CONSOLIDATED TIN MINES LIMITED ACN 126 634 606

NOTICE OF GENERAL MEETING

TIME: 10:00am (AEST)

DATE: Monday 12th January 2015

PLACE: Hilton Cairns, 34 The Esplanade, Cairns QLD 4870

The Independent Expert has concluded that the increase in voting power the subject of Resolution 1 and the acquisition of the Assets the subject of Resolution 2 outlined in this Notice of Meeting are FAIR AND REASONABLE to non-associated Shareholders.

All Shareholders should refer to the Independent Expert's Report enclosed with this Notice of Meeting.

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 7) 4032 3319.

Business of the Meeting (setting out the proposed Resolutions) Explanatory Statement (explaining the proposed Resolutions) Schedule 1 – Terms and Conditions of Convertible Notes 17 Glossary Annexure – Independent Expert's Report Enclosed Proxy Form Enclosed

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 10:00am (AEST) on Monday 12th January 2015 at:

Hilton Cairns, 34 The Esplanade, Cairns QLD 4870

Your vote is important

The business of the Meeting affects your shareholding and your vote is important.

Voting eligibility

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 Shareholders at 10:00am (AEST) on 10 January 2015.

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with Section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with Section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL FOR SPII AND SPM TO INCREASE RELEVANT INTERESTS

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

"That, subject to the passing of Resolutions 2 and 3, for the purposes of Item 7 of Section 611 of the Corporations Act and for all other purposes, approval is given for the Company to permit SPM and SPII's voting power in the Company to increase from 22.76% to 79.50% as a result of the issue of 580,000,000 Consideration Shares and 165,000,000 Convertible Notes to SPM and 30,000,000 Repayment Shares to SPII.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by SPM and SPII and any of their associates.

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approvals required under Item 7 of Section 611 of the Corporations Act and ASX Listing Rule 10.1. The Independent Expert's Report opines on the fairness and reasonableness of the increase in voting power of SPM and SPII and completion under the Asset Sale Agreement the subject of this Meeting to the non-associated Shareholders in the Company.

2. RESOLUTION 2 – APPROVAL FOR THE ISSUE OF CONSIDERATION SHARES TO SPM

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

"That, subject to the passing of Resolutions 1 and 3, for the purposes of ASX Listing Rules 10.1 and 10.11 and for all other purposes, approval is given for the Company to:

- (a) issue 580,000,000 Consideration Shares and 165,000,000 Convertible Notes to SPM; and
- (b) complete the Asset Sale Agreement with SPM and SPII upon which the Company will acquire the Assets from SPM,

on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by SPM and any of their associates. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or 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.

Expert's Report: Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approvals required under Item 7 of Section 611 of the Corporations Act and ASX Listing Rule 10.1. The Independent Expert's Report opines on the fairness and reasonableness of the increase in voting power and entry into the Asset Sale Agreement the subject of this Meeting to the non-associated Shareholders in the Company.

3. RESOLUTION 3 – APPROVAL FOR THE ISSUE OF REPAYMENT SHARES TO SPII

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

"That, subject to the passing of Resolutions 2 and 3, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 30,000,000 Repayment Shares to SPII on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by SPII and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

DATED: 28th November 2014 BY ORDER OF THE BOARD

RALPH DE LACEY DIRECTOR

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

BACKGROUND TO ACQUISITION OF MT GARNET PROCESS PLANT

1.1 Overview of the Company

The Company is an emerging ASX listed tin explorer and developer.

The Company's major project is the Mt Garnet Tin Project (**Mt Garnet Tin Project**) near Cairns in northern Queensland. The Mt Garnet Tin Project is located in an established mining area, in close proximity to mining and concentrating infrastructure.

The Company's objective is to develop the Mt Garnet Tin Project into a major low cost, open pit mining operation, commencing with key deposits, Gillian and Pinnacles.

With completion of a favourable pre feasibility study (PFS) in 2013, the Company is currently undertaking a Definitive Feasibility Study (DFS). Should the DFS be favourable, the Company's strategy is to develop and establish tin production in 2015 and focus on increasing mine life and production profile by developing other tin production opportunities within the broader Mt Garnet Project area.

1.2 Background to the Acquisition

On 25 January 2013, SPM, a company controlled by the Company's major Shareholder SPII, acquired the former Kagara Ltd's Central Region Assets, which include an operating 1Mtpa concentrator and associated infrastructure at Mt Garnet (Mt Garnet Processing Plant) as well as a number of mining tenements, including those underlying the Mt Garnet Processing Plant, the Surveyor-Balcooma Mine, the Baal Gammon Mineral Rights Agreement, and projects at Einasleigh and Maitland. The Mt Garnet Processing Plant is centrally located in close proximity to the Gillian and Pinnacles deposits at the Mt Garnet Tin Project.

Since then, the Company has been in ongoing discussions with SPM and SPII with a view to developing a mutually beneficial path forward, which would allow for processing of tin from the Mt Garnet Tin Project at the Mt Garnet Processing Plant. However during subsequent discussions, it became increasingly clear that it would be mutually beneficial for all of the SPM Assets to be included in the Asset Sale Agreement.

1.3 Acquisition of Assets

On 27 October 2014, the Company announced that it had entered into an asset sale agreement with SPM and SPII (**Asset Sale Agreement**) for the purchase of the following assets by the Company:

- (a) all mining tenements which make up the SPM Projects and the mining tenements underlying the Mt Garnet Processing Plant (**Tenements**);
- (b) all financial assurances in respect of the SPM Projects;
- (c) the environmental authorities in respect of the Tenements;
- (d) the statutory and water licences which relate to the Tenements;

- (e) all plant and equipment of SPM (including the Mt Garnet Processing Plant);
- (f) SPM's premises at the Mt Garnet Mine Site;
- (g) SPM's interest in all contracts in respect of the SPM Projects (**Contracts**); and
- (h) all mining information and records in relation to the Tenements,

(Assets).

1.4 Asset Sale Agreement

The material terms of the Asset Sale Agreement for the acquisition of the Assets by the Company (**Acquisition**) are summarised below:

- (a) (Conditions Precedent): The Acquisition is conditional upon:
 - (i) the Company completing a legal and financial due diligence on the Assets within 14 days of executing the Asset Sale Agreement;
 - (ii) SPM obtaining all necessary approvals or consents to allow SPM to lawfully complete the transactions the subject of the Asset Sale Agreement;
 - (iii) SPM and the Company obtaining all necessary approvals or consents required for the assignment of the Contracts;
 - (iv) the Company obtaining all necessary approvals required by the Corporations Act, the ASX Listing Rules or any other law to allow the Company to lawfully complete the Acquisition;
 - (v) SPM procuring the removal of any caveats lodged over or in respect of the Tenements or the consent of the caveator to the Acquisition;
 - (vi) the Company, SPM and SPII receiving approval from the Foreign Investments Review Board in respect of the Acquisition; and
 - (vii) SPM procuring, to the satisfaction of the Company, the full and final release of all liabilities in respect of the Assets, other than the liabilities to be assumed by the Company.
- (b) (Assumption of Liabilities): The Company will assume all liabilities of SPM in respect of the Assets, other than security interests held by ICBC, which shall be retained by SPM (with the Company required to make quarterly payments to SPM of \$500,000 each for 4 calendar quarters, in total \$2,000,000, following Settlement for the purpose of SPM paying interest in relation to the liabilities retained by SPM);
- (c) (Employees): The Company must offer employment to all employees of SPM and shall assume the annual, sick and long service leave entitlements of those employees;

- (d) (Cancellation of SPM Shares): Upon settlement of the Acquisition (Settlement), all of the SPM Shares held by the Company shall be cancelled:
- (e) (Consideration): In consideration for the Acquisition, the Company shall issue 580,000,000 Shares (Consideration Shares) and 165,000,000 Convertible Notes to SPM;
- (f) (SPII Advance): At Settlement, the Company shall issue 30,000,000 Shares (Repayment Shares) to SPII in full and final satisfaction of the Advance from SPII to the Company (further details of which are set out in Section 1.5 below);
- (g) (Voluntary Escrow): Each of SPII and SPM will enter into voluntary restriction agreements with the Company under which they agree not to deal with the securities issued to them under the Asset Sale Agreement for a period of 24 months, provided that:
 - (i) SPM shall be permitted to:
 - (A) transfer the Consideration Shares in parcels of no less than 1,000,000 Shares to a separate entity off market, provided that entity agrees to the restriction of the relevant Shares on the same terms as SPM;
 - (B) within 30 days of issue of the Consideration Shares, transfer the Consideration Shares to its shareholders in proportion to those shareholders' shareholding in SPM, provided those shareholders agree to the restriction of the relevant Shares on the same terms as SPM:
 - (C) accept a takeover bid in respect of the Consideration Shares; or
 - (D) transfer the Consideration Shares under a scheme of arrangement; and
 - (ii) SPII shall be permitted to:
 - (A) transfer the Repayment Shares to a wholly owned subsidiary, provided that entity agrees to the restriction of the relevant Shares on the same terms as SPII:
 - (B) within 30 days of issue of the Repayment Shares, transfer the Repayment Shares to its shareholders in proportion to those shareholders' shareholding in SPII, provided those shareholders agree to the restriction of the relevant Shares on the same terms as SPII;
 - (C) accept a takeover bid in respect of the Consideration Shares; or
 - (D) transfer the Consideration Shares under a scheme of arrangement.

The Asset Sale Agreement otherwise contains terms that are standard for an agreement of its kind.

1.5 SPII Advance

On 3 May 2012, the Company entered into a heads of agreement with SPII pursuant to which it proposed to sell a 50% interest in the Mt Garnet Tin Project to SPII (**HOA**). The sale of an interest in the Mt Garnet Tin Project contemplated by the HOA did not eventuate.

However, under the HOA, SPII made an interest free advance of \$3,000,000 to the Company to enable the Company to undertake a pre-feasibility study on the Mt Garnet Tin Project (**Advance**). The Advance has not been repaid by the Company to date.

As such, under the Asset Sale Agreement, the Company agreed to issue the Repayment Shares to SPII at a deemed issue price of \$0.10 per Repayment Share in full satisfaction of the obligation to repay the Advance.

1.6 Capital structure upon completion of the Acquisition

Event	Shares issued to SPM	Shares issued to SPII	Cumulative Relevant interest (SPII) ¹	Cumulative Total Shares on issue ²	Cumulative SPM/SPII voting power
Current holdings	Nil	63,700,000	63,700,000	279,917,310	22.76%
Issue of Consideration Shares to SPM	580,000,000	-	643,700,000	859,917,310	74.86%
Issue of Repayment Shares to SPII		30,000,000	673,700,000	889,917,310	75.70%
Shares issued upon conversion of Convertible Notes	165,000,000		838,700,000	1,054,917,310	79.50%

Notes:

1.7 Consequences of Resolutions 1, 2 and 3 not being passed

Should shareholder approval not be received for Resolutions 1, 2 and 3, the Company will continue to prepare the Mt Garnet Tin Project DFS with the development and operating model along the lines outlined in the PFS – that is, either establishing agreement with SPM for toll treatment of tin ore through SPM's Mt Garnet Processing Plant or developing alternative processing arrangements.

1.8 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 proposed Resolutions 1, 2 and 3:

(a) improved financial performance of the Mt Garnet Tin Project through capital cost savings in the development of the Mt Garnet Tin Project by

¹ By virtue of SPII controlling SPM, SPII's relevant interest in the Company's Shares includes SPM's relevant interest.

² This assumes that 29,302,929 Shares are issued to ARM (NQ) Pty Ltd in accordance with the approval given to the Company at its annual general meeting on 17 November 2014.

accessing capacity at the existing Mt Garnet Processing Plant (estimated replacement cost of +A\$100M) and with lower capital cost reconfiguration of the plant required;

- (b) acceleration of tin production through reduction in the timeframe for developing the Mt Garnet Tin Project without the need for greenfield development of a processing plant;
- (c) base metals diversification with acquisition of producing mining assets, producing zinc, lead and copper concentrates with silver co-product;
- (d) acquisition of revenue generating producing operation;
- (e) acquisition of 2,800sq.km of highly prospective exploration tenures, with the advantage of established agreements with Wanguo International Mining Group (Wanguo) in which exploration costs and environmental bonds are borne by Wanguo;
- (f) leveraging resource, project, operational and financial synergies;
- (g) creation of a larger-scale entity that has a larger market capitalisation and improved access to capital markets; and
- (h) greater efficiency and transparency between the operations of the Company and SPM than occurs under the current management arrangement.

1.9 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 Resolutions 1, 2 and 3:

- (a) if the Acquisition proceeds, the voting power of SPM and SPII will increase from 22.76% to up to 79.50% and the voting power of non-associated Shareholders will decrease from 77.24% to as much as 20.50%;
- (b) the Company would no longer be a pure tin player;
- (c) the Company will become a controlled entity of SPII until such time as new share equity is introduced which may potentially deter potential investors; and
- (d) if the Convertible Notes go through to maturity, interest is payable by CSD of approximately \$1,155,000 and if not converted before maturity, CSD will need to repay the Noteholders.

1.10 Directors Recommendation

With the exception of Si He Tong (in respect of Resolutions 1 – 3), who controls SPII and SPM, and Ze Huang (Martin) Cai, Mr Tong's alternate Director, the Directors of the Company recommend that Shareholders vote in favour of Resolutions 1, 2 and 3 on the basis that the acquisition represents a cost-effective way of acquiring mining assets in the Mt Garnet region which are of direct benefit to the Company, including the Mt Garnet Processing Plant which would have a significant and beneficial impact on the Company's Mt Garnet Tin Project.

1.11 Independent Expert's Report

Under the ASX Listing Rules, the Company is required to engage an independent expert to advise Shareholders whether the Acquisition the subject of Listing Rule 10.1 approval is fair and reasonable to the non-associated Shareholders of the Company. In addition, the Independent Expert's Report assesses whether the increase in voting power as a result of Resolutions 1 - 3 is fair and reasonable to Shareholders who are not associated with SPII for the purposes of the approval under Item 7 of Section 611 of the Corporations Act.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed Acquisition. This assessment is designed to assist all Shareholders not associated with SPII in reaching their voting decision whether to approve the increase in voting power the subject of Resolution 1.

The Company has engaged Stantons International Securities to prepare the Independent Expert's Report which is included together with this Notice of Meeting. Stantons International Securities has determined that the Acquisition is fair and reasonable to the Shareholders of the Company who are not associated with SPII.

All Shareholders are encouraged to read the Independent Expert's Report in detail and should you have any questions, speak to your professional adviser.

2. RESOLUTION 1 – APPROVAL FOR SPII AND SPM TO INCREASE RELEVANT INTERESTS

Resolution 1 seeks Shareholder approval for the purpose of Item 7 of Section 611 to permit SPM and SPII's voting power in the Company to increase from 22.76% to up to 79.50%.

2.1 Item 7 of Section 611 of the Corporations Act

(a) Section 606 of the Corporations Act – statutory prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

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

(Prohibition).

(b) Voting power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

(c) Associates

For the purposes of determining voting power under the Corporations Act, a person (**second person**) is an "associate" of the other person (**first person**) if:

- (i) (pursuant to Section 12(2) of the Corporations Act) the first person is a body corporate and the second person is:
 - (A) a body corporate the first person controls;
 - (B) a body corporate that controls the first person; or
 - (C) a body corporate that is controlled by an entity that controls the person;
- (ii) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the company's affairs.

Associates are, therefore, determined as a matter of fact. For example where a person controls or influences the board or the conduct of a company's business affairs, or acts in concert with a person in relation to the entity's business affairs.

(d) Relevant interests

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (i) are the holder of the securities;
- (ii) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (iii) have power to dispose of, or control the exercise of a power to dispose of, the securities.

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

In addition, Section 608(3) of the Corporations Act provides that a person has a relevant interest in securities that any of the following has:

- (i) a body corporate in which the person's voting power is above 20%;
- (ii) a body corporate that the person controls.

2.2 Reason Section 611 approval is required

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

SPII holds 100% of the SPM Shares on issue (assuming the SPM Shares held by the Company are cancelled) and is therefore in a position to control SPM. As a result, SPII and SPM are considered associates of one another for the reasons set out in Sections 2.1(c)(i)(A) and (B) above.

SPII currently has a relevant interest in 63,700,000 Shares in the Company equating to a 22.76% voting interest and SPM does not currently have a relevant interest in any Shares in the Company.

Following the issue of:

- (a) 580,000,000 Consideration Shares and 165,000,000 Convertible Notes to SPM: and
- (b) 30,000,000 Repayment Shares to SPII,

SPII will have a relevant interest in 838,700,000 Shares (including SPM's relevant interest by virtue of SPII controlling SPM and assuming conversion of the Convertible Notes), representing a voting power of 79.50%. This assumes that no other Shares are issued or Options are exercised.

Accordingly, Resolution 1 seeks Shareholder approval for the purpose of Item 7 of Section 611 and all other purposes in order to permit SPM and SPII's voting power in the Company to increase to up to 79.50% as a result of the issue of:

- (a) 580,000,000 Consideration Shares and 165,000,000 Convertible Notes to SPM (for which approval is being sought under Resolution 2); and
- (b) 30,000,000 Repayment Shares to SPII (for which approval is being sought under Resolution 3).

2.3 Specific Information required by Item 7 of Section 611 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval under Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by Stantons International Securities annexed to this Explanatory Statement.

(a) Identity of the Acquirer and its Associates

It is proposed that SPM will be issued 580,000,000 Consideration Shares and 165,000,000 Convertible Notes and SPII will be issued 30,000,000 Repayment Shares in accordance with the terms of the Asset Sale Agreement, as set out in Section 1.4 of this Explanatory Memorandum.

(i) SPII

SPII is a Hong Kong based investment company which is 100% owned and controlled by Si He Tong, a Director of the Company.

SPII holds 100% of the total SPM Shares on issue (assuming cancellation of the Company's SPM Shares). As a result, SPII controls SPM.

(ii) SPM

On 29 January 2013, SPM took over the mining assets in Northern Queensland from Kagara Limited (Administrators Appointed), which holds the Assets to be Acquired by the Company under the Asset Sale Agreement.

(iii) Si He Tong

Mr Tong is a high net worth Chinese businessman whose business interests include real estate development, shopping mall management, banking insurance and silk and paper manufacture. He also operates a famous antique & painting exhibition located at Hangzhou, China.

By virtue of Si He Tong controlling SPII, Si He Tong and SPII are considered associates of one another. Likewise, by virtue of SPII controlling SPM, SPII and SPM are also considered associates. As a result of the above, SPII, SPM and Si He Tong are considered associates for the purposes of the Corporations Act.

(b) Relevant Interest and Voting Power

(i) Relevant Interest

The relevant interests of SPM and SPII in voting shares in the capital of the Company (both current, and following the issue of the Shares and Convertible Notes to SPM and SPII as contemplated by this Notice) are set out in Section 1.6 of this Explanatory Statement.

(ii) Voting Power

The maximum relevant interest that SPM and SPII will hold after completion of the Acquisition is 838,700,000 Shares (assuming conversion of the Convertible Notes) and the maximum voting power that SPM and SPII will hold is 79.50%. As at the date of this Notice, the voting power of SPM and SPII is 22.76%. This represents a maximum increase in the voting power of SPM and SPII of up to 56.74% (being the difference between 22.76% and 79.50%).

Further details on the voting power of SPM and SPII are set out in the Independent Expert's Report prepared by Stantons International Securities and Section 1.6 of this Explanatory Statement.

(iii) Assumptions

Note that the following assumptions have been made in calculating the above:

(A) the Company has 279,917,310 Shares on issue as at the date of this Notice of Meeting (including 29,302,929

Shares to be issued to ARM (NQ) Pty Ltd in accordance with the approval given to the Company at its annual general meeting on 17 November 2014);

- (B) the Company's SPM Shares are cancelled at Settlement;
- (C) the Company does not issue any additional Shares; and
- (D) no Options are issued or are exercised.

(c) Reasons for the proposed issue of securities

The Consideration Shares will be issued in consideration for the Company's Acquisition of the Assets and the Repayment Shares will be issued in repayment of the Advance.

(d) Material terms of proposed issue of securities

The material terms of the Asset Sale Agreement are set out in Section 1.4.

(e) Date of proposed issue of securities

The Consideration Shares, Convertible Notes and Repayment Shares will be issued upon completion of the Asset Sale Agreement, which is anticipated to occur in the first quarter of 2015.

(f) Interests of Directors

Si He Tong, a Director of the Company, holds 100% of the issued share capital and controls SPII, which in turn holds 100% of the issued share capital of SPM (assuming cancellation of the Company's SPM Shares). Mr Tong is a director of both SPII and SPM.

Other than as stated above, the existing Directors do not have any interest in any shares in SPII or SPM.

(g) Intentions of SPII and its associates

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that SPII and its associates:

- (i) have no intention of making any significant changes to the business of the Company;
- (ii) have no intention to inject further capital into the Company;
- (iii) have no intention of making changes regarding the future employment of the present employees of the Company;
- (iv) do not intend to redeploy any fixed assets of the Company; and
- (v) do not intend to transfer any property between the Company and SPII or SPM.

These intentions are based on information concerning the Company, its business and the business environment which is known to SPII at the date of this document.

Final decisions regarding these matters will only be made by SPII in light of material information and circumstances at the relevant time. Accordingly, the statements set out above are statements of current intention only, which may change as new information becomes available to it or as circumstances change.

(h) Capital Structure

The capital structure upon completion of the Acquisition is set out in Section 1.6 of this Explanatory Statement.

RESOLUTION 2 - APPROVAL FOR THE ISSUE OF CONSIDERATION SHARES TO SPM

3.1 General

Resolution 2 seeks Shareholder for completion of the Asset Sale Agreement and the issue of 580,000,000 Consideration Shares and 165,000,000 Convertible Notes to SPM.

3.2 ASX Listing Rule 10.1

ASX Listing Rule 10 deals with transactions between an entity (or any of its subsidiaries) and persons in a position to influence the entity.

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a substantial holder, if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities, or a related party.

The ASX Listing Rules provide that an asset is substantial if the value of the consideration to be paid for the asset is 5% or more of the equity interests of the listed entity as set out in the latest accounts given to ASX. SPII is currently the registered holder of 25.42% of the Company's issued share capital. As a result of SPII controlling SPM, SPM is deemed to have an equivalent voting power in the Company.

The ASX Listing Rules provide that, in relation to a body corporate, "related party" has the meaning set out in Section 228 of the Corporations Act. Section 228(4) of the Corporations Act provides that an entity controlled by a related party (which includes a director of a public company) is a related party.

Given that Mr Tong is a director of the Company, and also controls SPII:

- (a) SPII is a related party of the Company by virtue of Si He Tong controlling SPII; and
- (b) SPM is a related party of the Company by virtue of SPII controlling SPM.

For the reasons set out above, the Company is required to seek approval under Listing Rule 10.1 for the acquisition of the Assets from SPM.

The Directors have outlined the reasons why they consider the disposal to be in the best interests of Shareholders in Section 1.8 above.

3.3 Chapter 2E of the Corporations Act and ASX Listing Rule 10.11

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The Company issuing 580,000,000 Consideration Shares and 165,000,000 Convertible Notes to SPM in accordance with the Asset Sale Agreement constitutes giving a financial benefit and SPM is a related party of the Company by virtue of it being controlled by a Director, Si He Tong.

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The Directors, other than:

- (a) Mr Tong (who controls SPII and SPM); and
- (b) Mr Tong's alternate, Ze Huang (Martin) Cai,

who have a material personal interest in the Resolution, consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Consideration Shares and Convertible Notes under the Asset Sale Agreement as the Asset Sale Agreement was negotiated on an arm's length basis.

All material information required for Shareholders to consider Resolution 2 is outlined in Sections 1 and 2 of this Explanatory Statement, as well as in the Independent Expert's Report.

3.4 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)

Pursuant to and in accordance with the requirements of Section 219 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Consideration Shares to SPM:

- (a) the related party is SPM who is a related party by virtue of SPM being an entity controlled by a director of the Company, Si He Tong;
- (b) the Consideration Shares and Convertible Notes will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Consideration Shares and Convertible Notes will occur on the same date:

- (c) the maximum number of Consideration Shares and Convertible Notes (being the nature of the financial benefit being provided) to be granted to SPM is 580,000,000 Consideration Shares and 165,000,000 Convertible Notes;
- (d) the Consideration Shares will be issued at a deemed issue price of \$0.05 per Share and the Convertible Notes will be issued at a deemed consideration price of \$0.10 per Convertible Note in consideration for the Acquisition of the Assets, accordingly no funds will be raised;
- (e) the Consideration 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; and
- (f) the Convertible Notes will be issued upon the terms and conditions set out in Schedule 1.

3.5 ASX Listing Rule 7.1

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Consideration Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Consideration Shares and Convertible Notes to SPM will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

4. RESOLUTION 3 – APPROVAL FOR THE ISSUE OF REPAYMENT SHARES TO SPII

4.1 General

Under the Asset Sale Agreement, the Company agreed, subject to obtaining Shareholder approval, to issue 30,000,000 Repayment Shares to SPII in repayment of the \$3,000,000 Advance (refer to Section 1.5 for further details of the Advance).

Resolution 3 seeks Shareholder approval for the issue of the Repayment Shares to SPII.

A summary of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 is set out in Section 3.3 above.

The issue of Repayment Shares constitutes giving a financial benefit and SPII is a related party of the Company by virtue of being controlled by a Director, Si He Tong.

The Directors (other than Mr Tong (who controls SPM and SPII) and his alternate, Ze Huang (Martin) Cai) who have a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Repayment Shares because the agreement to issue the Repayment Shares was negotiated on an arm's length basis.

It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

4.2 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 3:

- (a) the related party is SPII who is a related party by virtue of SPII being an entity controlled by a director of the Company, Si He Tong;
- (b) the number of Repayment Shares to be issued is 30,000,000;
- (c) the Repayment Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Repayment Shares will occur on the same date;
- (d) the Repayment 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; and
- (e) the Repayment Shares will be issued for a deemed issue price of \$0.10 per Repayment Share in repayment of the Advance, accordingly no funds will be raised.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Repayment Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Repayment Shares to SPII will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5. OTHER MATERIAL INFORMATION

Other than as set out in this Explanatory Statement (and the accompanying Independent Expert's Report), there is no information material to the making of a decision by a Shareholder whether or not to approve the Resolutions set out in this Meeting that is known to the Directors and which has not been previously disclosed to Shareholders.

If a Shareholder is in doubt as to how to vote on any of the Resolutions or has any other questions, the Company recommends that Shareholder seeks advice from their financial advisor, accountant, lawyer or other professional adviser as soon as possible.

A copy of this document has been lodged with ASIC and ASX. Neither ASIC, ASX nor any of their officers take any responsibility for the contents of this document.

6. ENQUIRIES

Shareholders are required to contact the Executive Chairman, Managing Director or Company Secretary on (+61 7) 4032 3319 if they have any queries in respect of the matters set out in these documents.

SCHEDULE 1 - TERMS AND CONDITIONS OF CONVERTIBLE NOTES

1. FACE VALUE

Each Convertible Note has a face value of \$0.10.

2. NOTES ARE UNSECURED OBLIGATIONS

Each Convertible Note is an unsecured obligation of the Company.

3. INTEREST

The Convertible Notes bear interest at a rate of 7% per annum calculated and payable quarterly in arrears from the date of issue of the Convertible Notes on the last day of the months of March, June, September and December in each year and on the Maturity Date (defined below) until the earlier of the conversion or redemption of the Convertible Notes.

4. MATURITY DATE

The Convertible Notes shall mature one year after the date of issue (Maturity Date).

CONVERSION PROVISIONS

5.1 Conversion

- (a) The Convertible Notes (together with any interest accrued in respect of the Convertible Notes) are convertible on the last day of the months of March, June, September and December in each year until the Maturity Date and on the Maturity Date, provided that the Noteholder must have given written notice to the Company by no later than 5 Business Days prior to the proposed date of conversion.
- (b) In the event that the Company gives a Noteholder a Redemption Notice (defined below), the Noteholder may, by notice in writing to the Company within a period of 15 Business Days after the date of the Redemption Notice, require that the Company convert the Convertible Notes.

5.2 Conversion ratio

Each Convertible Note is convertible into one (1) fully paid ordinary share in the capital of the Company.

5.3 Listing of Shares

- (a) The Company will apply for quotation on ASX of all Shares issued on conversion the Convertible Notes.
- (b) Within 5 Business Days of the Company issuing Shares to a Noteholder, the Company agrees to lodge with ASX a cleansing notice under section 708A(6) of the Corporations Act, provided that, if the Company is unable to comply with the requirements of section 708A(5) of the Corporations Act for any reason, the Company shall, at its own expense, do everything necessary to ensure the Shares so issued are able to be freely traded on ASX in compliance with the requirements of the Listing

Rules and the Corporations Act as soon as reasonably practicable after they are issued, including, if considered necessary by the Noteholder, lodging a disclosure document with ASIC in accordance with Chapter 6D of the Corporations Act.

6. ISSUE OF SHARES ON CONVERSION

Shares issued on conversion of Convertible Notes rank equally in all respects, including with respect to dividends.

7. REDEMPTION

7.1 Redemption by Company

- (a) Subject to condition 5.1(b), if the Company's Shares trade on the ASX for 35 consecutive trading days at above \$0.20 per Share, the Company may, at its sole election and subject to paragraph (b) below, redeem some or all of the Convertible Notes by giving the Noteholder notice in writing that it wishes to redeem the Convertible Notes (Redemption Notice).
- (b) The Company must redeem all Convertible Notes which have not been redeemed or converted in accordance with these conditions of issue on the Maturity Date.
- (c) If the Company elects to give a redemption notice under condition 7.1(a) and does not receive written notice from the Noteholder to covert after 15 Business Days pursuant to clause 5.1(b), or is required to redeem the Convertible Notes under clause 7.1(b), the Company must, on or before the twentieth Business Day after giving the redemption notice or, on or before the fifth Business Day after the requirement to redeem the Convertible Notes arising (as applicable), pay the Noteholder an amount per Convertible Note equal to the face value of the Convertible Notes to be redeemed plus any interest which has accrued in respect of the Convertible Notes to be redeemed.

7.2 Redemption by Noteholder

- (a) If
 - (i) the Company does not make a payment it is required to make under the Agreement; or
 - (ii) an Insolvency Event occurs in relation to the Company,
 - a Noteholder may, by notice in writing to the Company, require the Company to redeem all (not some only) of the Convertible Notes held by the Noteholder.
- (b) If a Noteholder gives a redemption notice under condition 7.2(a), the Company must pay the Noteholder on before the fifth Business Day after receiving the redemption notice an amount per Convertible Note equal to the face value of the Convertible Notes plus any interest which has accrued in respect of the Convertible Notes which are converted.

8. REORGANISATION EVENTS

Where as a consequence of:

- (a) a pro rata bonus issue of Shares (not including an issue for cash or other consideration):
- (b) conversion of Shares into a larger or smaller number of Shares in the Company; or
- (c) any other reorganisation of share capital,

(each, a **Reorganisation Event**) the number of Shares alters, then the number of Shares into which the Convertible Notes are convertible is adjusted so that the Convertible Notes are convertible into the same percentage of the issued ordinary share capital of the Company as the percentage into which they are convertible immediately before the relevant Reorganisation Event.

9. PAYMENT TO NOTEHOLDERS

When payable, moneys payable to the Noteholder must be paid in Australian dollars:

- (a) by cheque marked 'not negotiable' and sent to the address of the Noteholder on the Company's share register;
- (b) by deposit to an account with any bank in Australia that the Noteholder, by written notice to the Company, may direct; or
- (c) by any other method of transferring money agreed by the Company and the relevant Noteholder from time to time.

10. CANCELLATION OF NOTES

All Convertible Notes redeemed or converted are automatically cancelled on redemption or conversion.

11. TRANSFER OF NOTES

The Convertible Notes are transferable.

12. INDEMNITY TO THE COMPANY

12.1 Indemnity and lien

Where in consequence of:

- (a) the death of a Noteholder;
- (b) the non-payment of any tax payable by a Noteholder;
- (c) the non-payment of any tax by the legal personal representatives of a Noteholder or his estate; or
- (d) any other act or thing in relation to a Note or a Noteholder,

any law for the time being of any country or place, in respect of that Convertible Note, imposes or purports to impose any liability of any nature whatever on the Company to make any payment to any governmental authority, the Company:

- (e) is indemnified by that Noteholder, his estate and his legal personal representatives for that liability and any money paid by the Company in respect of that liability may be recovered by action from that Noteholder or the Noteholder's legal personal representatives as a debt due to the Company; and
- (f) has a lien in respect of any money paid by the Company in respect of that liability on the Convertible Notes held by that Noteholder, his estate or his legal personal representatives.

12.2 Rights not affected

Nothing in Condition 12.1 prejudices or affects any right or remedy which any law may confer or purport to confer on the Company.

GLOSSARY

\$ means Australian dollars.

Acquisition has the meaning set out in Section 1.4.

Advance has the meaning set out in Section 1.5.

ASIC means the Australian Securities & Investments Commission.

Asset Sale Agreement has the meaning set out in Section 1.3.

Assets has the meaning set out in Section 1.3.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Chair means the chair of the Meeting.

Company means Consolidated Tin Mines Limited (ACN 126 634 606).

Consideration Shares has the meaning set out in Section 1.4.

Contracts has the meaning set out in Section 1.3.

Convertible Notes means the convertible notes to be issued to SPM on the terms and conditions set out in Schedule 1.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

HOA has the meaning set out in Section 1.5.

ICBC means the Industrial and Commercial Bank of China.

Independent Expert means Stantons International Securities.

Independent Expert's Report means the report prepared by Stanton's International in relation to Resolutions 1 and 2, included in this Notice of Meeting as an Annexure.

Investec means Investec Bank (Australia) Limited.

Mt Garnet Processing Plant has the meaning set out in Section 1.2.

Mt Garnet Tin Project has the meaning set out in Section 1.1.

Noteholder means a holder of Convertible Notes from time to time.

Notice or **Notice** of **Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

SPM Projects means the Surveyor Project, the Einasleigh Project, the Maitland Project and the Baal Gammon Project all of which are currently held by SPM.

Proxy Form means the proxy form accompanying the Notice.

Repayment Shares has the meaning set out in Section 1.4.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

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

Shareholder means a registered holder of a Share.

SPM means Snow Peak Mining Pty Ltd (ACN 161 212 504).

SPM Shares means fully paid ordinary shares in the capital of SPM.

SPII means Snow Peak International Investments Limited, a company incorporated in China.

Tenements has the meaning set out in Section 1.3.

AEST means Australian Eastern Standard Time as observed in Cairns, Queensland.

ANNEXURE - INDEPENDENT EXPERT'S REPORT

PO Box 1908 West Perth WA 6872 Australia

Level 2, 1 Walker Avenue West Perth WA 6005 Australia

> Tel: +61 8 9481 3188 Fax: +61 8 9321 1204

ABN: 42 128 908 289 AFS Licence No: 448697 www.stantons.com.au

17 November 2014

The Directors Consolidated Tin Mines Limited 395 Lake Street CAIRNS, QUEENSLAND 4870

Summary of Conclusions

In our opinion, the proposals noted in Resolutions 1 and 2 are on balance taking into account the technical value of a CSD share, fair and reasonable to the non-associated shareholders of CSD.

Dear Sirs,

RE: CONSOLIDATED TIN MINES LIMITED (ABN 57 126 634 606) ("CSD" OR "THE COMPANY") MEETING OF SHAREHOLDERS TO CONSIDER A RESOLUTION RELATING TO THE PROPOSAL TO ALLOW SNOW PEAK MINING PTY LTD TO BE ISSUED 580,000,000 SHARES IN THE COMPANY AT A DEEMED 5 CENTS EACH AND BE ISSUED 165,000,000 CONVERTIBLE NOTES AT 10 CENTS EACH AS CONSIDERATION FOR THE SALE BY SNOW PEAK MINING PTY LTD OF THE MT GARNET PROCESSING PLANT TO THE COMPANY AND THE ACQUISITION OF ALL OF THE MINERAL ASSETS OF SNOW PEAK MINING PTY LTD (RESOLUTION 1 AND 2) AND THE ISSUE OF 30,000,000 SHARES TO SNOW PEAK INTERNATIONAL INVESTMENTS LIMITED (A SUBSTANTIAL SHAREHOLDER IN CSD) (RESOLUTION 1) - MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 (RESOLUTION 1) AND ALLOWING CSD TO ACQUIRE AN ASSET FROM A RELATED PARTY (RESOLUTION 2)- MEETING PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE ("ASX") LISTING RULES 10.1 AND 10.11

1. INTRODUCTION

- 1.1 We have been requested by the Directors of CSD to prepare an Independent Expert's Report to determine the fairness and reasonableness of the transactions referred to in Resolutions 1 and 2 as detailed in the Notice of Meeting and Explanatory Statement ("ES") attached to the Notice to CSD shareholders ("the Notice") to be issued to shareholders in November 2014.
- 1.2 In late November 2013 Snow Peak Mining Pty Ltd ("SPM") a company associated with Mr Si He Tong ("Tong") a director of CSD and CSD had, pursuant to a Memorandum of Understanding ("MOU") agreed to the following (since updated as noted in paragraph 1.3 below):
 - SPM was to sell the Mt Garnet Processing Plant, mining information and assume employee liabilities (estimated at \$90,000) to CSD for the issue of 285,000,000 shares in CSD ("Consideration Shares") that were to be voluntarily escrowed for a period of two years (deemed cost of around \$28,500,000 using 10 cents per share). CSD was also to acquire the tenements associated directly with the processing plant (the Surveyor/Balcooma, Einsaleigh and Maitland and projects were to remain with SPM):
 - CSD was to receive revenue from toll treatment of SPM's mining ore from projects not being transferred;
 - The Acquisition cost included the cost of the replacement of a small part of the total environmental bonds being \$2,100,000 (on the tenements directly associated with the Mt Garnet Processing Plant) (total on entire project estimated at \$11,436,295);
 - CSD would issue 30,000,000 fully paid ordinary shares ("SPII Replacement Shares") to Snow Peak International Investments Limited) (SPII) as repayment of a \$3,000,000



- advance payment made to CSD under the Heads of Agreement dated 3 May 2012 (shares also to be escrowed for two years) (SPII is wholly owned by Tong);
- CSD would have the first right of refusal to buy back and cancel the Consideration Shares and the SPII Replacement Shares in the event that the holder wishes to dispose of them (subject to any applicable ASX imposed escrow); and
- SPM had agreed to conduct an in-specie distribution of the Consideration Shares to its shareholders (other than CSD, which holds 10% of SPM). The in-specie distribution is now not to take place.
- 1.3 These proposals were announced to the market via the ASX on the morning of 29 November 2013. The MOU was subsequently <u>replaced</u> by a New Memorandum of Understanding ("New MOU") signed on 4 July 2014 that resulted in an update to the original MOU in that in addition to the above proposals, CSD would <u>also</u> acquire <u>all</u> of the mineral tenement interests of SPM. Instead of 285,000,000 Consideration Shares being issued (primarily for the acquisition of the Mt Garnet Processing Plant), CSD was to issue:
 - 600,000,000 Consideration Shares at a deemed 5 cents each (\$30,000,000) (to be escrowed for two years) (now 580,000,000 Consideration Shares as noted below); and
 - 165,000,000 Convertible Notes at 10 cents each (\$16,500,000).

as consideration for the Mt Garnet Processing Plant, Environmental Bonds ("Bonds") of \$11,436,295 and the mineral tenement interests of SPM, including the Baal Gammon Minerals Right Agreement ("SPM Mineral Assets"). See below for subsequent adjustments to the Consideration. In addition, CSD would assume SPM employee entitlements and assume certain "Assumed Liabilities".

The acquisition of the Mt Garnet Processing Plant, Bonds and the SPM Mineral Assets (and assuming employee entitlements and Assumed Liabilities) is known as the Acquisitions. In addition, as part of the Acquisitions, CSD's 10% shareholding in SPM will be cancelled at no cost. The books of CSD disclose \$nil in relation to its 10% shareholding interest in SPM. We have been advised that the Consideration was reduced from 660,000,000 Consideration Shares to 600,000,000 Consideration Shares (and then 580,000,000 Consideration Shares) to reflect the cancellation of the 10% shareholding in SPP by CSD.

The New MOU was subsequently replaced by an Asset Sale Agreement dated 23 October 2014.

In addition, CSD is to pay \$500,000 per calendar quarter for 4 calendar quarters (a total of \$2,000,000) to SPM so SPM can meet interest obligations on a loan liability owed by SPM to Industrial and Commercial Bank of China ("ICBC"). The principal amount of the ICBC Debt is not being assumed by CSD.

The allocation of the 580,000,000 Consideration Shares (at an agreed value of 5 cents each) is as follows:

- 245,274,100 for the plant and equipment (deemed value \$12,263,705)
- 52,000,000 for the Tenements Part B as noted in the Asset Sale Agreement
- 6,000,000 for the Baal Gammon Mineral Rights Agreement
- 8,000,000 for the Tenement Applications Part B as per the Asset Sale Agreement
- 40,000,000 for Mining Information and Records Part B as noted in the Asset Sale Agreement
- 228,725,900 for the Environmental Bonds

The 580,000,000 Consideration Shares will be escrowed for a period of 2 years.

The 165,000,000 Convertible Notes (at an agreed value of 10 cents each) are allocated as follows:

- 137,000,000 for the Tenements Part A as per the Asset Sale Agreement
- 28,000,000 for the Mining Information and Records Part A as noted in the Asset Sale Agreement.

The 30,000,000 SPII Replacement Shares will be escrowed for two years and CSD has the first right of refusal to buy-back the SPII Replacement Shares during the escrow period (CSD will not have an automatic right to buy-back such shares).

We have been advised that the best estimate of the assumed employee entitlements will be approximate \$1,093,000 and the Assumed Liabilities will approximate \$10,000,000. The Assumed Liabilities relate to a working capital facility of \$10,000,000 and SPM is in the process of establishing a further working capital facility of \$8,000,000, however the expected Assumed Liability amount will be \$10,000,000 at the time of completion of the Acquisitions with SPM and SPII.

- 1.4 In January 2013, SPM acquired the Kagara Central Region Copper Project (including what is called the Mt Garnet Processing Plant) from the Administrators of Kagara Limited for \$29,300,000 plus the assumption of \$10,700,000 in environmental bonds for a total consideration of \$40,000,000. SPM is now owned approximately 90% by SPII and 10% by CSD.
- 1.5 SPII, following SPII exercising its 27,300,000 share options on 30 December 2013, is an approximate 25.42% shareholder in CSD (as at 17 November 2014). SPM granted a new loan facility of \$1,000,000 and as at 31 October 2014, the Company owed no monies under the facility. The loans drawn down are repayable at the earlier of 2 months after draw down or within 5 days after the date that CSD receives a notice from SPM if CSD commits a breach of any of its obligations.
- 1.6 Post the acquisition of the Mt Garnet Processing Plant and the SPM Mineral Assets, the issue of the 580,000,000 Consideration Shares, the issue of the 165,000,000 Convertible Notes and 30,000,000 SPII Replacement Shares, SPII and SPM (the "SPII Group") will hold approximately 75.70% of the expanded issued capital of CSD and if all of the Convertible Notes were converted into shares in CSD, the SPII Group's shareholding will increase to approximately 79.50%.
- 1.7 The Notice seeks to approve, inter-alia:
 - The issue of 580,000,000 Consideration Shares (part of Resolution 1) to SPM and 30,000,000 SPII Replacement Shares to SPII (part of Resolution 1) pursuant to Section 611 Item 7 of the Corporations Act 2001 ("TCA");
 - The issue of 580,000,000 shares to SPM and entering into the Asset Sale Agreement pursuant to ASX Listing Rules 10.1 and 10.11 (Resolution 2);
 - The issue of 165,000,000 Convertible Notes to SPM at 10 cents each (see details below) as part of the acquisition of the Mt Garnet Processing Plant, Bonds and the Mineral Assets (part of Resolution 1 refers) pursuant to Section 611 Item 7 of TCA; and
 - The issue of 30,000,000 SPII Replacement Shares to SPII pursuant to ASX Listing Rule 10.11 (Resolution 3 we are not reporting specifically on this resolution under ASX Listing

Rule 10.11 but do note Resolution 1 covers the issue of the SPII Replacement Shares pursuant to Section 611 Item 7 of TCA).

- 1.8 The Convertible Notes more significant details are as follows:
 - 165,000,000 Convertible Notes to be issued at 10 cents each (\$16,500,000 in total);
 - Interest rate 7% pa payable quarterly in arrears from the date of issue on the last day of the months of March, June, September and December in each year;
 - Unsecured;
 - Maturity Date of one year after date of issue;
 - If CSD shares are traded on ASX for 35 consecutive days at above 20 cents, CSD will have the right but not the obligation to redeem some or all of the Convertible Notes.

Further details on the Resolutions and the Convertible Notes are outlined in the ES attached to the Notice.

- 1.9 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, 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%.

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition 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. An independent expert is required to report on the fairness and reasonableness of the transactions.

- 1.10 SPII and SPM are deemed associated with each other and thus the SPII Group will obtain an initial interest on CSD of approximately 75.70% and up to a maximum of 79.50% and thus shareholders are required to approve the transactions with SPII and SPM pursuant to Section 611 of TCA. TCA requires an Independent Expert's Report to report as to whether the relevant transactions are fair and reasonable to non-associated shareholders.
- 1.11 Listing Rule 10.1 of the ASX Listing Rules provides that shareholder approval is required before a listed company may sell or acquire a substantial asset from various persons in a position of influence. This includes acquiring a substantial asset from a related party or a substantial shareholder. The potential Acquisitions (of the Mt Garnet Processing Plant, Bonds and the SPM Mineral Assets) by CSD from SPM are substantial assets for the purposes of Listing Rule 10.1. The Listing Rule requires an Independent Expert's Report to report as to whether the relevant transactions are fair and reasonable to non-associated shareholders.
- 1.12 The new proposals would allow the SPII Group to acquire the Mt Garnet Processing Plant, Bonds and the SPM Mineral Assets and as SPII is a substantial shareholder in CSD and the asset being potentially acquired represents a potential acquisition of a substantial asset representing more than 5% of the Company's last audited net assets, shareholders are being requested to approve the entering into the Asset Sale Agreement to acquire the Mt Garnet Processing Plant, Bonds and SPM Mineral Assets under ASX Listing Rules as noted above.
- 1.13 The Company has requested Stantons International Securities to prepare an Independent Expert's Report to determine whether the proposals outlined above that would allow:

- The issue of 580,000,000 Consideration Shares to SPM, the issue of 165,000,000 Convertible Notes to SPM and 30,000,000 SPII Replacement Shares to SPII pursuant to Section 611 Item 7 of the Corporations Act ('TCA"); and
- The issue of 580,000,000 shares at a deemed 5 cents each (\$29,000,00) and 165,000,000 Convertible Notes at 10 cents each (\$16,500,000) to SPM and entering into the Asset Sale Agreement pursuant to ASX Listing Rules 10.1 and 10.11

are fair and/or reasonable to the shareholders of CSD (not associated with the SPII Group).

- 1.14 Under a Heads of Agreement (the "Prior HOA") signed on or around <u>3 May 2012</u>, it was proposed that SPM would undertake the following:
 - SPM would contribute \$3,000,000 to CSD as part of the purchase price (option to purchases as noted below) to acquire a 50% interest in the Mt Garnet Tin Project. The funds to be used to advance the prefeasibility study ("PFS") on the Mt Garnet Tin Project;
 - In consideration of this payment CSD would issue to SPM 27,300,000 unlisted options ("Consideration Options") with an exercise of 7 cents each and expiring on 31 December 2013. The Consideration Options were non transferable (these share options were exercised on 30 December 2013);
 - On completion of the PFS, SPM was required to make an election to either:
 - o form a joint venture company ("JVCO"), by paying into the JVCO 100% of the Mt Garnet Tin Project net present value calculated using the PFS ("NPV") or such other valuation as otherwise agreed between the Company and SPM, less the Advance, in consideration of the issue of 50% of the share capital of JVCO; or
 - o not form the JVCO with the Company, but nominate an alternative satisfactory to the Company which, if agreed by the Company, will pay 100% of the NPV or such other valuation as agreed otherwise between the Company and SPM in consideration for a 50% interest in the Mt Garnet Tin Project; or
 - be transferred a percentage interest on the Mt Garnet Tin Project in an amount equal to the Advance, the percentage interest being calculated pro-rata to the NPV or such other valuation as agreed otherwise by the Company and SPM ("Percentage Interest").
 - If the PFS was positive and SPM did not proceed with the Joint Venture, CSD has the right to buy back the 27,300,000 Consideration Options at the difference between the 14 day volume weighted average share price ("VWAP") ordinary share price and 7.0 cents or 3.5 cents per option whichever is the greater.
 - On 9 July 2012, shareholders approved the above proposals and the 27,300,000 Consideration Options were issued. The Asset Sale Agreement of 23 October 2014 noted above now replaces in its entirety the May 2012 Heads of Agreement, the MOU of November 2013 and the New MOU of July 2014.
- 1.15 Apart from this introduction, the report considers the following:
 - Summary of opinion
 - Implications of the proposals with the SPII Group
 - Future directions of CSD and other information
 - Basis of valuation of CSD shares
 - Preferred valuation method for valuing a CSD Share
 - Premium for control
 - Value of the Considerations
 - Values of the Mt Garnet Processing Plant and SPM Mineral Assets being acquired
 - Conclusion as to fairness
 - Reasonableness of the proposals with SPM/SPII
 - Conclusions on reasonableness

- Shareholder decision
- Sources of information
- Appendices A, B and C and our Financial Services Guide

2. SUMMARY OF OPINION

2.1 In determining the fairness and reasonableness of the transactions and proposals pursuant to Resolutions 1 and 2, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111. 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", where there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

- 2.2 Regulatory Guide 111 also provides that such an allotment should involve a comparison of the advantages and disadvantages likely to accrue to non-associated shareholders if the transaction proceeds compared with if it does not. It also states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regard to the interests of shareholders other than the proposed allottees (in this case, SPM and SPII) and whether a premium for potential increased control is being paid by the allottees.
- 2.3 Although in this case the proposed potential issue of 580,000,000 Consideration Shares and issue of 165,000,000 Convertible Notes as consideration for the acquisition of the Mt Garnet Processing Plant, Bonds and the SPM Mineral Assets (and assumption of various liabilities) is not a takeover offer, we have considered the general principals noted above to determine our opinions on fairness and reasonableness pertaining to the Proposals under Resolution 1 (and Resolution 2).

Accordingly, our report relating to Resolutions 1 and 2 are concerned with the fairness and reasonableness of the proposals from the point of view of the existing non associated shareholders of CSD (not associated with the SPII Group).

- 2.4 In our opinion, taking into account the factors noted below and in sections 7 to 11 of this report and the comments made in the ESS to Shareholders accompanying the November 2014 Notice, the proposals noted in Resolutions 1 and 2 are, on the basis of valuing the shares in CSD on an asset backing basis (at fair values), on balance, fair and reasonable to the non-associated shareholders of CSD.
- 2.5 Notwithstanding that the CSD share price (last sale price of 5.5 cents as at 14 November 2014) each shareholder needs to examine the share price of CSD and market conditions at the time of exercise of vote to ascertain the impact, if any, on Resolutions 1 to 2. The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report. It is noted that the Share Sale Agreement has ascribed a value of 5.0 cents per Consideration Share to the 580,000,000 Consideration Shares.

- 2.6 It is noted that the volumes of trades in CSD shares on ASX are reasonable with the last sale price of 8.7 cents on 28 November 2013 (the day before the announcement of the November 2013 MOU proposals with the SPII Group) (7.2 cents to 9.7 cents). It is also noted that the share price of a CSD share as traded on ASX for the 30 trading days prior to the announcement of the New MOU on 7 July 2014 was between 4.8 cents and 6.4 cents with a last sale on 3 July 2014 of 5.0 cents and the share price of a CSD share between 9 July 2014 and 23 October 2014 (Asset Sale Agreement signed on 23 October 2014) of between 4.9 cents and 7.0 cents. Using the trading share prices, adjusted for a premium for control, the proposed Acquisitions, the issue of 580,000,000 Consideration Shares, the issue of 165,000,000 Convertible Notes and issue of the SPII Replacement Shares to extinguish a loan of \$3,000,000 would also be fair. However, our preferred methodology to value the shares in CSD is to use the adjusted net asset backing methodology as noted elsewhere in this report.
- 2.7 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the September 2014 Mt Garnet Plant Valuation Report ("Plant Valuation Report") on the Mt Garnet Processing Plant by Como Engineers Pty Ltd ("Como Engineers"), the August 2014 CSD Mineral Assets Valuation Report prepared by Minnelex Pty Ltd ("Minnelex") and the October 2014 SPM Mineral Assets Valuation Report prepared by Auralia Mining Consultants Pty Ltd ("Auralia") copies of which are attached as Appendices C, B and D respectively to our report.

3. IMPLICATIONS OF THE PROPOSALS WITH THE SPII GROUP

3.1 As at 31 October 2014, there were 250,614,381 fully paid ordinary shares on issue in CSD. The significant fully paid registered shareholders as at close of business on 24 October 2014 are disclosed as:

Name of Shareholder	No. of Shares	% Interest
Snow Peak Investments Limited	63,700,000	25.42
Ralph De Lacey and Ryan M Ryan		
(Super Fund)	16,250,000	6.48
Beacon Minerals Limited	14,739,926	5.88
Geocrystal Ltd	8,441,990	3.37
John Sainsbury Consolidated Pty Ltd	6,091,900	2.43
	109,223,816	43.58

- 3.2 The top twenty fully paid shareholders as at 24 October 2014 own approximately 61.00% of the issued capital and there were over 1,000 shareholders in total.
- 3.3 As at 31 October 2014, there are 4,400,000 share options outstanding (2,200,000 exercisable at 30 cents each, on or before 31 December 2014 and 2,200,000 exercisable at 40 cents each, on or before 31 December 2015). The Company has announced a Priority Entitlement Offer to the former share option holders owning listed share options that expired on 31 December 2013. The new listed share options will have an issue price of 0.5 cents each and will be exercisable at 20 cents each on or before 31 December 2015. The maximum number of new listed share options that may be subscribed for is 61,674,990 (\$308,375 could be raised on subscription if all new listed share options are subscribed for. Shareholders at the Company's annual general meeting held on 17 November 2014 approved the Priority Entitlement Offer of up to 61,674,990 new share options.
- 3.4 On 17 November 2014, the shareholders approved the issue of 29,302,929 shares (Loan Shares) to ARM (NQ) Pty Ltd ("ARM") to extinguish loans of \$2,000,000 (\$1,000,000 drawn down as at 30 June 2014 and the balance subsequent to that date) plus estimated interest to 17 December 2014 of \$51,205. The agreed issue price for each of the Loan Shares is 7 cents and thus if issued, will extinguish liabilities totalling \$2,051,205. In this report, we have assumed the 29,302,929 Loan Shares will be issued to ARM shortly.

3.4 The potential movement in the number of shares on issue in the Company could be as follows:

	Number	Percentage
		SPII Group
On issue as at 31 October 2014	250,614,381	25.42
Issue of Loan Shares to ARM	29,302,929	_
Shares on issue prior to the Acquisition	279,917,310	22.76
Issue of shares to the SPII Group		
Issue of Consideration shares to SPM	580,000,000	100.00
Issue of SPII Replacement Shares to SPII	30,000,000	<u>100.00</u>
Shares on issue following passing of		
Resolutions 1 and 2	889,917,310	75.70
Potential issue of further shares		
Conversion of all Convertible Notes		
at 10 cents each	165,000,000	100.00
Potential shares on issue post Convertible		
Notes conversion	<u>1,054,917,310</u>	<u>79.50</u>

The number of shares may increase if the proposed share options to be issued are exercised.

SPII would initially own 93,700,000 shares (approximately 10.53%) in CSD and SPM would own 580,000,000 shares (approximately 65.17%) in CSD prior to any conversion of Convertible Notes (the SPII Group would control 693,700,000 shares post Completion that would represent an approximate 75.70% of the expanded issued capital of CSD.

SPII could initially own 93,700,000 shares (approximately 8.88%) in CSD and SPM could own 745,000,000 shares (approximately 70.62%) in CSD post conversion of all of the Convertible Notes (the SPII Group would control 838,700,000 shares or approximately 79.50% of the expanded issued capital of CSD) (before the exercise of any share options that may be issued as noted in paragraph 3.3 above and before the issue of any further shares to raise new working and/or development capital).

In addition, shareholders on 17 November 2014 approved the issue of up to such number of equity securities as is equal to 10% of its issued capital under ASX Listing Rule 7.1.A on the date 12 months before the issue at a price not less than 75% of the volume weighted average share price ("VWAP") of a CSD share trading on ASX over the 15 ASX Trading Days before the date on which the equity securities are to be issued is agreed or if the equity securities are not issued within 5 Trading Days of the above date, the date on which the equity securities are issued. The Company may need to issue some new ordinary shares ("Capital Raising Shares") following the shareholders approval on 17 November 2014 as the Company has little cash resources. The final number of Capital Raising Shares and the issue price is unknown at the date of this report. If new shares are issued, the potential shareholding of SPM and SPII would alter downwards.

- 3.5 In relation to the Board of Directors control, the current directors are Messrs Ralph De Lacey, Andrew Kerr, Darryl Harris, John Banning and Si He Tong (associated with SPII). It is not planned to change the Board of Directors in the near future but this may change as the needs arise.
- 3.6 CSD and its wholly owned subsidiaries Surveyor Mining Pty Ltd and Colinacobre Pty Ltd (the "CSD Group") post the completion of the Acquisitions and other proposals with the SPII Group would:
 - Own the Mt Garnet Processing Plant, mining information, the SPM Mineral Assets, Bonds and assume employee liabilities (estimated at \$1,093,000) and assume Assumed Liabilities

of \$10,000,000 (CSD issues 580,000,000 Consideration shares (deemed cost of \$29,000,000 using 5.0 cents per share and the agreed value as noted in the Asset Sale Agreement dated 23 October 2014) and the issue of 165,000,000 Convertible Notes, convertible at 10 cents each (deemed value of \$16,500,000). Before the announcement on 7 July 2014 of the changes to the MOU of November 2013, 285,000,000 Consideration Shares were to be issued to acquire the Mt Garnet Processing Plant only and the deemed fair value of such consideration was then \$28,500,000. CSD will then own the tenements associated directly with the processing plant and the SPM Mineral Assets (includes, interalia Surveyor, Balcooma, Einsaleigh, Maitland, Kaiser Bill, Chloe/Jackson/Stella and Railway Flat Projects – details on the SPM Mineral Assets are included in the SPM Mineral Assets Valuation Report attached as Appendix D to this report);

- Have the ability to receive revenue from SPM's producing operations and projects;
- Have environmental bonds totalling approximately \$11,436,295 (no cash outlay by CSD as the Consideration payable includes acquiring the Bonds);
- Have issued 30,000,000 SPII Replacement Shares to SPII as repayment of a \$3,000,000 advance payment made to CSD as per the Heads of Agreement of 3 May 2012 (shares also to be escrowed for two years); and
- CSD is to pay \$500,000 per calendar quarter for 4 calendar quarters (a total of \$2,000,000) to SPM so SPM can meet interest obligations on a loan liability owed by SPM to Industrial and Commercial Bank of China ("ICBC"). The principal amount of the ICBC Debt is not being assumed by CSD.

4. FUTURE DIRECTION OF CSD AND OTHER INFORMATION

- 4.1 We have been advised by a director of CSD that:
 - the immediate short-term plan is to use existing funds and potentially raise new funds to fund the completion of the Definitive Feasibility Study ("DFS") and working capital for the Mt Garnet Tin Project and the SPM Mineral Assets and for the Company generally;
 - no dividend policy has been set and is not proposed to be set until such time as the Company is profitable and has a positive cash flow;
 - The Board of Directors is not planned to change in the near future but may change as the needs arise; and
 - The Company is likely to raise further capital (including further equity raisings in 2014/15 and 2015/16 (including completing the Priority Entitlement Offer relating to share options that may be issued) and possibly project loan funds as and when required to continue to develop the Company's mineral assets. As noted above, the Company may issue further shares, but this cannot be assured at this point of time.
- 4.2 CSD currently does not have a reliable cash flow or profit history from tin mining and has yet to develop its flagship project, the Mt Garnet Tin Project and complete the DFS. It is noted that the Preliminary Feasibility Study ("PFS"), a summary of which was released to the market on 30 September 2013 on the Mt Garnet Tin Project (the Company's flagship project) indicated that capital costs may be around \$76,000,000 and that the Life of Mine (around 9 years) would produce a cash surplus before tax of around \$378,500,000 using a tin price of A\$24,000 per tonne (Base Case) and a LOM Cash Surplus before tax of around \$275,200,000 using a tin price of \$20,000 per tonne. The Base Case Net Present Value based on the PFS and using an 8% discount rate was around \$110,000,000. Obviously, the Company has

upside (including an improved share price) and after completing the DFS and then, if found to be commercially viable raise funds that may exceed \$76,000,000. The SPII Group, along with all other shareholders would benefit from completion of the DFS (and ultimately entering into production, using the Mt Garnet Processing Plant that CSD is to acquire from SPM). The cash flow models may now change as a result of the new proposals with SPM.

Notes required under ASX Listing Rule 5.16 (as advised by CSD):

- The results of the PFS was first announced by CSD on 30 September 2013 following the completion of the PFS in September 2013 and is wholly underpinned by 13.118 Mt of JORC Ore (Tin) Reserves of which 1.105Mt are classified as Measured, 8.296 Mt as Indicated and 3.716 Mt are classified as Inferred (these results released initially to the market on 26 June 2013).
- All the material assumptions on which that production target is based (as set out in CSD's announcements referred to above on 30 September 2013) remain applicable and have not materially changed.
- The estimated Measured, Indicated and Inferred Ore (Tin) Reserves underpinning the production target have been prepared by a Competent Person in accordance with the requirements in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code).
- 4.3 Further details are in announcements made by CSD to the ASX to 14 November 2014 and shareholders are encouraged to read recent reports on the Mt Garnet Tin Project and other various projects before determining whether to vote for or against Resolutions 1 and 2 in the Notice.

5.0 Basis of Valuation of CSD Shares

- 5.1 Shares
- 5.1.1 In considering the proposal to issue 580,000,000 Consideration Shares (and 165,000,000 Convertible Notes) and 30,000,000 SPII Replacement Shares (at a deemed issue price of 10 cents per share) as noted elsewhere in this report, whereby the SPII Group could obtain a shareholding interest initially at approximately 75.70% (and up to 75.70% if the Convertible Notes are converted to ordinary shares in CSD by SPM), we have sought to determine if the considerations payable by CSD to SPM and SPII are fair and reasonable to the existing non-associated shareholders of CSD.
- 5.1.2 The proposals would be fair to the existing non-associated shareholders if the value of the Mt Garnet Processing Plant and the SPM Mineral Assets being acquired by CSD is greater than the implicit value of the 580,000,000 Consideration Shares (ordinary shares) in CSD being offered as consideration, along with the 165,000,000 Convertible Notes (deemed value of such convertible Notes is \$16,500,000) and the value of the Loan Debt of \$3,000,000 is greater than the 30,000,000 SPII Replacement Shares being issued to extinguish the Loan Debt owing to SPII. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on CSD shares for the purposes of this report.
- 5.1.3 The valuation methodologies we have considered in determining a theoretical value of a CSD 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 CSD shares.
- 5.2 Capitalised maintainable earnings and discounted cash flows.
- 5.2.1 Due to CSD'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 until such time as the DFS is completed and finance arranged, we have considered these methods of valuation not to be relevant for the purpose of this report. CSD has audited losses of over \$4.627 million as at 30 June 2014 (before adjustments as noted below). There is however, the intention to commercialise the Mt Garnet Tin Project in 2015/16 but the DFS has yet to be completed (although a PFS has been completed as noted in paragraph 4.2 above). It may be expected that on completion of the DFS and in particular on arranging long term development and working capital finance, the share price of a CSD share may be higher than current share prices as traded on ASX (see paragraph 5.5.1 below). Refer below for details on the adjusted unaudited net asset backing of CSD as at 30 September 2014.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for CSD 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 CSD have formed the view that there are unlikely to be any takeover bids made for CSD in the immediate future. However, if the agreement to acquire the Mt Garnet Processing Plant and the SPM Mineral Assets is completed, the SPII Group could initially control approximately 75.70% (and up to 79.50% if the Convertible Notes are converted to ordinary shares in CSD by SPM) of the expanded ordinary fully paid issued capital of CSD. The percentage could be higher if the Convertible Notes to be issued by CSD initially to SPM are converted to shares in CSD.

5.4 Adjusted Net Asset Backing

- 5.4.1 A summary of the unaudited consolidated statement of financial position (Balance Sheet A) of CSD as at 30 September 2014 is summarised below after the following adjustments;
 - allowing for administration costs between 1 October 2014 and 31 December 2014 of say \$300,000 (accrued), \$350,000 for exploration costs (accrued) and depreciation of say \$30,000;
 - Allowing for further draw down from ARM of \$320,000 (to take the Principal to \$2,000,000) and allowing for accrued interest of \$51,205 and issuing 29,302,929 Loan Shares at 7 cents each to extinguish loan liabilities of \$2,051,205; and
 - increasing exploration costs capitalised by \$2,367,020 and accumulated losses by \$632,980 and crediting a loan liability owing to SPII of \$3,000,000. This reflects an adjustment whereby initially \$2,367,020 was considered a contribution to project funding by SPII and \$632,980 reflected the cost of issuing 27,300,000 share options to SPII (subsequently exercised) as a fee to provide the funding.

In addition, we disclose a <u>pro-forma</u> consolidated unaudited statement of financial position (Balance Sheet B) after allowing for:

• The issue of 30,000,000 SPII Replacement Shares to repay the \$3,000,000 Loan funds due to SPII;

- The issue of 580,000,000 Consideration Shares at a deemed issue price of 5.0 cents per share based on the deemed value in the Share Sale Agreement (\$29,000,000) to SPM as part consideration to acquire the Mt Garnet Processing Plant (\$12,263,705), Bonds to the extent of \$11,436,295 and certain of the SPM Mineral Assets (\$5,300,000) and the assumption of employee entitlements of approximately \$1,093,000 and Assumed Liabilities of \$10,000,000. The \$1,093,000 and \$10,000,000 has been added to the deemed price of the SPM Mineral Assets;
- The issue of 165,000,000 Convertible Notes at a deemed issue price of 10 cents (\$16,500,000) each as part consideration to acquire certain of the SPM Mineral Assets (\$16,500,000 attributed to the SPM Mineral Assets);
- The accrual of transaction costs estimated not to exceed \$686,000 as part of the cost of acquiring the Mt Garnet Processing Plant and transaction costs of \$1,254,000 in relation to the acquiring of the SPM Mineral Assets;
- The payment of the costs of the Notice and other indirect costs of the Acquisition (of the Mt Garnet Tin Processing Plant and SPM Mineral Assets) estimated at \$250,000;
- The issue of 61,674,990 share options at 0.5 cents each, exercisable on or before 31 December 2015 to raise a gross \$308,375 under a Priority Option Issue;
- The accrual of \$2,000,000 relating to the payment of interest on the ICBC Debt owing by SPM to ICBC; and
- The assumption of a rehabilitation provision equal to the Bonds of \$11,436,295.

30 September 2014 (A as adjusted) \$000's	Unaudited 30 September 2014 B Pro-Forma
	\$000's
	390
	37
369	427
69	11,505
413	13,363
15,136	60,719
15,618	85,587
15,987	86,014
901	2,841
127	1,220
3,000	-
-	16,500
-	-
-	10,000
-	2,000
4,028	32,561
-	11,436
4,028	43,997
11,959	42,017
	2014 (A as adjusted) \$000's 332 37 369 69 413 15,136 15,618 15,987 901 127 3,000 4,028

Net Equity =	11,959	42,017	
Shares on issue	279,917,310	889,917,310	
Book asset backing per share (cents)	4.27	4.72	

- 5.4.2 In determining the net tangible asset value on a going concern basis it is necessary to adjust the book values of the mineral assets of the CSD Group to reflect the technical (market) fair value of those assets. We have therefore, in conjunction with the Company instructed Minnelex Pty Ltd ("Minnelex") to undertake a valuation of the existing mineral assets of the CSD Group. In August 2014 Minnelex prepared the CSD Mineral Assets Valuation Report in which they have valued CSD's mineral assets on a preferred, low and high value. We have used and relied on the CSD Mineral Assets Valuation Report and have satisfied ourselves that:
 - Minnelex is a suitably qualified consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mining asset valuations (also the principal author of the report, Robert Pyper is suitably qualified and experienced);
 - Minnelex is independent from CSD and the SPII Group; and
 - Minnelex has to the best of our knowledge employed sound and recognised methodologies in the preparation of the valuation report on the CSD Group mineral assets.
- 5.4.3. Minnelex has ascribed a range of market values for the CSD Group's mineral assets as follows:

	Low \$M000's	Preferred \$M000's	High \$M000's
Mt Garnet Tin Project (main			
resource)	4.3	7.6	10.9
Tin Alluvials	2.7	3.6	4.5
EPM's	4.3	6.7	9.1
Mining Leases	0.07	0.10	0.14
Mineral assets of CSD (rounded)	11.4	18.0	24.6

5.4.4 Using the fair values of CSD mineral assets as ascribed in the Minnelex Valuation Report and based on the assumptions provided to us of the other consolidated assets and liabilities of CSD as at 30 September 2014 (as adjusted) as per Balance Sheet A above, the net fair value of CSD is expected to lie in the range as follows:

	Paragraph	Low \$000's	Preferred \$000's	High \$000's
Mineral assets Property, plant and	5.4.4	11,400	18,000	24,600
equipment		413	413	413
Other current assets		369	369	369
Other non-current assets		69	69	69
Other current liabilities		(4,028)	(4,028)	(4,028)

Total	8,223	14,823	21,423
Number of shares on issue	279,917,310	279,917,310	279,917,310
Net asset value per share (cents)	2.93	5.29	7.65

5.4.5 Based on the preferred values, the adjusted net book values at 30 June 2014 ("Balance Sheet A") equates to a value per share of approximately 5.29 cents (ignoring the value, if any, of non-booked tax benefits).

It should be noted that CSD will need to raise new capital in the 2014/15 year and the following financial year to meet its liability obligations and for working capital. Shareholders approved to allow the Company to issue further shares to raise new capital as noted above but the final number of shares to be issued (if any) and the issue price has yet to be determined. It is also planned to raise new debt and/or possible equity raisings in 2015 but there are no firm plans for amounts, timing and split between debt and equity. There is no guarantee that all funds will be raised or raised in 2015.

- 5.4.6 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 CSD and other parties. We also note it is not the present intention of the directors of CSD to liquidate the Company and therefore any theoretical value based upon wind up value or even net book values (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in CSD based on the market perceptions of what the market considers a CSD share to be worth. The market has either generally valued the vast majority of junior/mid size mineral exploration and development 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 CSD shares and the market is kept fully informed of the activities of the Company. CSD's market capitalisation as at 30 June 2014 (approximately \$12.02 million) is greater than the book net equity position of around \$10.765 million as at 30 June 2014 as adjusted. There will be 279,917,310 shares on issue after the issue of the Loan Shares as noted above and based on a sale price of 5.5 cents on 14 November 2014, the market capitalisation is approximately \$15.395 million.
- 5.4.7 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 CSD shares and the market is kept fully informed of the activities of the Company. However, it is noted that from CSD's point of view as the legal parent company, the value ascribed to the 580,000,000 Consideration Shares to be issued to SPM would be accounted for at the market value of a CSD share at date of issue (notwithstanding that the technical value as noted above may be higher). The actual share price at the date of acquisition of the Mt Garnet Processing Plant and the SPM Mineral Assets from SPM cannot be determined at this point of time. The Convertible Notes have a face value of \$16,500,000 (they are convertible at 10 cents each but bear an interest rate of 7% per annum, payable quarterly in arrears). The net present value of the Principal and Interest over an approximate 12 months (assumes Convertible Notes issued in late December 2014) is approximately the gross Principal (\$16,500,000) and Interest (\$1,155,000) as the Convertible Note Facility is only for a 12 month period.

For accounting purposes under Australian Equivalents to International Financial Reporting Standards ("IFRS"), the consideration for the issue of CSD Consideration Shares (ordinary shares) to acquire the Mt Garnet Processing Plant and the SPM Mineral Assets will be

booked at the fair value of the shares in CSD at the date of Acquisitions and not any perceived technical value.

- 5.5 Market Price of CSD Shares (as traded on ASX)
- 5.5.1 We set out below a summary of share prices of CSD from 1 June to 28 November 2013 (the day before the announcement of the proposals with SPM/SPII as noted in paragraph 1.2 above to acquire the Mt Garnet Processing Plant) and the share prices post that date to 6 July 2014 (the day before the announcement of the new proposals with SPM/SPII to acquire both the Mt Garnet Processing Plant and the SPM Mineral Assets).

	High Cents	Low Cents	Last Sale Cents	Volumes Trade (000's)
June 2013	5.3	4.9	4.9	1,546
July 2013	5.3	4.7	5.3	758
August 2013	6.8	5.0	5.1	3,208
September 2013	7.8	4.9	7.8	819
October 2013	8.1	5.8	7.6	13,008
November 2013 (to 28 th)	10.5	7.2	8.7	12,530
November (29 th)	9.0	8.0	8.0	1,150
December 2013	8.6	7.3	8.0	2,902
January 2014	8.2	7.0	7.9	2,074
February 2014	7.8	5.1	7.0	2,807
March 2014	7.0	5.7	6.2	3,423
April 2014	7.2	6.5	6.5	2,483
May 2014	7.0	5.3	6.3	2,162
June 2014	6.1	4.8	4.8	2,401
July 2014 (to 6 th)	5.1	4.8	5.0	964

Subsequent to the announcement of the new proposals announced on 7 July 2014, the shares in CSD traded on ASX has been between 4.5 cents and 6.4 cents. Post the announcement (made 27 October 2014) of the signing of the Asset Sale Agreement, the shares in CSD have traded between 4.7 cents and 5.7 cents with a last sale price on 5 November 2014 of 4.9 cents (traded between 4.8 cents and 5.0 cents) and a last sale price on 14 November 2014 of 5.5 cents.

- 5.5.2 The future ultimate value of a CSD share will depend upon, inter alia:
 - * the future prospects of its mineral assets and the Mineral Assets proposed to be acquired;
 - * the state of the tin, fluorite, copper and base metal markets (and prices) in Australia and overseas;
 - * the state of Australian and overseas stock markets;
 - * the strength of the Board and management and/or who makes up the Board and management;
 - * general economic conditions;
 - foreign exchange rates;
 - * the ability of the Company to secure funding requirements for the development of the Mt Garnet Tin Project;
 - * the liquidity of shares in CSD; and
 - * possible ventures and acquisitions entered into by CSD.

6. Preferred Valuation Method for Valuing a CSD Share

- 6.1.1 In assessing the fair value of CSD and a CSD share pre the Acquisition of the Mt Garnet Processing Plant and the SPM Mineral Assets, we have selected the net assets at fair market values on a going concern methodology as the preferred methodology as:
 - CSD does not currently generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 30 June 2014, 2013 and 2012. Therefore the capitalisation of future maintainable earnings is not yet appropriate;
 - CSD although has potential future net cash inflows, the Company still needs to raise significant cash funds to enter into the development and commercialisation mode and therefore the Discounted Cash Flow methodology is not considered appropriate (but refer comments in paragraph 5.2.1 above); and
 - Although the shares of CSD are listed and there is arguably a "Deep Market" of share trading in CSD, we have used share prices as a secondary market valuation methodology. The share prices to date may be affected by the delays in dealings with SPM/SPII and that the Mt Garnet Tin Project still needs financing. Until these matters are fixed, the share price of a CSD share may not be re-rated upwards.
- 6.1.2 As stated at paragraph 5.4.5 we have assessed the value of CSD prior to the Acquisitions of the Mt Garnet Processing Project, Bonds and the SPM Mineral Assets and the issue of SPII Replacement Shares on a net asset basis as adjusted and on a going concern basis as being approximately 5.29 cents.
- 6.1.3 We note that, the net asset value may not necessarily reflect fair values in the current economic circumstances of the Company. If funds can be raised and development of the Mt Garnet Tin Project proceeds to development or is sold far in excess of book values, then arguably the fair value of a CSD share may be in excess of the current fair book value and current market values.
- 6.1.4 It is noted that using ASX share prices (as a secondary valuation methodology) the fair market value of a CSD share to a shareholder pre the proposed Acquisitions (acquisitions of both the Mt Garnet Processing Plant and the SPM Mineral Assets) lies mainly in the range of 4.8 cents and 7.2 cents (using sale prices on ASX between March 2014 and 6 July 2014). Subsequent to the announcement of the Acquisitions, the shares have traded in the range of 4.5 cents to 7.0 cents (to 14 November 2014).
- 6.1.5 The Acquisitions of the Mt Garnet Processing Plant, Bonds and the SPM Mineral Assets from SPM is currently dependent on capital/debt raisings in the short term. Further capital raisings (in addition to any Capital Raising as allowed for to issue up to 50,122,876 Capital Raising Shares as noted above) will be required in 2015 and 2016 to enter into the commercialisation/development mode on the Mt Garnet Tin Project.

We have considered the <u>pre-announcement</u> (the announcement of 7 July 2014) ASX share price of a CSD share that falls mainly in the range of 4.8 cents to 7.2 cents and the net adjusted book value of a CSD share that approximates 5.29 cents. As stated, the ASX share prices do not necessarily reflect fair values in the current economic circumstances of the Company but as the shares are freely tradable then the pre-announcement share prices could also be taken into account in determining the fairness of the Acquisition. The Directors of CSD will need to consider the accounting standards in determining the final price attributable to the Consideration Shares and Convertible Notes to be issued to SPM to acquire the Mt Garnet Processing Plant, Bonds and the SPM Mineral Assets. It is noted that it has already been agreed that 30,000,000 SPII Replacement Shares will be issued at a deemed 10.0 cents each to extinguish a liability due to SPII of \$3,000,000.

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 that a buyer would be prepared to pay to obtain a controlling interest in the Company and the price per share at which the same person would be required to pay per share which does not carry with it 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 SPII Group could hold approximately between 71.67% and 75.70% of the expanded issued capital of CSD and approximately between 75.90% and 79.50% of all Convertible Notes were converted to shares in CSD by SPM. In take-over offers, it is often the case that a premium for control falls in the normal range of 15% to 40% and it is often accepted that a 20% premium for control should be payable. The actual premium may be more or less. In this case, we have considered a reasonable premium for control should be 25%.

Accordingly, we have addressed whether a premium for obtaining control in the case of the SPII Group will be paid.

- 7.3 Our preferred methodology is to value CSD and a CSD 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 Transaction control basis.
- 7.4 We set out below the comparison of the low, preferred and high values of a CSD share compared to the issue price for the Consideration Shares and SPII Replacement Shares.

Pre-Transactions	Para.	Low (cents)	Preferred (cents)	High (cents)
Estimated fair value of an CSD Share	5.4.5	2.93	5.29	7.65
Issue Prices of the Shares (based on ASX prices)		4.80	5.50	7.20
Excess (Deficiency) between Issue Prices and fair values		1.87	(0.21)	0.45

	Preferred Value \$
Net value of assets pre Acquisitions (refer paragraph 5.4.4)	14,823,000
Value of the SPM Mineral Assets (Refer paragraph 9.5 below)	38,300,000
Value of Loan repaid	3,000,000
Value of Mt Garnet Processing Plant acquired based on the Como Valuation Report (refer paragraph 9.2 below)	57,000,000

Employee Entitlements assumed	(1,093,000)
Cash from share option issue	308,375
Convertible Notes issued	(16,500,000)
Bonds acquired	11,436,295
Rehabilitation obligation assumed	(11,436,295)
Owing to SPM for interest	(2,000,000)
Transaction and other costs	(1,940,000)
Working capital facility	(10,000,00)
Total net assets	81,898,375
Number of shares on issue post Acquisitions	889,917,310
Net asset value per share post Acquisitions	9.20 cents
Minority interest discount	20%
Minority value per share post Acquisitions	7.36 cents
Increase/(Shortfall) in value to a Minority Shareholder	2.07 cents

- 7.5 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 25% as discussed above.
- As noted above the fair market value of a CSD share **Post-Transactions on a minority basis**, taking into account the \$3,000,000 debt converted to equity, the preferred values attributable to the Mt Garnet Processing Plant, Bonds and the SPM Mineral Assets being acquired less costs of liabilities of Employee Entitlements being assumed (and assuming rehabilitation liabilities equal the amount of the Bonds acquired and Assumed Liabilities are \$10,000,000) and the associated dilution resulting from the issue of new shares under the Acquisitions with the SPII Group approximates 7.36 cents (before the issue of any Capital Raising Shares).
- 7.7 On a pre proposals control basis, the value of a CSD share approximates 5.29 cents. The Consideration Shares are to be issued at a deemed 5.0 cents each and the SPII Replacement Shares are proposed to be issued at a deemed 10.0 cents per share.
- 7.8 Assuming that the Convertible Notes were converted to ordinary shares in CSD and using the above financial information in paragraph 7.4 but increasing net assets at fair values by \$16,500,000 (face value of the Convertible Notes), the fair value per share on a fully diluted basis assuming conversion of the Convertible Notes to ordinary shares in CSD would

approximate 7.46 cents (net fair value would approximate \$98,398,375 and the number of shares on issue would be 1,054,917,310 (before the issue of any Capital Raising Shares). The increase in value to a minority shareholder (as compared with the value of a CSD share pre Acquisition on a control basis) approximates 2.17 cents.

7.9 As noted above, the ASX market value (to 6 July 2014) of a CSD share mainly lies in the range of approximately 4.8 to 7.2 cents, with a last sale value of 5.0 cents per CSD share (on a non controlling interest basis). The 10 day volume weighted average ("VWAP") share price prior to the day of the announcement to acquire both the Mt Garnet Processing Plant and the SPM Mineral Assets (and Bonds) approximates 4.896 cents (say 5.0 cents). Taking into account a premium for control of say 25%, the value of a CSD share to the non controlling interest would be as follows:

ASX market value on a non controlling interest basis Premium for control (25%) Value on a controlling interest basis	5.00 cents (VWAP) 1.25 cents 6.25 cents
Number of shares on issue	279,917,310
Total Control Value pre-issue of shares to the SPII Group	\$17,494,832
Debts converted by SPII	\$3,000,000
Preferred value of the Mt Garnet Processing Plant	φ2,000,000
per Como Engineering Valuation Report	57,000,000
Preferred value of the SPM Mineral Assets	38,300,000
Cash raised from share option issue	308,375
Bonds	11,436,295
Less: Employee Entitlements assumed	(1,093,000)
Less: Rehabilitation obligations assumed	(11,436,295)
Less: Payments to SPM	(2,000,000)
Less: transaction and other costs	(1,940,000)
Less: Working capital facility	<u>(10,000,000)</u>
Total Value	\$101,070,207
Minority Discount applied (20%)	\$(20,214,041)
Minority valuation post issue of shares to the SPII Group	\$80,856,166
Number of shares post issue of shares to the SPII Group	
(before the issue of any Capital Raising Shares)	889,917,310
Minority valuation post issue of shares to the SPII Group	9.08 cents
Excess/ (Shortfall) in value to the minorities post the	
issue of Shares to the SPII Group	<u>3.79 cents</u>

8. Value of Considerations

8.1 Based on the <u>technical</u> valuation as noted above (not share prices) the Considerations range would be:

	Low	Preferred	High
580,000,000 Consideration Shares	16,994,000	30,682,000	44,370,000
165,000,000 Convertible Notes Assumption of employee liabilities and	16,500,000	16,500,000	16,500,000
Assumed Liabilities	10,093,000	10,093,000	10,093,000

Rehabilitation obligations assumed	11,436,295	11,436,295	11,436,295
Owing to SPM	2,000,000	2,000,000	2,000,000
Total Consideration	\$58,023,295	\$71,711,295	\$ <u>85,399,295</u>
Assumed fair share price	2.93 cents	<u>5.29 cents</u>	7.65 cents
(not ASX share prices)			

We have excluded the indirect costs such as transaction costs (including stamp duty, legal and other fees).

8.2 It is noted that at the time of initial negotiation of the Acquisition (Mt Garnet Processing Plant only), the CSD directors considered that the fair market value of a CSD share may have been around the 7.2 cents to 9.7 cents range. However, the announcement to the market of the Acquisition of the Mt Garnet Processing Plant (but before the announcement of the amendment to include the acquisition of the SPM Mineral Assets) indicated a deemed fair market value of 10.0 cents per Consideration Share (based on the issue of 30,000,000 SPII Replacement Shares to extinguish the loan due to SPII of \$3,000,000).

If we used the 4.8 cent to 7.2 cent ASX share price prior to the Acquisitions as noted above (both the Mt Garnet Processing Plant and the SPM Mineral Assets), the amounts attributable to the Consideration Shares would lie in the range of \$27,840,000 to \$41,760,000 and the Principal amount of the Convertible Notes is \$16,500,000. Based on the last sale price on 6 July 2014 (the day before the announcement of the acquisition of the SPM Mineral Assets), the deemed accounting share consideration may approximate \$29,000,000 (5.0 cents per share) and based on a share price as at 14 November 2014 of 5.5 cents, the deemed accounting share consideration would approximate \$31,900,000. The Principal amount of the Convertible Notes is \$16,500,000. It is noted that interest to Maturity may approximate \$1,155,000.

- 8.3 Technically, 165,000,000 ordinary shares could be issued to the owners of the Convertible Notes (initially issued to SPM but may be distributed to the shareholders of SPII) if all of the owners decided to convert the Convertible Note Debts to share equity in CSD and not be repaid in cash. Based on August/early November 2014 share prices mainly in the range of 5.0 cents to 7.0 cents, it is unlikely that full conversion may occur. However, as noted in paragraph 5.5.2 above, the future share price is dependent on a number of factors and if financing can be finalised and commercial tin production commence before the Maturity Date of the Convertible Notes (one year after issue date), then the shares in CSD may be rerated by the market and may trade above the 10 cents conversion price of the Convertible Notes and if this occurs, some or all of the Convertible Note holders may convert the Convertible Notes to share equity in CSD.
- 8.4 The Company is acquiring Bonds totalling approximately \$11,436,295 and this will not be a cash outlay as the Consideration includes acquiring the Bonds. The Company has agreed to assume the SPM employees associated with the Mt Garnet Processing Plant and the estimated liabilities (mainly annual leave and long service leave) is estimated at date of Acquisitions to be \$1,093,000. The Company will then be the employer and be responsible for salaries, wages and employee entitlements. It is also assumed that CSD will then become responsible for all rehabilitation pertaining to the SPM Mining Assets and it is assumed that the liability for rehabilitation has a net present value equal to the value of the Bonds being acquired from SPM (\$11,436,295). CSD also has a commitment to pay SPM the sum of \$2,000,000 (refer paragraph 1.3). Furthermore, a working capital facility liability of \$10,000,000 will be assumed (and potentially, the facility may increase to \$18,000,000 (by obtaining an additional working capital facility of \$8,000,000) but for the purpose of this report, we have been informed the drawn down amount at the date of Acquisition will approximate \$10,000,000. The Company will also be liable for interest and other costs associated with the working capital facilities.

8.5 The loan being repaid by the issue of 30,000,000 SPII Repayment Shares totals \$3,000,000 and based on the technical value of a CSD share of 8.63 cents as noted above, the technical consideration paid to repay the \$3,000,000 loan to SPII is \$2,589,000.

Based on pre announcement share prices (before the announcement of the SPM Mineral Assets) as traded on ASX (with reasonable volumes) the deemed share consideration for the 30,000,000 SPII Shares may have fallen in the range of \$2,160,000 (7.2 cents) to \$2,910,000 (9.7 cents) and based on the closing share price of a CSD share as at November 2013 (8.7 cents), the deemed consideration for 30,000,000 SPII Shares would have approximated \$2,610,000. Under the MOU of November 2013, the deemed consideration was 30,000,000 SPII Repayment Shares at 10.0 cents each. At the time of negotiation with the SPII Group in relation to such MOU, the share price of a CSD share was in the range of 5.8 cents (mid October 2013) to 9.7 cents with several sales at 10.5 cents in November 2013 (range in November 2013 was 7.2 cents to 10.5 cents and the range in October 2013 was between 5.8 cents and 8.1 cents). Based on share prices of CSD as traded on ASX for the four months prior to the 7 July 2014 announcement, the value of 30,000,000 shares would fall between \$1,440,000 and \$2,160,000. It is noted that based on post announcement (made on 7 July 2014) share prices as traded on ASX, the deemed value of 30,000,000 SPII Replacement Shares may fall in the range of \$1,410,000 to \$2,100,000 (7 July 2014 to 14 November 2014).

9.0 Values of the Mt Garnet Processing Plant and the SPM Mineral Assets being acquired

9.1 In determining the fair value of the Mt Garnet Processing Plant and the SPM Mineral Assets to be acquired by CSD from SPM, we in conjunction with CSD and SPM requested a valuation of the Mt Garnet Processing Plant by Como Engineers on the basis of fair market fair value and a fair market value of the SPM Mineral Assets by Auralia. In September 2014 Como Engineers prepared the Como Engineers Valuation Report in which they have valued the Mt Garnet Polymetallic Plant (the Mt Garnet Processing Plant) on a second hand value of the existing plant, on a going concern basis. In addition, Como Engineers noted the Replacement Value and the Auction Value of the Mt Garnet Processing Plant. Auralia signed off the SPM Mineral Assets Valuation Report dated 30 October 2014

We have used and relied on the Como Engineers Valuation Report and the SPM Mineral Asset Valuation Report of Auralia and have satisfied ourselves that:

- Como Engineers is a suitably qualified engineering consulting firm and has relevant experience in assessing the values of plant and equipment (also the principal authors of the report, Richard Ladyman and Martin Smith are suitably qualified and experienced);
- Auralia is a suitably qualified consulting firm and has relevant experience in assessing
 the values of mineral tenements (also the principal authors of the report are suitably
 qualified and experienced);
- Como Engineers and Auralia are independent from CSD and the SPII Group;
- Como Engineers has to the best of our knowledge employed sound and recognised methodologies in the preparation of the valuation report on the Mt Garnet Processing Plant and
- Auralia has to the best of our knowledge employed sound and recognised methodologies in the preparation of the valuation report on the SPM Mineral Assets.
- 9.2 Como Engineers as stated considered the fair preferred second hand fair market value on a going concern basis to be approximately \$57,000,000. However they noted that the accuracy is +/-15% and thus using a low of 85% of second hand value and a high of 115% of second hand value, the range of values are as follows:

Low Value using second hand values \$48,450,000 **Preferred Value using second hand values** \$57,000,000

High Value using second hand values \$65,550,000

However, Como Engineers indicated that the low value on a going concern basis may approximate \$35,000,000. The Replacement Value was noted at \$115,000,000.

- 9.3 It is noted that the Auction Value is considerably lower at approximately \$11,547,460 but Como Engineers has considered that Auction Value is not the appropriate methodology to use as SPM has already refurbished and is operating and CSD plans to enhance the Mt Garnet Processing Plant and use the enhanced plant on the development and refining of tin from the Mt Garnet Tin Project. Thus a non-going concern methodology (Auction Value) is not appropriate in these circumstances.
- 9.4 The Como Engineers Valuation Report should be read in its entirety and a copy of such report is attached as Appendix C to our report.
- 9.5 Auralia has considered the fair value of the SPM Mineral Assets to fall in the range as follows:

	Low \$	Preferred \$	High \$
Mineral Resources	13,500,000	20,300,000	33,800,000
Exploration Tenure	2,100,000	6,000,000	9,900,000
Mining Operations	7,500,000	12,000,000	16,600,000
	23,100,000	38,300,000	60,300,000

9.6 The SPM Mineral Asset Valuation Report prepared by Auralia should be read in its entirety and a copy of such report is attached as Appendix D to our report.

10. Conclusion as to Fairness

- 10.1 In arriving at our conclusion on fairness, we considered whether the transactions with the SPII Group are "fair" by comparing:
 - (a) the fair market value of a CSD share pre-transaction on a control basis; versus
 - (b) the fair market value of a CSD share post-transaction on a minority basis, taking into account the value of the debt converted (\$3,000,000), the values of the Mt Garnet Processing Plant and SPM Mineral Assets acquired, the value of the Employee Entitlements and Working Capital Facility loan assumed and the associated dilution resulting from the issue of new shares under the transactions with the SPII Group.
- 10.2 The proposal to issue Consideration Shares and Convertible Notes and SPII Replacement Shares to acquire the Mt Garnet Processing Plant, the SPM Mineral Assets and extinguish a \$3,000,000 loan from SPII respectively is believed to be fair to CSD's non-associated shareholders if the value of the considerations offered is equal to or less than the values of the Mt Garnet Processing Plant and SPM Mineral Assets being acquired and the value of the loan being extinguished respectively.
- 10.3 The ranges of values attributable to 100% of the Mt Garnet Processing Plant and the SPM Mineral Assets and comparison with the consideration payable at <u>technical</u> fair value (along with a consideration using share prices of an CSD share as traded on ASX adjusted for a premium for control) are as follows:

Technical Values

Technical Values			
	Low \$	Preferred \$	High \$
Fair value of Mt Garnet Processing			
Plant	35,000,000	57,000,000	65,500,000
Fair Value of the SPM Mineral Assets	23,100,000	38,300,000	60,300,000
Bonds acquired	11,436,295	11,436,295	11,436,295
Less Employee Entitlements	(1,093,000)	(1,093,000)	(1,093,000)
Less: Working Capital Facility	(10,000,000)	(10,000,000)	(10,000,000)
Rehabilitation obligations assumed	(11,436,295)	(11,436,295)	(11,436,295)
Owing to SPM	(2,000,000)	(2,000,000)	(2,000,000)
Total fair value	45,007,000	82,207,000	112,707,000
Fair value of CSD Consideration			
(refer paragraph 8.1 above)	58,023,295	71,711,295	85,399,295
Excess of fair value of the			
Mt Garnet Processing Plant and			
the SPM Mineral Assets over cost			
of Acquisitions	(13,016,295)	10,495,705	<u>27,307,705</u>
ASX Share Price Values (for CSD)			
	Low \$	Preferred \$	High \$
Fair value of the Mt Garnet			
Processing Plant	35,000,000	57,000,000	65,500,000
Fair value of the SPM Mining Assets	23,100,000	38,300,000	60,300,000
Less employee liabilities assumed	(1,093,000)	(1,093,000)	(1,093,000)
Bonds acquired	11,436,295	11,436,295	11,436,295
Less: Rehabilitation obligations			
assumed	(11,436,295)	(11,436,295)	(11,436,295)
Less: owing to SPM	(2,000,000)	(2,000,000)	(2,000,000)
Less: working capital facility	(10,000,000)	<u>(10,000,000</u>)	<u>(10,000,000</u>)
	45,007,000	82,207,000	112,707,000
Fair value of CSD Consideration (ASX values) (includes \$16,500,00 for the Convertible Notes			
and liabilities assumed)	66,869,295	<u>70,929,295</u>	<u>79,629,295</u>
Excess (deficiency) of fair value of the Mt Garnet Processing Plant, Bo SPM Mineral Assets less liabilities	onds,		
over ASX share price cost	(2 <u>1,862,295)</u>	11,277,705	33,077,705
Assumed share price (cents)	<u>4.8</u>	<u>5.5</u>	<u>7.0</u>

- As noted above, the preferred fair value of the Mt Garnet Processing Plant may approximate \$57,000,000 using the fair values attributed to them by Como Engineers. The pre acquisition technical value of a CSD share (not the pre announcement ASX share price) may approximate 5.29 cents (and the pre announcement market share price was around 4.8 cents to 6.1 cents (2 June 2014 to 6 July 2014). The preferred fair value of the SPM Mineral Assets may approximate \$38,300,000 using the preferred value attributed to them by Auralia.
- 10.5 Based on a 5.29 cent technical value attributable to the Consideration Shares and using the face value of \$16,500,000 to the Convertible Notes, the Acquisition cost is substantially lower than the perceived fair value attributable to the Mt Garnet Processing Plant and SPM Mineral Assets and on such a basis the Acquisitions are fair.

The loan being repaid by the issue of 30,000,000 SPII Repayment Shares totals \$3,000,000 and based on the technical value of a CSD share of 5.29 cents as noted above, the technical consideration paid to repay the \$3,000,000 loan to SPII is \$1,587,000 and thus the proposal on a technical basis is fair.

10.6 In our opinion, taking into account the factors noted in this report, and assuming that CSD will raise further capital in late 2014 or early 2015 to assist in funding development of the Mt Garnet Tin Project, the proposals as outlined in Resolutions 1 of the development of the Mt Garnet Tin Project, the proposals as outlined in Resolutions 1 and 2 may on balance be considered to be fair_at the date of this report.

It is noted that the volumes of trades in CSD shares on ASX although not extremely high are reasonable and the last sale price was 5.0 cents on 6 July 2014 (4.8 cents to 7.2 cents pre the announcement of the Acquisitions based on the March 2014 to 6 July 2014 share prices as traded on ASX). Using the trading share prices, adjusted for a premium for control, the proposed Acquisitions, the issue of 580,000,000 Consideration Shares, the issue of 165,000,000 Convertible Notes and the issue of 30,000,000 SPII Replacement Shares would also be fair. However, our preferred methodology to value the shares in CSD is to use the adjusted net asset backing methodology as noted elsewhere in this report.

11. REASONABLENESS OF THE PROPOSALS WITH SPM AND SPII

We set out below, some of the advantages, disadvantages and other factors pertaining to the proposal under Resolutions 1 and 2.

Advantages

The market capitalisation of CSD as at 6 July 2014 and 14 November 2014 approximated \$12,531,000 and \$13,783,000 respectively and it is not expected to be materially re-rated until such time as the DFS is completed, announced to the market and CSD arranges finance and enters into the production phase relating to the Mt Garnet Tin Project. Currently, it is envisaged that SPM would, inter-alia vend in the Mt Garnet Processing Plant and associated tenure and based on the cost SPM paid for such assets on an arms-length basis (around \$29,300,000). We understand that the insurance value of the Mt Garnet Processing Plant and other plant assets exceeds \$77,000,000. Como Engineers has prepared a plant valuation report in September 2014 that has indicated that the value of the Mt Garnet Processing Plant to acquire new would be around \$115,000,000 with a current value on a going concern basis of around \$57,000,000. The value of a new plant to design, build and equip was estimated at approximately \$106,000,000. However, it is noted that in 2013 a PFS was undertaken on the Mt Garnet Tin Project (the Company's flagship project) and this indicated that capital costs may be around \$76 million (was estimated at \$124 million in June 2010) and that a surplus before interest, depreciation and amortisation may produce an operating cash flow after capital costs over a nine year period of around \$267.2 million (using a tin price of A\$24,000 per tonne) and a net present value ("NPV") of around A\$110.3 million at an 8% discount rate (NPV around A\$60.3 million if the tin price was A\$20,000 per tonne) and a NPV of around A\$122.6 million if the tin price was A\$25,000 per tonne. Obviously, the Company has upside (including an improved share price) and after completing a BFS in 2014/15 and then, if found to be commercially viable raise funds that may exceed A\$80,000,000. SPII, along with all other shareholders would benefit from completion of the BFS. The acquiring of the Mt Garnet Processing Plant should allow CSD to reduce capital costs and financing costs.

- 11.2 The acquisition of the Mt Garnet Processing Plant provides a clearer pathway for the Company to move closer to developing its Mt Garnet Tin Project. SPM Projects are producing zinc, copper and lead concentrates containing a silver by-product and eventually the Company plans to also produce tin from the Mt Garnet Tin Project, which is expected to commence production by the end of calendar 2015.
 - The acquisition of the SPM Mineral Assets gives CSD an additional suite of mineral projects that based on the SPM Mineral Asset Valuation Report has potential (also refer paragraph 11.17 below). In addition, acquiring the SPM Mineral Assets spreads the risk profile of CSD as to date it is heavily reliant on getting the Mt Garnet Tin Project into production (not yet occurred).
- 11.3 There is a continuing incentive for SPII to ensure CSD becomes a viable mineral exploration and development company as SPII has a significant shareholding interest in CSD and could increase if the Consideration Shares are issued to SPM and the SPII Replacement Shares are issued to SPM (and the Convertible Notes are converted to ordinary shares in CSD). The SPII Group may end up owning 75.70% (and up to 79.50% of the expanded issued capital of CSD if the Convertible Notes are converted to ordinary shares in CSD by SPM). There is a huge incentive for SPII to make CSD a successful company and have the share price rise considerably. All shareholders would benefit from a rise in the share price.
- 11.4 The issue of 30,000,000 SPII Replacement Shares eliminates a \$3,000,000 debt owing to SPII and by issuing shares, cash funds of \$3,000,000 are saved. The Company has minimal cash and thus saving \$3,000,000 now should benefit CSD in the medium/longer term (in particular, when seeking new finance to develop the Mt Garnet Tin Project). The Loan of \$3,000,000 was payable within three years of 23 January 2013 and bears interest of 7% per annum from 23 January 2013. Thus, CSD, by "repaying" SPII the loan by issuing 30,000,000 SPII Replacement Shares will save interest of approximately \$402,500 assuming the Loan is converted to share equity by say 23 December 2014. The Company may be better placed to raise further funds by way of share equity as a result of acquiring the Mt Garnet Processing Plant and repaying by equity the \$3,000,000 Loan.
- 11.5 The Company, in effect consolidates its focus on tin, zinc, copper and lead exploration in North Queensland by the Acquisition of two operating mines at Mt Garnet and Surveyor and an operating concentrator at Mt Garnet with all plant and equipment and workforce in place. Post the Acquisitions, CSD will raise further capital to fund the tin project and additional processing equipment to add tin concentrating and recovery to the Mt Garnet Processing Plant SPM Mineral Assets will be explored under the Wanguo Agreements at no cost to CSD. The Acquisitions if successful could lead to CSD owning a fully operational mining operation with significant cash flow Obtaining the Mt Garnet Processing Plant as a going concern will see the Company transformed to an operating miner processing copper and polymetallic resources via the acquisition of the SPM Mineral Assets.
- 11.6 The Company may be better placed to raise further funds by way of share equity as a result of acquiring the SPM Mineral Assets and the Mt Garnet Processing Plant.
- 11.7 As noted, CSD will have the ability to receive revenue from SPM's producing operations and projects.

Disadvantages

11.8 CSD will need to incur costs of around \$70,000,000 in relation to the Mt Garnet Processing Plant to ensure it is suitable for processing tin, however by acquiring the plant it will assist CSD in fast tracking the potential development of the Mt Garnet Tin Project.

- 11.9 The number of fully paid ordinary shares on issue may rise by 630,000,000 shares to 889,917,310 and if the Convertible Notes are converted to ordinary shares in CSD to 1,054,917,310 (before the issue of any other shares). In total this could represent an approximate 218% increase or 277% in the ordinary shares of the Company. These issues or potential issues dilute the shareholding of the existing non associated shareholders.
- 11.10 Having a cornerstone investor such as SPII has advantages but it may also limit the opportunity for other parties to bid for all or part of the shares in CSD in the future. CSD will become a subsidiary of SPII until such time as new share equity is introduced that may then dilute SPII's shareholding interest to below 50% (even that it may be deemed a subsidiary under certain circumstances).
- 11.11 If the Convertible Notes go through to Maturity, interest is payable by CSD of approximately \$1,155,000 and if not converted before Maturity, CSD will need to repay the Convertible Note Holders. CSD does currently not have such funds and may well find itself in financial difficulty. CSD is planning to complete a DFS, arrange finance and enter into tin production in 2015 and if this eventuates, CSD may well have cash funds available to repay the Convertible Note Holders.

Other Factors

11.12 The Acquisitions costs includes obtaining Bonds with a face value of \$11,436,295. The Company does not need to finance the Bonds acquisition by a cash outlay as the Consideration payable (Consideration Shares and Convertible Notes) includes amounts to acquire the Bonds. CSD will however assume employee entitlement liabilities of approximately \$1,193,000 and be responsible for future salaries and wages of the employees. CSD is to pay \$500,000 per calendar quarter for 4 calendar quarters (a total of \$2,000,000) to SPM so SPM can meet interest obligations on a loan liability owed by SPM to Industrial and Commercial Bank of China ("ICBC"). The principal amount of the ICBC Debt is not being assumed by CSD. It is assumed that any security over the Mt Garnet Processing Plant and SPM Mineral Assets will be released at the time CSD acquires such plant and SPM Mineral Assets.

Furthermore, CSD assumes responsibility to rehabilitate the SPM Mineral Asset sites and the assumed cost is \$11,436,295 (equal to the Bonds acquired). Funding for this will need to be obtained (assumed will be funded as part of Development Funding or from proceeds of future sale of tin concentrate).

- 11.13 Via the Acquisitions, CSD would save costs as it would own a Mill/Plant that with some modification (and cash outlay) can be used for tin processing. The overall capital costs may thus be significantly lower. It is unknown as to whether development funding (assuming the Mt Garnet Tin Project proceeds to development) will be all equity, all debt or a combination thereof. It would be expected that for much of the development costs would need to be equity funded and that CSD would need to issue a substantial number of shares to raise sufficient cash for 100% development. It is quite common for smaller exploration companies moving into a development phase to have to divest some of its direct interest in the particular project being developed and existing shareholders interests are generally diluted.
- 11.14 The SPM Mineral Assets may not turn out to be commercially viable and thus losses may be incurred. In addition, there are rehabilitation obligations in relation to the SPM Mineral Assets that may need to be met in the future. The current estimated obligations total \$11,436,295. In addition, the Company is assuming employee liabilities of around \$1,093,000 and taking over a working capital facility of \$10,000,000 (that may increase to \$18,000,000 if a new working capital facility is finalised and drawn down).

- 11.15 The Company will take on further minimum expenditure commitments relating to the SPM Mineral Assets that will need to be funded. However, refer paragraph 11.17 below.
- 11.16 CSD will relinquish its current 10% shareholding on SPM as part of the proposals with the SPII Group for no cash or equity consideration. The carrying value of the 10% shareholding in SPM by CSD was \$nil. We have been advised that to reflect the relinquishment of the 10% shareholding in SPM, the number of Consideration Shares was reduced from 660,000,000 to 580,000,000.
- 11.17 The Company will urgently need new finance to be put in place to pay indirect acquisition costs as well as for normal working capital. The indirect costs of the Acquisitions are estimated not to exceed \$1,940,000. It is budgeted by CSD that such funds will be financed from continuing commercialization of the SPM Mineral Assets.
- 11.18 On 14 July 2014, the Company announced that SPM had entered into a Memorandum of Understanding with Wanguo International Group ("Wanguo) a Hong Kong based miner, processing company (copper and iron ore) for Wanguo to earn various interests in some of the Mineral Assets of SPM. SPM and Wanguo have 30 days from 14 July 2014 to enter into a formal binding agreement ("Agreement"). The Mineral Assets are allocated as Part A Regional Project (that includes the Einasleigh region and that part of the Surveyor-Balcooma region which is outside the granted mining leases ML 1393 and ML 30156) and Part B Near Mine Project (that includes tenures located near Mt Garnet, the Maitland project and that part of the Surveyor-Balcooma region which is inside the granted mining leases ML 1393 and ML 30156).

From 30 days of signing the formal Agreement, Wanguo will have 30 days to commence exploration establishment activities and 90 days to commence ground drilling activities. The Agreement once signed, is effectively passed on to CSD. The agreement was signed on or around 24 October 2014.

Wanguo will fund and manage both parts of the Mineral Assets as well as being responsible for all costs, environmental and reporting requirements relating to specific tenures explored.

For Part A (Regional Project), Wanguo will undertake a minimum of 150,000 metres of exploration drilling within three years to earn a 50% interest in the Project A tenure. SPM will enter into a 50/50 Joint venture with Wanguo in respect of the Regional Project should Wanguo successfully reach an additional JORC Measured Resource of 20 million tonnes at a minimum average grade of greater than 1% copper or greater than 10% zinc plus lead or complete a minimum of 150,000 metres of exploration drilling.

For Part B (the Near Mine Project), Wanguo will develop or upgrade a minimum of 200,000 tonnes per year to JORC Reserve category in return for a Net Smelter Return ("NSR") in respect of each separate deposit within the Near Mine Project in which a JORC Reserve is defined by Wanguo. The NSR payable will be 3% for the first 1 million tonnes mined and processed from each deposit and thereafter an NSR of 1.5%.

12.0 CONCLUSION AS TO REASONABLENESS

12.1 In our opinion, taking into account the factors noted above and in section 10 of this report and the comments made in the ESS to Shareholders accompanying the Notice of August 2014, the proposals noted in Resolutions 1 and 2 are on balance, reasonable to the non-associated shareholders of CSD at the date of this report.

Notwithstanding that the CSD share price (closing price of 5.5 cents as at 14 November 2014 each shareholder needs to examine the share price of CSD and market conditions at the time of exercise of vote to ascertain the impact, if any, on Resolutions 1 and 2.

13. SHAREHOLDER DECISION

- 13.1 Stantons International Securities has been engaged to prepare an independent expert's report setting out whether in its opinion the issue of the Consideration Shares, Convertible Notes and SPII Replacement 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 Resolutions 1 and 2 (but we have been requested to determine whether the proposals pursuant to Resolutions 1 and 2 are fair and/or reasonable to those shareholders not associated with the SPII Group. The responsibility for such a voting recommendation lies with the directors of CSD.
- In any event, the decision whether to accept or reject Resolutions 1 and 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 proposal under Resolutions 1 and 2 shareholders should consult their own professional adviser.
- 13.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in CSD. This is an investment decision upon which Stantons International Securities does not offer an opinion and is independent on whether to accept the proposal under Resolutions 1 and 2. Shareholders should consult their own professional adviser in this regard.

14. SOURCES OF INFORMATION

- 14.1 In making our assessment as to whether the proposal pursuant to Resolutions 1 and 2 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussions with the management of CSD about the present and future operations of CSD. 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 CSD.
- 14.2 Information we have received, includes, but is not limited to:
 - Drafts of Notice of General Meeting of Shareholders and ESS of CSD for the General Meeting of Shareholders the Company planned for December 2014;
 - Discussions with management of CSD;
 - Top 20 shareholding and share option details of CSD as at 24 October 2014;
 - Share prices of CSD between 1 January 2013 and 14 November 2014;
 - Annual Report of CSD for the years ended 30 June 2012, 2013 and 2014;
 - Unaudited consolidated statement of financial position of the CSD Group as at 31 December 2013 and audited annual report for the year ended 30 June 2014;
 - Announcements made by CSD to the ASX from 1 January 2012 to 14 November 2014;
 - The cash flow forecasts of CSD for 2014/15;
 - The Prior HOA between CSD and SPM of May 2012;
 - The July 2014 New MOU between CSD, SPM and SPII and the Sale Agreement relating to the Acquisitions dated 23 October 2014;
 - The work paper on the SPM Environmental Bonds;
 - Research paper on CSD by research providers dated April 2012 and February 2013;
 - Information on CSD as provided on the ASX web site and CSD's web site;
 - Insurance work papers on the Mt Garnet Processing Plant;
 - The June 2010 Scoping Study on the Mt Garnet Tin Project and the 2013 PFS;
 - The Como Engineering Plant Valuation Report of September 2014;

- The CSD Valuation Report by Minnelex on the mining tenements of the CSD Group dated 29 August 2014;
- The SPM Mining Assets Valuation Report by Auralia of 30 October 2014 on the SPM Mineral Assets;
- Unaudited consolidated balance sheet of the CSD Group as at 30 September 2014;
- Estimated costs of the transactions payable work paper prepared by consultants for CSD; and
- The Wanguo farm in/out agreement terms.
- 13.3 Our report includes Appendices A, B C and D and our Financial Services Guide attached to this report.

Yours faithfully

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

John 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 Pty Ltd trading as Stantons International Securities dated 17 November 2014, relating to the proposals as outlined in Resolutions 1 and 2 to the Notice to be forwarded to shareholders in November 2014 for a meeting of shareholders in December 2014.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with CSD, SPM and SPII other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities Pty Ltd 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 \$35,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John 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 Pty Ltd does not hold any securities in CSD, SPII or SPM. 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 Pty Ltd 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 Pty Ltd 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 acquisitions 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 has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

Mr John Van Dieren, FCA, the person responsible for the preparation of this report, has 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 CSD in order to assist them to assess the merits of the proposals under Resolutions 1 and 2 in the Notice of Meeting to Shareholders to be forwarded to shareholders in November 2014 for a meeting of shareholders to which this report relates. This report has been prepared for the benefit of CSD's shareholders (not associated with the SPII Group) and does not provide a general expression of Stantons International Securities Pty Ltd's opinion as to the longer term value of the CSD Group or the individual assets of the CSD Group, the Mt Garnet Processing Plant and the SPM Mineral Assets. Stantons International Securities Pty Ltd does not imply, and it should not be construed, that is has carried out any form of

audit on the accounting or other records of CSD and its subsidiaries, the ownership of CSD and the ownership of the SPM Mineral Assets and the Mt Garnet Processing Plant. 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 proposal set out in Resolutions 1 and 2 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolutions 1 and 2.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by CSD and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities Pty Ltd's experience and qualifications), CSD 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 CSD may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by CSD; 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 CSD or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of CSD 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 CSD 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 17 November 2014

1. Stantons International Securities Pty Ltd (Trading as 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 acquisition or possible acquisition 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 <u>www.fos.org.au</u> 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
CSD MINING ASSETS VALUATION REPORT ON THE MINERAL TO GROUP BY MINNELEX	ENEMENTS OF THE CSD
ENCLOSED	
	APPENDIX C
COMO ENGINEERS REPORT ON THE MT GARNET PROCESSING P FROM SPM	PLANT BEING ACQUIRED
ENCLOSED	

APPENDIX D

SPM MINERAL ASSETS VALUATION REPORT RELATING TO THE SPM MINERAL ASSETS BEING ACQUIRED FROM SPM BY AURALIA

ENCLOSED

CSD MINING ASSETS VALUATION REPORT ON THE MINERAL TENEMENTS OF THE CSD GROUP BY MINNELEX

CSD Valuation



GEOLOGICAL CONSULTING SERVICES & VALUATIONS
ABN 99 096 513 276

R. C. W. Pyper Principal, Minnelex Pty Ltd 283 Huntingdale Street Pullenvale, Qld 4069 Ph/Fx 07 33742443 M 04-19661342 August 29, 2014

INDEPENDENT TECHNICAL AND VALUATION REPORT OF CONSOLIDATED TIN MINES (CSD)

At the request of the directors of Consolidated Tin Mines Limited [CSD], Minnelex Pty Ltd [Minnelex] has prepared an independent valuation of the exploration potential of the CSD tenements (Table 1.1), which will be part of an Independent Expert's report for shareholders provided by Stanton International Securities.

Minnelex and Robert Pyper have prepared a wide range of Independent Expert and Specialist's reports relating to the requirements of the ASX and ASIC. A list of Minnelex Independent Reports issued for valuation purposes is available.

This report is in accordance with the relevant requirements and listing rules of ASX Limited, the VALMIN Code of the Australasian Institute of Mining & Metallurgy, the JORC Code, and the Australian Securities and Investments Commission (ASIC) Regulatory Guides, 111 and 112. The VALMIN Code sets out the principles and matters, which should be taken into account in preparation of an expert report concerned with mining assets. The JORC code insures that references to Resources follow acceptable guidelines. Regulatory Guide 111 provides guidance on how an expert can help security holders make informed decisions about transactions. Regulatory Guide 112 explains how ASIC interprets the requirement that an expert is independent of the party that commissions the expert report (commissioning party) and other interested parties. Regulatory Guide 55 covers the citing of experts and statements of interest.

The previous, which was carried out on February 21, 2014 was revised in August, 2014 and reflects the value that the tenements would change hands at this date in an open and unrestricted market between a willing buyer and a willing seller in an "arm's length" transaction, with each party acting knowledgably, prudently and without compulsion.

The report concludes that the value of the tenements of CSD is as tabled below

Cons Tin	Low \$ M	High \$ M	Preferred
Value of EPMs	4.3	9.1	6.7
Value of alluvials	2.7	4.5	3.6
Value main resource	4.3	10.9	7.6
Value of MLs	0.07	0.14	0.1
Total	11.4	24.6	18.0

The report is based on information supplied by CSD and Minnelex has no reason to doubt the information supplied. CSD has confirmed that all material information currently available has been provided for a proper assessment to be carried out and that the information is complete, accurate and true. The valuation does not provide an opinion as to share or corporate value but values the exploration tenements only.

To conform to the VALMIN Code, CSD has confirmed that it will indemnify Minnelex for liability arising from our reliance on the information provided, or for available information not provided by CSD.

The valuation assumes the tenement status is as advised by the company on the relevant date. Minnelex has not checked the agreements with landholders and Native Title holders and assumes they are as stated in the information supplied. No field visit has been made however the author is familiar with the area.

The report has been prepared by R C W Pyper, BSc. FAusIMM, GAICD. Consultant Geologist.

Yours faithfully

R Sylver

CSD Valuation

MINNE	LEX PTY. LTD.	1
1. Exp	ploration Value of CSD Tenements	4
1.1	Introduction	4
1.2	Location	4
1.3	Property	4
1.4	Geology and Mineralisation	5
1.5	Valuation Methodologies Overview for EPMs	6
1.5.	1 Risks	6
1.5.	.2 Geoscientific Rating	7
1.5.	.3 Appraised Value Method	8
1.6	Comparison of Valuation Results	10
1.7	Alluvial Tin Projects	10
Intr	oduction	10
His	torical	11
All	uvial Holdings	11
1.8	Alluvial Tin Total In-ground Resources	13
1.9	Value of Alluvial Tin MLs	13
Valuatio	on of Main Projects	13
1.10	Introduction	13
1.11	Geology and Mineralisation	13
1.12	Resources.	14
Mir	ning Method	14
Mir	neral Processing	14
1.13	Value of CSD Tin Resources	15
Qualit	fications and Experience	17
Discla	nimer of Interests	17
2 Paf	arangas	10

1. Exploration Value of CSD Tenements

1.1 Introduction

CSD hold a large number of tenements within the historic Herberton Tin field in North Queensland covering tin deposits and prospective tin bearing ground, collectively referred to as the Mt Garnet Project. The Mt Garnet project is located approximately 180 km southwest of Cairns, and includes four deposits with defined tin resources – Gillian, Pinnacles, Windermere and Deadmans' Gully of which Gillian and Pinnacles are the most advanced. CSD have also signed an Agreement to purchase all of the assets held by Snow Peak Mining Limited including the Mt Garnet processing plant and all tenements and associated plant and equipment and mining information. This report reviews and values the exploration potential of the tenements of CSD.

1.2 Location

The Herberton-Mount Garnet Tin field has historically been a substantial tin producing area with an estimated production of 85,000 tonnes (t) of tin metal in concentrate up until 1985. The Mt Garnet project site is well-positioned relative to major infrastructure. Access is by National Highway One (Kennedy Highway) that runs through the project area. The Mt Garnet Concentrator is adjacent to this highway and centrally located 9 km east and west from the Gillian and Pinnacles resources respectively.

Port facilities at Mourilyan and Townsville are located 145km and 450km respectively from the Mt Garnet Concentrator via all-weather highway. Power will be obtained from the local power grid. Power allocation and a transformer sub-station are already established at the project site.

The project is serviced by the township of Mt Garnet with primary school, police station, fuel and general provisions available, plus an established workforce now operating the Snow Peak owned concentrator. A regional hospital is located in Atherton with Cairns Base hospital within one hour flight.

1.3 Property

CSD hold approximately 1,967 square kilometres (Sq Km) of ground held under EPM, ML and MDL.



Figure 1.1: Outline of main tenements.

Table 1.1. Tenements held and applied for by CSD

Tenement	Status	Sq km	Tenement	Status	Sq Km
EPM 14185	GRANTED	171	EPM 25427	APPLICATION	33
EPM 14580	GRANTED	21	EPM 25428	GRANTED	75
EPM 15611	GRANTED	39	EPM 25688	APPLICATION	78
EPM 17073	GRANTED	30	EPM 25689	APPLICATION	147
EPM 17547	GRANTED	57	EPM 25702	APPLICATION	69
EPM 17548	GRANTED	24	EPM 25711	APPLICATION	60
EPM 17550	GRANTED	9	MDL 38	GRANTED	3.99
EPM 17551	GRANTED	36	MDL 381	GRANTED	3.47
EPM 17623	GRANTED	9	MDL 448	GRANTED	3.39
			MDL 482	APPLICATION	17.45
EPM 17742	Granted (to be assigned to CSD)	195	ML 20583	APPLICATION	1.27
EPM 17753	GRANTED	117	ML 20584	APPLICATION	2.98
EPM 17875	GRANTED	9	ML 20585	APPLICATION	.83
EPM 17917	GRANTED	6	ML 20626	APPLICATION	2.26
EPM 18000	GRANTED	27	ML 20653	APPLICATION	4.41
EPM 18118	GRANTED	213	ML 20693	APPLICATION	3.83
EPM 18321	GRANTED	21	ML 20694	APPLICATION	2.79
EPM 18795	GRANTED	6			
			ML 4069	GRANTED	.1
EPM 19105	APPLICATION	27	ML 4073	GRANTED	1.45
EPM 19204	APPLICATION	15	ML 4074	GRANTED	1
EPM 19323	GRANTED	36	ML 20544	APPLICATION	1.31
EPM 19468	GRANTED	72	ML 20721	APPLICATION	7.14
EPM 19603	GRANTED	51	ML 20722	APPLICATION	2.94
EPM 25212	APPLICATION	237	ML 20723	APPLICATION	2.78
EPM 25386	GRANTED	9	ML 20743	APPLICATION	4.34

1.4 Geology and Mineralisation

The geological setting of the main deposits consists of granite-intruded sediments, with associated contact metamorphism and metasomatism. The mineralisation including cassiterite, magnetite and fluorite, is contained within tabular skarn lenses that formed within carbon-rich sediments.

The Project areas generally cover irregular outcropping exposures of ironstone outcrops. Exposure of goethite and magnetite/hematite ironstone highlighted the similarity of the Windermere ironstone and Gillian ironstone deposits, The Pinnacles deposit having slightly different ironstone containing high values of fluorite. The tin occurs as the mineral cassiterite.

Basement geology of the area is Silurian aged Chillagoe Formation, consisting of fine grained sandstones and siltstones, limestone (now marble) and minor basalt. The O'Brien's supersuite granite (the Nettle-Go Sam Granite) outcrops along the western boundary of the northern half of the tenement, and along the southern boundary. Located to the east of the tenement are extensive acid volcanics of the Glen Gordon Volcanics. The bounding faults on the western edge of this caldera are within the tenement and are a suggested control, off-setting the Nettle-Go Sam Granite.

In broad terms, for the Mt Garnet area, the Chillagoe Formation sediments are roof pendants on the O'Briens Granite supersuite members. The Chillagoe Formation was already structurally dislocated due to Hodgkinson Basin deformation before granite emplacement, but the Carboniferous aged intrusion and associated caldera emplaced volcanics further dislocated the stratigraphy. The limestone lenses (now marble after hornfels grade metamorphism) suggest overall north to northeast strike and a steep eastern dip.

1.5 Valuation Methodologies Overview for EPMs

There are six valuation methods in common use and where possible more than one method is used before selecting a final value.

- The multiple of exploration expenditure method; this applies a multiplier known as a prospective enhancement multiplier (PEM) usually in the range 0.5 3.0, to past expenditure which is considered to have been effective in advancing prospectivity. Sometimes committed future expenditure also may be taken into account.
- The actual transaction method which, as its name suggests, uses recent transactions for the property in question as a basis for assessing a value which may be modified for the results of exploration since the time of that transaction.
- The comparable transaction method involves comparison with recent, transactions for properties with similar exploration prospectivity characteristics in the same geological environment or geographical region. Often such transactions are of a "farm-in" or joint venture nature.
- The expected value method is also a semi-quantitative method which can be used when it is reasonable to assess the likely economic parameters of a target. The value is estimated by using discounted cash flow analysis, subtracting from that value the costs of proving the target and applying to the result a judgmental probability factor that the target will be achieved.
- The rating system method (Geoscientific) which assigns a value by applying to a "basic acquisition cost" (BAC) of an exploration tenement a relative rating assigned to a number of different attributes of the property. The BAC is the unencumbered value of any type of tenement in the mining industry and is the cost of acquiring the ground and keeping it for one year. The value of the underlying mineralisation, if any, is not part of this initial valuation, that is it is independent of what lies below the ground.
- The yardstick value method which can be used when there is a defined resource or when the data that is available permits the valuer to make a reasonable estimate of the likely parameters of the exploration target. Typically for a gold property this yardstick value is based on the ounces of gold contained in the resource and is derived from comparison with a number of other recent transactions for similar properties. This may also apply to well established zones of mineralisation which have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances.

In valuing the project areas under EPM, multiples of exploration, the geoscientific method and the comparable transactions methods have been used.

1.5.1 Risks

Estimation of risk needs to be taken into account in assessing mineral projects, the principal risks being summarised as follows:

Mining and Exploration Risks. The successful exploitation of mineral exploration resources and the design and construction of efficient mining facilities has inherent risks which can be

hampered by force majeure circumstances, cost over-runs, inconsistent grades and other unforeseen events. The technical risks attached to resource project development and production is unknown until economic resources are outlined.

General Economic Conditions. Production from mineral resources is subject to international market conditions, exchange rates and normal cost inflation. These matters would be considered if economic resources are outlined.

Environmental Impact Constraints. Exploration and development of any resources will be dependent on the projects meeting environmental guidelines. The grant development permits are dependent on approval of environmental management programmes.

Native Title. The effect of various legislation is that mining tenements may be affected by native title negotiation processes.

Land Access. A mining company may be required to seek consent of landholders to obtain access to resources and for exploration. Legislation could restrict access to tenements.

1.5.2 Geoscientific Rating

The Geoscientific rating (or Kilburn approach) is an attempt by the Expert to quantify the various technical aspects of a property through the use of multipliers which are applied to a base (or intrinsic) value. This intrinsic value is the keystone of the method as it provides a standard base from which to commence a valuation. This intrinsic value is known as the basic acquisition cost (BAC) which represents "the average cost to identify, apply for and retain a base unit of area of title". Previous valuations using the method in Australia have determined that the BAC is to be applied to a tenement of average area and average tenure period (i.e. the total average expenditure per standard unit area, typically per block or per sq km). It is important to note that different practitioners use slightly differing approaches to calculate the BAC.

To arrive at a value for each property the valuer then grades four key technical attributes which either enhance or downgrade the intrinsic value of each property. The factors comprise off-property attributes, on-property attributes, anomalies and geology. The attributes are given incremental, fractional or integer ratings to arrive at a series of multiplier factors. These multipliers are then applied sequentially to the BAC to estimate the Technical Value of each mineral property. A fifth factor reflecting the current state of the market is then applied to estimate the Market Value.

The market component may be estimated according to the expert's knowledge of the particular property. This can include a discount by considering conceptual exploration target models for the area.

The geoscientific rating approach makes an attempt to implement a system that is both systematic and defendable. It demands a degree of detached rigor whilst endeavouring to account for the key factors that can be reasonably considered to impact on the exploration potential of a property. There is a body of theory that can be used to support that judgement. However, it is important to note that application of the method should be undertaken by qualified valuers and supported by other valuation methods otherwise there can be a tendency for a "value by numbers" approach.

Geoscientific Assumptions Used

The valuation of an asset using the geoscientific rating method is based on a standard cost for a typical exploration project, to which a series of multipliers are applied to determine the Technical Value. This is then adjusted for local market conditions to determine the Fair Market Value of the project as at the effective valuation date. Components of the BAC include the identification costs and retention costs, application fees (including lodging caveats and assigning) rental, administration costs, security costs, heritage expenditure, rehabilitation and the expenditure commitment required by the Department for one year.

Given the nature of the exercise, there is inevitably a degree of subjectivity in making assessments regarding the applicable multipliers and base acquisition costs. Consequently another party may not necessarily reach the same conclusions as the selection of the appropriate costs and market factors to apply to the geoscientific rating method is fundamentally a matter of judgement. However, one of the major benefits of the geoscientific rating method is that it discloses in clear, unambiguous terms the subjective judgements made by the valuer in assessing the merits of the project tenements.

Metals Multiplier Table

Multipliers or ratings and the criteria for rating selection are summarised in the table below. In determining the technical value for the tenements, the company's equity interest in the property is taken into consideration, if they are subject to either a farm-in, joint venture or option to purchase arrangement.

Table 1.2: Geoscientific Metals Rating Criteria

Rating	Off Property	On Property	Anomaly	Geological
	Factor	Factor	Factor	Factor
0.1				Unfavourable geological setting
0.5			Extensive previous exploration gave poor results	Poor geological setting
0.9			Poor results to date	Generally favourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation on lease	No targets outlined	Generally favourable geological setting
1.5	Minor workings	Minor workings or mineralised zones exposed	Target identified, initial indications positive	
2.0	Several old workings in district	Several old workings or exploration targets identified	,,	Favourable geological setting with structures or mineralised zones
2.5	,,	,,	Significant grade intercepts evident but not linked on cross or long section	"
3.0	Minor abundant workings with significant previous production	Minor abundant workings with significant previous production	,,	Significant mineralised zones exposed in prospective host rocks
3.5	,,	,,	Several economic grade intercepts on adjacent sections	
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from a world class mine	,,		
10.0		World class mine		

1.5.3 Appraised Value Method

The Appraised Value Method is one of the methods most applicable for valuing exploration properties that have neither viable ore reserves nor any imminent commercial production possibilities on which to establish a value. Its value is related to its potential for the existence of an economically viable ore body. An objective way to value a property's exploration

potential is to equate it to the cost of exploration work that is warranted to assess that potential. This is mainly determined by budget figures and estimations of additional expenditure that might still be required.

Past and planned expenditures on a property of merit can be used to give a current dollar value for that property. Any expenditure considered as contributing to the value of the property are those, which are judged to be relevant, prudent, and which were incurred in accordance with normally accepted industry practices. Useful past expenditure saves the company from having to test areas that have already been tested, eg by soil and stream sediment sampling, RAB drilling etc. It also highlights more prospective areas on which the budget should be concentrated.

Evaluating the results of a previous exploration programme and its relevance to the appraisal process involves attempting to assess such parameters as:

- the geological environment of the property and its exploration potential
- the exploration programme planning and implementation.
- the exploration procedures used and their applicability to the style of mineralisation being sought or expected
- the overall scope of the work performed
- the effectiveness of the work conducted
- the depth and experience of the management team involved.

As a result of this evaluation process, the valuer must decide as to what degree the exploration efforts have enhanced or diminished the value of the property. Only those expenditures deemed relevant to the overall value of the property are retained and used in the valuation process. In cases where inconclusive results are obtained, a subjective judgement may be made by the appraiser either on the basis of his own experience or in consultation with other technical experts. It is relevant to consider the intention of the current owners regarding their exploration plans for the property and in this regard any funds committed to exploration work in the future budget period can be taken into account when arriving at an appraised value. New geological models may be relevant opening up areas once considered not worth further expenditure.

The expenditure on a project considered effective in terms of advancing the prospectivity of the areas is used, in conjunction with a subjective prospectivity enhancement multiplier, (PEM) to derive a value of the project, which takes into account the valuer's judgment of prospectivity and the value of the database. Future planned committed expenditure for the next 12 months should also be included as a measure of the estimated investment value of the property. The multiples of expenditure generally range from 1.0 to 3.0 with values greater than 1.0 applying where exploration has upgraded the property. The multiples are listed below.

- 0.75 Previous exploration indicates that the area has very limited potential for a significant discovery.
- 1.0 Little past work is available but regional information is positive and warrants further exploration
- 1.5 Existing data is sufficient to warrant further exploration. Further work is expected to define interesting targets
- 2.0 An interesting target or targets are present for evaluation
- 2.5 The tenement contains a defined drill target with significant geochemical intersections
- 3.0 Exploration is well advanced and limited infill drilling is likely to define an Inferred Resource

1.6 Comparison of Valuation Results

Comparative Valuation

The Comparative Valuation used the methodology of Auralia who applied a range of \$2,000 to \$6,000 per sq km to estimate value to give a value of the EPMs (1966.73) between \$3.9 M and \$11.8 M. (Minnelex has not revised the Auralia estimates.)

Geoscientific Valuation

In the Geoscientific method, most of the value was in EPM 14185. The total value ranged from \$2.8 M and \$7.0 M. Areas under application were valued at 80% of the approved value to allow for some risk in granting and continuing with the application.

Multiples of Exploration

In using Multiples of Exploration it was assumed that:

- 80% of capitalised expenditure can be regarded as exploration expenditure that had advanced the projects.
- 10 % of capitalised expenditure could be added as an assumed historical expenditure that had advanced the projects.
- the budget for the next 12 months was \$1.5 M.

The PEM ranged from 1 to 1.5.

The sum of the EPM values ranged from \$6.1 M to \$8.5 M.

Table 1.3: Summary Table for the value of all EPMs

Method	\$M Low	\$M High
Comparative	3.9	11.8
Geoscientific	280	7.0
Multiples of Exploration	6.1	8.5
Averaged	4.3	9.1

Alluvial Tin

1.7 Alluvial Tin Projects

Introduction

The alluvial tin holdings are shown in Table 1.9. These lie within protective EPMs. Considerable historical work has been carried out but there has been only minimal exploration expenditure since CSD held the areas.

Table 1.4 Alluvial MLs

Number	Status	Name	Sq km	Expenditure
ML 4069	GRANTED	Nettle Ck	0.1	16,957
ML 4073	GRANTED	Basalt 1	1.45	60,568
ML 4074	GRANTED	Basalt 2	1.0	45,953
MDL 448	GRANTED	Herberton	3.39	0

Historical

EPM14185 surrounds most of the company's main alluvial projects, referred to as *Battle Creek, Nettle Creek and Return Creek*.

The Nettle Creek deep lead, 10 km east of Mount Garnet, was discovered in 1881 and was worked intermittently over 50 years. From 1931 to 1946, Nettle Creek Company and The Broken Hill Pty Company Ltd sluiced the area and produced ~400 t of cassiterite concentrate. Alluvial Gold Ltd investigated the deep zone in Return Creek in 1970 and interpreted the deposit as a 'kaolinised lode'

Ravenshoe Tin Dredging Company Ltd carried out dredging operations in Battle Creek from 1957 to 1965 for a recorded production of about 14 M bench cubic metres (bcm) for 4104 t of tin concentrate (~29 g/ bcm) cassiterite concentrate. From 1965 to 1982, they dredged Nettle Creek and produced 6725 t of cassiterite concentrate from 30.7 M bcm at an average grade of 153 g/bcm cassiterite. The dredge started from upstream and continued southwards downstream. Its path took it across the Kennedy Highway at the small settlement of Innot Hot Springs.

Alluvial Holdings

EPM 14185 of CSD covers much of these historical alluvial tin areas and contain resources amounting to 3,700 t of contained tin. These include the Herberton Deep Lead and the Battle Ck - Nettle Ck Deep Lead.

The **Nettle Creek Deep Lead** is a large volume of wash with an Inferred Resource amounting to 5 M cubic metres at 500gm Sn/m3 – inferred resource. Drilling is required to confirm volume and grade as well as depth of overburden, which is in part dredge tailings and in part unmined alluvium and basalt. ML 4069 of 30 sq km. ML 4073 of 435 sq km and ML 4074 of 300 sq km are contiguous over 6 km of Nettle Creek

Battle Creek (EPM14185) has an indicated resource of 683,000 cubic metres at 832gm Sn/m3. The deposit is in a weathered greisen. In 1985, an aircore drill program was completed to test deeper sections of the altered granite, which showed the mineralisation extending to approximately 68 m below surface. In late 1985, a mine planning schedule was formulated. A strip ratio of overburden (1.1) to mineralisation (1.0) was estimated with low-angle pit walls planned because of the soft nature of the ground. Recommendations included drilling further alluvial mineralisation downstream of the altered granite deposit, which, if economic, would double the Battle Creek Project life however this work was never undertaken.

The **Herberton Deep Lead** is a potentially large high grade tin alluvial system. Historic grades were exceptionally high from ore mined from under a basalt cover. Grade and volume, and a method of mining are yet to be determined.

Tate River (Soda Springs) (EPM14185), has an Inferred Resource of 1.96 M bcm grading 625 g/bcm tin, with a further 3.2 M bcm warranting testing.

Return Creek

The alluvial area was divided into three parts; upper, middle and lower. The Upper Return is held by others. Middle Return Creek was dredged mainly from 1939 to 1952 when about 26 M bcm were recorded as treated for 6,114 t of cassiterite concentrate.

The **Lower Return Creek Project** has been explored but has not been worked. In drill testing, traverse "Line 13", approximately 6 km south of the Kennedy Highway crossing of Return Creek, recorded favourable wash grades. Line 13 comprised 11 holes and tested the

alluvial terrace on the western side of Return Creek. An 800-m width of terrace returned wash grades averaging 930 g/bcm tin. No resource estimate has been made of this high-grade wash. One subblock of EPM 14185 secures the prospective area.

The **Mid Return Creek Project** is covered by ML application 20544. Drill testing the early 1980s showed a deep lead under the dredged creek. Cemented wash was mined along the western edge of Return Creek. No estimate has been made of the remaining highgrade wash.

Currently the company has not carried out any definitive work on its alluvial areas but has

applied for four more MLs.

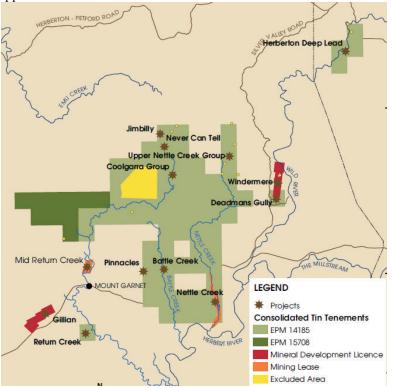


Figure 1.3 Plan showing alluvia areas (Taken from 2007 Prospectus)

1.8 Alluvial Tin Total In-ground Resources

Table 1.5: Value of Resources

	urae or recoou				
			Sn/Cum	Tonnes Sn	Value \$M
	Resource	Cubic m			In-ground
Nettle Ck	Inferred	5 M	500 gm	2,500	56.2
Battle Ck	Indicated	0.683	832 gm	568	12.8
Tate River	Inferred	1.5 M	625 gm	938	21.1
Total		7.2	1.957	4,006	90.1

Although resources have been defined and mining methods are fairly well established there has been no recent study on likely profitability and cut-off grades. Considerable resource drilling is still required.

A rule of thumb valuation has been used based on in-ground resources which values them at between 3% and 5% of \$90.1 M to suggest a value between \$2.7 M and \$4.5 M

1.9 Value of Alluvial Tin MLs

No information is provided on the MLs but assuming they have some potential for alluvial tin, an approximate value can be obtained using the geoscientific method and assuming a BAC of between \$1000 and \$2000. With a total area of 67.73 sq km, this indicates a possible value of between \$0.07 M and \$0.14 M. Applications have been given a slightly lower rating than granted applications.

The aerial value of the MLs is between \$0.07 M and \$0.14 M

Valuation of Main Projects

1.10 Introduction

The most advanced deposits are Gillian, followed by Pinnacles. Gillian was the main focus of a PFS completed in October 2013 and will be the focus of the DFS, to be completed by the end of 2014, and will be the first deposit to be mined. Pinnacles is less advanced and Windermere and Deadmans Gully deposits are much less advanced.

Resource estimates for the main projects, Gillian, Pinnacles, Windermere and Deadman's Gully were estimated by Optiro in May 2013. (Minnelex has not revised the Optiro estimates.) Optiro updated the resource estimates for Gillian in June 2014.

1.11 Geology and Mineralisation

"The Gillian deposit (MDL 38) is a 5 to 10 metre wide outcropping magnetite/haematite skarn with a 1 km strike length. Basement geology of the Gillian Project area is a roof pendent of Silurian aged Chillagoe Formation intruded by member granites of the O'Briens Creek supersuite. The outcropping dimensions of the pendent are approximately 1 km by 200 metres. Mineralisation in the western extent is defined by a number of steeply dipping tabular lenses, while mineralisation in the eastern extent is defined, primarily, as a single main lens which dips steeply from surface before shallowing out into an almost flat to shallow grid south dipping body with a moderate to steep east plunge on from the eastern extent of the outcrop. The changing dip and thickness of this grid eastern lens is likely a structural feature related to shape of the underlying granites. The central 150 m of strike extent of non-

mineralised zone at Gillian occurs as a result of granite intruding to surface and separating the eastern and western skarn.

The Pinnacles deposit MLA 20693, is interpreted as a series of irregular skarn lenses within the roof pendent of Chillagoe Formation surrounded and underlain by intruded O'Briens Creek supersuite member, the Coolgarra Granite. The intrusion of the mineralising granites into the carbonate rich rocks of the Chillagoe Formation has produced a wide aureole of structural deformation and contact metasomatism, resulting in skarn related mineralisation of tin, iron and fluorite. Tin in the form of cassiterite is generally very fine and is associated with magnetite. The skarn lenses were reasonably large and as a result potentially containing large tin content.

The Windermere deposit (MDL 381) contains en-echelon arrayed, irregularly outcropping lines of north trending cassiterite bearing ironstone skarns, which are over 3 km in length. The series of tabular lenses trends northerly and has a generally steep easterly dip. Individual lenses were up to 800 m long.

The Deadmans' Gully prospect occurs 700 m south-southwest of the main Windermere deposit as a small skarn development offset from the Windermere skarn. The deposit is a small roof pendent of Chillagoe Formation carbonate and siltstone surrounded and underlain by granite. Tin mineralisation occurs in massive red-brown weathered magnetite-hematite skarn."

1.12 Resources

Mining Method

Based on Gillian, Prism Mining was commissioned by CSD to undertake the mining studies associated with the Mt Garnet Pre Feasibility Study (PFS). Mining method to be by open cut with an average mining cost per tonne of A\$24.25/t. Pit designs were based on Whittle optimisation shells generated using preliminary operating cost estimates. Mine development and operation is reflected as contractor mining in the PFS. Ore will be transported to the Mt Garnet concentrator, which is part of the SPM assets proposed for acquisition by CSD – this transaction is subject to shareholder approval at an Extraordinary General Meeting, scheduled to be held in September 2014. CSD are presently undertaking a Definitive Feasibility Study, which is anticipated to be completed by the end of 2014.

Mineral Processing

Based on Gillian also, extensive metallurgical test programs have been completed to date by ALS AMMTEC Ltd, Burnie Research Laboratory (BRL), CSIRO, Walk Institute, Downer EDI, Nagrom and Newcastle Institute for Energy & Resources (NIER). These programs have confirmed the metallurgical recovery characteristics of the Mt Garnet ore.

The Company commissioned Como Engineering to complete the mineral processing component of the PFS, including capital estimates for the reconfiguration of the Mt Garnet concentrator.

In June 2014, the combined resources of CSD (to JORC standard) were summarised as shown in **Table** 1.6.

Table 1.6: CSD Resources

	Cut-off	Measured	Grade	Indicated	Grade	Inferred	Grade		Grade
TIN (Sn)	Sn_EQ %	tonnes	Sn%	tonnes	Sn%	tonnes	Sn%	Total tonnes	Sn%
Gillian	0.20	1,200,000	0.86	1,160,000	0.74	180,000	0.53	2,530,000	0.78
Pinnacles	0.33	-	-	5,461,000	0.30	1,575,000	0.30	7,035,000	0.30
Deadmans Gully	0.18	-	-	444,000	0.34	-	-	444,000	0.34
Windermere	0.25	-	-	829,000	0.26	1,211,000	0.27	2,040,000	0.27
TOTAL		1,200,000	0.86	7,894,000	0.36	2,966,000	0.30	12,049,000	0.40

	Cut-off	Measured	Grade	Indicated	Grade	Inferred	Grade		Grade
IRON (Fe)	Sn_EQ %	tonnes	Fe%	tonnes	Fe%	tonnes	Fe%	Total tonnes	Fe%
Gillian	0.20	1,200,000	34.20	1,160,000	32.50	180,000	25.20	2,530,000	32.80
Pinnacles	0.33	-	-	5,461,000	19.12	1,575,000	21.04	7,035,000	19.55
Deadmans Gully	0.18	-	-	444,000	26.70	-	-	444,000	26.70
Windermere	0.25	-		829,000	25.79	1,211,000	23.68	2,040,000	24.54
TOTAL		1,200,000	34.20	7,894,000	22.21	2,966,000	22.37	12,049,000	23.44

	Cut-off	Measured	Grade	Indicated	Grade	Inferred	Grade		Grade
FLUORINE (F)	Sn_EQ %	tonnes	F%	tonnes	F%	tonnes	F%	Total tonnes	F%
Pinnacles	0.33	-	-	5,461,000	6.28	1,575,000	4.14	7,035,000	5.80
TOTAL		-	-	5,461,000	6.28	1,575,000	4.14	7,035,000	5.80

For the purposes of reporting, a tin equivalent (Sn Eq) calculation was performed on the final block model. This calculation represents the total metal value of each metal, multiplied by a price based conversion factor, summed and expressed as an equivalent tin percentage. The recovery factors applied and the prices used in the pricing assumptions were provided by CSD.

Table 1.7: Pricing and recovery assumptions used in the tin equivalent calculation

Element	Recovery Assumption	Price Assumption
Tin (Sn)	70%	US\$20,000/t
Iron (Fe)	75%	US\$150/t
Fluorine (F)	70%	US\$400/t

Pricing has been based on an approximate five year average commodity price. In the case of Iron, the price is based on Iron Ore Pellets as the reduction process produces high grade iron pellets which sells for a premium over Iron Ore Fines. Product marketing will continue to be reviewed and revised as part of the DFS process.

Bulk density measurements elsewhere were determined using the Archimedes Principle and a regression formula was calculated. This was applied to the block model as the following formula: Density = 2.68 + (0.0104 *Fe). Using this formula, the calculated bulk density of the mineralisation ranges from 2.68 to 3.36 t/m3. No relative densities were collected at the deposits and a value of 2.9 m/t₃ was assigned. Top-cuts for tin only were applied to reduce the influence of outlier grades during the estimation.

1.13 Value of CSD Tin Resources

In a pre-feasibility study in 2013, assuming the Mt Garnet Plant would be in operation, The Mt Garnet Tin Project PFS had an NPV of A\$110M.

Previously, not having guaranteed access to a plant, the resources had uncertain value. With the impending acquisition by CSD of the SPM Mt Garnet concentrator plant, this should no longer be an issue. For this report the comparable transactions, which were reviewed by Auralia on a \$/t and \$/lb of contained metal in Resource has been used. It was noted that

values tend to lie in a range between \$0.02/lb and \$0.06/lb. In the calculation 4 and 6 cents have been used.

A rule of thumb valuation has also been used as a check by Minnelex, based on in-ground hard rock resources. These have been valued at between 0.5% and 1% of the in ground contained metal. These two methods are summarised in Table 1.8 with tin equivalent valued at \$22,550/t.

Table 1.8 In-ground Tin Values

In grou	nd value			% tin calcula	ation	\$/lb calculation		
Tns M	Grade Sn	Tin t x M	Value \$ M	Lbs SnxM	0.50%	1.00%	0.04	0.06
3.599	0.0065	0.023	527.52	52.40	⁽¹⁾ 2.64	5.28	⁽²⁾ 2.10	3.14
7.035	0.003	0.021	475.92	47.28	2.38	4.76	1.89	2.84
0.444	0.0034	0.002	34.04	3.38	0.17	0.34	0.14	0.20
0.829	0.0027	0.002	50.47	5.01	0.25	0.50	0.20	0.30
Totals		0.048	1,087.96	108.07	5.44	10.88	4.32	6.48

^{(1) 0.05%*\$527.52} M

The value of the in-ground resource from Table 1.8 is between \$4.32 M and \$10.88 M with a preferred value of \$7.6 M

If the iron and fluorine are included in table 1.8 the in-ground value would range from \$6.2 M and \$15.6 M with a preferred value of \$11 M.

Table 1.9 Summary Valuation Table

Cons Tin	Location	Low \$ M	High \$ M	Preferred
Value of EPMs	Table 1.3	4.3	9.1	6.7
Value of alluvials	Section 1.8	2.7	4.5	3.6
Value main resource	Table 1.8	4.3	10.9	7.6
Value of MLs	Section 1.9	0.07	0.14	0.1
Total		11.4	24.6	18.0

The project has a value between \$11.4 M and \$24.6 M with a most likely value of \$18.0 M. The valuation has not included the value of the iron or fluorine. Including these would raise the likely value to \$21.4 M

^{(2) 52.4} M lb * \$0.04

Qualifications and Experience

Minnelex is a geological consultancy. The person responsible for this report is:

R.C.W. Pyper. BSc. (geol.). MAICD. FAusIMM. Consulting Geologist

Mr Pyper is the Principal of Minnelex and is a geologist with 50 years of industry experience and 30 years of consulting practice in precious metals, base metals, coal, bauxite, gemstones, industrial minerals, iron ore, dimension stone and mineral sands. He has had extensive experience in the valuation of mineral exploration properties. Mr Pyper has had sufficient experience relevant to the styles of mineralisation and the types of deposits under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2013 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Pyper consents to the use of this report by Stanton International Securities in the form and context in which it appears.

Disclaimer of Interests

At the date of this report and currently, Minnelex does not have, nor has had any relationship with CSD other than as may have occurred as a result of providing consultancy services in the ordinary course of business. Minnelex and R C Pyper have neither relevant interest in, nor any interest in the acquisition or disposal of any securities of CSD. Minnelex has no pecuniary or other interest that could be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the acquisition of the mineral interests of CSD. The fee charged for this report is ~\$7,000.

Robert C W Pyper

R Sylven

2. References

Clemens A Optiro Pty Ltd. Mt Garnet Resource Estimate. Windermere and

Deadmans' Gully deposits. May 2013

Clemens A Optiro Pty Ltd. Mt Garnet Resource Estimate. Gillian and Pinnacles

deposits, May 2013

CSD ASX announcement 26/6/13. Review of Independent Resource

Estimate

CSD ASX announcement 30/9/13 Positive Pre-Feasibility Study for the

Mt Garnet Project.

CSD ASX announcement 15/10/13. Assumed economic values.
CSD Geological and Mineralogical Summary; Gillian, Pinnacles and

Windermere Deposits. 2013

Hicks M MDL 381 'Windermere' Third Annual Report To 31st August 2013

for CSD. Sept 13

COMO ENGINEERS REPORT ON THE MT GARNET PROCESSING P PLANT BEING ACQUIRED FROM SPM



Valuation Report of Mt Garnet Polymetallic Plant and Infrastructure for Consolidated Tin Mines Ltd

September 2014 Job 3120.06



Prepared by

Como Engineers Pty Ltd Mechanical & Mineral Processing Engineers 27 McCabe Street

Mosman Park, WA 6012

Phone: 08 9432 0100

Fax: 08 9336 4900

www.comoeng.com.au

10/09/2014	1	FINAL	RPL	MJS		CSD	CSD	RPL
Date	Rev	Description	Е	Ву	Che	cked	Appr	oved



Contents

1.	Introduc	tion	4
2.	Executiv	ve Summary	5
3.	Plant Co	ondition	6
	3.1 Po	lymetallic Plant	6
	3.1.1	Polymetallic Crushing Circuit	6
	3.1.2	SAG and Ball Mill	8
	3.1.3	Cyclones	8
	3.1.4	Trash Screen	8
	3.1.5	Zinc Re-Grind Mill	8
	3.2 Su	pergene Copper Circuit	9
	3.2.1	Supergene Copper Crushing Circuit	9
	3.2.2	Supergene Copper Float Circuit	9
	3.2.3	Supergene Cyclones	9
	3.2.4	Supergene Primary Copper Circuit Mill	9
	3.2.5	Supergene Secondary Copper Circuit Mill	10
	3.3 Th	ickeners	10
	3.4 Filt	ter Press	10
	3.5 Ra	w, Process and Fire Water	11
	3.6 Wa	ater Treatment Plant	11
	3.7 Re	eagents Area	11
4.	Services	S	11
	4.1 Po	wer	11
	4.2 Die	esel	12
	4.3 Ma	ain Switch Rooms/Control Centre	12
	4.4 Bu	ildings	12
	4.5 Te	lecommunications	12



	4.6 Air Services	. 13
5.	Plant Valuation	. 13
	5.1 Methodology	. 13
	5.2 Valuation	. 14
6.	Disclaimer	. 15
Арр	endix A - Photo's	. 17
Арр	endix B - Valuation Spreadsheet	. 23



1. Introduction

At the request of Stanton International Securities Pty Ltd, Martin Smith, Engineering Manager, and Dave Johnson, Senior Electrical Engineer, for Como Engineers visited the Mt Garnet Polymetallic Processing Plant located approximately 2½ hr drive from Cairns directly outside the township of Mt Garnet, to review the condition of the plant and provide a valuation (+/-15%).

The plant was found to be in the midst of refurbishment with the intention to commence crushing operations mid-February and processing early March 2014.

The authors, Martin Smith, and Dave Johnson visited and inspected the plant on Tuesday 4th February 2014 and were accompanied by Maurice Scamardella, Processing Manager, during the course of the inspection.

This updated report results from a request by Ralph DeLacey, Consolidated Tin Mines Limited, and a site visit by Mark Haslam (Senior Metallurgist) was conducted on Friday 5th September 2014. During the plant inspection Mark was accompanied by John Centis, Maintenance Superintendent.



2. Executive Summary

The plant is generally in a fair condition, apart from a few areas which have not had work completed during the refurbishment and are in poor condition. Some areas, such as the flotation cells, had refurbishment work completed during the refurbishment period to bring them into an operational condition.

Almost all infrastructure other than a couple of items such as one of the 55kL diesel tanks are owned by Snow Peak Mining (SPM) and have been included in this valuation and report. Infrastructure such as all bore, pit reclaim, process water and raw water pumps and pipes, administration buildings and tailings dam piping and process water reclaim are all owned by SPM and have been included in the valuation.

A complete equipment list or set of as-built drawings and P&IDs was not supplied as part of the site inspection and valuation. Only some "Not for Construction" drawings were received, making it difficult to fully assess the existing equipment configuration. An asset register was supplied but this did not correspond with the equipment list compiled by Como Engineers or show the extent of assets covered in the operation.

Since the initial valuation report was issued, the polymetallic plant has had refurbishment works completed and has been brought into an operational condition. The supergene copper circuit was not refurbished and remains inoperable.

Since the valuation report was issued in April 2014 there was a decrease in the value of second hand plants. However, there has been renewed interest in second hand processing plants (particularly operational processing plants) and considering the refurbishment works that were undertaken and the maintenance that is being conducted on the plant during shutdown periods, the valuation of the Mt Garnet processing plant remains unchanged.

It is understood that the nominal capacity of the two separate processing streams are approximately 500ktpa each.

The new replacement value of plant and equipment, including transport and installation, is \$115 million (excl. GST) to an accuracy of +/-15%.

The second hand value of the existing plant, as a going concern, considering the current climate for second hand gold plant equipment is considered to be 50% of this value, being \$57 million (excl. GST) to an accuracy of +/-15%.



3. Plant Condition

Only the Polymetallic Processing circuit was operating during the site visit. The Supergene Copper circuit was not inspected on this visit as no refurbishment works have been conducted since the previous report by Como Engineers. Infrastructure such as power, bores and pit dewatering were all operational.

All plant and equipment inspected appeared to be in fair to good operating condition. Some attention is required to structures that were not blasted and painted as part of the refurbishment however this is superficial. A structural audit has been conducted by others since the last visit by Como Engineers but a copy of this report has not been provided for review.

Upon Mark's arrival, he discussed with Maurice Scarmadella and John Centis (Maintenance Superintendent) the current operations. The plant is currently campaign treating ore on a 10 days on 4 days off basis. This cycle has enabled the plant to be maintained during the days off, resulting in an availability of 98%.

It is understood that 13,000 tonnes of (containerised) copper concentrate have been shipped via Townsville Port. Contract negotiations are nearly complete for bulk trucking of zinc, lead and copper concentrate. The plant is performing close to metallurgical design expectations with regards to grade and recovery. Throughput had recently been approximately 70 tph but had been slowed due to lower fines in underground ore presently being processed.

A SCADA control system is installed and is used to operate the plant.

Raw and process water is supplied from multiple locations including four bores and the pit directly adjacent to the processing plant.

Offices, workshops, stores, crib rooms and ablutions are more than adequate and appear to be in good condition.

Access to site is by public roads with requisite signage observed. At the time of the site visit, no persons where observed at the main entry point to the site, however there was a boom gate which was down upon arrival. A locked gate was observed at the rear of the operation's enclosure. Administrative and 24 hour operational personnel were on site at the time.

3.1 Polymetallic Plant

3.1.1 Polymetallic Crushing Circuit

The concrete around the jaw crusher and the ROM bin is all in excellent condition and a new bump stop has been installed at the ROM bin as part of the refurbishment.



The apron feeder has good skirting. The wear plates have just been replaced and the hydraulic pack for the apron feeder also appears to be in good condition. No leaks were observed around the hydraulic pack during the site inspection.

The jaw crusher itself is in good condition and appeared to be operating satisfactorily. The springs all appear to be in good condition. Again there are no major cracks or faults visible. It is very clean around the area and all seems to be very well maintained. The motor itself appears to be in good condition and clean and tidy.

There is a self-cleaning magnet straight out of the crushing circuit which was operating. It is not the original one that was in there as they previously had a fixed magnet. They have also put in a fabricated tramp metal bin to replace the original concrete bunker which was beyond repair.

The conveyor which feeds the stock pile appears to have all rollers freewheeling. They all appear to be in reasonable condition and there doesn't appear to be any major problem with it.

The MCC for the crushing circuit, MCC 0102, is in very good condition and is fed from an 11kV Transformer which appears in good condition. The Switchroom is also in good condition, however there has been no blast wall installed between the transformer and the Switchroom like all the other transformer compounds on site.

Cabling is all neat and tidy with cable ladders and cable ladder covers in place.

All the structures on the CV1 conveyor leading up to the stock pile apparently have been structurally checked by an engineer within the last 12 months. The base of the conveyor trestle previously buried in the stockpile has been uncovered and the Denso tape in place appears to have protected it extremely well. A new belt has been installed on CV1.

The three draw down feeders in the stockpile tunnel apparently work well, only one was operating during this visit, as they are cycled by the operators to balance the mill feed fines content. They have vibrating pan feeders feeding onto a conveyor belt that goes underneath all three feeders. All rollers on the conveyors appear to be freewheeling and the conveyors are in overall good condition. Access is a little restricted in the tunnel but otherwise everything is in good condition. Some minor spillage was observed which is routinely cleaned out during the shut-down days when access is available and it is safe to conduct this activity.

Air cannons were seen to be installed around all slots to aid in the movement of sticky and hung up material. We were told that they worked very successfully.



3.1.2 SAG and Ball Mill

Both the SAG mill and Ball mill are in very good condition. The pinions and girth gears appear to be in good condition as well. There is a spare girth gear, gearbox and motor for the ball mill which also matches the other Supergene Copper Ball Mill, a set of common spares.

There are no leaks on the lube systems. There appear to be no leaks for the girth gear, pinions bearings, trunnion bearings and gearbox lubrication systems. The shell seems to be in good condition and no visible cracks were seen. The seals on the girth gear appear to be in great condition. Some refurbishment work has been done on these mills.

The structure itself is clean, tidy and is in good condition.

3.1.3 Cyclones

Four Cavex cyclones are all operational. Knife gates all appear in good condition. There were no visible holes in the underflow pan although there are a couple of rust spots appearing, but otherwise all in good order.

The header tanks for all the reagents are located on the floor above the cyclone cluster, including a safety shower water tank. There are steel and poly tanks, depending on the reagent. They are mounted on a base frame, all valved up and piped down to below. Some leakage/spillage of reagents was observed around the header tanks during the site visit.

3.1.4 Trash Screen

This unit requires significant repairs and would probably be cheaper to replace entirely than try to repair piecemeal. The screen is being utilised as a static screen, and the screen deck is routinely manually cleaned by the operators

3.1.5 Zinc Re-Grind Mill

It is all in good order. It is all well protected. The lube system is all in good condition. Very neat, clean and tidy. The mill was being charged and readied for operation, lube systems were being checked.

At the structure above the Zinc regrind mill there is a series of sample diverters to go into the OSA unit which all looks in good condition. Below the OSA unit there is a cyclone cluster with the underflow feeding straight to the mill. The float cells all appear to be in poor to fair condition. There are a number of cells that require significant repairs with major rusted sections and rubber lining repairs required. A walk underneath the flotation banks did not reveal any leaks.

All the poly metallic float circuit structurally appears to be in reasonable condition. There appears to be no major issues with the platforms, landings, staircases and grid mesh. The area



has little lean-to covers over the top of the float cells and these all appear in reasonable condition.

3.2 Supergene Copper Circuit

The supergene copper circuit was not inspected on this visit as no refurbishment works have been conducted since the last visit by Como Engineers.

3.2.1 Supergene Copper Crushing Circuit

The parallel circuit which is the supergene (straight) copper circuit, has a simple feed hopper and conveyor feeding up into the fine ore storage bin. The feed is all pre-crushed at the mine by a contract crushing circuit down to approximately 12mm. The feed hopper has a couple of big wear holes in it and requires an extensive overhaul.

Only the feed conveyor from the feed hopper to the fine ore bin is still in place and is covered all the way up into the fine ore bin.

The conveyor belt appears to be in good condition not broken. No tears or straggly bits on it. The rollers appear to be freewheeling; however it was not operating when we were looking at it.

3.2.2 Supergene Copper Float Circuit

This structure has a lot of grid mesh needing to be replaced and the entire structure is currently cordoned off to prevent injury. The actual structure itself is in good condition and it is only the grid mesh repairs that need to be done. The cells all appear to be in good condition and were not operating at the time of the inspection. There are some parts where it will need to be repaired. Some angle around the cells, in the middle separating the two cells that will require replacement, but otherwise nothing of major consequence at this time.

3.2.3 Supergene Cyclones

Two cyclone clusters each with six cyclones on top. All Cavex cyclones look structurally and reasonably sound, however the structure needs new grid mesh and some blasting and painting around the cyclone distributor. There is some pitting and valves which if they don't operate could be replaced, otherwise they are in reasonable condition.

3.2.4 Supergene Primary Copper Circuit Mill

This is a 12½ foot diameter, 14 foot long, 850 kW mill with a TECO motor. The inching drive, main gear box and girth gear all look in good condition. The trommel could do with a blast and paint. The rubber looks to be in reasonable condition around the discharge hopper. It is peeling up around the edges but no big visible holes inside the hoppers. Pipework all appears to be in good condition.



3.2.5 Supergene Secondary Copper Circuit Mill

The secondary copper mill is 9ft diameter and 15 foot long with a 500kW motor. It appears to be in good condition. The grid mesh could do with some replacement. There are a couple of holes apparent around the top edges of the discharge hopper and could do with a new top lip.

The trommel appears to be in good condition. There don't seem to be any leaks from the trunnions or discharge, nothing from the gearbox. It all appears to be intact and in good condition.

A little grouting around the discharge and trunnion bearings requires repair, as there was for one of the mills on the poly circuit.

3.3 Thickeners

The tailings and concentrate thickeners at the back of the plant all appear to be in good condition. All the concrete is in excellent condition, concrete bunds, concrete footings, concrete plinths and bund walls. The Supergene Thickener was never installed and remains in pieces in the laydown yard.

All existing thickeners appear in good condition externally with no visible holes. The launders on some could do with some rubber lining repairs, otherwise they are all in operational condition. It was observed that the thickeners were operating, and appeared to be operating satisfactorily.

There are a couple of the structures on top of all the thickeners that could do with some refurbishment work including replacement mesh and stair treads and a good blast and paint but otherwise still sound.

3.4 Filter Press

There are two filters but only the main Larox PF32 filter press is being used. They use the one press for all metals, copper, lead and zinc. It is all in excellent condition. The filter cake drops down onto a reversible conveyor which then loads it into the appropriate bays of zinc, lead or copper, etc. The filter press did not operate through a cycle during the site visit as the concentrate storage tanks were nearly empty.

There is a smaller dedicated ceramic media vacuum filter just for the copper circuit, slightly poorer condition but otherwise still fairly sound.

A combination of Bredel and Vertiflex pumps are underneath all the thickeners, and all appear to be in good condition. The area is very clean and neat.

The four tailings disposal pumps operate in series (2 duty, 2 standby). It was stated that they operate at 1000 kPa when the tails line is extended to 2km, which is the operating pressure of the gland water system. They are currently discharging closer to the plant site.



3.5 Raw, Process and Fire Water

There are two (2) diesel fired pumps for the fire water ring main that encircles the whole plant and is all alarmed and tested weekly.

Two water pumps going from the water dam. The process water tank still has a big doorway cut into it from when a bobcat was used to dig it out as it had a lot of concentrate sitting in the bottom of it when the plant was shut down. This was observed to be unchanged, as all process water continues to come from the process water pond.

3.6 Water Treatment Plant

There is a water treatment plant which also appears in good condition. There is a lined tin sheet tank approximately 1 million litres and water treatment (softening) attached to the side of it with a pump filter arrangement.

3.7 Reagents Area

There is a lime system, like any lime system it is white and covered in lime. There is a 35 - 50 tonne silo, a little mixing station and then into a larger tank underneath. In the same bunded area is the sodium cyanide tank (which had been repainted and re-certified for 3 years). There is also zinc sulphate, copper sulphate, and sodium metabisulphate. The structures all appear to be in good condition.

There are bag mixing stations above tanks 1, 2, 3 and 4. There is a redundancy on all pumping systems and there are commonality of spares between pumps as well. All piping appeared to be in good condition.

It was observed during the site visit that the SMBS pump leaks a bit and there was a hose running continuously to wash the leakage away (pumped to tails hopper). This had already been identified by site maintenance for repair during the next maintenance shut period.

4. Services

4.1 Power

Power is supplied from the grid and there is no site power station. The main sub-station has a 5MVA, 66/11kV transformer, with cooling fans that currently limits the power to the plant. This feeds a 11kV ringmain unit that has four feeders to feed to Process Plant. An overhead powerline feeds the crusher and the powerline also has two auto reclosers that feed the last set of Mills installed, as well as the Supergene MCC.

Generally all the transformers, switchrooms and switchgear are in good condition and well maintained.



The Yokogawa DCS is linked for each part of the Process Plant through fibre optic cabling. Although the system has been robust, it is getting fairly old and would need to check if it still supported and spares are available from Yokogawa. This system is very expensive to maintain and not many people have experience in programming it. A fair amount of work was required when the system was re-commissioned, due to undocumented changes and passwords from Kagara operating period.

It is understood that this system is now apparently fully supported by Yokogawa including technical personnel and documentation to ensure it can be maintained and modified as required for ongoing operations.

4.2 Diesel

Only one 55kL diesel tank on site is owned by SPM, the other similar sized tank being owned by the diesel supplier.

4.3 Main Switch Rooms/Control Centre

There are four (4) MCC's on site. Two are transportable and two are buildings and are in excellent condition. Cable tray covers were installed on all cable trays throughout the plant and appear in good condition.

In general, all electrics and instrumentation throughout the plant appear in good condition and are operational in the areas currently being refurbished.

4.4 Buildings

There are numerous buildings on site including main administration offices, changerooms (male and female), meeting/training rooms, maintenance offices, workshops, a fully operational site laboratory, and crib and ablutions. All are primarily transportable buildings and appear in good condition.

Sheds on site include the larox filter shed, adjacent concentrate storage shed, process plant maintenance workshop, spares stores and the LV maintenance workshop. All these sheds appear in good condition.

4.5 Telecommunications

There are telecommunications at the plant site that is owned by SPM and has been included in the valuation.



4.6 Air Services

Only one blower (of three) is required to supply the air requirements for the Polymetallic flotation cells (likewise for the Supergene flotation circuit). The unit operating at the time of the visit was doing so satisfactorily (no unusual noises).

The duty air compressor appeared to be running satisfactorily (no unusual noises).

5. Plant Valuation

5.1 Methodology

An equipment list which was compiled prior to the site visit from previous work conducted by Como Engineers was initially used as a guiding template for the site valuation. An asset register was supplied at the time of the site visit. This register was found to be inadequate as it showed only approximately a third of the items that were on the equipment list previously compiled by Como Engineers.

The valuation was carried out progressively through each section of the plant noting what equipment was encountered and its condition, with photos of most items taken, starting with crushing circuits and conveyors, milling, classification, flotation, filtration and services.

Additional items of equipment found on site were also noted and those listed in the equipment list which were not present were excluded.

Raw water supply, including telemetry, plant tailings dams and process water ponds, powerlines and pits were assessed with assistance from site personnel and crosschecked with an aerial map detailing the locations.

It should be noted that the Mt Garnet processing plant is in fact two complete plants (Polymet and Supergene Copper) with common services and infrastructure. This has meant the valuation is relatively high in direct comparison with other processing plants of similar size and capacity.

New value is the estimated current date cost of a new piece of equipment installed at site. Valuations have been made using our existing database from similar sites, and has included recent quotes for fabrication works, pumps, electrical etc., as well as capital estimates carried out as the basis for the new values.

Engineering, construction and installation costs have been included to reach a final installed plant cost.

Commissioning and first fills have been excluded, as have current spares located in existing stores inventory.



5.2 Valuation

Current installed value is our estimation of the replacement value of the plant. Replacement value of the plant is estimated at \$115 million (excl GST).

The secondhand value of a working plant sold as a going concern is generally around 30% - 50% of new value, but this depends on market conditions and demand. It is expected that if the plant was sold as a going concern it would be valued between \$35 million and \$57 million (excl. GST).

Auction value is the expected price that would be received if an auction was held in current climate, with the components sold individually for removal from site. Based on current market conditions, the auction value of the plant sold on an "as is where is" basis is between \$10 million and \$20 million (excl. GST).

Recent sales of secondhand polymetallic plants have mostly included packages with mining tenements, so are not comparable.

The valuation spreadsheet is attached in Appendix B.



6. Disclaimer

All reports, valuations and investigations made by Como are subject to the following disclaimer:

Whilst all reasonable care has been taken by Como in preparation of this report for the purpose stated herein, to the extent permissible by law Como does not accept any responsibility whatsoever for any consequence arising from the use or reliance upon any information contained herein

This report is based in part on information which has been provided to Como by the client and/or others and which is not under the control of Como, and its directors, employees, consultants and agents do not warrant or guarantee the accuracy of the information contained herein

Como believe that the conclusions, recommendations and valuations contained herein are reasonable and appropriate at the time of issue of this report and has used its best endeavours to ensure such. However the user is cautioned that the assumptions and inputs on which this report is based may change with time and are beyond the control of Como and any persons acting on behalf of them. The user should therefore ensure that the assumptions and inputs remain valid

This report is prepared solely for the use of the person, company or entity to whom it is addressed. Como accepts no responsibility or liability to any third party for any damages whatsoever arising out of the use of this report by a third party

This report must be read in its entirety and this disclaimer constitutes an integral part of the report. Any copy or reproduction of this report must contain this disclaimer

Unless otherwise stated in this report, it is a technical report and does not cover any legal aspects that may be associated with the report and its subject matter. Any valuations do not include representation as to the legal title and/or ownership of any item or asset referred to or contained within the report and the assumptions made regarding such item or asset

Unless specifically agreed otherwise in the contract of engagement, Como retains the intellectual property rights over the contents of this report. The client is granted a non-exclusive license to use that intellectual property rights for the purpose for which this report was commissioned.

If any there are any questions, or additional information required, related to the material presented in the Study we would be very pleased to provide our assistance.



Richard Ladyman

R. P. Cedy

Principal Engineer

FIEAust, CP Eng

FAusIMM, CP Met

Licenced Auctioneer, WA No. 190

Martin Smith

Manager - Engineering

FIEAust, BEng (Mech), RPEQ

WA DG Assessor (6CM 057)



Appendix A - Photo's



Photo 1 – Mt Garnet Polymetallic Processing Plant





Photo 2 – ROM Bin and Concrete Stop



Photo 3 – Polymetallic Mills



Photo 4 – Feeder drawing from Stockpile



Photo 5 - Mill Scats





Photo 6 – Ore on CV01 Conveyor



Photo 7 - Cyclones





Photo 8 – Reagents Area



Photo 9 – Primary SAG Mill





Photo 10 – Polymetallic Flotation Area



Photo 11 - Flotation Cells



Photo 12 - Flotation Cells



Photo 13 - Repaired Cells and Launders





Photo 14 – Thickeners and Filter Press



Photo 15 - Thickener



Photo 16 – Concentrate Shed



Appendix B - Valuation Spreadsheet

COMO ENGINEERS

Mechanical & Mineral Process Engineers

ENGINEER

9/09/2014

Perth, Western Australia JOB NO. 3120.06

FINAL

SUMMARY 1

SUMMARY	ELECTRICAL	MATERIALS & EQUIPMENT	CIVILS & CONCRETE	STRUCTURAL STEELWORK	ERECTION & INSTALLATION	EPCM	SUB-TOTAL	CONTRACTORS PROFIT 15%	SUB-TOTAL	CONTINGENCY 15%	TOTAL NEW COST	SECONDHAND SALE PRICE 50%	AUCTION PRICE 10%
1 CRUSHING	\$570,000	\$1,474,900	\$600,000	\$1,320,000	\$1,357,960	\$617,872	\$5,940,732	\$891,110	\$6,831,842	\$1,024,776	\$7,856,618	\$3,928,309	\$785,662
2 POLYMET GRINDING	\$2,004,000	\$5,797,100	\$3,000,000	\$1,100,000	\$3,958,840	\$1,801,272	\$17,661,212	\$2,649,182	\$20,310,394	\$3,046,559	\$23,356,953	\$11,678,477	\$2,335,695
3 POLYMET FLOTATION	\$2,033,700	\$4,834,400	\$300,000	\$550,000	\$2,273,760	\$1,034,561	\$11,026,421	\$1,653,963	\$12,680,384	\$1,902,058	\$14,582,442	\$7,291,221	\$1,458,244
4 TAILS & THICKENING	\$1,187,000	\$2,045,800	\$180,000	\$330,000	\$1,022,320	\$465,156	\$5,230,276	\$784,541	\$6,014,817	\$902,223	\$6,917,039	\$3,458,520	\$691,704
5 CONCENTRATE UPGRADING, FILTRATION, & STO	\$485,000	\$1,689,250	\$180,000	\$660,000	\$1,011,700	\$460,324	\$4,486,274	\$672,941	\$5,159,215	\$773,882	\$5,933,097	\$2,966,548	\$593,310
6 SERVICES	\$1,591,000	\$1,737,100	\$60,000	\$220,000	\$806,840	\$367,112	\$4,782,052	\$717,308	\$5,499,360	\$824,904	\$6,324,264	\$3,162,132	\$632,426
7 REAGENTS	\$679,500	\$905,700	\$120,000	\$330,000	\$542,280	\$246,737	\$2,824,217	\$423,633	\$3,247,850	\$487,178	\$3,735,028	\$1,867,514	\$373,503
8 SUPERGENE COPPER CRUSHING	\$105,500	\$1,746,500	\$90,000	\$165,000	\$800,600	\$364,273	\$3,271,873	\$490,781	\$3,762,654	\$564,398	\$4,327,052	\$2,163,526	\$432,705
9 SUPERGENE COPPER GRINDING	\$1,038,000	\$3,139,400	\$450,000	\$660,000	\$1,699,760	\$773,391	\$7,760,551	\$1,164,083	\$8,924,633	\$1,338,695	\$10,263,328	\$5,131,664	\$1,026,333
10 SUPERGENE COPPER FLOTATION	\$1,378,400	\$4,044,100	\$300,000	\$660,000	\$2,001,640	\$910,746	\$9,294,886	\$1,394,233	\$10,689,119	\$1,603,368	\$12,292,487	\$6,146,243	\$1,229,249
11 SUPERGENE COPPER THICKENING	\$42,000	\$196,000	\$30,000	\$0	\$90,400	\$41,132	\$399,532	\$59,930	\$459,462	\$68,919	\$528,381	\$264,191	\$52,838
12 SUPERGENE COPPER FILTRATION	\$223,000	\$364,600	\$30,000	\$110,000	\$201,840	\$91,837	\$1,021,277	\$153,192	\$1,174,469	\$176,170	\$1,350,639	\$675,320	\$135,064
13 SUPERGENE COPPER REAGENTS	\$71,200	\$14,200	\$15,000	\$11,000	\$16,080	\$7,316	\$134,796	\$20,219	\$155,016	\$23,252	\$178,268	\$89,134	\$17,827
14 SUPERGENE COPPER CIRCUIT SERVICES	\$762,000	\$229,900	\$30,000	\$55,000	\$125,960	\$57,312	\$1,260,172	\$189,026	\$1,449,198	\$217,380	\$1,666,577	\$833,289	\$166,658
15 MISCELLANEOUS	\$595,000	\$1,039,000	\$30,000	\$55,000	\$449,600	\$204,568	\$2,373,168	\$355,975	\$2,729,143	\$409,371	\$3,138,515	\$1,569,257	\$313,851
16 WATER- RAW, POT, PROCESS	\$0	\$1,421,500	\$30,000	\$55,000	\$602,600	\$274,183	\$2,383,283	\$357,492	\$2,740,775	\$411,116	\$3,151,892	\$1,575,946	\$315,189
17 LABORATORY	\$0	\$200,000	\$15,000	\$0	\$86,000	\$39,130	\$340,130	\$51,020	\$391,150	\$58,672	\$449,822	\$224,911	\$44,982
18 BUILDINGS	\$246,000	\$2,095,000	\$2,220,000	\$33,000	\$1,739,200	\$791,336	\$7,124,536	\$1,068,680	\$8,193,216	\$1,228,982	\$9,422,199	\$4,711,099	\$942,220
SUB-TOTAL	\$13,011,300	\$32,974,450	\$7,680,000	\$6,314,000	\$18,787,380	\$8,548,258	\$87,315,388	\$13,097,308	\$100,412,696	\$15,061,904	\$115,474,600	\$57,737,300	\$11,547,460



Perth, Western Australia

3120.06

Q

FINAL

JOB NO.

REV

COMO ENGINEERS

Mechanic CLIENT PROJECT DATE

MECHANICAL & MANERAL PROCESS ENGINEERS

MECHANICAL & MANERAL PROCESS ENGINEERS

MECHANICAL & MANERAL PROCESS ENGINEERS

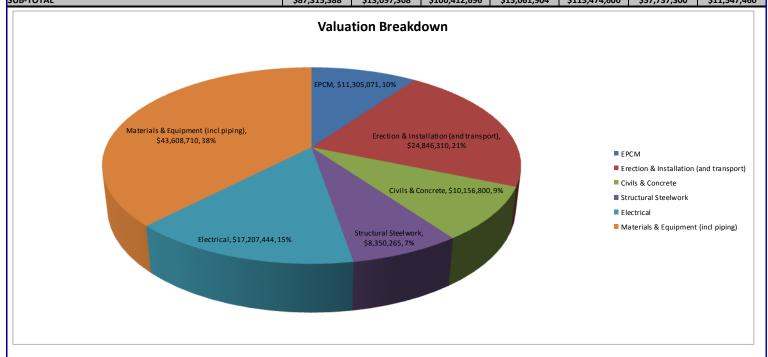
Mechanical & Mineral Process Engineers

CLIENT Consolidate Tin Mines Ltd
PROJECT Mt Garnet Valuation
DATE 9/09/2014

NGINEER MJS

SUMMARY

	SUMMARY			CONTRACTORS PROFIT 15%		SUB-TOTAL		CONTINGENCY 15%	TOTAL NEW COST	SECONDHAND SALE PRICE 50%	AUCTION PRICE 10%
1	EPCM	\$	8,548,258	\$	1,282,239	\$	9,830,497	\$1,474,574	\$11,305,071	\$5,652,536	\$1,130,507
2	Erection & Installation (and transport)	\$	18,787,380	\$	2,818,107	\$	21,605,487	\$3,240,823	\$24,846,310	\$12,423,155	\$2,484,631
3	Civils & Concrete	\$	7,680,000	\$	1,152,000	\$	8,832,000	\$1,324,800	\$10,156,800	\$5,078,400	\$1,015,680
4	Structural Steelwork	\$	6,314,000	\$	947,100	\$	7,261,100	\$1,089,165	\$8,350,265	\$4,175,133	\$835,027
7	Electrical	\$	13,011,300	\$	1,951,695	\$	14,962,995	\$2,244,449	\$17,207,444	\$8,603,722	\$1,720,744
8	Materials & Equipment (incl piping)	\$	32,974,450	\$	4,946,168	\$	37,920,618	\$5,688,093	\$43,608,710	\$21,804,355	\$4,360,871
SUB-	TOTAL	\$8	37,315,388	\$	13,097,308	\$:	100,412,696	\$15,061,904	\$115,474,600	\$57,737,300	\$11,547,460



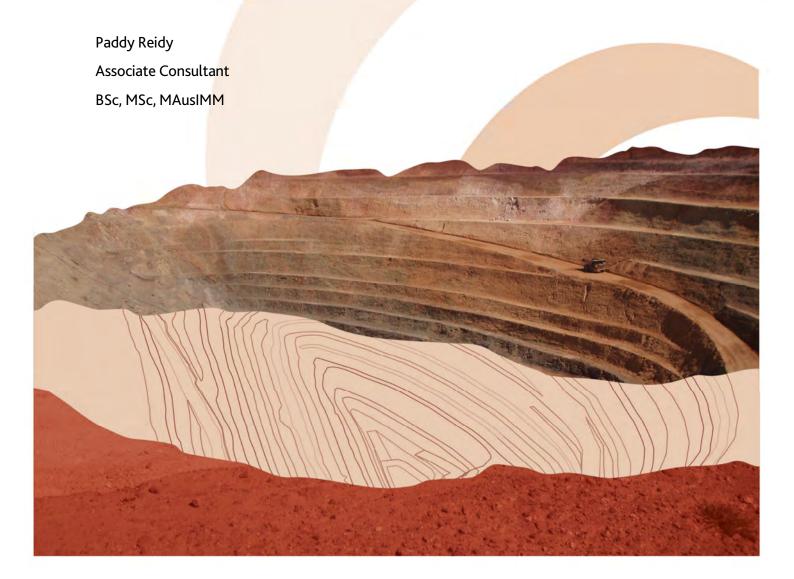
SPM MINERAL ASSETS VALUATION REPORT RELATING TO THE SPM MINERAL ASSETS BEING ACQUIRED FROM SPM BY AURALIA



Snow Peak Mining Pty Ltd

Central Region Project

Independent Technical Valuation of Mineral Assets









30 October 2014

The Directors

Stantons International Securities

Level 2, 1 Walker Avenue

West Perth,

WA 6005

Dear Sirs,

Re; Independent Experts Report and valuation of mineral assets

Auralia Mining Consulting Pty Ltd ("Auralia") has been commissioned by Stantons International Securities Pty Ltd ("SIS"), to provide an Independent Technical Report and valuation on the mineral assets of Snow Peak Mining Pty Ltd ("SPM"). These mineral assets are comprised of base metal exploration and mining properties in Far North Queensland, Australia.

This Report is to be included with an Independent Expert Report ("IER") which shall be included in a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of Consolidated Tin Mines Limited ("CSD"). The Notice of Meeting and Explanatory Memorandum will address the proposed transaction whereby CSD will issue shares to SPM as consideration for the acquisition by CSD of the Mt Garnet Processing Plant, mining information, and all of the exploration and mining tenements of SPM.

Auralia has based its valuation of the SPM mineral assets on information available to the principal author and by investigations of published and unpublished data as well as on information provided by SPM. Auralia has relied upon discussions with CSD and SPM management as well as recent company reports for information contained within this valuation. A site visit has been made by Auralia to the principal mineral assets under consideration in August 2014.

This Independent Technical 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 Australasian Institute of Mining and Metallurgy ("AusIMM"), and the Australian Institute of Geoscientists ("AIG").

The Independent Technical Report is complete up to and including 24th October 2014. Auralia has provided and not withdrawn written consent for the inclusion of the valuation of the SPM mineral assets in the IER, and to the inclusion of statements made by Auralia and to the references of its name in other sections of the document, in the form and context in which the report and those statements appear.

Auralia accepts responsibility for this report for the purposes of an Independent Expert's Report under the ASX Rules. Having taken all reasonable care to ensure that such is the case, Auralia and the authors confirm that, to the best of their knowledge, the information contained in the Independent Technical Report is in accordance with the facts, contains no omission likely to affect its import, and no change has occurred from 24th October 2014 to the date hereof that would require any amendment to the Independent Technical Report.

Snow Peak Mining Pty Ltd Central Region Project October 2014



The primary technical Expert of the report is Auralia's associate consultant geologist, Paddy Reidy (B.Sc., 1994, M.Sc., 2012) a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"), who has worked for 18 years as a professional geologist with experience in the evaluation and mining of mineral properties within Australia and worldwide. Mr Reidy 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.

Neither Auralia nor any of the Auralia staff or the author of this report have or have previously had any material interest in CSD, SPM, SPII, or the mineral properties which are the subject of this report. Auralia, Paddy Reidy and Anthony Keers are independent of CSD, the Directors, senior management of CSD and its other advisers. The relationship with CSD is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees based upon agreed commercial rates and the payment of those fees is in no way contingent on the results of this Report.

Yours faithfully

Auralia Mining Consulting Pty Ltd

Anthony Keers

Director

ii

Snow Peak Mining Pty Ltd



Executive Summary

This Independent Technical Valuation has been prepared at the request of Stantons International Securities Pty Ltd ("SIS") on behalf of Consolidated Tin Mines Limited ("CSD" or "the Company") in relation to an Independent Expert's Report ("IER") for inclusion with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of CSD.

The Notice of Meeting and Explanatory Memorandum, and the IER will address the proposed issue by CSD of 580,000,000 shares, a convertible note for \$16.5M to Snow Peak Mining Pty Ltd ("SPM"), and the payment by CSD to SPM of \$500,000 per calendar quarter for four quarters (\$2M in total) from completion. Subject to shareholder approval CSD will also issue 30,000,000 shares to Snow Peak International Investments Limited ("SPII") as repayment of a \$3,000,000 advance payment made to CSD as per the Heads of Agreement of 3 May 2012. The issue of 580,000,000 shares to SPM and payment of \$2M is in consideration for the acquisition by CSD of the Mt Garnet Processing Plant, mining information, and all of the exploration and mining tenements of SPM.

Specifically, this report considers the market value of mineral deposits and tenure at the Mt Garnet, Surveyor-Balcooma, Einasleigh and Maitland Projects (or "Central Region Project"), which are 100% owned by SPM and acquired as part of the Kagara Central Region Project in January 2013 from the administrators of Kagara Limited.

The Central Region Project is centred on the township of Mt Garnet which is located 150km south west of Cairns, Far North Queensland, and is comprised of tenements covering approximately 1,193km² across the four project locations (Figure 0-1).

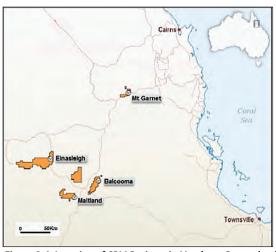


Figure 0-1: Location of SPM Projects in Northern Queensland.



Each of the four project areas is distinguished by very different geological characteristics whereby the Mt Garnet project hosts zinc-rich skarn mineralisation, the Balcooma Project consists of volcanic-hosted massive sulphide ("VHMS") copper and polymetallic mineralisation, the Maitland project which hosts a small copper resource, and the Einasleigh project which hosts significant copper resources with Iron Oxide Copper Gold ("IOCG") affinities as well as Broken Hill-Type ("BHT") polymetallic resources (Table 0-1).

Table 0-1: Summary of Central Region Project Mineral Resources – further detail section 1.7

Copper Resources

Deposit	Category	Туре	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t
Balcooma North	Indicated	Fresh	121,000	0.1	0.0	2.0	0.0	6
	Inferred	Fresh	12,000	0.2	0.1	2.3	0.0	11
Maitland	Indicated	Oxide + Fresh	1,450,000	0.0	0.0	1.5	0.0	0
	Inferred	Fresh	40,000	0.0	0.0	1.1	0.0	0
Einasleigh	Indicated	Fresh	500,000	0.0	0.0	4.0	0.2	18
	Inferred	Fresh	600,000	0.0	0.0	1.9	0.1	8
Kaiser Bill	Indicated	Oxide + Fresh	13,500,000	0.0	0.0	0.8	0.1	6
	Inferred	Oxide + Fresh	1,500,000	0.0	0.0	0.9	0.1	11
T	Total			0.0	0.0	1.0	0.1	6

Polymetallic Resources

Polymetattic Resources								
Deposit	Category	Туре	Tonnes	Zn%	Pb%	Cu%	Au g/t	Ag g/t
Balcooma Lens 2	Indicated	Fresh	456,500	5.6	2.4	1.1	0.4	35
	Inferred	Fresh	575,500	3.1	1.2	1.5	0.3	24
Dry River South	Measured	Fresh	92,000	9.6	3.9	1.1	0.7	76
	Indicated	Fresh	78,300	7.2	2.4	1.1	0.7	68
	Inferred	Fresh	560,000	6.4	2.3	0.9	0.6	59
New Surveyor East	Indicated	Oxide	179,000	0.0	6.4	0.1	1.2	93
Mt Garnet	Measured	Fresh	115,000	9.6	0.1	0.3	0.0	0
	Indicated	Fresh	537,000	5.2	0.0	0.4	0.0	14
	Inferred	Fresh	31,000	6.6	0.0	0.3	0.0	46
Chloe/Jackson/Stella	Indicated	Fresh	3,400,000	4.7	2.1	0.2	0.0	47
	Inferred	Fresh	1,300,000	5.1	1.8	0.2	0.0	51
Railway Flat	Inferred	Fresh	900,000	3.4	0.9	0.2	0.0	16
Total			8,224,300	4.8	1.8	0.4	0.1	41

Given the significant range in development status for the mineral properties under consideration, Auralia has derived valuations for the Central Region Project according to the valuation methodology considered most relevant and appropriate to the development status of the property as follows:

- Exploration prospects without defined Mineral Resources the Geoscience Factor (Kilburn) Method;
- Projects containing defined Mineral Resources yardstick values for in situ Mineral Resources based upon comparable transactions; and
- Operating Mines The Income Approach (or Discounted Cash Flow).





The Geoscience Factor valuation of exploration tenure without stated Mineral Resources indicates a Market Value which may lie in a range from \$2.1M to \$9.9M with a most likely value of \$6.0M.

The Comparable Transaction valuation of those projects with stated Mineral Resources indicates a Market Value which may lie in a range from \$13.5M to \$33.8M with a most likely value of \$20.3M.

The DCF analysis and resultant after-tax NPV of the currently operating mines at the Surveyor Project and Mt Garnet indicate a Market Value which may lie in a range from \$7.5M to \$16.6M with a most likely value of \$12.0M.

It is Auralia's opinion that the Central Region Project has a value in the range \$23.1M to \$60.3M, with a most likely value of \$38.3M (Table 0-2).

Table 0-2: Summary Valuation

	Low Value \$M	Most Likely Value \$M	High Value \$M
Mineral Resources	13.5	20.3	33.8
Exploration Tenure	2.1	6.0	9.9
Mining Operations	7.5	12.0	16.6
Total	23.1	38.3	60.3

All references to units of currency in this Report are to Australian Dollars ("A\$"). Standard abbreviations used are kilometres ("km"), metres ("m"), million ("M"), pounds ("lb"), tonnes ("t"), and thousand tonnes ("kt").

V



Contents

1	Intro	duction	1
	1.1 C	ontext, Scope and Terms of Reference	1
	1.2	Reporting Standards	1
	1.3	Principal Sources of Information	1
	1.4	Author of Report	2
	1.5	Prior Association and Independence	2
	1.6	Declarations and Limitations	3
	1.7	Mineral Resource Statements	3
2	Mt C	arnet Project	5
	2.1	Project Summary	5
	2.2	Location, Access and Infrastructure	5
	2.3	Project History	6
	2.4	Project Tenure	7
	2.5	Regional Geology	8
	2.6	Project Geology and Mineralisation	9
	2.7	Mt Garnet Mineral Resources	10
	2.8	Mt Garnet Ore Reserves	11
	2.9	Project Exploration and Prospectivity	11
3	Surv	eyor Project	13
	3.1	Project Summary	13
	3.2	Location, Access and Infrastructure	14
	3.3	Project History	14
	3.4	Project Tenure	15
	3.5	Regional Geology	17
	3.5.1	Balcooma Metavolcanic Group Geology and Mineralisation	20
	3.5.2	Tectono-Stratigtraphic Setting of VMS Mineralisation	21
	3.6	Balcooma Deposit Geology	21
	3.7	Dry River South Deposit Geology	23
	3.8	Surveyor Deposit Geology	24
	3.9	The Hill Prospect Geology	25
	3.10	Surveyor Project Mineral Resources	26
3.10.1 3.10.2		1 Balcooma Lens 2 Polymetallic Resource	26
		2 Balcooma North Copper Resource	28
	3.10.	3 New Surveyor East Polymetallic Resource	29

- vi -



							,	OCL	JUE	1
			1	1		6	1			
				G						
2404	D D: 6 (1 D 1 (11) D								_	_

	м і м	ING CONSULTING
3.10	D.4 Dry River South Polymetallic Resource	30
3.11	Surveyor Project Exploration and Prospectivity	31
3.11	1.1 Balcooma Mine Corridor	32
4 Mai	itland Project	34
4.1	Project Summary	34
4.2	Location, Access and Infrastructure	34
4.3	Project History	35
4.4	Project Tenure	36
4.5	Regional Geology	37
4.6	Project Geology and Mineralisation	38
4.7	Maitland Project Mineral Resources	39
4.8	Project Exploration and Prospectivity	41
5 Eina	asleigh Project	42
5.1	Project Summary	42
5.2	Location, Access and Infrastructure	42
5.3	Project History	43
5.3.	.1 Einasleigh	43
5.3.	.2 Kaiser Bill	44
5.3.	3 Chloe & Jackson	45
5.3.	4 Railway Flat	45
5.4	Project Tenure	46
5.5	Regional Geology	47
5.6	Einasleigh Project Geology and Mineralisation	49
5.7	Kaiser Bill Project Geology and Mineralisation	51
5.8	Chloe / Jackson / Stella Project Geology and Mineralisation	52
5.9	Railway Flat Project Geology and Mineralisation	54



	7.1.2	Stoping	70
	7.1.3	Production Plan and Schedule	7
	7.1.4	Mine Services and Emergency Egress	7
	7.1.5	Explosives Management	7
7	7.2	Mt Garnet Crown Pillar Operations	7
	7.2.1	Development	7
	7.2.2	Stoping	7
	7.2.3	Production Plan and Schedule	7
	7.2.4	Mine Services and Emergency Egress	78
	7.2.5	Explosives Management	79
8	Proc	essing Operations	80
8	3.1	Crushing and Coarse Ore Storage	8
8	3.2	Polymetallic Grinding and Classification	8
8	3.3	Polymetallic Flotation	8
8	3.4	Polymetallic Concentrate Thickening and Filtering	8
8	3.5	Copper circuit grinding	8
8	3.6	Copper circuit flotation	8
8	3.7	Copper circuit thickening and filtering	8
9	Tech	nical Valuation Background	8
9	9.1	Valuation Methods	8
10	Tech	nical Valuation	8
1	10.1	Introduction	8
1	10.2	Valuation of Mineral Resources	8
1	10.3	Valuation of Exploration Tenements	9
1	10.4	Valuation of Mine Operations	9
	10.4	1 Sensitivity Analysis on Base Case	9
1	10.5	Valuation Summary	10
11	Disc	aimer	10
12	Bibli	ography	10
Gl	ossar	y	10

7.1.1 Development

Mining Operations69

Einasleigh Deposit Mineral Resource......55 Kaiser Bill Deposit Mineral Resources57

5.10.1

5.10.2

5.10.3 5.10.4

5.11

6

7



List of Tables

Table 0-1:	Summary of Central Region Project Mineral Resources – further detail section 1.7	iv
Table 0-2:	Summary Valuation	V
Table 2-1:	Mt Garnet Polymetallic Concentrator Yearly Processing Production Physicals (2006 – 207	12) 6
Table 2-2:	Mt Garnet Tenement Summary	7
Table 2-3:	Mt Garnet Project Mineral Resources	10
Table 3-1:	Surveyor Project Tenement Summary	15
Table 3-2:	Balcooma Lens 2 Mineral Resources	27
Table 3-3:	Balcooma North Mineral Resources	29
Table 3-4:	New Surveyor East Mineral Resources	29
Table 3-5:	Dry River South Mineral Resources	30
Table 4-1:	Maitland Project Tenement Summary	37
Table 4-2:	Maitland Mineral Resources	39
Table 5-1:	Einasleigh Project Tenement Summary	47
Table 5-2:	Einasleigh Deposit Mineral Resources	55
Table 5-3:	Kaiser Bill Deposit Mineral Resources	57
Table 5-4:	Chloe/Jackson/Stella Deposits Combined Mineral Resources	58
Table 5-5:	Chloe/Jackson/Stella Mineral Resources – August 2008	59
Table 5-6:	Chloe/Jackson Mineral Resources – September 2008	62
Table 5-7:	Railway Flat Mineral Resources	64
Table 8-1:	Historical annual physicals and costs for polymetallic circuit 2008 - 2012	84
Table 8-2:	Historical annual physicals and costs for copper circuit 2008 - 2012	85
Table 10-1:	Comparable Transactions Dataset	91
Table 10-2:	Cu Mineral Resources	92
Table 10-3:	Polymetallic Mineral Resources excluding Balcooma Lens 2 and Mt Garnet Resources	93
Table 10-4:	Kilburn Geoscientific Ranking and Multiplier Factors	95
Table 10-5:	Central Region Project Exploration Tenure Geoscientific Ranking	96
Table 10-6:	Operating Mines Base Case Cashflow Projections	97
Table 10-7:	Operational cashflow base case and sensitivity NPV's	99
Table 10-8:	Sensitivity Analysis – one data input arrays	99
Table 10-9:	Valuation Summary	101



List of Figures

Figure 0-1: Lo	ocation of SPM Projects in Northern Queensland iii
Figure 2-1:	Mt Garnet project location6
Figure 2-2:	Mt Garnet tenement location map7
Figure 2-3:	Mt Garnet EPM 25277 location map8
Figure 2-4:	Simplified regional geology of the Mt Garnet project area9
Figure 2-5:	Mt Garnet deposit exploration potential11
Figure 3-1:	Surveyor Project location
Figure 3-2:	Surveyor Project tenement location map
Figure 3-3:	Surveyor Project EPM 25259 location map
Figure 3-4:	Regional Geology and main prospect locations at Surveyor
Figure 3-5:	Illustrative schematic of pre-deformation BMG Cambro-Ordovician stratigraphic relationships . 18 $$
Figure 3-6:	Interpretive cross section through centre of BMG19
Figure 3-7:	Balcooma Mine Corridor deposits, The Hill prospect and schematic of interpreted late faults 20 $$
Figure 3-8:	Longitudinal section through the Balcooma orebodies (the No.1 zinc lens lies behind, and is partly hidden by, the Main Copper deposit)22
Figure 3-9:	Cross section 8940mN with interpreted late D2 shears – view north22
Figure 3-10:	Plan view of the DRS deposit, underground workings and location of Surveyor Pit24
Figure 3-11:	Surveyor deposit longitudinal section – view grid west
Figure 3-12:	Location of the Hill magnetic anomaly26
Figure 3-13:	Balcooma Project Longitudinal Section28
Figure 3-14:	Schematic of the New Surveyor East Deposit
Figure 3-15:	Location of BK229W2 high grade Upper Lens intersection
Figure 4-1:	Maitland Project Location
Figure 4-2:	Maitland Tenement Location Map37
Figure 4-3:	Maitland Project Regional Geology
Figure 4-4:	Long section of Maitland Deposit Classification
Figure 5-1:	Einasleigh Project Location
Figure 5-2:	Einasleigh Project Kagara 2013 Tenements
Figure 5-3:	Einasleigh Project – all Tenements
Figure 5-4:	Einasleigh Project Regional Geology with EL and MLA outlines and prospects49
Figure 5-5:	Interpreted Geology Plan of the Einasleigh Deposit
Figure 5-6:	Simplified Kaiser Bill cross section – looking northeast
Figure 5-7:	Interpreted geology cross section through Chloe deposit – looking east53
Figure 5-8:	Einasleigh mineralised zones – southwest perspective view
Figure 5-9:	Grade-tonnage curve for the Einasleigh Mineral Resource
Figure 5-10:	Kaiser Bill mineralisation wireframe58



Figure 5-11:	Chloe Resource – boundaries between August and September 2008 estimates	. 59
Figure 5-12:	Stella and Jackson Resources - boundaries between August and September 2008 estimates.	. 60
Figure 5-13:	Chloe Resource wireframes looking northwest	. 61
Figure 5-14:	Jackson Resource (total) wireframes and Stella drill intercepts looking north	. 61
Figure 5-15:	Chloe Deposit – mineralisation wireframe interpretation	. 63
Figure 5-16:	Jackson Deposit – mineralisation wireframe interpretation	. 63
Figure 5-17:	Railway Flat drilling and lodes (looking down and to SSE)	. 65
Figure 5-18:	Einasleigh Resource model showing mineralisation open down plunge – section view look east	
Figure 6-1:	SPM Regional Project Tenements per Wanguo Agreement	. 68
Figure 6-2:	SPM Near Mine Project Tenements per Wanguo Agreement	. 68
Figure 7-1:	Long section of Balcooma Lens 2 with mining levels	. 70
Figure 7-2:	Typical cross section of Balcooma Lens 2 with mining levels	. 71
Figure 7-3:	Planned and completed 465 development with current stope voids	. 73
Figure 7-4:	Open pit plan view with crown pillar stope outcrops	. 74
Figure 7-5:	Open pit long section with development and stopes looking west	.74
Figure 7-6:	490 stope long section looking west	. 75
Figure 7-7:	465 stope long section looking west	. 76
Figure 7-8:	490 stope breakthrough into open pit	. 77
Figure 7-9:	Underground production drill, drilling 490 cut off slot from pit ramp	. 78
Figure 8-1:	Schematic layout of Mt Garnet Infrastructure	. 80
Figure 8-2:	Mt Garnet Primary Crusher	. 81
Figure 8-3:	Mt Garnet SAG and ball mill	. 82
Figure 10-1:	Sensitivity Tornado Chart	100

- xi -

This page	has been	left blank	intentionally.
-----------	----------	------------	----------------

1 Introduction

1.1 Context, Scope and Terms of Reference

Consolidated Tin Mines Limited ("CSD" or "the Company") is a public company listed on the Australian Securities Exchange. The Company's principal exploration and development activity is focussed on the Mt Garnet Tin Project near Cairns in northern Queensland

CSD has entered into a binding Memorandum of Understanding ("MOU") with Snow Peak Mining Ltd ("SPM") in relation to the acquisition by CSD of the Mt Garnet Processing Plant, mining information, and all of the exploration and mining tenements of SPM.

Consideration for the acquisition of the SPM assets per the MOU is comprised of the issue by CSD of 580,000,000 shares, \$2M cash paid over four quarters, and a convertible note for \$16.5M to SPM. CSD will also, subject to shareholder approval issue 30,000,000 shares to Snow Peak International Investments Limited ("SPII") as repayment of a \$3,000,000 advance payment made to CSD.

The Company has engaged Stantons International Securities Pty Ltd ("SIS") to prepare an Independent Expert's Report ("IER") for inclusion with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of CSD. The Notice of Meeting and Explanatory Memorandum and the IER will address the proposed acquisition and provide an opinion to CSD shareholders on whether the acquisition consideration is fair and reasonable to the non-associated shareholders of CSD.

SIS has in turn commissioned Auralia Mining Consulting Pty Ltd ("Auralia") to prepare an Independent Technical Assessment and Valuation of the SPM mineral assets ("This Report") for inclusion in the IER. This Report, or a summary of it, is to be appended to the IER, and as such, will become a public document.

1.2 Reporting Standards

This Valuation 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 Australasian Institute of Mining and Metallurgy ("AusIMM"), and the Australian Institute of Geoscientists ("AIG").

The author has taken due note of the rules and guidelines issued by such bodies as the Australian Securities and Investment 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.

1.3 Principal Sources of Information

This Report has been based upon information available up to and including 24th October 2014 ("Valuation Date"). The information was provided to Auralia by CSD and SPM or has been sourced from the public domain, and includes both published and unpublished technical reports prepared by consultants and previous explorers, and other data relevant to the individual project areas.



The author has endeavoured, by making all reasonable enquiries, to confirm the authenticity and completeness of the technical data upon which this report is based. CSD, SPM and SIS were provided a final draft of this Report with a written request to identify any material errors or omissions prior to its lodgement.

A field inspection of the SPM assets and mining operations at Mt Garnet and the Surveyor Project was undertaken by Auralia director Anthony Keers and associate consultant Paddy Reidy between 19th and 20th August 2014.

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 24th October 2014 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

1.4 Author of Report

This Report has been prepared by Auralia Mining Consulting Pty Ltd. The primary author of the report is Auralia's associate consultant geologist, Paddy Reidy (B.Sc Geology 1994 and M.Sc Mineral Economics 2012) a Member of the AusIMM, who has worked for 18 years as a professional geologist with experience in the evaluation and mining of mineral properties within Australia and worldwide. Mr Reidy 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.

The review of recent mining operations and current mining operations was completed by Mr Anthony Keers who is a director of Auralia Mining Consulting with over 12 years experience within Australian and global mining operations. Mr Keers is a mining engineer with significant experience in underground gold and base metal mining operations, project evaluation and project management, and is an AusIMM Chartered Professional.

1.5 Prior Association and Independence

Neither Auralia, nor the authors of this report, has or has had previously, any material interest in CSD, SPM or the mineral properties in which SPM has an interest. Auralia's relationship with CSD is solely one of professional association between client and independent consultant.

Auralia has previously provided consulting services to CSD in connection with the properties which are the subject of this report. In October 2012 and prior to its acquisition by SPM, Auralia completed a high level due diligence and evaluation of the Kagara Limited Central Region Project on behalf of CSD.

Auralia is an independent mining and geological consultancy. Fees are being charged to CSD at a commercial rate for the preparation of this report, the payment of which is not contingent upon the conclusions of the report. No member or employee of Auralia is, or is intended to be, a director, officer or other direct employee of CSD or SPM. No member or employee of Auralia has, or has had, any shareholding in CSD. There is no formal agreement between Auralia and CSD as to CSD providing further work for Auralia.



1.6 Declarations and Limitations

This Report has been prepared by Auralia Mining Consulting Pty Ltd at the request of, and for the sole benefit of Stantons International Securities Pty Ltd. Its purpose is to provide an Independent Technical Assessment and Valuation of the Snow Peak Mining Pty Ltd exploration and development projects. The Report is to be included in its entirety or in summary form within an Independent Expert's Report to be prepared by Stantons in connection with a Notice of Meeting and Explanatory Memorandum to be sent to shareholders of CSD addressing the acquisition by CSD of the Mt Garnet Processing Plant, mining information, and all the exploration and mining tenements of SPM.

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

1.7 Mineral Resource Statements

With respect to currently stated Mineral Resources at the Central Region Project which have been estimated and reported in accordance with JORC guidelines, the Mineral Resource estimates were compiled and initially reported by various authors and companies between September 2005 and December 2011 as follows:

- Einasleigh Mineral Resources initial public reporting by Copper Strike Limited on 30 September 2005 as estimated by Golder Associates Pty Ltd;
- Kaiser Bill Mineral Resources initial public reporting by Copper Strike Limited on 24
 December 2008 as estimated by Golder Associates Pty Ltd;
- Chloe/Jackson/Stella Mineral Resources initial public reporting by Copper Strike Limited on 3 September 2008 as estimated by IMC Mining Solutions Pty Ltd and Mark Saxon;
- Railway Flat Mineral Resources initial public reporting by Copper Strike Limited on 22 January 2009 as estimated by Hellman & Schofield Pty Ltd;
- Maitland Mineral Resources initial public reporting by Glengarry Resources Limited on 23 April 2008 as estimated by Cube Consulting Pty Ltd;
- Mt Garnet Mineral Resources publicly reported by Kagara Limited on 21 September 2011 as estimated by Kagara in December 2010
- Ory River South and New Surveyor East Mineral Resources publicly reported by Kagara Limited on 21 September 2011 as estimated by Kagara in November 2009 and January 2008 respectively; and
- Balcooma North and Balcooma Lens 2 Mineral Resources publicly reported by Kagara Limited on 11 January 2012, and 5 December 2011 as estimated by Kagara in September and December 2011 respectively.

With respect to the Mineral Resource statements for these projects, SPM has relied on the veracity of the original statements, and SPM has confirmed to Auralia that it is not aware of any material changes to those statements. The information was prepared and first disclosed under the JORC Code

- 3 -



2004 Edition and has not been updated since to comply with the JORC Code 2012 Edition on the basis that the information has not materially changed since it was last reported.

The information in this Report that relates to the Einasleigh Project (Einasleigh, Kaiser Bill, Chloe/Jackson/Stella, and Railway Flat deposits) Mineral Resources is based on information compiled by Mr Terry Lees of Fathom Geological Consultants, who is a Fellow of The Australian Institute of Geoscientists. Mr Lees has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lees consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Surveyor (Balcooma North, Balcooma Lens 2, Dry River South, and New Surveyor East deposits), Mt Garnet and Maitland Projects Mineral Resources is based on information compiled by Mr Ian Morrison of Lantana Exploration Pty Ltd, who is a Member of The Australian Institute of Geoscientists. Mr Morrison has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Morrison consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

- 4 -

Central Region Project

Snow Peak Mining Pty Ltd

2 Mt Garnet Project

Project Summary

The Mt Garnet Project is located at the south-western edge of the Atherton Tableland in North Queensland and is accessed via the sealed Kennedy Highway from Cairns. Tenure at Mt Garnet consists of five exploration permits, five granted mining leases and five mining leases under application, covering a total area of 70.5km².

The Mt Garnet Deposit hosts a JORC compliant Mineral Resource of 683kt grading 6.0% Zn, 0.4% Cu and 13g/t Ag. There are no current ore reserves for the Mt Garnet Project.

The project lies at the southernmost part of the Hodgkinson Province that forms a 500km long belt of Early to Middle Palaeozoic turbiditic sediments, with generally subordinate limestone, chert and basic volcanics that lie to the east of the Palmerville Fault. The district was one of the world's major producers of alluvial tin, particularly from 1939 to the early 1980s.

Mineralisation within the project area includes base metal skarn (the Mt Garnet deposit being the prime example), tin skarn (CSD's Gillian deposit located 6km south-west of Mt Garnet being the main example) hosted by Chillagoe Formation calcareous units, and vein style deposits of tin and tungsten hosted by Permo-Carboniferous granites and Siluro-Devonian Hodgkinson Formation sedimentary rocks. The Mt Garnet deposit is hosted in a northerly trending, near vertically dipping, variably skarn-altered limestone and limey siltstone unit. The skarn zone ranges from 30m to 60m wide, extends for at least 800m along strike and over 400m from surface. The Mt Garnet orebody consists of two discrete lodes (North and South) which plunge moderately north within the skarn host, trending slightly east of north and approximately 50m apart horizontally along strike.

The Mt Garnet Underground Operation ceased production at the end of September 2011. Ore mined was approximately 600,000 tonnes which was treated through the onsite concentrator along with ore from the Mungana and Surveyor-Balcooma Projects. The mine was maintained on a care and maintenance basis (pumping and ventilation maintained) until April 2012 when final removal of remaining electrical, pumping and ventilation equipment commenced. Most of the North and South lodes have been mined out with some ore remaining in remnant pillars and the crown pillar. Mineralisation has not been closed off, with drilling suggesting that the system continues down plunge and down dip.

All deposits and prospects within the Mt Garnet tenure are located within 10km of the Mt Garnet processing facility with several regional sites considered prospective for additional exploration. Highly anomalous base metals in soils has been variably identified at these sites, with associated skarn alteration similar to that at Mt Garnet, with the most prospective of these being the Bald Hill, Nanyeta and Jessie's Dream prospects.

2.2 Location, Access and Infrastructure

The Mt Garnet Project is located approximately 165km southwest of Cairns and 139km west of Innisfail at the south-western edge of the Atherton Tableland in North Queensland (Figure 2-1). It is accessed via the sealed Kennedy Highway from Cairns. Mt Garnet is a regional mining and agricultural centre with a population of approximately 450.

Workers employed at Mt Garnet have generally resided in Mt Garnet township or surrounding communities. Facilities within the town include a primary school, police and ambulance services.



Figure 2-1: Mt Garnet project location

2.3 **Project History**

Zinc Corporation, Metals Exploration and CRA Exploration ("CRAE") undertook resource delineation activities in the Mt Garnet area (including diamond drilling) from 1947 through 1974. Reverse Circulation ("RC") and diamond drilling were completed by the Mt Garnet Joint Venture partners Perilya Mines N.L., Cove Mining N.L., Foster Allan N.L., and Falcona Exploration and Mining N.L. between 1989 and 1991 inclusive. The project was acquired by Kagara Limited ("Kagara") in 1997 with a further 150 diamond and RC drillholes completed.

Kagara commenced mining at Mt Garnet in 2002 with open pit and underground mining operations producing 484kt @ 6.9% Zn and 0.45% Cu from the open pit and 600kt @ 10.3% Zn, 0.35% Cu from underground activities (Table 2-1).

The underground mine at Mt Garnet was placed on care and maintenance in September 2011 with the processing plant continuing to treat ore until April 2012, at which time it was also placed on care and maintenance.

Table 2-1: Mt Garnet Polymetallic Concentrator Yearly Processing Production Physicals (2006 - 2012)

Mining	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12
Crushed (t)	467,276	537,423	535,537	463,030	476,349	415,874
Milled (t)	486,022	539,370	535,347	457,344	469,645	412,908
Zn Concentrate (t)	74,129	80,305	76,800	88,697	67,864	59,230
Zn %	51.5	51.0	50.7	49.6	49.4	50.3
Pb Concentrate (t)	19,294	13,597	11,889	2,844	1,480	2,162
Pb %	59.66	68.83	68.64	48.95	43.98	42.75
Cu Concentrate (t)	13,684	14,198	13,921	15,172	16,346	11,728
Cu %	24.68	25.60	25.35	22.14	23.33	23.76

- 5 -- 6 -

Central Region Project October 2014

Snow Peak Mining Pty Ltd

2.4 Project Tenure

Tenure at Mt Garnet is held by SPM and comprises six exploration permits for minerals, five granted mining leases and five mining leases under application (Table 2-2) that cover a total area of 77.0km² (Figure 2-2 and Figure 2-3 EPM 25277).

Table 2-2: Mt Garnet Tenement Summary

Tenement No	Status	Area Ha	Grant Date	Expiry Date	Annual Rent	Annual Rates	Expenditure Commitment
EPM13272	GRANTED	654.3	9/04/2001	8/03/2015	\$254	-	\$290,000
EPM14626	GRANTED	981.6	27/06/2005	26/06/2015	\$508	-	\$45,000
EPM16024	GRANTED	2290.0	25/06/2008	24/06/2018	\$1,906	-	\$140,000
EPM16072	GRANTED	1636.0	21/02/2008	20/02/2016	\$635	-	\$50,000
EPM18806	GRANTED	654.7	10/02/2012	9/02/2017	\$254	-	\$13,000
EPM25277	GRANTED	653.4	8/04/2014	7/04/2019	\$272	-	\$17,000
ML20016	GRANTED	24.3	30/07/1992	31/07/2022	\$1,226	\$207	-
ML4042	GRANTED	47.7	25/10/1973	31/10/2012	\$2,354	\$207	-
ML4043	GRANTED	33.6	20/09/1973	31/01/2012	\$1,668	\$207	-
ML4044	GRANTED	97.1	6/10/1977	31/10/1992	\$4,807	\$207	-
ML4130	GRANTED	64.8	13/02/1975	28/02/2017	\$3,188	\$207	-
ML20005	APPLICATION	130.9			\$533	-	-
ML20007	APPLICATION	231.6			\$533	-	-
ML20104	APPLICATION	11.0			\$533	-	-
ML20105	APPLICATION	77.1			\$533	-	-
ML7110	APPLICATION	115.0			\$533	-	-

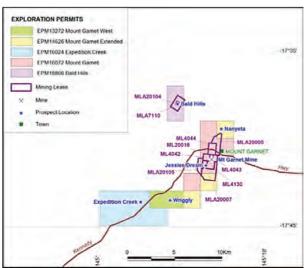


Figure 2-2: Mt Garnet tenement location map

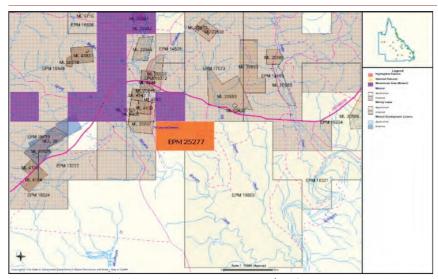


Figure 2-3: Mt Garnet EPM 25277 location map

In relation to Mining Leases ML 4042, and ML 4043, the licence renewals are the subject of an outstanding compensation agreement which is currently listed in the Land Court and pending resolution.

ML 4044 has been under renewal since 1992 due to an issue with excluded land within the Mining Lease boundary. It is SPMs intention to resolve this issue with the Queensland Department of Natural Resources and Mines within 2014.

Under the *Mineral Resources Act 1989*, a Mining Lease remains current and continues under the same terms and conditions after the expiry date until such time as the renewal is accepted or rejected by the Mining Registrar (or Chief Executive Officer). Therefore the "right to mine" continues with rents, rates and royalties still applicable.

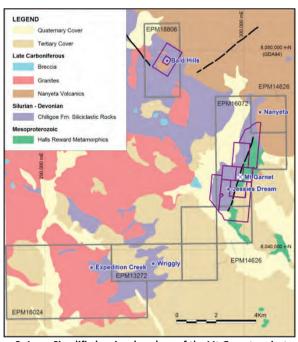
2.5 Regional Geology

The project area covers highly prospective Chillagoe Formation which lies at the southernmost part of the Hodgkinson Province that forms a 500km long belt of Early to Middle Palaeozoic turbiditic sediments, with generally subordinate limestone, chert and basic volcanics that lie to the east of the Palmerville Fault (Figure 2-4). The Palmerville Fault is a major fault zone in NE Queensland along which Palaeozoic rocks to the east are juxtaposed against Proterozoic rocks to the west. Regionally, Permo-Carboniferous igneous activity resulted in emplacement of extensive granitic plutons and widespread eruption of sub-aerial felsic volcanic sequences.

Cainozoic sediment cover is extensive in the project area, particularly south of Mount Garnet. Areas of remnant Miocene-Holocene basalt (Atherton Basalt) occur to the east of Mount Garnet particularly along the palaeo-channels of the Herbert River. Much of this basalt is overlain by sediments associated with a broad flood plain along the course of the Herbert River.

-7-

Mineralisation within the project area includes base metal skarn, hosted by Chillagoe Formation calcareous units, and vein-style deposits of tin and tungsten hosted by Permo-Carboniferous granites and Siluro-Devonian Hodgkinson Formation sedimentary rocks. Large-scale historical alluvial tin mining in the Mount Garnet district is evidenced by the extensive tailings deposits that extend for several kilometres, particularly along and adjacent to Nettle Creek, Battle Creek, Return Creek and Tunmerindah (Smiths) Creek. The district was one of the world's major producers of alluvial tin. particularly from 1939 to the early 1980s. CSD's tin-magnetite skarn deposit, also hosted by calcareous units of the Chillagoe Formation, is located 6km south-west of Mt Garnet and 1km north of the project's EPM 13272.



Simplified regional geology of the Mt Garnet project area

2.6 **Project Geology and Mineralisation**

The Mount Garnet deposit is hosted in a northerly trending, near vertically dipping, variably skarn altered limestone and limey siltstone unit. The skarn zone ranges from 30m to 60m wide, extends for at least 800m along strike and beyond 400m from surface. The skarn is in contact with a mylonite zone to the east and medium to thickly bedded arkosic sandstone to the west.

The Mt Garnet orebody consists of two discrete Iodes (North and South) that plunge moderately north within the skarn host. The lodes trend slightly east of north and are approximately 50m apart horizontally along strike. The principal ore minerals are sphalerite, minor chalcopyrite, traces of galena and pyrite, commonly with associated magnetite and pyrrhotite. Sulphides occur as fine

-9-

disseminations or as irregular blobs, patches or bands, and in high-grade zones as semi-massive to massive sulphide. Magnetite is the most common gangue mineral and often dominates the mineralisation assemblage. The skarn alteration is typically intense and comprises variable amounts of garnet-pyroxene and lesser amphibole.

The base of complete oxidation ("BOCO") within the host skarn closely follows the upper limit of the North Shoot deepening from about 25m below surface at 4630mN to 150m below surface at approximately 4840mN. North of about 4850mN, the BOCO reaches a maximum depth of about 250m below surface, at around 5000mN. Most of the North Shoot north of 4850mN to 5000mN is expressed as highly oxidised and gossanous skarn with patchy, highly elevated Zn, Cu, Pb and Ag.

Most of the North and South Iodes have been mined out with some remnant pillars remaining. Mineralisation however has not been closed off and drilling suggests the system continues down plunge and down dip.

2.7 Mt Garnet Mineral Resources

The Mt Garnet Deposit hosts Mineral Resources of 683kt grading 6.0% Zn, 0.4% Cu and 13g/t Ag estimated in accordance with IORC guidelines (Table 2-3). A Mineral Resource of 1.98Mt grading 7.8% Zn, 0.4% Cu and 17 g/t Ag was estimated by Kagara in December 2010 using an Inverse Distance Squared Estimation ("ID2") technique (Kagara Limited, 2010). The currently stated Mineral Resource comprises the material remaining following depletion of mined ore from the model.

Table 2-3: Mt Garnet Project Mineral Resources Category Tonnes Zn% Pb% Cu% Au g/t Type Measured 115,000 9.6 Fresh 0.1 0.3 0

Ag g/t 0 537,000 0 14 Indicated Fresh 5.2 0.0 0.4 Inferred Fresh 31,000 0.0 0.3 0 46 6.6 Total 683,000 6.0 0.0 0.4 0.0 13.1

Sectional interpretations were completed throughout the Mt Garnet orebody and three geological zones were established based on the amount and style of mineralisation: a high grade massive sulphide zone (code HG), a low grade sulphide stringer zone (code LG) and an enveloping skarn (Code SK). Three dimensional wireframed solids were designed for these high grade, low grade and skarn units, with the high grade core of the skarn interpreted based upon massive sulphide mineralisation and a nominal zinc grade of 8%. The lower grade stringer mineralisation surrounding this was defined by a 4% zinc cut off, and the enveloping skarn was defined by the calc-silicate contact between the mylonite and arkose geology as logged in drillholes.

The geological wireframes were verified against drillholes on a cross sectional basis. The skarn wireframe is based on the lithological contacts of the skarn with the arkosic sediments to the west and mylonite to the east.

The 1D² estimation method was used for the interpolation of grade into the block model. All domain boundaries were hard i.e. no composites from outside the domain were used to estimate grade into the domain.



2.8 Mt Garnet Ore Reserves

As at the Valuation Date there are no stated Ore Reserves for the Mt Garnet Project

2.9 Project Exploration and Prospectivity

Previous exploration drilling below the main Mt Garnet lode intersected narrow, moderate grade zinc mineralisation in two holes (GTD223: 4m @ 8.4% Zn and GTD68: 5m @ 5.3% Zn) directly down dip (Figure 2-5). A gap of 355m remains between these intersections.

Potential also exists down-plunge to the north based on results of drilling conducted by Kagara. Low grade or narrow zones of higher grade zinc have been intersected by drilling in the down-plunge position of the main lode which shows the system continues to the north for at least another 400m, and the possibility remains for thicker, high-grade mineralisation further down plunge.

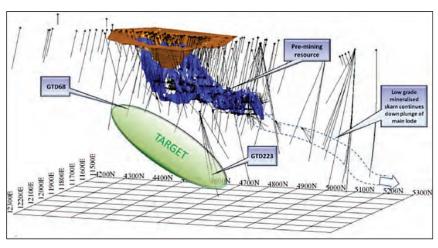


Figure 2-5: Mt Garnet deposit exploration potential

Soil sampling and geological mapping by Kagara and previous explorers has identified several prospects with highly anomalous base metals in soils with associated skarn alteration akin to the alteration at Mt Garnet (see Figure 2-2 for prospect locations). These are:

- Bald Hill prospect, located about 7km NW of Mt Garnet, where highly anomalous zinc and lead defines an area of about 300m by 300m coincident with intense skarn alteration, gossan, breccias and several small historical pits;
- Nanyeta prospect, located 3km along strike to the north of Mt Garnet defined by highly anomalous lead over an area of about 200m by 150m adjacent to the contact between Chillagoe Formation rocks and younger, overlying felsic volcanic rocks;



- Jessie's Dream, located about 1km west of Mt Garnet, where highly anomalous zinc, lead and copper are associated with several small historical pits along 200m of strike length in skarn altered limestone, with locally visible secondary Cu and Zn minerals;
- Wriggly prospect, 5km south-west of Mt Garnet with locally elevated magnetics signature and up to 2,674ppm zinc, 688ppm copper and 318ppm lead in soils, closely coincident with two parallel zones of outcropping skarn alteration that extend for over 1km along strike; and
- Expedition Creek prospect, 10km south-west of Mt Garnet, where highly anomalous zinc and copper in soils define a geochemically anomalous zone along about 500m of the skarn altered contact between Chillagoe Formation rocks and younger granite.

Of these regional targets, Jessie's Dream, Bald Hill and Nanyeta are considered most prospective. Historical drilling at Bald Hill has intersected skarn related zinc mineralisation, which is typically relatively low grade but contains narrow zones above 10% Zn. There is no drilling that tests mineralisation deeper than 100m below surface and the prospect has not been adequately tested for lode-style mineralisation of the style developed at Mt Garnet. The Jessie's Dream prospect is located close to the Mt Garnet operations, and where the target is structurally controlled high-grade Zn skarn mineralisation. The Nanyeta prospect lies along strike to the north northeast of Mt Garnet and may lie in a similar structural position.

-11 -

Central Region Project October 2014

Snow Peak Mining Pty Ltd

3 Surveyor Project

3.1 Project Summary

The Surveyor Project ("Surveyor" or the "Project") is located northwest of Greenvale in North Queensland. It is accessed by the sealed Kennedy Highway from Mt Garnet in the northeast or the Gregory Development Rd from Charters Towers in the southeast. The Project comprises three Exploration Permits and two Mining Leases with a total area of 199km².

The Project, includes the Balcooma, Dry River South and Surveyor East deposits, and hosts a combined primary copper Mineral Resource of 133kt grading 2.0% Cu and 6g/t Ag as well as a combined polymetallic Mineral Resource of 1.94Mt grading 4.8% Zn, 2.5% Pb, 1.1% Cu, 0.5g/t Au and 47g/t Ag estimated in accordance with |ORC guidelines.

The project area encompasses most of a NNE-trending 35km long belt of highly deformed and metamorphosed Cambro-Ordovician volcanic and sedimentary rocks termed the Balcooma Metavolcanic Group ("BMG"). Mineralisation along the BMG belt is volcanogenic massive sulphide ("VMS") in style and occurs as zinc-rich polymetallic pyritic massive sulphides, typically with significant lead and copper, and copper-rich massive sulphides with appreciable magnetite. Polymetallic mineralisation typically occurs within or at the top of felsic volcanics in contact with overlying sedimentary rocks.

The first hint of the base metal potential of the Surveyor district was the discovery of the Surveyor gossan by Geopeko in 1975. Kagara acquired the Balcooma and Surveyor tenements in late 2000. Resource definition drilling commenced in mid-2002, initially targeting the northern portion of the Dry River South orebody and the Surveyor deposit, before commencing an extensive drill programme on the Balcooma polymetallic and copper deposits in 2003. During this period, Kagara increased the project tenement holding by successfully applying for permits and leases encompassing the Surveyor, Dry River South and Balcooma deposits.

Kagara commenced mining operations at Surveyor in late 2002. Mining of the Balcooma Open Pit began in January 2005 with production completed in December 2009. Underground operations via a decline off the southern wall of the Balcooma pit commenced in 2006 pursuing the down plunge extension of the ore lenses encountered in the pit. Production from underground began in July 2007 and continued until the operations were placed on care and maintenance in April 2012. Over the life of the mining operations, total production from Balcooma, Dry River South and Surveyor was 2,230kt at 10.1% Zn, 4.1% Pb and 1.2% Cu from polymetallic ores and 3,480kt at 3.0% Cu from primary copper mineralisation. The copper circuits at both Mount Garnet and Thalanga were employed to treat Balcooma copper ore from 2006.

Two high priority targets have been identified at the Surveyor Project, with extensions to the mineralised lenses at Balcooma Mine indicated by drilling which intersected high-grade massive sulphide approximately 200 metres down-plunge of the Upper Lens position (2.8m @ 21.7% Zn, 17.8% Pb, 0.6% Cu, 52 g/t Ag and 0.22 g/t Au). This position remains untested down plunge, while Lens 2 has not been fully defined either down-dip or up-plunge. The interpreted target zone at The Hill prospect has potential for both polymetallic and copper-gold mineralisation.

3.2 Location, Access and Infrastructure

The Surveyor Project is located 230km west-northwest of Townsville and 35km north-west of Greenvale in North Queensland (Figure 3-1). It is accessed by the sealed Kennedy Highway from Mt Garnet in the northeast or the Gregory Development Rd from Charters Towers in the southeast.

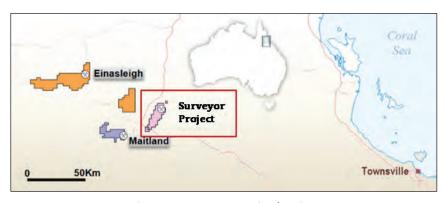


Figure 3-1: Surveyor Project location

3.3 Project History

Base metal mineralisation within the Surveyor Project area was first identified with the discovery of the Surveyor gossan by Geopeko in 1975 and, as a result, the original Surveyor Mining Lease (ML 1393) was pegged. In 1978, Carpentaria Exploration was granted the exploration tenement around the Surveyor ML and, in late-1978, discovered the Balcooma zinc-rich and copper-rich massive sulphide deposits 2km north-east of Surveyor.

Initial drilling at Surveyor in 1980-1981 was not successful until in 1981, Geopeko entered into a JV with Noranda who discovered the Surveyor zinc-rich polymetallic massive sulphides with drillhole PDH-11/SD13 in December 1982.

Prior to the Surveyor discovery, several of the earliest holes, including the first two holes drilled in the Surveyor environs, PDH01 and PDH02, tested gossans to the east of Surveyor. In 1983, drillhole SD41 intersected the Surveyor East high-grade secondary lead mineralisation with 1.6m from 10m depth grading 53.5% Pb, 620 g/t Ag and 7.4 g/t Au.

In 1985, Carpentaria tested an electromagnetic ("EM") conductor about 1km south of Surveyor and intersected zinc-rich polymetallic massive sulphides in hole DRS15, the 15th hole drilled in the Dry River South ("DRS") environs and the deposit discovery hole. The DRS orebody is a faulted southerly extension of the Surveyor orebody.

Kagara acquired the Balcooma tenements, EPM 9323 and the small Surveyor Mining Lease ML 1393, in late 2000. Resource definition drilling commenced in mid-2002, initially targeting the northern



portion of the DRS orebody and the Surveyor deposit, before commencing an extensive drilling programme on the Balcooma polymetallic and copper deposits in 2003. During this period, Kagara increased its tenement holding by successfully applying for EPMs 13229 and 14107 and Mining Lease 30156 which encompasses the Surveyor, DRS and Balcooma deposits.

Kagara commenced mining operations in late 2002 when pre-stripping started at Surveyor. The mine was placed on care-and-maintenance in April 2012 when Kagara entered into Voluntary Administration.

Mine production to date from the separate deposits is as follows:

- Surveyor open pit mine produced 600,000t at 16.6% Zn, 6.2% Pb and 1.0% Cu from a premining reserve of 630,000t at 15.8% Zn, 5.8% Pb and 0.7% Cu;
- DRS underground mine produced 850,000t at 9.0% Zn, 3.1% Pb and 1.0% Cu from a premining reserve of 756,000t grading 12.2% Zn, 4.1% Pb and 0.9% Cu;
- Balcooma open pit mine produced 2.42Mt of copper ore grading 3% Cu from a pre-mining reserve of 2.32Mt grading 3.2% Cu, and 600,000t of polymetallic ore grading 6.5% Zn, 3.9% Pb and 2% Cu from a pre-mining reserve of 470,000t grading 8% Zn, 4.4% Pb and 2.6% Cu; and
- Balcooma underground mine produced 1.06Mt of copper ore at 3.1% Cu from a pre-mining reserve of 960,000t at 3.1% Cu, and 180,000t of polymetallic ore grading 5.4% Zn, 2.1% Pb and 0.7% Cu from a pre-mining resource of 960,00t at 7.5% Zn, 3.5% Pb and 1% Cu.

3.4 Project Tenure

Tenure at Balcooma the Surveyor Project comprises four Exploration Permits for Minerals (EPM's) and two Mining Leases (ML's) with a total area of 483km² (Table 3-1, Figure 3-2 and Figure 3-3). EPM25259 (Figure 3-3) was granted to SPM in 2014, with the remainder of the tenements acquired from Kagara in 2013.

Table 3-1: Surveyor Project Tenement Summary

terre is terreject terremonery										
Tenement No	Status	Area Ha	Grant Date	Expiry Date	Annual Rent	Annual Rates	Expenditure Commitment			
EPM9323	GRANTED	16250	13/04/1993	12/04/2016	\$6,353	-	\$300,000			
EPM13229	GRANTED	325	6/04/2001	5/04/2019	\$127	-	\$70,000			
EPM14107	GRANTED	1949	26/08/2004	25/08/2019	\$762	-	\$110,000			
EPM25299	GRANTED	28423	8/04/2014	7/04/2019	\$13,590	-	\$390,000			
ML1393	GRANTED	128	27/05/1976	31/05/2018	\$6,278	\$58,656	-			
ML30156	GRANTED	1234	24/04/2003	30/04/2024	\$60,528	\$330,892	-			

Central Region Project October 2014

Snow Peak Mining Pty Ltd

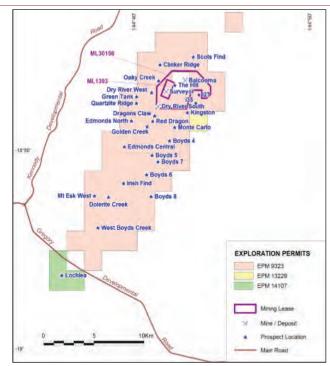


Figure 3-2: Surveyor Project tenement location map

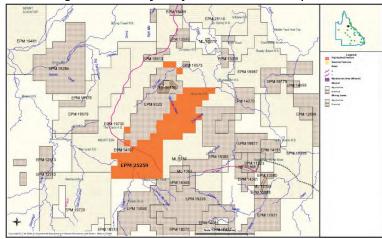


Figure 3-3: Surveyor Project EPM 25259 location map

- 15 -

Central Region Project

3.5 Regional Geology

The Project area covers most of the exposed extent of the BMG, which occupies a NNE-trending belt that is approximately 35km long and up to 9km wide. The Surveyor district geology, SPM tenement boundaries and locations of deposits and prospects are shown in Figure 3-4.

The BMG comprises highly deformed and metamorphosed Cambro-Ordovician rhyolitic, dacitic and minor andesitic volcaniclastics, lavas and intrusive units, sedimentary units and volcanogenic massive sulphide ("VMS") mineralisation. These are intruded by extensive Early Ordovician Ringwood Park Microgranite and possibly co-magmatic quartz-feldspar porphyry, particularly in the northern half of the BMG belt. Narrow metadolerite bodies appear to be restricted to the south-western sector of the belt. Stratigraphic relationships are shown, schematically, in Figure 3-5.

The key deposits discovered to date in the Balcooma region are the volcanogenic massive sulphide Dry River South, Surveyor and Balcooma zinc-rich polymetallic deposits and the Balcooma copper deposit located along about 4km of strike and informally referred to as the Mine Corridor, towards the northern end of the BMG. Numerous VMS-style occurrences have been identified along the belt by previous explorers.

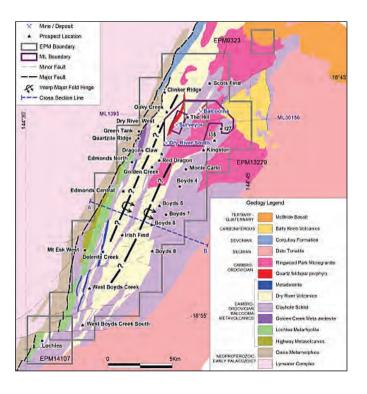
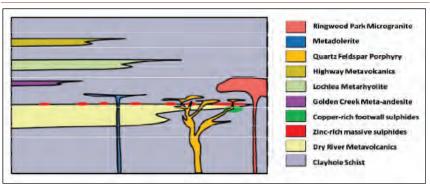


Figure 3-4: Regional Geology and main prospect locations at Surveyor



Illustrative schematic of pre-deformation BMG Cambro-Ordovician Figure 3-5: stratigraphic relationships

The western limit of the BMG is defined by the steeply east-dipping Balcooma Mylonite Zone which forms the faulted contact with Neoproterozoic to Early Palaeozoic Oasis Metamorphics schists and gneisses and Lynwater Complex gneissose granitoids. To the east and south, the BMG is delimited by the Late Silurian Dido Tonalite batholith and, to the north, the extent of the BMG is hidden beneath extensive Tertiary-Quaternary McBride Basalt basalt flows.

Undeformed Early Devonian Conjuboy Formation sediments and limestone occupy a narrow belt that extends for 9km along the north-western margin of the BMG, and undeformed Carboniferous Bally Knob Volcanics felsic flows and ignimbrites overlie about 10km² of the BMG towards the north eastern extremity of the belt. Approximately 10% of the belt is covered by isolated remnants of Tertiary-Quaternary duricrust and recent alluvium along river flats.

Intense ductile deformation in the BMG is dominated by D2, evidenced by a pervasive, commonly intense to locally mylonitic penetrative foliation (S2) that dips moderately to steeply to the ESE, is typically parallel to sub-parallel to bedding and axial planar to tight and commonly overturned folds. Transposition of layering is a characteristic of more intensely deformed domains in a reverse thrust environment. An earlier ductile deformation event, D1, is characterised by biotite mica-rich laminations that may have formed as a penetrative foliation largely obliterated by the D2 fabric.

Interpretation of detailed regional mapping suggests the regional structure is dominated by two district-wide NNE-trending and SSE-dipping over-turned D2 anticlinal folds and associated late-D2 ductile mylonitic shears. The fold axes of the megafolds are interpreted to lie along the two dominant belts of the Dry River Volcanics member of the BMG and are informally referred to as the Western Megafold and Eastern Megafold (Figure 3-4 and Figure 3-6). In detail, parasitic folds and associated thrust faulting along the limbs of the megafolds are interpreted to have played a dominant role in ore body geometries, particularly in the Balcooma deposits environs (Martyn, 2002).

- 17 -- 18 -

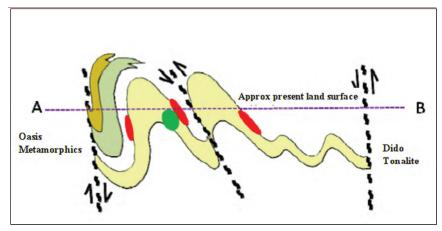


Figure 3-6: Interpretive cross section through centre of BMG

(Refer to Figure 3-4 for A-B section line and Figure 3-5 for colour codes; exaggerated vertical scale)

Metamorphic grade within the highly deformed BMG increases, from south to north, from greenschist to amphibolite facies with higher grade metamorphism characterised by staurolite porphyroblasts, particularly in metasiltstone units of the Clayhole Schist member. Peak of metamorphism appears to span the period of peak D2 deformation.

The period of D2 ductile deformation and associated metamorphism has resulted in, to varying degrees, folding and shearing of massive sulphide bodies, recrystallisation and remobilisation of sulphides. In particular, chalcopyrite has been remobilised and locally concentrated along late-D2 ductile shears. This is most evident within and peripheral to the Balcooma copper deposit.

Steeply dipping late NNE- to NE-trending D3 brittle faults are commonly associated with a crenulation cleavage (S3) in adjacent rocks. Throughout the belt, late faults show, variously, dextral (most common), sinistral (less common) and vertical displacement. Along the Mine Corridor, an array of D3 brittle faults has resulted in significant lateral displacement of the deposits (Figure 3-7).

- 19 -

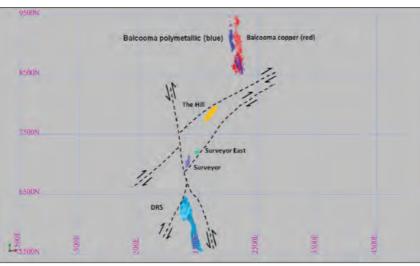


Figure 3-7: Balcooma Mine Corridor deposits, The Hill prospect and schematic of interpreted late faults

3.5.1 Balcooma Metavolcanic Group Geology and Mineralisation

The Clayhole Schist is the most extensive member of the BMG and comprises thinly interbedded to massive metagreywackes and metasiltstones that encompass four episodes of volcanic activity. The three youngest volcanic members, the Highway Metamorphics, Lochlea Metarhyolite and Golden Creek Meta-andesite, are restricted to the western side of the BMG, are terminated along strike to the north by the Balcooma Mylonite Zone and apparently post-date VMS-style mineralisation.

The oldest and most extensive of the volcanic members, the Dry River Metavolcanics, broadly occupies two extensive belts of rhyolitic and dacitic lavas, intrusive and volcaniclastics that trend along the length of the BMG. Observed hyaloclastites and peperites are indicative of extrusion and intrusion of lava just below and on the seafloor. Original true thickness of the Dry River Metavolcanics is difficult to estimate, due to intense D2 folding and shearing, but may have been in excess of 200 metres in the central part of the belt. In contrast, in the immediate environs of the Balcooma deposits, this member is typically only several metres to tens of metres thick and generally comprises thin tuffaceous beds interbedded with variably tuffaceous Clayhole Schist sandstones and siltstones. VMS-style mineralisation throughout the BMG appears to be intimately associated with the upper contact of the Dry River Metavolcanics member.

Outside the Mine Corridor, numerous VMS-style prospects have been identified throughout the BMG belt including the Boyds 5 deposit and West Boyds Creek ("WBC") mineralisation. The Boyds 5 deposit is a large (+2Mt), low-grade, massive pyritic body located in the central part of the belt. The WBC mineralisation lies in the south-western sector of the belt and is characterised by extensive footwall pyritic alteration that extends for about 3km along strike and, uniquely for deposits in the BMG, barite lenses that possibly identify an exhalative horizon (it is noteworthy that barite is closely associated with massive sulphide mineralisation at Thalanga). Several gold occurrences, some with

small historical workings, occur along and immediately to the west of the Balcooma Mylonite Zone in the southern half of the belt and include Dolente Creek, Feathertail, Edmonds and Sugar Glider prospects. Historically, the gold workings and prospects comprised the Balcooma Goldfield.

Polymetallic mineralisation along the BMG belt is typically concentrated just below and along the upper contact between dacitic to rhyolitic volcanics of the Dry River Volcanics member and overlying metasediments. The Balcooma Main Copper deposit, the only significant copper deposit discovered to date along the BMG belt, lies stratigraphically below the Balcooma polymetallic massive sulphide lenses, is hosted by footwall metasediments and is interpreted as a footwall feeder zone to the overlying massive sulphide mineralisation.

In the interpreted structural setting, mineralisation along the western side of the belt is referred to as the Western Line and extending from West Boyds Creek in the south to Clinker to the north, lies along the overturned, downwards-younging, western limb of the Western Megafold. Mineralisation along the central part of the belt (the Central Line) extending from Irish Find in the south to Balcooma to the north, lies along the upwards-younging, eastern limb of this fold. Mineralisation along the eastern side of the belt (the Eastern Line) extending from Boyds 8 prospect in the south to I27 prospect in the north, is interpreted to lie along the upwards-younging easterly limb of the next major over-turned anticline to the east of the Eastern Megafold (Figure 3-6).

Parasitic folds along the limbs of the major folds and late-stage, steeply ESE-dipping D2 reverse shears, sub-parallel to the dominant foliation and evident in mine exposures and drill core, are dominant structural influences on the geometry of the host rocks and orebodies. This is particularly evident at the northern end of the Mine Corridor in the environs of the Balcooma cluster of deposits.

Easterly to NNE-trending late brittle faults typically display, variously, vertical, dextral and, less commonly, sinistral displacements. In the southern reaches of the belt dextral displacement of around 1.5km is evident along one of these late faults. Along the Mine Corridor, late faulting has demonstrably disconnected the Surveyor deposit from the northern end of DRS, and late faults with dextral and vertical movement are interpreted to have influenced the spatial relative distribution of The Hill prospect mineralisation and the Balcooma orebodies (Figure 3-7).

Within this conceptual tectonic framework, it is speculated that DRS, Surveyor, The Hill and Balcooma polymetallic mineralisation could represent dismembered remnants of a single and very large massive sulphide deposit (Martyn, 2002).

3.6 Balcooma Deposit Geology

The Balcooma group of orebodies comprises three zinc-rich polymetallic deposits and two copper deposits. All deposits plunge gently to the south, with ore-grade mineralisation extending for 1.1km down-plunge. The deepest of the polymetallic lenses extends to about 350m below surface (Figure 3-8).

The three zinc-rich polymetallic massive sulphide lenses are vertically stacked about 100m apart in cross section and, with depth, each lies to the north of the overlying lens. With increasing depth, the

Snow Peak Mining Pty Ltd Central Region Project

lenses are called Upper, No.1 and No.2 zinc lenses. The main copper-rich massive and stockwork sulphide lens, referred to as Main Copper, is centred roughly between and about 100m east of the Upper and No 1 lenses and is the largest of the Balcooma group of deposits and the largest deposit found to date in the BMG belt. A small copper lens immediately to the north of Main Copper, called Balcooma North, is connected to Main Copper by low-grade mineralisation and may represent a structurally displaced portion of the Main Copper orebody. The copper mineralisation is interpreted as a footwall feeder zone to the polymetallic mineralisation.

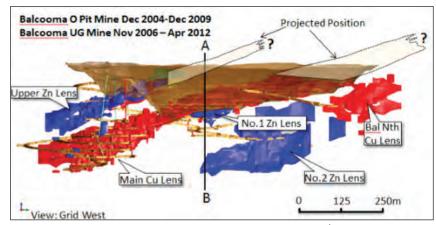


Figure 3-8: Longitudinal section through the Balcooma orebodies (the No.1 zinc lens lies behind, and is partly hidden by, the Main Copper deposit)

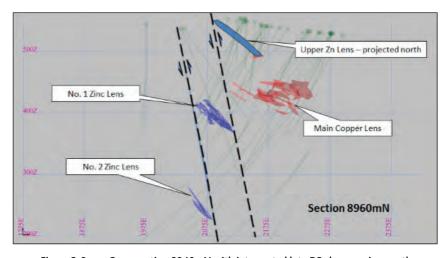


Figure 3-9: Cross section 8940mN with interpreted late D2 shears – view north

- 21 -



Approximate dimensions of the main mineralised lenses at Balcooma are:

- The polymetallic deposits typically extend for about 100 to 150m down-dip, range from 300m down plunge (No.2 Lens) to 500 metres down-plunge (Upper Lens) and are generally 5 to 10m thick;
- The Main Copper lens has a down-dip extent of approximately 100m, extends down-plunge for one kilometre and is up to 50 metres thick; and
- a Both the Upper Lens and Main Copper lens outcrop and their original sizes are indeterminable.

The relationship between the deposits is illustrated in cross section by Figure 3-9.

The polymetallic deposits typically comprise sphalerite, galena and chalcopyrite in a variably pyrite-dominant and magnetite-dominant gangue and tend to become more copper-rich down-dip. This is most evident in the No.2 lens. The Main Copper deposit varies from massive pyrite-dominant to magnetite-dominant mineralisation with subordinate chalcopyrite, to stockwork chalcopyrite-pyrite in a chlorite-biotite-magnetite matrix. Ore components have been re-crystallized during deformation and metamorphism and there is abundant evidence of remobilisation, typically expressed as bands of coarse grained sulphides those cross-cut earlier fabrics. Chalcopyrite, in particular, has been remobilised along D2 shears and, within the Main Copper deposit has resulted in a concentration of higher grades along these shears.

Each of the lenses, in detail, is structurally complex with common small-scale tight folding and local displacement of sulphides along ductile shears and later brittle faults.

The three polymetallic lenses are interpreted as structurally dislocated components of an original single massive sulphide body deposited at or near, the seafloor. Rarely observed laminated quartz sulphide-muscovite rock may be an exhalite. Dislocation is interpreted to have occurred during the ductile D2 deformation event possibly modified by subsequent D3 brittle faulting. According to this model, during deformation the original lens of polymetallic massive sulphides and underlying copper mineralisation were re-orientated into an easterly dip along the eastern limb of a parasitic fold on the eastern side of the Western Megafold. With increasing deformation, the polymetallic lens was further tightly folded around smaller-scale parasitic folds along this eastern limb and, during the final stages of D2, reverse shearing along over-turned westerly limbs of these parasitic folds resulted in steep easterly-dipping thrust faulted dislocation of the massive sulphides. By this mechanism, the Upper Lens was thrust roughly 100m above the No 1 Lens and the No 1 Lens thrust about 100m above the No 2 Lens. This is illustrated schematically by Figure 3-9. The Main Copper deposit which lies to the east of this zone of intense shearing has been folded and locally sheared.

3.7 Dry River South Deposit Geology

The Dry River South zinc-rich polymetallic orebody is a sheet of massive pyritic sulphides that dips at a shallow angle to the ESE and plunges gently to the SSW. Massive pyritic sulphides lie along, and just below, the upper contact between highly altered felsic volcanics and relatively unaltered hangingwall metasediments and extend for up to 250m down-dip and approximately 800m down plunge. The orebody reaches a maximum thickness of about 15m in structurally thickened domains



caused by D2 thrust faulting at a low angle to the massive sulphide lens. The major ore minerals are pyrite, sphalerite, galena and chalcopyrite. The geometry of the orebody is illustrated in plan view (Figure 3-10) and cross section (Figure 3-11).

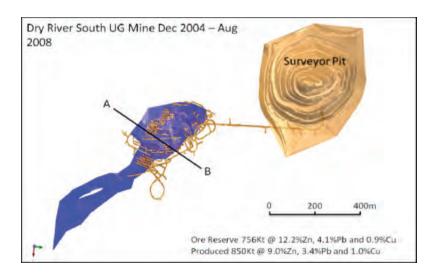


Figure 3-10: Plan view of the DRS deposit, underground workings and location of Surveyor
Pit

The orebody is delimited to the west by late faulting and an extensive body of quartz feldspar porphyry. Downdip and down-plunge limits are defined by a decrease in sulphides. To the north, the DRS orebody is cut by a complex array of late faults including the NE-trending Andesite Fault. This is interpreted to represent the first stage of structural separation of the DRS orebody from the Surveyor orebody, which lies about 600m to the north (Figure 3-10).

3.8 Surveyor Deposit Geology

Movement along the Andesite Fault is interpreted to have displaced the Surveyor orebody about 100-200 metres to the north-east (dextral displacement) and about 100 metres vertically downwards. Subsequently, sinistral movement along the north-northeast trending Western Fault has resulted in displacement of the Surveyor orebody a further 400-500m to the northeast. The Western Fault lies to the east of DRS and to the west of Surveyor.

The high-grade, zinc-rich polymetallic Surveyor orebody occupies a syncline bound by late brittle faults to the east and west and by post-mineralisation, pre-deformation quartz-feldspar porphyry bodies. The asymmetric fold has a steeply west-dipping eastern limb, a gently easterly-dipping western limb and is interpreted as a drag fold between two D3 faults. The orebody "daylights" at the northern end, plunging gently to the south-southwest (Figure 3-11). It is approximately 300m long, up to 100m wide and up to 25m thick in the core of the fold. Massive sulphides, comprising

sphalerite, pyrite, galena and chalcopyrite are concentrated near the top of highly altered and schistose felsic volcanics, overlain by a relatively unaltered, post mineralisation magnetic orbicular dacite peculiar to the immediate Surveyor environs. A finer grained facies equivalent of the orbicular dacites may lie at depth at The Hill prospect. Disseminated footwall sulphides immediately below the massive body contained ore-grade zinc and comprised part of the mined orebody.

Surveyor East lead-oxide mineralisation, centred about 150m east of Surveyor, is interpreted as the easterly expression of the Surveyor orebody along the eastern limb of the anticline pair to the Surveyor syncline. The core of the anticline, between Surveyor and Surveyor East has been removed by an extensive quartz-feldspar porphyry intrusion and subsequent faulting.

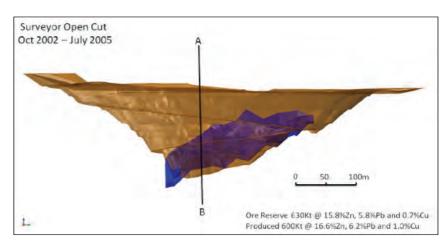


Figure 3-11: Surveyor deposit longitudinal section – view grid west

3.9 The Hill Prospect Geology

The Hill prospect, centred about one kilometre east-northeast of Surveyor and one kilometre westsouthwest of Balcooma (Figure 3-12), is characterised by a prominent magnetic high and extensive disseminated and stockwork chalcopyrite-pyrite-magnetite in highly deformed and metamorphosed felsic volcanics and sediments which is interpreted as footwall-style alteration. The core of the magnetic anomaly measures approximately 500 by 200m, and elongated north-northeasterly. The window of high resolution magnetic data was collected in 2007 during an orientation heli-borne magnetics/EM survey.

The magnetic high, centred 500 metres south-east of The Hill, has been drill-tested by hole BK221 which intersected weakly magnetic microgranite over the drilled length to 598m depth. Magnetite appears to be a minor, very fine-grained interstitial component and not related to mineralisation. Microgranites elsewhere in the BMG belt are similarly magnetic.

Seventeen drill holes have tested the immediate environs of the magnetic anomaly with all reporting intervals of elevated copper. Thirteen of these, drilled along a strike length of 700m, returned significant intervals of +0.1% copper, typically with elevated gold. The highest grade intercept was returned from hole SD111, drilled at the south-western end of the anomaly, which returned 2.45m from 47.9m grading 2.7% Cu and 0.38 g/t Au. The broadest interval of +0.1% copper was returned from the north-easternmost hole, SHUWO827, with 36m from 3m at 0.11% Cu (no Au assays).

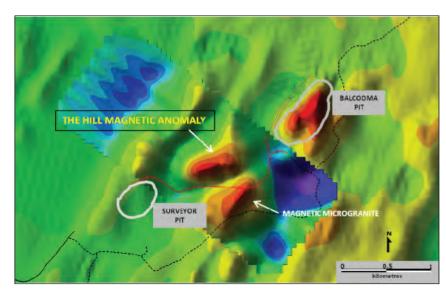


Figure 3-12: Location of the Hill magnetic anomaly

3.10 **Surveyor Project Mineral Resources**

3.10.1 Balcooma Lens 2 Polymetallic Resource

The Balcooma Lens 2 Mineral Resource was updated in December 2011 by Kagara and has been depleted to account for mining. The Lens 2 Resource is located in five related lenses.

The main lens is quite robust and contains approximately 75% of the Resource. Three of the other four lenses are minor and of generally lower grade tenor. The Lens 2 mineralisation is zoned from zinc rich up-dip to copper rich down-dip.

Geological/wireframe interpretation of Lens 2 was based on 92 holes, 90 of which were diamond and 2 RC. A strict grade cut-off was not adhered to during wireframing, rather a combination of geology, structure and anomalous grades was applied. Indicative cut-off grades were approximately 3% Zn and 0.5% Cu (Kagara Limited, 2011).



Five wireframes were constructed based on the five interpreted lenses, all dipping to the east. These lenses were:

- Object 1: Main Lens 2 zone: High Zn, Mod Cu;
- Object 2: HW Main: small, poorly supported, Mod Zn, Low Cu;
- Object 3: Lens 2 HW 1: Mod Zn, Mod Cu;
- Object 4: Lens 2 HW 2: Low Zn, High Cu; and
- Object 5: Lens 2 Main extension: small, poorly supported, Low Zn, Mod Cu.

Based on sample length statistics a composite length of 1m was selected. The database was coded with intersections within each of the 5 wireframe objects.

Table 3-2: Balcooma Lens 2 Mineral Resources

Lens	Category	Tonnes	Cu %	Pb %	Zn %	Ag g/t	Au g/t
	Indicated	294,427	1	2.9	6.6	41	0.46
Lens 2 Main	Inferred	442,842	1.5	1.4	3.6	28	0.36
	Total	737,269	1.3	2.0	4.8	33	0.4
Lens 2 HW Main	Inferred	6,033	0.5	2.3	3.7	16	0.13
Lens 2 Hw Main	Total	6,033	0.5	2.3	3.7	16	0.13
Lens 2 HW 1	Indicated	134,831	1.3	1.8	4.5	28	0.21
Lens 2 HW 1	Total	134,831	1.3	1.8	4.5	28	0.21
	Indicated	27,239	1.4	0.1	0.3	10	0.09
Lens 2 HW 2	Inferred	83,700	1.6	0.1	0.2	9	0.09
	Total	110,939	1.6	0.1	0.2	9	0.1
Lens 2 Main Ext	Inferred	42,891	1.1	1.3	2.8	16	0.27
Lens 2 Main Ext	Total	42,891	1.1	1.3	2.8	16	0.27
Total	Indicated	456,497	1.1	2.4	5.6	35	0.36
	Inferred	575,466	1.5	1.2	3.1	24	0.31
	Total	1,031,963	1.3	1.7	4.2	29	0.34

- 27 -

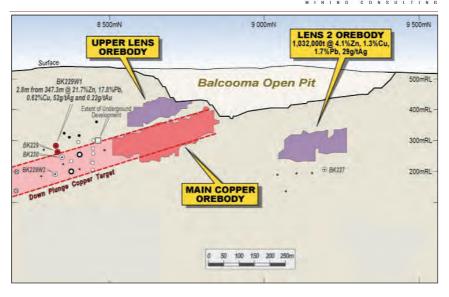


Figure 3-13: Balcooma Project Longitudinal Section

Assay/composite data was checked for clustering, with spatial observation of the dataset indicating only a minor degree of clustering where there was slight overlap between surface and more recent underground drillholes. Underground drilling was sectional, and undertaken from the footwall. Generally a $20 \times 20 \text{m}$ spacing of the final drillhole pattern was achieved, thus minimising the chance of clustering, and as such no declustering process was deemed necessary. Variography was undertaken on all elements, with reasonable variograms obtained for most.

Ordinary Kriging was utilised to estimate all grades in the Lens 2 model with each element for each domain (wireframe) estimated separately. Estimation was restricted within each wireframe to consider only those samples within the particular wireframe. The parameters used were sufficient to fill all blocks within the Lens 2 wireframes. The grade of blocks external to the wireframes were not estimated. Default grades of -99 were applied to these blocks and following completion of the estimate, all -99 values were converted to zeroes. All dilution associated with mining of the Lens 2 mineralisation was therefore given a grade of zero for each element.

3.10.2 Balcooma North Copper Resource

A block model and Mineral Resource update for Balcooma North was estimated in-house by Kagara in September 2011 following close-spaced (25 x 25m pattern) surface core drilling during Q1FY12. Composite files used in this estimation were based on 1m intervals which were then applied to two mineralised domains, being the massive sulphide domain and the stockwork domain. These domains were treated as hard boundaries for estimation, and no cuts were applied to grades. The Inverse Distance Squared estimation technique was used to interpolate grades into the block model, based on a single search ellipse (Kagara Limited (Balcooma North), 2011). Tonnes and grade are reported for all blocks containing greater than 1% copper in Table 3-3.

- 28 -

Table 3-3: Balcooma North Mineral Resources

Category	Tonnes	Cu %	РЬ %	Zn %	Ag g/t
Indicated	120,578	2.0	0.0	0.1	6
Inferred	12,482	2.3	0.1	0.2	11
Total	133,060	2.0	0.0	0.1	6

3.10.3 New Surveyor East Polymetallic Resource

The New Surveyor East deposit is located north east of the Surveyor Open Pit and outcrops in the wall. A Mineral Resource of 179kt grading 6.4%Pb, 0.1% Cu, 1.2g/t Au and 93g/t Ag (Table 3-4) was estimated in accordance with JORC guidelines by Kagara in November 2009 (Kagara Limited, 2009).

Table 3-4: New Surveyor East Mineral Resources

Category	Туре	Tonnes	Zn %	Pb %	Cu %	Au g/t	Ag g/t
Measured	-	-	-	-	1	-	-
Indicated	-	-	-	-	-	-	-
Inferred	Oxide	179,000	0	6.4	0.1	1.2	93
Total		179,000	0	6.4	0.1	1.2	93

The deposit consists of three mineralised zones (Figure 3-14). The first lens (Zone500) occurs above the base of oxidation which is dipping around 30-40° to grid east and plunging 11° to grid south. This has been logged as a gossan. It ranges in true thickness from 1m to 10m.

The second lens (Zone510) is a sub horizontal pod logged as felsic volcanic with evidence of disseminated sulphides which sits adjacent to the water table. This lens ranges in thickness from 1 to 12m thick.

The third is a semi massive sulphide lens which sits below the base of oxidation. This lens has been defined by one hole. It is assumed to be parallel to foliation which dips around 30-40° to grid east and is open along strike. There was insufficient information to model this zone. The base of oxidation ranges from 30 to 60m below the surface.



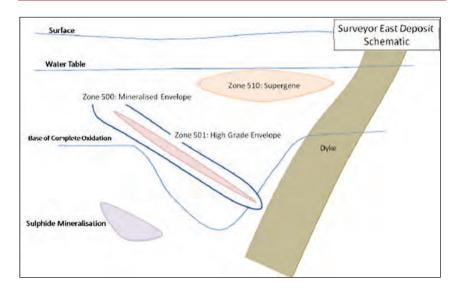


Figure 3-14: Schematic of the New Surveyor East Deposit

The Inverse Distance Squared estimation technique was used to generate the DRS resource. An ellipse for each of the lenses was estimated from the wireframe. Only one pass was required to fill all the blocks. For any unfilled blocks, strings were digitised around the blocks and these where used, were assigned the average grade of the drill holes which passed through the blocks.

3.10.4 Dry River South Polymetallic Resource

The Dry River South ('DRS') deposit hosts a current Mineral Resource of 730kt @ 6.9% Zn, 2.5% Pb, 0.9% Cu, 0.6g/t Au and 62g/t Ag (Table 3-5) estimated in accordance with JORC guidelines. The resource estimate was compiled by Kagara in January 2008, resulting in the estimation of an undepleted resource of 2.4Mt @ 8.0% Zn, 2.7% Pb, 1.0% Cu, 0.7% Au and 67g/t Ag (Kagara Limited, 2008). The estimation exercise was completed using parameters developed in earlier estimations by Kagara and Resource Services Group ('RSG'). The model has been depleted by applying 3D wireframe shapes of mine development to arrive at the currently stated Mineral Resource.

Table 3-5: Dry River South Mineral Resources

14010 3 3.		vei soutii i	miciat ite	30a. cc3			
Category	Туре	Tonnes	Zn %	Pb %	Cu %	Au g/t	Ag g/t
Measured	Fresh	92,000	9.6	3.9	1.1	0.7	76
Indicated	Fresh	78,300	7.2	2.4	1.1	0.7	68
Inferred	Fresh	560,000	6.4	2.3	0.9	0.6	59
Tota	al	730,300	6.9	2.5	0.9	0.6	62.1

- 29 -



The Dry River South deposit comprises a single massive sulphide lens composed of predominantly pyrite, sphalerite and galena, which occurs just below the contact between rhyolite of the Dry River Volcanics and an overlying meta-greywacke sequence interpreted to form part of the Clayhole Schist.

In its 2002 estimation, RSG reviewed all drillhole geology and grade data and used this information as the basis for defining 3 dimensional envelopes suitable for constraining the Mineral Resource estimate.

Subsequent estimation exercises have made adjustments to these models based on the results and interpretation of additional drilling data, however the overall model remained essentially the same.

An overall resource envelope was interpreted and modelled with the upper boundary based on the first occurrence of massive sulphide intersected in each drillhole, and a lower boundary based on a nominal 5% zinc equivalent lower cut-off grade. Cross sectional outlines were defined using a nominal 2m minimum thickness and sub-grade intersections were included to enable wireframe modelling of a robust 3D continuous zone. The resultant wireframe model was divided into north and south envelopes, with the north envelope capturing the continuous massive sulphide mineralisation and the south envelope capturing the thin, generally less continuous sub-grade mineralisation down plunge (Kagara Limited, 2008).

Drill holes were manually flagged using codes of 200 for the low grade zone, 100 for high grade zones and 300 for the copper zone regardless of where the copper zone fell within the low grade domain or high grade domain. A hard boundary occurred between the high grade, low grade and the copper zones. A soft boundary occurred between copper in the high grade and copper in the low grade.

The drill-hole data was composited to 1m and elements were cut to the 95th percentile to eliminate outliers. Variography and search parameters from the 2002 resource model by RSG were used in the current model.

Additional passes were carried out to fill empty blocks which were not filled by the recommended RSG passes where passes were defined on the SG field being filled. In some circumstances the Zn and Pb blocks were filled, but the SG, Au and Cu could not be filled. If the blocks were not filled by a certain number of passes then the median grades for each zone were assigned to the empty elements in each of the blocks (Kagara Limited, 2008).

3.11 Surveyor Project Exploration and Prospectivity

Over the period 1978 to 1991, Carpenteria Exploration Company ("CEC") mounted a concerted regional exploration campaign which included detailed mapping along the BMG belt, geochemical sampling, geophysical surveying and drilling which revealed the extensive West Boyds Creek mineralised system in the southern reaches of the BMG belt and identified numerous exploration targets along the belt.

In 1991, Lachlan Resources, a subsidiary of Plutonic Resources, gained ownership of CEC's Balcooma tenements and, in the ensuing years, embarked upon an extensive regional exploration programme of electromagnetic ("EM") surveying, soil sampling, mapping and drilling. This programme lead to the discovery of the large, low-grade, massive pyritic sulphide deposit at Boyds 5, located 5km south of the DRS orebody, and added to the inventory of identified prospects.



Exploration by Kagara since 2000, as with previous explorers, has been concentrated along the Mine Corridor. Outside the Mine Corridor, regional exploration by Kagara included:

- extensive soil sampling using a handheld XRF unit, with analyses collected from 32,634 sites;
- a detailed heli-borne magnetics/radiometrics survey along the extent of the BMG belt;
- a low-level heli-borne electromagnetic/magnetics survey over West Boyds Creek, Boyds 5, DRS and The Hill prospect;
- the drilling of 43 holes for a total of 11,558m.

Kagara's exploration added to the prospect inventory, identifying the Lochlea, West Boyds Creek South, Kingston, Red Dragon and Dragons Claw prospects.

3.11.1 Balcooma Mine Corridor

Two main prospective targets have been identified within the Balcooma Mine Corridor

- @ Extensions to the mineralised lenses at Balcooma mine; and
- The Hill Prospect.

Balcooma Extensions

Drilling by Kagara intersected high-grade massive sulphides approximately 200 metres down-plunge of the Upper Lens position with hole BK229W2 intersecting 2.8m from 347.3m grading 21.7% Zn, 17.8% Pb, 0.6% Cu, 52 g/t Ag and 0.22 g/t Au. The interval between the apparent termination of the Upper Lens and this intersection has been stoped-out by a porphyry intrusion. Approximately 65m up-dip of this high-grade intercept Hole BK179 intersected 4.4m from 274m grading 1.22% Cu and 0.21 g/t Au in massive and semi-massive pyritic sulphides and hole BK229 intersected 1.2m of weakly mineralised semi-massive pyrite approximately 25m down-dip of the high-grade BK229W2 intersection. This position remains untested down-plunge (Figure 3-15).

The No.2 Lens has not been fully defined with potential for incremental increases both down-dip and up-plunge.

-31 -

Snow Peak Mining Pty Ltd Central Region Project

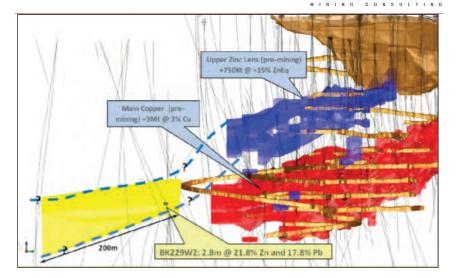


Figure 3-15: Location of BK229W2 high grade Upper Lens intersection

The Hill

The Hill prospect magnetic anomaly and associated highly anomalous stockwork chalcopyrite-pyrite magnetite, is interpreted as a stockwork feeder zone, thrust over a potential massive sulphide body. The interpretation is supported by structural and stratigraphic setting. The interpreted target zone has potential for both polymetallic and copper mineralisation.

The location of The Hill prospect in a structurally complex setting between, and along strike from the Surveyor and Balcooma orebodies, presents a first-order target for further investigation. The overall orientation of the stratigraphy appears to be more easterly than at both Surveyor and Balcooma; this is attributed to large-scale drag folding associated with D3 dextral faulting. Structural elements at The Hill include large- and small-scale and commonly over turned D2 folds, zones of intense D2 strain, commonly with intervals of mylonite, and zones of intense S3 crenulation cleavage, indicative of potentially significant displacement during D3. Similar structural complexity is evident at Balcooma.

An interpretation of the potential of The Hill to host economic mineralisation is supported by the following features:

- Magnetite associated with copper-gold mineralisation is common to both The Hill and Balcooma Main Copper deposit;
- Magnetite is a significant component of polymetallic mineralisation at Balcooma, particularly the Upper and No. 1 lenses;
- Copper mineralisation at The Hill is consistent with footwall alteration typically associated with VMS-style massive sulphides;
- Intense folding and shearing during D2 and subsequent faulting during D3 suggests that gross reorientation and displacement of potential orebodies is to be expected, as evidenced at Balcooma;

- 33 -

4 Maitland Project

4.1 Project Summary

The Maitland Project is located approximately 265km west northwest of Townsville and approximately 40km south west of Balcooma in North Queensland. Access to the project is via the Gregory Developmental Road west of Greenvale, then south at the Lynd Junction via the Kennedy Developmental Road and then via local station tracks. Tenure for the Maitland Project comprises two exploration permits for a total area of 175km².

The Maitland Deposit, previously known as the Daintree Copper Mine, was discovered in 1908 by Moses McClelland and Thomas Power. Copper ore was mined historically at the deposit between 1909 and 1921 and the total reported production was approximately 1,200 tonnes at 17% Cu for a total of 200t of copper metal.

The Maitland Deposit hosts a Mineral Resource of 1.5Mt grading 1.5% Cu, 14g/t Ag and 0.02% Mo estimated in accordance with JORC guidelines. No ore reserves have been estimated for Maitland, however metallurgical testwork and a high level scoping study were undertaken by Glengarry Resources in 2007 and 2008 respectively.

The project area is dominated by the Einasleigh Metamorphics which are part of the Mid Proterozoic Etheridge Group. The Einasleigh Metamorphics can be subdivided into three main units consisting of thick basal calc-silicate gneiss, a thin iron-rich leucogneiss, and a thick upper unit dominantly consisting of biotite gneiss. Mineralisation at Maitland is shear controlled and dominated by disseminated chalcopyrite within a calc-silicate gneiss unit which has been intruded by biotite chlorite altered mafic sills. Mineralisation discovered elsewhere in the project area is associated with disseminated sulphides in gneissic rocks and is probably shear related.

Mineralisation is hosted in two distinct shoots (northern and southern) for which there are footwall and hangingwall domains. For each shoot there are distinguishable grade domains.

Drilling at Maitland is limited to a depth of 200m through the ore position, except for one hole which intersected 14m @ 1.48% Cu from 309m. This intersection lies just below the interpreted downplunge position of the Southern Lens. The deposit remains open down-plunge on the Southern Lens and along strike (and possibly down-plunge) to the south on the Northern Lens. Previous drilling has outlined a higher-grade core to the Southern Lens which is +2.5% Cu, demonstrating the presence of higher grade mineralisation.

4.2 Location, Access and Infrastructure

The Maitland Project is located approximately 265km west northwest of Townsville and approximately 40km south west of Balcooma in North Queensland. Access to the project is via the Gregory Developmental Road west of Greenvale, then south at the Lynd Junction via the Kennedy Developmental Road and then via local station tracks (Figure 4-1).

- 34 -



Einasleigh

Balcooma

Maitland

Townsville

Figure 4-1: Maitland Project Location

4.3 Project History

The Maitland Deposit, previously known as the Daintree Copper Mine, was discovered in 1908 by Moses McClelland and Thomas Power. Copper ore was mined historically at the deposit between 1909 and 1921. The total reported production was approximately 1,200 tonnes at 17% Cu for a total of 200t of copper metal.

Only limited exploration has been completed in the area. Previous exploration targeted various styles of base metal mineralisation and unconformity-related uranium mineralisation at the base of Devonian conglomerates within the Maitland Sub-basin, which covers an area of about 100km². A summary of the exploration work is outlined below:

- Carpentaria Exploration Company, 1964-1966: focused on the Maitland deposit with work including mapping, costeaning, percussion and diamond drilling.
- Trans Australian Explorations, 1969: explored for uranium and copper with work including regional ground radiometric surveys, mapping and IP and magnetic traverses over the Maitland deposit.
- Laskan Minerals (Alkane), 1969: explored the southern extensions to the Maitland Prospect. Work included mapping, stream sediment sampling, IP, ground magnetics, costeaning, diamond drilling and an auger soil sampling programme which extended south from the Maitland deposit and south-west into the northern part of EPM12510.
- Australian Anglo American Ltd. 1973-1974: focused on uranium and base metal exploration. Work included airborne radiometrics and magnetics, reconnaissance mapping, soil sampling, stream sediment sampling and rock chip sampling.
- Urangesellschaft, 1976-1980: targeted uranium mineralisation associated with Devonian conglomerates in the Maitland Sub-basin.
- Otter Exploration/Getty Oil Development Company JV, 1976-1981: explored the tenement for uranium and base metals. Exploration work included mapping, stream sediment sampling,

rock chip sampling, soil sampling. IP, ground magnetics, ground radiometrics, percussion and diamond drilling. Gossanous zones in the western portion of the tenement, namely the Ironstone Knobs Well and Madean prospects were identified and drilled during this period of exploration. 154 RAB holes were drilled in 1981 to test the concealed bedrock contact zone and a minor coincident IP-magnetic anomaly over a strike length of 3.7km south of the Daintree Mine.

- Southern Ventures, 1984: held 3 contiguous Authorities to Prospect which included the area covered by EPM12510. They targeted uranium mineralisation hosted by fluvial sediment between the Quaternary basalts and basement rocks along the Einasleigh and Copperfield River palaeochannels.
- Battle Mountain, 1937-1988: explored for gold and base metals. Work completed including stream sediment and rock chip sampling.
- Kidston Gold Mines (Placer), 1988-1991: focused on gold exploration and conducted airborne magnetics and radiometrics and stream sediment sampling. This work was followed up by prospect evaluation which included mapping, rock chip sampling, ground magnetics, IP and percussion drilling. Kidston discovered an additional gossanous horizon to the east of the Well Gossans (Well East).
- BHP Minerals, 1993-1995: focused exploration over the Ironstone Knobs, Well and Maclean prospects. Work included aeromagnetics, GEOTEM, stream sediment sampling, rock chip sampling and soil sampling.
- Glengarry Resources Limited, 2005-2008: Glengarry's programme specifically targeted anomalous copper-in-soils geochemistry, identified by Laskan Minerals in 1969, along the interpreted trend of the Maitland Shear Zone where it crosses into EPM12510. The Maitland Shear Zone is interpreted as a splay off the Lynd Mylonite Zone. During its tenure, Glengarry sold the uranium exploration rights to Mega Georgetown Pty Ltd (a wholly owned subsidiary of Mega Uranium Ltd).
- Mega Georgetown, 2007-2010: completed a low level aeromagnetic/radiometric survey flown at 100m line spacings, over the Maitland tenements, including EPM12510.

4.4 Project Tenure

Tenure for the Maitland Project is comprised of two exploration permits for a total area of 175km² (Figure 4-2 and Table 4-1).

- 35 -

Snow Peak Mining Pty Ltd Central Region Project

The north-northeast trending Lynd Mylonite Zone forms the eastern boundary of the Einasleigh Metamorphics where the Cambrian Oasis Metamorphics are juxtaposed. The Far East Fault Mylonite Zone occurs as the significant northeast trending feature, separating the basal calc-silicate gneiss in the east from the upper biotite gneiss on the western side.

The Einasleigh Metamorphics are intruded by a number of granitoids within the local area. The Mywyn Granite of Mid Proterozoic age occurs as a north-east trending lozenge shaped body on the north-eastern boundary of the tenement. The Silurian Dry Bore Granite occurs as a north-east trending elongate intrusion approximately 13km long and 0.75km wide, immediately east of the Pinnacles prospect. The Silurian Eleven-B Granite and Oak River Granodiorite form a western boundary for the Einasleigh Metamorphics in this local area. The southern boundary of the Einasleigh Metamorphics is formed by the Silurian Dumbano Granite. On the eastern side of the Lynd Mylonite zone, the Silurian McKinnons Creek Granite intrudes the Oasis Metamorphics. The Lochaber Granite and associated rhyolitic cone sheets of early Carboniferous age form a circular feature just outside the south western corner of the tenement.

Mineralisation in the project area is mostly strongly developed at the Maitland deposit where disseminated and stringer chalcopyrite and molybdenite mineralisation occurs in a shear zone within calc-silicate gneiss. Mineralisation discovered elsewhere in the project area is associated with disseminated sulphides in gneissic rocks and is probably shear related.

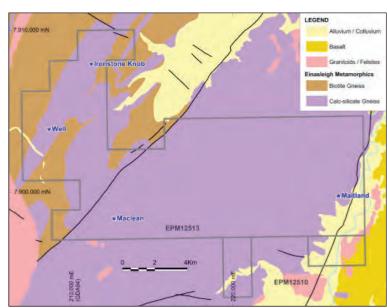


Figure 4-3: Maitland Project Regional Geology

4.6 Project Geology and Mineralisation

The Matiland project area is dominated by Mesoproterozoic Einasleigh Metasediments, a subgroup of the Etheridge Supergroup. Known mineralisation within the project area is restricted to shear

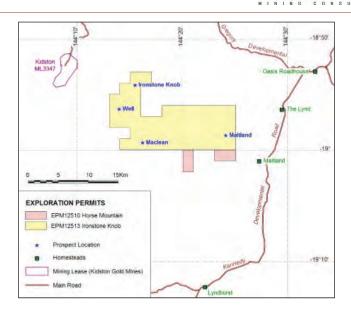


Figure 4-2: Maitland Tenement Location Map

Table 4-1: Maitland Project Tenement Summary

Tenement No	Status	Area H a	Grant Date	Expiry Date	Annual Rent	Annual Rates	Expenditure Commitment
EPM12510	GRANTED	1300	10/05/2005	9/05/2015	\$508	-	\$60,000
EPM12513	GRANTED	16240	5/10/2004	4/10/2014	\$6,352	ı	\$180,000

4.5 Regional Geology

The project area is dominated by the Einasleigh Metamorphics which are part of the Mid Proterozoic Etheridge Group (Figure 4-3). The Einasleigh Metamorphics can be subdivided into three main units consisting of thick basal calc-silicate gneiss, a thin iron-rich leucogneiss, and a thick upper unit dominantly consisting of biotite gneiss.

The basal calc-silicate gneiss assemblage consists of banded quartz-plagioclase-microcline clinopyroxene-hornblende \pm garnet \pm epidote \pm magnetite and forms the eastern half of the project area. The middle leucogneiss unit assemblage consists of quartz-plagioclase-magnetite \pm biotite \pm pyrite, and occurs in the western portion of the tenement near the Maclean Prospect as layers up to 100m thick. The upper unit of the Einasleigh Metamorphics consists of a thick sequence of pelitic — psammitic metasediments with the dominant lithology being a quartz-feldspar-biotite gneiss.

controlled disseminated chalcopyrite within calc-silicate gneiss cut by amphibolite sills at Maitland and weak copper-zinc anomalous ironstone gossans within biotite gneiss.

Mineralisation at Maitland is hosted by two shoots (north and south) over a 400m strike length with the majority of the mineralisation within the southern shoot, which dips steeply to the southeast (approximately 75°) and plunges moderately to the southwest (approximately 45°).

The dominant geological feature controlling mineralisation is the location of a footwall shear zone which has been used as a guide for the footwall contact. A moderately plunging high grade copper core has also been identified in the southern shoot at Maitland and this sub-domain was based on a 2.5% Cu cut-off. A molybdenum enriched zone defined by a nominal 0.04% Mo wireframe has been interpreted and is typically depleted of copper. Finally, a cross-cutting mafic sill is also interpreted from geological logging.

Mineralisation occurs as a shear-controlled, quartz body with disseminated chalcopyrite and molybdenite hosted in calc-silicate gneiss with the ore body cut by a number of amphibolite sills. In detail, the mineralisation is associated with two 45-60°, south-southwest plunging, lozenge shaped orebodies. The shape of the orebodies is controlled by the intersection of subvertical shears with the shallow south plunging stratigraphy. The mineralisation appears epigenetic, structurally controlled and possibly coeval with north south trending shears.

Strong silica plus albite alteration is proximal to the disseminated copper and molybdenum mineralisation. Distal potassic feldspar alteration occurs in the immediate hanging wall of the deposit and strong biotite alteration is associated with mafic schist in the footwall. The age of mineralisation is not clear but may be Siluro-Devonian.

4.7 Maitland Project Mineral Resources

The Maitland Deposit hosts a Mineral Resource of 1.5Mt grading 1.5% Cu, and 0.02% Mo, estimated in accordance with JORC guidelines, and based on 0.5% Cu cut-off (Table 4-2). The resource estimate was completed by Cube Consulting ("Cube") in March 2008 for then owners of the project, Glengarry Resources Limited.

Table 4-2: Maitland Mineral Resources

Category	Туре	Tonnes	Zn %	Pb %	Cu %	Mo %	Au g/t	Ag g/t
Indicated	Oxide + Fresh	1,450,000	0.0	0.0	1.5	0.02	0.0	0
Inferred	Fresh	40,000	0.0	0.0	1.1	0.01	0.0	0
1	Total	1,490,000	0.0	0.0	1.5	0.02	0.0	0.0

Mineralisation at Maitland is shear controlled and dominated by disseminated chalcopyrite within a calc-silicate gneiss unit which has been intruded by biotite-chlorite altered mafic sills. Mineralisation is hosted in two distinct shoots (northern and southern) for which there are footwall and hangingwall domains. For each shoot there are distinguishable grade domains and therefore



interpretation boundaries were based on (approximately) 0.1%, 0.5% and 2.5% Cu lower cut-offs, as well as an additional, independent 0.4% Mo lower cut-off (Cube Consulting, 2008) (Figure 4-4).

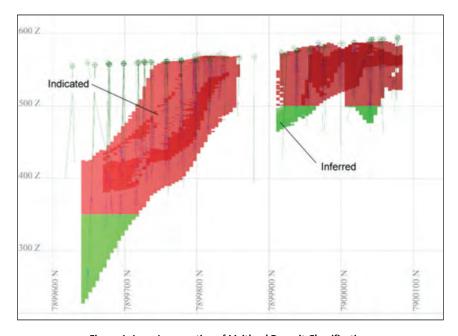


Figure 4-4: Long section of Maitland Deposit Classification

Cube adopted a traditional 3D block modelling approach for this estimate. All samples within a mineralised zone were assigned a unique database code. Sample grades were composited to 2.5m downhole using the unique coded interval as a control.

Statistical analysis was carried out to check stationarity and to determine the need for high grade assay cuts. The outcome was a top cut of 10% Cu being applied to remove statistical outliers. This only affected 4 composites from a total of 1,264 composites used during the estimation process.

Variography was used to analyse the spatial continuity of each element and to determine appropriate estimation inputs to the interpolation process for the main mineralised domains and within the metallurgical horizons. Grade interpolation for copper and molybdenum was carried out using Ordinary Kriging (OK), constrained by domain wireframes within a single 3D Surpac block model.

All block estimates were based on interpolation into 20m (N) \times 10m (E) \times 2.5m (RL) parent cells, sub celling to 5m (N) \times 2.5m (E) \times 1.25m (RL).



With respect to historical mining at the Maitland Deposit (between 1909 and 1921), no outlines are available for the actual depletion and the block model has therefore not been depleted to account for historical mining. The total oxide metal mined (approximately 200t Cu) is not considered material for the global oxide copper resource (approximately 3,200t Cu), given that the economic focus of the resource is the primary mineralisation (Cube Consulting, 2008).

4.8 Project Exploration and Prospectivity

Drilling at Maitland is limited to a depth of 200m through the ore position, except for one hole which intersected 14m @ 1.48% Cu from 309m. This intersection lies just below the interpreted downplunge position of the Southern Lens. The deposit remains open down plunge on the Southern Lens and along strike (and possibly down plunge) to the south on the Northern Lens. Previous drilling has outlined a higher-grade core to the Southern Lens which is +2.5% Cu, demonstrating the presence of potential extensions of higher grade mineralisation.

- 41 -

5 Einasleigh Project

5.1 Project Summary

The Einasleigh Project is located 290km west northwest of Townsville and 250km south west of Cairns. The old Einasleigh Copper Mine is located on the northern edge of the Einasleigh Township at the junction of the Einasleigh and Copperfield Rivers in Queensland Australia. Tenure for the Project comprises six exploration permits and four mining lease applications for a total area of 759km².

The Einasleigh Project hosts significant Cu-Au Mineral Resources at the Einasleigh and Kaiser Bill deposits and Zn-Pb-Ag Mineral Resources at the Chloe, Jackson, Stella and Railway Flats deposits. These deposits host combined primary copper Mineral Resources of 16.1Mt grading 1.0% Cu, 0.1g/t Au and 7g/t Ag estimated in accordance with JORC guidelines, and combined polymetallic Mineral Resources of 5.5Mt grading 4.6% Zn, 1.8% Pb, 0.2% Cu and 46g/t Ag estimated in accordance with JORC guidelines.

The Project lies within the eastern section of the outcropping Proterozoic sequences of the Georgetown Province. Here a triangular window of the Palaeoproterozoic Einasleigh Metamorphics is juxtaposed against Permo-Carboniferous volcanic and intrusives of the Newcastle Range Volcanics (Eveleigh and Wirra Cauldrons). Four generations of folding have affected the Einasleigh Metamorphics. The Einasleigh region hosts a significant cluster of Pb-Zn-Ag and Cu-Au-Ag occurrences. The lithostratigraphy and metallogeny of the Einasleigh Metamorphics is comparable with the Broken Hill Block and the Mount Isa Eastern Succession, and the potential for world-class Pb-Zn-Ag and Cu-Au deposits is considered to be high.

Historical mining commenced at Einasleigh in 1867 and operated with a shaft until 1898. The Einasleigh Freehold Copper Mines Limited was floated at the turn of the century but closed again in 1901. The mine reopened in 1906 and the Chillagoe Company acquired the mine in 1911. Within two years, Einasleigh was the main supplier of copper ore to the Chillagoe smelters, with ore trucked directly to Chillagoe for processing.

In late 2004, Einasleigh was transferred to Copper Strike Limited following the successful float of Teck Cominco's assets in the Georgetown area. Copper Strike undertook a program of diamond drilling searching for a down-plunge extension to the mineralisation at the deposit, which identified a new massive sulphide body that had not been exploited by mining. A Feasibility Study was completed by Copper Strike in June 2009.

The Einasleigh Project remains prospective for additional Cu-Au and Zn-Pb-Ag mineralisation. The focus of exploration in the short to medium term should be on increasing the copper resource base. The Einasleigh deposit remains open down plunge, with only one hole drilled 250m beyond the end of the resource. Potential for copper mineralisation at Grub Gossan also appears high, where a 650m long gossanous ironstone outcrop with strong copper soil anomalism has only been tested with one relatively shallow RC drill hole.

5.2 Location, Access and Infrastructure

The Einasleigh Project is located 290km west northwest of Townsville (Figure 5-1) and 250km south west of Cairns. The old Einasleigh Copper Mine is located on the northern edge of the Einasleigh

Township (approximately 500m north-northeast of the Einasleigh Hotel) at the junction of the Einasleigh and Copperfield Rivers.



Figure 5-1: Einasleigh Project Location

5.3 Project History

5.3.1 Einasleigh

Historical mining commenced at Einasleigh in 1867 and operated with a shaft until 1898. The Einasleigh Freehold Copper Mines Limited was floated at the turn of the century but closed again in 1901.

The mine reopened again in 1906 and the Chillagoe Company acquired the mine in 1911. Within two years, Einasleigh was the main supplier of copper ore to the Chillagoe smelters, with ore trucked directly to Chillagoe for processing. The mine closed again when the Chillagoe Smelter closed in February 1914. In 1919, the Queensland government took over the smelter and reopened the Einasleigh mine until 1922.

During the period 1966-67, Carpentaria Exploration Company drilled two diamond holes north of the Main Shaft to test for extensions to the New Orebody that had been described by the Government Geologist, LC Ball, in a 1914 report (Ball, 1914). One hole intersected low grade (<1% Cu) copper mineralisation.

In 1968, Trans Australian Exploration undertook geological mapping, induced polarisation ("IP") surveying and ground magnetics around the mine but not over the Mining Lease. One diamond hole was drilled to test an IP anomaly and intersected traces of mineralisation (8.8 m at 0.04% Cu). Some rehabilitation and development works commenced in 1970 but ceased in 1971.

From 1970 to 1972, a joint venture between Combined Mining and Exploration and North Interior Explorations dewatered the shaft and obtained access to the underground workings. A program of underground drilling was undertaken as well as sampling and mapping. Although the drill holes intersected some significant copper mineralisation, the results showed that it was not economically viable to mine the remaining ore at that time.

- 43 -



During the period 1976 to 1995, regional exploration programs were undertaken in the vicinity of the Einasleigh Copper Mine by companies such as CRA Exploration ("CRA") and BHP Minerals, but no work specifically at the old mine which was held under Mining Lease during much of that period.

In 2002, EPM 13072, the current tenement, was granted to Teck Cominco Australia. The Einasleigh Copper Mine was included in EPM 13072, the Mining Lease having been surrendered. Teck Cominco undertook ground magnetics and moving-loop electromagnetic surveying at Einasleigh and drilled one diamond hole to test two resulting conductors. Low grade copper mineralisation was intersected but not enough to warrant further work by Teck Cominco.

In late 2004, EPM 13072 was transferred to Copper Strike Limited ("Copper Strike") following the successful float of Teck Cominco's assets in the Georgetown area. Copper Strike began a program of diamond drilling on EPM 13072 in late 2004, searching for a down-plunge extension to the mineralisation at the Einasleigh deposit. The drilling program identified a new massive sulphide body that had not been exploited by mining. A Feasibility Study on the Einasleigh Project was completed by Copper Strike in June 2009.

The Einasleigh Copper Mine and Smelter area is registered in the Queensland Heritage Register (QHR No: 602586). The three heritage zones are located within MLA 30212.

5.3.2 Kaiser Bill

In 1966, Carpentaria Exploration Company ("CEC") undertook mapping, soil sampling and six fences of shallow drilling on nominal 150m spacing at the northeast end of the prospect to test the tenor of the outcropping gossans. Five diamond drill holes were completed on four drill sections. Results are poorly documented and no primary assay data has been located.

In the 1970s, CRA entered into a JV with Otter Exploration NL ("Otter") over the Mining Leases originally held by CEC. One 70m percussion hole was drilled at Kaiser Bill to test the gossanous horizon, yielding an intersection of 4m at 1.2% Cu. Otter Exploration held the Mining Leases until 1999, and during that time BHP covered the area with aeromagnetic and airborne EM surveys and followed-up on the ground with magnetic and gravity surveys under a Joint Venture. No follow-up work was undertaken by BHP.

In 2002, EPM 13072, the current tenement, was granted to Teck Cominco Australia. During 2003 Teck Cominco undertook ground magnetics, moving-loop EM, soil sampling, mapping and diamond drilling (KBD01 and 02). KBD01 intersected 58 m at 0.86% Cu.

In late 2004, EPM 13072 was transferred from Teck Cominco to Copper Strike under the arrangements related to the public listing of Copper Strike. Copper Strike completed six stages of drilling at Kaiser Bill. In Stage 1 (late 2004 — early 2005), eight RC holes and ten core drill holes with RC pre-collars were drilled. In late 2005 and early 2006, a further 26 RC holes were drilled. From July to September 2006, a further 44 holes were drilled and in 2007 a further 11 holes were drilled (7 RC and 4 diamond core). The fifth stage resulted in 22 holes (6 RC and 16 DD) drilled between May and October 2008.

The most recent drilling (Stage 6) was conducted in December 2009 and consisted of ten RC drill holes, one diamond drill hole and three RC hole extensions, for the addition of 1,463 m.

- 11.



5.3.3 Chloe & Jackson

The Chloe and Jackson deposits were previously known as Mount Misery and Railway Pb-Zn-Ag Horizons. The Mount Misery and Railway Pb-Zn-Ag Horizons were discovered in the early 1970s by Otter as base metal gossans after follow up on stream sediment anomalies.

Otter entered into a Joint Venture with CRA in the mid 1970's, with Otter owning the tenement and CRA conducting the exploration activities. Exploration under the Joint Venture was conducted over the prospect area through to the early 80's and included mapping, costeans, soil sampling, ground magnetics and drilling over the outcropping gossan. A total of 10 diamond drill holes were drilled below the gossans, with the best intersection being from hole MD8 with 15.6m at 5.9% Zn, 2% Pb, 41g/t Ag, 0.3% Cu from 631m. Only 4 holes intersected significant mineralisation. A mining lease was granted to Otter In the early 1980's that covered the main prospects, and in 1983, CRA pulled out of the Joint Venture to focus on projects elsewhere.

There was no further exploration over the prospect until 2003 when Teck Cominco took ownership. Teck completed mapping, soil sampling, a ground magnetic survey, fixed loop surveys and a single diamond drill hole. Extension drilling over the prospect was conducted after the project was transferred out of Teck to float Copper Strike, who completed 152 drill holes between 2006 and 2010.

5.3.4 Railway Flat

Railway Flat was discovered in the 1970's by Otter whilst in joint venture with CRA. Regional mapping in 1976 located the approximate position of the prospective contact between biotite gneiss and calc silicate gneiss. This contact was considered to be an important geological boundary or horizon, which is present across much of the Einasleigh project area, and where base metal mineralisation was likely to be present. In 1977, Railway Flat was targeted for more detailed exploration, due to its relative proximity to Einasleigh and Kaiser Bill. It was also considered to be under-explored due to extensive soil cover. A total of 16.5km of gridding along a 10.5km base line was completed over the prospect area and an auger drilling program was completed on a 500 x 25m grid. This initial drilling outlined an anomalous zone of lead and zinc over a 2km strike length. Several costeans and percussion drill holes were also completed with encouraging results (Walters, 2000).

Exploration continued over the following years to the early 1980's, including further gridding, auger drilling, percussion and diamond drilling, a ground magnetic survey, a Pulse EM survey and DHTEM surveys. A total of 32 percussion holes and 5 diamond holes defined a resource of 500,000 tonnes at 4.2% Zn, 1.3% Pb, 25 g/t Ag and 0.3% Cu. CRA withdrew from the Joint Venture in 1983 and Otter pegged mining leases over the most perspective areas of the belt which included mining lease MDL92 over Railway Flat (Walters, 2000).

In the mid-1990s, BHP Exploration and Otter conducted minor exploration including soil sampling, ground magnetics and drilling.

Having taken control over the prospect area, Copper Strike completed two drilling campaigns during 2007 and 2008 for a total 37 drill holes, increasing the resource to 0.94 Mt @ 3.4% Zn, 0.9% Pb, 0.2% Cu and 17g/t Ag.



5.4 Project Tenure

Tenure at the Einasleigh Project is comprised of 11 exploration permits and 4 mining lease applications for 1,719km2 as per Table 5-1. Exploration permits acquired by SPM from Kagara in 2013 are detailed in Figure 5-2 and an additional 5 permits granted to SPM during 2014 are included in Figure 5-3.

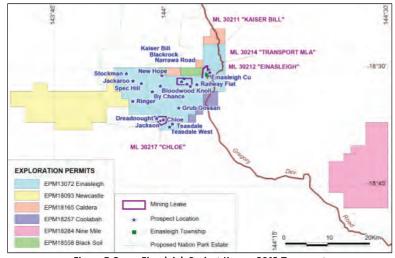


Figure 5-2: Einasleigh Project Kagara 2013 Tenements

- 45 -



SNOW PEAK MINING PTY LTD

2.0 km

Show PEAK
MINING PTY LTD

Datus: G6A 94
Scale: 1450,000
Date: 131/1/2013
Drawn by: Cat Goode
Company: Snow Peak Mining
S

EPM
25,270
EPM
302,13,021,302,17,021,302,17
EPM
302,13
EPM
302,1

Figure 5-3: Einasleigh Project – all Tenements

Table 5-1: Einasleigh Project Tenement Summary

Tenement No	Status	Area Ha	Grant Date	Expiry Date	Annual Rent	Annual Rates	Expenditure Commitment
EPM13072	Granted	28000	23/12/2002	22/12/2017	\$10,926	-	\$2,000,000
EPM18093	Granted	20180	13/12/2010	12/12/2015	\$7,877	-	\$200,000
EPM18165	Granted	2606	18/03/2010	17/03/2015	\$1,016	-	\$80,000
EPM18257	Granted	1953	19/03/2010	18/03/2015	\$762	-	\$100,000
EPM18284	Granted	20820	5/09/2011	4/09/2016	\$8,131	-	\$50,000
EPM18558	Granted	1303	16/08/2012	15/08/2017	\$525	-	\$10,000
EPM25199	Granted	32670	7/01/2014	6/01/2019	\$13,590	-	\$450,000
EPM25200	Granted	19929	3/03/2014	2/03/2019	\$8,497	-	\$257,000
EPM25202	Granted	32670	21/01/2014	20/01/2019	\$13,590	-	\$450,000
EPM25211	Granted	10128	21/01/2014	20/01/2019	\$4,318	-	\$180,000
EPM25276	Granted	1634	8/04/2014	7/04/2019	\$680	-	\$27,750
ML30211	Application	525			\$533	-	1
ML30212	Application	69.1			\$533	-	-
ML30214	Application	36			\$533	-	-
ML30217	Application	380.3			\$533	-	1

5.5 Regional Geology

The Einasleigh Project lies within the eastern section of the outcropping Proterozoic sequences of the Georgetown Province. Here a triangular window of the Palaeoproterozoic Einasleigh Metamorphics

(Figure 5-4) is juxtaposed against Permo-Carboniferous volcanic and intrusives of the Newcastle Range Volcanics (Eveleigh and Wirra Cauldrons). Some Carboniferous granite occurs in the southeast and Tertiary-Quaternary flood basalts occupy the area around the Einasleigh and Copperfield rivers. There are also extensive areas of shallow alluvial cover south and west of the Einasleigh Township.

The Einasleigh Metamorphics were originally mapped as a higher metamorphic grade segment of the Etheridge Group (Withnall, 1997) which is largely represented by lower grade and less structurally complex rock packages in the Forsayth region. Due to structural complexity in the Einasleigh Metamorphics, no stratigraphic sequence can be determined and this relationship is at best equivocal.

The Einasleigh Metamorphics have been divided into a calc-silicate gneiss unit, which, based on other regional observations, is probably the oldest unit, and a pelitic to psammitic gneiss unit. Abundant lenses of leucogneiss, mapped largely within the calc-silicate unit, close to the pelitic gneiss contact are now considered to be felsic granitic sills, though they were originally all mapped as metasediments. Dating of a leucogneiss exposure at the Kaiser Bill Prospect gave a SHRIMP zircon age of approximately 1,694 Ma (Black et al., 1998).

Four generations of folding have affected the Einasleigh Metamorphics. The second foliation, S2, is dominant with tight to isoclinal recumbent F2 folds and east-west hinges. The third foliation, S3, commonly occurs as a crenulation cleavage in the hinges of F3 folds. This foliation is defined by the alignment of biotite, quartz and muscovite in pelitic rocks. The F3 folds are upright to moderately inclined and usually plunge easterly (Hills, 2004). Fourth generation folds have an axial planar foliation which is strongest in the east and which produces dome and basin structures where interference with the F3 folds has occurred. The F4 folds commonly plunge moderately to steeply towards the northeast or southwest. The Einasleigh region hosts a significant cluster of Pb-Zn-Ag and Cu-Au-Ag occurrences. These show a variety of metallogenic affinities ranging from Broken Hill-Type ("BHT") Pb-Zn-Ag (e.g. Cannington, Broken Hill) to Iron Oxide Cu-Au ("IOCG") associations (e.g. Eloise, Osborne), together with extensive vein, skarn and breccia-hosted gold-base metal occurrences related to Phanerozoic overprints (e.g. Kidston, Red Dome). The lithostratigraphy and metallogeny of the Einasleigh Metamorphics is comparable with the Broken Hill Block and the Mount Isa Eastern Succession, and the potential for world-class Pb-Zn-Ag and Cu-Au deposits is considered to be high.

Significant BHT occurrences are known from the Mount Misery, Railway Flat, Talaroo, Stockman Creek, Black Soil Creek and Fever and Ague areas. Mineralisation is associated with thin, regionally extensive 'lode horizon' marker units which typically contain quartz, together with epidote, garnet, gahnite and/or magnetite. Localised base metal concentrations are characterised by more diverse Mn-Fe-Ca-dominant assemblages with abundant garnet, pyrrhotite, magnetite, carbonate, pyroxenes and/or amphiboles, and often show structural upgrading in isoclinal fold hinges.

Mineralisation is crudely stratabound at a limited number of lithostratigraphic positions within an upper sequence of psammopelitic lithologies (compositionally layered migmatitic biotite-quartz-feldspar-sillimanite gneiss). The contact zone between the magnetically quiet pelitic sequence and the lower sequence of magnetic calc-silicate and felsic gneisses is a particularly favourable position that is clearly evident in the regional magnetics.

The Einasleigh region also contains a number of Cu-Au dominant prospects that show strong affinities with IOCG mineralisation (Evins, 2006). Mineralisation at Kaiser Bill occurs as chalcopyrite associated with quartz-pyrite-pyrrhotite-magnetite as disseminations, stringers and breccia hosted



by quartz feldspar-biotite gneiss. At Einasleigh, mineralisation comprises replacement, stringer and breccia sulphides of chalcopyrite and pyrrhotite with lesser pyrite with a gangue of actinolite-magnetite garnet-chlorite-barite hosted by quartz-feldspar-biotite gneiss.

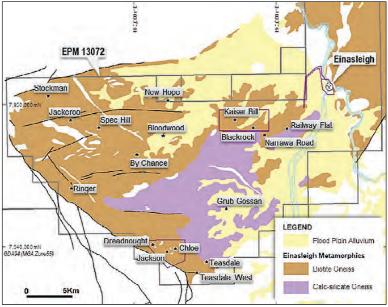


Figure 5-4: Einasleigh Project Regional Geology with EL and MLA outlines and prospects

5.6 Einasleigh Project Geology and Mineralisation

The Einasleigh resource is located 800m by road from Einasleigh township. Copper mineralisation at Einasleigh occurs as chalcopyrite associated with variable amounts of pyrrhotite and lesser pyrite within altered quartz-sulphide breccias. Alteration mainly consists of amphibole (actinolite)-magnetite-garnet-chlorite-barite replacing the quartz-feldspar-biotite gneiss host rock. Brecciation in the host rocks and within the massive sulphide mineralisation is common. The stratigraphy beneath the old mine has a general synformal shape, with a gentle south-southwest plunging axis (Figure 5-5). The synformal structure is reflected by the morphology of the alteration zone and by surface geological mapping of the outcrop of the alteration and mineralisation in the Einasleigh River, north of the old workings (i.e. up plunge).

The old mine was geologically mapped by Combined Mining and Exploration NL ('CME'). Two mineralised zones were developed in the old mine. The Main Orebody (or 'Big Orebody') strikes at 210 degrees and varies from less than 1m to more than 25m in width. In the upper levels, this orebody dips at about 60° to the southeast but below Level 4 it dips at 80° to the northwest. Old mine plans show that mineralised bodies 'pinched and swelled' over distances of a few meters and occasionally split into separate lodes. The Main Orebody is correlated with the eastern limb of the mineralised zone tested by Copper Strike, and consists of breccia bodies with semi-massive to massive sulphide matrix containing pyrrhotite-chalcopyrite, pyrite and magnetite and high copper

grades (Evins, 2006). Alteration associated with this lens is mainly biotite and chlorite, with biotite well developed in high-temperature breccias.

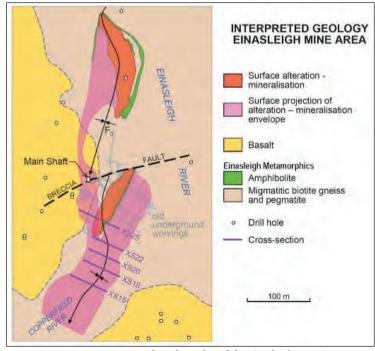


Figure 5-5: Interpreted Geology Plan of the Einasleigh Deposit

A second mineralised zone, the New Orebody, occurs about 75m to the northwest of the Main Orebody. Its extent and orientation are not well defined but it appears to have approximately the same strike as the Main Orebody and a dip of approximately 60° to the southeast. This zone may correlate with the western limb of the mineralised zone tested by Copper Strike, and comprises lower grade skarn-like replacements in thin tabular stratiform bodies with stringer and disseminated sulphides. Alteration comprises sulphides (chalcopyrite, pyrrhotite, pyrite, minor molybdenite), with magnetite, quartz, barite, clinopyroxene, andradite, hornblende, biotite, chlorite, epidote, and minor apatite, allanite, illmenite and uraninite (Evins, 2006).

Three named faults that appear to offset the mineralised zones are shown on the level plans. The northernmost fault is the Breccia Fault, which was exposed in the main cross cut on the upper levels of the mine. This structure dips at about 75° to 80° towards the southeast or south-southeast. It truncates the southern end of the New Orebody and the northern end of the Main Orebody but its throw is unknown (Laing, 2006).

The Footwall Fault occurs a few metres to the south of, and is sub parallel to, the Breccia Fault. It is likely that the two faults merge somewhere to the northeast of the mine. The Footwall Fault appears to displace the Main Orebody by about 35m on Level 2 and a sinistral movement is inferred. A third

MINING CONSULTING

fault the Compound Fault was only mapped on two levels and whilst there appears to be some local displacement of the Main Orebody adjacent to this fault its wider significance is unknown (Laing, 2006).

CME reported that three drill holes (DDH1, 2 and 3) drilled in 1972 from the main crosscut on Level 6 in south-easterly directions did not intersect any significant mineralisation. The drill core was logged in detail but not sampled due to the lack of mineralisation. The geological plan for Level 6 appears incomplete but the text of the CME report describes a "strong fault exposed on the 6-Level Main Crosscut 75 ft from the Main Orebody and dipping towards 147 mag at 55 degrees".

This fault appears to explain the lack of mineralisation in DDH 1, 2 and 3 and has been termed the Level 6 Fault. It is interpreted to join the Footwall Fault to the east of the mine. Thus, the Footwall, Breccia and Level 6 Faults may form a complex splay fault set (Laing, 2006).

5.7 Kaiser Bill Project Geology and Mineralisation

Mineralisation at Kaiser Bill occurs within a broad alteration zone that has been intersected in drilling over a distance of at least 1.4km. The resource has dimensions of up to 80m in thickness, extending at least 400m down dip and over a length of 1km. The thickest core of the resource plunges at between 10° and 30° WSW and is open down plunge. Down-dip from this "core", mineralisation breaks up into a number of prongs, becoming progressively thinner and weaker. The mineralisation occurs as chalcopyrite, associated with quartz-pyrite-pyrrhotite-magnetite as disseminations, stringers and breccia hosted by quartz-feldspar-biotite gneiss. Alteration forms a relatively broad zone up to 120m wide with magnetite and weak quartz-chlorite and lesser epidote with very minor actinolite. The main ore zone occurs within quartz-feldspar-biotite gneiss close to the contact with a massive, felsic leucogneiss that forms the hanging-wall (Figure 5-6). The deposit is interpreted to lie on the northern limb of a large, gently west-southwest plunging synform, with the northern limb dipping between 30-60° south-southeast (Hills, 2003).

Copper Strike identified some west north-west striking shear zones containing dolerite that transect the Kaiser Bill resource and a dolerite that appears to be semi-continuous along strike. The dolerite intrusions do not appear to have a significant bearing on the geometry of the mineralisation. The base of oxidation occurs at down-hole depths of 9m to 24m.

- 51 -



Snow Peak Mining Pty Ltd

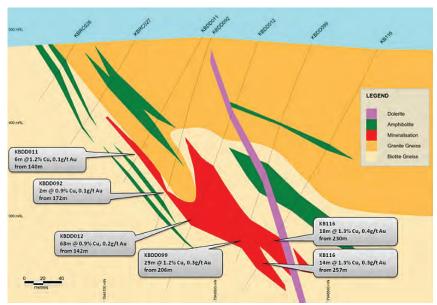


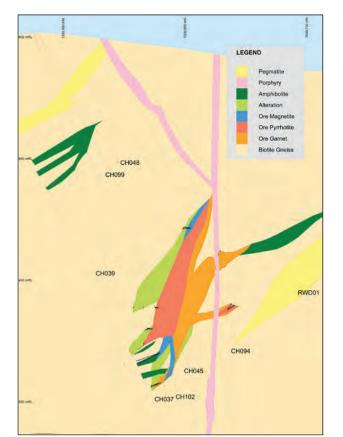
Figure 5-6: Simplified Kaiser Bill cross section – looking northeast

5.8 Chloe / Jackson / Stella Project Geology and Mineralisation

The Chloe, Jackson and Stella deposits are located 18km southwest by road from Einasleigh township. The mineralisation is interpreted to have been part of one larger system that has since been dismembered and now occurs as a series of discrete massive sulphide lodes. The three lodes have similar alteration and mineralisation assemblages and overprinting relationships which are represented in a simplified cross-section of the Chloe deposit in Figure 5-7.

Lead-zinc-silver mineralisation is typically manifest in a skarn-like core assemblage of pyrrhotite calcite-pyroxene-sphalerite-galena with an envelope of garnet-pyroxene-amphibole-magnetite quartz-sphalerite and an outer halo of barren quartz-epidote alteration (Figure 5-7).

Snow Peak Mining Pty Ltd Central Region Project



Interpreted geology cross section through Chloe deposit – looking east Figure 5-7:

In detail the main assemblages are:

- A quartz-epidote-zoisite assemblage typically unmineralised and only occurring peripheral to garnet-dominated assemblages at the contact with little altered metasediments. Comprises quartz and epidote-zoisite, either coarsely crystalline or replacements of psammite.
- A magnetite-dominated assemblage, often with unusual "wormy" textures. Comprises patches of bladed magnetite, often with pyrite core, often separated from carbonate with zoned andradite crystals. Patches of relict garnet occur, also pale sphalerite. A volumetrically minor assemblage but distinctive and usually where the down-dip segments of alteration package are thin. This assemblage is interpreted as a "retrograde" reaction product of the pyrrhotite-calcite- amphibole-sphalerite assemblage. It is often present as a minor component within other mineralised assemblages.

- A garnet-dominated assemblage comprising garnet-quartz-clinopyroxene-fluorite-apatite with variable, commonly overprinting magnetite, sphalerite, pyrrhotite with subordinate amphibole, galena, chlorite, and chalcopyrite.
- Mybrids between the pyrrhotite, garnet and magnetite-dominated assemblages.
- A pyrrhotite-calcite-amphibole-sphalerite dominated assemblage comprised mainly of pyrrhotite-calcite with subordinate amphibole-sphalerite and minor magnetite, garnet, galena and chalcopyrite. Occurs typically in the core of the thickest mineralisation and is commonly enveloped by garnet-pyroxene hosted mineralisation. The magnetite-dominated assemblage is most likely derived from this assemblage.

Alteration and mineralisation are hosted in quartz-feldspar-biotite gneiss, amphibolites and pegmatite, and are considered to have formed post the peak of metamorphism. The mineral assemblages and host rocks share some similarities to Broken Hill type deposits but also some significant differences (Pennisi, 2008).

The Chloe resource is discordant to bedding/gneissic fabric. The main zone of sulphide forms a single lens with a relatively thick core that bifurcates up and down dip to form prongs. The lens varies in dip between 30-65° to the north, which plunges 50° to the east for at least 500m. The Jackson resource comprises a number of lenses but the main lens is sheet-like which dips around 50° north and plunges to the southeast around 20°. The Stella resource lies between Jackson and Chloe which strikes northeast and dips at 45-60° northwest.

5.9 Railway Flat Project Geology and Mineralisation

The Railway Flat area, located 3km west of Einasleigh, was identified by CRA as a shallowly covered to sub-cropping lead-zinc anomalous zone extending for 2km. The mineralisation is hosted by biotite gneiss close to the contact with underlying magnetic calc silicates. Pegmatites and amphibolites also occur within the biotite gneiss package. These rocks strike approximately northeast and dip moderately to the southeast.

Alteration is associated with mineralisation but is of limited extent. The alteration consists of semimassive, fine grained garnet together with epidote-garnet-quartz, and silicification is associated with stringer mineralisation.

Base metal mineralisation consists of two sub-parallel sulphide Iodes, the Hanging Wall Lode ("HW") and the Footwall Lode ("FW"), which are between 10-20m apart. The two lenses may coalesce in places to produce thick intersections of better grade material. The lodes strike northwest-southeast and dip about 45° to the southwest. The HW Lode is a slightly thicker unit that appears to be more continuous and has a greater areal extent. The FW Lode is narrower in the down dip direction, with a more obvious plunge of 45° to grid west (Walters, 2000).

The mineralisation is considered to be stratabound and typically comprises veins/stringers and pyrrhotite-rich sulphide breccias with "durchbewegung" textures. The stringer zones occur in lenses of low grade mineralisation of pyrrhotite, sphalerite and minor galena typically in a silicified matrix. The semi-massive pyrrhotite Iodes comprise sphalerite, galena with trace chalcopyrite with minor amounts of pyrite. The semi-massive and massive sulphides tend to obliterate the host rock texture.

Mineralisation is interpreted to be early (approximately syn-sedimentary or diagenetic) which has been significantly modified during subsequent deformation and high-grade metamorphism. The mineralisation and host rocks share strong similarities with the Broken Hill type of mineralisation. The deposit is open down dip and to grid west with a possible plunge of 45° to the west.

5.10 Einasleigh Project Mineral Resources

5.10.1 Einasleigh Deposit Mineral Resource

The Einasleigh Deposit hosts Mineral Resource of 1.1Mt grading 2.9% Cu, 0.1g/t Au and 13g/t Ag (Table 5-2 and Figure 5-8) estimated in accordance with JORC guidelines. The Mineral Resource estimate was completed by Golder Associates ("Golder") in September 2005 for then owners of the project, Copper Strike Limited.

Table 5-2: Einasleigh Deposit Mineral Resources

Category	Туре	Tonnes	Zn %	РЬ %	Cu %	Au g/t	Ag g/t
Indicated	Fresh	500,000	0.0	0.0	4.0	0.2	18
Inferred	Fresh	600,000	0.0	0.0	1.9	0.1	8
To	tal	1,100,000	0.0	0.0	2.9	0.1	13

Drillholes at Einasleigh were not drilled on regular sections or regular orientations due to access problems around river beds. This made interpretation of the drilling results more difficult than if the intercepts were completed on regular sections.

Golder created cross sections at irregular intervals, either perpendicular to the strike of the mineralisation or parallel to individual drill holes, depending on the local orientation of the drillhole samples. The variation in section orientation was designed to minimise volumetric errors or inconsistencies in the wireframe models. The boundary of the mineralised zones was interpreted using a nominal 1% Cu cut-off. Interpretation of the eastern limb of the sulphide body is not very sensitive to the cut-off grade because the contact between high grade mineralisation and the hanging-wall and footwall waste is generally very sharp. The interpretation is more sensitive to the cut-off grade on the western limb because the mineralisation is weaker and high copper grades are commonly inter-layered with low grades (Golder Associates, 2006).

Mineralisation on the western limb of the synform was split into several separate zones, rather than the single zone interpreted in earlier estimates. In addition, the information for the Breccia, Footwall and Level 6 faults from the plans of the old mine was incorporated into the interpretation. The axis of the synclinal axial plane was interpreted on the cross sections and used to further subdivide the data. Interpreted mineralised zones were:

Zone A: This is the main zone of high grade mineralisation. It occurs south of the Footwall Fault and includes the Main Orebody mined in the historical mine, the eastern limb mineralisation and upper zone of western limb mineralisation delineated by Copper Strike. It was interpreted using a nominal 1.0% Cu cut-off, lowered to 0.5% Cu where necessary to maintain continuity (primarily at the extremities). Zone A was subdivided into three domains, relative to the axial plane of the synform and a surface representing the southern limit of mine development in the old mine. Zone A, as presently defined south of the limit of mining, is 200m long in the plunge direction and is up to 200m wide in the dip direction. The

- 55 -



Snow Peak Mining Pty Ltd

true thickness varies from about 1.5m at the western extremity to 30m in the keel of the synform;

- Questions 2 and B3: These are lenses of generally low grade mineralisation in the footwall to Zone A, on the west limb of the synform. They were interpreted using a nominal 1.0% Cu cut-off, but this was commonly lowered to 0.5% Cu where necessary to maintain continuity;
- Zone B4: This narrow, low grade zone of mineralisation occurs north of the Breccia Fault and is interpreted to be a possible extension of Zone B1, B2 or B3;
- Zone C: This is the extension of Zone A, offset between Footwall and Breccia Faults. It was assumed to have been mined out however there is potential for some ore remaining in this zone;
- Zone D: This is the "New Orebody" in the old mine. It is truncated at the southern end by the Breccia Fault. It is possibly an extension of Zone E. It was assumed to have been mined out however possible extensions up dip or along strike remain to be fully tested; and
- Zone E: This is the extension of Zone A West north of the Level 6 Fault. It has been interpreted to be terminated by the Footwall Fault.

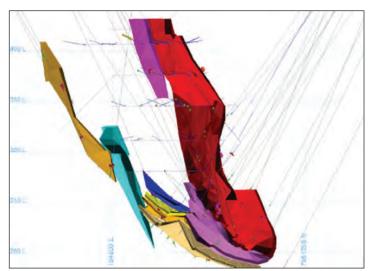


Figure 5-8: Einasleigh mineralised zones – southwest perspective view

A block model was constructed to cover the deposit, defined by the 2005 and 2006 drilling with subblocks used to provide greater resolution at zone boundaries.

Grade estimation was undertaken using Ordinary Kriging. Each domain was estimated separately, only utilising the 1m samples inside each domain. This included the hard boundary at the nose of the synclinal structure, separating the eastern and western limbs during estimation. This allowed a single search pass using a spherical radius of 65m for sample selection (Golder Associates, 2006).

- 56 -

Central Region Project

A single pass search with radius of $125m \times 125m$ (in the unfolding plane) by 5m was used to select composites for block grade estimation. This was expanded to $125m \times 125m \times 10m$ for the lower mineralisation domain due to the sparse data that was available and $250m \times 250m \times 20m$ for the waste domains to ensure that most blocks were estimated.

A minimum of 1 and a maximum of 40 composites were allowed using octant searching, with a maximum of 5 samples per octant. Grades were estimated using parent block dimensions and 2m x 2m x 2m discretisation.

The MIK model was validated by visually comparing block grades to drillhole grades on cross sections.

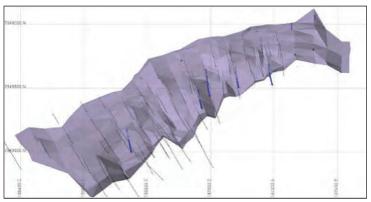


Figure 5-10: Kaiser Bill mineralisation wireframe

5.10.3 Chloe / Jackson / Stella Deposits Mineral Resources

The Chloe/Jackson/Stella Deposits host combined Mineral Resources of 4.7Mt grading 4.8% Zn, 2.0% Pb, 0.2% Cu and 48g/t Ag estimated in accordance with JORC guidelines (Table 5-4). The resources have been estimated in two parts.

In September 2008, IMC Mining Solutions Pty Ltd ("IMC") estimated a Mineral Resource for the Chloe and Jackson Deposits of 2.4Mt grading 4.6% Zn, 2.3% Pb, 0.1% Cu and 58g/t Ag (using a 3% ZnEq cut-off) (IMC Mining Solutions, 2008). An additional combined resource of 2.2Mt grading 5.2% Zn, 1.9% Pb, 0.3% Cu and 46g/t Ag, relating to deeper mineralisation for the Chloe, Jackson and Stella Deposits, was estimated by independent geologist Mark Saxon in August 2008 using data that was not available to IMC when it was appointed to undertake estimation studies (Saxon, 2008).

Table 5-4: Chloe/Jackson/Stella Deposits Combined Mineral Resources

 510 5 11 - 61	ito er ja entot	on occura Dep	05105 001115		at itesoait		
Category	Туре	Tonnes	Zn %	Pb %	Cu %	Au g/t	Ag g/t
Measured	-	-	-	-	-	-	-
Indicated	Fresh	3,400,000	4.7	2.1	0.2	0.0	47
Inferred	Fresh	1,300,000	5.1	1.8	0.2	0.0	51
Total]	4,700,000	4.8	2.0	0.2	0.0	48

Only the eastern and western limbs of the main mineralised structure south of the Level 6 Fault Zone_A_East and Zone_A_West (Domains 1 and 2) have sufficient drillhole intercepts and continuity of grade to be considered for Indicated Resource classification. The other mineralised zones are mainly thin, low-grade, sparsely drilled and of uncertain continuity. They can therefore only be estimated with a low level of confidence and have consequently been classified as Inferred Mineral Resources.

A grade-tonnage curve was developed for the deposit based on mineral estimates at varying cut-off grades (Figure 5-9).

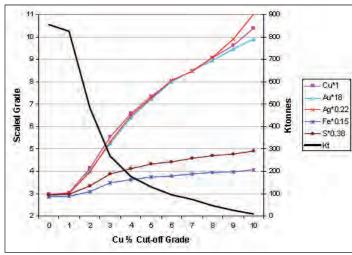


Figure 5-9: Grade-tonnage curve for the Einasleigh Mineral Resource

5.10.2 Kaiser Bill Deposit Mineral Resources

The Kaiser Bill Deposit hosts a Mineral Resource of 15Mt grading 0.8% Cu, 0.1g/t Au and 7g/t Ag, estimated in accordance with JORC guidelines, and based on a 0.4% Cu cut-off grade (Table 5-3 and Figure 5-10). The Mineral Resource estimate was completed by Golder Associates in October 2005 for then owners of the project, Copper Strike Limited. Grades were estimated through the application of Multiple Indicator Kriging ("MIK").

Table 5-3: Kaiser Bill Deposit Mineral Resources

Category	Туре	Tonnes	Zn %	РЬ %	Cu %	Au g/t	Ag g/t
Indicated	Fresh	13,500,000	0.0	0.0	0.8	0.1	6
Inferred	Fresh	1,500,000	0.0	0.0	0.9	0.1	11
Total 1		15,000,000	0.0	0.0	0.8	0.1	7

A block model suitable for open pit optimisation studies was constructed to cover the deposit with sub-blocks used to provide greater resolution at the zone boundaries.

- 57 -

- 58 -

Chloe/Jackson/Stella "Deeps" Resource Estimation - August 2008

These Mineral Resource estimates relate to the study reported by Mark Saxon in August 2008 (Table 5-5). They are a subset of the resources summarised in Table 5-5 and are in addition to those relating to the IMC resource estimate of September 2008.

Table 5-5: Chloe/Jackson/Stella Mineral Resources - August 2008

Cittoci ja	enson, sectio	i i iiiici at iteso	4.00	, lagast		
Deposit	Category	Tonnes (kt)	Zn %	Pb %	Cu %	Ag g/t
Chloe	Indicated	986	5.1	2.0	0.2	38
Cilide	Inferred	516	6.9	2.1	0.3	34
Jackson	Inferred	334	4.6	1.3	0.2	68
Stella	Inferred	379	3.9	1.8	0.2	61
To	otal	2,215	5.2	1.9	0.3	46

The boundaries for each estimate are as follows:

- Chloe: The boundary between the domain calculated by IMC and the domain that is the subject of this estimation is 816170mE (GDA94 z 54), with the Chloe "Deep" being the domain east of that line (Figure 5-11);
- Jackson: The mineralised body extends from 815500E to 815580E, being deeper than and adjacent to that defined by IMC. The drill holes that form the basis of the resource were reported after IMC completed much of its estimation (Figure 5-12); and
- Stella: Adjoins the eastern edge of Jackson, and extends from 815640E to 815750E. The mineralised body is adjacent to and immediately east of the Jackson Mineral Resource defined by IMC in its report (Figure 5-12).

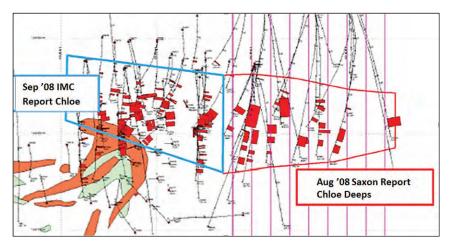


Figure 5-11: Chloe Resource – boundaries between August and September 2008 estimates



Snow Peak Mining Pty Ltd

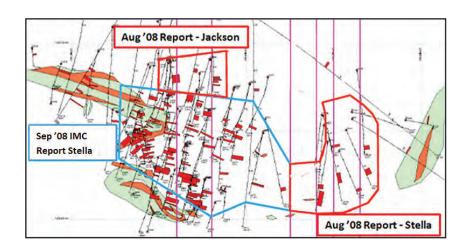


Figure 5-12: Stella and Jackson Resources - boundaries between August and September 2008 estimates

A cross sectional area method was employed by Mark Saxon for the estimation of the August Mineral Resource. Vertical plane N-S sections were drawn at 20m spacing, and polygons were interpreted on each cross section which were attributable to each drilled intersection, based on geological context and relationships to surrounding intersections. The area of each polygon was calculated, and where appropriate, multiplied by half the distance to the adjacent sections to a maximum of 30m. Where intersections did not fall on or close to the centre of the section, the distance of projection was modified to better reflect the true pierce point. If known, a bulk density was applied to the intersection, or if not known the mean bulk density for the deposit was applied. The grade of the drilled intersection was then attributed to the volume (Saxon, 2008).

A cut-off grade of 3% Zn equivalent was used in the resource estimations, locally over-ridden where mineralisation appeared continuous on section or between sections. This cut-off grade was chosen due to the polymetallic nature of the mineralisation, and the shallow setting of the Mineral Resources. No regard was given to respective recoveries of ore metals or to the presence of potentially deleterious elements and no top cut was applied. A four metre minimum block width was applied, which may be carried by thinner high grade intersections. Minimum width and cut-off grades match those used by IMC in its resource estimate.

Resource wireframes for Chloe and Jackson are illustrated in Figure 5-13 and Figure 5-14.

- 59 -

Snow Peak Mining Pty Ltd Central Region Project

Chloe/Jackson/ Resource Estimation - September 2008

These Mineral Resource estimates relate to the study reported by IMC in September 2008. They are a subset of the resources summarised in Table 5-4 and are in addition to those quoted in the previous section dealing with the Mark Saxon Mineral Resource estimate of August 2008. The estimates quoted here are based on the following:

- Chloe: covers the resources west of easting 816170E; and
- Jackson: covers the resources using drill holes up to JA075 (Saxon estimated resources based on the drill holes from JA076 to JA081).

Copper Strike engaged IMC to undertake resource modelling and mine planning work on the Chloe and Jackson deposits, resulting in a combined Mineral Resource of 2.4Mt grading 4.6% Zn, 2.3% Pb, 0.1% Cu and 58g/t Ag (Table 5-6).

Table 5-6: Chloe/Jackson Mineral Resources – September 2008

Deposit	Category	Tonnes (kt)	Zn %	Pb %	Cu %	Ag g/t
Chloe	Indicated	1,177	4.4	2.0	0.2	39
	Inferred	6	3.9	1.5	0.2	32
Jackson	Indicated	1,076	4.6	2.4	0.1	78
Jackson	Inferred	94	4.7	1.7	0.2	50
Total		2,353	4.6	2.3	0.1	58

Drillhole data was imported into Vulcan mining software and validation tests were undertaken on collars, drillhole depths, lithology and assay data. Preliminary wireframes for each of the Chloe and Jackson deposits were used from a previous interpretation by IMC in November 2007 (IMC Mining Solutions, 2008). Copper Strike also provided wireframes of the porphyry dykes which occur and were modelled via drillhole data and surface outcrop.

Interpretations were based solely on Zn equivalent grades using parameters defined by Copper Strike. Specifically, drill intersections \geq 2m with Zn equivalent grades of \geq 3% and/or \leq 2m internal dilution with an overall intersection of Zn equivalent grades of \geq 3% were included within the wireframe. Resource wireframes for Chloe and Jackson are illustrated in Figure 5-15 and Figure 5-16.

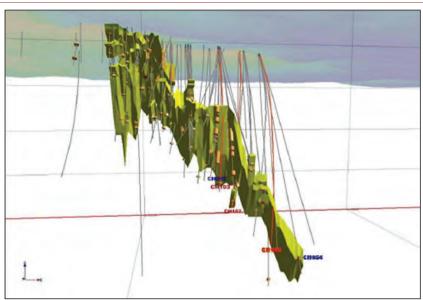


Figure 5-13: Chloe Resource wireframes looking northwest

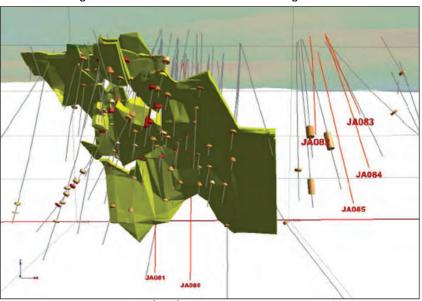
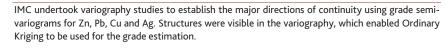


Figure 5-14: Jackson Resource (total) wireframes and Stella drill intercepts looking north.



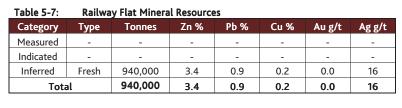
One block model was constructed to cover the Chloe deposit and one for the Jackson deposit, with the block model for Chloe orientated to 090° and the model for Jackson to 105°. Neither model incorporated a plunge or dip reflecting the strike of the orebody. Parent block size was used to fill the waste domain of the block models. Sub-blocks were used to better define the domain boundaries of ore, and the topography.

The block models were coded prior to estimation with the domain codes. Estimation of grades for the blocks in the ore domains was undertaken using Ordinary Kriging. Grades were not estimated within the waste domain.

When grade estimation was completed on the block models, a visual comparison between drillholes and block model slices was undertaken to validate the result. Vertical and horizontal slices were taken through the block model coloured by grade (for four main grade ranges) and drillholes applied, coloured by the same grade range using the same colour legends. The models were examined to ensure that block grades were constrained by ore and domain boundaries. The block model was also reported by volume within the ore zone and compared to the triangulations which bounded the ore zone.

5.10.4 Railway Flat Deposit Mineral Resource

The Railway Flat Deposit hosts a Mineral Resource of 0.9Mt grading 3.4% Zn, 0.9% Pb, 0.2% Cu and 16g/t Ag, estimated in accordance with JORC guidelines and based on a 2% Zn cut-off (Table 5-7). The Resource estimate was completed by Hellman & Schofield Pty Ltd ("H&S") for then owners of the project, Copper Strike Limited and publicly announced in January 2009. The Mineral Resource was estimated through the application of Ordinary Kriging (Hellman and Schofield, 2008).



The resource estimate was based on a total of 2,373 assays from 53 drillholes, comprising predominantly RC drilling, with some NQ diamond drilling mainly as diamond tails to RC pre-collars.

Geological interpretations for the mineralisation were digitised as stringfiles, snapped to holes, and slightly adjusted to better represent geological continuity by H&S from the hardcopy sectional data supplied by Copper Strike. These strings were converted to 3D shapes and surfaces. The mineralisation shapes were generally designed on a combination of lithology and a nominal 0.5% zinc and lead assay cut off, in conjunction with interpreted geological continuity. Surpac software was used for both the shape creation and the resource modelling. The shapes were extrapolated approximately 25m beyond the limiting drillhole for both the down dip and along strike directions (Hellman and Schofield, 2008).

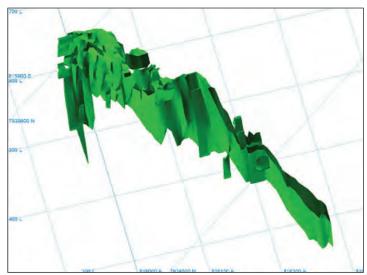


Figure 5-15: Chloe Deposit – mineralisation wireframe interpretation

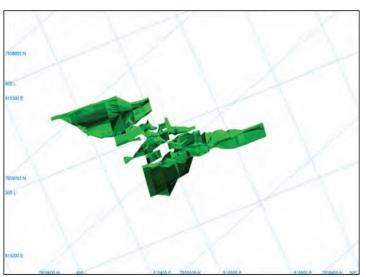


Figure 5-16: Jackson Deposit – mineralisation wireframe interpretation

- 63 -



The mineralised zones for Railway Flat were defined by Copper Strike as geological interpretations from the drilling. No domaining within the mineralisation was undertaken as the geological interpretation showed that the two lodes comprised relatively uniform, moderately dipping bodies (Figure 5-17). The base of complete oxidation surface was supplied by Copper Strike and based upon drillhole interpretation.

Analysis of the spatial distribution of grades for Railway Flat consisted of modelling of downhole and directional variograms for each of four elements (Cu, Pb, Zn and Ag) for the two lodes. The variograms for all elements showed similar structures. Grade estimation for the mineralisation at Railway Flat was completed using the H&S in-house GS3 software. Ordinary Kriging was used for all four elements with the subsequent data loaded into a Surpac block model

Model validation included summary block grade statistics, visual comparison of drill hole and block grades, and comparison with the previous model. In addition, an Inverse Distance Squared check method was run on all elements.

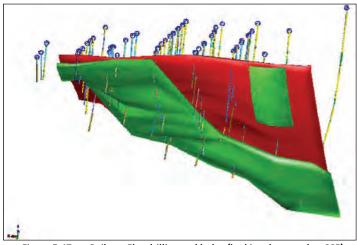


Figure 5-17: Railway Flat drilling and lodes (looking down and to SSE)

5.11 Einasleigh Project Prospectivity

The Einasleigh Project remains prospective for additional Cu-Au and Zn-Pb-Ag mineralisation and remains open down plunge with only one hole drilled 250m beyond the end of the current Mineral Resource (Figure 5-18). Whilst this hole only intersected a narrow, low-grade zone of copper, it did not test for any change in the interpreted plunge to mineralisation which would require further confirmatory drilling.

The Einasleigh deposit shows very strong similarities to the Eloise Cu-Au deposit in the Cloncurry region of northwest Queensland, which has past production in excess of 7Mt @ 3.4% Cu, and 0.9g/t Au and has in excess of 1km plunge extent and remains open at depth. Einasleigh has a current plunge extent of less than 300m, but has not yet been closed off by drilling. It is currently proposed

Central Region Project
October 2014

Snow Peak Mining Pty Ltd

that the Einasleigh prospect remains an attractive target for additional high-grade copper through down plunge extensions to mineralisation.

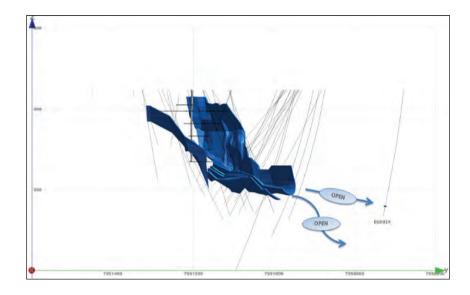


Figure 5-18: Einasleigh Resource model showing mineralisation open down plunge – section view looking east

- 65 -



6 Wanguo Exploration Agreement

On 24th October 2014, CSD announced to the ASX that SPM had signed two formal Exploration Agreements ("The Agreements") with Wanguo International Mining Group ("Wanguo") in relation to an investment into SPM tenure.

The Agreement was set out in two separate parts ("Regional Project" and "Near Mine Project") relating to separate exploration areas of SPM tenure as follows;

- The Regional Project includes the Einasleigh region, and that part of the Surveyor Balcooma region which is outside the granted Mining Leases ML 1393 and ML 30156 (Figure 6-1); and
- The Near Mine Project includes tenures located near Mt Garnet, the Maitland project, and that part of the Surveyor-Balcooma region which is inside the granted Mining Leases ML 1393 and ML 30156 (Figure 6-2).

Wanguo will fund and manage both Projects, as well as be responsible for all costs, environmental and reporting requirements relating to the specific tenures explored.

For the Regional Project, Wanguo has entered into a farm in Agreement whereby they shall undertake a minimum of 150,000 metres of exploration drilling within three years in return for a stake in the Regional Project — earning up to a maximum 50%. SPM will enter into a 50/50 Joint Venture with Wanguo in respect of the Regional Project should Wanguo:

- successfully reach an additional JORC Measured Resource of 20 million tonnes at a minimum average grade of greater than 1% copper or greater than 10% zinc plus lead; or
- complete a minimum of 150,000 metres of exploration drilling, at the Regional Project.

For the Near Mine Project, Wanguo has entered into a Minerals Royalty Deed whereby they will develop or upgrade a minimum of 200,000 tonnes of mineralisation per year to JORC Ore Reserve category in return for a Net Smelter Royalty ("NSR") in respect of each separate deposit within the Near Mine Project in which a JORC Ore Reserve is defined by Wanguo. The NSR payable will be 3% for the first one million tonnes of ore mined and processed from each deposit, and 1.5% thereafter.

The terms of the Agreements also detail that Wanguo will have 30 days from the signing of the Agreements to commence exploration establishment activities, and 90 days to commence ground drilling activities on each of the project areas. Wanguo mobilised personnel to the Surveyor-Balcooma Project and commenced exploration establishment activities during September.

These two SPM-Wanguo Exploration Agreements will transfer to CSD with the mining tenements under the CSD-SPM Asset Sale Agreement upon approval of shareholders at a CSD EGM.

- 67 -



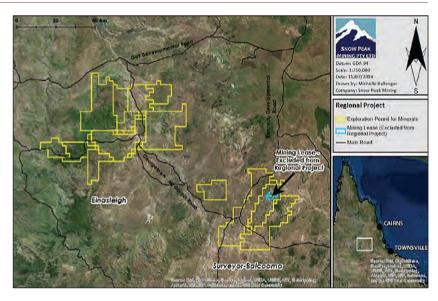


Figure 6-1: SPM Regional Project Tenements per Wanguo Agreement

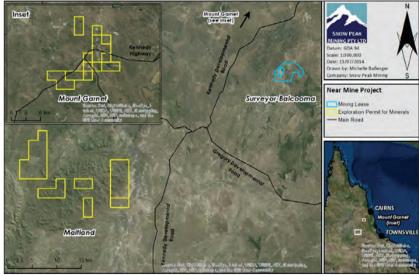


Figure 6-2: SPM Near Mine Project Tenements per Wanguo Agreement

Central Region Project

Snow Peak Mining Pty Ltd



7 Mining Operations

Following the acquisition of the Central Region Project from the administrators of Kagara Ltd in January 2013, Snow Peak Mining recommenced underground mining in October 2013 at the Balcooma deposit targeting copper Resources which had previously been developed by Kagara.

The Mt Garnet concentrator commenced production of concentrate in March 2014 treating copper ore from the Balcooma underground and continued with the campaign of copper processing until mid-July 2014. Mining of the copper orebody at Balcooma was completed in June 2014, and mining operations continued with the development of the Balcooma Lens 2 polymetallic orebody which is the principal scheduled ore feed for the Mt Garnet plant for the 2014/2015 financial year.

SPM have also in July 2014 commenced development activities to enable the extraction of the high grade crown pillar at the Mt Garnet underground mine. This is scheduled to produce polymetallic ore from August to November 2014.

7.1 Balcooma Polymetallic Operations

7.1.1 Development

Previous mining operations by Kagara had developed the decline in the Lens 2 area down to the 3280 Level, with differing amounts of waste and ore drive development completed on the 3360 and 3320 levels. To complete the planned production, no further decline development is required. Some crosscut and ore drive development will be required on each of the five levels from 3360 to 3280 inclusive (Figure 7-1). As at 24th October, development on the 3360, 3320, and 3300 levels had been completed with development continuing on the 3340, and 3280 levels.

New development is being completed at 5.5m high x 5.0m wide to accommodate the mobile equipment fleet with a total of approximately 161m of waste development and 523m of ore development required to complete mining (Snow Peak Mining, 2013).

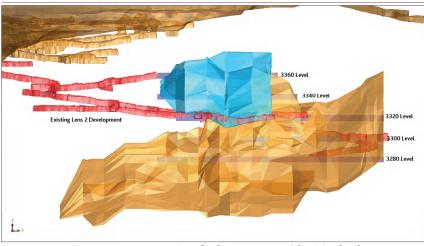


Figure 7-1: Long section of Balcooma Lens 2 with mining levels

7.1.2 Stoping

Stoping will generally be up-hole retreat stoping and will range in size from 10-20m in height, 10-20m along strike and 1.5-5m in width. Individual stopes will be separated by 5m rib pillars to limit dilution as no backfill will be used, cable bolts in the hangingwall of the development drive have also been implemented to reduce dilution. Mining recovery within the designed stopes is 97% with dilution expected to be 21%.

As at October 24th 2014, 3 stopes had been completed at Balcooma. A typical cross section showing the stope design and Cavity Monitoring System ("CMS") survey pick-up is shown in Figure 7-2.

All stopes completed to date have been blind stopes and as such the stope height has not been maintained, indicating mining recovery would be lower than the 97% expected, however as mining progresses, most stopes will break through to the level above which will improve mining recovery to design levels.



Snow Peak Mining Pty Ltd

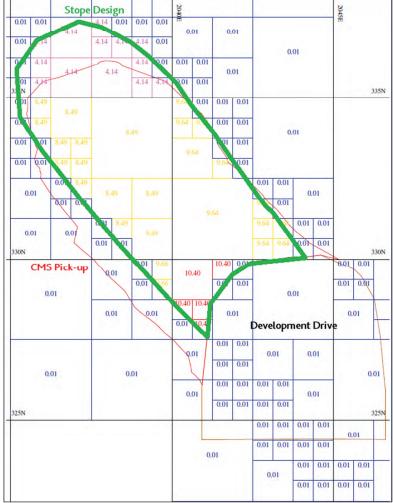


Figure 7-2: Typical cross section of Balcooma Lens 2 with mining levels

7.1.3 Production Plan and Schedule

Mining will commence from top down with stopes retreating back towards the level cross cut, and as such the schedule is fairly sequential, with little scope for change. Other aspects of the schedule are related to the location of the level access and variability of mining direction on different levels with, for example, stopes on the 3320 level retreating either to the north or south while effectively all



stopes on the 3300 level retreat to the north. In this case, almost the entire 3320 level will need to be complete before the 3300 level commences.

At steady state production, 30,000t per month is scheduled to be removed from Balcooma Lens 2. The mining inventory for the FY of 300,000t @ 0.89% Cu, 3.19% Pb, 6.61% Zn and 38.8g/t Ag is expected to be completely mined by the end of FY 2014-15.

7.1.4 Mine Services and Emergency Egress

All ventilation, power, water and compressed air services were in place at the time SPM acquired the Balcooma underground mine and are still in serviceable order. As all decline development required to access the current mining inventory is complete, no significant work is required to allow mining to continue. Existing escape routes within the mine are still available, with a small amount of additional escapeway raising required in the Lens 2 area. A fully equipped transportable 10 person refuge chamber is currently in place in the Lens 2 mining area should an escape route be unavailable or compromised.

7.1.5 Explosives Management

All existing explosives storage infrastructure is in place, and all licencing for the storage and usage of explosives has been granted.

7.2 Mt Garnet Crown Pillar Operations

The current mining plan for the Mt Garnet Operation is to extract two crown pillar stopes through underground mining methods. Total project production is expected to be in the order of 91,624 tonnes @ 9.49% Zn, 0.02% Pb, 31.36 g/t Ag and 0.53% Cu using a cut-off grade of 8% Zn.

The Mt Garnet pit and underground workings had previously been allowed to flood, however this water has since been removed to below the 465 level, being the lowest active level in the current mining plan.

7.2.1 Development

Existing development has been utilised where possible. The ground support for this development has been inspected following dewatering of the mine, and found to require very little rehabilitation.

New development has been completed at 5.5m high x 5.0m wide to accommodate the mobile equipment fleet, and all rehabilitation and new development has been carried out in accordance with the Mt Garnet Ground Control Management Plan and Ground Support Standards (Snow Peak Mining, 2014).

No new development is required for the 490 stope. A total of 121 meters of waste and ore development was required for the 465 stope as shown below in Figure 7-3 which was completed by 30 September. This development has been designed to provide safe access to the 465 stope while maintaining a safe distance from existing stope voids and facilitating the successful extraction of the

- 72 -

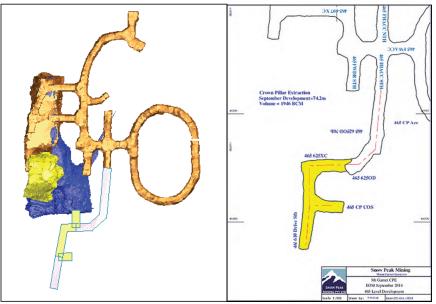


Figure 7-3: Planned and completed 465 development with current stope voids

7.2.2 Stoping

There are two stopes currently planned to be taken as part of the crown pillar extraction, both to break into the pit shell. The two stopes are the:

490 Stope; and

465 Stope.

A plan view of the open pit with the outcrop of the crown pillars stopes into the pit is shown in Figure 7-4, and a long section with the position of the stopes relative to the existing open pit and underground development is shown in Figure 7-5.

In calculating the tonnes and grade for these stopes, an unplanned dilution (sitting outside the designed stope shape) factor of 10% at zero grade has been applied. In addition to unplanned dilution a stope recovery factor of 97% was used (assuming that 3% of the diluted ore will remain in the stope once bogging is complete).

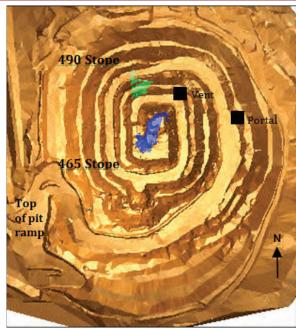


Figure 7-4: Open pit plan view with crown pillar stope outcrops

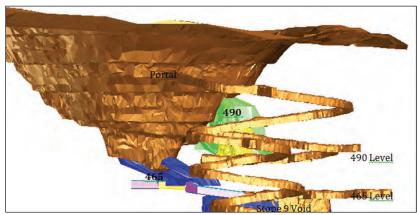


Figure 7-5: Open pit long section with development and stopes looking west

It is intended to utilise line of sight remoting for the two crown pillar stopes. Remoting will be minimised where possible with shaped / troughed rings and blast timings to position broken stocks adjacent to brows.

-73 -

The 490 stope will be the first stope to be extracted as part of the crown pillar extraction. It will break into the north wall of the pit above the 504m RL (pit floor at 485m RL) and be bogged from the 490 level. Total production for this stope will be 49,481 tonnes @ 10.05% Zn, 0.03% Pb, 31.36g/t Ag and 0.75% Cu.

An existing open void referred to as "Stope 6" by Kagara, forms part of the 490 stope and will be used as the cut off slot ("COS") for the lower portion the stope. This will allow breakthrough firings to be directed away from the pit to minimise the potential for fly rock.

The crown of the 490 stope is designed to stand off the Base of Complete Oxidisation ("BOCO") by a minimum of 5m. In order to minimise the chance of a crown failure, the portion of the 490 stope adjacent to the BOCO will be fired last.

To facilitate firing the crown adjacent to the BOCO last, four production drilling platforms will be used to drill the 490 stope (Figure 7-6):

- Pit ramp with vertical down holes for the COS and south crown (Figure 7-9);
- 490 North with up holes for the north core of the stope;
- 490 South with up holes for the south core of the stope; and
- 490 Footwall drive with long up holes for the north crown (adjacent to BOCO).

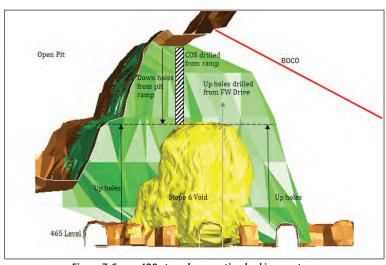


Figure 7-6: 490 stope long section looking west

There is a pocket of higher grade copper ore in the southern end of the stope just above the 490 level. This material will be kept separated as much as possible to maximise copper recoveries by maintaining higher feed grades.

Snow Peak Mining Pty Ltd

The 465 stope will be the second stope taken in the crown pillar extraction. It will be bogged from the 465 Level and will break into the floor of the pit. Total production for this stope will be 37,757 tonnes @ 8.74% Zn, 0.02% Pb, 9.73g/t Ag and 0.25% Cu.

A 52m waste access will be developed from the existing 465 Level development up under the pit floor to establish a drilling and extraction horizon. The drilling and extraction horizon will consist of 41m of ore development and an additional 20m of waste to provide drilling access to the troughed southern portion of the stope. All development for the 465 Stope has been designed around the 'Stope 9' void which crowns into the 465 Level.

All production drilling for the 465 Stope will be with up holes from the 465 Level. A central cut-offslot will be developed inside the stope boundary to coincide with the lowest point of the pit. This will keep the COS height to a minimum at the same time maximising the likelihood of a successful firing.

The COS rise will be positioned at the end of the COS drive to allow the rise to be broken through into the pit floor and still maintain access to the southern end of the stope. The remainder of the COS and the southern portion of the 465 Level stope will need to be taken as a single firing. The south end of the stope is troughed upwards to the south to maximise ore recovery, reduce waste dilution and minimise remote bogging requirements.

The remainder of the 465 stope will be taken as a conventional up-hole stope retreating back to the waste access at the north end of the stope.

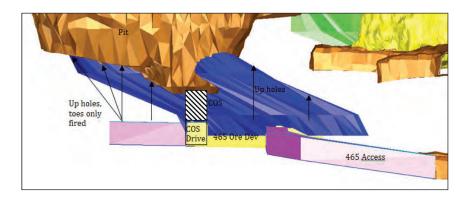


Figure 7-7: 465 stope long section looking west

7.2.3 Production Plan and Schedule

The production plan for underground mining at Mt Garnet consists of the following activities:

- Dewater approximately 60ML from pit and underground workings Complete;
- Rehab existing development from portal to the 465 level Complete;
- Establish power and primary ventilation to the 490 and 465 levels Complete;

Central Region Project
October 2014

Snow Peak Mining Pty Ltd

- Production drill the 490 stope and develop the 465 stope in progress;
- Commence production from the 490 stope and production drill the 465 stope in progress;
- Complete 490 stope production in progress;
- Construct brick bulkheads in the 490 drawpoints for primary ventilation on the 465;
- Start production from the 465 stope; and
- Complete 465 stope production by the end of November 2014.

It is intended that the 490 and 465 stopes to be completed before the start of the 2014/2015 wet season to allow underground operations to be suspended during this period.

As at 30th September, all level development had been completed and 4,000m of production drilling had been completed at the 490 and 465 stopes. A total of 33,000t of ore were delivered from the 490 stope (where production drilling has been completed and extraction was 50% complete) to the Mt Garnet ROM, and a successful breakthrough firing had been completed into the open pit.



Figure 7-8: 490 stope breakthrough into open pit



Figure 7-9: Underground production drill, drilling 490 cut off slot from pit ramp

7.2.4 Mine Services and Emergency Egress

Ventilation will be provided by installing a 75kW fan into the existing ventilation bulkhead in the return air incline from the 490 level to the pit. Once the 490 stope is broken through into the pit work on the 465 level will be suspended due to the expected short circuit through the 490 stope drawpoints. The suspension of mining on the 465 has been allowed for in the production schedule.

Upon completion of the 490 stope, three brick bulkheads will be constructed, one in each of the drawpoints a safe distance from the open brow. This will eliminate the short circuit through the pit and allow work to recommence on the 465 level.

Compressed air, water and pumping will be carried out through a combination of 110mm and 90mm poly services. The 110mm service will be used on the decline and 90mm services on the levels. Ongoing dewatering of the underground workings will be with 15 kW bore pump position in the return air rise below the 465 level, pumping direct to the tailings dam via $2 \times 110mm$ poly lines.



Currently the surface infrastructure from the previous underground mining operation still exists. The 11kV supply from the switch yard supplies an 11kV to 1,000V step down transformer located on the eastern side of the open pit. The underground cabling will be re-installed into the existing development to initially provide power for pumping and ultimately power for fans, a jumbo and production drill rig.

The original escape route/ second means of egress used by Kagara for the Mt Garnet underground operations will be used during the crown pillar extraction. This consists of steel ladders with mesh hoops and rest platforms from the 465 level to the 490 level. From the 490 level the ventilation incline through to the pit will be used. Once in the pit, access to the pit rim via the ramp will be lost where the 490 stope breaks into the pit. It is planned to use the process plant all terrain crane and work basket to provide a second means of egress from the ventilation portal (the eastern pit ramp at the 510m RL) to the main portal in the pit (eastern pit ramp at the 550m RL). Once at the main portal clear access to the pit rim is achieved.

7.2.5 Explosives Management

The explosive magazine will be positioned in the same location as previously for underground mining at Mt Garnet. The magazines will be 12m units specifically for storing and securing explosives. Once in place this will allow detonators, ANFO and other explosive products, such as packaged emulsion, to be stored separately. The windrows and compound fencing are already in place.

ANFO will be the main blasting agent, which will be used and stored in conjunction with the Mt Garnet Explosives Management Plan. All licencing for the storage and usage of explosives has been granted.



8 Processing Operations

Site infrastructure at Mt Garnet includes a site office complex, which includes administration, environment, safety and training buildings, concentrator offices and mining offices, change rooms, workshops, ROM pad and associated infrastructure (Figure 8-1). Two ore processing facilities (each with a nominal 500ktpa) and an associated tailings dam complete the infrastructure. Site power is provided via regional grid power supplied by ERGON. Site water is sourced from a raw water dam located 5km from the site where water is piped to site by gravity feed. Raw water consumption during operational status is generally less than 500 litres per tonne of ore processed and this process water is reclaimed from tailing dams, treated and reused.

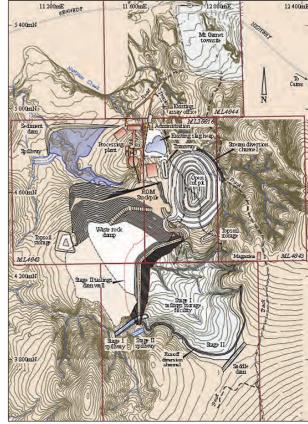


Figure 8-1: Schematic layout of Mt Garnet Infrastructure

- 79 -

8.2 Polymetallic Grinding and Classification

The grinding circuit consists of a 3.81m diameter by 5.79m long, POLYMET lined, grate discharge SAG mill and a 3.81m diameter x 5.79m long, rubber lined, overflow ball mill (Figure 8-3) operating in closed circuit with cyclones.

The crushed ore with an 80% passing size of 120mm and top size of 165mm is fed directly into the SAG mill feed chute by the mill feed conveyor. The SAG mill is powered by an 850kw motor. The speed of the SAG mill is capable of being varied in the range of 60 - 80% of critical speed using a variable speed drive system. The ball mill is powered by an 850 kW wound rotor motor and operates at a critical speed of 75%.

The SAG mill discharge is directed through the mill discharge trommel and laundered into the mill discharge hopper. There are two cyclone feed pumps, one duty and one standby, which pump the mill discharge slurry to a cluster of three 400mm diameter CAVEX cyclones. The cyclone distributor has a spare outlet available for sampling and in the event of higher treatment ratio in the future, retrofit of an additional cyclone.

Two cyclones operate with one as standby. The 400mm cyclones have been selected to achieve the target 80% passing product size of 90µm and provide operational flexibility due to changes in feed throughput and ore grindability. The relatively large diameter cyclone also offers the flexibility of producing a coarser grind product size if desired. The cyclones operate at a pressure of 55kPa with a feed density of 56.5% solids. The circulating load will vary between 200% and 300%.

Forged grinding balls (120mm and 90mm diameter mix) are added to the SAG mill to maintain a consistent power draw and charge weight. Similarly, 50mm balls are charged into the ball mill to maintain a set power draw. Ball consumption for the SAG mill is typically 0.35kg/t of ore with the ball mill grinding media consumption being typically 0.55kg/t of ore.



Mt Garnet SAG and ball mill Figure 8-3:

8.1 Crushing and Coarse Ore Storage

Ore is fed into an 80t ROM hopper, via front end loader. The ROM hopper incorporates a fixed grizzly with bar spacing of 600mm. Ore is reclaimed from the ROM hopper using a 1.3m wide x 4.5m long reciprocating plate feeder driven by a 37kw equivalent variable displacement hydraulic system. The speed of the plate feeder is controlled via the control room operator utilising a remote camera above the plate feeder and jaw crusher to ensure the primary jaw crusher is choke fed.

Primary crushing is performed by a single toggle, 1200mm x 90 mm Pegasus jaw crusher powered by a 150kW motor and operating with a closed side setting of 90mm (

Figure 8-2). The jaw crusher product with a nominal 80% passing size of 120mm, discharges onto coarse ore stockpile feed conveyor. The coarse ore stockpile is elevated on compacted fill. A galvanised steel, multi-plate style reclaim tunnel position in fill, under the stockpile houses three variable speed reclaim feeders which discharge onto the 75mm wide SAG mill feed conveyor. Each reclaim feeder is capable of delivering material at a feed rate of 62.5t/h. An open stockpile of 2,200t live capacity was selected so as to provide 35 hours of ore storage without crushing onto the stockpile.



Figure 8-2: Mt Garnet Primary Crusher

Snow Peak Mining Pty Ltd



8.3 Polymetallic Flotation

The flotation circuit comprises the sequential recovery of copper, lead and zinc concentrates. The copper flotation circuit consists of roughing and scavenging followed by two stages of cleaning operating in closed circuit to produce a copper concentrate assaying 23% Cu. Slurry from grinding, with a pH of 6.8 and pulp density of 35% solids, is conditioned in the copper rougher conditioner with sodium metabisulfite, which assists with the depression of sphalerite and pyrite, and the selective flotation of chalcopyrite. In the circuit there are four OK 4.25m³ rougher flotation cells followed by six OK 4.25m³ flotation cells. The copper rougher/scavenger concentrate reports to the copper Cleaner 1, which comprises of two 1.5m³ OK cells where it is combined with the copper Cleaner 3 tail. The Cleaner 1 tail reports to the Cleaner 1 scavenger which comprises of two 1.5m³ OK flotation cells.

Tailings from the copper Cleaner 1 stage returns to copper scavenger feed pump. Combined concentrate from copper Cleaner 1 and Cleaner 1 scavenger, reports to copper Cleaner 3. The two 1.5m³ OK flotation cells of copper Cleaner 3 produce final copper concentrate. Lime additions are used to maintain the pH in the copper circuit at 6.8. The collector used for recovery of chalcopyrite is DSP009.

Tailings from the copper scavenger flotation machines report to the lead rougher feed conditioner. The 17m3 lead rougher conditioner provides 5.8 minutes of residence time. The pulp is conditioned with sodium cyanide and lime to depress pyrite and sphalerite. The pH of the pulp is increased to 8.3 for the flotation circuit.

The lead rougher feed conditioner discharge gravitates to the lead rougher flotation machines. There are two 4.25m³ flotation cells for roughing duty and three 4.25m³ machines for roughing/scavenging duty.

The combined rougher scavenger concentrate is pumped to the copper/lead re-grind circuit. The copper/lead re-grind mill discharge is pumped to the copper/ lead re-grind cyclones. Three 100mm diameter cyclones are used to classify the particles in these streams to produce an overflow having a size distribution with 80% passing 20µm. The copper/lead regrind mill is a small Outokumpu 110 kW frame mounted ball mill. Twelve millimetre diameter, high chrome balls are used as grinding media.

High chrome content balls (12% Cr) are used to minimise ball corrosion and any detrimental effects of dissolved iron on the flotation kinetics in the cleaner circuit.

The copper/lead re-grind cyclone overflow gravitates to the lead cleaner conditioning tank. Lime is added to the re-grind cyclone overflow to maintain a pulp pH of 9.0 in the lead cleaner conditioner. Sodium cyanide is added to the conditioner to assist the depressing of pyrite and sphalerite in the lead cleaner and to clean the surface of the galena particles. The lead cleaner conditioner overflows into the feed box of the lead Cleaner 1 flotation cells.

There are three 4.25m3 lead Cleaner 1 OK cells. The tailing from the lead Cleaner 1 cell is pumped to the lead rougher feed conditioning tank. The lead Cleaner 1 concentrate is directed to the lead Cleaner 2 flotation cells. Three 1.5m³ OK flotation cells the lead Cleaner 2 duty. Tailing reports to the feed box of the lead Cleaner 1 flotation machines. Lead Cleaner 2 concentrate is pumped to the OSA system and then to the lead concentrate thickener. DSP330A is the collector used for recovery of the galena.



Snow Peak Mining Pty Ltd

The zinc flotation circuit configuration comprises roughing and two stages of cleaning with closed circuit operation of the cleaners. The zinc re-grind circuit is not used. Lead rougher/scavenger tailing reports to zinc rougher conditioner tank No 1 where lime is added to achieve a pH of 8.5. Copper sulfate is added to the conditioner tank launder as it overflows from zinc rougher conditioner tank No 1 into conditioner tank No 2, and sodium isopropyl xanthate collector is dosed to zinc conditioner 2.

The zinc rougher/scavenger cells are configured in a one cell, two cells and two cells arrangement. Each flotation machine is a 16m3 OK flotation cell. The concentrate from the rougher cells is pumped to the zinc cleaner conditioning tank. There is excess capacity in the rougher/scavenger cells, therefore, concentrate pull rates are controlled at low rates to minimise excessive recovery of iron sulfides and non-sulfide gangue from the last four cells.

Lime is added to the zinc cleaner conditioner tank to maintain a pH of 9.0. The discharge from the cleaner conditioner overflows to the three 4.25m³ zinc Cleaner 1 OK flotation cells and two 4.25m³ zinc cleaner scavenger OK cells. Concentrate from all five cells are pumped to the feed box of the zinc Cleaner 3 flotation cell. The zinc Cleaner 3 and two 4.25m³ zinc Cleaner 2 flotation cells perform the duty of the second cleaning stage for the zinc circuit. The tailing from these cells flows into the feed box of the zinc Cleaner 1 flotation cells. The concentrate from the three final cleaner cells are pumped to the OSA system. The plant is controlled by a Yokogawa Centum Distributed Control System.

8.4 Polymetallic Concentrate Thickening and Filtering

Final copper and lead concentrates are pumped to the respective feed boxes ahead of their 3m diameter high rate thickeners. The zinc concentrate is pumped to a de-aeration device on the feed to an 8m diameter high rate thickener. The de-aeration device reduces the amount of froth that tends to occur on zinc concentrate thickeners. Thickener underflow densities of 70% solids for copper and zinc concentrates and the lead concentrate thickener underflow density was operates at 75% solids to ensure maximum dewatering is achieved before filtration.

Concentrate from the copper, lead and zinc concentrate storage tanks are filtered through a single common Larox PF32 pressure filter on a batch cycle basis. The filter cake is directed to the various storage stockpiles by way of a reversing shuttle conveyor. This provides the ability to stockpile the three products separately.

Table 8-1: Historical annual physicals and costs for polymetallic circuit 2008 - 2012

MILL - PM Mt Garnet	2012	2011	2010	2009	2008
Ore Milled (t)	398,300	452,644	440,997	425,925	520,000
Concentrate Produced- ZINC	59,230	67,864	88,695	54,741	80,020
Concentrate Produced- Lead	2,164	1,479	2,842	3,259	13,597
Concentrate Produced- Copper	11,728	16,346	15,172	27,089	14,173
Total Concentrate Produced	73,122	85,689	106,709	85,089	107,790
PM Plant Costs	\$9,722,333	\$11,351,515	\$11,128,306	\$10,408,788	\$15,382,783
Cost per tonne Milled	\$24.41	\$25.08	\$25.23	\$24.44	\$29.58

8.5 Copper circuit grinding

The primary mill is a 2.74m diameter x 4.57m long open circuited ball mill with 500kW installed power. The discharge from this mill reports to the secondary mill via a cluster of Warman 150CVX cyclones. The secondary mill is a 3.82m diameter x 4.29m long overflow ball mill with 520 kW installed power. The discharge from this mill combines with the discharge of the tertiary ball mill and reports to a second cluster of Warman 150CVX cyclones. The tertiary mill is a 3.35m diameter x 4.27m long overflow mill with 850kW installed power and is in closed circuit with the secondary cyclone cluster. Overflow from both cyclone clusters combine to provide flotation feed with a P80 sizing of 65µm.

8.6 Copper circuit flotation

The flotation circuit is a standard roughing, scavenging and single stage cleaning circuit. The flotation feed reports to the condition tank and overflows to the roughers. The roughers comprise of two banks of two CONSEP BQ80 flotation cells with the concentrate from these reporting directly to final concentrate while the tails reports to a bank of five single CONSEP BQ80 flotation cells. The concentrate from these cells reports to the single cleaning stage which is comprised of two banks of four OUTOKUMPU OK3 flotation cells. The concentrate from these cells reports directly to final concentrate while the tails report back to the feed of the secondary ball mill.

8.7 Copper circuit thickening and filtering

Final primary copper concentrates is pumped to the feed box ahead of an 8m diameter high rate thickener. Thickener underflow density of 70% solids to ensure maximum dewatering is achieved before filtration.

Concentrate from the primary copper concentrate storage tanks is filtered through a single common CERAMEC CC15 filter. The filter cake is directed to the copper bay in the concentrate shed.

Table 8-2: Historical annual physicals and costs for copper circuit 2008 - 2012

MILL - Cu Mt Garnet	2012	2011	2010	2009	2008
Primary Copper Ore treated	351,202	493,828	464,153	315,781	251,409
Concentrate - Coppper	27,857	62,898	52,848	40,343	28,175
Cu Plant Cost	\$8,232,513	\$9,472,525	\$8,503,406	\$6,642,846	\$5,456,648
Cost per tonne Milled	\$23.44	\$19.18	\$18.32	\$21.04	\$21.70



9 Technical Valuation Background

9.1 Valuation Methods

The choice of methodology for the valuation of mineral assets, including exploration licences, depends on the amount of data available and the reliability of that data.

The VALMIN Code classifies mineral assets into categories which represent a spectrum from areas in which mineralisation may or may not have been found through to operating mines which have a well-defined Ore Reserve: -

- "Exploration Areas" properties where mineralisation may or may not have been identified, but where a Mineral 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 prospects to the resource category;
- "Pre-Development Projects" properties where Mineral 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; and
- "Operating Mines" mineral properties that are in production.

Each of these categories require different valuation methodologies, but regardless of the technique employed, consideration must be given to the perceived "fair market value". This is described in the VALMIN Code under Definition 34: -

"It is the amount of money (or the cash equivalent of some other consideration) determined by the Expert in accordance with the provisions of the VALMIN Code for which the Mineral Asset or Security should change hands on the Valuation Date in an open and unrestricted market between a willing buyer and a willing seller in an "arm's length" transaction, with each party acting knowledgeably, prudently and without compulsion"

The Fair Market Value of exploration properties and undeveloped Mineral Resources can be determined by one or more of four general approaches. The methods, and their applicability to the valuation of the Central Region Project, are discussed below.

The Kilburn or Geoscience Factor Method which systematically assesses and grades four key attributes to arrive at a series of multiplier factors which are then successively applied to the Base Acquisition Cost ("BAC") for the tenement/s concerned to establish a Technical Value



for the property. The Technical Value is then multiplied by a fifth factor, the Market Factor, to arrive at the Fair Market Value. The BAC is the average cost to acquire a unit of area of the particular tenement type and to meet all statutory expenditure commitments for a period of 12 months;

- Appraised Value Method considers the costs and results of historical exploration;
- Market Approach Method or Comparable Transaction Method identifies and analyses a number of transactions involving assets with similar characteristics to those being valued to derive values per unit of area or per unit of resource/ore reserve ("yardstick values"). The yardstick values are then applied to the area of the tenements, tonnes of resources/reserves or units of metal in resources/reserves being valued, factored for grade, quality or other measures of value. The Comparable Transaction method provides the best guide to value where a mineral asset that is comparable in location and commodity to that being valued has in the recent past been the subject of an "arm's length" transaction for either cash or shares; and
- The Income Approach is relevant to exploration properties on which undeveloped Mineral Resources have been identified by drilling and where sufficiently detailed feasibility studies have been completed. Value can be derived with a reasonable degree of confidence by forecasting the cash flows that would accrue from mining the deposit and discounting these cash flows to the present day ("DCF"). Thereafter a Net Present Value ("NPV") can be determined.

When considering the valuation of Exploration Areas, and in some cases Advanced Exploration areas, the Appraised Value Method utilises a Multiple of Exploration Expenditure Method ("MEE") which involves the allocation of a premium or discount to the relevant and effective Expenditure Base (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. The Expenditure base includes only the current owner's relevant past expenditures.

Guidelines for the selection of a PEM value have been proposed by several authors in the field of mineral asset valuation. Some of these guidelines are as follows:-

"A positive PEM is one that adds to the value of a given exploration expenditure (e.g., core drilling that shows ore-grade mineralization). A positive PEM should generally be in the range of >1.0 to 3.0" (Gregg and Pickering 2007).

"The Prospectivity Enhancement Multiplier ("PEM") which is applied to the effective expenditure therefore ranges from 0.5 to 3.0. The PEM generally falls within the following ranges:

- Q 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration (but where past expenditure may have discounted some of the property's mineral potential);
- to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- 2.0 to 3.0 where ore grade intersections or exposures indicative of economic resources are present." (Onley, P, 1994).



10 Technical Valuation

10.1 Introduction

Following a review of publicly available information, and technical data as provided by Snow Peak Mining, the Geoscience Factor Method, the Income Approach, Appraised Value and the Market Approach Methods were reviewed for their suitability to the Project.

The Project comprises 10 separate deposits where Mineral Resources have been estimated in accordance with JORC guidelines across 4 separate project areas. Aside from these identified Mineral Resources, numerous exploration prospects have also been identified as a result of exploration by a range of companies over the past 30 years. The Project also incorporates two active underground mining operations.

Given the significant range in development status for the mineral properties under consideration, the properties were classified according to the valuation methodology considered most relevant to their development status as follows:

- Exploration prospects without defined Mineral Resources;
- Projects containing defined Mineral Resources; and
- Operating Mines.

The Geoscience Factor (or Kilburn) Method is considered the most appropriate method to value the exploration permits where Mineral Resources have not been defined.

The Comparable Transaction Method is considered the most appropriate method to value those exploration permits and mining licences where Mineral Resources have been defined.

The Income Approach is considered the most appropriate method to value the deposits which are the subject of active mining operations.

The Appraised Value Method was also reviewed, however it was not considered appropriate to the valuation of the Project due to the extensive nature of historical and more recent mining operations, and exploration. This historical work has contributed significantly to the geological understanding and prospectivity of the Project, however it is not possible to accurately quantify the expenditure on this work and thus utilise the Appraised Value Method.

10.2 Valuation of Mineral Resources

Recent and relevant transactions were researched and 7 transactions between March 2010 and September 2013 with stated Mineral Resources were documented. These transactions all occurred in Queensland and involved copper projects with an associated processing facility as well as those without.

On 12th March 2010, Cape Lambert Resources Limited (ASX: CFE) announced the sale of 100% of its interest in Cape Lambert Lady Annie Exploration Pty Ltd, the holder of the Lady



Annie Project, to China Sci-Tech Holdings Limited, a Hong Kong listed Company, for \$135 million with the transaction completed on 31st May 2010. At the date of the transaction

Annie Project, to China Sci-Tech Holdings Limited, a Hong Kong listed Company, for \$135 million, with the transaction completed on 31st May 2010. At the date of the transaction, stated Mineral Resources at the Lady Annie Project were 757 Mlb of copper at an average grade of 0.85% Cu.

- In August 2010, Cape Lambert Resources Limited (ASX: CFE) announced the purchase of the Leichhardt Copper Project from the administrators of Matrix Metals Limited. The Leichhardt Copper Project is located within the Mt Isa base metals province in Queensland, and included the Mt Cuthbert heap leach and SXEW process plant, as well as Mineral Resources of 148 Mlb of copper at an average grade of 0.80% Cu. Consideration for the acquisition was \$7.5M.
- In April 2011, Exco Resources Limited (ASX: EXS) announced that it had entered into an agreement with Xstrata Copper to sell the Cloncurry Copper Project in Queensland for a cash payment of \$175M. At the date of the sale announcement Mineral Resources at the Cloncurry Copper Project were 884 Mlbs of Cu at an average grade of 0.77% Cu. The Cloncurry Copper Project is strategically located adjacent to the Xstrata Copper Ernest Henry processing plant.
- In February 2012, TAM Q Copper became a cornerstone investor of Queensland Mining Corporation (ASX: QMN) through the acquisition of 15.3% of its issued shares for a consideration of \$4.3M. The principal asset at QMN is the White Range Copper Project which contains stated Mineral Resources of 593 Mlbs of copper at an average grade of 0.70% Cu.
- In April 2013, Cape Lambert Resources Limited (ASX: CFE) announced the sale of the Leichhardt Copper Project to private Malaysian company Malaco Mining. Consideration for the acquisition by Malaco was \$14.75M with Mineral Resources of 148 Mlb of copper at an average grade of 0.80% Cu contained at the Project.
- In September 2013, Syndicated Metals Limited (ASX: SMD) announced that it had finalised an agreement with CopperChem Limited (a subsidiary of the WH Soul Pattinson Group (ASX:SOL)) to form a 50/50 joint venture to explore and develop the Barbara Copper-Gold Project in the Mt Isa region of Queensland. The JV terms include the consolidation of tenements via the acquisition of a minority interest, and the acquisition of 18.9% of Syndicated via a share placement and acquisition of another minority holding. Total consideration as part of the agreement was \$2.7M, with the Barbara Copper-Gold Project having containing stated Mineral Resources of 166 Mlb of copper at an average grade of 1.7% Cu.
- In December 2013, Mungana Goldmines Ltd (ASX: MUX) announced that it had entered into an agreement with the administrators of Kagara Ltd under which the Chillagoe assets in North Queensland owned by Kagara and Mungana Pty Ltd (in liquidation), would be sold to Mungana Goldmines. The consideration for the acquisition was \$15M, with the Chillagoe assets containing Mineral Resources of 598 Mlbs of CuEq mineralisation at an average grade of 2.56% CuEq. Copper equivalent grades and contained metal were calculated taking into account the relevant commodity prices at the date of the agreement and relevant recovery factors.

The implied value of the transactions were compared with respect to the stated or estimated in-situ Mineral Resources (Implied \$ per lb of copper) and also the dollar value per Resource lb Cu as a % of the Cu price in US dollars at the time of the transaction. The transactions are listed in Table 10-1.

The value per lb as a percentage of the prevailing copper price acts to normalise the transaction value over different time periods with different copper commodity prices and was used as a multiplier for the valuation of the Project based upon its stated Mineral Resources.

Mineral Resource categories for the seven projects under consideration range from Inferred to Measured, and infrastructure at the projects range from those with none through to operational processing facilities (Lady Annie and Leichhardt Copper Projects), or highly strategic locations (Exco Cloncurry Copper Project)

It is clear that project attributes such as grade, infrastructure, resource category and proximity to other Mineral Resources will influence transaction values and these specific attributes have been reviewed in the dataset of comparable transactions.

The implied transaction value per lb of Cu Resource as a percentage of the prevailing copper price for all transactions reviewed ranges from 0.1% to 0.5% (Table 10-1). The copper price as at the Valuation Date of 24th October 2014 is A\$3.50/lb, and when multiplied by the relevant transaction value per lb as a % of the copper price at the time of the transaction, a range of normalised values per lb of Cu of between A\$0.02/lb and A\$0.17/lb is derived.

Within this range, three transactions lie at the upper range – the Cape Lambert sale of the Leichhardt Project to Malaco Mining is at A\$0.11/lb, the Cape Lambert sale of the Lady Annie Project to China Sci-Tech at A\$0.17/lb, and the Exco sale of the Cloncurry Copper Project to Xstrata at A\$0.17/lb.

The sale of the Lady Annie Project included the Mt Kelly heap leach and solvent extraction electrowinning ('SXEW') processing plant with an annual production capacity of 25,000t of copper cathode per annum. China Sci-Tech moved quickly to resume mining and processing operations, with mining recommencing in July 2010 followed by the production and sale of copper cathode in December 2010.

The sale of the Leichhardt project to Malaco Mining included the Mt Cuthbert heap leach and SXEW plant with an annual production capacity of 9,000t of copper cathode per annum.

The Cloncurry Copper Project acquired by Xstrata from Exco Resources was of clear strategic value to Xstrata given its substantial Resource tonnage and location immediately adjacent to its large Ernest Henry processing facility.

The remaining transactions lie in a range from A\$0.02/lb to A\$0.05/lb and may be considered more relevant to the Snow Peak Central Region Project in that the projects principal asset values were contained within their stated Mineral Resources.



Table 10-1: Comparable Transactions Dataset

Date	Project	Location	Location Purchasing Company	Vendor	Transaction Acquisition Value A\$M %	Acquisition %	Total Mineral Average Implied _{Cu Price} \$/lb as October Nor Resources Grade Price A\$/lb % of Cu 2014 Cu \$ MIb Cu% A\$/lb price Price \$	Average Grade Cu%	Implied Price A\$/lb	Cu Price A\$/lb	\$/lb as % of Cu price	October 2014 Cu Price	Normalised \$/lb Cu
Dec-13	Chillagoe	Queensland	Dec-13 Chillagoe Queensland Mungana Goldmines Kagara Ltd	Kagara Ltd	15	100%	298	2.56%	0.20	3.80 0.01 3.50	0.01	3.50	0.17
Sep-13	Cloncurry	Queensland	Sep-13 Cloncurry Queensland Syndicated Metals/CopperChem JV	/CopperChem JV	3	20%	166	1.70% 0.03 3.42 0.01 3.50	0.03	3.42	0.01	3.50	0.02
Apr-13	Leichhardt	Queensland	Apr-13 Leichhardt Queensland Malaco Mining	Cape Lambert	14.75	100%	148	0.80%	0.18	3.04 0.03 3.50	0.03	3.50	0.17
	White			Queensland									
Feb-12 Range	Range	Queensland	Queensland TAM Q Copper	Mining Corporation	4.3	15%	593	0.70% 0.03 3.62 0.01 3.50	0.03	3.62	0.01	3.50	0.03
Apr-11	Cloncurry	Apr-11 Cloncurry Queensland Xstrata		Exco Resources	175	100%	884	0.77%	0.05	0.05 4.04 0.05 3.50	0.05	3.50	0.05
Aug-10	Leichhardt	Queensland	Aug-10 Leichhardt Queensland Cape Lambert	Matrix Metals	7.5	100%	148	0.80%	0.05	3.69 0.01	0.01	3.50	0.05
Mar-10	Lady Annie	Queensland	Mar-10 Lady Annie Queensland China Sci-Tech	Cape Lambert	135	135 100%	757	0.85% 0.10 3.71 0.05 3.50	0.10	3.71	0.05	3.50	0.11

Snow Peak Mining Pty Ltd
Central Region Project
October 2014

Project specific factors which should be considered when comparing Mineral Resources at the Central Region Project with recent and relevant comparable market transactions are as follows:

- Scale of the current Mineral Resource estimate of 392Mlb Cu and 285 Mlb CuEq* (excluding Mt Garnet and Balcooma mining areas);
- Grade and quality of Mineral Resource classification;
- Existing project infrastructure and availability of processing facilities; and
- Prospective geology and exploration potential proximal to the Mineral Resources.

Taking these factors into account Auralia believes that the relevant value range per lb of Mineral Resources for the Project is best represented by the four comparable transactions ranging from \$0.02/lb to \$0.05/lb.

In considering the Mineral Resources inventory at the Central Region Project for the purposes of assigning value, Mineral Resources at the Mt Garnet Project and the Balcooma Lens 2 have been excluded from this section of the valuation. These projects are currently the subject of active mining operations and therefore the most appropriate valuation methodology is considered to be the Income Approach.

Table 10-2: Cu Mineral Resources

- 91

Deposit	Category	Туре	Tonnes	Cu%	Cu Tonnes	Cu Mlbs
Balcooma						
North	Indicated	Fresh	121,000	2.0	2,420	5
	Inferred	Fresh	12,000	2.3	276	1
Maitland	Indicated	Oxide+Fresh	1,450,000	1.5	21,750	48
	Inferred	Fresh	40,000	1.1	440	1
Kaiser Bill	Indicated	Fresh	13,500,000	0.8	108,000	238
	Inferred	Fresh	1,500,000	0.9	13,500	30
Einasleigh	Indicated	Fresh	500,000	4.0	20,000	44
	Inferred	Fresh	600,000	1.9	11,400	25
	Total		17,723,000	1.0%	177,786	392

- 92 -

Snow Peak Mining Pty Ltd



Table 10-3: Polymetallic Mineral Resources excluding Balcooma Lens 2 and Mt Garnet Resources

Deposit	Categor y	Туре	Tonnes	Zn %	РЬ %	Cu %	CuEq%	Tonnes CuEq*	Mlb CuE q
	Measure								
Dry River South	d	Fresh	92,000	9.6	3.9	1.1	4.53	4,166	9
	Indicated	Fresh	78,000	7.2	2.4	1.1	3.59	2,797	6
	Inferred	Fresh	560,000	6.4	2.3	0.9	3.14	17,565	39
New Surveyor		Oxid							
East	Indicated	е	179,000	0	6.4	0.1	1.15	2,051	5
			3,400,00						
Chloe/Jackson	Indicated	Fresh	0	4.7	2.1	0.2	1.91	64,929	143
			1,300,00						
Stella	Inferred	Fresh	0	5.1	1.8	0.2	1.98	25,700	57
Railway Flat	Inferred	Fresh	900,000	3.4	0.9	0.2	1.34	12,021	27
			6,509,00					129,22	
To	tal		0	4.7	2.0	0.3	1.99	9	285

*Copper Equivalent (CuEq) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent Copper percentage. The Dry River South, and New Surveyor East deposits are similar in nature to those previously and currently being processed at the Mt Garnet polymetallic plant. The Chloe/Jackson/Stella and Railway Flat deposits are of a similar style of mineralisation and it is Auralia's opinion that they have a reasonable potential to be recovered as evidenced at the nearby Balcooma deposits. Metallurgical recoveries for Zn and Pb have been applied as per the current processing forecast of 87% for Zn and 55% for Pb. Copper Equivalent conversion factors and long term price assumptions used are as follows: Copper Equivalent Formula = Cu% + (Zn(%)x0.3) + (Pb(%)x0.3) Price Assumptions: Cu(US\$3.50/lb), Zn(US\$1.17/lb), Pb(US\$1.04/lb) and A\$: US\$ exchange rate 0.88 as at 24th October 2014.

Considering the comparable transactions ranging from \$0.02/lb to \$0.05/lb, Auralia believes that these transactions represent a range of projects which are comparable in location and commodity to the Central Region Project.

After consideration of the results of the analysis, Auralia is of the opinion that the range of values for the Project should lie in the range \$0.02/lb to \$0.05/lb with a preferred value per lb of \$0.03/lb. For the copper and copper equivalent Mineral Resources of 677 Mlbs of copper at the Project this equates to a range between \$13.5M and \$33.8M with a preferred value of \$20.3M.

Valuation of Exploration Tenements 10.3

The Geoscience Factor or Kilburn method provides an appropriate 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; and
- Geological models appropriate to the property being valued.

The Kilburn method systematically assesses and grades these 4 key technical attributes of a tenement to arrive at a series of multiplier factors Table 10-4.

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 (eg native title, environmental etc) and statutory expenditure for a period of 12 months. This has been established at \$250 to \$300 per square kilometre for Exploration Licences in Queensland. Each factor is then multiplied serially by the BAC to establish the overall technical value of each mineral property. A BAC has generally been established at \$250 to \$300 per square kilometre for Exploration Licences in Queensland, and for the purposes of this valuation a BAC of \$275/km² has been used. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

Extensive exploration has been carried out across the Central Region Project over a significant period of time, with much of the historical exploration focussed on the central mine lease areas. Outside of these central mine areas, exploration has been successful in identifying regional targets for further exploration and drill testing, and in particular at the Surveyor Project and across the Einasleigh exploration permits. Based upon this work to date, the Kilburn method has been used to derive a technical value as per Table 10-5 for the Central Region Project exploration tenure outside of the mining leases.

A range of technical values for 100% of the Project of \$2.1M to \$9.9M is derived, within which range a preferred value of \$6.0M has been selected which is at the mid-point of the valuation ranges. These figures also reflect the current market value as Auralia does not believe that a premium or discount to the technical value is warranted.

- 93 -- 94 -



Table 10-4: Kilburn Geoscientific Ranking and Multiplier Factors

Rating	Off Property Factor	On Property Factor	Anomaly Factor	Geological Factor
0.1				Generally unfavourable lithology
0.2				Generally unfavourable lithology with structures
0.3				Generally favourable lithology (10%-20%)
0.4				
0.5			Extensive previous exploration with poor results	Alluvium covered, generally favourable lithology (50%)
0.6				
0.7				
0.8				
0.9				Generally favourable lithology (50%)
1	No known mineralisation	No known mineralisation	No targets outlined	Generally favourable lithology (70%)
1.5	Minor Workings	Minor Workings		Generally favourable lithology
2	Several Old Workings	Several Old Workings	Several well defined targets	Generally favourable lithology with structures
2.5	Abundant Workings	Abundant Workings		
3			Several significant sub-economic intersections	Generally favourable lithology with structures along strike of a major mine
3.5	Abundant Workings/mines with significant historical production	Abundant Workings/mines with significant historical production		
4				
4.5				
5	Along strike from major mine(s)	Major mine with significant historical production	Several significant ore grade co-relatable intersections	
10	Along strike from major world class mine(s)			

- 95 -



Table 10-5: Central Region Project Exploration Tenure Geoscientific Ranking

Droinet	Braspact	Tenement	Area	BAC \$	Off Pr	operty	On Pr	operty	Ano	maly	Geo	logy	Low	High	Preferred
Project	Prospect	renement	km²	BAC 3	Low	High	Low	High	Low	High	Low	High	\$M	\$M	\$M
	Wriggly	EPM13272	6.5	1,799	1	1.5	1	1.5	1	1.5	1	1.5	0.0	0.0	0.0
	Nanyeta	EPM14626	9.8	2,699	1	1.5	1	1.5	1	1.5	1	1.5	0.0	0.0	0.0
Mt Garnet	Exp Creek	EPM16024	22.9	6,298	1	1.5	1	1.5	1	1.5	1	1.5	0.0	0.0	0.0
IVIL Garriet	Mt Garnet	EPM16072	16.4	4,499	3.5	5	3.5	5	3.5	5	3.5	5	0.7	2.8	1.7
	Bald Hill	EPM18806	6.5	1,800	1.5	2.5	1.5	2	2	3	2	3	0.0	0.1	0.0
	-	EPM25277	6.5	1,797	1	1.5	1	1.5	1	1.5	1	1.5	0.0	0.0	0.0
	Balcooma	EPM9323	162.5	44,688	1	1.5	3	4	2	3	2	3	0.5	2.4	1.5
Balcooma	Balcooma East	EPM13229	3.3	894	1	1.5	1	1.5	1	1.5	1	1.5	0.0	0.0	0.0
Balcooma	Lochlea	EPM14107	19.5	5,360	1	1.5	1.5	2	1.5	2	1.5	2	0.0	0.1	0.0
	-	EPM25299	284.2	78,163	1	1.5	1	1.5	1	1.5	1	1.5	0.1	0.4	0.2
Maitland	Horse Mountain	EPM12510	13.0	3,575	1	1.5	1	1.5	1	1.5	1	1.5	0.0	0.0	0.0
	Ironstone Knob	EPM12513	162.4	44,660	1	1.5	1.5	2	1.5	2	1.5	2	0.2	0.5	0.3
	Einasleigh	EPM13072	280.0	77,000	1	1.5	2	3	2	3	2	3	0.6	3.1	1.9
	Newcastle	EPM18093	201.8	55,495	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.0	0.0
	Caldera	EPM18165	26.1	7,167	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.0	0.0
	Coolabah	EPM18257	19.5	5,371	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.0	0.0
	Nine Mile	EPM18284	208.2	57,255	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.1	0.0
Einasleigh	Black Soil	EPM18558	13.0	3,583	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.0	0.0
	-	EPM25199	326.7	89,843	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.1	0.0
	-	EPM25200	199.3	54,805	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.0	0.0
	-	EPM25202	326.7	89,843	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.1	0.0
	-	EPM25211	101.3	27,852	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.0	0.0
	-	EPM25276	16.3	4,494	0.5	1	0.5	1	0.7	1	0.5	0.9	0.0	0.0	0.0
			2,433	668,938									2.1	9.9	6.0



10.4 Valuation of Mine Operations

It is generally accepted mineral asset valuation practice that once a project has advanced to the stage of having Mineral Resource estimates, as defined by the JORC Code and guidelines, and where detailed studies for the development of the Mineral Resource have been completed to a level suitable to accurately forecast future cashflows, then discounted cashflow ("DCF") methods are the preferred means of determining Value.

The development of the Balcooma Lens 2 polymetallic orebody, and the Mt Garnet crown pillar extraction have been the subject of a SPM internal Feasibility Study that has assessed in detail the technical soundness and economic viability of the development of the deposits for mineral production. Both projects are operational as at the Valuation date, and suitable for the application of the Income Method of Valuation.

The Income Approach involves the forecast of annual cashflows projected over the expected life of the project. These cashflows are discounted at an appropriate rate over the project life to arrive at a Net Present Value ("NPV").

An in-house cashflow model has been developed by SPM based on inputs and assumptions derived from their 2014 internal Feasibility Studies, and this SPM model was used by Auralia to generate cashflow projections on a number of different input parameters and assumptions. The Base Case Model input parameters are shown in Table 10-6.

Table 10-6: Operating Mines Base Case Cashflow Projections

Corporate Tax Rate	30%	Australian Corporate tax rate
Real Discount Rate	-	Current mine operations are forecast to be completed by June
		2015, less than 1 year of operation and therefore no discount rate is applied
Foreign Exchange Rate US\$: A\$	0.88	Based upon current forecast and October 2014 rate
Cu Prices	3.50	
Zn Price	1.17	US\$/lb and per 24 October 2014 Valuation Date prices
Pb Price	1.04	
Cost of Sales	\$31.5M	Based upon offtake terms and 2014 Feasibility Study
Capital Cost	0.2	\$M - per 2014 Feasibility Study
Plant Throughput	1.0	Mt per annum - per 2014 Feasibility Study and current operational throughput – 500kt per circuit
Cu Recoveries	67%	
Zn Recoveries	91%	per 2014 Feasibility Study and historical recoveries
Pb Recoveries	55%	
Life of Mine Scheduled Tonnes	269,436	per 2014 Feasibility Study, November 2014 – June 2015

Following a site visit and review of the SPM operations, Auralia is satisfied that the currently forecast operational and capital costs are reasonable and achievable. The input parameters as per the current SPM cashflow model and 2014 internal feasibility study are therefore those which have been adopted by Auralia for the purposes of the DCF valuation.



Utilising these input assumptions, Auralia has derived an ungeared after-tax cumulative cashflow of \$12.0M for the Balcooma Lens 2 and Mt Garnet crown pillar mining operations.

This value however, represents a Technical Value, rather than a fair Market Value, since for projects not yet in steady state production there remain risks associated with the cashflow projections.

In practical valuation terms, the approach used to account for project risks is to factor the NPV or Technical Value derived to reflect the expected financial return from the project.

"Generally accepted" value ranges of the Technical NPV are:

- 25% to 40% of the Technical Value for a project with a completed pre-feasibility study;
- 35% to 70% of the Technical Value for projects at the completed bankable feasibility stage;
- @ 80% of the Technical Value for projects undergoing commissioning;
- @ 90% of the Technical Value during ramp-up; and,
- 100% of the Technical Value once steady state production has been achieved and project risk is at its minimum.

In assessing a suitably representative Technical Value for the SPM mining operations, consideration has been given to the individual project characteristics in comparison with other operating mines. The SPM mining operations have several favourable attributes that Auralia consider to be likely to reduce both technical and economic risks as follows:

- All permitting requirements are in place on granted mining leases;
- Project has good market fundamentals and price outlook for base metal products;
- Technically and economically robust 2014 Feasibility Study;
- Previous mining history at both deposits with well understood metallurgy and historically good quality product;
- Low capital cost of \$0.2M;
- Stoping has commenced at the Balcooma u/g mining operations; and,
- Successful commencement of stoping of the Mt Garnet crown pillars.

In consideration of these attributes, Auralia believes that the Technical Value (base case cashflow) fairly represents the Market Value as steady state production has been achieved, with both project and technical risk at a minimum, whereby the Technical Value is representative of the Market Value.

The base case inputs were also varied to reflect the economic performance of the project under lower and higher commodity price and exchange factors. The resulting summary cashflows and base case are presented in Table 10-7.





	Lower	Base	Upper
Cu Price (US\$/t)	6084	6760	7436
Zn Price (US\$/t)	2038	2264	2490
Pb Price (US\$/t)	1810	2011	2212
Exchange Rate (US\$:A\$)	0.91	0.88	0.85
After-tax cumulative cashflow (A\$M)	7.5	12.0	16.6

10.4.1 Sensitivity Analysis on Base Case

For each input, optimistic and pessimistic values were defined to describe the reasonable range over which these inputs might vary. A single factor sensitivity analysis was performed, whereby one input was adjusted to its end range with all other inputs at their base case values. The sensitivity analysis identified the critical input parameters by their impact on the cumulative cashflow. The impacts on cashflow are presented for each input in Table 10-8 below, and in chart form in Figure 10-1.

Table 10-8: Sensitivity Analysis – one data input arrays

	Description		Cashflow Resu	ılt			Sel	ected Setti	ngs
	Description	Base	Desc.	Lower	Higher	Delta	Base	Lower	Upper
0	Cu Price (US\$/t)	12.0	Cu Price (US\$/t)	11.4	12.6	1.2	6760	6084	7436
Case	Zn Price (US\$/t)	12.0	Zn Price (US\$/t)	9.8	14.3	4.5	2264	2038	2490
Base	Pb Price (US\$/t)	12.0	Pb Price (US\$/t)	11.4	12.6	1.2	2011	1810	2212
ä	Exchange Rate	12.0	Exchange Rate	11.0	13.2	2.2	0.88	0.91	0.85
les al	Processed Ore Grade (% of Plan)	12.0	Processed Ore Grade (% of Plan)	8.2	14.1	5.9	100%	90%	105%
tional	Processing Recovery Zn (%)	12.0	Processing Recovery Zn (%)	11.5	12.4	0.9	91.0%	89.0%	93.0%
Additional Sensitivities	Operating Costs (% to Plan)	12.0	Operating Costs (% to Plan)	10.0	12.9	3.0	100.0%	110.0%	95.0%
o S ≻	Capital Costs (% to Plan)	12.0	Capital Costs (% to Plan)	11.9	12.0	0.0	100.0%	110.0%	95.0%



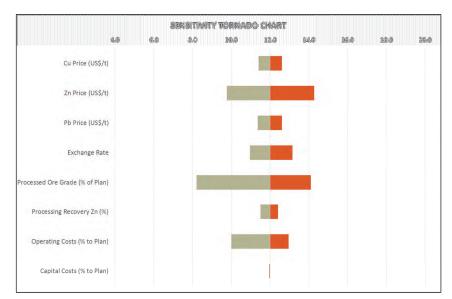


Figure 10-1: Sensitivity Tornado Chart

The tornado diagram displays the results of single factor sensitivity analysis with respect to a percentage swing for additional input factors outside of the base case inputs. For a risk adverse decision maker, the certain equivalent of an alternative is less than the expected value (probability weighted average) of the payoff distribution. Each percent swing value indicates how the difference between the expected value and the certain equivalent is affected by the uncertainty of a specific input variable.

From the tornado diagram it can be seen that an increase in operating costs has the potential to introduce downside to the project and that mine dilution above the current plan also has the potential to impact negatively on the project economics. As would be expected, the commodity concentrate price and in particular the zinc price also has the potential to have a downside impact on the cumulative project cashflow.

10.5 Valuation Summary

Given the significant range in development status for the mineral properties under consideration, Auralia has derived valuations for the Central Region Project according to the valuation methodology considered most relevant and appropriate to the development status of the property as follows:

- Exploration prospects without defined Mineral Resources the Geoscience Factor (Kilburn) Method;
- Projects containing defined Mineral Resources yardstick values for in situ Mineral Resources based upon comparable transactions; and

- 99 -



Operating Mines - The Income Approach (or Discounted Cash Flow).

The Geoscience Factor valuation of tenure without stated Mineral Resources indicates a Market Value which may lie in a range from \$2.1M to \$9.9M with a most likely value of \$6.0M.

The Comparable Transaction valuation of those projects with stated Mineral Resources indicates a Market Value which may lie in a range from \$13.5M to \$33.8M with a most likely value of \$20.3M.

The DCF analysis and resultant after-tax summary cashflow of the currently operating mines at the Surveyor Project and Mt Garnet indicate a Market Value which may lie in a range from \$7.5M to \$16.6M with a most likely value of \$12.0M.

It is Auralia's opinion that the Central Region Project has a value in the range \$23.1M to \$60.3M, with a most likely value of \$38.8M (Table 10-9).

Table 10-9: Valuation Summary

	Low Value \$M	Most Likely Value \$M	High Value \$M
Mineral Resources	13.5	20.3	33.8
Exploration Tenure	2.1	6.0	9.9
Mining Operations	7.5	12.0	16.6
Total	23.1	38.3	60.3

Signed by:

Paddy Reidy

BSc, MSc MAusIMM

Date: 30 October 2014



11 Disclaimer

Auralia Mining Consulting has prepared this report for the sole use of Snow Peak Mining and for the intended purposes as agreed upon between the two parties. The report may not be released to any other party without the consent of Auralia.

This Independent Technical Valuation of the Central Region Project has been completed using data supplied by Snow Peak Mining and associated 3rd parties. Any recommendations, opinions, comments or findings stated in this report are therefore based upon circumstances, assumptions and facts as they existed as at the valuation date of 24th October 2014. Any changes to these circumstances, assumptions or facts may affect any of the recommendations, opinions, comments or findings stated in this report.

- 101 -



12 Bibliography

Mineral Property Valuation References

Gregg L. T. and Pickering Sam M. Jr 2007. Methods for Valuing Previous Exploration Programs During Consideration of Prospective Mineral Ventures in 42nd Industrial Minerals Forum in Asheville, NC.

Lawrence R. D. 2000 Valuation of Mineral Properties Without Mineral Resources: A Review of Market-Based Approaches in Special Session on Valuation of Mineral Properties, Mining Millennium 2000, Toronto, Canada.

CIMVAL 2003 Standards and Guidelines for Valuation of Mineral Properties.

AUSIMM (VALMIN Code) 2005, "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports", 2005 edition, Carlton, Vic, Australia

Thompson Ian S. 2000 A critique of Valuation Methods for Exploration Properties And Undeveloped Mineral Resources in Special Session on Valuation of Mineral Properties, Mining Millennium 2000, Toronto, Canada.

Regional Geology, Project Geology and Mineral Resource Estimation References

Black, L.P., Gregory, P., Withnall, I.W. and Bain, J.H.C. 1998. U–Pb zircon age for the Etheridge Group, Georgetown region, north Queensland: implications for relationship with the Broken Hill and Mt Isa sequences. Australian Journal of Earth Sciences 45, 925-935.

Ball, L. C. (1914). Geological Survey Report - Einasleigh Freehold Copper Mine. Queensland Government Mining Journal, 290-299.

Cube Consulting. (2008). Glengarry_TechnicalReport_Maitland_March2008. Cube Consulting.

Evins, P. M. (2006). Geochronological, geochemical, and structural controls on IOCG deposition at Einasleigh, NE Queensland. James Cook University.

Golder Associates. (2006). E — Einasleigh Resource Report — Sept 2006. Golder Associates.

Hills, Q., 2004. The deformational and metamorphic history of the Georgetown Inlier, North Queensland: implications for the 1.7 to 1.5 Ga tectonic evolution of northeastern Proterozoic Australia, PhD thesis, Monash University, Australia, 212 p.

Hellman and Schofield. (2008). RailwayFlat_Final_25 1008. Hellman and Schofield.

Hills, Q. (2003). EINASLEIGH TRIANGLE Structural Mapping. Melbourne: GEO Discovery Group.



IMC Mining Solutions. (2008). Chloe and Jackson_ResourceReport_Final_10-11-08. IMC Mining Solutions.

Kagara Limited (Balcooma North). (2011). Balcooma North Model. Kagara Limited.

Kagara Limited. (2008). January 2008 Dry River South Resource Model Documentation. Kagara Limited.

Kagara Limited. (2009). surveyor east novemberfinal. Kagara Limited.

Kagara Limited. (2010). Mount Garnet Dec2010 Resource Report. Kagara Limited.

Kagara Limited. (2011). Balcooma Lens 2 Nov 2011 Mineral Resource Estimate_final. Kagara Limited.

Laing, W. P. (2006). Key Results and Strategies from initial inspection of Einasleigh Cu Deposit. Laing Exploration.

Martyn, J. (2002). The Setting Of Balcooma Deposits And Relationship To Surveyor. Sydney.

Pennisi, B. L. (2008). Petrology and Genesis of the Jackson Zn-Pb Deposit, Einasleigh Area, North Queensland. James Cook University of North Queensland.

Saxon, M. (2008). Chloe Jackson_deep 080826_v5_MSS. Mark Saxon.

Snow Peak Mining. (2013). Surveyor Mine Facility Description December 2013. Snow Peak Mining.

Snow Peak Mining. (2014). MTG Facility Description Addendum July20140709. Snow Peak Mining.

Walters, S. (2000). Review of Previous Base Metal Exploration for the Railway-Teasdale Horizon. GeoDiscovery Group.

Withnall, I. L. (1997). Chapter 8 Broken River Region. North Queensland Geology. AGSO Bulletin 240, and Queensland Department of Mines and Energy Geology 9.

- 103 -



Glossary

Actinolite A greenish variety of amphibole. Actinolite is a monoclinic mineral, and occurs in long, slender, green needle like crystals, or in fibrous, radiated forms in metamorphic rocks.

Albite A clear to milky white triclinic mineral of the plagioclase group. Albite is common in igneous rocks, especially granite, and in metamorphic rocks that formed at low temperatures. Chemical formula: $NaAlSi_3O_8$.

Allanite A rare black or brown mineral consisting of the hydrated silicate of calcium, aluminium, iron, cerium, lanthanum, and other rare earth minerals. It occurs in granites and other igneous rocks. Formula: $(Ca,Ce,La,Y)_2(Al,Fe,Be,Mn,Mg)_3(SiO_4)_3(OH)$.

Alluvium A fine-grained fertile soil consisting of mud, silt, and sand deposited by flowing water on flood plains, in riverbeds, and in estuaries.

Amphibole Any of a large group of minerals consisting of the silicates of calcium, iron, magnesium, sodium, and aluminium, usually in the form of long slender dark-coloured crystals. Members of the group, including hornblende, actinolite, and tremolite, are common constituents of igneous rocks.

Amphibolite A metamorphic rock consisting mainly of amphibole and plagioclase.

Andesite A grey, fine-grained volcanic rock. Andesite consists mainly of sodium-rich plagioclase and one or more mafic minerals such as biotite, hornblende, or pyroxene. It often contains small, visible crystals (phenocrysts) of plagioclase. It is the fine-grained equivalent of diorite.

And radite A species of the garnet group. It is a nesosilicate, with formula $Ca_3Fe_2Si_3O_{12}$. It occurs in skarns developed in contact metamorphosed impure limestones or calcic igneous rocks.

Anticline A formation of stratified rock raised up, by folding, into a broad arch so that the strata slope down on both sides from a common crest.

Apatite A natural, variously coloured calcium fluoride phosphate, $Ca_5F(PO_4)_3$, with chlorine, hydroxyl, or carbonate sometimes replacing the fluoride. It is a source of phosphorus for plants and is used in the manufacture of fertilizers.

Arkosic A sandstone consisting of grains of feldspar and quartz cemented by a mixture of quartz and clay minerals.

Sandstone A sedimentary rock formed by the consolidation and compaction of sand and held together by a natural cement, such as silica.

Axial Plane The axial plane of a fold is the plane or surface that divides the fold as symmetrically as possible.



Barite A colourless or white mineral consisting of barium sulphate in orthorhombic crystalline form, occurring in sedimentary rocks and with sulphide ores with the formula BaSO₄.

Biotite A dark-brown or dark-green to black mica, $K(Mg,Fe)_3(Al,Fe)Si_3O_{10}(OH)_2$, found in igneous and metamorphic rocks.

Batholith A large mass of igneous rock that has melted and intruded surrounding strata at great depths

Calc-Silicate Refers to a metamorphic rock consisting mainly of calcite and calcium-bearing silicates.

Chalcopyrite A brassy-yellow mineral, sometimes with an iridescent tarnish. It is a sulphide of copper and iron, CuFeS₂. Chalcopyrite is of primary origin and occurs in igneous and metamorphic rocks and in metalliferous veins. It is an important ore of copper and is widely distributed throughout the world.

Chert A hard, dense, sedimentary rock composed of fine-grained silica, characterized by a semivitreous to dull luster and a splintery to conchoidal fracture. Commonly gray, black, reddish brown, or green.

Chlorite Any of a group of greenish, platy hydrous monoclinic silicates of aluminum, ferrous iron, and magnesium which are closely associated with and resemble the micas.

Clinopyroxene The general term for any of those pyroxenes that crystallize in the monoclinic system.

Coeval Belonging to the same geological age.

Costean A trench or small pits through the surface soil or debris to the underlying rock in place, for the purpose of exposing the outcrop of a mineral deposit

Crenulation Cleavage A cleavage that is superposed on slaty cleavage or schistosity, characterized by spaced cleavage with thin tabular bodies of rock between the cleavage planes.

Dacite A light gray volcanic rock containing a mixture of plagioclase and other crystalline minerals in glassy silica, similar in appearance to rhyolite.

Dextral (Fault) A strike-slip fault in which an observer approaching the fault sees the opposite block as having moved to the right. Also known as right-lateral fault; right-lateral slip fault; right-slip fault.

DHTEM Downhole transient electromagnetic loop survey - a geophysical exploration technique in which electric and magnetic fields are induced by transient pulses of electric current and the subsequent decay response measured. TEM surveys are a very common technique for mineral exploration, groundwater exploration, and for environmental mapping, used throughout the world in both onshore and offshore applications.

Diagenesis Chemical and physical changes occurring in sediments during and after their deposition but before consolidation.



Dolerite A dark basic intrusive igneous rock consisting of plagioclase feldspar and a pyroxene, such as augite.

Durchbewegung Textures Rounded, intensely deformed inclusions of country rock set in an annealed sulphide matrix.

Duricrust A hard layer on or near the surface of soil. Duricrusts can range in thickness from a few millimeters or centimeters to several meters.

Epidote A green mineral consisting of hydrated calcium iron aluminium silicate in monoclinic crystalline form: common in metamorphic rocks with the formula $Ca_2(Al,Fe)_3$ (SiO₄)₃(OH).

Epigenetic ore deposition subsequent to the original formation of the enclosing country rock.

Exhalative Ore deposits which are interpreted to have been formed by release of ore-bearing hydrothermal fluids into a water reservoir (usually the ocean), resulting in the precipitation of stratiform ore.

Exhalite Referring to an 'exhalitive' chemical sedimentary rock formed as stratiform beds or lenses of rock that are spacially associated with VMS deposits.

Feldspar Any of a group of hard rock-forming minerals consisting of aluminium silicates of potassium, sodium, calcium, or barium being the principal constituents of igneous rocks. The group includes orthoclase, microcline, and the plagioclase minerals.

Foliation The arrangement of the constituents of a rock in leaf like layers, as in schists

Gahnite A dark green to brown or black mineral of the spinel group, consisting of zinc aluminium oxide - $ZnAl_2O_4$.

Galena a grey lead sulphide mineral, found in hydrothermal veins. It is the chief source of lead with the formula PbS.

Gangue Mineral A valueless and undesirable material, such as quartz in small quantities in an ore.

Garnet Any of several common, widespread aluminum or calcium silicate minerals occurring in two internally isomorphic series, (Mg,Mn,Fe)₃Al₂Si₃O₁₂ and Ca₃(Cr,Al,Fe)₂Si₃O₁₂, generally crystallized, often embedded in igneous and metamorphic rocks, and colored red, brown, black, green, yellow, or white and used both as gemstones and as abrasives.

GEOTEM A digital airborne geophysical survey system measuring variations in the earths electromagnetic field.

Gneiss A common and widely distributed type of rock formed by high-grade regional metamorphic processes from pre-existing formations that were originally either igneous or sedimentary rocks. It is foliated (composed of layers of sheet-like planar structures). The foliations are characterized by alternating darker and lighter coloured bands, called "gneissic banding".

Gossan An intensely oxidized, weathered or decomposed rock, usually the upper and exposed part of an ore deposit or mineral vein.



Greenschist Metamorphic rocks formed under low pressures and temperatures commonly by regional metamorphism and having an abundance of green minerals such as chlorite, serpentine and epidote.

Hyaloclastites A hydrated tuff-like breccia rich in black volcanic glass, formed during volcanic eruptions under water.

Ignimbrites The deposit of a pyroclastic density current, or pyroclastic flow.

Illmenite A titanium-iron oxide mineral with the idealized formula FeTiO₃.

Laminations A small scale sequence of fine layers (laminae) that occur in sedimentary rocks.

Leucogneiss A light coloured gneiss with very little dark minerals.

Magnetite One of the three common naturally occurring iron oxides (chemical formula Fe_3O_4) and a member of the spinel group.

Migmatitic A banded, granular metamorphic rock that contains light coloured bands with evidence for partial melting.

Molybdenite A mineral of molybdenum disulfide, MoS₂. Similar in appearance and feel to graphite.

Mylonite A fine-grained, compact rock produced by dynamic recrystallization of the constituent minerals resulting in a reduction of the grain size of the rock.

Neoproterozoic The unit of geologic time from 1,000 to 541 million years ago.

Ordovician In geologic time, the second period of the Paleozoic Era beginning 485 million years ago, following the Cambrian Period, and ending 443 million years ago.

Palaeochannel A remnant of an inactive river or stream channel that has been either filled or buried by younger sediment.

Paleozoic The earliest of three geologic eras of the Phanerozoic Eon, spanning from roughly 541 to 252 million years ago.

Parasitic Folds A fold of small wavelength and amplitude which usually occurs in a systematic form superimposed on folds of larger wavelength

Pegmatite A holocrystalline, intrusive igneous rock composed of interlocking phaneritic crystals usually larger than 2.5 cm in size.

Pelitic A metamorphosed fine-grained sedimentary rock.

Penetrative Foliation A continuous (penetrative) foliation deforms all of the grains in the rock. This can happen with coarse grains (schist) or fine grains (slate).

Peperites A sedimentary rock that contains fragments of igneous material and formed when magma comes into contact with wet sediments.



Permo-Carboniferous Referring to the time period including the latter parts of the Carboniferous and early part of the Permian period.

Polymetallic An ore that is the source of more than one metal suitable for recovery.

Porphyroblasts A large mineral crystal in a metamorphic rock which has grown within the finer grained groundmass.

Psammite A sedimentary rock consisting of sand consolidated with some cement.

Pyrite An iron sulphide with the chemical formula FeS₂.

Pyroxene A group of important rock-forming inosilicate minerals found in many igneous and metamorphic rocks.

Pyrrhotite A mineral composed of iron sulfide and of a bronze yellow color.

Radiometrics The radiometric, or gamma-ray spectrometric method is a geophysical process used to estimate concentrations of the radioelements potassium, uranium and thorium by measuring the gamma-rays which the radioactive isotopes of these elements emit during radioactive decay.

Reverse Circulation ('RC') A drilling method using rods with inner and outer tubes, the drill cuttings are returned to the surface inside the rods with circulation achieved by blowing air down the annulus of the rod, the differential pressure creating air lift of the water and cuttings up the inner tube which is inside each rod.

Reverse Thrust Thrust faults typically have low dip angles. A high-angle thrust fault is called a reverse fault. The difference between a thrust fault and a reverse fault is in their influence.

Rhyolite A pale fine-grained volcanic rock of granitic composition, typically porphyritic in texture.

Schist A medium-grade metamorphic rock with medium to large, flat, sheet-like grains in a preferred orientation (nearby grains are roughly parallel). It is defined by having more than 50% platy and elongated minerals, often finely interleaved with quartz and feldspar.

Shrimp Zircon Age A Sensitive High Resolution Ion Micro Probe ('SHRIMP') device analyses the age of crystals by measuring their lead and uranium content.

Sillimanite An alumino-silicate mineral with the chemical formula Al₂SiO₅.

Siltstone A sedimentary rock which has a grain size in the silt range, finer than sandstone and coarser than claystones.

Silurian The geologic period and system that extends from the end of the Ordovician Period, about 443 million years ago, to the beginning of the Devonian Period, about 419 million years ago.

Sinistral Sinistral (and dextral) refer to the horizontal component of movement of blocks on either side of a fault or the sense of movement within a shear zone.

Snow Peak Mining Pty Ltd Central Region Project October 2014

Skarn The metamorphic zone developed in the contact area around igneous rock intrusions when carbonate sedimentary rocks are invaded by large amounts of silicon, aluminum, iron, and magnesium.

Sphalerite A zinc sulphide mineral with a chemical composition of (Zn,Fe)S. It is found in metamorphic, igneous, and sedimentary rocks, is the most commonly encountered zinc mineral and the world's most important ore of zinc.

Staurolite A mineral that is commonly found in metamorphic rocks such as schist and gneiss. It forms when shale is strongly altered by regional metamorphism.

Syn-Sedimentary A fault or fold that forms or grows within a sediment during sedimentation.

Tonalite An igneous, plutonic (intrusive) rock, of felsic composition, with phaneritic texture.

Tuffaceous A rock composed of compacted volcanic ash varying in size from fine sand to coarse gravel.

Turbiditic Sediments A sedimentary deposit formed by a turbidity current. Turbidites usually consist of a sequence of sediments in which the bottom layers contain the coarsest grains and the upper layers the finest.

Uraninite A radioactive, uranium-rich mineral and ore with a chemical composition that is largely UO_2 , but due to oxidation the mineral typically contains variable proportions of U_3O_8 .

Volcaniclastics Refers to all clastic sediments composed mainly of particles of volcanic origin, regardless of how the sediment formed.

Volcanogenic Massive Sulphide ('VMS') A type of metal sulphide ore deposit, mainly Cu-Zn which are associated with and created by volcanic-associated hydrothermal events in submarine environments.

Zoisite A calcium aluminium hydroxy sorosilicate belonging to the epidote group of minerals.

- 109 -