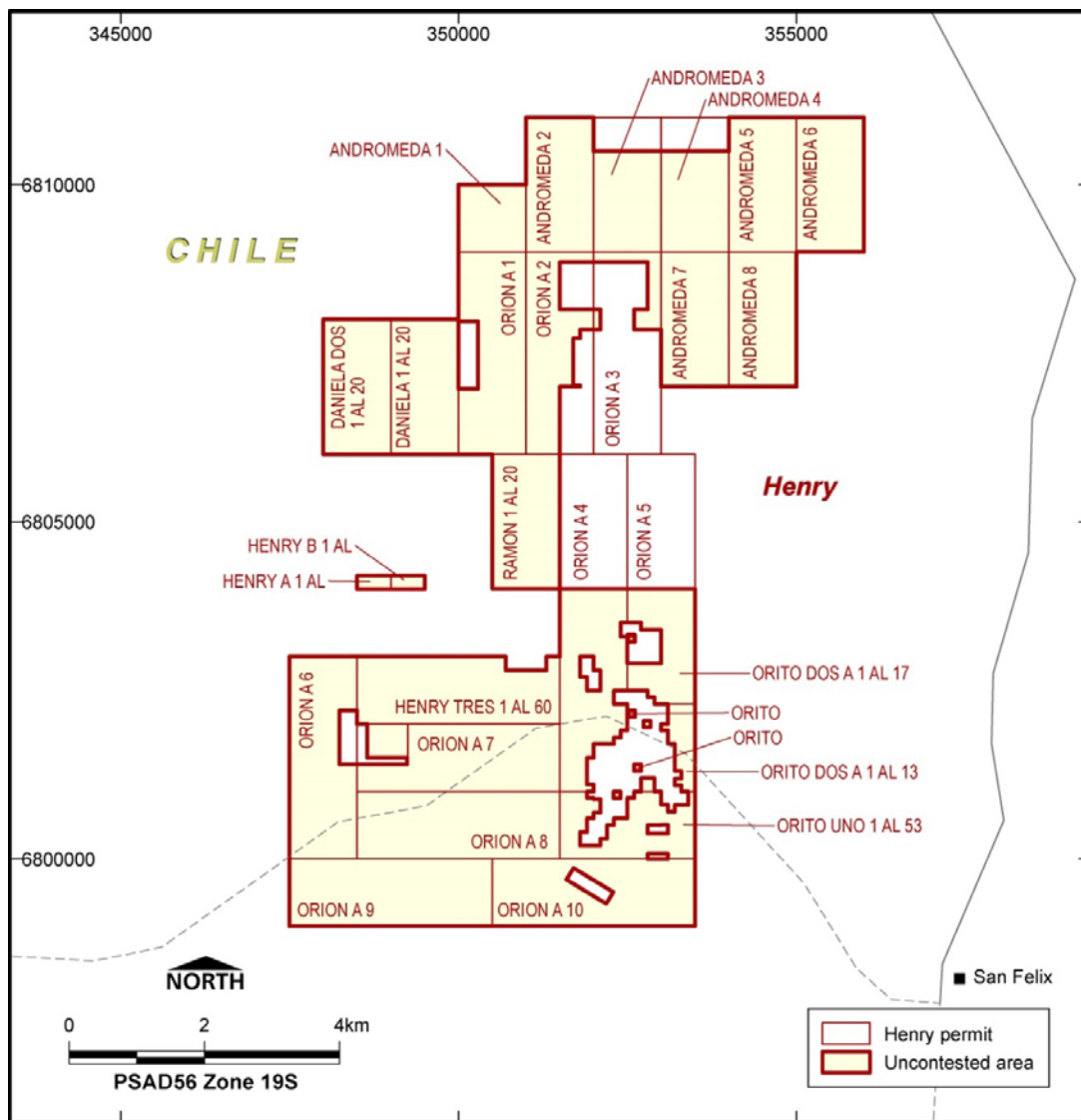


Figure 15: Whitestar's Henry tenements of September 30, 2014.

Table 8: Tenement Summary for the Henry Project as of September 30, 2014

Name or number	Claim Type	Status	Date granted	Expiry date	Area Granted	% held by Whitestar
DANIELA 1 AL 20	Mensura	Granted	06/01/2014		200	100%
DANIELA DOS 1 AL 20	Mensura	Granted	14/02/2014		200	100%
FILETE 1 AL 60	Mensura	Granted	06/08/2014		264	100%
HENRY A 1 AL 2	Manifestacion	In progress			8	100%
HENRY B 1 AL 2	Manifestacion	In progress			10	100%
HENRY DOS 1 AL 60	Mensura	Granted			294	100%
HENRY TRES 1 AL 60	Mensura	Granted	10/09/2013		288	100%
HENRY UNO 1 AL 40	Mensura	Granted	28/07/2014		200	100%
ORITO 7 1	Mensura	Granted	09/07/2014		1	100%
ORITO 8 1	Mensura o	Granted	16/06/2014		1	100%
ORITO UNO F 1	Manifestacion	In progress			1	100%
ORITO DOS A 1 AL 13	Mensura	Granted	27/06/2013		44	100%
ORITO DOS A 1 AL 17	Mensura	Granted	12/06/2013		136	100%
ORITO DOS C 1	Mensura	Granted	23/05/2013		1	100%
ORITO DOS D 1	Mensura o	Granted	13/06/2013		1	100%
ORITO DOS E 1	Mensura	Granted	03/09/2013		1	100%
ORITO DOS G 1 AL 4	Mensura	Granted	16/05/2013		4	100%
ORITO TRES 1 AL 39	Mensura	Granted	16/09/2012		151	100%
ORITO UNO 1 AL 53	Mensura	Granted	28/08/2013		241	100%
RAMON 1 AL 20	Mensura	Granted	10/07/2013		200	100%
ROSS 1 AL 40	Manifestacion	In progress			200	100%
ANDROMEDA 1	Pedimento	Granted	09/05/2013	09/05/2015	100	100%
ANDROMEDA 2	Pedimento	Granted	08/05/2013	08/05/2015	200	100%
ANDROMEDA 3	Pedimento	Granted	09/05/2013	09/05/2015	200	100%
ANDROMEDA 4	Pedimento	Granted	08/05/2013	08/05/2015	200	100%
ANDROMEDA 5	Pedimento	Granted	03/07/2013	03/07/2015	200	100%
ANDROMEDA 6	Pedimento	Granted	25/06/2013	25/06/2015	200	100%
ANDROMEDA 7	Pedimento	Granted	08/05/2013	08/05/2015	200	100%
ANDROMEDA 8	Pedimento	Granted	03/07/2013	03/07/2015	200	100%
ORION A 1	Pedimento	Granted	26/03/2014	26/03/2016	300	100%
ORION A 2	Pedimento	Granted	14/03/2014	14/03/2016	300	100%
ORION A 3	Pedimento	Granted	14/03/2014	14/03/2016	300	100%
ORION A 4	Pedimento	Granted	14/05/2014	14/05/2016	200	100%
ORION A 5	Pedimento	Granted	14/05/2014	14/05/2016	300	100%
ORION A 6	Pedimento	Granted	26/03/2014	26/03/2016	300	100%
ORION A 7	Pedimento	Granted	14/03/2014	14/03/2016	300	100%
ORION A 8	Pedimento	Granted	14/03/2014	14/03/2016	300	100%
ORION A 9	Pedimento	Granted	19/05/2014	19/05/2016	300	100%
ORION A 10	Pedimento	Granted	19/05/2014	19/05/2016	300	100%
ORION 7, 1-6	Manifestacion	In progress			30	100%
Total					6,876	

8.4 Past Exploration

There are several historical workings in the area that worked some of the quartz veins and breccias within the Orito Mining District (Carmen, La Blanca, San Jose Mines), as well as placer gold deposits within a creek bed. Many of these historical mining areas are excluded from the tenements by pre-existing patented claims (mensuras).

A total of 119 rock chip samples were collected over the original Henry claims group by Mystic Sands Pty Ltd (Information Memoranda, 2009 and 2010), which excludes the more recently acquired Andromeda tenements. These gave gold values ranging from a low of 0.005 ppm to a high of 15.7 ppm from a sample taken from a mine dump in the Orito Mining district. Samples from the Daniela tenements also gave elevated lead and silver values of 12.94% and 318 ppm, respectively.

8.5 Recent Exploration by Whitestar

The Henry Project has seen extensive early stage exploration work. This has included a ground magnetic (Figure 17) and soil geochemical survey over the uncontested portions of the tenements, as well as trenching (Figure 18), rock chip sampling and mapping. This work has resulted in the identification of 5 exploration targets on the property, but did not extend to the more recently acquired Andromeda group of tenements to the north. There may be potential for skarn copper mineralisation.

A summary of exploration work carried out in 2011 and 2012 is given in Table 9. A total of A\$151,737 has been spent on tenement administration over the same two year period.

Table 9: Summary of recent exploration activity on the Henry Project

Mapping	Rock Samples	Soil Samples	Trenching	Drilling	Geophysics	Expenditure (A\$)
Completed	220	498 + 687*	110 samples over 600 m	None	291 km ground magnetics	\$377,491

* Analysed by portable XRF only

8.6 Exploration Potential

The project area lies along strike approximately 50 km south of the Relincho copper-molybdenum deposit (3.2 Mt contained copper Indicated Resource - <https://www.teck.com>), believed to have formed in the early Tertiary (Maksaev et al., 2007), at about the same time the granite pluton at the Henry Project is believed to have been emplaced (Figure 3). Base metal veins that have been identified at Henry could potentially represent peripheral veins to a porphyry system, although the alteration described for the project (albite-chlorite-carbonate) is not consistent with that typically associated with porphyry deposits.

North of Relincho are a series of copper-bearing breccia pipe deposits characterized by the presence of tourmaline in the breccia matrix, and which are also enriched in gold, molybdenum, lead, tungsten and uranium (e.g. Cabeza de Vaca, Los Azules). The style of mineralisation encountered to date at Henry sounds very similar to this type of deposit, although they are not typically found this far south.

The age of intrusive rocks at the Henry Project are younger than generally associated with the IOCG belt located further to the west related to the Atacama Fault System, so the potential for IOCG mineralisation at Henry is considered to be low.

Following the same reasoning, the potential for strata-bound copper deposits similar to those that formed in the Early Cretaceous within the Coastal Cordillera is also considered to be low at Henry, although there may be potential for iron-rich copper-gold skarn deposits.

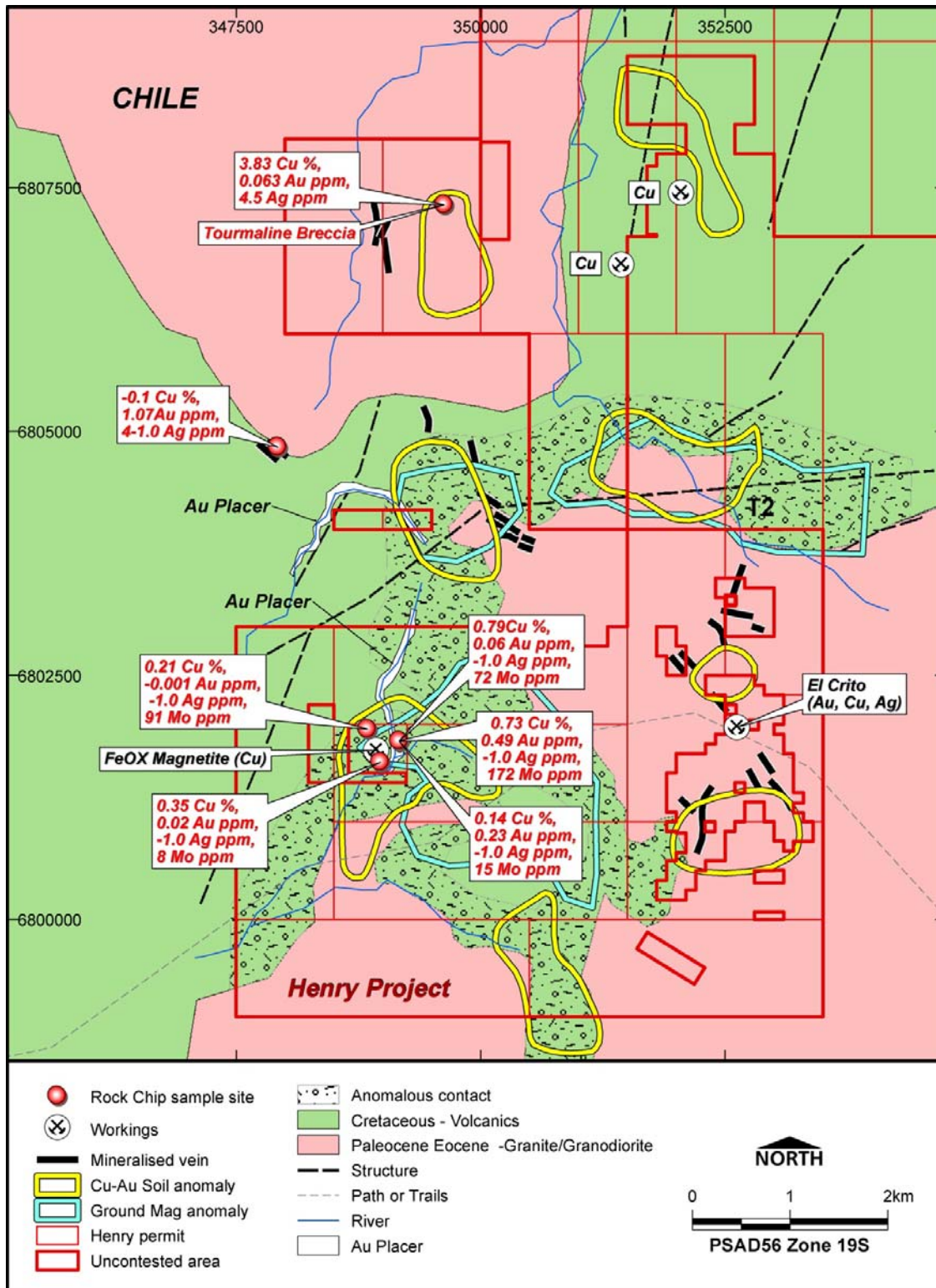


Figure 16: Geology of the Henry Project (results from Whitestar 2012 annual report, available from www.whitestarresources.com.au/annual-reports).

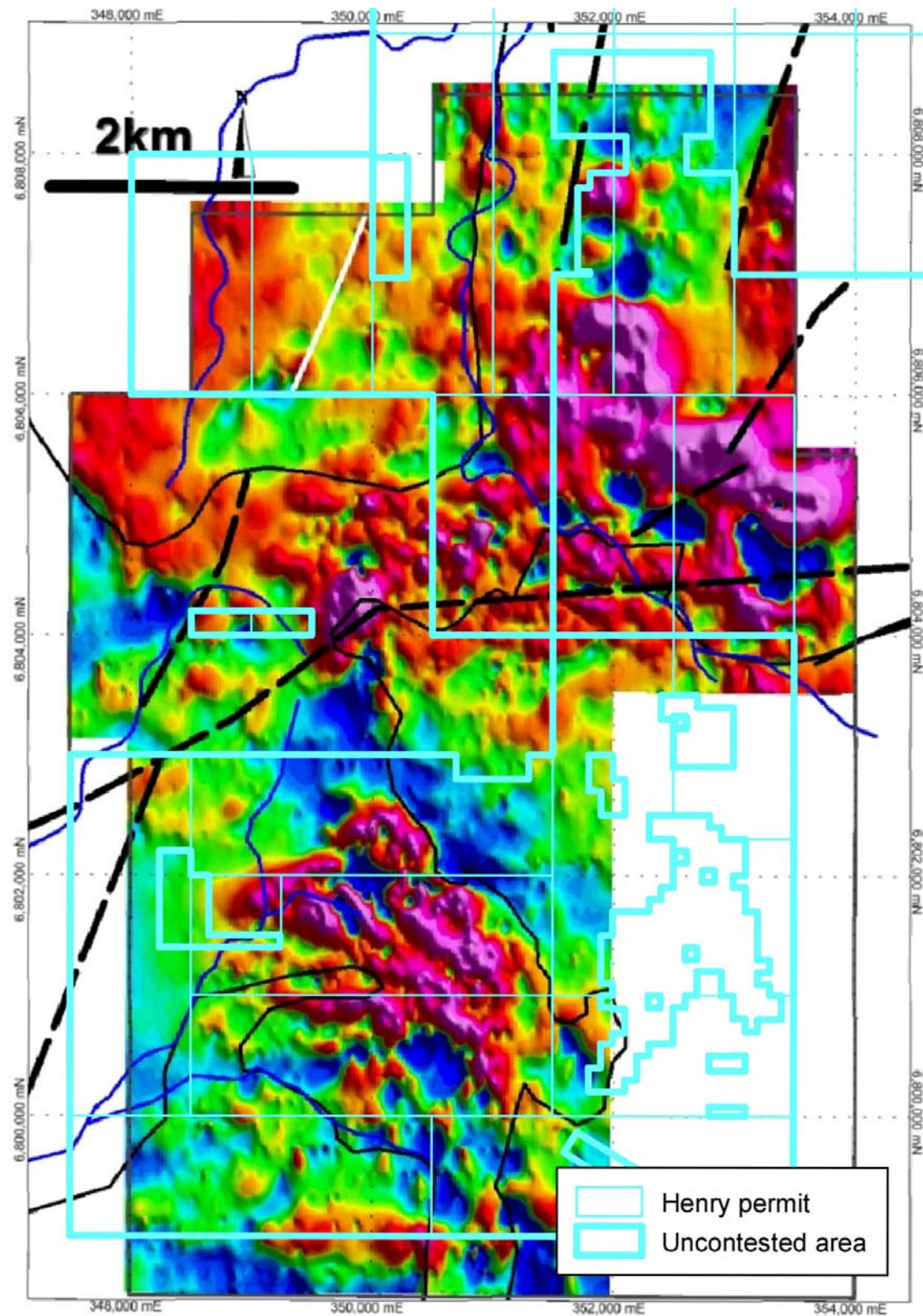


Figure 17: Total magnetic intensity from a ground magnetics survey of the Henry Project

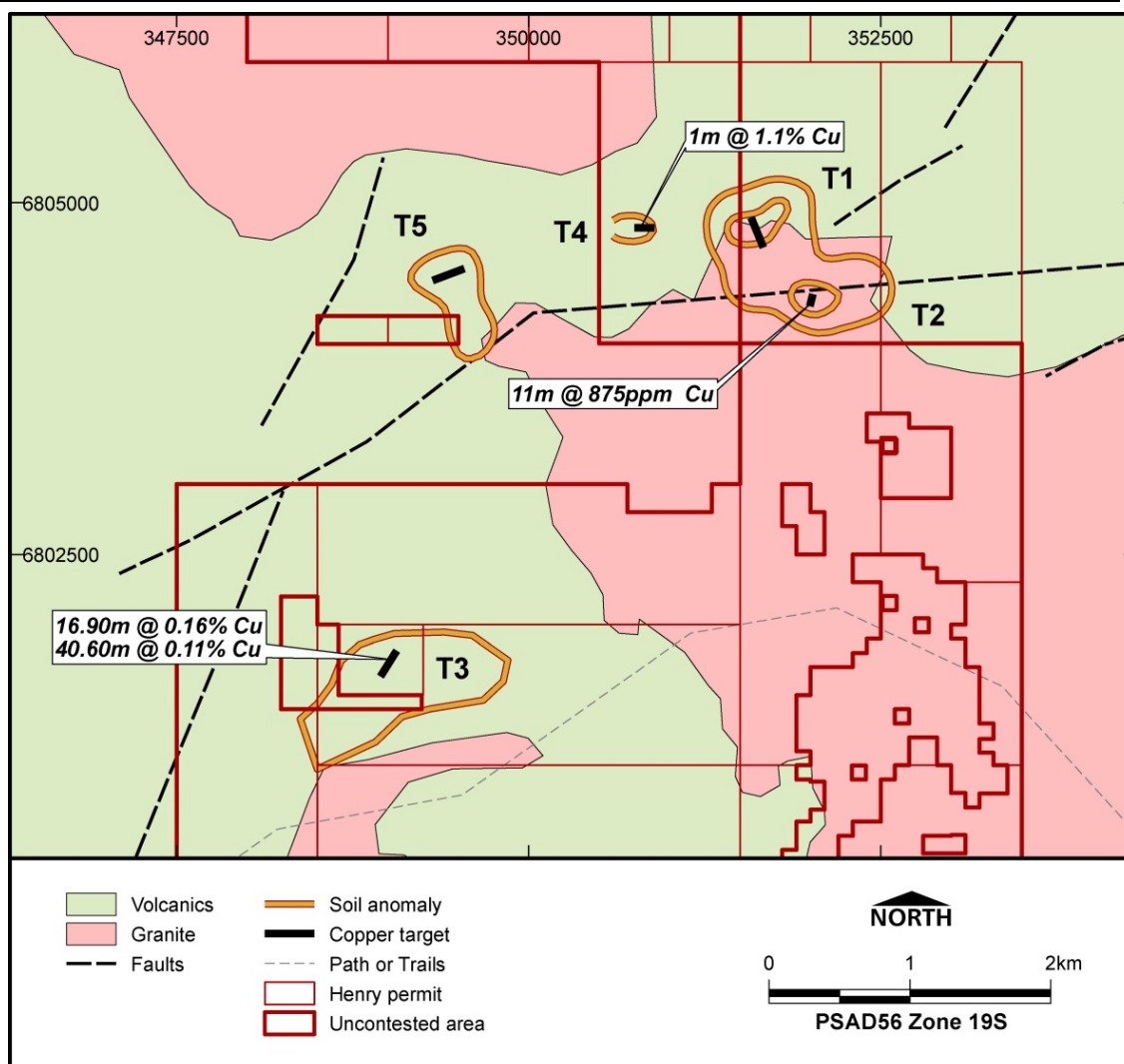


Figure 18: Selected trench assays from the Henry Project (data from Whitestar December 2012 quarterly report, available from <http://www.whitestarresources.com.au/quarterly-reports>).

8.7 Exploration Programme and Budgets

A proposed budget for expenditure totalling A\$190,000 is summarized in Table 10. Work would focus on the newly acquired Andromeda tenements on which there has been no exploration work undertaken in order to bring them up to a similar level of geological baseline data as the original Henry Project, but would also involve detailed mapping of the entire tenement with a focus on alteration.

Table 10: Proposed exploration expenditure for the Henry Project

Mapping	Soil Sampling	Alteration Mapping	Geophysics	Budget (A\$)
25,000	55,000	70,000	40,000	190,000

The estimated direct cost to complete the conversion of the pedimentos to mensuras and maintain the tenements in good standing is A\$ 27,041 using an exchange rate of 530 Chilean pesos to A\$1.00 (as of September 22, 2014). This cost does not include tenement administrative, legal costs or any costs associated with corporate administration in Chile or Australia.

9 Nany Project

9.1 Location, Access and Infrastructure

The Nany Project is located approximately 50 km to the north-northeast of the city of Copiapo in the Pre-Cordillera Belt (Figure 3). Access to the project area is from paved Highway C-17 towards Inco de Oro. It is located within close proximity to a paved highway, a rail line and an electrical sub-station.

Copiapo is a major regional centre with a population of approximately 162,000. There are EMAMI ore treatment plants for both copper sulphides and copper oxides in Copiapo.

9.2 Tenements

The tenement information presented here was provided to us by Mr Marcelo Olivares of the Chilean law firm Quizio Abogados in a report dated 3rd October, 2014 and accompanying tenement maps supplied by an independent tenement manager, Mr Juan Bedmar. Mr Olivares is a Director of White Star Chile SCM and is not considered to be independent. CSA has relied on these sources in reaching its valuations and has not independently verified the information provided. The maps are presented in UTM PSAD56 Zone 19.

The Nany Project tenements are summarized in Table 11. They consist of a total of 7 fully constituted exploitation tenements (mensuras), 9 tenements in the process of mensurada, and 1 exploration tenement (pedimento) under petition for an aggregate area of 688 ha, of which 382 ha is uncontested (Figure 19). There are many overlapping tenements in this area and it is not clear how much of the total area is uncontested.

In addition to its wholly-owned tenements, Whitestar has been exploring adjacent tenements controlled by Inversiones Cisnes under a joint venture agreement, but has no expenditure commitments and holds no interests in those properties.

Table 11: Tenement Summary for the Nany Project of September 30, 2014

Name or number	Claim Type	Status	Date granted	Expiry date	Area Granted	% held by Whitestar
NANY 1 AL 12	Mensura	Granted	19/10/1990		48	100%
NANY 1, 1 AL 9	Manifestacion	In progress			32	100%
NANY 2, 1 AL 13	Manifestacion	In progress			56	100%
NANY 3, 1 AL 10	Manifestacion	In progress			50	100%
NANY 4, 1 AL 11	Manifestacion	In progress			38	100%
NANY A, 1 AL 3	Manifestacion	In progress			3	100%
NANY B 1 AL 5	Manifestacion	In progress			15	100%
NANY C, 1 AL 5	Manifestacion	In progress			15	100%
NANY D, 1 AL 5	Mensura	Granted	20/12/2013		10	100%
NANY E 1 AL 5	Mensura	Granted	09/05/2014		15	100%
NANY F 1 AL 8	Mensura	Granted	20/12/2013		80	100%
NANY G1	Mensura	Granted	20/12/2013		5	100%
NANY H1	Mensura	Granted	20/12/2013		5	100%
NANY I 1	Manifestacion	In progress			1	100%
DOMINO CERO 1 AL 5	Manifestacion	In progress			15	100%
DOMINO	Pedimento	In progress			300	100%
Total					688	

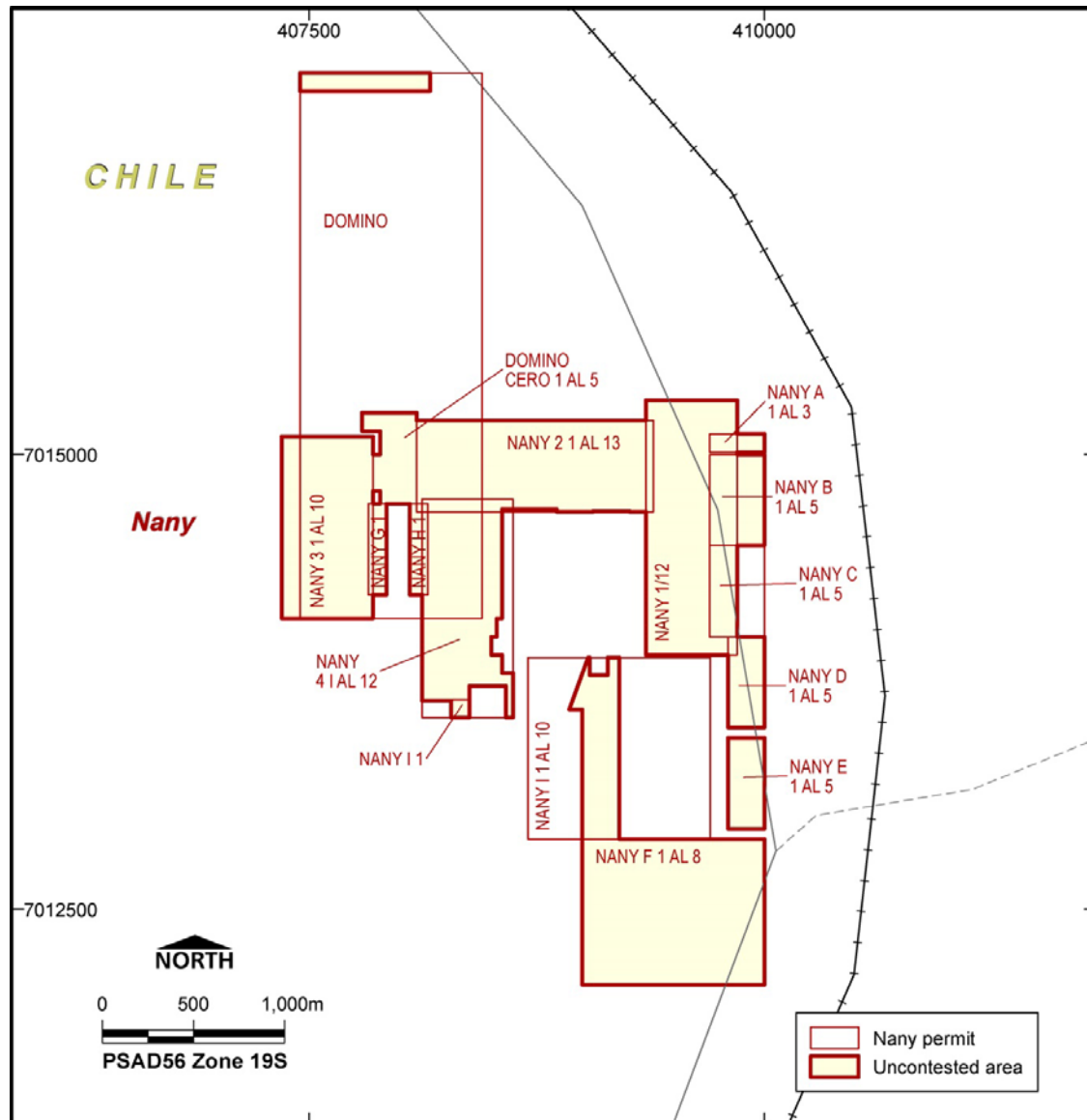


Figure 19: Whitestar's Nany tenements of September 30, 2014.

9.3 Project Geology and Mineralisation

The Nany Project is situated in the Inca de Oro mining district within the Pre-Cordillera. It lies on the western margin of the main Domeyko Fault System and associated porphyry copper belt. The local geology is dominated by Early Tertiary volcanic rocks of the Venado Formation that occur within a broader package of Triassic La Ternera Formation sedimentary rocks, Jurassic Sierra Fraga Formation intermediate volcanic rocks and calcareous shales, and interbedded intermediate volcanic and sedimentary rocks of the mid-Cretaceous Bandurrias Formation (Floyd, 1994). This volcano-sedimentary package was intruded by granodiorites and monzonites of the Occidental Batholith during the Early Tertiary. The bedrock is partially obscured by Quaternary alluvial and colluvial sediments of the Llano de Varas.

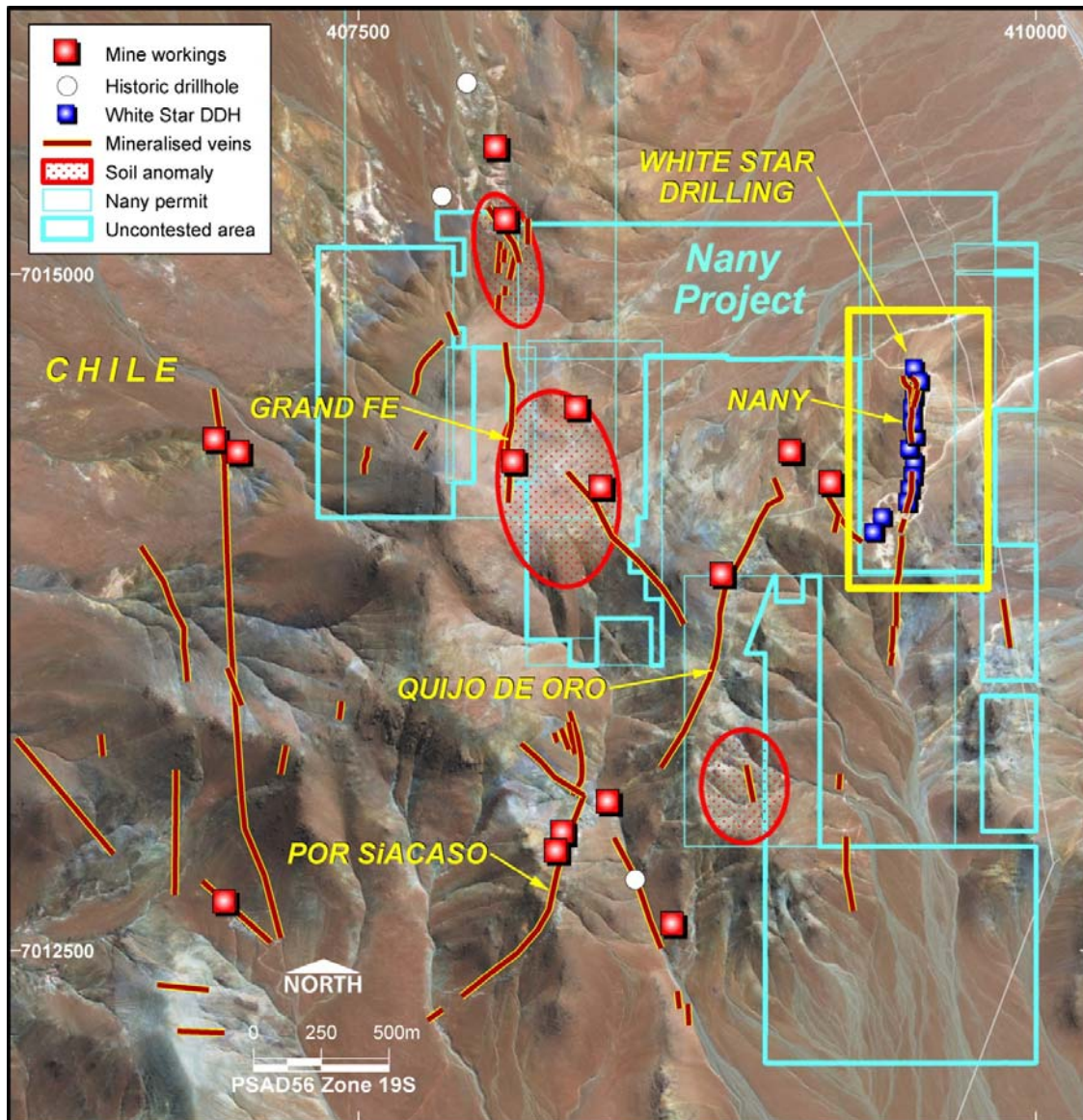


Figure 20: Simplified geology of the Nany Project showing the locations of historic mine workings and drill holes, mineralized veins and Whitestar drill holes (from Whitestar 2012 annual report, available from www.whitestarresources.com.au/annual-reports).

There are a number of gold-bearing quartz-calcite veins on the Nany Project and adjacent Inversiones Cisnes tenements (Figure 20) that are similar to orogenic or low-sulphidation epithermal vein systems. These are generally steeply dipping, strike within an arc between NE and NW, and are characterized by crack-seal textures. The main Nany vein drilled by Whitestar is a north-striking vein with an exposed length of approximately 1 km located in the northeast corner of the tenements. It varies in width both horizontally and vertically, with a maximum width of 15 m, and is often surrounded by a stockwork of veins.

9.4 Past Exploration

There are a number of historic mine workings on the Nany Project and adjacent tenements. Three holes were drilled near the project boundaries, but none are recorded on the Nany Project itself.

Vector Mining S.A. undertook sampling of some of the veins exposed on the Nany Project. The highest gold value reported from 16 samples was 2.5 ppm over 1.6 m. Copper values were typically less than 1,000 ppm.

Sampling undertaken by Mystic Sands Pty Ltd indicated values between 0.3 ppm and 21.8 ppm from 430 samples, although continuous channel samples 4 to 5 m in length ranged between 4–6 ppm Au (Information Memorandum, 2010). Most of these samples were obtained from a series of trenches that cut the Nany vein system.

9.5 Recent Exploration by Whitestar

The Nany Project underwent the most extensive exploration work by Whitestar on its Atacama projects during 2011 and 2012. A summary of exploration work carried out in 2011 and 2012 is given in Table 12.

This work has included an induced polarization (IP) survey to the north of the Nany vein (Figure 21), a soil geochemical survey on a 100 m by 200 m grid pattern over the Nany Project and Inversiones Cisnes tenements, as well as trenching, rock chip sampling and mapping. Twenty diamond drill holes were drilled on the Nany vein in 2011.

Inversion modelling of the IP lines conducted over the Nany vein show a positive chargeability response, but the northern lines failed to detect a continuation of the vein due to interference from the overlying sediments and colluvium. Trenching (Figure 22) did encounter veining just north of the exposed vein system, but further trenching to the north was unsuccessful due to the deep cover.

Significant rock chip data out of a total of 137 analyses (Figure 23) are summarized in Table 13. The samples show a polymetallic assemblage with a silver/gold ratio $\gg 1$ and associated copper, lead and zinc.

The locations of twenty diamond drill holes on the Nany vein are shown in Figure 24 and significant intersections are illustrated in longitudinal section in Figure 25. A summary of significant drill results is provided in Table 14. Reported intervals are down-holes widths and not true widths. These are the most significant values out of a total of 772 drill core samples ranging in copper values from 4 to 21,900 ppm and gold values from 43.1 to <0.01 ppm. Drilling details are summarized in Table 15.

Expenditure to acquire and maintain the Nany Project tenements in good standing during 2011 and 2012 was A\$575,381.

Table 12: Summary of recent exploration activity on the Nany Project

Mapping	Rock Samples	Soil Samples	Trenching	Drilling	Geophysics	Expenditure (A\$)
Completed	137	254*	109 samples over 420 m	1562 samples over 2650 m	11.9 km of IP	1,308,219

* analysed by portable XRF only

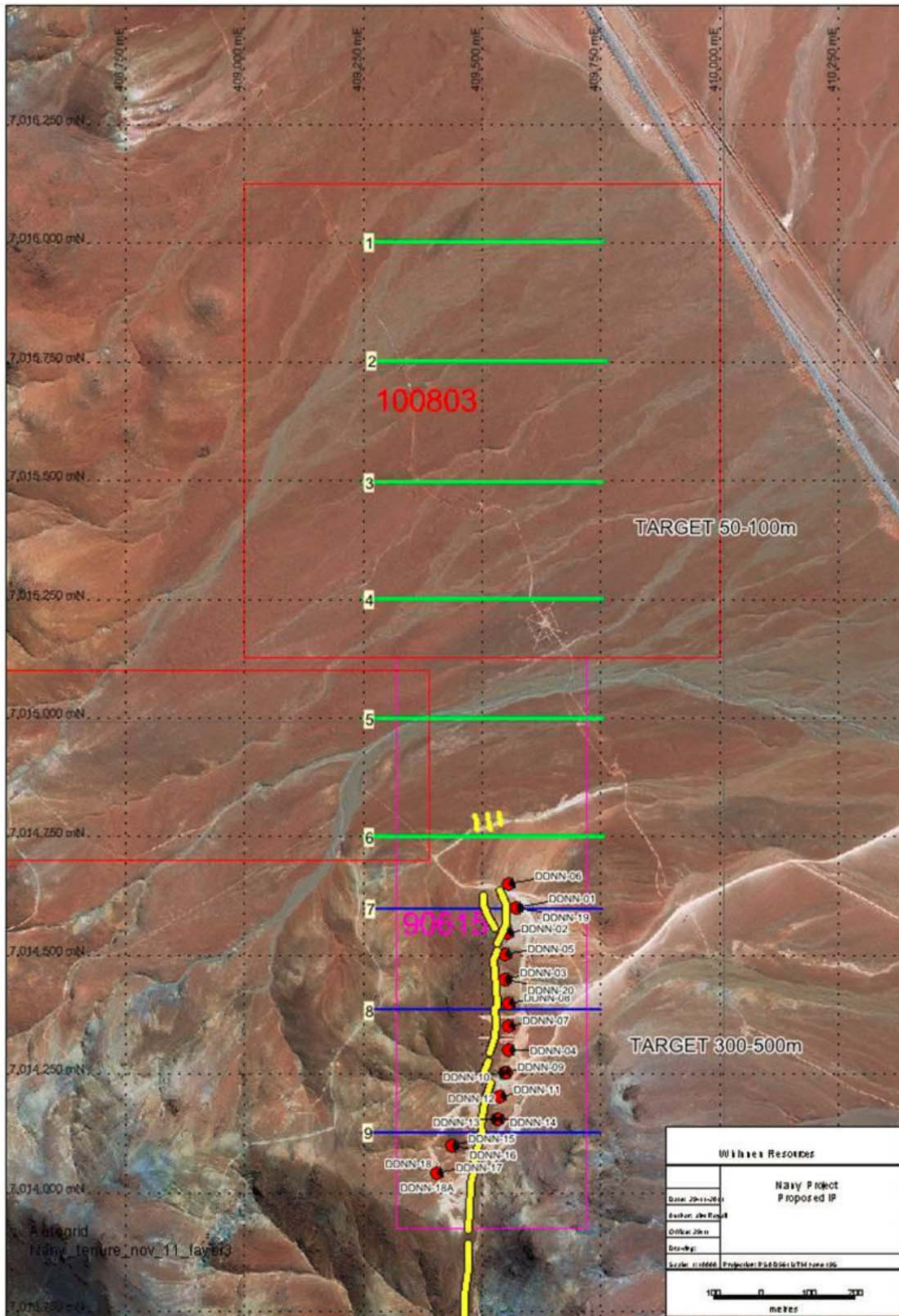


Figure 21: Location of IP lines surveyed on the Nany Project showing the locations of Whitestar drill holes and the Nany vein. The relevant Whitestar tenement is shown in pink outline.

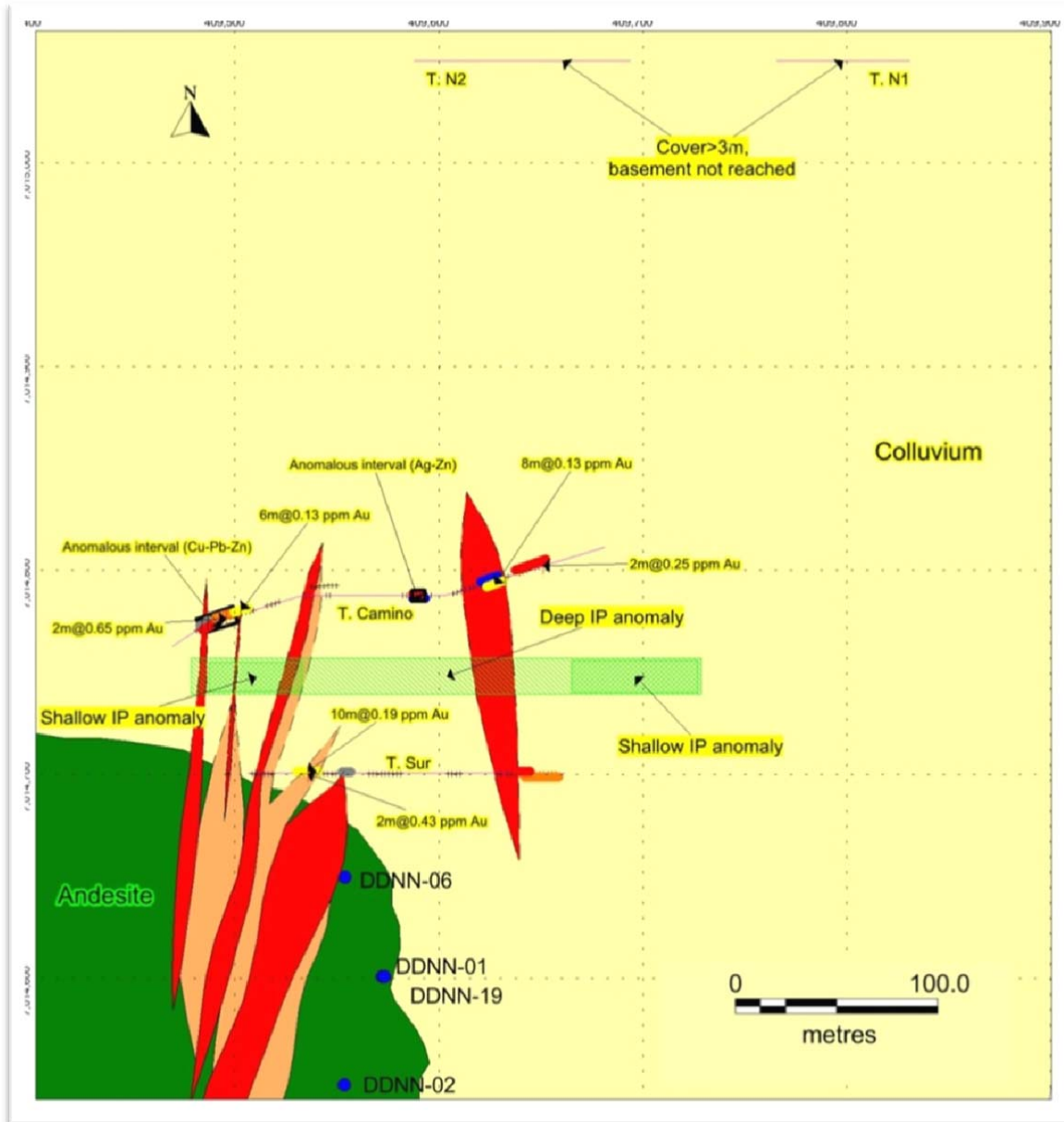


Figure 22: Trenching data from the northern end of the Nany vein system.

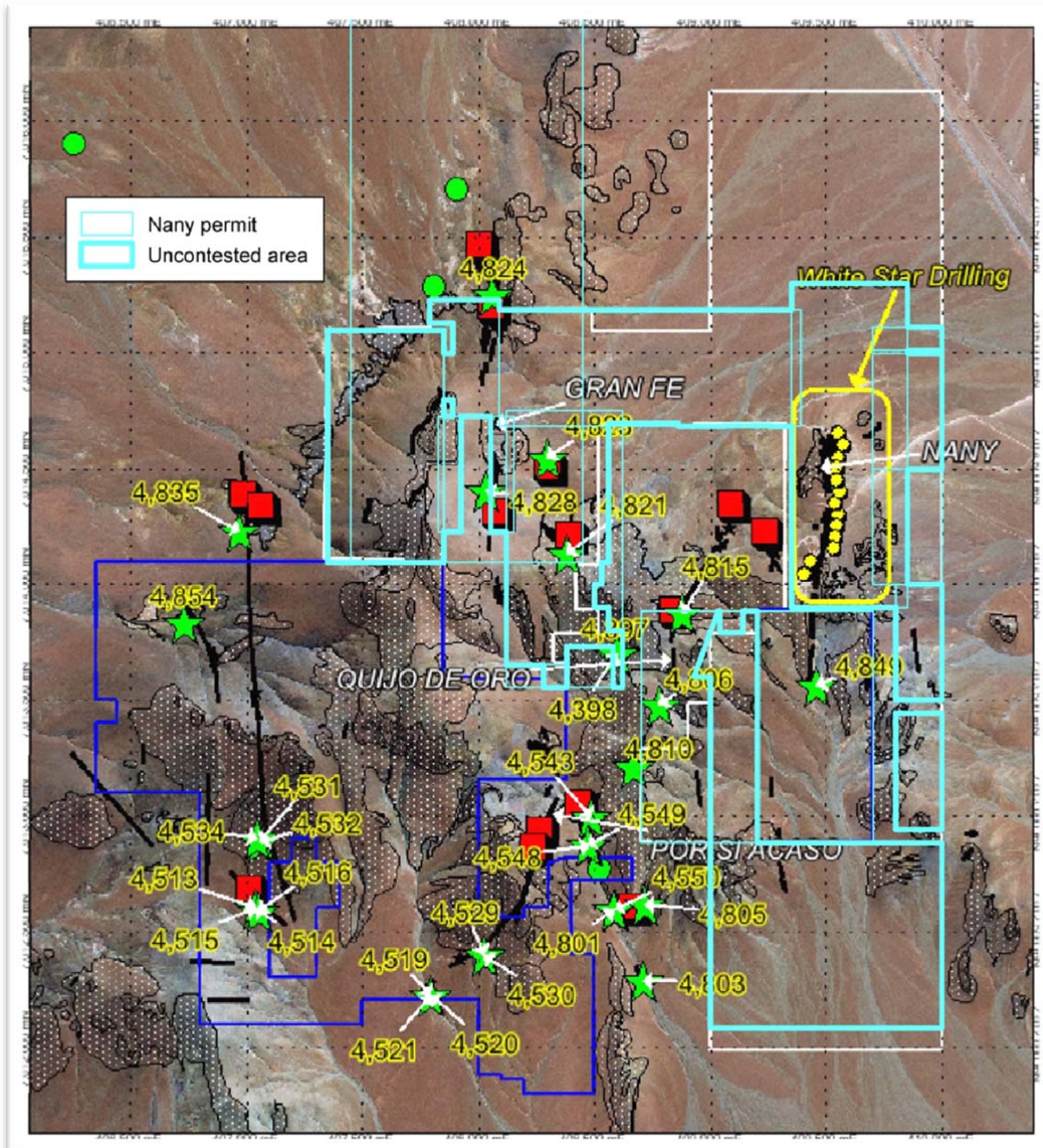


Figure 23: Significant rock chip samples from the Nany Project and adjacent tenement – analytical results are presented in Table 13.

Table 13: Significant rock chip geochemical results from the Nany Project

X	Y	SNo	Au (ppm)	Ag (ppm)	Mo (ppm)	Cu (ppm)	Pb (ppm)	Zn (ppm)
409452	7013557	4849	1.52	16.3	11	292	1058	1101
408032	7014408	4828	0.13	22.3	16	1468	1850	2284
408057	7015252	4824	0.06	8.5	5	316	15660	9354
408293	7014546	4823	0.06	3.4	2	5653	90	278
408380	7014134	4821	0.07	46.2	5	8973	12040	15745
408876	7013873	4815	11.71	9.2	4	228	5656	7159
408775	7013474	4806	1.45	46.3	3	421	1381	1606



Figure 24: Location of diamond drill collars near the Nany vein system. The locations of the trenches are also visible.

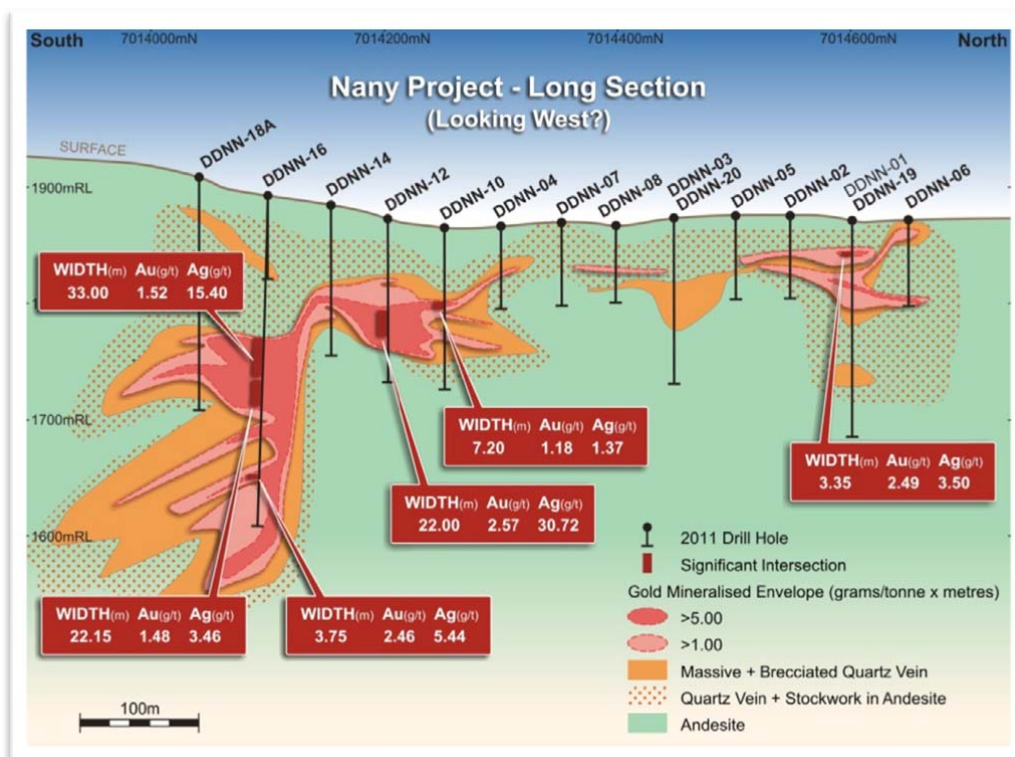


Figure 25: Longitudinal section through the Nany vein system, based on Whitestar drilling results (data from March 2012 Whitestar Quarterly Report, available at <http://www.whitestarresources.com.au/quarterly-reports>)

Table 14: Significant drill core geochemical results from the Nany Project (more comprehensive interim data are contained in the January 2012 Whitestar Quarterly Report, available at <http://www.whitestarresources.com.au/quarterly-reports>)

Hole ID	From (m)	To (m)	Int. (m)	Au (ppm)	Ag (ppm)	Cu (%)	Pb (%)	Zn (%)
DDNN-01	36.83	40.20	3.35	2.49	3.35	0.01	0.01	0.04
DDNN-09	45.13	47.70	2.57	1.12	1.12	0.01	0.02	0.10
DDNN-10	66.64	73.85	7.21	1.18	1.37	0.01	0.04	0.05
	101.34	103.94	2.61	0.14	6.81	0.84	0.59	0.37
DDNN-11	53.55	60.45	6.90	1.47	7.38	0.02	0.08	0.08
DDNN-12	80.57	102.60	22.03	2.57	30.72	0.03	0.13	0.12
	105.35	114.91	9.56	2.02	16.14	0.02	0.08	0.11
DDNN-14	84.04	89.28	5.24	1.30	16.57	0.03	0.15	0.11
DDNN-15	43.45	44.6	1.15	1.27	4.80	0.03	0.52	1.63
DDNN-16	114.40	148.25	33.85	1.52	15.43	0.35	0.18	0.54
Inc.	131.65	132.75	1.10	43.1	74.70	0.53	0.41	0.35
	159.5	181.65	22.15	1.48	3.46	0.02	0.13	0.23
Inc.	179.15	180.4	1.25	7.40	6.60	0.01	0.09	
	186.65	191.75	5.10	1.38	11.21	0.15	1.20	1.07
	209.60	214.35	4.75	1.61	1.69	0.01	0.07	0.01
	253.77	257.52	3.75	2.46	5.44	0.01	0.02	0.06
DDNN-19	49.98	52.15	2.17	1.01	2.22	0.05	0.08	0.07

Table 15: Drill hole details for the Nany Project.

HoleID	East UTM	North UTM	RL UTM	EOH Depth	Dip°	Azim°
DDNN-01	409572.4	7014601	1870.064	121.8	-45	270
DDNN-02	409553.7	7014548	1875.191	100.2	-45	270
DDNN-03	409547	7014449	1872.224	100.1	-45	270
DDNN-04	409554.1	7014302	1866.142	100.2	-45	270
DDNN-05	409547.5	7014501	1874.481	98.8	-45	270
DDNN-06	409554	7014650	1869.704	103.5	-45	270
DDNN-07	409535.9	7014352	1869.259	100.65	-45	270
DDNN-08	409557.3	7014399	1867.423	94.65	-45	270
DDNN-09	409548.4	7014252	1865.447	93.3	-45	270
DDNN-10	409549.7	7014252	1865.344	147.85	-70	270
DDNN-11	409537.8	7014203	1871.784	100.4	-45	270
DDNN-12	409539.3	7014203	1871.86	149.25	-70	270
DDNN-13	409529.1	7014154	1883.567	88.75	-45	270
DDNN-14	409530.5	7014155	1883.455	136.48	-70	270
DDNN-15	409436.8	7014100	1890.996	100.5	-45	90
DDNN-16	409435.4	7014100	1890.975	300.05	-70.38	92.14
DDNN-17	409408.9	7014043	1907.341	105.85	-40	90
DDNN-18	409403.8	7014044	1907.444	40.25	-60	90
DDNN-18A	409403.8	7014044	1907.444	232.7	-60	90
DDNN-19	409573.4	7014601	1870.068	196.13	-70	270
DDNN-20	409548.5	7014449	1872.247	141.35	-70	270

All locations UTM_PSAD56_19S, surveyed by DPGS

9.6 Exploration Potential

The Nany Project lies directly south of the Inca de Oro mining district, which contains gold-copper veins, as well as silver-rich veins of the Chimberos-Tres Puntas area and the Inca de Oro, Dinamarquesa and Carmen (45.8 Mt at 0.34% Cu, 0.34 ppm Au, 1 ppm Ag; http://www.panaust.com.au/sites/default/files/carmen_copper_gold_deposit_chile.pdf) porphyry copper deposits. Mineralisation is considered to be Late Cretaceous in age (Maksaev et al., 2007) and therefore likely post-dates the main period of IOCG mineralisation in the Coastal Cordillera (Mpodozis and Cornejo, 2012).

In the absence of high level intrusive rocks or alteration indicative of porphyry copper mineralisation, the most likely exploration potential of the Nany Project is for epithermal silver-gold deposits similar to those observed in the Chimberos-Tres Puntas area and the Inca de Oro (e.g. Porsiacaso).

9.7 Exploration Programme and Budgets

There has been no allocation for expenditure on exploration work for the Nany Project in 2014. A detailed ground magnetic survey is required to fully assess the exploration potential of the Nany Project. The estimated direct cost to complete the conversion of the remaining pedimentos to mensuras and maintain the tenements in good standing is A\$3,951 using an exchange rate of 530 Chilean pesos to A\$1.00 (as of September 22, 2014). This cost does not include tenement administrative, legal costs, or any costs associated with corporate administration in Chile or Australia.

10 Potential Liabilities and Risks

The greatest risk associated with early stage exploration projects is the likelihood that nothing of economic significance will be discovered. This risk diminishes as exploration progresses and more information becomes available, but at all stages projects must be reviewed and their potential re-assessed based on the latest information available. While there is ample evidence of historical workings on most of the Projects subject to this review, in only a few cases have exploration targets been defined on the basis of modern exploration methodology. Such information is generally considered to add value to exploration properties, but there is also a risk that exploration will fail to generate targets worthy of further investigation.

All five of the Whitestar properties are located at the southern edge of the Atacama Desert and range in elevation from 500 masl to around 3000 masl. A source of water for continuing exploration and eventual development in the event that economically viable mineralisation is discovered is a major source of general risk in the third region of Chile.

The mining law in Chile allows for the possibility that tenements may be claimed by others if overlying third party pedimentos are not challenged or if the tenements are not kept in good standing. This situation requires constant monitoring of the weekly mining bulletins and decisive action by tenement managers and legal representatives in Chile. It is our understanding that Whitestar currently retains the services of a tenement manager, Juan Bedmar, in Chile to monitor the tenements for them.

A base acquisition value for the tenements used for the Geoscientific Factor method is based on the cost of acquiring, progressing and maintaining patented claims within Chilean mining law. This provides an underpinning for any additional value added by geological setting and prospectivity, and assumes that the tenements are currently compliant with Chilean mining law and will continue to be maintained in good standing going forward.

The total area claimed by White Star Resources (127.8 km²) has been used for the valuation. However, this total area is significantly greater than the area of 98 km², which is the area of preferred rights that is not disputed by 3rd parties. Therefore, a potential risk in this valuation is that the full 127.8 km² is not eventually awarded to White Star Resources.

11 Valuation

Mineral Assets are defined in the VALMIN Code as all property including, but not limited to real property, intellectual property, and/or mining and exploration tenements held or acquired in connection with the exploration, development and/or production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

Business valuers typically define market value as “The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm’s length.” The accounting criterion for a market valuation is that it is an assessment of “fair value”, which is defined in the accounting standards as “the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction.” The VALMIN Code defines the Value of a Mineral Asset as its Fair Market Value, which is the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the Expert or Specialist reached in accordance with the provisions of the VALMIN Code, the Mineral Asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

Fair Market Value usually consists of two components, the underlying or Technical Value, and a premium or discount relating to market, strategic or other considerations. The VALMIN Code recommends that a preferred or most likely value be selected as the most likely figure within a range after taking into account those factors which might impact on Value.

The concept of Fair Market Value hinges upon the notion of an asset changing hands in an arm's length transaction. Fair Market Value must therefore take into account, inter alia, market considerations, which can only be determined by reference to "comparable transactions". Generally, truly comparable transactions for Mineral Assets are difficult to identify due to the infrequency of transactions involving producing assets and/or resources, the great diversity of mineral exploration properties, the stage to which their evaluation has progressed, perceptions of prospectivity, tenement types, the commodity involved and so on.

For exploration tenements, the notion of Value is very often based on considerations unrelated to the amount of cash which might change hands in the event of an outright sale, and in fact, for the majority of tenements being valued, there is unlikely to be any "cash equivalent of some other consideration". Whilst acknowledging these limitations, CSA has identified what it considers to be comparable transactions that have been used in assessing the Values to be attributed to the Mineral Assets.

CSA's Valuations are based on information provided by Whitestar and public domain information. This information has been supplemented by independent enquiries, but has not been independently verified. No audit of any financial data has been conducted. The Valuations discussed in this Report have been prepared at a Valuation Date of 30th September 2014. It is stressed that the Values are opinions as to likely values, not absolute values, which can only be tested by going to the market.

11.1 Valuation Methods for Exploration Projects

The choice of valuation methodology applied to mineral assets, including exploration licences, will depend on the amount of data available and the reliability of that data.

The VALMIN Code classifies mineral assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, as listed below:

- **"Exploration Areas"** – properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.
- **"Advanced Exploration Areas"** – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not have been made but sufficient work will have been undertaken on, at least, one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the projects to the resource category.
- **"Pre-Development Projects"** – properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made.
- **"Development Projects"** – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.
- **"Operating Mines"** - mineral properties, particularly mines and processing plants that have been commissioned and are in production.

Each of these different categories will require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived “fair market valuation”.

The Fair Market Value of Exploration Properties and Undeveloped Mineral Resources can be determined by four general approaches: Cost; Market; Geoscience Factor or Income:

- **Appraised Value or Exploration Expenditure Method** considers the costs and results of historical exploration.

The Appraised Value Method utilises a Multiple of Exploration Expenditure (“MEE”) which involves the allocation of a premium or discount to past expenditure through the use of the Prospectivity Enhancement Multiplier (“PEM”). This involves a factor which is directly related to the success (or failure) of the exploration completed to date, during the life of the current tenements.

Guidelines for the selection of a PEM factor have been proposed by several authors in the field of mineral asset valuation (Onley, 1994). Table 16 lists the PEM factors and criteria used in this report.

Table 16: Prospectivity Enhancement Multiplier (PEM) Factors

PEM Range	Criteria
0.2–0.5	Exploration (past & present) has downgraded the tenement prospectivity, no mineralisation identified
0.5–1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0–1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3–1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical activities)
1.5–2.0	Scout drilling (RAB, aircore, RCP) has identified interesting intersections of mineralisation
2.0–2.5	Detailed drilling has defined targets with potential economic interest
2.5–3.0	A Mineral Resource has been estimated at Inferred JORC category, no concept or scoping study has been completed
3.0–4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Pre-feasibility Study
4.0–5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

- **Market Approach Method or Comparable Transactions** looks at prior transactions for the property and recent arm’s length transactions for comparable properties.

The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an “arm’s length” transaction, for either cash or shares.

In an exploration joint venture or farm-in, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder. The joint venture or farm-in terms, of themselves, do not represent the Value of the tenements concerned. To determine a Value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some practitioners invoke complex assessments of the likelihood that commitments will be met, these are difficult to justify at the outset of a joint venture, and it seems more reasonable to assume a 50:50 chance that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a 50% discount may be applied to future committed exploration, which is then “grossed up” according to the interest to be

earned to derive an estimate of the Value of the tenements at the time that the agreement was entered into.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted.

The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value as a result of subsequent exploration. Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any Value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any Value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

High quality mineral assets are likely to trade at a premium over the general market. On the other hand exploration tenements that have no defined attributes apart from interesting geology or a "good address" may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies.

- **Geoscience Factor Method** seeks to rank and weight geological aspects, including proximity to mines, deposits and the significance of the camp and the commodity sought.

The Geoscience Factor (or Kilburn) method provides an approach for the technical valuation of the exploration potential of mineral properties, on which there are no defined resources.

Valuation is based upon a calculation in which the geological prospectivity, commodity markets, and mineral property markets are assessed independently. The Kilburn method is essentially a technique to define a Value based upon geological prospectivity. The method appraises a variety of mineral property characteristics:

Location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies:

Location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralisation known to exist on the property being valued:

- Number and relative position of anomalies on the property being valued;
- Geological models appropriate to the property being valued.
- The Geoscientific Factor method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors (Table 18).

The Basic Acquisition Cost ("BAC") is an important input to the Kilburn Method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environmental etc.) and statutory expenditure for a period of 12 months. Each factor is then multiplied serially by the BAC to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

- **The Rule-of-Thumb (Yardstick) Method** is relevant to exploration properties where some data on tonnage and grade exist may be valued by methods that employ the concept of an arbitrarily ascribed current in-situ net value to any Reserves (or Resources) outlined within the tenement (Lawrence 2001, 2012).

Rules-of-Thumb (Yardstick) Methods are commonly used where a Mineral Resource remains in the Inferred category and available technical/economic information is limited. This approach ascribes a heavily discounted in situ value to the Resources, based upon a subjective estimate of the future profit or net value (say per tonne of ore) to derive a rule-of-thumb.

This yardstick multiplier factor applied to the Resources delineated (depending upon category) varies depending on the commodity. Typically a range from 0.4–3 per cent is used for base metals and PGM, whereas for gold and diamonds a range of 2–4.5 per cent is used. The method estimates the in situ gross metal content value of the mineralisation delineated (using the spot metal price and appropriate metal equivalents for polymetallic mineralisation as at the valuation date).

The chosen percentage is based upon the valuer's risk assessment of the assigned JORC Code's Resource category, the commodity's likely extraction and treatment costs, availability/proximity of transport and other infrastructure (particularly a suitable processing facility), physiography and maturity of the mineral field, as well as the depth of the potential mining operation.

- **The Income Approach** is relevant to exploration properties on which undeveloped Mineral Resources have been identified by drilling. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit and discounting to the present day ("DCF") and determining a Net Present Value ("NPV").

The Income Approach is not appropriate for properties without Mineral Resources.

Regardless of the technical application of various valuation methods and guidelines, the valuer should strive to adequately reflect the carefully considered risks and potentials of the various projects in the valuation ranges and the preferred values, with the overriding objective of determining the "fair market value".

Table 17 shows the valuation approaches that are generally considered appropriate to apply to each type of mineral property.

Table 17: Valuation Approaches for different Types of Mineral Properties (CIMVAL, 2003)

Valuation Approach	Exploration Properties	Mineral Resource Properties	Development Properties	Production Properties
Income	No	In some cases	Yes	Yes
Market	Yes	Yes	Yes	Yes
Cost	Yes	In some cases	No	No

Table 18: Geoscientific Factor Ranking

Rating	Address/Off Property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.5	Very little chance of mineralisation; concept unsuitable to the environment	Very little chance of mineralisation; concept unsuitable to the environment	Extensive previous exploration with poor results	Generally unfavourable lithology No alteration of interest
1	Exploration model support; Indications of prospectivity Concept validated	Exploration model support; Indications of prospectivity Concept validated	Extensive previous exploration with encouraging results Regional targets	Deep Cover; But generally favourable lithology/alteration (70%)
1.5	Recon (RAB/AC) drilling with some scattered favourable results Minor Workings	Exploratory Sampling with encouragement	Several early stage targets outlined from geochemistry & geophysics	Shallow cover Generally favourable lithology/alteration 50-60%
2	Several Old Workings Significant RCP drilling leading to advanced project	Several Old Workings Recon drilling or RCP drilling with encouraging intersections	Several well defined targets supported by recon drilling data	Exposed favourable lithology/alteration
2.5	Abundant Workings Grid drilling with encouraging results on adjacent sections	Abundant Workings Core drilling after RCP with encouragement	Several well defined targets with encouraging drilling results	Strongly favourable lithology, alteration
3	Mineral Resource areas defined	Advanced Res Def. drilling (early stages)	Several significant sub-economic targets No indication of 'size'	Generally favourable lithology with structures along strike of a major mine; Very prospective geology
3.5	Abundant Workings/mines with significant historical production Adjacent to known mineralisation at PFS stage	Abundant Workings/mines with significant historical production Mineral Resource areas defined	Several significant sub-economic targets Potential for significant 'size' Early stage drilling	
4	Along strike or adjacent to Resources at DFS stage	Adjacent to known mineralisation at PFS stage	Marginally economic targets of significant 'size' advanced drilling	
4.5	Adjacent to development stage project	Along strike or adjacent to Resources at DFS stage	Marginal economic targets of significant 'size' Well drilled Inferred Resources	
5	Along strike from operating major mine(s)	Adjacent to development stage project	Several significant ore grade co- relatable intersections	

11.2 Valuation of Mineral Assets

Following a review of publicly available information, and technical data as provided by Whitestar, The Geoscience Factor Approach, Appraised Value and the Market Approach Methods were reviewed for their suitability to the Project.

The Nany Project is classified as an “Advanced Exploration Area” by CSA, whereas the Amigo, Condor, Dundee and Henry Projects are classified as “Exploration Areas” due to the limited amount of work completed in each of these project areas.

It is the opinion of CSA that the Market Approach generally provides the most reliable indicator of the Fair Market Value for appraising mineral assets at the exploration stage. This is because it is based on actual transactions where mineral assets have changed hands between willing sellers and willing buyers as part of an arm’s length transaction.

However, the Whitestar projects cover a range of prospects and deposits both in terms of maturity and deposit type/commodity. Therefore it was decided to review the outcomes of the Market Approach, the Geoscience Factor and the Appraised Value Methods as a comparison and cross check.

11.2.1 Previous Valuations

CSA is not aware, nor have we been made aware, of any previous valuations completed on Whitestar’s tenement portfolio.

11.2.2 Tenements Included in the Valuation

Exploration tenements have not been included in the valuation where tenure or permits have not been granted to the relevant company and the company does not therefore have any ownership over tenement mineral assets or any exploration value within the tenements. Note that Whitestar does hold granted exploration licences (Pedimentos) underlying their current Manifestacion and Mensura applications. While a tenement is under application there is uncertainty as to whether it will be granted or not all the area applied for will be granted due to environmental or other reasons. Tenements to which Whitestar currently hold title, but which are contested due to overlapping subsequent claims, have been included.

11.2.3 Market Approach – Analysis of Comparable Transactions

CSA has conducted a review of recent publicly available market transactions involving exploration projects in Chile. A total of 13 transactions were identified as potentially relevant to Whitestar’s Projects. The transactions were reported over the period January 2010 to September 2014. Initial analysis of the transactions showed that 11 of the original 13 transactions involved properties that were not sufficiently comparable to Whitestar’s package of projects, primarily because these transactions involved relatively small properties that included declared Resources, and CSA believes that the value ascribed to the properties was primarily based on the declared Resources.

Summary information about the two Chilean transactions deemed comparable, as well as potentially comparable Australian transactions during the relevant timeframe, are provided in Appendix 2 along with the implied cash-equivalent values per km².

The transactions chosen cover a range of gold and base metal projects in Chile and Australia, including projects with similar geology and targets as Whitestar’s projects.

Whilst most of the transactions involved consideration of shares with or without some cash component, some of the transactions are farm-ins and in these instances the value of future committed expenditure has been discounted by 50% reflecting the uncertainty in the full amounts being expended.

The review of the relevant transactions highlights a wide range of acquisition values (A\$6,357 per km² to A\$54,320 per km²) for comparable Chilean projects. The large range of implied values is a reflection of the range of maturity of the projects, the area of the projects (with small projects having higher implied values because there appears to be a floor price for projects) and also the variation in gold and copper prices (and market sentiment) over the past five years, as well as the nature of the transaction with farm-ins attracting higher values.

In addition to changes in market perception of prospectivity, deal values are also affected by general market factors such as access to capital and commodity prices and other issues e.g. premiums associated with company takeovers.

CSA has chosen an implied value range of A\$35,000 to A\$54,000 per km² for the Advanced Exploration Area i.e. Nany. For Amigo, Condor, Dundee and Henry, a much lower implied value range of A\$6,000 to A\$35,000 was selected due to the grassroots nature of the project.

A summary of the implied values using the Market Approach are provided in Table 19.

For the **Nany Project**, which has a range of targets and generally quite advanced exploration in the prospect testing and resource definition stages, a range of Implied Values from A\$35,000–A\$54,000 per km² with a preferred value of A\$40,000 per km² has been chosen.

For the **Amigo, Condor, Dundee and Henry Projects**, which are still at a comparatively early stage of exploration, a range of Implied Values from A\$6,000–A\$35,000 per km² with a preferred value of A\$15,000 per km² has been chosen.

Table 19: Summary of Valuations using the Market Approach

Project	Stage	Granted Area	Implied Values			Valuation using Market Approach		
		km ²	Low	High	Pref.	Low	High	Pref.
			A\$/km2			A\$ Million		
Amigo	Exploration	28	6,000	35,000	15,000	0.17	0.98	0.42
Condor	Exploration	23.13	6,000	35,000	15,000	0.14	0.81	0.35
Dundee	Exploration	1	6,000	35,000	15,000	0.01	0.04	0.02
Henry	Exploration	68.76	6,000	35,000	15,000	0.41	2.41	1.03
Nany	Advanced Exploration	6.88	35,000	54,000	40,000	0.24	0.37	0.28
Totals		127.77				0.97	4.61	2.1

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

In addition to considering the area of the granted tenements, CSA has also conducted a valuation using the Market Approach for just the uncontested areas, as presented in Table 20.

Table 20: Summary of Valuations of uncontested areas using the Market Approach

Project	Stage	Uncontested Area	Implied Values			Valuation using Market Approach		
			Low	High	Pref.	Low	High	Pref.
		km ²	A\$/km ²			A\$ Million		
Amigo	Exploration	25.18	6,000	35,000	15,000	0.15	0.88	0.38
Condor	Exploration	19.45	6,000	35,000	15,000	0.12	0.68	0.29
Dundee	Exploration	1	6,000	35,000	15,000	0.01	0.04	0.02
Henry	Exploration	48.53	6,000	35,000	15,000	0.29	1.70	0.73
Nany	Advanced Exploration	3.82	35,000	54,000	40,000	0.13	0.21	0.15
Totals		97.98				0.7	3.51	1.57

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

11.2.4 Appraised Value Method (Multiples of Exploration Expenditure)

Past exploration expenditure on a tenement can establish a base value to which an assessment of the effectiveness of exploration can be applied to derive a value for the asset. Where exploration has produced documented results a Productivity Enhancement Multiplier ("PEM") can be derived that incorporates the valuer's judgement of the prospectivity of the asset.

Reported exploration expenditure on the Amigo, Condor, Dundee, Henry and Nany granted tenements (during the life of these current licences) has totalled approximately A\$0.19 million, A\$0.26 million, A\$0.06 million, A\$0.38 million and A\$1.19 million respectively. These costs have been incurred over the past three years.

Note that the Appraised Value Method generates a 'technical valuation', which excludes any premium or discount to account for market strategic or other considerations.

Data and PEMs for the Appraised Values method are presented in Appendix 3 and the values derived from this method are summarised in Table 21.

Table 21: Summary of Valuations using the Appraised Value Method

Project	Stage	Granted Area	Valuation using Appraised Value Method		
			Low	High	Pref.
		km ²	A\$ Million		
Amigo	Exploration	28	0.24	0.30	0.28
Condor	Exploration	23.13	0.26	0.33	0.31
Dundee	Exploration	1	0.06	0.06	0.06
Henry	Exploration	68.76	0.49	0.60	0.57
Nany	Advanced Exploration	6.88	1.78	2.97	2.50
Totals		127.77	2.83	4.26	3.72

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

11.2.5 Geoscientific Factor Approach – ‘Kilburn’ Method

The Geoscientific Factor Method of valuation requires the consideration of those aspects of a mineral property which enhance or downgrade the intrinsic value of the property. The first and key aspect of the Geoscientific Factor method described by Kilburn (1990) is the derivation of the average Base Acquisition Cost ("BAC") that is the basis for the valuation. Goulevitch and Eupene (1994) discuss the derivation of BAC. The BAC represents the average cost to identify, apply for and retain a base unit of area of tenement.

A Basic Acquisition Cost ("BAC") for Chilean exploration licences has been estimated using the following data:

- Based on Whitestar's holdings and the Chilean mining code, it is assumed that the average ages of licences in Chile is 3 years, 1 year and 5 years respectively for Pedimento, Manifestacion and Mensura licences, and the average size is approximately 2,000 ha, 500 ha and 300 ha, respectively.
- An average cost to identify an EL of interest of A\$10,000 was chosen giving a cost of approximately A\$500 per km² for an average exploration licence (Pedimento). As the exploitation licences (Mensura) are generally converted from exploration licences, going through the Manifestacion stage, a lower identification cost of A\$2,000 was chosen for these, giving costs of approximately A\$670 per km² and A\$400 per km² for Mensura and Manifestacion licences respectively.
- The cost to acquire an average EL in Chile currently includes the costs of application.
- The holding cost of the average Chilean licence includes a rent of approximately A\$802 per km² per annum for Mensura and Manifestacion licences, and approximately A\$187 per km² per annum for Pedimento licences.
- A small ongoing cost for tenement administration of A\$500 per licence was also included.

Altogether this gives an assumed BAC for the average Chilean licence of A\$8,844 per km² for patented Exploitation licences (Mensura), A\$4,502 per km² for exploration licences undergoing conversion to Exploitation licences (Manifestacion), and A\$3,187 per km² for Exploration licences (Pedimento) as shown in Table 22.

Table 22: Estimation of the BAC for Chilean tenements

Type of licence		Mensura	Manifestacion	Pedimento
Average licence size	ha	300	500	2000
Average licence size	km ²	3	5	20
Average licence age	yr.	5	1	3
Deemed average Cost of Identification of a licence	A\$ per EL	2000	2000	10,000
Application Fee and administrative costs	A\$ per ha	30	30	20
Costs of Landowner notices & dealing with queries	A\$ per EL	1000	1000	1000
Tenement Rental	A\$ per km ²	802.14	802.14	187.17
Administrative Costs	A\$ per EL	500	500	500
Total Costs for an Average EL in Chile	A\$ Per EL	26,532	22,511	63,730
BAC of Average EL	A\$ per km ²	8,844	4,502	3,187

An assessment of the prospectivity of the tenements held by Whitestar was completed using a modified Geoscientific Factor approach. The analysis comprised a review of factors including:

- Regional mineralisation, old and current workings and the validity of the exploration models proposed;
- Local mineralisation within the tenements and the applicability of the exploration models within the licences;
- Identified anomalies and targets warranting follow-up within the tenements;
- Geological factors pertinent to the licences such as the host rocks, alteration styles and structures present, and the difficulties presented by cover sequences and other factors.

The Value Factors are assessed against the set scale shown in Table 18, and are multiplied together to derive a “prospectivity index”. CSA has also applied a Market Factor of 0.5 in deriving a fair market value from the geoscientific-factor derived technical value. The Market Factor of 0.5 was chosen as it this yields an average value per square kilometre for the portfolio of tenements that lies within the range derived from the market analysis, and also fits CSA’s view of where the portfolio should fit within the market range.

There has been significant work completed at Nany with exploration targets and geochemical/geophysical anomalies warranting follow-up exploration activities. The other areas are still at an early exploration stage, but geologically are interpreted to be prospective.

Based on this data and the work completed so far, the Geoscientific Factor Method has been used to derive values for the Whitestar project tenements; Table 23 summarises the results.

Table 23: Summary of Valuations Using the Geoscientific Factor Method

Project	Granted Area	Valuation using Geoscientific Factor Method		
		Low	High	Pref.
	km ²	A\$ Million		
Amigo	28	0.04	0.32	0.18
Condor	23.13	0.05	0.57	0.31
Dundee	1	0.01	0.03	0.02
Henry	68.76	0.78	5.57	3.18
Nany	6.88	0.09	0.27	0.18
Totals	127.77	0.98	6.76	3.87

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

The valuations derived by the Geoscientific Factor Method provide a broader range and higher absolute values than the Market Approach and the Appraised Value Approach. This reflects the perceived prospectivity of the project areas and recognised the identification of mineralisation on the projects. However, as discussed earlier, no single valuation approach is considered definitive for the Whitestar projects and the ranges from all three valuation methods have been considered in determining the preferred values for the projects.

11.2.6 Preferred Value of White Star Resources Projects

CSA concludes that Whitestar's tenement portfolio presents exposure to an attractive range of grassroots to advanced exploration plays. Further exploration and evaluation work is warranted on all of the Projects.

In determining the Technical Value of Whitestar's Projects CSA considered several valuation methods including the Market Approach, the Appraised Value, and the Geoscientific Factor as detailed in the preceding sections.

The Whitestar projects cover a range of mineralisation styles, target types and deposits both in terms of maturity and deposit type/commodity. For this reason, and based on our assessment, we have selected preferred Fair Market Values after considering the ranges of values from each approach.

CSA's preferred Fair Market Valuations for each project are provided in Table 24. These have been derived by considering the implied valuation ranges and preferred values from all three methods for each project in isolation, choosing the range and preferred value for each project individually. Therefore the valuation ranges and preferred values for each project were influenced by the various methods to differing degrees, with the most suitable values chosen from within the total range, based on the project's individual profile.

Table 24: Summary of Preferred Fair Market Valuations as at 30th September 2014

Project	Valuation		
	Low	High	Pref.
	A\$ Million		
Amigo	0.15	0.95	0.40
Condor	0.15	0.80	0.35
Dundee	0.02	0.06	0.04
Henry	0.50	2.00	1.00
Nany	0.20	1.20	0.50
Totals	1.0	5.0	2.3

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

There is significant range in the values derived for Whitestar's Projects. CSA has considered this range and concludes that it provides a reasonable representation of possible valuation outcomes for the projects, given the uncertainties inherent in valuing early stage exploration 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.

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Glossary

For definitions of technical terms the reader is directed to online resources such as Wikipedia (www.wikipedia.org).

Appendix 1. Tenements



QUINZIO ABOGADOS

WHITE STAR CHILE SCM MINING PROJECTS REVIEW

Legal Report

ABSTRACT

This document contains relevant information and legal report regarding to following mining projects owned by the company White Star Chile S.C.M.: (i) Project “Amigo”, (ii) Project “Condor”; (iii) Project “Dundee”; (iv) Project “Henry”; and (v) Project “Nany”.

October, 3rd, 2013.

Our law firm has been requested to issue a legal report concerning the status of the following mining projects owned by White Star Chile S.C.M.: (i) Project “Amigo”, (ii) Project “Condor”; (iii) Project “Dundee”; (iv) Project “Henry”; and (v) Project “Nany”. All the mining concessions that conform each of the aforementioned mining projects are controlled by the company White Star Chile SCM in accordance with the terms stated herein.

This legal report covers matters related to the good standing of the mining properties that conform each mining project, awarding procedures for in respect to the mining concessions in process of award, and ownership of the titles for each mining concession, awarded or in process of award by the company White Star Chile SCM.

The opinions issued in respect of the Mining Properties herein are based upon the information supplied by White Star SCM, along with their technical and professional personnel. Also, information regarding this report was obtained directly by this Law Office from its technical department.

I. EXECUTIVE SUMMARY:

After the analysis of the information and documents recollected until this day, we can deliver the following conclusions:

Mining Property Analysis.

We can inform that the company “White Star Chile SCM”, a contractual mining company duly awarded and incorporated according to the Chilean legislation, is the current owner of:

(i) Project “Amigo”:

6 Mining Claims (exploitation mining concessions in process of award).

1 Mining Petition (exploration mining concession in process of award).

7 Exploration Mining Concessions awarded.



- (ii) Project “Condor”:
 - 6 Mining Claims (exploitation mining concessions in process of award).
 - 1 Exploration Mining Concession awarded
 - 4 Exploitation Mining Concessions awarded.

- (iii) Project “Dundee”:
 - 1 Mining Claim (exploitation mining concession in process of award).

- (iv) Project “Henry”:
 - 6 Mining Claims (exploitation mining concessions in process of award).
 - 19 Exploration Mining Concessions awarded.
 - 15 Exploitation Mining Concessions awarded.

- (v) Project “Nany”:
 - 9 Mining Claims (exploitation mining concessions in process of award).
 - 1 Mining Petition (exploration mining concession in process of award).
 - 6 Exploitation Mining Concessions awarded.

The mining concessions already granted secure the company first priority over the areas comprehended by each project, and they all have good standing and valid titles.

II. THE MINING PROPERTY SYSTEM IN CHILE.

Within a standard Mining Law classification, the Chilean mining property system might be classified as a “ruled” concession system. Their mining acts are distinguished in exploration and exploitation concessions, permitting the exploration concessions transform in to a mining exploitation concession, or directly request a mining exploitation concession.

The mining property system in Chile is regulated principally by the following laws and regulations:



- (i) Political Constitution of the Republic, article 19 No. 24, paragraphs 6 to 10 (the “PCR”);
- (ii) Constitutional Organic Law No. 18.097 on Mining Concessions (of January 21, 1982) (the “COL”);
- (iii) Mining Code (Law No. 18,248 of October 14, 1983) (The “MC”); and,
- (iv) Regulations of the Mining Code (of February 27, 1987) (the “MCR”).

The basic elements of the mining property system in Chile, considering its nature, constitution and exercise, are the following:

- A. The Mining Concession, considering its concept, juridical nature, procedure of award and terms.
- B. Obligations of the Concessionaire.
- C. Access to the necessary lands for the performance of mining work.
- D. Water rights.
- E. Specific Tax to the Mining Activities.
- F. Stability granted to Foreign Investors.

A. The Mining Concession, concept, juridical nature, procedure of constitution and terms.

The PCR provides that the State of Chile has the absolute, exclusive, unalienable and imprescriptible dominion over all the mines, and the mineral substances determined by COL and subject to State of Chile rights, exploration and exploitation works can occur under mining concessions.

The mining concession is an “in rem” right (“Derecho Real”) on real property different and independent from ownership of surface lands, even if they have the same owner, that is, the separation of the dominion over the mining concession (that gives the right to explore and/or exploit mineral substances) and the ownership of the surface land, where it is intended to perform mining exploration and exploitation work, is confirmed.

The mining concession is transferable and transmissible, susceptible to mortgage and other real rights, and in general, of any act or contract; and is ruled by the same civil laws as the rest of the real estate properties, unless they are contrary to the COL or MC

The mining concessions are awarded in a non-contentious judicial procedure which is briefly explained in the following section of this Report. Such as stated, it can be of two kinds: i) **exploration concessions** and ii) **exploitation concessions**.

The exploration concession has an initial duration of 2 years that can be extended up to 4 years. A requirement for the extension is to waive one-half of the concession surface area. The exploration concessions grants rights to prospect and explore the concession area and also it entitles its concessionaire the right to convert it into an exploitation concession during its effective period.

On the other hand, the exploitation concession or mining claim (also referred to as "Pertenencia") has an indefinite effective period and grants exclusive rights to prospect and mine the concession area. Having an exploration concession is not a prerequisite to apply for an exploitation mining concession.

With respect to the surface comprehended by a mining concession, this must configure a parallelogram of straight angles (square or rectangle) whose capacity, according to the type of concession, may be (i) mining exploration concession: A minimum of 100 hectares and a maximum of 5,000 hectares, per concession, and only a single concession can be requested; or, (ii) mining exploitation concession: The minimum per concession is 1 hectare and the maximum is 10 hectares, a group of several mining claims that comprise up to 1,000 hectares may be requested jointly.

For a concession to enjoy preemptive rights over a given area or portion of the national territory, the awardees must be recognized as a "discoverer". Such quality is granted under Chilean mining law to the petitioner who first starts the procedure to incorporate a mining concession in a specific vacated area and who is granted the claimed mining concession rights. Hence, starting the procedure in an area which is free of mining concessions is critical to be awarded such preemptive rights so as to exercise the powers granted under the concession type.

The Chilean regulations allow the initiation of such concession claim procedures, even if there are preemptive rights in the requested area. More importantly, an exploration mining concession may be obtained where there exists another exploration and/or exploitation concession belonging to a third party, in which case the new and overlapped concession do not have preemptive rights in the area and moreover the annulment of the overlapping concessions may be requested by the preemptive right concessionaire.

As indicated, these mining concessions can be constituted only with respect to the mineral substances that the COL may determine acceptable for exploration and exploitation, called concedable substances, which are defined as all those mineral, metallic and non-metallic substances and, in general, any fossilized substances regardless of the natural form in which they may be found with the exception of those which COL declares as not concedable, which are: (i) liquid or gaseous hydrocarbons, (therefore it does not include mineral coal, which is concedable); (ii) lithium, (iii) deposits of any nature existing in the maritime waters subject to national jurisdiction and (iv) deposits of any kind situated, fully or partially, in zones that, according to the law, are determined as of importance for national safety with mining effects. These substances can only be exploited directly by the State or its enterprises, or through administrative concessions or special operating contracts.

B. Obligations of the Concessionaire (Holder of the mining concession).

The only obligations contemplated in Chilean legislation which must be satisfied by a mining concessionaire is the payment of an annual patent or fee, in fulfillment of the obligation of protection that the PCR imposed on the titleholders of mining concessions (“Amparo”).

With regard to the obligation of Amparo, once the mining concession is constituted, its owner is obliged to comply with such obligation, requirement that is imposed by the State to maintain the mining concession effective and in its patrimony. The regime of Amparo in Chile consists in the payment of an annual advanced patent (“Patente de Amparo” or “Patente Minera”) within the month of March of each year, whose amount varies if it is an exploration or exploitation concession. For each hectare or fraction that comprises an exploration concession, the sum equivalent to 1/50 of a Monthly Tax Unit (“UTM”) per hectare must be paid (approximately US\$1.50 at present exchange rates) and for the same area that the

exploitation concession comprises, the sum equivalent to 1/10 of a UTM/ha (approximately US\$7.70 at present exchange rates) must be paid¹. There is no other obligation in Chile to keep the mining concession in force, such as the minimum investment or performance of a mining activity.

C. Access to the necessary lands for the execution of mining work.

In view of the separation of the property rights of the mining concession and surface land, the MC has established special laws and regulations on this matter. Access to the surface lands is provided during the proceedings carried out for the mining concession, once the mining concession is constituted.

During the proceedings for the constitution of the mining concession the titleholder of a Pedimento (request for exploration mining concession) or Manifestación (request for exploitation mining concession) may carry out all the work that is necessary to constitute the mining concession (the necessary physical recognition for these purposes, which includes the execution of the survey in the case of the Manifestación). Additionally, the titleholder of a Manifestación is authorized to carry out all the necessary work to recognize the mine, becoming owner of the mineral substances that it obtains as a result of these works, but in no case can the titleholder of the Manifestación carry out commercial exploitation of the mineral rights without the prior granting of definitive exploitation concessions. If the owner of the surface land or any other person presents opposition for the petitioner or Manifesting Party to carry out the work referred to, the competent judge must authorize the help of public force if there is a favorable report of SERNAGEOMIN (Servicio Nacional de Geología y Minería) on the need of such work.

Once the mining concession is constituted to carry out exploration and/or exploitation work as the case may be, its titleholder must obtain written permission from the titleholders of surface lands and additionally, if this is the case, from some administrative authorities if the

¹ It must be mentioned that the mining claims whose principal economic interest is in non-metallic substances or metalliferous placers, as well as those constituted on concedable wealth existing in salt deserts, may obtain a reduction and pay only 1/30 UTM/ha (approximately US\$2.40 at present exchange rates). Likewise, the mining claim rented or that are worked by small miners and artisan miners, pay an annual patent of 10.10 UTM (less than US\$0.01).

performance of the work affects or can affect populated places, of public interest or of national security, as detailed in articles 14, 15 and 17 of the MC.

Also, once the mining concession is constituted, it grants the titleholder the right to impose special mining easements on surface lands after a determination of the indemnifications to be paid to the owner of the land, agreed with it or fixed judicially. The mining easements can be of traffic or access, of electric services and of occupation in the terms and scopes of article 120 of the MC. Easements that cannot be imposed on land where permanent construction exists or which are covered by plantations of forests, vineyards and fruits.

D. Water Rights.

The Mining Concessions grant the concessionaire (holder of the mining concession) the right to use the water resources found while developing exploring and/or exploiting, only for the purposes of the exploration and/or exploitation works. In cases where no water resources are found in the course of the mining works, such resource shall be secured by incorporating and/or purchasing water rights from the State of Chile, through the Dirección General de Aguas² by proving both the existence of the water resources requested and the existence of a project justifying the use thereof.

E. Specific Tax to the Mining Activities.

There is a tax applied to persons who carry out mining exploitation on a certain volume of sales of minerals. This tax is progressive and is charged over the “operational income” (net taxable income less operational expenditures) of a mining producer at rates ranging from 0% (annual sales less than 12,000 tonnes of pure copper or its equivalent) to 4.5% (annual sales up to 50,000 tonnes of copper or its equivalent). In the case of mining producers for over and above 50,000 tonnes of copper equivalent per annum, the tax is applied to its “mining operational margin” (concept defined in art. 64 bis of the Income Tax Law) at rates beginning at 5% on operational margins not exceeding 35%, increasing up to 14% if the operational margins exceed 85%. This is a tax applied only to a mining producer and not to mining prospectors. This is the outcome of new Law N° 20.469 of October 21, 2010 which changes the previous Mining Specific Tax applicable since January 1, 2006.

² Water General Bureau

Av. Apoquindo 4775, Piso 10, Of. 1002, Las Condes / Fono-Fax: (56 2) 22061030 - Santiago de Chile

www.quinzio.cl



F. Stability Granted to Foreign Investors.

Chile welcomes foreign investments and for said purposes it provides two different alternatives for protecting the investment and securing to the foreign investor access to the so called formal foreign exchange market. The first alternative is to subscribe with the State a Decree Law Nº 600 contract or “foreign investment contract”, which grants the mining investor that materialize foreign investments over and upon US\$50,000,000, a 15 year period of tax stability of the Special Tax on Mining Activities described under previous letter “E”. The alternative, is to register the foreign investment under Chapter XIV of the Foreign Exchange Regulations of the Central Bank, which grants the foreign investor access to the formal foreign exchange market for remitting abroad profits and capital investment, but does not provide any tax invariability benefit. “Formal” exchange market is the market conformed by banks and financial institutions. Exchange rates for the formal market are not fixed.

III. LEGAL REPORT.

III.1. Project Amigo.

1. Mining Claims.

- i. **“AMIGO 2, 1-30”:** In process of award. Total surface 300 hectares.

Last useful measures to expedite proceedings: Dated 18/02/2012 it was filed to court Record and Survey Map.

Current Status: in technical review of the survey by The National Geological and Mining Bureau.

- ii. **“AMIGO 6, 1-30”:** In process of award. Total surface 300 hectares.

Last useful measures to expedite proceedings: Dated 18/02/2012 it was filed to court Record and Survey Map.

Current Status: in technical review of the survey by The National Geological and Mining Bureau.

- iii. **“AMIGO 8, 1-30”:** In process of award. Total surface 300 hectares.

Last useful measures to expedite proceedings: Dated 18/02/2012 it was filed to court Record and Survey Map.



Current Status: in technical review of the survey by The National Geological and Mining Bureau.

- iv. **“AMIGO 9, 1-20”:** In process of award. Total surface 200 hectares.

Last useful measures to expedite proceedings: Dated 18/02/2012 it was filed to court Record and Survey Map.

Current Status: in technical review of the survey by The National Geological and Mining Bureau.

- v. **“AMIGO 1 A, 1-40”:** In process of award. Total surface 200 hectares.

Last useful measures to expedite proceedings: Dated 14/10/2014 it was paid the fiscal tax according to article 51 of the Chilean Mining Code.

Current Status: Until 14/10/2014 it must be presented the respective request of Survey of this mining claim, in accordance to article 59 of the referred legal body.

- vi. **“AMIGO 7A, 1-60”:** In process of award. Total surface 300 hectares.

Last useful measures to expedite proceedings: Dated 14/10/2014 it was paid the fiscal tax according to article 51 of the Chilean Mining Code.

Current Status: Until 14/10/2014 it must be presented the respective request of Survey of this mining claim, in accordance to article 59 of the referred legal body.

2. Mining Petitions.

- i. **“AMIGO 2”:** In process of award. Total surface 300 hectares.

Last useful measures to expedite proceedings: Dated 18/07/2014 it was requested to court Constitutive Award of this mining petition.

Actual Status: Dated 01/09/2014 The National Geological and Mining Bureau informed positively the technical aspects of this mining petition. Pursuant to article 57 of the Chilean Mining Code, Court must approve the petition and award in consequence the mining exploration concession requested.

3. Exploration Mining Concessions.

- i. **“AMIGO 8”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Caldera. Total surface 300 hectares.

Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 19/05/2016.

- ii. **“AMIGO 6”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Caldera. Total surface 300 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 19/05/2016.
- iii. **“AMIGO 9”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Caldera. Total surface 200 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 19/05/2016.
- iv. **“AMIGO 10”**: Awarded and in good standing, in process of publication in the Official Gazette and registration before the Mines Registrar of Caldera. Total surface 300 hectares.
- v. **“AMIGO 11”**: Awarded and in good standing, in process of publication in the Official Gazette, and registration before the Mines Registrar of Caldera. Total surface 300 hectares.
- vi. **“AMIGO 12”**: Awarded and in good standing, in process of publication in the Official Gazette, and registration before the Mines Registrar of Caldera. Total surface 300 hectares.
- vii. **“AMIGO 13”**: Awarded and in good standing, in process of publication in the Official Gazette, and registration before the Mines Registrar of Caldera. Total surface 300 hectares.



III.2 Project Cóndor.

1. Mining Claims.

- i. **“CONDOR CINCO 1-60”**: In process of award. Total surface 300 hectares.
Last useful measures to expedite proceedings: Dated 24/09/2012 it was filed to court Record and Survey Map.
Current Status: Must proceed for technical review of the survey by The National Geological and Mining Bureau.

- ii. **“CONDOR SEIS, 1-60”**: In process of award. Total surface 300 hectares.
Last useful measures to expedite proceedings: Dated 25/04/2014 it was paid the fiscal tax according to article 51 of the Chilean Mining Code.
Current Status: Until 27/10/2014 it must be presented the respective request of Survey of this mining claim, in accordance to article 59 of the referred legal body.

- iii. **“CONDOR SIETE, 1-60”**: In process of award. Total surface 300 hectares.
Last useful measures to expedite proceedings: Dated 28/05/2014 it was paid the fiscal tax according to article 51 of the Chilean Mining Code.
Current Status: Until 15/11/2014 it must be presented the respective request of Survey of this mining claim, in accordance to article 59 of the referred legal body.

- iv. **“NICOLE 1, 1 AL 40”**: In process of award. Total surface 200 hectares.
Last useful measures to expedite proceedings: Dated 08/07/2014 it was paid the fiscal tax according to article 51 of the Chilean Mining Code.
Current Status: Until 06/01/2015 it must be presented the respective request of Survey of this mining claim, in accordance to article 59 of the referred legal body.

- v. **“CATHERINE 1 AL 40”**: In process of award. Total surface 200 hectares.
Last useful measures to expedite proceedings: Dated 08/07/2014 it was paid the fiscal tax according to article 51 of the Chilean Mining Code.



Current Status: Until 06/01/2015 it must be presented the respective request of Survey of this mining claim, in accordance to article 59 of the referred legal body.

- vi. **“CONDOR 9, 1 AL 20”:** In process of award. Total surface 100 hectares.

Last useful measures to expedite proceedings: Dated 08/07/2014 it was paid the fiscal tax according to article 51 of the Chilean Mining Code.

Current Status: Until 06/01/2015 it must be presented the respective request of Survey of this mining claim, in accordance to article 59 of the referred legal body.

2. Mining Exploration Concessions.

- i. **“CONDOR 4”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.

Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 21/03/2016.

3. Mining Exploitation Concessions.

- i. **“SAN PABLO UNO AL TRES”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 15 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- ii. **“CONDOR 1-55”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 257 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.



- iii. **“CONDOR 2, 1-30”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 283 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- iv. **“CONDOR NUEVE 1 AL 10”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 70 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

III.3 Project Dundee.

1. Mining Claims.

- i. **“DUNDEE 1 AL 10”**: In process of award. Total surface 100 hectares.

Last useful measures to expedite proceedings: Dated 23/09/2009 it was filed to court Record and Survey Map.

Current Status: Must proceed for technical review of the survey by The National Geological and Mining Bureau.

III.4 Project Henry.

1. Mining Claims.

- i. **“HENRY A 1 AL 2”**: In process of award. Total surface 10 hectares.

Last useful measures to expedite proceedings: Dated 06/10/2011 it was filed to court Record and Survey Map.

Current Status: The National Geological and Mining Bureau informed positively the technical aspects of this mining claim. Pursuant to article 81 of the Chilean Mining Code,



Court must approve the mining claims requested and award in consequence the mining exploitation concession.

- ii. **“HENRY B 1 AL 2”**: In process of award. Total surface 10 hectares.

Last useful measures to expedite proceedings: Dated 06/10/2011 it was filed to court Record and Survey Map.

Current Status: The National Geological and Mining Bureau informed positively the technical aspects of this mining claim. Pursuant to article 81 of the Chilean Mining Code, Court must approve the mining claims requested and award in consequence the mining exploitation concession.

- iii. **“HENRY DOS 1 AL 60”**: In process of award. Total surface 300 hectares.

Last useful measures to expedite proceedings: Dated 11/02/2011 it was filed to court Record and Survey Map.

Current Status: The National Geological and Mining Bureau informed positively the technical aspects of this mining claim. Pursuant to article 81 of the Chilean Mining Code, Court must approve the mining claims requested and award in consequence the mining exploitation concession.

- iv. **“ORITO UNO F 1”**: In process of award. Total surface 1 hectare.

Last useful measures to expedite proceedings: Dated 13/07/2012 it was filed to court Record and Survey Map.

Current Status: The National Geological and Mining Bureau informed overlapping of this survey to a third party mining concession. Pursuant to article 83 of the Chilean Mining Code, the survey of this mining claim is in process of correction, in terms of respecting the limits of the area covered by the third party preferential rights awarded by his mining concession.

- v. **“ROSS 1 AL 40”**: In process of award. Total surface 200 hectares.

Last useful measures to expedite proceedings: Dated 11/02/2011 it was filed to court Record and Survey Map.



Current Status: The National Geological and Mining Bureau informed overlapping of this survey to a third party mining concession. Pursuant to article 83 of the Chilean Mining Code, the survey of this mining claim is in process of correction, in terms of respecting the limits of the area covered by the third party preferential rights awarded by his mining concession.

- vi. **“ORION 7, 1-6”:** In process of award. Total surface 30 hectares.

Last useful measures to expedite proceedings: Dated 14/07/2014 it was published in the Official Gazette, pursuant to article 60 of the Chilean Mining Code, the request of survey in respect to this mining claim.

Current Status: Pursuant to article 78 of the Chilean Mining Code, it must be filed to court, Record and Survey Map no later than 28/02/2015.

2. Mining Exploration Concessions.

- i. **“ANDROMEDA 1”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 100 hectares.

Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 09/05/2015.

- ii. **“ANDROMEDA 2”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.

Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 08/05/2015.

- iii. **“ANDROMEDA 3”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.

Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 09/05/2015.

- iv. **“ANDROMEDA 4”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 08/05/2015.
- v. **“ANDROMEDA 5”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 03/07/2015.
- vi. **“ANDROMEDA 6”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 25/06/2015.
- vii. **“ANDROMEDA 7”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 08/05/2015.
- viii. **“ANDROMEDA 8”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 03/07/2015.



- ix. **“ORION A 1”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 26/03/2016.
- x. **“ORION A 2”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 14/03/2016.
- xi. **“ORION A 3”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 14/03/2016.
- xii. **“ORION A 4”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 14/05/2016.
- xiii. **“ORION A 5”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 14/05/2016.
- xiv. **“ORION A 6”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.
Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 26/03/2016.
- xv. **“ORION A 7”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.



Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 14/03/2016.

- xvi. **“ORION A 8”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.

Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 14/03/2016.

- xvii. **“ORION A 9”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.

Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 19/05/2016.

- xviii. **“ORION A 10”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 300 hectares.

Expiration: Pursuant to article 112 of the Chilean Mining Code this exploration mining concession expires on 19/05/2016.

3. Mining Exploitation Concessions.

- i. **“DANIELA 1 AL 20”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- ii. **“DANIELA DOS 1 AL 20”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.



Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- iii. **“FILETE 1 AL 60”:** Awarded and in good standing, in process of publication in the Official Gazette, and registration before the Mines Registrar of Vallenar. Total surface 264 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- iv. **“HENRY TRES 1 AL 60”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 288 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- v. **“HENRY UNO 1 AL 40”:** Awarded and in good standing, in process of publication in the Official Gazette, and registration before the Mines Registrar of Vallenar. Total surface 200 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- vi. **“ORITO DOS A 1 AL 13”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 44 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.



- vii. **“ORITO DOS A 1 AL 17”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 136 hectares.
Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- viii. **“ORITO DOS G 1 AL 4”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 4 hectares.
Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- ix. **“ORITO UNO 1 AL 53”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 241 hectares.
Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- x. **“ORITO TRES 1 AL 39”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 151 hectares.
Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- xi. **“RAMON 1 AL 20”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 200 hectares.



Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- xix. “ORITO 7 1”:** Awarded and in good standing, in process of publication in the Official Gazette and registration before the Mines Registrar of Vallenar. Total surface 1 hectare.
- xx. Expiration:** Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.
- xxi. “ORITO 8 1”:** Awarded and in good standing, in process of publication in the Official Gazette and registration before the Mines Registrar of Vallenar. Total surface 1 hectare.
- xxii. Expiration:** Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.
- xxiii. “ORITO DOS C 1”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 1 hectare.
- xxiv. Expiration:** Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.
- xxv. “ORITO DOS D 1”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 1 hectare.
- xxvi. Expiration:** Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.
- xxvii. “ORITO DOS E 1”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 1 hectare.

- xxviii. Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

III.4 Project Nany.

1. Mining Claims.

- i. **“NANY 1, 1 AL 9”:** In process of award. Total surface 32 hectares.
Last useful measures to expedite proceedings: Dated 29/10/2011 it was filed to court Record and Survey Map.
Current Status: The National Geological and Mining Bureau informed overlapping of this survey to a third party mining concession. Pursuant to article 83 of the Chilean Mining Code, the survey of this mining claim is in process of correction, in terms of respecting the limits of the area covered by the third party preferential rights awarded by his mining concession.
- ii. **“NANY 2, 1 AL 13”:** In process of award. Total surface 56 hectares.
Last useful measures to expedite proceedings: Dated 29/10/2011 it was filed to court Record and Survey Map.
Current Status: The National Geological and Mining Bureau informed overlapping of this survey to a third party mining concession. Pursuant to article 83 of the Chilean Mining Code, the survey of this mining claim is in process of correction, in terms of respecting the limits of the area covered by the third party preferential rights awarded by his mining concession.
- iii. **“NANY 3, 1 AL 10”:** In process of award. Total surface 50 hectares.
Last useful measures to expedite proceedings: Dated 29/10/2011 it was filed to court Record and Survey Map.
Current Status: The National Geological and Mining Bureau has made observation in respect to the survey of this mining claim, such observations, pursuant to article 82 of



the Chilean Mining Code, are in process of correction, in order to comply with the Bureau requirements.

- iv. **“NANY 4, 1 AL 11”:** In process of award. Total surface 38 hectares.
Last useful measures to expedite proceedings: Dated 29/10/2011 it was filed to court Record and Survey Map.
Current Status: The National Geological and Mining Bureau has made observation in respect to the survey of this mining claim, such observations, pursuant to article 82 of the Chilean Mining Code, are in process of correction, in order to comply with the Bureau requirements.
- v. **“NANY A, 1 AL 3”:** In process of award. Total surface 3 hectares.
Last useful measures to expedite proceedings: Dated 31/01/2013 it was filed to court Record and Survey Map.
Current Status: The National Geological and Mining Bureau informed overlapping of this survey to a third party mining concession. Pursuant to article 83 of the Chilean Mining Code, the survey of this mining claim is in process of correction, in terms of respecting the limits of the area covered by the third party preferential rights awarded by his mining concession.
- vi. **“NANY B 1,AL 5”:** In process of award. Total surface 15 hectares.
Last useful measures to expedite proceedings: Dated 29/10/2011 it was filed to court Record and Survey Map.
Current Status: The National Geological and Mining Bureau informed overlapping of this survey to a third party mining concession. Pursuant to article 83 of the Chilean Mining Code, the survey of this mining claim is in process of correction, in terms of respecting the limits of the area covered by the third party preferential rights awarded by his mining concession.
- vii. **“NANY C, 1 AL 5”:** In process of award. Total surface 15 hectares.



Last useful measures to expedite proceedings: Dated 29/10/2011 it was filed to court Record and Survey Map.

Current Status: The National Geological and Mining Bureau informed overlapping of this survey to a third party mining concession. Pursuant to article 83 of the Chilean Mining Code, the survey of this mining claim is in process of correction, in terms of respecting the limits of the area covered by the third party preferential rights awarded by his mining concession.

- vii. **“DOMINO CERO 1 AL 5”:** In process of award. Total surface 11 hectares.

Last useful measures to expedite proceedings: Dated 26/05/2014 it was published in the Official Gazette, pursuant to article 60 of the Chilean Mining Code, the request of survey in respect to this mining claim.

Current Status: Pursuant to article 78 of the Chilean Mining Code, it must be filed to court Record and Survey Map no later than 08/01/2015.

- viii. **“NANY I 1”:** In process of award. Total surface 10 hectares.

Last useful measures to expedite proceedings: Dated 31/01/2013 it was filed to court Record and Survey Map.

Current Status: The National Geological and Mining Bureau informed positively the technical aspects of this mining claim. Pursuant to article 81 of the Chilean Mining Code, Court must approve the mining claim requested and award in consequence the mining exploitation concession.

2. Mining Petitions.

- i. **“DOMINO”:** In process of award. Total surface 300 hectares.

Last useful measures to expedite proceedings: Dated 15/09/2014 it was published in the Official Gazette the mining petition here informed, in compliance of articles 48 and 52 of the Chilean Mining Code.



Actual Status: Pursuant to article 55 of the referred legal body, no later than 01/12/2014 it must be presented the respective request to court for Constitutive Award of this mining petition.

3. Mining Exploitation Concessions.

- i. **“NANY 1 AL 12”:** Awarded and in good standing, in process of publication in the Official Gazette, and registration before the Mines Registrar of Copiapó. Total surface 48 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- ii. **“NANY D, 1 AL 5”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 15 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- iii. **“NANY E 1 AL 5”:** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 15 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

- iv. **“NANY F 1 AL 8”** Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 15 hectares.

Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.



- v. **“NANY G1”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 5 hectares.
Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.
- vi. **“NANY H1”**: Awarded and in good standing, duly published in the Official Gazette, and registered before the Mines Registrar of Vallenar. Total surface 5 hectares.
Expiration: Exploitation mining concessions have an indefinite duration, to maintain it in force, according to article 142 of the Chilean Mining Code the concessionaire must comply with the payment of the annual fiscal patent.

IV. **FINAL CONCLUSION**

To summarize the information regarding our Legal Report we express the following:

A. The company “White Star Chile SCM” is the current owner of the following mining concessions (awarded and in process of award), all of them in good standing and processed in accordance to the Chilean Mining Code requirements:

- (i) Project “Amigo”:
6 Mining Claims (exploitation mining concessions in process of award).
1 Mining Petition (exploration mining concession in process of award).
7 Exploration Mining Concessions awarded.
- (ii) Project “Condor”:
6 Mining Claims (exploitation mining concessions in process of award).
1 Exploration Mining Concession awarded
4 Exploitation Mining Concessions awarded.
- (iii) Project “Dundee”:
1 Mining Claim (exploitation mining concession in process of award).



(iv) Project “Henry”:

6 Mining Claims (exploitation mining concessions in process of award).

19 Exploration Mining Concessions awarded.

15 Exploitation Mining Concessions awarded.

(v) Project “Nany”:

9 Mining Claims (exploitation mining concessions in process of award).

1 Mining Petition (exploration mining concession in process of award).

6 Exploitation Mining Concessions awarded.

B. In respect to the regime of “Amparo”, consisting in the payment of an annual patent, we can conclude that all mining concessions owned by White Star Chile SCM informed on this report have fulfilled their payment obligation and therefore all of them are fully protected as of the date of this report.

V. CONSENT

Quinzio Abogados has furnished this opinion for your exclusive and sole benefit. It is not, however, to be used, circulated, quoted or otherwise referred to for any other purpose, except with our written consent.

Please feel free to contact us if you need any clarification or additional information on any of the matters addressed in this report. The aforementioned also applies in the event that any information already examined is updated or additional information is made available.

Yours faithfully,



Marcelo Olivares C.
Partner



Appendix 2. Comparable Transactions

Project Name	Primary Commodity	Asset summary	Project Status	Country	Date transaction announced	Selling Company Name	Purchasing Company Name	Transaction Type	Transaction Details	Purchase Price 100% Basis (A\$M)	Area (km ²)	Implied Value/km ² (A\$)
Iron Creek Capital Corp	Copper, Gold, Silver	Over 120,000 ha of exploration ground in northern Chile, prospective for copper, gold and silver mineralisation.	Exploration	Chile	19/09/2014		Polar Star Mining Corporation	Acquisition and merger	Polar Star offered to acquire all outstanding Iron Creek Shares by exchanging them for Polar Star shares at a rate of 3.82 Polar Star shares for each Iron Creek share. The new company would rebrand, with Iron Creek shareholders holding 42.1% of the new company.	7.8	1,200	6,537
Naltagua Copper Deposit	Copper	Known copper mineralisation with extensive previous mining, including underground mining, within the leases. 10 targets identified for further exploration.	Advanced Exploration	Chile	23/07/2012		Caspian Oil & Gas Limited	Acquisition and merger	Caspian made a 100% share-based offer to Equus shareholders to acquire all Equus shares, with Equus shareholders set to hold 45% of the share capital in Caspian if the transaction went through. Naltagua was the major asset held by Equus.	1.0	18	54,320
Pelican	Copper, Molybdenum	Minority interest in a JV over EPM13870 in the Mt Isa district of Queensland. The licence contains a portion of the Kalman copper-molybdenum-gold-rhenium deposit and a number of nearby copper-gold targets. Situated in an area with a lot of active exploration and historic as well as active mines.	Exploration	Australia	9/12/2013	Syndicated Minerals Limited	Midas Resources Ltd	Acquisition	Midas terminated the Pelican JV by purchasing the 49% interest in the JV over EPM13870 that it did not already own, for a consideration of A\$165,000.	0.3	229	1,470
Golden Peaks Dee Range	Copper, Gold	Prospective volcanic sequence that hosts Mount Morgan Au-Cu ?VMS deposit; Significant copper, zinc, silver & gold mineralization intersected in previous drilling; Recent VTEM survey produces several high priority conductors.	Exploration	Australia	31/03/2013	Perilya Ltd	Hammer Metals	Farm In	Hammer has a farm in agreement with Perilya Ltd to earn a 60% interest in Golden Peaks by spending \$4M over 4 years, at which point Perilya can elect can contribute or dilute, in which case, Hammer's interest would increase to 75%.	3.3	337	9,891
Arthurville	Copper, Gold	The Arthurville Project incorporates tenement EL 7588 located 20 km south of Dubbo The Arthurville tenement straddles the northern extension of the Ordovician Molong volcanic belt, considered prospective for porphyry-related copper-gold mineralisation & volcanic-hosted massive sulphide base metal deposits.	Exploration	Australia	2/04/2012	Minotaur Exploration	Mitsubishi	Farm In	The Arthurville project is a joint venture between Minotaur, Mitsubishi Materials Corporation ("MMC") & Mitsubishi Corporation ("MC") whereby MMC & MC are funding an agreed exploration program to initially acquire a 32% participating interest through expenditure of \$370,000 within 24 months, & may elect to increase that to 49% through expenditure of a further \$600,000 within a further 24 months	0.6	292.4	1,977
Maryborough Basin	Gold, Copper, Silver	Maturing exploration play in a previously unrecognised metalliferous province, 25 prospects identified; Porphyry Cu-Au and epithermal Au-Ag targets; work completed includes 51 drill holes (core and RC) for a total of 8,653m	Exploration	Australia	1/04/2012	Integrated Resources Group Ltd.	MAuB Pty Ltd.	Acquisition	88-100% of the Maryborough Basin project for \$3.25M in shares	3.7	2,478	1,490
Clermont Rosevale	Copper, Gold, Silver, Molybdenum	Poprphyry targets Rosevale Porphyry Corridor 3 granted & 1 EP application	Advanced Exploration known deposit	Australia	27/03/2012	Diatreme Resources	Antfagasta Mineral SA	Farm In	\$400k for six months exploration farm in to earn 51% by spending \$8M over 4 years extra 9% by delivering JORC Inf Res Plus scoping study on at least 1 deposit can withdraw after \$1.4M within first year but no equity earned vendor operating during assessment & earn in phases	8.2	1,220	6,750
Esk Trough	Copper, Gold	A group of five EPMS located 80km west of Gympie in South East Queensland	Advanced Exploration known deposits	Australia	24/10/2011	Coppermoly Ltd.	ActivEX Ltd.	Farm In	Terms of the agreement with Coppermoly are for Coppermoly to farm-in to the joint venture area by sole funding exploration spending of \$3M over three years to earn a 51% interest. Coppermoly has committed to a minimum expenditure of \$0.5M in the first year.	2.9	356	8,262



Project Name	Primary Commodity	Asset summary	Project Status	Country	Date transaction announced	Selling Company Name	Purchasing Company Name	Transaction Type	Transaction Details	Purchase Price 100% Basis (A\$M)	Area (km ²)	Implied Value/km ² (A\$)
Mt Canindah	Copper, Gold, Silver	Mount Cannindah is a large gold bearing porphyry copper-gold system with a number of highly prospective exploration targets located 100km south of Gladstoe MRE of 7.47Mt at 0.97% Cu, 0.38g/t Au & 15g/t Ag, of which 5.57Mt at 0.95% Cu, 0.41g/t Au, & 16g/t Ag are in the Measured Resource category & 1.86Mt at 1.0% Cu, 0.30g/t Au, & 14g/t Ag are in the Inferred Resource category.	Advanced Exploration known deposits JORC MRE	Australia	24/12/2010	Planet Metals	Drummond Gold	Farm In	Drummond is committed to spending \$750,000 by September 2011 to assess the potential of Mount Cannindah (at which time Drummond can elect to withdraw from the earn in). Drummond can then earn up to 75% in the project through expenditure of a further \$6M within four years & nine months of signing the earn in agreement.	4.8	100	47,500
Red Hill	Copper, Gold	The Red Hill Prospect is located on the eastern interpreted faulted boundary of the Cowra Yass Synclinal Zone & is defined by a series of intense magnetic highs with associated zoned polymetallic geochemistry. Historically the area has received a variety of previous exploration typically targeting a VMS style of mineralisation. WCB however interprets the alteration & geochemical association at Red Hill to be more typical of intrusive related systems & in particular skarn type alteration/mineralisation. The significance of this is that this style of system has potential for well-developed depth extensions & the geological targeting for this style mineralisation has different criteria which have not been previously tested.	Exploration	Australia	23/08/2010	Elephant Mines	WCB Resources	Farm In	WCB can earn a 50.1% interest in the Project by spending \$1 million on the Project within a five year period	1.0	25.42	38,568

Appendix 3. Expenditure and PEMs

Project	Stage	Work Completed	Cost (A\$)	Outcome	PEM		
					Low	High	Pref.
Amigo	Exploration	Mapping, rock chip sampling and soil sampling	186,029	Two main target areas were successfully identified.	1.3	1.6	1.5
Condor	Exploration	Soil geochemical survey, Multiclient magnetics data	255,718	No specific targets defined. Prospectivity maintained.	1	1.3	1.2
Dundee	Exploration	No record	62,179		1	1	1
Henry	Exploration	Mapping, rock chip sampling, soil sampling, trenching and ground magnetics	377,491	Mineralisation identified in trenches, and anomalies identified from soil sampling and ground magnetics	1.3	1.6	1.5
Nany	Advanced Exploration	Drilling, IP, trenching	1,189,290	Drilling confirmed contiguous mineralisation, which can be mapped by IP.	1.5	2.5	2.1
Total			2,070,707				

Appendix 4. Geoscience Factor Ratings

Note: Market factor of 0.5 applied. This was derived by comparing the implied value per km2 for the entire portfolio, with the range derived from the analysis of comparable transactions. Note that AMIGO 2 1-30, AMIGO 6 1-30. AMIGO 8 1-30 and AMIGO 9 1-30 were over-staked to protect them while they were manifestacions and so their areas have not been included in the calculations.

Project	Licence	Type	Equity	Area		BAC (A\$)	Off property		On Property		Anomaly		Geology		Valuation (A\$)		
				Ha	km ²		Low	High	Low	High	Low	High	Low	High	Low	Pref.	High
Amigo	AMIGO 2, 1-30	Manifestacion	100%	0	0	-	1	2	0.5	1	1	1.5	1.5	2	-	-	-
	AMIGO 6, 1-30	Manifestacion	100%	0	0	-	1	2	0.5	1	1	1.5	1.5	2	-	-	-
	AMIGO 8, 1-30	Manifestacion	100%	0	0	-	1	2	0.5	1	1	1.5	1.5	2	-	-	-
	AMIGO 9, 1-20	Manifestacion	100%	0	0	-	1	2	0.5	1	1	1.5	1.5	2	-	-	-
	AMIGO 1 A, 1-40	Manifestacion	100%	200	2	9,004	1	2	1	1.5	1	1.5	1.5	2	6,753	23,636	40,519
	AMIGO 7A, 1-60	Manifestacion	100%	300	3	13,506	1	2	1	1.5	1	1.5	1.5	2	10,130	35,454	60,779
	AMIGO 2	Pedimento	100%	300	3	9,560	1	2	0.5	1	1	1.5	1.5	2	3,585	16,132	28,679
	AMIGO 8	Pedimento	100%	300	3	9,560	1	2	0.5	1	1	1.5	1.5	2	3,585	16,132	28,679
	AMIGO 6	Pedimento	100%	300	3	9,560	1	2	0.5	1	1	1.5	1.5	2	3,585	16,132	28,679
	AMIGO 9	Pedimento	100%	200	2	6,373	1	2	0.5	1	1	1.5	1.5	2	2,390	10,754	19,119
	AMIGO 10	Pedimento	100%	300	3	9,560	1	2	0.5	1	1	1.5	1.5	2	3,585	16,132	28,679
	AMIGO 11	Pedimento	100%	300	3	9,560	1	2	0.5	1	1	1.5	1.5	2	3,585	16,132	28,679
	AMIGO 12	Pedimento	100%	300	3	9,560	1	2	0.5	1	1	1.5	1.5	2	3,585	16,132	28,679
	AMIGO 13	Pedimento	100%	300	3	9,560	1	2	0.5	1	1	1.5	1.5	2	3,585	16,132	28,679
Condor	CONDOR 1-55	Mensura	100%	257	2.57	22,729	1.5	2	0.5	1.5	0.5	1	2	3	8,523	55,402	102,281
	CONDOR 2, 1-30	Mensura	100%	283	2.83	25,029	1.5	2	0.5	1.5	0.5	1	2	3	9,386	61,007	112,629
	CONDOR CINCO 1-60	Manifestacion	100%	288	2.88	12,966	1.5	2	0.5	1.5	0.5	1	2	3	4,862	31,605	58,348
	CONDOR NUEVE 1 AL 10	Mensura	100%	70	0.7	6,191	1.5	2	0.5	1.5	0.5	1	2	3	2,322	15,090	27,859
	SAN PABLO UNO AL TRES	Mensura	50%	15	0.15	1,327	1.5	2	0.5	1.5	0.5	1	2	3	249	1,617	2,985
	CONDOR SEIS, 1-60	Manifestacion	100%	300	3	13,506	1.5	2	0.5	1.5	0.5	1	2	3	5,065	32,922	60,779
	CONDOR SIETE, 1-60	Manifestacion	100%	300	3	13,506	1.5	2	0.5	1.5	0.5	1	2	3	5,065	32,922	60,779

Project	Licence	Type	Equity	Area		BAC (A\$)	Off property		On Property		Anomaly		Geology		Valuation (A\$)		
				Ha	km ²		Low	High	Low	High	Low	High	Low	High	Low	Pref.	High
	CATHERINE,1-40	Manifestacion	100%	200	2	9,004	1.5	2	0.5	1.5	0.5	1	2	3	3,377	21,948	40,519
	CONDOR 9, 1-20	Manifestacion	100%	100	1	4,502	1.5	2	0.5	1.5	0.5	1	2	3	1,688	10,974	20,260
	NICOLE, 1-40	Manifestacion	100%	200	2	9,004	1.5	2	0.5	1.5	0.5	1	2	3	3,377	21,948	40,519
	CONDOR 4	Pedimento	100%	300	3	9,560	1.5	2	0.5	1.5	0.5	1	2	3	3,585	23,301	43,018
Dundee	DUNDEE 1 AL10	Manifestacion	100%	100	1	4,502	2	2.5	1.5	2	1	1	2	2.5	13,506	20,822	28,138
Henry	DANIELA 1 AL 20	Mensura	100%	200	2	17,688	2	4	1.5	2	1	2	1.5	2	39,798	161,404	283,009
	DANIELA DOS 1 AL 20	Mensura	100%	200	2	17,688	2	4	1.5	2	1	2	1.5	2	39,798	161,404	283,009
	FILETE 1 AL 60	Mensura	100%	264	2.64	23,348	2	4	1.5	2	1	2	1.5	2	52,534	213,053	373,572
	HENRY A 1 AL 2	Manifestacion	100%	8	0.08	360	2	4	1.5	2	1	2	1.5	2	810	3,287	5,763
	HENRY B 1 AL 2	Manifestacion	100%	10	0.1	450	2	4	1.5	2	1	2	1.5	2	1,013	4,108	7,203
	HENRY DOS 1 AL 60	Mensura	100%	294	2.94	26,001	2	4	1.5	2	1	2	1.5	2	58,503	237,263	416,023
	HENRY TRES 1 AL 60	Mensura	100%	288	2.88	25,471	2	4	1.5	2	1	2	1.5	2	57,309	232,421	407,533
	HENRY UNO 1 AL 40	Mensura	100%	200	2	17,688	2	4	1.5	2	1	2	1.5	2	39,798	161,404	283,009
	ORITO 7 1	Pedimento	100%	1	0.01	32	2	4	1.5	2	1	2	1.5	2	72	291	510
	ORITO 8 1	Pedimento	100%	1	0.01	32	2	4	1.5	2	1	2	1.5	2	72	291	510
	ORITO UNO F 1	Manifestacion	200%	1	0.01	45	2	4	1.5	2	1	2	1.5	2	203	822	1,441
	ORITO DOS A 1 AL 13	Mensura	100%	44	0.44	3,891	2	4	1.5	2	1	2	1.5	2	8,756	35,509	62,262
	ORITO DOS A 1 AL 17	Mensura	100%	136	1.36	12,028	2	4	1.5	2	1	2	1.5	2	27,063	109,754	192,446
	ORITO DOS C 1	Pedimento	100%	1	0.01	32	2	4	1.5	2	1	2	1.5	2	72	291	510
	ORITO DOS D 1	Pedimento	100%	1	0.01	32	2	4	1.5	2	1	2	1.5	2	72	291	510
	ORITO DOS E 1	Mensura	100%	1	0.01	88	2	4	1.5	2	1	2	1.5	2	199	807	1,415
	ORITO DOS G 1 AL 4	Mensura	100%	4	0.04	354	2	4	1.5	2	1	2	1.5	2	796	3,228	5,660
	ORITO TRES 1 AL 39	Mensura	100%	151	1.51	13,354	2	4	1.5	2	1	2	1.5	2	30,048	121,860	213,672
	ORITO UNO 1 AL 53	Mensura	100%	241	2.41	21,314	2	4	1.5	2	1	2	1.5	2	47,957	194,491	341,026
	RAMON 1 AL 20	Mensura	100%	200	2	17,688	2	4	1.5	2	1	2	1.5	2	39,798	161,404	283,009
	ROSS 1 AL 40	Manifestacion	100%	200	2	9,004	2	4	1.5	2	1	2	1.5	2	20,260	82,164	144,068
	ORION 7, 1-6	Manifestacion	100%	30	0.3	1,351	2	4	1.5	2	1	2	1.5	2	3,039	12,325	21,610

Project	Licence	Type	Equity	Area		BAC (A\$)	Off property		On Property		Anomaly		Geology		Valuation (A\$)		
				Ha	km ²		Low	High	Low	High	Low	High	Low	High	Low	Pref.	High
	ORION A1	Pedimento	100%	300	3	9,560	2	4	1.5	2	1	2	1.5	2	21,509	87,231	152,952
	ORION A2	Pedimento	100%	300	3	9,560	2	4	1.5	2	1	2	1.5	2	21,509	87,231	152,952
	ORION A3	Pedimento	100%	300	3	9,560	2	4	1.5	2	1	2	1.5	2	21,509	87,231	152,952
	ORION A4	Pedimento	100%	200	2	6,373	2	4	1.5	2	1	2	1.5	2	14,339	58,154	101,968
	ORION A5	Pedimento	100%	300	3	9,560	2	4	1.5	2	1	2	1.5	2	21,509	87,231	152,952
	ORION A6	Pedimento	100%	300	3	9,560	2	4	1.5	2	1	2	1.5	2	21,509	87,231	152,952
	ORION A7	Pedimento	100%	300	3	9,560	2	4	1.5	2	1	2	1.5	2	21,509	87,231	152,952
	ORION A8	Pedimento	100%	300	3	9,560	2	4	1.5	2	1	2	1.5	2	21,509	87,231	152,952
	ORION A9	Pedimento	100%	300	3	9,560	2	4	1.5	2	1	2	1.5	2	21,509	87,231	152,952
	ORION A10	Pedimento	100%	300	3	9,560	2	4	1.5	2	1	2	1.5	2	21,509	87,231	152,952
	ANDROMEDA 1	Pedimento	100%	100	1	3,187	2	4	1.5	2	1	2	1.5	2	7,170	29,077	50,984
	ANDROMEDA 2	Pedimento	100%	200	2	6,373	2	4	1.5	2	1	2	1.5	2	14,339	58,154	101,968
	ANDROMEDA 3	Pedimento	100%	200	2	6,373	2	4	1.5	2	1	2	1.5	2	14,339	58,154	101,968
	ANDROMEDA 4	Pedimento	100%	200	2	6,373	2	4	1.5	2	1	2	1.5	2	14,339	58,154	101,968
	ANDROMEDA 5	Pedimento	100%	200	2	6,373	2	4	1.5	2	1	2	1.5	2	14,339	58,154	101,968
	ANDROMEDA 6	Pedimento	100%	200	2	6,373	2	4	1.5	2	1	2	1.5	2	14,339	58,154	101,968
	ANDROMEDA 7	Pedimento	100%	200	2	6,373	2	4	1.5	2	1	2	1.5	2	14,339	58,154	101,968
	ANDROMEDA 8	Pedimento	100%	200	2	6,373	2	4	1.5	2	1	2	1.5	2	14,339	58,154	101,968
Nany	NANY 1 AL 12	Mensura	100%	48	0.48	4,245	3	3.5	2.5	2.5	2	3	1.5	2	47,758	79,596	111,435
	NANY 1, 1 AL 9	Manifestacion	100%	32	0.32	1,441	3	3.5	1	1.5	1	1.5	1.5	2	3,242	7,293	11,345
	NANY 2, 1 AL 13	Manifestacion	100%	56	0.56	2,521	3	3.5	1	1.5	1	1.5	1.5	2	5,673	12,764	19,854
	NANY 3, 1 AL 10	Manifestacion	100%	50	0.5	2,251	3	3.5	1	1.5	1	1.5	1.5	2	5,065	11,396	17,727
	NANY 4, 1 AL 11	Manifestacion	100%	38	0.38	1,711	3	3.5	1	1.5	1	1.5	1.5	2	3,849	8,661	13,473
	NANY A, 1 AL 3	Manifestacion	100%	3	0.03	135	3	3.5	1	1.5	1	1.5	1.5	2	304	684	1,064
	NANY B 1 AL 5	Manifestacion	100%	15	0.15	675	3	3.5	1	1.5	1	1.5	1.5	2	1,519	3,419	5,318
	NANY C, 1 AL 5	Manifestacion	100%	15	0.15	675	3	3.5	1	1.5	1	1.5	1.5	2	1,519	3,419	5,318
	NANY D, 1 AL 5	Mensura	100%	10	0.1	884	3	3.5	1	1.5	1	1.5	1.5	2	1,990	4,477	6,965

Project	Licence	Type	Equity	Area		BAC (A\$)	Off property		On Property		Anomaly		Geology		Valuation (A\$)		
				Ha	km ²		Low	High	Low	High	Low	High	Low	High	Low	Pref.	High
	NANY E 1 AL 5	Mensura	100%	15	0.15	1,327	3	3.5	1	1.5	1	1.5	1.5	2	2,985	6,716	10,447
	NANY F 1 AL 8	Mensura	100%	80	0.8	7,075	3	3.5	1	1.5	1	1.5	1.5	2	15,919	35,818	55,717
	NANY G1	Mensura	100%	5	0.05	442	3	3.5	1	1.5	1	1.5	1.5	2	995	2,239	3,482
	NANY H1	Mensura	100%	5	0.05	442	3	3.5	1	1.5	1	1.5	1.5	2	995	2,239	3,482
	NANY I 1	Manifestacion	100%	1	0.01	45	3	3.5	1	1.5	1	1.5	1.5	2	101	228	355
	DOMINO CERO, 1 AL 5	Manifestacion	100%	15	0.15	675	3	3.5	1	1.5	1	1.5	1.5	2	1,519	3,419	5,318
	DOMINO	Manifestacion	100%	300	3	13,506	3	3.5	1	1.5	1	1.5	1.5	2	60,779	136,753	212,726

Appendix 5. JORC 2012 Table 1

Section 1 Sampling Techniques and Data
(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> No details have been provided regarding the representative nature of the sampling undertaken by White Star Resources personnel. All work was undertaken and reported prior to the JORC 2012 edition. The work was undertaken using industry standard approaches to sampling and analysis.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> NQ diameter diamond
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> Recoveries were recorded for every core run and were generally better than 95%. Recoveries were generally very good over mineralized intersections.
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. 	<ul style="list-style-type: none"> All core was logged for lithology and rock quality designation and magnetic susceptibility was determined. Core photographs were taken at the ALS Minerals laboratory.

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Drill samples consisted of ½ NQ diameter core samples. Samples were cut with a diamond saw at ALS Minerals in Coquimbo, Chile. These samples were then crushed to a nominal 70% less than 2 mm, then a 250 g split was pulverized to a nominal 85% of the sample less than 75 microns. Rock chip samples were likely prepared using a similar approach. Soils samples were dried and sieved to -75 microns and both grain size fractions analyzed. Sample preparation methods were industry standard and appropriate for the style of mineralization under investigation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> The Au assays undertaken by White Star Resources are believed to have been 50 g fire assay analyses with an atomic absorption finish. Base metals and Ag were determined following an aqua regia digestion with an inductively coupled plasma optical emission spectroscopic finish. Over range samples greater than 1% Cu were likely analyzed by a suitable ore grade method using a similar digestion. Much of the work was undertaken by either ALS Minerals or Actlabs and is considered to have been appropriate. XRF analyses were undertaken using an Innov-X Delta Professional handheld analyzer. No details on the operating conditions are available. Data accuracy of rock and soil data was monitored through the use of commercially available certified reference materials (Geostats GBM311-2 and G399-1), although there was no QAQC carried out on the diamond drill holes at Nany. The accuracy of the Au, Ag and Cu data are acceptable based on those control sample data available. There is no evidence that data precision was monitored beyond the use of routine preparation and pulp duplicate samples by the laboratories.
Verification of sampling and	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. 	<ul style="list-style-type: none"> The authors have not verified significant drill hole intersections, but the technical reviewer (Jim Royall) was present for the final phases of drilling. Data were compiled within Access databases. None of the data in the

Criteria	JORC Code explanation	Commentary
assaying	<ul style="list-style-type: none"> Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	databases provided have been verified against original laboratory reports by the authors.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Collars were located by differential GPS and one drill hole surveyed using a Comprobe, Inc gyro. The maps are presented in UTM PSAD56 Zone 19S. Collar elevations were determined by differential GPS.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Data spacing is suitable for early stage exploratory drilling. Composite grades have been calculated using a 0.5 ppm Au or 0.1% Cu cut-off with a maximum 2m of internal dilution allowed and no top cut applied.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Drill holes were orientated perpendicular to strike but would have intersected the Nany vein at a high to moderate angle of incidence given 45 to 70 degree inclined holes and a steeply dipping structure.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Core was marked in the field camp and lists prepared by the geologists Lids were nailed on the wooden boxes and they were transported by Whitestar staff to the ALS Minerals laboratory Coquimbo, Chile along with the documentation. Rock samples were bagged in individual plastic bags with sample tags and numbers on each bag. These were boxed in cardboard boxes and driven by Whitestar staff to the laboratory.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No known audits or reviews of the projects have been undertaken.

Section 2 Reporting of Exploration Results
(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> Summarized by individual project in the body of the report.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Historical work by Mystic Sands Ltd has been referred to where documentation has been available.
<i>Geology</i>	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> There is potential for a variety of deposit types on the Atacama region, including porphyry Cu-Au-Mo, IOCG, epithermal and orogenic vein systems, iron oxide-apatite, Cu-Au skarn and manto-style Cu/precious metal deposits.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> Data have been provided within the body of the report.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such 	<ul style="list-style-type: none"> Composite grades have been calculated using a 0.5 ppm Au or 0.1% Cu cut-off with a maximum 2m of internal dilution allowed and no top cut applied.

Criteria	JORC Code explanation	Commentary
	<p><i>aggregations should be shown in detail.</i></p> <ul style="list-style-type: none"> <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <i>These relationships are particularly important in the reporting of Exploration Results.</i> <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> <i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i> 	<ul style="list-style-type: none"> Stated clearly in text that the composite intervals reported are down-hole widths and not true widths.
<i>Diagrams</i>	<ul style="list-style-type: none"> <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i> 	<ul style="list-style-type: none"> Provided.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i> 	<ul style="list-style-type: none"> Results are placed in context and reference made to public documents containing more complete information.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> 	<ul style="list-style-type: none"> Reported where relevant.
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> Minimal further work is planned, other than at the Henry Project.