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24 March 2015

The Directors
Monteray Mining Group Limited
Ground Floor, 16 Ord Street
WEST PERTH WA 6005

The Independent Expert has concluded that the transactions related to the issues of a total of 193,958,857 shares and 83,125,226 performance shares in Monteray Mining Group Limited to Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband as part of the consideration for the acquisition of Norwood Systems Pty Ltd and the issue of up to 5,000,000 shares to Chillcast as part of the Capital Raising of the Company and the resulting relevant interest that those parties and Mr Paul Ostergaard and Mrs Fiona Meiklejohn will hold in the Shares, the subject of Resolution 3 outlined in this Notice of General Meeting ("Notice") is <u>not fair but reasonable</u> to Shareholders of the Company (not associated with the Ostergaard Shareholders, Paul Ostergaard and Fiona Meiklejohn) as at the date of this report.

Dear Sirs

Re: MONTERAY MINING GROUP LIMITED (ABN 15 062 959 540) ("MONTERAY" OR 'THE COMPANY") ON THE PROPOSAL TO ISSUE A TOTAL OF 193,958,857 ORDINARY SHARES (AS PART OF THE ISSUE OF A TOTAL OF 368,058,888 ORDINARY SHARES) AND 83,125,226 PERFORMANCE SHARES (AS PART OF THE ISSUE OF A TOTAL OF 157,739,522 PERFORMANCE SHARES) TO MR PAUL OSTERGAARD AND MRS FIONA MEIKLEJOHN AS TRUSTEES OF THE OSTERGAARD FAMILY TRUST AND OCEAN BROADBAND AS PART CONSIDERATION TO ACQUIRE 100% OF NORWOOD SYSTEMS PTY LTD ("NORWOOD") FROM THE VENDORS AND THE ISSUE OF UP TO 5,000,000 SHARES IN THE COMPANY TO CHILLCAST (ASSOCIATED WITH PAUL OSTERGAARD) AS PART OF THE CAPITAL RAISING BEING UNDERTAKEN BY THE COMPANY AND THE RESULTING RELEVANT INTEREST THAT THOSE PARTIES AND MR PAUL OSTERGAARD AND MRS FIONA MEIKLEJOHN WILL HOLD IN THE SHARES - SHAREHOLDERS MEETING PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 ("TCA")

1. Introduction

1.1 We have been requested by the Directors of Monteray to prepare an Independent Expert's Report to determine the fairness and reasonableness as noted in Resolution 3 of the Notice.

Resolution 3 relates, inter-alia, to the issues of:

- 166,548,715 ordinary shares and 71,378,022 performance shares (and the issue of 71,378,022 shares on the performance shares meeting the performance milestones as noted below) to Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust as consideration for their shares in Norwood;

- 27,410,142 ordinary shares and 11,747,204 performance shares (and the issue of 11,747,204 shares on the performance shares meeting the performance conditions as noted below) to Ocean Broadband Ltd ("Ocean Broadband"), (a company in which Paul Ostergaard has over a 20% shareholding interest in) as consideration for its shares in Norwood; and

- Up to 5,000,000 shares at 2 cents each to Chillcast Pty Ltd ("Chillcast"), (a company in which Paul Ostergaard has a shareholding of over 20% in) as part of a Capital Raising of a minimum of $4,000,000 and a maximum of $5,500,000 as noted below and in Resolution 6 in the Notice.

  Chillcast is not one of the Vendors of Norwood.

  Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust, Ocean Broadband and Chillcast are known in this report as "the Ostergaard Shareholders".

  The issues of 193,958,857 ordinary shares (made up of the 166,548,715 shares and 27,410,142 shares as noted above) and the issue of 83,125,226 Performance Shares (made up of the 71,378,022 performance shares and 11,747,204 performance shares as noted above) to Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband are part of the issue of a total of 368,058,888 ordinary shares and 157,739,522 performance shares to the shareholders and convertible note holders ("Vendors") of Norwood (as noted in paragraphs 1.4/1.5 below) and in the Notice of Meeting of Shareholders ("Notice") (Resolutions 1 and 5) and Section 3 of the Explanatory Memorandum ("EM") attached to the Notice.

  Mr Paul Ostergaard, as trustee of the Ostergaard Family Trust, will be the holder of the Shares and Performance Shares to be issued to the Ostergaard Family Trust and he has an interest of over 20% in the issued capital of Ocean Broadband and Chillcast. Accordingly, Mr Paul Ostergaard will have a relevant interest in the Shares and Performance Shares proposed to be issued to all of the Ostergaard Shareholders.

  Mrs Fiona Meiklejohn, as trustee of the Ostergaard Family Trust, will be the holder of the Shares and Performance Shares to be issued to the Ostergaard Family Trust. Accordingly, Mrs Fiona Meiklejohn will have a relevant interest in the Shares and Performance Shares proposed to be issued to Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust.

  In addition the Company has agreed to issue up to 43,593,213 share options to past and present advisors and employees of Norwood at completion of the Acquisition (Resolution 5 of the Notice refers).

1.2 It is proposed that Monteray will acquire 100% of the issued capital of Norwood as initially announced to the market on 9 December 2014.

1.3 The proposal to acquire 100% of the issued capitals in Norwood is known in this letter as the Acquisition. Norwood is an Australian company focused on the commercialisation of advanced alternative roaming solutions (Corona System) to reduce significantly mobile phone voice roaming charges for corporate travellers, whilst improving connectivity to their corporate telephony networks when on the road.

1.4 The key terms of the Acquisition are as follows:

i) Non refundable deposit of $25,000 (paid on the date of announcement of the Acquisition to the ASX);

ii) An additional $50,000 non refundable deposit payable at the completion of the mutual due diligence period being 19 December 2014 (paid);

iii) Issue of 368,058,888 fully paid ordinary shares in the capital of the Company ("Consideration Shares") (refer below);

iv) Issue of 157,739,522 performance shares ("Performance Shares") which will convert to fully paid ordinary shares in the Company upon the achievement of the following Milestones:

- 78,869,761 Norwood Class A Performance Shares which convert upon Norwood being awarded two separate "Material Contracts" whereby a Material Contract is defined as a contract with a third party which generates gross revenue to Norwood of at least $200,000 in any 12 month consecutive period ("A Milestone"); and

- 78,869,761 Norwood Class B Performance Shares which convert upon Norwood generating gross revenue for any 12 month consecutive period of at least $3,000,000 ("B Milestone"); and

(v) The issue of up to 43,593,213 share options ("Norwood Acquisition Options") in Monteray exercisable at 2 cents each within three years of the date of grant. The Norwood Acquisition Options are to be issued to various past and present employees and advisers of Norwood.

The Term Sheet of December 2014 contemplated that the Company would issue 350,000,000 shares and 150,000,000 performance shares as part of the consideration for the Acquisition. However, the Term Sheet contemplated that Norwood could issue convertible notes on terms agreed between the Company and Norwood prior to completion of the Acquisition with such convertible notes to be converted to Norwood shares prior to completion and to be acquired by the Company on the same terms and conditions as other Norwood shareholders. Norwood has issued convertible notes with aggregate face values of $354,050 which are to be converted to Norwood shares prior to completion. The Company is to acquire these additional Norwood shares on the same terms and conditions as other Norwood shareholders and the aggregate consideration for the Acquisition has been adjusted to 368,058,888 Consideration Shares and 157,739,522 Performance Shares to provide for the acquisition of the shares issued on conversion of the Norwood convertible notes (refer to section 3.2 of the EM for further information).

We have not considered the issue of the Norwood Acquisition Options as part of the cost of acquiring all of the shares in Norwood but as a cost to recognise the services of past and present employees and advisers of Norwood.

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

- each Vendor entering into a sale agreement with the Company to sell their shares in Norwood to the Company on completion of the Acquisition;
- the Company receiving subscriptions for the minimum amount under the Capital Raising;
- the Company obtaining shareholder approval of the Acquisition Resolutions (as defined in the Notice); and
- the Company obtaining all necessary regulatory approvals to give effect to the Acquisition including re-compliance with Chapters 1 and 2 of the Listing Rules on terms which the Company believes are capable of satisfaction.

It is intended that the formal sale and purchase agreement will also include a condition of the Acquisition that each Vendor waives any pre-emptive rights in respect of the sale of other shares in Norwood to the Company or the Company being satisfied that at completion of the Acquisition there will be no pre-emptive rights in respect of the sale of Norwood shares.

The parties have agreed to enter into a formal sale and purchase agreement, consistent with the terms of the Term Sheet, to more fully document the terms of the Acquisition and replace the Term Sheet. The sale and purchase agreement will contain detailed warranties and representations from Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust regarding Norwood and its business. Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust will assist the Company to obtain sale and purchase agreements from each of the Vendors other than Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust to sell 100% of their Norwood holdings to the Company with simple warranties as to title and no encumbrances.

The formal sale and purchase agreements have not yet been executed.

1.5 Resolution 1 in the Notice refers to the issue of 368,058,888 Consideration Shares and 157,739,522 Performance Shares to the Vendors of Norwood including Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband as part consideration for Monteray to obtain a shareholding interest of 100% of the issued capital of Norwood whilst Resolution 5 refers to the issue of up to 43,593,213 Norwood Acquisition Options to be issued to past and present employees and advisers of Norwood on completion of the Acquisition. As noted, 166,548,715 Consideration Shares (of the 368,058,888 Consideration Shares) and 71,378,022 Performance Shares (of the 157,739,523 Performance Shares) are to be issued to the Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and 27,410,142 Consideration Shares (of the 368,058,888 Consideration Shares) and 11,747,204 Performance Shares (of the 157,739,523 Performance Shares) are to be issued to Ocean Broadband (and allowing ordinary shares in Monteray to be issued if the Performance Share Milestones are met).

1.6 On 9 December 2014 the Company announced that it had appointed Azure Capital Limited ("Azure") as lead manager for a minimum capital raising of a gross $3,750,000 ("Capital Raising") but we have been advised that the minimum Capital Raising will now be $4,000,000. For purposes of this report, we have assumed a minimum Capital Raising of a gross $4,000,000. The Capital Raising Shares will be issued at 2 cents each and the number of Capital Raising Shares to be issued would lie in the range of 200,000,000 (Minimum Capital Raising) and 275,000,000 (Maximum Capital Raising). The Company is seeking approval to issue up to 275,000,000 Capital Raising Shares to raise up to $5,500,000 and Resolution 6 in the Notice refers to the Capital Raising.

As part of the Capital Raising, Chillcast, will subscribe for up to 5,000,000 Capital Raising Shares at 2 cents each and thus pay Monteray $100,000. Paul Ostergaard has an interest of over 20% in the issued capital of Chillcast.

1.7 Under Paragraph 606 of the Corporations Act 2001 ('TCA"), a person must not acquire a relevant interest in issued voting shares in a company if because of the acquisition, that persons' or someone else's voting power in the company increases:

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

There are various exceptions to the prohibition in Section 606, detailed in Section 611 of the Corporations Act. Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any 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.

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

1.8 On completion of the Acquisition and Capital Raising Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust will receive 166,548,714 Consideration Shares, Ocean Broadband would receive 27,410,142 Consideration Shares and Chillcast would receive up to 5,000,000 Capital Raising Shares. The total shareholding that Paul Ostergaard would have a relevant interest in would be 198,958,857 ordinary shares that would represent an approximate 28.47% shareholding interest in Monteray prior to the conversion of any Consideration Performance Shares and Norwood Acquisition Options and the total shareholding that Fiona Meiklejohn would have a relevant interest in would be 166,548,714 ordinary shares that would represent an approximate 23.83% shareholding interest in Monteray prior to the conversion of any Consideration Performance Shares and Norwood Acquisition Options

Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust will receive 35,689,011 Norwood Class A Performance Shares and 35,689,011 Norwood Class B Performance Shares on completion of the Acquisition and Ocean Broadband will receive 5,873,602 Norwood Class A Performance Shares and 5,873,602 Norwood Class B Performance Shares on completion of the Acquisition.

If all 78,869,761 Norwood Class A Performance Shares convert into ordinary shares upon satisfaction of the A Milestone, the ordinary shareholding interest that Paul Ostergaard would have a relevant interest in (through the shareholdings of the Ostergaard Shareholders) will increase to 240,521,459 ordinary shares in Monteray that would represent an approximate 30.93% of the expanded issued ordinary capital of Monteray and the ordinary shareholding interest that Fiona Meiklejohn would have a relevant interest in (through the shareholding of the Ostergaard Family Trust) will increase to 202,237,726 ordinary shares in Monteray that would represent an approximate 26.00% of the expanded issued ordinary capital of Monteray.

If all 78,869,761 Norwood Class B Performance Shares convert to ordinary shares upon satisfaction of the B Milestone (and assuming all of the Norwood Class A Performance Shares have converted to ordinary shares), the ordinary shareholding interest that Paul Ostergaard would have a relevant interest in will increase to 282,084,072 ordinary shares in Monteray that would represent an approximate 32.93% of the expanded issued ordinary capital of Monteray and the ordinary shareholding interest that Fiona Meiklejohn would have a relevant interest in will increase to 237,926,737 ordinary shares in Monteray that would represent an approximate 27.78% of the expanded issued ordinary capital of Monteray.

1.9 Resolution 3 seeks shareholder approval under Section 611 (Item 7) of TCA to the issue by Monteray of 193,958,857 Consideration Shares and 83,125,226 Performance Shares (that may result in the issue of a further 83,125,226 ordinary shares in Monteray) to Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband as consideration for the Acquisition of those parties' shares in Norwood and up to 5,000,000 Capital Raising Shares to Chillcast and the resulting relevant interest that those parties and Mr Paul Ostergaard and Mrs Fiona Meiklejohn will hold in the Shares. Resolution 1 noted that a total of 368,058,888 Consideration Shares and 157,739,522 Performance Shares are to be issued to the Vendors of Norwood as part consideration for the Acquisition of all of the shares in Norwood.

1.10 The Company is seeking the approval of shareholders under Section 611 (Item 7) of TCA for the purposes of Section 606 of TCA because, at the time of issuing the new shares pursuant to Resolution 3:

(a) Paul Ostergaard will hold voting power in the Company of approximately 28.47% (assuming that a gross $4,000,000 is raised under the Capital Raising and 200,000,000 Capital Raising Shares issued) and the voting power of Paul Ostergaard could rise to 32.93% as noted above; and

(b) Fiona Meiklejohn will hold voting power in the Company of approximately 23.83% (assuming that a gross $4,000,000 is raised under the Capital Raising and 200,000,000 Capital Raising Shares issued) and the voting power of Fiona Meiklejohn could rise to 27.78% as noted above.

An independent expert is therefore required to report on the fairness and reasonableness of the issue of Consideration Shares and Performance Shares (along with the issue of up to 5,000,000 Capital Raising Shares) to the Ostergaard Shareholders and the resulting relevant interest that those parties and Mr Paul Ostergaard and Mrs Fiona Meiklejohn will hold in the Shares as noted above pursuant to a Section 611 (Item 7) meeting.

1.11 An independent expert's report should accompany the Notice stating whether the proposals to issue a total of 193,958,857 Consideration Shares and 83,125,226 Performance Shares to Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband and the issue of 5,000,000 Capital Raising Shares to Chillcast as noted above are fair and/or reasonable to the shareholders of Monteray not associated with the Ostergaard Shareholders, Paul Ostergaard and Fiona Meiklejohn.

To assist shareholders in making a decision the directors have requested that Stantons International Securities Pty Ltd prepare an Independent Expert's Report to report on the proposals as outlined in Resolution 3 (we are not reporting on the fairness and/or reasonableness of the other Resolutions contained in the Notice), however for us to report on the fairness and reasonableness of the proposals under Resolution 3 as they relate to the Ostergaard Shareholders, Paul Ostergaard and Fiona Meiklejohn, we need to consider the fairness and reasonableness of the Acquisition itself, including the issue of all of the 368,058,888 Consideration Shares and 157,739,522 Performance Shares (Resolution 1 refers).

This report thus also addresses the issues of whether the proposals to issue a total of 369,058,888 Consideration Shares and 157,739,522 Performance Shares to the Vendors of Norwood as part consideration to acquire all of the share capital of Norwood are fair and reasonable to the shareholders of Monteray not associated with the Vendors.

1.12 There are 14 resolutions being put to the shareholders. Resolution 1 relates to the approval of the issue of 368,058,888 Consideration Shares and 157,739,522 Performance Shares (and issue of ordinary shares if the performance milestones are met); Resolution 2 relates to the approval to issue a new class of securities (being the Performance Shares); Resolution 3 relates to the approval to the issue of securities to the Ostergaard Shareholders and the resulting relevant interest that those parties and Mr Paul Ostergaard and Mrs Fiona Meiklejohn will hold in the Shares; Resolution 4 relates to the approval to make a significant change in the nature and scale of activities; Resolution 5 relates to the approval of the issue of up to 43,593,213 Norwood Acquisition Options; Resolution 6 relates to the authority for the Company to the issue of up to 275,000,000 Capital Raising Shares to various investors at an issue price of 2.0 cents each to raise up to $5,500,000; Resolution 7 relates to the proposal to change the Company's name to Norwood Systems Limited; Resolution 8 relates to the approval to appoint Paul Ostergaard as a Director of Monteray following completion of the Norwood Acquisition; Resolution 9 relates to the approval to appoint Amit Pau as a Director of Monteray following completion of the Norwood Acquisition; Resolution 10 relates to the approval for Michael Edwards to subscribe for up to 2,500,000 Capital Raising shares at 2 cents each; Resolution 11 relates to the approval for John Hannaford to subscribe for up to 10,000,000 Capital Raising shares at 2 cents each pursuant to the Capital Raising; Resolution 12 relates to the approval for Sandy Barblett to subscribe for up to 1,500,000 Capital Raising shares at 2 cents each pursuant to the Capital Raising; Resolution 13 relates to the approval for Chillcast Pty Ltd to subscribe for up to 5,000,000 Capital Raising shares at 2 cents each pursuant to the Capital Raising; and Resolution 14 relates to the approval to issue 15,000,000 Capital Raising Advisory Options, exercisable at 2 cents each, on or before the date that is 3 years from the date of grant of such share options.

We are not reporting on the merits or otherwise of Resolutions 1, 2 and 4 to 14 but note that for us to report on the proposals as noted in Resolution 3 we in effect are required to opine on the fairness and reasonableness of the proposal to issue a total of 369,058,888 Consideration Shares and 157,739,522 Performance Shares to the Vendors of Norwood as part consideration to acquire all of the share capital of Norwood.

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

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of Monteray and Norwood
- Future direction of Monteray
- Basis of valuation of Monteray shares
- Value of consideration
- Basis of valuation of Norwood
- Fairness of the Acquisitions
- Conclusion as to fairness
- Reasonableness of the offers
- Conclusion as to reasonableness
- Sources of information
- Appendices A and B and our Financial Services Guide

1.14 In determining the fairness and reasonableness of the Acquisition of 100% of the shares of Norwood, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness).

The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair.

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

1.15 In our opinion, the proposed Acquisition of Norwood may, on balance, taking into account the factors referred to in section 12 below and elsewhere in this report, be considered to be not fair but reasonable to the shareholders of Monteray (not associated with the Vendors) as at the date of this report.

Thus, in our opinion, the proposals under Resolution 3 for the issue of 193,958,857 Consideration Shares and 83,125,226 Performance Shares to Mr Paul Ostergaard and Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband as consideration to acquire those parties ordinary shares in Norwood (and allowing the issue of up to 83,125,226 ordinary shares on conversion of the Performance Shares) and the issue of up to 5,000,000 Capital Raising Shares to Chillcast as part of the Capital Raising and the resulting relevant interest that those parties and Mr Paul Ostergaard and Mrs Fiona Meiklejohn will hold in the Shares may on balance be considered to be not fair but reasonable to the shareholders of Monteray at the date of this report.

1.16 The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. **Implications of the Proposals**

2.1 As at 24 March 2015, there were 130,800,710 ordinary fully paid shares on issue in Monteray. The top 20 shareholders list as at 3 March 2015 discloses the following:

Shareholder	No. of fully paid shares	% of issued fully paid shares
Robert Edward McCleve	10,000,000	7.65
Riverview Corporation Pty Ltd	8,276,354	6.33
Jaek Holdings Pty Ltd	7,031,992	5.38
Troca Enterprises Pty Ltd	5,292,020	4.28
Walter Scott Wilson and Marie Andrea Wilson	4,612,168	3.53
	35,212,534	27.17

The top 20 shareholders as per the top 20 shareholders list at 3 March 2015 owned approximately 66.68% (72,876,944 shares) of the ordinary issued capital of the Company.

2.2 As at 24 March 2015 the share options on issue are 9,000,000 unlisted share options outstanding with exercise prices between 25 cents and 40 cents. Post Acquisition, there will be the following share options outstanding:

- 2,000,000 exercisable at 25 cents on or before 30 November 2015;
- 5,000,000 exercisable at 25 cents on or before 30 November 2016;
- 1,000,000 exercisable at 30 cents on or before 8 October 2015;
- 1,000,000 exercisable at 40 cents on or before 8 October 2016;
- 43,593,213 exercisable at 2.0 cents each on or before three years from date of issue (expected to be issued in April 2015);
- 15,000,000 exercisable at 2 cents each on or before three years from date of issue (expected to be issued in April 2015);

2.3 If the Acquisition is completed, the collective shareholding of the Norwood shareholders would approximate 52.67% assuming a minimum Capital Raising of $4,000,000 at 2 cents per share. The collective interests of the Ostergaard Shareholders (and the relevant interest of Paul Ostergaard) would approximate 28.47% and the interest of Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust (and the relevant interest of Mrs Fiona Meiklejohn) would approximate 23.83%. Section 3.8(b) of the EM breaks down the percentage interests of each of the interests of the Ostergaard Shareholders.

The movement in the issued capital of the Company, assuming a minimum Capital Raising of a gross $4,000,000 may be:

	No. of Shares
Shares on issue at 24 March 2015	130,800,710
Capital Raising Shares (Minimum raising)	200,000,000
Issue of Consideration Shares to the Norwood Shareholders and ex convertible note holders	368,058,888
Shares on Issue post the Acquisition	**698,859,598**
Potential issue of Norwood Class A Performance Shares to the Vendors	78,869,761
Sub Total	**777,729,359**
Potential issue of Norwood Class B Performance Shares to the Vendors	78,869,761
Shares on issue post conversion of all Performance Shares to ordinary shares	**856,599,120**
Potential issue of ordinary shares on exercise of the Norwood Acquisition Options	43,593,213
Shares on issue post conversion of all Performance Shares to ordinary shares and exercise of all Norwood Acquisition Options	**900,192,333**
Potential issue of the Capital Raising Advisory Options	15,000,000
SUB TOTAL	**915,192,333**
Potential issue of ordinary shares on exercise of existing share options with exercise prices between 25 cent and 40 cents (unlikely to be exercised before the relevant expiry dates)	9,000,000
Potential shares on issue if all Milestones are met and all Options exercised	**924,192,333**

It is assumed that the existing share options will not be exercised as they are significantly “out of the money”. In addition, the Company has on issue 1,000,000 Class A Performance Shares that convert to ordinary shares on a 1 for 1 basis upon the Monteray Group announcing a JORC inferred resource of greater than 500,000 ounces before 8 October 2017 and a further 1,000,000 Class B Performance Shares that convert to ordinary shares on a 1 for 1 basis upon the Monteray Group announcing a JORC inferred resource of greater than 1,000,000 ounces before 8 October 2017. Based on information received to date, it is unlikely that the gold inferred resource milestones will be met before 8 October 2017.

2.5 The current Board of Directors is expected to change in the near future as a result of the Norwood Acquisition. The Board is currently comprised of Sandy Barblett, Andrew Habets and Michael Edwards. The Company Secretary is Brett Tucker. Mr Paul Ostergaard will become the Managing Director of the Company post Acquisition (Resolution 8 refers) and Mr Amit Pau (Resolution 9 refers) will also become a new director of Monteray from completion of the Norwood Acquisition). Norwood is also considering a third nominee to nominate as an independent chairman. It is expected that Messrs Habets and Barblett will resign as Directors following completion of the Acquisition. Further directors may be appointed at a later stage following completion of the Acquisition.

2.6 Norwood will become a legally wholly owned subsidiary of Monteray post Acquisition. In addition to the Consideration Shares and Performance Shares, Monteray has paid (all before 31 December 2014) non refundable deposits totalling $75,000. Under the agreements relating to the Acquisition, net liabilities of Norwood are not to exceed $500,000 at the date of signing the formal sale agreement for the Acquisition. In addition, the Company has agreed to issue

Norwood Acquisition Options to past and present employees and advisers of Norwood on completion of the Acquisition.

2.7 We have been advised that the Company proposes to raise a minimum of $4,000,000 (200,000,000 shares at 2 cents each) and a maximum of $5,000,000 (275,000,000 shares at 2 cents each). The completion of the Capital Raising is a condition precedent to completion of the Acquisition. The majority of the funds raised will be used by the Company in 2015 to finance the working capital and development capital requirements of Norwood.

2.8 In the event that 200,000,00 Capital Raising shares are issued and 368,058,888 Consideration Shares are issued to the Norwood Vendors, the Norwood Vendors combined would own approximately 52.67% of the expanded issued ordinary capital of Monteray totalling 698,859,598 shares on issue.

The Ostergaard Shareholders will own 198,958,846 shares in Monteray (which Paul Ostergaard will have a relevant interest in) that would represent an approximate 28.47% shareholding interest in Monteray prior to the conversion of any Performance Shares and Norwood Acquisition Options.

Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust will own 166,548,715 shares in Monteray (which Fiona Meiklejohn will have a relevant interest in) that would represent an approximate 23.83% shareholding interest in Monteray prior to the conversion of any Performance Shares and Norwood Acquisition Options.

2.9 As noted above, the Company may issue 157,739,522 Performance Shares to the Vendors of Norwood pursuant to the Norwood Acquisition. The Performance Shares will convert to fully paid ordinary shares in Monteray upon the achievement of the A Milestone and B Milestone as noted in section 1.4 of this report.

As noted above, Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband will receive 41,562,612 Norwood Class A Performance Shares and 41,562,612 Norwood Class B Performance Shares on completion of the Acquisition.

If all 78,869,761 Norwood Class A Performance Shares convert to ordinary shares upon satisfaction of the Class A Milestone, the ordinary shareholding interest that Paul Ostergaard would have a relevant interest in (through the shareholdings of the Ostergaard Shareholders but excluding Chillcast) will increase to 235,521,470 ordinary shares in Monteray that would represent an approximate 30.28% of the expanded issued ordinary capital of Monteray and the ordinary shareholding interest that Fiona Meiklejohn would have a relevant interest in (through the shareholding of the Ostergaard Family Trust) will increase to 202,237,726 ordinary shares in Monteray that would represent an approximate 26.00% of the expanded issued ordinary capital of Monteray.

If all 78,869,761 Norwood Class B Performance Shares convert to ordinary shares upon satisfaction of the Class B Milestone, the ordinary shareholding interest that Paul Ostergaard would have a relevant interest in (through the shareholdings of the Ostergaard Shareholders but excluding Chillcast) will increase to 277,084,078 ordinary shares in Monteray that would represent an approximate 32.35% of the expanded issued ordinary capital of Monteray and the ordinary shareholding interest that Fiona Meiklejohn would have a relevant interest in (through the shareholding of the Ostergaard Family Trust) will increase to 237,926,737 ordinary shares in Monteray that would represent an approximate 27.78% of the expanded issued ordinary capital of Monteray.

2.10 In the event that all the Performance Shares convert to ordinary shares in Monteray, (each Milestone needs to be met) the percentage interests of the Vendors collectively (including Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband) and in the absence of any other share issues will be as follows:

After conversion of Norwood Class A Performance Shares - approximately 57.47%

After conversion of Norwood Class B Performance Shares - approximately 61.38%

Including the up to 5,000,000 Capital Raising Shares to be issued to Chillcast, the voting power of Paul Ostergaard would approximate 30.93% after conversion of Norwood Class A Performance Shares and approximately 32.93% after conversion of Norwood Class B Performance Shares. Chillcast is not one of the Vendors of Norwood.

The voting power of Fiona Meiklejohn would approximate 26.00% after conversion of Norwood Class A Performance Shares and approximately 27.78% after conversion of Norwood Class B Performance Shares.

The past and present employees and advisors of Norwood will be issued up to 43,593,213 Norwood Acquisition Options as noted above. To exercise the share options these parties would need to pay to Monteray, a total of approximately $871,864. The past and present employees and advisors of Norwood would then own approximately 4.84% of the expanded issued capital of Monteray assuming the minimum capital raising and all Performance Shares are also converted to ordinary shares in Monteray.

2.11 Mr Paul Ostergaard as the new Managing Director of Monteray (will then be called Norwood Systems Limited) will be paid a base salary of $175,000 per annum, to be reviewed after six months, a six months notice period, a cash bonus of $25,000 upon achievement of each of the first two Material Contracts secured by Norwood and participation in a Employee Share Option Plan ("ESOP") planned to be adopted by Monteray, subject to shareholder approval.

3. Corporate History and Nature of Businesses

Monteray

3.1 Principal Activities and Significant Assets

Monteray is an ASX listed mineral exploration and evaluation company having achieved an ASX listing in 1995. It has over the past year divested itself of some of its mineral exploration assets (all Western Australian mineral interests) and has entered into option agreements with SEFAMO Inc ("SEFAMO") on 4 of its 8 mineral permits (now to be four as noted below) in Burkina Faso (all exploration activity by Monteray in Burkina Faso ceased in early 2014 except for some minor work). On 27 March 2014, it entered into an option agreement with SEFAMO whereby SEFAMO could own 90% of the Bilakongo and Tigan permits (10% would be free carried unless SEFAMO exercises an option to purchase the remaining interest for an additional payment of US$1,500,000) and 100% of the Kana permit in Burkina Faso for:

- Cash payment of US$50,000 to Monteray;
- Cash payment of US$90,000 to Kana vendors;
- Exploration funding commitment of US$80,000 and payment to Monteray of US$55,000 within one year of signing;
- Exploration funding commitment of an additional US$240,000 and payment to Monteray of US$55,000 within two years of signing; and
- Exploration funding commitment of an additional US$480,000 and payment to Monteray of US$70,000 within three years of signing.

If SEFAMO incurs and pays all costs it will own 100% of the Kana permit and 90% of the Bilakongo and Tigan permits.

On 30 May 2014, it entered into an option agreement with SEFAMO whereby SEFAMO could own 100% of the Dabokuy permit in Burkina Faso for:

- Cash payment of US$20,000 to Monteray;
- Exploration funding commitment of US$80,000 and payment to Monteray of US$20,000 within one year of signing; and
- Exploration funding commitment of an additional US$120,000 and payment to Monteray of US$30,000 within two years of signing.

If SEFAMO incurs and pays all costs it will own 100% of the Dabokuy permit.

The Monteray Group own outright the Kara, Bouna permits and have an option to acquire the Pepin and Guimba permits in Burkina Faso but had conducted limited exploration activities on such projects. In March 2015, we have been advised that all such permits are in the process of being surrendered and the option agreements cancelled. The valuer as noted below has thus ascribed a nil low and preferred value to the permits but as they are still technically owned or under option by the Monteray Group and following VALMIN Code guidelines has applied a high valuation (although the Monteray Group will receive no consideration).

A summary audit reviewed consolidated balance sheet, as adjusted (consolidated statement of financial position) of Monteray as at 31 December 2014 is noted elsewhere in this report (subsequently reduced as noted in paragraph 5.4.1 below).

Norwood

3.2 Principal Activities, Significant Assets and Shareholdings

Norwood's Business

Norwood was incorporated in October 2011 with the objective of developing and supplying high quality global telephony mobility and roaming solutions for mid-size to large organisations. Norwood has developed service platforms that provide travellers with seamless access to high-quality, low-cost voice global telecommunications services, including CORONA (**CO**rporate **RO**aming **N**etwork **A**ccess); Norwood's award-winning ('New Product' 2014 category winner at the prestigious National iAwards, amongst others) platform targeting corporate travellers. The other platform developed is EUROPA (**E**nd-**U**ser **RO**aming **P**ersonal **A**ccess); Norwood's personal roaming platform, currently scheduled for release H1 CY2015, and targeting the individual frequent traveller.

Both service platforms are underpinned by Norwood's cloud service technology providing worldwide "shared economy" access to high-quality low-cost telecommunications providers.

The CORONA platform is currently live and has been adopted by users from several corporate organisations and utilised on 6 continents. To date, these users have collectively utilised 2 million seconds of airtime on the CORONA platform.

Financial History

Since incorporation, Norwood has been focused on technology development as it has designed and tested its novel international roaming solutions. Norwood's activities have principally involved raising money (through a mix of equity and convertible notes) and applying those proceeds towards designing and trialling its CORONA and EUROPA platforms.

As a result, the only revenue Norwood received during the financial year ended 30 June 2014 was interest and other sundry receipts totalling $1,434 and it recorded a net loss for the financial year of $1,170,081 and for the financial half year ended 31 December 2014 interest and other sundry receipts totalled $nil and it recorded a net loss for the financial half year of $675,710.

Business Model

Norwood will initially target the corporate voice roaming market with its CORONA platform.

Norwood's CORONA platform seamlessly connects its clients' end-users to nearby landline telephony networks at a significantly reduced cost compared to average prevailing international roaming rates.

CORONA integrates users' compatible mobile devices securely and seamlessly with their organisation's existing corporate telephony network independent of their location so that users do not need to change their calling behaviour. Further, the user will not be charged any upfront cost and no hardware is required as the software-based solution leverages existing communications infrastructure.

The development and refining of the CORONA platform has now largely been completed with a high level of customer adoption as evidenced by increasing average usage per user per month. New funds proposed to be raised pursuant to the Acquisition are to be mainly applied towards enhancing Norwood's sales and marketing capability.

Revenue model detail

Norwood uses a differentiated approach for pricing of its EUROPA and CORONA services:

EUROPA: Call minutes are purchased on a pre-paid basis, through an App Store, either the iTunes App Store or Google Play.

Users can purchase 20 or 60 minute blocks of airtime for approximately AU 32¢ per minute, based on current iTunes App Store exchange rates.

Calls are charged against the available credit on a per second basis.

Users can also purchase a flat-rate monthly subscription for AU$56.99 per month, uncapped minutes (subject to an acceptable use policy).

CORONA: Call minutes are billed to a central corporate account on a post-paid 14-day terms basis.

Calls are charged at AU 45¢ per minute, with pro rata charging for partial minutes. Norwood also offers corporate customers a bulk purchase flatrate plan of AU$45 /month/user for a minimum of 100 users.

Overview of Norwood's Product and Technology

The key attributes of Norwood's CORONA platform include:

- CORONA is a cloud services platform that integrates the users' compatible mobile devices securely and seamlessly with their organisation's existing corporate telephony network independent of their location.
- CORONA automatically leverages the international public switch telephone network (PSTN), short-haul VoIP networks and other voice bearers to optimise user call routing, improving call quality and reliability, while lowering corporate calling expenses.

Shareholding

After various share and note issues made prior to the Acquisition, the top 5 shareholders (assumed all Notes are converted to shares in Norwood) will own approximately 74.37% of the shares on issue (1,764,437 shares that will be sold for a total of 291,176,429 Consideration Shares) and are as follows:

Shareholder	No. of fully paid shares	% of issued fully paid shares
Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust	1,009,579	47.58
Michael Fotios	264,426	12.46
Ocean Broadband Ltd	166,154	7.83
Mulloway Pty Ltd	70,513	3.32
Alba Capital Pty Ltd	67,227	3.17
	1,577,899	74.36

Norwood as at 31 December 2014 has issued Convertible Notes to the value of $844,219 and has 844,219 Convertible Notes on issue. These Convertible Notes have or will convert to ordinary shares in Norwood prior to the Acquisition and the ex Convertible Note holders have or will receive 58,923,651 Consideration Shares and 25,252,993 Consideration Performance Shares. As at 31 December 2014, there are monies received from convertible notes to the value of $869,219 and post the announcement and prior to the Acquisition Norwood would have issued a further $354,050 of convertible that convert to shares in Norwood that will result in a further 18,058,888 Consideration Shares being issued. In addition, creditors and loans to the value of $332,138 have been converted to share equity in Norwood and the prior issue of 55,000 Norwood shares (no cash received) issued for a total of $11 which were not previously recognised in the accounts.

Other Information

Further details are outlined in the EM attached to the Notice and announcements made by Monteray from 9 December 2014 to 24 March 2015.

A summary of the audit reviewed adjusted balance sheet (statement of financial position) of Norwood as at 31 December 2014 is noted elsewhere in this report.

4. Future Directions of Monteray

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

- There are no proposals currently contemplated either whereby Monteray will acquire any further assets from Norwood's shareholders (however Monteray will issue Consideration Shares and Performance Shares to the Norwood Vendors (and 43,593,213 Norwood Acquisition Options to Norwood's past and present employees and advisers) as outlined above in relation to the Norwood Acquisition) or where Monteray will transfer any of its property or assets to Norwood's Vendors;

- The composition of the Board will change in the short term as noted above;

- The Company is expecting to raise a minimum of a gross $4,000,000 (and a maximum of a gross $5,500,000) via a Capital Raising in the second quarter of 2015 and most of these funds will be on-lent to Norwood once Norwood is a subsidiary of Monteray;

- The Company proposes to change its name to Norwood Systems Limited;

- No dividend policy has been set; and

- The Company will endeavour to enhance the value of its investment in Norwood, once acquired and plans to seek a strategic partner for, or divest itself of, its mineral interests in Burkina Faso in 2015.

5. Basis of Valuation of Monteray Shares

5.1 Shares

5.1.1 In considering the proposal to acquire all of the shares in Norwood (and issue up to 5,000,000 Capital Raising Shares to Chillcast), we have sought to determine if the considerations payable by Monteray to the Vendors are fair and reasonable to the existing non-associated shareholders of Monteray.

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the ordinary shares in Norwood being acquired by Monteray is greater than the implicit value of the Consideration Shares (ordinary shares) and Performance Shares in Monteray being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on the Norwood shares for the purposes of this report. We also consider the fairness of issuing up to 5,000,000 Capital Raising Shares to Chillcast.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a Monteray ordinary share (and also a Norwood 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 Monteray shares (and Norwood shares).

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to Monteray's current operations, a lack of a reliable long term profit history arising from business undertakings and the lack of a reliable future cash flow from current business activities, we have considered these methods of valuation not to be relevant for the purpose of this report. Monteray made a loss after tax of $2,825,590 for the year ended 30 June 2014 and as at 30 June 2014 has accumulated losses of $13,672,239 based on the audited accounts at 30 June 2014. For the half year ended 31 December 2014, Monteray made a loss after tax of $309,491.

It has effectively ceased mineral exploration activities (see above for activities relating to Burkina Faso permits) and is seeking new business opportunities (such as the acquisition of Norwood).

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Monteray 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 Monteray have formed the view that there are unlikely to be any takeover bids made for Monteray in the immediate future. However, if the agreement to acquire Norwood is completed, the Norwood Vendors collectively will initially control approximately 52.67% of the expanded ordinary issued capital of Monteray and possible up to approximately 61.38% if all Performance Shares convert to ordinary shares after meeting Class A and B Milestones respectively.

5.4 Adjusted Net Asset Backing

5.4.1 We set out below the audit reviewed consolidated balance sheet (statement of financial position) of Monteray (Balance Sheet "A") as at 31 December 2014, adjusted for:

- the incurring of $25,000 for estimated costs to 31 March 2015 for the technical due diligence relating to the acquisition of Norwood; and
- the incurring of estimated administration and corporate costs of approximately $34,000 and the incurring of net costs of $122,500 (after allowing for funds from SEFAMO) for the period 1 January 2015 to 31 March 2015.

In addition, we disclose a pro-forma consolidated balance sheet "Balance Sheet "B" using reverse acquisition principles and assuming the following:

- The issue of 200,000,000 Capital Raising Shares at an issue price of 2 cents each to raise a gross $4,000,000 and incurring Capital Raising costs estimated at $390,000 (including commissions of $200,000 payable to Azure Capital Limited);
- The acquisition of 100% of the shares on issue in Norwood by way of an issue of 368,058,888 Consideration Shares. The Company will also issue a total of 157,739,522 Performance Shares as part of the Acquisition but no value has been allocated to the Performance Shares due to the uncertainty of meeting the two performance milestones; and
- The issue of 43,593,213 Norwood Acquisition Options to the past and present employees and advisers of Norwood for a total fair value of approximately $435,931 and the issue of 15,000,000 Capital Raising Adviser Options at a fair cost of $150,000 and expensed.

In addition, we disclose the audit reviewed statement of financial position of Norwood as at 31 December 2014 adjusted for further budgeted net expenditure from 1 January 2015 to 31 March 2015 of approximately $420,000, conversion of 31 December 2014 convertible notes of $869,219, accounting for prior capital issues (no cash received) of $11 which was not previously recognised in the accounts, conversion of certain creditors and related/non related party loans totalling $332,138 into share equity and receipt of new capital and convertible notes of $354,050 (and conversion of all convertible notes to share equity in Norwood).

	Audit Reviewed Adjusted 31 December 2014 Monteray $000 "A"	Pro-forma 31 December 2014 Monteray (including consolidation of Norwood $000 "B"	Audit Reviewed Adjusted Norwood 31 December 2014 $000
Current Assets			
Cash assets	342	4,309	357
Trade and other receivables	13	345	332
Total Current Assets	355	4,654	689

	Audit Reviewed Adjusted 31 December 2014 Monteray $000 "A"	Pro-forma 31 December 2014 Monteray (including consolidation of Norwood $000 "B"	Audit Reviewed Adjusted Norwood 31 December 2014 $000
Non Current Assets			
Plant and equipment	-	2	2
Investment in Norwood	75	-	-
Total Non Current Assets	75	2	2
Total Assets	430	4,656	691
Current Liabilities			
Trade and other payables	69	914	820
Convertible notes and interest	-	30	30
Other loans	-	276	276
Employee entitlements	-	33	33
Total Current Liabilities	69	1,253	1,159
Total Liabilities	69	1,253	1,159
Net Assets (Liabilities)	361	3,403	(468)
Equity			
Issued Capital	12,509	9,632	2,806
Reserves	2,015	586	-
Accumulated Losses	(14,163)	(6,815)	(3,274)
Total Equity (Deficiency)	361	3,403	(468)
Shares on Issue	130,800,710	698,859,598	
Net asset amount per share (cents)	0.276	0.487	

The net asset (book value) backing per fully paid (pre acquisition of Norwood) ordinary Monteray share as at 31 December 2014 based on the audit reviewed adjusted balance sheet (Balance Sheet "A") and 130,800,710 ordinary shares on issue is approximately 0.276 cents (refer paragraph 5.4.5 below).

Based on the pro-forma consolidated net asset book values and assuming a minimum Capital Raising of $4,000,000 and using reverse acquisition principles, this equates to a value per fully paid ordinary share post the Acquisition and Capital Raising of approximately 0.487 cents (ignoring the value, if any, of non-booked tax benefits.

The net book asset backing per share may approximate 0.621 cents in the event that the maximum Capital Raising of $5,500,000 occurred and Capital Raising costs increased by $90,000. Cash on hand (before payment of liabilities) may approximate $5,719,000 and the shares on issue would be 773,859,598.

The Directors of Monteray will need to determine the fair value to attribute to the Consideration Shares and Performance Shares (and the Norwood Acquisition Options to past and present employees and advisors of Norwood) and the figures used may differ to what we have used in the pro-forma consolidated statement of financial position of the Monteray Group, incorporating Norwood.

5.4.2 We have accepted the Monteray amounts as disclosed for all current assets and non-current assets. We have been advised by the management of Monteray that they believe the carrying value of all current assets, fixed assets and liabilities at 31 December 2014 (as adjusted as noted above) are fair and not materially misstated.

5.4.3 In determining the net tangible asset value on a going concern basis it is necessary to adjust the book values of the exploration assets in Burkina Faso to reflect the technical (market) fair value of those exploration assets. It is noted that the Exploration Assets are relatively very minor in nature and value and most exploration assets have been optioned out in 2014. We have been advised that minimal exploration costs are to be conducted on the remaining exploration assets and that if not sold or optioned out in 2015, the remaining exploration assets will be forfeited. An independent valuation was obtained of the remaining mineral interests of the Monteray Group (in Burkina Faso) after taking into account the planned withdrawal from the Kara, Bouna, Pepin and Guimbe Projects. An independent geologist, Travis Schwertfeger ("Schwertfeger") prepared an assessment of value and provided a range of values. A copy of the Schwertfeger Valuation Report is attached as Appendix B to this report.

5.4.4 Schwertfeger ascribed a market value for the exploration assets at between $223,000 and $3,210,000 and for the purposes of this report we have used the preferred figure of $850,000 (book values as at 30 June 2014 and 31 December 2014 totalled $nil).

5.4.5 Using the preferred fair value of $850,000 and based on the assumptions/values provided to us of the other assets and liabilities of Monteray as at 31 December 2014 as per Balance Sheet A above, the net fair value of the Monteray Group is expected to lie in the range as follows:

	Paragraph	**Preferred $**
Exploration Assets		850,000
Non Refundable Deposit		75,000
Current assets		355,000
Total liabilities		(69,000)
Total Net Assets at fair values		1,211,000
Number of shares on issue		130,800,710
Net asset per share at fair value (cents)		**0.92**

The low value would approximate 0.44 cents per share and the high value would approximate 2.73 cents per share (very unlikely in view of the planned surrendering/cancelling options of 4 permits as noted above). However all valuations will depend on the ultimate realisable value of the exploration assets in Burkina Faso.

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 Monteray and other parties. We also note it is not the present intention of the Directors of Monteray to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Monteray based on the market perceptions of what the market considers a Monteray share to be worth.

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 Monteray shares and the market is kept fully informed of the activities of the Company. However, it is noted that from Monteray's point of view as the legal parent company, the value ascribed to the 368,058,888 Consideration Shares to be issued to the Norwood Vendors would be accounted for at the market value of a Monteray share at date of issue.

The Performance Shares would also be accounted for using ASX market prices but adjusted for probability of meeting Milestone targets (some of the Consideration Performance Shares may have an ascribed value of nil). The actual share price at the date of the acquisition of Norwood cannot be determined at this point of time (due to the uncertainty of meeting the performance targets, we have ascribed nil values to such shares).

For accounting purposes under Australian Equivalents to International Financial Reporting Standards ("IFRS"), the consideration for the issue of Monteray shares to acquire the shares in Norwood from the Norwood shareholders will be booked at the fair value of the shares in Norwood or at the share price of an Monteray share at the date of Acquisition and not any perceived technical value.

5.5 Market Price of Monteray Fully Paid Ordinary Shares

5.5.1 Share prices in Monteray as recorded on the ASX since 1 April 2014 up to and including 20 November 2014 (last sale date immediately before the announcement of the proposed Norwood Acquisition on 9 December 2014) and subsequent to that date and up to 24 March 2015 have been as follows:

	High Cents	Low Cents	Closing Price Cents	Volume 000's
April 2014	1.5	1.4	1.5	309
May 2014	1.4	1.0	1.0	181
June 2014	1.1	0.59	1.0	1,062
July 2014	1.1	1.0	1.1	40
August 2014	1.4	1.0	1.0	993
September 2014	1.2	1.1	1.2	1,340
October 2104	1.1	1.0	1.0	1,104
November 2014	1.5	1.5	1.5	90
December (17th to 31st) 2014	1.9	1.0	1.9	13,328

	High Cents	Low Cents	Closing Price Cents	Volume 000's
2015				
January	3.8	1.7	2.5	89,535
February	3.0	2.4	2.5	9,886
March (to 24th)	2.8	2.4	2.7	5,259

As can be seen from the trading volume on ASX, there was limited trading of the Monteray shares before the announcement of the Norwood Acquisition. In August 2014, the Company announced a 1 for 1 rights issue at 1 cent each and the offer closed on 9 September 2014 having raised $312,274. The shortfall shares were issued to clients of Ventnor Capital in late 2014.

The Norwood Acquisition was announced to the market on 9 December 2014 and 13,327,690 shares traded to 31 December 2014. There were numerous trading days over the six months to 20 November 2014 where there were no trades of Monteray shares on ASX.

As can be seen above, the price at which shares traded varied considerably and it is difficult to arrive at a fair value for a Monteray share, particularly in light of the extremely low trading volumes. Due to the low volumes (no Deep Market exists), varying share price and the lack of any significant mineral tenement exploration after March 2014, we have considered that the listed share price methodology is not the most appropriate methodology to use in this instance.

Subsequent to the announcement of the Norwood Acquisition, the shares in Monteray traded on ASX had been between 1.0 cents and 3.8 cents with sales on 24 March 2015 of 2.7 cents. The volume of trades in Monteray shares post the announcement has risen significantly as compared with April 2014 to 20 November 2014 period. Between 9 December 2014 and 24 March 2015, the volume of trades in Monteray shares on ASX was approximately 118 million.

6. Preferred valuation method of valuing a Monteray Share

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

- Monteray does not generate revenues or profits and per the audited accounts has incurred significant losses in the financial years ended 30 June 2013 and 2014 (and for the six months to 31 December 2014). Therefore the capitalisation of future maintainable earnings and discounted future cash flows are not appropriate; and

- Although the shares of Monteray are listed, as there are extremely low trading volumes on ASX and the share prices in recent times may be affected by the lack of mineral assets, it is arguably inappropriate to use market share prices to value the Company and the shares in the Company for the purposes of this report. We note share prices as a secondary methodology and have considered share prices in assessing reasonableness of the proposals with the Norwood Vendors.

6.2 As stated at paragraph 5.4.5 we have assessed the value of Monteray prior to the proposed acquisitions of Norwood on a net asset basis on a going concern basis as follows:

	Preferred
Net asset per share (cents)	**0.92**

We note that, the technical net asset values may not necessarily reflect fair values in these tough economic times.

6.3 As noted above the estimated net asset price per share approximates 0.92 cents which is less than the last ASX share price of 1.5 cents on 28 November 2014 (the last trading share price date before of the announcement of the Norwood Acquisition on 9 December 2014 and only 90,000 shares traded in November 2014 and that was on 20 November 2014).

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

- the future prospects of Norwood being obtained via the Norwood Acquisition;
- the state of technology markets (and prices) in Australia and overseas;
- the state of Australian and overseas stock markets;
- the strength and performance of the Board and management and/or who makes up the Board and management;
- Foreign exchange rates;
- general economic conditions;
- the liquidity of shares in Monteray; and
- possible ventures and Acquisitions entered into by Monteray and potential commercialisation of the Burkina Faso exploration assets.

7. Premium for Control

7.1 Premium for control for the purposes of this report, has been defined as the difference between the price per share, which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.

7.2 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, the Norwood Vendors combined voting shareholding in Monteray could increase from approximately nil% as at 16 February 2015 to approximately 52.67% after the issue of the Consideration Shares (and Capital Raising Shares) and then to up to approximately 61.38% on the conversion of all Performance Shares (if Class A and Class B Milestones are met). Paul Ostergaard will initially obtain (through the Ostergaard Shareholders) voting power in Monteray of approximately 28.47% and up to 32.93% if all Performance Shares convert to ordinary shares in Monteray. Fiona Meiklejohn will initially obtain (through the Ostergaard Family Trust) voting power in Monteray of approximately 23.83% and up to approximately 27.78% if all Performance Shares convert to ordinary shares in Monteray.

7.3 It is generally accepted that premium for control may vary from nil to 40% or more depending on many different factors including the nature of the business, the financial position of a company, and shareholding percentages. As "control" in the circumstances for Monteray only rests with Paul Ostergaard and Fiona Meiklejohn, we consider a 20% premium for control is reasonable noting that both Paul Ostergaard and Fiona Meiklejohn are both deemed to have control (the EM refers).

7.4 Our preferred methodology is to value Monteray and a Monteray 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 Acquisition control basis.

7.5 As noted under paragraph 9.14 below we are unable to conclude upon a meaningful valuation range for Norwood due to the lack of readily available and reliable financial projections. However the net liabilities of Norwood (assuming all convertible notes are converted to ordinary shares in Norwood) are estimated at $(468,000) (we cannot value the intangible assets relating to the CORONA platform). As we are unable to conclude upon a meaningful valuation range for Norwood we are of the opinion that the Vendors of Norwood are deemed to not be paying a premium for control.

7.6 We set out below the comparison of the preferred value of a Monteray share compared to the potential issue price for the Consideration Shares based on ASX share prices in February 2015.

	Para.	**Preferred (cents)**
Estimated fair value of a Monteray ordinary Share	5.4.5	0.92
ASX Issue price of the ordinary Consideration Shares		2.50
Excess/(shortfall) between ASX Issue Price and fair value		1.58

7.7 We note that Norwood does not have Board control of Monteray before the proposed Acquisition pursuant to Resolutions 1 to 14. Post the Acquisition, Norwood will appoint three persons to the Board of Monteray) and thus have three Board members of the four person expanded Board (only Michael Edwards from the existing Board will remain on the Board, post Acquisition). In addition, a Norwood representative will become the CEO of Monteray.

8. **Value of Consideration**

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

	Para.	Preferred
Estimated fair value of a Monteray ordinary share (cents)	5.4.5	0.92
368,058,888 Consideration Shares		$3,386,142
Total Consideration		$3,386,142

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

8.2 It is noted that at the time of negotiation of the Acquisition, the Monteray directors considered that the fair market value of a Monteray ordinary share may have been in the range of 1.0 cents to 1.5 cents and the announcement of the proposed Acquisition allocated 1.5 cents to each Consideration Share.

8.3 If we used the 2.0 cents to 3.8 cents being mid January 2015 to 24 March 2015) ASX share prices (post the announcement of the proposed Acquisition as noted above), the amounts attributable to the ordinary 368,058,888 Consideration Shares would lie in the range of $7,361,178 to $13,986,238. Based on the last sale price on 24 March 2015, the deemed accounting consideration (for the Consideration Shares only) may approximate $9,937,590 (2.7 cents per share).

Based on the deemed issue price of 1.5 cents (as noted in the term Sheet), the deemed cost to issue 368,058,888 Consideration Shares would be $5,520,883.

8.4 In addition to the 368,058,888 Consideration Shares to be issued for the Acquisition, the Company is to issue the 2 tranches of Performance Shares.

- 78,869,761 Norwood Class A Performance Shares which convert to ordinary shares upon Norwood being awarded two separate "Material Contracts" whereby a Material Contract is defined as a contract with a third party which generates gross revenue to Norwood of at least $200,000 in any 12 month consecutive period; and

- 78,869,761 Norwood Class B Performance Shares which convert to ordinary shares upon Norwood generating gross revenue for any 12 month consecutive period of at least $3,000,000.

8.5 Using the Capital Raising share price (2.0 cents) results in a possible value attributable to the Performance Shares prior to any discounting for probability of not meeting the performance conditions as follows:

Total possible consideration relating to the issue of Performance Shares	**$3,154,790**

8.6 We are not sure as to what values the Monteray Directors will finally ascribe to the 2 classes of Performance Shares for Norwood Acquisition accounting purposes. The value may be as low as nil. It is noted that if the individual Milestones are met, the share prices of an ordinary share in Monteray at the conversion dates would very likely be higher than the ASX share prices of November 2014 and to 24 March

2015. The "value" of the Consideration Performance Shares assuming a 24 March 2015 share price of a Monteray share at 2.7 cents would equate to approximately $4,258,967 (Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust's share of such value would approximate $1,927,207 and Ocean Broadband's share of such value would approximate $317,175).

For accounting purposes, the 43,593,213 Norwood Acquisition Options to be issued to past and present employees and advisers of Norwood have been valued at approximately 1.0 cents each after assuming a Capital Raising share price of 2.0 cents, a 3 year life, a share volatility of 75%, and an interest rate of 2.39%. The total value to be booked may approximate $435,931. The ultimate values of the Norwood Acquisition Options are to a large extent based on the performance of Norwood in the future and the share market prices of Monteray (then to be called Norwood Systems Ltd).

9. **Basis of Valuation of Norwood**

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

9.2 Norwood is an unlisted private company and therefore valuing the shares on a takeover basis and on a market based approach are not relevant. There are no indications that other parties wished to acquire all of the shares in Norwood other than Monteray. The shareholders in Norwood do not have an active market to trade their shares.

9.3 The audit reviewed adjusted balance sheet of Norwood at 31 December 2014 is disclosed under paragraph 5.4.1 above. This balance sheet shows the Norwood net liabilities carried at a book value of approximately $468,000 with capitalised patent costs carried at a book value of $nil (all research and development costs are expensed as incurred) and assumes all convertible notes are converted to ordinary shares in Norwood prior to the Acquisition.

9.4 As part of considering the Acquisition, the Company has undertaken due diligence on the ownership interest of Norwood, Norwood's shareholding and interests and ownership of the intangible interests (including CORONA) of Norwood. We advise that we have not undertaken any further steps to ascertain ownership of Norwood and its assets and liabilities.

9.5 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market. To estimate the fair market value of the shares in Norwood, we have considered valuation methodologies recommended by ASIC Regulatory Guideline 111 regarding valuation reports of independent experts and common market practice. These are discussed below.

9.6 Market based methods

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

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

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

9.7 Discounted cash flow method

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

9.8 Asset-based methods

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

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

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

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

9.9 Selection of Valuation Methodologies

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

Capitalisation of maintainable earnings is not appropriate because Norwood is not presently profitable. Recent share trading is not applicable as Norwood is an unlisted private company (in the alternative roaming solutions market) owned by the Vendors. The discounted cash flow method has not been applied because no reliable prospective financial information is available (refer below). An asset-based method is limited by the fact that Norwood primary asset is an interest in the Corona technology that has yet to be fully commercially exploited. The book values of Norwood's assets and liabilities as at 31 December 2014, as adjusted, is noted in paragraph 5.4.1 and the net liabilities disclosed are approximately $468,000. Under the agreements relating to the Acquisition, net liabilities of Norwood (net of cash and receivables) are not to exceed $500,000 at the date of signing the formal sale agreement for the Acquisition.

9.10 In this section we consider the valuation of Norwood. We have considered the valuation of Norwood in assessing whether or not the proposals outlined in Resolution 1 (and 3) are fair and reasonable for Monteray's non-associated shareholders. In forming our opinion on the value of Norwood we have, inter-alia:

- Considered the stage of development of Norwood and the prospective financial information available;
- Considered the appropriateness of the valuation methodologies available; and
- Considered the ability of Norwood to continue as a going concern without funding.

9.11 Valuation of Norwood

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

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

9.13 Summary of valuation methodology and conclusion

We are unable to conclude on a meaningful valuation range for Norwood due to the lack of readily available and reliable financial projections and information. It is noted that Norwood will have estimated cash reserves/receivables of $689,000 at 31 December 2014 (after allowing for convertible note issues and estimated expenses post 31 December 2014 and to 31 March 2015) and current liabilities totalling $1,159,000 which assumes there is no payment of creditors using Norwood's existing cash or receivables, at the expected time that the Acquisition is approved in April 2015. The net working capital is expected to approximate $470,000. If the acquisition of Norwood by Monteray is achieved, Monteray will need to meet the liabilities of Norwood.

Monteray does not have large cash reserves but as part of the Norwood Acquisition is proposing to raise a minimum gross $4,000,000 in the second quarter of 2015 and as noted elsewhere in this report the majority of these funds will be lent to Norwood for working capital.

It is noted that some companies involved in technology are listed on the ASX and it is not unusual to have them trading at between 11 and 25 times EV/EBITDA although some of the companies may be very large in comparison to Norwood.

10. Fairness of the Proposals with Norwood

10.1 In arriving at our conclusion on fairness, we considered whether the Acquisition is "fair" by comparing:

(a) the fair market value of a Monteray share pre-Acquisition on a control basis; versus

(b) the fair market value of a Monteray share post-Acquisition on a minority basis, taking into account the additional cash raised via the Capital Raising and the associated dilution resulting from the issue of new ordinary shares under the proposed Acquisition, and the issue of the other shares (Performance Shares) to the Vendors.

We have excluded the exercise of the 43,593,213 Norwood Acquisition Options as it is unclear as to whether they will be exercised within the 3 years and have excluded the exercise of the 15,000,000 Capital Raising Adviser Options. In addition, the existing share options are substantially "out of the money" and are highly unlikely to be exercised before the relevant expiry dates. Furthermore, it is unlikely that the existing 2,000,000 performance shares will convert to ordinary shares.

10.2 The preferred value of a Monteray share pre the proposed Acquisition on a control basis as noted in paragraph 5.4.5 is 0.92 cents.

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

i) The completion of the Capital Raising assumed to be the minimum gross amount of $4,000,000 and incurring capital raising costs of $390,000;

ii) The acquisition of all of the shares in Norwood by way of an issue of 368,058,888 Consideration Shares and the payment of cash deposits of $75,000. However, as noted below we cannot currently ascribe a fair value to Norwood. It is noted that the adjusted pro-forma consolidated balance sheet of Norwood discloses net liabilities of $468,000 as at 31 December 2014 (as adjusted as noted above).

The ultimate fair value of Norwood may materially exceed the book liability position if Norwood management is able to successfully commercialise the CORONA technology so profits are substantial.

	Preferred $
Net assets of Monteray at fair values pre Acquisition and other Acquisitions	1,211,000
Value of Norwood	Nil
Net cash raised from Capital Raising (200,000,000 shares)	3,610,000
Total Post Acquisition Value	4,821,000

Number of ordinary shares on issue	698,859,598
Assumed conversion of all Performance Shares	157,739,502
Diluted number of ordinary shares that may be on issue	856,599,110
Net asset value per share (cents)	0.562
Minority interest discount	16.67%
Minority value per share (cents)	**0.469**

The above calculation tables take into account the Capital Raising (at 2.0 cents per share) as part and parcel of the Acquisition. Shareholders must approve the Acquisition before the Capital Raising proceeds. In the absence of the Acquisition approval, the Acquisition will not proceed and Monteray will end up as virtually a cash box with a limited interest in exploration assets in Burkina Faso.

The Performance Shares may also not convert to ordinary shares due to not meet certain Milestones.

If the up to 43,593,213 Norwood Acquisition Options were exercised and the 15,000,000 Capital Raising Adviser Options were exercised, all at 2.0 cents each, the Total Post Acquisition Value (ignoring any other activities), would approximate $5,993,000 (around $1,171,864 would be raised from the exercise of such share options) and after taking the minority interest discount to account would result in a Minority Value per Share of approximately 0.545 cents (up to 915,192,323 ordinary shares would be on issue).

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

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

Had we been able to ascribe a value to Norwood, the value post Acquisition may have been significantly enhanced.

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

10.6 We have taken into account the 157,739,522 Performance Shares that may convert to 157,739,522 ordinary shares in Monteray (on meeting both Milestones A and B conditions as noted above) even though no funds will be received on the issue of the Performance Shares. However, we assume that significant additional value (unspecified) would be added to the Norwood business being acquired if the Milestone conditions were met.

10.7 Using the preferred net asset fair values, the estimated fair value of a Monteray share pre the proposed Acquisition on a control basis (approximately 0.92 cents) is greater than the estimated fair value of a Monteray share post the proposals on a minority basis (0.469 cents) (based on the assumptions noted and on a diluted basis that includes the issue of 157,739,522 Performance Shares) and on the preferred methodology basis, the issue of 368,058,598 Consideration shares to the Norwood Vendors would be not fair. <u>However, refer paragraph 11.4 below</u>.

11. Conclusion as to Fairness

11.1 The proposal pursuant to Resolution 1 (and 3) is believed fair to Monteray's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the shares in Norwood to be acquired.

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

11.3 We have been unable to determine a fair value for Norwood. In arriving at our view that we are unable to form an opinion on the value of Norwood, we have, inter-alia, referred to the following factors:

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

11.4 Furthermore, as we cannot ascribe a fair value to Norwood, the above exercise is somewhat superfluous and thus, even if we did not undertake the above calculations, in the absence of ascribing a fair value to Norwood we would conclude the proposals with the Vendors of Norwood <u>**would not be fair**</u>.

11.5 It is noted that the up to 5,000,000 Capital Raising Shares to be issued to Chillcast are being issued at the same price (2.0 cents each) as all other Capital Raising Shares and thus Chillcast is not receiving any perceived advantage over other Capital Raising investors. By receiving up to 5,000,000 Capital Raising Shares, the Ostergaard Shareholders increases their potential shareholding interest (in which Paul Ostergaard will have a relevant interest) by a small 0.72% before the issue of ordinary shares on conversion of the Performance Shares and approximately 0.58% if all Performance Shares convert to ordinary shares in Monteray. The issue price of the Capital Raising Shares is at a small discount (approximately 8.25%) to the assessed fair value of a Monteray share and at a premium of approximately 81% to the last sale price of 1.1 cents on 9 December 2014 (the date of the announcement of the proposed Acquisition of Norwood).

12. Reasonableness of the proposed Norwood Acquisition and issue of Capital Raising Shares to Chillcast

12.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Acquisition that we considered in arriving at our conclusion on the reasonableness of the Acquisition and in particular the proposals pursuant to Resolution 3 (that includes the issue of Consideration Shares and Performance Shares and the Capital Raising Shares to the Ostergaard Shareholders).

Advantages

12.2 The Company, in effect moves from a company with limited interest in various Burkina Faso exploration permits to a technology driven company in the roaming solutions market with some opportunities to move into the earning of profits and positive cash flows if the Norwood business and CORONA technology can be successfully commercialised.

12.3 The Company may be better placed to raise further funds by way of share equity as a result of acquiring all of the shares in Norwood. It is proposed that a minimum $4,000,000 (200,000,000 Capital Raising Shares) will be raised in the second quarter of 2015 under the proposed Capital Raising (and up to a maximum of $5,500,000) as part of the proposed Acquisition of Norwood and if commercial success is achieved by Norwood, Monteray may be able to raise further funds for expansion of the Norwood business.

12.4 There is an incentive to Monteray and Norwood, to successfully exploit the business activities of Norwood as the Norwood Vendors will collectively have significant shareholding interests in Monteray. Furthermore, Paul Ostergaard and Fiona Meiklejohn indirectly will have an incentive to commercialise Norwood as they will have interests in significant shareholding interests in Monteray (see paragraph 2.9 above).

12.5 Existing shareholders may be given the opportunity to sell their shares in excess of the share prices existing prior to the Acquisition announcement. However, those shareholders who consider the risk of entering into a new business outside mineral exploration mineral to be too high may wish to sell their shareholdings in Monteray. The market via an increased volume of trades in Monteray shares subsequent to the announcement of the proposed Acquisition has indicated a positive response to the proposal

12.6 The net <u>book</u> assets of Monteray are estimated at $361,000 whilst post the Acquisition, the net book assets of the Monteray Group that will include Norwood is estimated to be an initial $3,428,000. The book value attributable to the existing shareholders approximates $641,595 compared with a current book shareholding interest of approximately $361,000.

Disadvantages

12.7 Currently, the Norwood Vendors collectively do not have a beneficial interest in the shares in the Company. If Resolution 1 is passed, the Norwood Vendors will increase their collective shareholding interest in Monteray to approximately 52.67% (assuming the issue of 200,000,000 Capital Raising Shares). The existing shareholders will be diluted from owning a current 100% shareholding interest in Monteray and its underlying assets to a smaller shareholding of approximately 18.71% post the Acquisition. The Capital Raising Shareholders collectively would own an approximate 28.62% shareholding interest in the Company.

12.8 The CORONA technology owned by Norwood may not turn out to be commercially viable and thus losses may be incurred. Loans will be made by Monteray to Norwood and these plus the investment cost may need to be impaired if Norwood does not in the future earn sufficient profits and obtain positive cash flows.

12.9 Norwood is estimated to have cash reserves/receivables of $689,000 but currently liabilities are estimated to total approximately $1,159,000, which assumes there is no payment of creditors using Norwood's existing cash or receivables, at the expected time that the Acquisition is approved in April 2015. The net working capital is expected to approximate $470,000. If the acquisition of Norwood by Monteray is achieved, Monteray will need to meet the liabilities (current and future) of Norwood that may be material in nature. It is proposed that a minimum $4,000,000 (before costs) of new capital will be raised in the second quarter of 2015, and this will reduce the shareholdings of existing shareholders at the time.

Other Factors

12.10 It is noted that for accounting purposes in the books of Monteray, the Consideration Shares will be booked at the market value of the ordinary shares in Monteray at the date the Consideration Shares are issued to the Norwood Vendors. Monteray as the legal parent entity will account for the value of the Consideration Shares at the ASX market value of the ordinary shares in Monteray that may be considered to be between 2.0 cents and 3.8 cents per share of a Monteray share trading on ASX in February 2015 and to 24 March 2015.

In this report, we have not ascribed a value to the Performance Shares as there is a risk that the Milestones will not be met (it is not possible to assess with any degree of accuracy the probability of these Milestones being achieve as the technology is still in the commercialisation stage and there are no long term projections of revenues or cash flows). The ultimate fair value of an investment in Norwood is at this stage unknown and write downs in the investment may be required at a later stage (particularly if commercial success is not forthcoming).

12.11 The proposed Acquisition provides the Company with a clear strategic direction as compared with the existing position of shareholders owning shares in a near dormant company with minimal cash and no clear vision. The Company requires a business that will provide it with the opportunity to sustain a viable business and allow the company to be a going concern.

12.12 The number of fully paid ordinary shares on issue initially rises by 568,058,888 to 698,859,598. This represents a substantial increase in the ordinary shares of the Company based on the number of shares on issue at the time of the announcement of the Acquisition on 9 December 2014. In addition, if all Milestones are met, the 157,739,502 Performance Shares (in 2 Tranches- A and B) would convert to ordinary shares in Monteray, further diluting the existing shareholders.

However, if this was to occur, it would be expected that the share prices of a Monteray share would be substantially higher than the November 2014 share price (and share prices in January to 24 March 2015) and thus the existing shareholders should benefit.

12.13 The proposed new board members, which includes up to three new Norwood directors' (including the managing director) brings further technical and business experience. Further details on the proposed new directors have been included in Section 9 of the EM.

12.14 The ultimate value ascribed to the Performance Shares (with Milestones A and B) may be higher at the time of meeting the Milestone conditions, than at the date of this report, based upon the share trading price of a Monteray ordinary share.

12.15 It is the view of the Board of Monteray that the investment in Norwood is in the best interests of all shareholders.

12.16 The Company is to issue a total of up to 43,593,213 Norwood Acquisition Options and if all were exercised, the Company would receive cash funds totalling up to $871,864. The share price would be higher than the Capital Raising share price of 2 cents. In addition, if the 15,000,000 Capital Raising Adviser Options were exercised, the Company would receive $1,500,000.

12.17 The up to 5,000,000 Capital Raising Shares to be issued to Chillcast at 2.0 cents each are on the same terms and conditions as the issue of all other Capital Raising Shares. Chillcast will pay the Company up to $100,000 (out of the minimum Capital Raising of $4,000,000).

13. **Conclusion as to Reasonableness**

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

Thus, in our opinion, the proposals under Resolution 3 for the issue of 193,958,857 Consideration Shares and 83,125,226 Performance Shares Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband as part consideration to acquire all of the ordinary shares in Norwood and the issue of up to 5,000,000 Capital Raising Shares to Chillcast and the resulting relevant interest that those parties and Mr Paul Ostergaard and Mrs Fiona Meiklejohn will hold in the Shares, may on balance be considered to be reasonable to the shareholders of Monteray at the date of this report.

14. Shareholder Decision

14.1 Stantons International Securities Pty Ltd has been engaged to prepare an independent expert's report setting out whether in its opinion the issues of Consideration Shares and Consideration Performance Shares to Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband as part of the issue of 368,058,888 Consideration Shares and 157,739,522 Performance Shares) and the issue of up to 5,000,000 Capital Raising Shares to Chillcast and the resulting relevant interest that those parties and

Mr Paul Ostergaard and Mrs Fiona Meiklejohn will hold in the Shares are fair and reasonable and state reasons for that opinion. Stantons International Securities Pty Ltd has not been engaged to provide a recommendation to shareholders in relation to the proposals under Resolution 3 (and all other Resolutions) (but we have been requested to determine whether the proposals pursuant to Resolution 3 are fair and/or reasonable to those shareholders not associated the Vendors. The responsibility for such a voting recommendation lies with the directors of Monteray.

14.2 In any event, the decision whether to accept or reject Resolution 3 (and all other Resolutions) is a matter for individual shareholders based on each shareholder's views as to value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure and tax position. If in any doubt as to the action they should take in relation to the proposals under Resolution 3 (and all other Resolutions), shareholders should consult their own professional adviser.

14.3 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Monteray. This is an investment decision upon which Stantons International Securities Pty Ltd does not offer an opinion and is independent on whether to accept the proposals under Resolution 3 (and all other Resolutions). Shareholders should consult their own professional adviser in this regard.

15. Sources of Information

15.1 In making our assessment as to whether the proposed Acquisition as noted above are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, Norwood and Norwood's portal, we site interests that is relevant to the current circumstances. In addition, we have held discussions with the management of Monteray about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Monteray.

15.2 Information we have received includes, but is not limited to:

a) Draft Notices of Meeting and EM of Monteray to 24 March 2015;
b) Discussions with management of Monteray and Norwood;
c) Details of historical market trading of Monteray ordinary fully paid shares recorded by ASX for the period 1 January 2014 to 24 March 2015;
d) Shareholding details of Monteray as supplied by the Company's share registry as at 3 March 2015;
e) Audited financial reports of Monteray for the year ended 30 June 2013 and 2014 and the audit reviewed financial report for the half year ended 31 December 2014;
f) Audited financial statements of Norwood for the years ended 30 June 2012, 2013 and 2014;
g) Audit reviewed financial statements of Norwood for the six months ended 31 December 2014 and unaudited projected costs for the 3 months ended 31 March 2015;
h) Announcements made by Monteray to the ASX from 1 January 2014 to 24 March 2015 (4pm WST);
i) The signed Term Sheet between Norwood, the Ostergaard Family Trust and Monteray dated 9 December 2014;
j) Business outline of Norwood;
k) Cash flow forecasts of Norwood for 2015;
l) Cash flow forecasts of Monteray for 2015;

m) ASIC extracts of Norwood;
n) The Investor Presentation of December 2014;
o) Board minutes of Monteray from 1 July 2014 to 28 February 2015; and
p) The Travis Schwertfeger valuation report on the Burkina Faso exploration assets dated 24 March 2015.

15.3 Our report includes Appendices A and B and our Financial Services Guide attached to this report.

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

J P Van Dieren - FCA
Director

APPENDIX A

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities Pty Ltd dated 24 March 2015, relating to the issue of 193,958,846 Consideration Shares and 83,125,226 Performance Shares (as part of the issue of 368,058,888 Consideration Shares and 157,739,52 Performance Shares to be issued to the Vendors for the acquisition of Norwood) and the issue of up to 5,000,000 Capital Raising Shares to the Ostergaard Shareholders as outlined in Section 1 of the report and Resolution 3 in the Notice of Meeting to Shareholders and the Explanatory Memorandum proposed to be distributed to the Monteray shareholders in late March 2015.

At the date of this report, Stantons International Securities Pty Ltd does not have any interest in the outcome of the proposals. There are no relationships with Monteray and Norwood other than acting as an independent expert for the purposes of this report. Before accepting the engagement Stantons International Securities Pty Ltd considered all independence issues and concluded that there were no independence issues in accepting the assignment to prepare the Independent Experts Report. There are no existing relationships between Stantons International Securities Pty Ltd and the parties participating in the Acquisition detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at a maximum of $27,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities Pty Ltd nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stantons International Securities Pty Ltd does not hold any securities in Monteray and Norwood. There are no pecuniary or other interests of Stantons International Securities Pty Ltd 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 Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

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

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

DECLARATION

This report has been prepared at the request of the Directors of Monteray in order to assist them to assess the merits of the proposed issues of Consideration Shares and Performance (Milestone) Shares to Mr Paul Ostergaard and Mrs Fiona Meiklejohn as trustees of the Ostergaard Family Trust and Ocean Broadband as part of the issue of Consideration Shares and Performance Shares to the Vendors for the Acquisition of the shares in Norwood and the issue of up to 5,000,000 Capital Raising Shares to Chillcast and the resulting relevant interest that those parties and Mr Paul Ostergaard and Mrs Fiona Meiklejohn will hold in the Shares as outlined in Resolution 3 the Explanatory Memorandum to which this report relates. This report has been prepared for the benefit of Monteray's shareholders and does not provide a general expression of Stantons International Securities Pty Ltd opinion as to the longer term value of Monteray and Norwood and their assets, including the value of the CORONA technology. 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 Monteray and Norwood. 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 Pty Ltd to the form and context in which it appears.

DUE CARE AND DILEGENCE

This report has been prepared by Stantons International Securities Pty Ltd with due care and diligence. The report is to assist shareholders in determining the fairness and reasonableness of the proposals set out in Resolution 3 to the Notice and each individual shareholder may make up their own opinion as to whether to vote for or against Resolution 3.

DECLARATION AND INDEMNITY

Recognising that Stantons International Securities Pty Ltd may rely on information provided by Monteray 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), Monteray 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 Monteray may suffer as a result of reasonable reliance by Stantons International Securities Pty Ltd on the information provided by Monteray; 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 Monteray or any of its officers providing Stantons International Securities Pty Ltd any false or misleading information or in the failure of Monteray 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 Monteray 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.

Travis Schwertfeger
Consulting Geologist
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ABN: 69 480 100 748

24 March 2015

Stantons International Securities Pty Ltd
Level 2, 1 Walker Avenue
WEST PERTH WA 6005

Dear Sirs,

Re: **INDEPENDENT GEOLOGIST'S REPORT ON BISSA, MANA, & BANFORA MONTERAY MINERAL ASSETS, BURKINA FASO**

On 9 December 2014, Monteray Mining Group Ltd ("Monteray" or the "Company") announced that it had entered into binding term sheet with the major shareholder and board of Norwood Systems Pty Ltd ("Norwood") to acquire 100% of Norwood. I have been commissioned by Monteray to provide an Independent Geological Report (IGR) with a valuation on mineral exploration projects held by Monteray in Burkina Faso, West Africa.

SCOPE OF WORK

The projects included in the IGR with valuation are referred to as the Bissa, Mana, and Banfora Projects which are comprised of seven exploration permits located in Burkina Faso of West Africa. The purpose of this Report is to be included in the Independent Experts Report ("IER") to be completed by Stantons International Securities ("SIS") to be presented to shareholders of Monteray in a notice of meeting to be lodged by the Company with the Australian Securities and Investments Commission ("ASIC") for a shareholder meeting to be held in April 2015.

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

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 7 January 2015 and could alter over time depending on exploration results, mineral prices and other relevant market factors.

DECLARATIONS

Relevant codes and guidelines

This Independent Technical Geologist Report ("Report") has been prepared as a technical assessment and project valuation in accordance with the "Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and 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"), as well as the rules and guidelines issued by the Australian

Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112).

Where and if exploration targets, mineral resources and ore reserves have been referred to in this Report, the classifications are consistent with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition" (the "JORC Code"), prepared by the Joint Ore reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia.

Where assay values for rock chip samples and drill intercepts are quoted they represent the best results from a series of lower grade values. They should not be taken to represent the average grade of the samples unless otherwise stated. Under the definition provided by the ASX and in the VALMIN Code, the Project is classified as an 'exploration project', which is inherently speculative in nature. The Project is considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the exploration and development programs proposed by the Company.

Sources of Information

The statements and opinion contained in this Report are given in good faith and this Report is based on information provided by the title holders, along with technical reports prepared by consultants, previous tenements holders and other relevant published and unpublished data for the area. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this Report is based. A final draft of this Report was provided to the Company along with a written request to identify any material errors or omissions prior to lodgement.

In compiling this Report, I did not carry out a site visit to any of the Project areas. Based on my professional knowledge and experience and the availability of databases and technical reports made available in context of the relatively early-stage exploration stage of the project and nature of the reported work completed to date, I considered that sufficient current information was available to allow an informed appraisal to be made without such a visit.

This Report has been compiled based on information available up to and including the date of this Report. Consent has been given for the distribution of this Report in the form and context in which it appears. I, Travis Schwertfeger have reviewed and evaluated data and reports which are listed in the References section of the attached report and reliance on other experts based on those reports is made. I have no reason to doubt the authenticity or substance of the information provided, and I have drawn my own conclusions to form an independent opinion from the data provided. I have not conducted any legal due diligence on the ownership of the licences themselves.

This Report contains statements attributable to third persons. These statements are made in, or based on statements made in previous geological reports that are publicly available from either a government department or the ASX. The authors of these previous reports have not consented to the statements' used in this Report, and these statements are included in accordance with ASIC Class Order [CO 07/428] Consent to quote: Citing credit ratings, trading data and geological reports in disclosure documents and PDS.

Qualifications and Experience

The person responsible for the preparation of this report is:

Travis Schwertfeger, B.Sc., M.Sc., MAIG

Travis Schwertfeger has over 18 years' experience in exploration geology and property evaluation, working for major companies for 8 years as a production and exploration geologist. He has worked in exploration, management and business development roles in the junior sector of the minerals industry for TSX and ASX listed companies for the past 10 years in exploration management, technical reviews and audits, and property valuation at all stages of mineral development. He has experience in a number of commodities including gold, silver, copper, tungsten and mineral sands. He has been responsible for various stages of exploration work from grass roots exploration activities through to feasibility study, and ore control activity at active mines on projects located in Australia, West Africa, Latin America, and the United States.

Mr. Schwertfeger completed graduate studies in Geological Engineering with the Colorado School of Mines in Golden, Colorado, USA, and in 1998 was awarded a B.Sc. degree. He has completed postgraduate studies at the University of Western Australia and has been awarded a M.Sc. in Ore Deposit Geology and Evaluation in 2011.

Competent Persons Statement

The information included in this report that relates to Exploration Results has been compiled by Travis Schwertfeger, B.Sc, M.Sc., MAIG, a competent person who is a member of the Australian Institute of Geoscientists. Mr. Schwertfeger is a part-time employee of Alicanto Minerals Ltd and a geological consultant engaged by Monteray as an independent geologist. Mr. Schwertfeger has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken 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' . Travis Schwertfeger consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Independence

Travis Schwertfeger's relationship with Monteray is solely one of professional association between client and independent consultant. There is no previous relationship or arrangement between Travis Schwertfeger and Monteray and there is no formal agreement between Travis Schwertfeger and Monteray as to Mr Schwertfeger conducting further work for Monteray on any of their mineral projects.

Travis Schwertfeger's relationship with SIS is solely one of professional association between client and independent consultant. There is no previous relationship or arrangement between Travis Schwertfeger and SIS and there is no formal agreement between Travis Schwertfeger and SISas to Mr Schwertfeger conducting further work for SIS on any other IER's.

I am not, nor intend to be a director, officer or other direct employee of Monteray and do not hold and have never held any shareholding in the Projects or the Company. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this Report are prepared in return for professional fees based upon agreed commercial rates, with no restrictions placed on depth of analysis or the extent of detail required, and the payment of these fees is in no way contingent on the results of this Report. Any further involvement with Monteray will be based on normal commercial practices and technical performance and is in no way contingent on the results of this report.

Please find attached the commissioned specialist report for an independent geological assessment of the Moneteray mineral assets in Burkina Faso.

Regards,

Travis Schwertfeger

Monteray Mining Limited

Independent Geologist's Report (IGR)

Valuation of Mineral Assets in Burkina Faso, West Africa

Prepared By:

Travis Schwertfeger B.Sc., M.Sc., MAIG

24 March 2015

Table of Contents

List of Tables

List of Figures:

1 Executive Summary

Monteray Mining Limited ("Monteray" or "the Company") has commissioned Travis Schwertfeger (the author) to prepare an Independent Geological Report and valuation (IGR) on the Company's Bissa, Mana, and Banfora Project areas located in Burkina Faso (Refer to Figure 1). Mr Schwertfeger has the relevant qualifications, experience, competence and independence to be considered a "Specialist" under the definitions provided in the VALMIN Code and a "Competent Person" as defined in JORC 2012.

Monteray's tenements are located on three major Birimian aged greenstone belts within the Mann Craton of West Africa. The Paleoproterozoic sedimentary, volcano-sedimentary and volcanic rocks of Birrimian age are predominantly on extensive NNE-SSW trending zones of deformation with predominantly greenschist facies metamorphism, referred to as greenstone belts. Several of these greenstone belts dissect the craton within Burkina Faso, and are host to the majority of gold deposits in the West African Mann Craton, hosting a style of gold mineralisation commonly referred to in publications as Orogenic Style mineralisation.

Several of the Birimian aged volcanic rocks in Burkina Faso have also been host to Volcanogenic Hosted Massive Sulphide ("VHMS") style mineralisation, which can host significant base metal (Cu-Pb-Zn) style mineralisation.

Each of Monteray's three project areas are located on separate Birimian greenstone belts in Burkina Faso, with the Bissa project consisting of 500km^2 of mining rights held in two contiguous exploration permits located approximately 70km north of the country's capital Ouagadougou. The Mana Project consists of 603km^2 of mining rights held in five exploration permits located 250km west of Ouagadougou, and the Banfora project consists of a single exploration permit of 75km^2 located within the Banfora greenstone belt, 340km southwest of Ouagadougou.

Each of the projects are considered to be prospective for significant Orogenic Style gold systems, and multi-element geochemistry studies suggest potential for VHMS style mineralisation at the Mann Project area. The projects are not host to any mineral resource estimation in accordance with the principles of the 2012 edition of the JORC code. The mineralisation potential of the projects is conceptual in nature, and requires further exploration expenditure to assess whether or not any potentially economically viable mineral resources exists on the tenements.

The author has reviewed the relevant projects, and has assessed their values using a Market-based approach (using the Comparable Transactions method) and a Cost-Based approach (using the Appraised Value, or Multiples of Exploration Expenditure method).

The total area either owned by Monteray, or under exclusive option to acquire totals 1,178km^2 has been used for the valuation. However, 4 of the 8 exploration permits totalling 293km^2 are subject to option agreements to divest the exploration permits from Monteray, however at the time of the valuation the mineral assets (Dobokuy, Tigan, Kana, & Bilakongo) are still held by Monteray with the current transactions subject to Monteray receiving additional option payments, and the optionor completing various minimum work expenditure commitments. At the time of reporting Monteray had the intention of terminating the option agreement held over the Pepin and Guimba exploration permits, however the termination of that agreement was not finalised at the time of reporting. Furthermore the two permits Bouna and Kara were in the process of being relinquished, however at the time of this report the process of relinquishment had not yet been formalised and acknowledge in Burkina Faso, so those permits are also included in the valuation process but deemed to have a null preferred value for the Company.

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

Table 1: Summary of preferred fair market valuations as at 24 march 2015

Tenement Name	Tenement Number	Location/ Project Area	Valuation (A$)		
			Low	High	Preferred
Pepin	2011-320	Bissa	$0	$1,070,000	$0
Guimba	2011-060	Bissa	$0	$580,000	$0
Bilakongo	2011-006	Mana	$52,000	$220,000	$220,000
Kana	2009-270	Mana	$86,000	$360,000	$360,000
Tigan	2012-072	Mana	$30,000	$100,000	$100,000
Kara	2012-075	Mana	$0	$250,000	$0
Bouna	2012-073	Mana	$0	$460,000	$0
Dobokuy	2011-005	Banfora	$55,000	$170,000	$167,000
		TOTAL:	**$223,000**	**$3,210,000**	**$850,000**

The valuations rely on exploration and tenement information provided by Michael Edwards, CEO of Monteray Mining Group, in datasets received from the company on 7 January 2015 and a subsequent tenure update on 22 March 2015. Mr Edwards, in the role of CEO for Monteray, is not considered to be independent. The author has relied on the tenement information provided in reaching the valuations but has not been able to independently verify current standing of each of the exploration permits assessed. The author has reconciled provided exploration datasets with data released to the ASX, and has verified the commissioning of the various internal reports on exploration activity provided by Monteray. Due to the early stage nature of the project, and in context of datasets available and typical lack of field observations to be made on the projects being evaluated, no site visit was made. The author considered that sufficient current information was available to allow an informed appraisal to be made without such a visit.

2 Project Location

Monteray's tenements are located on three major Birimian aged greenstone belts within the Mann Craton of West Africa. The eight tenements held, have been grouped by Monteray into three project areas based on their spatial distribution relative to the recognised Greenstone Belts in Burkina Faso, with the Dabokuy tenement located on the Banfora Belt.

Monteray's Bouna, Kara, Tigan, Kana, & Bilakongo tenements are collectively referred to as the Mana Project, and are located approximately 250km west of Ouagadougou, and are located 45km north-northeast of the Mana Mine operated by Mana Minerals SA, a subsidiary of SEMAFO, The Mana Mine is host to over 5Moz Au resource in operation since 2008 with SEMAFO currently reporting a 2.3Moz Au reserve averaging 2.81g/t Au.

The contiguous Pepin and Guimba tenements located 80km north of Ouagadougou are referred to as the Bissa Projects and are located approximately 15km along trend to the southwest of the Bissa Mine, owned and operated by Nordgold. The Bissa Mine is 6.8Moz Au resource in operation since 2013, with Nordgold currently reporting a 1.9Moz Au reserve averaging 1.74g/t Au and producing over 250,000 ounces of gold annually.

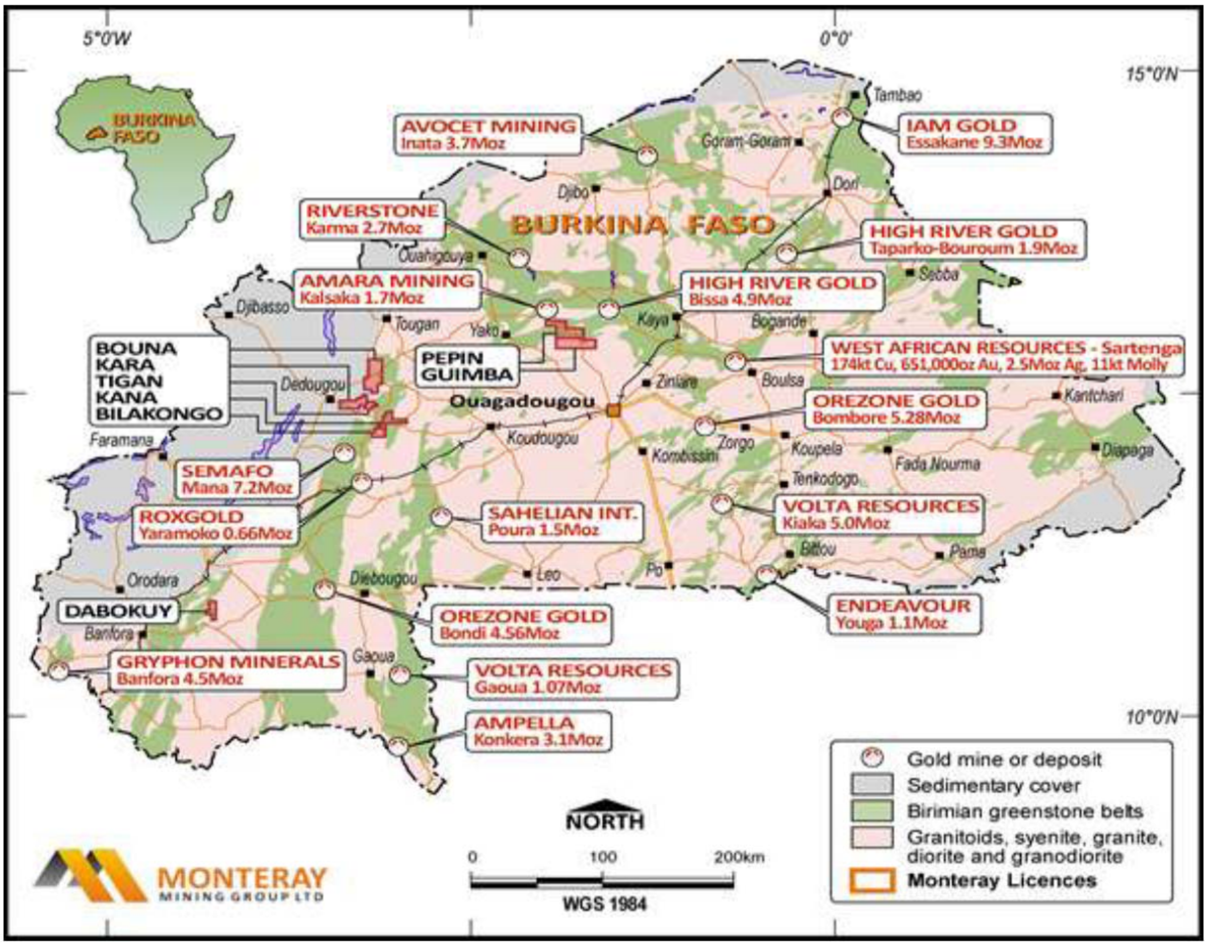

Figure 1: Monteray Project Locations and Major Mineral Projects in Burkina Faso

The Dobokuy Permit is located on the northern extent of the 150km long Banfora Belt in the southwest of Burkina Faso, with the Dabokuy permit located 340km to the southwest of Ouagadougou.

3 Regional Geology

3.1 West African Geology and Gold Mineralisation

The gold deposits of West Africa largely lie within the Proterozoic domain of the Man Shield, the southernmost subdivision of the West African (or Guinean) Craton. Burkina Faso hosts a significant portion of the West Africa Craton which includes two principal Precambrian domains: the Réguibat Rise to the North and the Man Rise in the South, separated by the late Proterozoic to Palaeozoic Taoudéni Basin.

The Man shield, which underlies Niger, Ghana and Côte d'Ivoire, comprises early Proterozoic rocks, with Archaean rocks to the west. Volcano-sedimentary belts and extensive felsic plutonic rocks that are similar to granite greenstone and meta-sedimentary belts of other Precambrian shields are present in both the Archaean and Early Proterozoic terrains.

Figure 2: Burkina Faso, Birimian Gold Province (Taken from Orbis Gold Release dated 18 Dec 2014 and available on www.asx.com.au)

The early Proterozoic volcanic and sedimentary rocks of the Man shield are referred to as the Birimian Supergroup, a suite of rocks the is broadly divided into phyllites, tuffs and greywackes of the Lower Birimian, and various basaltic to andesitic lavas and volcanoclastics of the Upper Birimian. These subdivisions are largely believed to be coeval and have been deformed and regionally metamorphosed to grades ranging from lower greenschist to lower amphibolite facies.

Burkina Faso hosts around 22% of West Africa's Birimian Greenstone belt which has produced over 180M Oz of gold in a century of production. It has the same prospective Geology as Mali, Ghana and Senegal.

The Birimian Group has been intruded by two distinctive granitoid types. The larger basin-type granitoids (and gneisses) are muscovite and/or biotite-rich, and are distinctly foliated and deformed, providing a pre-tectonic appearance. The smaller belt-type (arc related) granitoids (Dixcove Suite), on the other hand, are hornblende-rich, lack the characteristic foliation of the former, and are generally interpreted to be syn or post-tectonic. Despite their appearance, the belt-type granitoids are dated as being 60-90 million years older than the larger basin-type granitoids, however these dates are frequently inconsistent with field observations.

The younger Proterozoic Tarkwaian sediments, thought to unconformably overlie the Birimian Group, consist of a thick series of arenaceous and, to a lesser extent, argillaceous sediments believed to be derived from erosion of the Birimian. Economically important conglomerates and quartzites, termed the Banket Group, comprise the basal portion of the series. The Tarkwaian Series is largely confined to elongate north-northeast trending basins, believed to represent intra-cratonic rifts. The margins of these basins commonly coincide with major (frequently mineralised) structures representing the contact between Upper and Lower Birimian sequences. It is conceivable that reactivation of the major structures during a period of crustal extension may have been responsible for rifting and subsequent preservation of the Tarkwaian Series.

The Birimian belt-basin development was followed at around 2.1 billion years by the Eburnean tectono-thermal event, a single-stage progressive SE-NW compressional and regional metamorphic episode, expressed by foliation and shear development oriented between 025° and 050°.

Metamorphic grade is now generally lower greenschist facies with higher grade facies locally developed proximal to intrusive bodies.

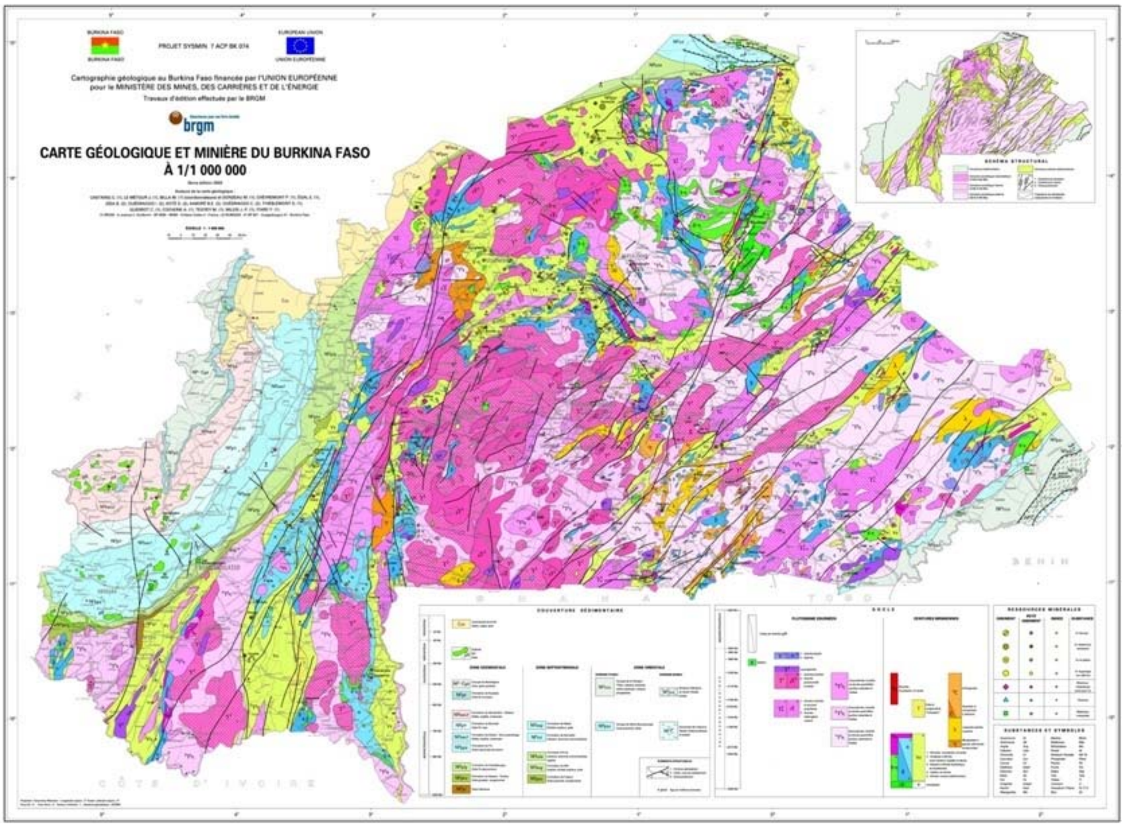

Figure 3: Regional scale Geology and Mining Map of Burkina Faso, BRGM publication

3.2 Physiography, climate, infrastructure and local resources

The local climate in this part of West Africa, which may be represented by Ouagadougou, is characterized by the Sahel zone with a wet season extending from May to September.

The mean annual rainfall for Ouagadougou is 895 mm and average temperatures range from 16 °C to 40 °C. Dusty winds from north, known as harmattan winds, are common in February and March. Both bitumen and dirt roads are maintained at a reasonable level. Water in the permit area is obtained from hand-dug wells and dams. Grid electricity is available in towns but is often lacking in villages and scattered settlements. Hospitals and clinics are located in towns but are rare in villages. Primary schools are located in most villages and near settlements. Mobile telephone network is available within each of the areas of interest.

An abundant workforce is available in the area, many of whom have been employed on adjacent exploration projects. A skilled workforce is available in Burkina Faso, travelling from major centres such as Ouagadougou.

Almost all villages of the district have a Land Chief. It is good practice to develop a close relationship with the traditional chiefs, and keep them informed on the upcoming work and its potential benefits to the community. Good manners must be exercised in accessing land for exploration work including minimizing impact of ground activities and appropriate compensation for damage to surface land and crops. Care must be taken to learn about the location of local sacred lands (e.g. cemeteries, sacred hills, etc.).

4 Prospect/Tenement Summary and Geology

4.1 Bissa Projects

The Bissa projects consist of two contiguous and continuous permits (Pepin and Guimba) with a combined area of 500km^2. The permits are along strike from Nordgold's 6.8M Oz Bissa Gold Mine and proximal to Amara Mining's 1.7M Oz Kalsaka deposit. The highly prospective Sebacé Shear Zone, which hosts the Bissa Resource, extends through the northern extent of the Pepin permit (Refer to Figure 4).

The Bissa Project area is located in Burkina Faso approximately 70km north of the country's capital Ouagadougou. Access to the lease is via the bitumen N22 highway to the small hamlet of Malou and then head due west on the unsealed Bokin road for a distance of approximately 40km until the town of Bokin is reached that lies just outside the lease boundary. Journey time from Ouagadougou is approximately 1.5 hours.

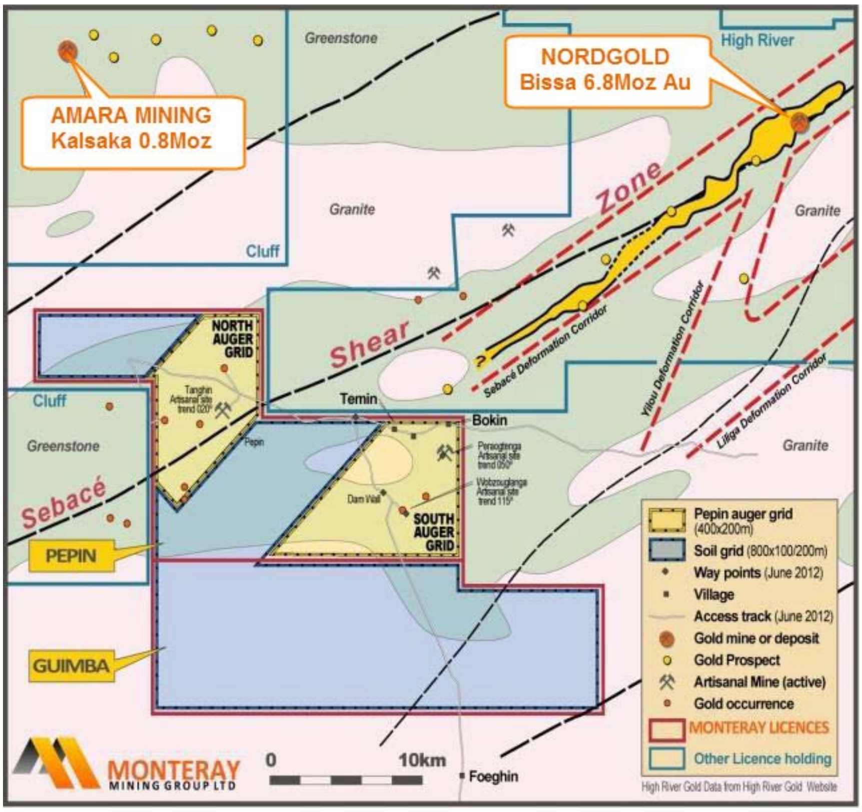

Figure 4: Bissa Project (Pepin & Guimba Exploration Permits) Location Map

The presence of prolific artisanal workings in many parts of these permits are concentrated along the Sebacé Shear Zone. Long Geological structures and the contact between the clastic sediments and mafic volcanics provide excellent opportunities for Au mineralisation.

The topography of the permit area is somewhat undulating, with several ridges rising approximately 100m above the flat semi-desert surface form chains of low sub cropping ranges with lateritic caps. The Bissa gold deposits located along trend outside the reported permit areas occur, in part, along a chain of low ridges and lateritic caps.

The local climate is that of the Sahel zone, near the transition from savannah in the south to the steppes (desert) in the north. The wet season extends from June to September. August is the month of heaviest precipitation, usually with cloud bursts and thunderstorms that can be severe. The mean annual rainfall is between 400 and 600mm.

Typical daytime temperatures range from 25°C in December to 45°C in May, with night temperatures dropping by approximately 10°C. Temperatures exceeding 40°C prior to the wet season are common.

4.1.1 Pepin Tenement

The Pepin permit is located in a region of flat plains with low rolling hills, and lateritic plateaus commonly with escarpments.

4.1.1.1 Tenure

The Pepin permis de recherché (exploration permit) is held by Mr N Ali Sawadogo. It was granted on the 13/10/2011 and is renewable through 12/10/2020. According to the permit document the area of the permit is 249.95 km^2.

Just prior to 24 July, 2012, Monteray entered into an agreement to acquire Eburnean Resources Sarl ("Eburnean"), a Burkinabe entity that had five granted exploration permits in Burkina Faso, including the Pepin permit. While two of the five permits were 100% owned directly by Eburnean, the other three permits, which included the Pepin permit, were subject to options whereby Eburnean could acquire 100% interest from the original holders. Since the Pepin permit is held by Mr N Ali Sawadogo, it would have been under option by Eburnean, and now by Monteray. There remains a contingent liability of $85,000 to exercise the option to acquire the Pepin exploration permit.

Monteray has advised the author of its intention to terminate the option agreement held by Eburnean to avoid additional option payments falling due in 2015. No outstanding liabilities relating to the termination of the agreement are reported to exist on the Pepin Licence. The exploration permit remains in the report and is treated with a consistent valuation approach, however low value and preferred value have been discounted to reflect the confidence in tenure on the exploration permits going forward.

The author has not undertaken full due diligence regarding the legal status of the permit.

4.1.1.2 Project Geology and Mineralisation

The Pepin permit is located in the prospective Birimian Goren greenstone belt and the entire licence is situated within the southwest part of the regional Sabcé shear zone which contains Nordgold's Bissa gold deposit with an estimated 6.9Moz Au resource, and several additional gold prospects including Nordgold's Ronguen gold deposit which hosts an estimated 384,000 oz Au averaging 1.3g/t (Couture, 2012) located an additional 10km along strike from Bissa.

The Pepin lease straddles the Kaya and Ouagadougou 1:200,000 geology map sheets published by BUMIGEB and the BRGM. The geology of the Ouagadougou sheet is described in accompanying notes, Notice Explicative de la Carte Geologique A 1:200 000, Feuille ND-30-V Ouagadougou, 1ére edition. 2003

Available outcrops and sub-crops indicate that the studied targets are underlain by complexly deformed and altered greenschist facies Birimian volcano-sedimentary and plutonic formations. The formations deformed by the Eburnean aged event are intruded by tonalitic to granitic formations and a variety of mafic to intermediate igneous rocks.

The outstanding structural feature of the area is due to the presence of a steep regional foliation which varies greatly in orientation from EW to NS and NE trending. This penetrative fabric controlled the local tectonic grain of the foliated tectonites as well as the spatial distribution of lithology at a local scale. A number of brittle-ductile shear zones are developed sub-parallel or at a low angle to the foliation are represent the principal gold-bearing structures.

There are no lithological controls on gold mineralization which is hosted by a variety of lithologies including basalt, clastic sediments and intrusive rocks. Gold mineralization is clearly structurally-controlled and pertains to typical quartz-carbonate vein type deposit.

White quartz veins occur cross-cutting most terrains in a SW-NE trend and post Birimian dolerites can be observed to widths of 100m and occur within E-W, NW-SE and SW-NE trends that are highlighted by aeromagnetic maps and occasionally outcropping.

Gold mineralization observed on the Pepin NE grid is limited to narrow shear zone developed within a red auriferous granite crosscut by NS- to NNE-trending steep shear zones containing oxidized quartz veins that have returned a significant gold value of 1.75 g/t Au. The fact that the granite is also gold-bearing makes this target a high priority of the Pepin NE grid.

Prospect deposit type is the mesothermal, orogenic style with gold in quartz within greenstone lithology.

4.1.1.3 Previous Exploration

The permit had no prior exploration prior to Eburnean's acquisition of the property, with ground acquired on basis of projection of mineralisation from adjacent exploration tenements.

Previous exploration work over the permit area prior to Monteray's involvement included a compilation of publicly available datasets which highlighted the presence of prospective Au-in soil anomalies in regional datasets representing prospective targets for the presence of in situ gold mineralization

4.1.1.4 Monteray Exploration Activities

In July 2012, SEMS geological consultancy conducted two MMI orientation lines over the Peraogtenga workings in the Pepin South area, 46 samples were collected in total on lines orientated north-south. Samples were consistently taken from 10cm to 25cm depth, sieved through a plastic 5mm sieve and collected into plastic zip lock bags, about 300 grams was collected in this manner.

A total of 780 auger holes for 5,028m were drilled at the Pepin South prospect between November 2012 and February 2013 and a total of 721 auger holes were drilled at Pepin North for 4,986m drilled (refer to releases to the ASX dated 31 January 2013 and 11 April 2013).

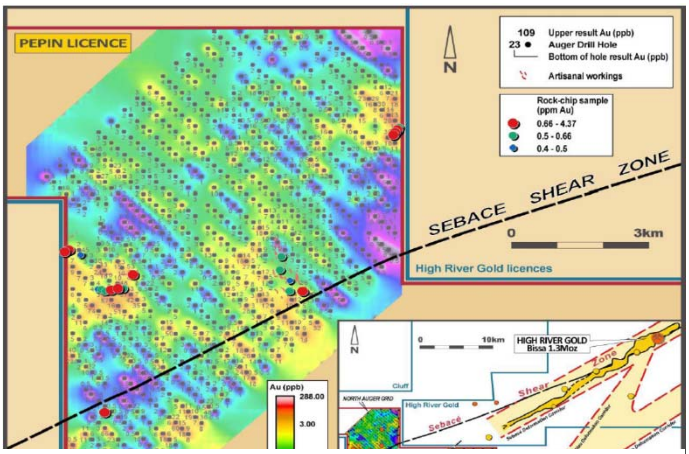

Figure 5: Pepin North auger grid, auger drill contour image with bottom of hole Au showing interpreted gold anomaly trends.

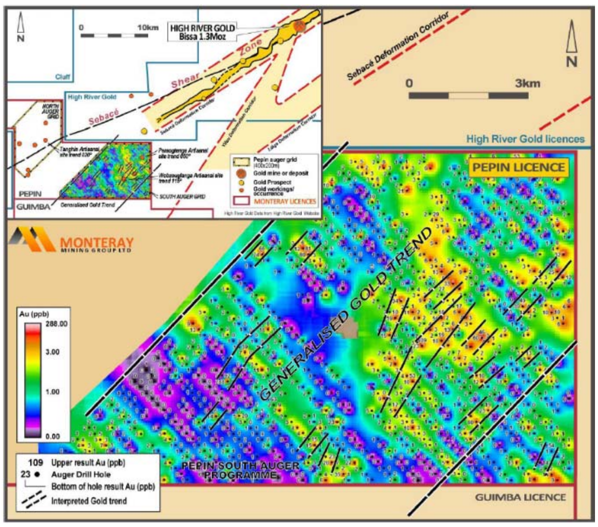

Figure 6: Pepin South auger grid, auger drill contour image with bottom of hole Au showing interpreted gold anomaly trends.

The results showed cohesive gold anomalism across multiple zones up to 3km in length and up to 288ppb Au, and seven areas in total have been highlighted for further investigation by air core drilling (Weston, 2012)

Following completion of the auger drilling programs, a litho-structural study was conducted in on the southern part the Pepin permit revealing that in-situ gold mineralization exhibits a strong structural control (Byrne D, 2013). As a follow up of this initial field study, in 2013, a regolith and litho-structural mapping of gold targets located in the northern part of the permit was completed over Two target areas and mapped at 1:5000 scale (Refer to Tourigny, 2013).

A total of 90 grab samples have been collected and six gold-bearing quartz ± carbonate veins yielded values greater than 0.5 ppm Au. Several samples of deeply weathered sediments and basalt have been assayed but both rock types appear to be barren probably due to the lack of disseminated sulphides in these rocks. At the opposite, a reddish coarse grained granite is locally gold-bearing with in situ significant values of 0.52 and 2.14 ppm Au.

The most prospective vein set on the Pepin North grid include: (i) EW-trending veins developed within shear zones cross-cutting a diorite intrusion; (ii) NNW-, NS- and NE-trending shear veins hosted by complexly deformed metasediments and (iii) a major E-W trending volcano-sedimentary contact where artisans are currently extracting gold from two small galamsey sites.

Follow-up drilling was completed at the Pepin North prospect, where a maiden drill program on the exploration tenement was completed with nine Reverse Circulation (RC) holes totalling 1,116m of drilling and 57 Air Core (AC) holes totalling 2,981m of drilling interstected encouraging first pass drill results, and reported in releases to the ASX dated 29 May 2013, and 12 July 2013

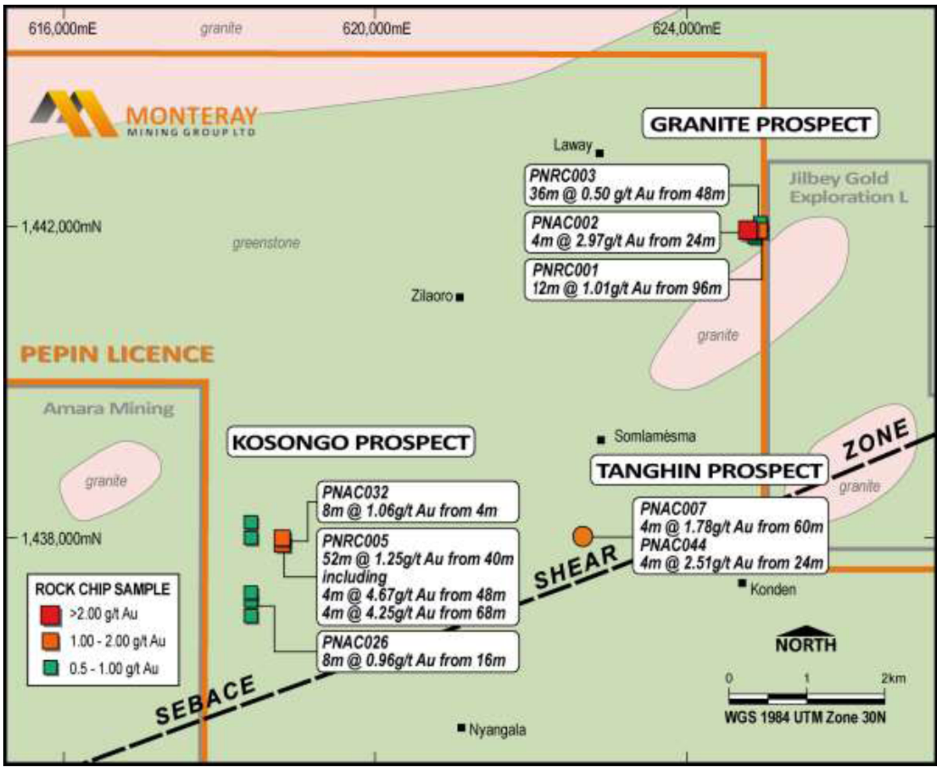

Figure 7: Pepin North drill locations and significant assays results with rock chip sample results (taken from ASX disclosure dated 12 July 2013)

The drilling program highlighted two of three prospect areas defined within the north Pepin exploration tenement in proximity of the Sebacé Shear Zone referred to as the Granite, Kosongo, and Tanghin prospect areas (refer to Figure 7).

Kosongo Prospect Drilling

Drilling at the Kosongo prospect located in the southwest sector of the Pepin North Auger grid consisted of 3 RC holes for 438m drilled and 25 AC holes totalling 1,647m. These were the first holes drilled in the Prospect area.

The lithology intercepted by the drilling consisted of black shales, phylites, metavolcanics, felsic intrusions, and minor sandstone beds. Gold mineralisation is strongly associated with quartz breccia within contact zones that are loosely parallel to the deformation corridor. Better results included (refer to Appendix C for full listing of drill results);

- 4m @ 4.67g/t Au from 48m
- 4m @ 4.25g/t Au from 68m
- 52m @ 1.25g/t Au from 40m

Tanghin Prospect Drilling

Drilling at the Tanghin prospect consisted of 2 RC holes totalling 298m drilled, and 20 AC holes totalling 1,084m. Lithology intercepted in the drilling was mostly black shale with some mafic intrusions. Gold is associated with grey quartz veins within the black shale, with a broad zone of lower grade gold mineralisation of 0.28g/t Au over a 68m interval from 80m depth in a pyritic black shale.

The mineralisation encountered at Tanghin is reported to be similar to the Bissa deposit, located along trend to the northeast.

There is additional potential on the Tanghin Prospect, where 1.3km strike extent of artisanal workings in the limited scope of the maiden drill program.

Granite Prospect Drilling

RC holes (PNRC001-003,009) and 12 AC holes (PNAC001-012). All holes were drilled at -60 towards 295° apart from PNAC001 that was drilled towards 115° and PNRC009 drilled towards 247°. Holes were approximately 100m apart on 2 lines 550m apart.

4.1.1.5 Exploration Potential

This first pass drilling has succeeded in delineating some interesting targets for follow up drilling especially at the Kosongo prospect and highlighted some interesting new mineralisation style at the intrusive hosted Granite prospect (Omotosho, 2013). The auger drilling results are indicative of gold mineralisation at depth in areas of in-situ laterite and may be not so reliable in alluvium covered areas.

Due to the limited scope of this first pass drill program areas of significant exploration potential remain in the tenement area.

4.1.1.6 Proposed Work and Expenditure Requirements

Geological mapping of the drill grid area and further geochemical analysis of the datasets available has identified several areas for follow up Aircore and RC drilling. Adequate exploration activity has been undertaken on the permit to provide a basis for renewal of the reconnaissance permit.

4.1.2 Guimba Tenement

4.1.2.1 Tenure

The Pepin permis de recherché (exploration permit) is held by Mr Bologo Bebyegda. It was granted on 27/May/2011 as permit number 2011-060 and is renewable through 26/May/2020. According to the permit document the area of the permit is 250 km^2.

On 24 July 2012, Monteray announced entering into an agreement to acquire Eburnean, a Burkinabe entity that had five granted exploration permits in Burkina Faso, including the Guimba permit. While two of the five permits were 100% owned directly by Eburnean, the other three permits, which included the Guimba permit, were subject to options whereby Eburnean could acquire 100% interest from the original holders. Since the Guimba permit is held by Mr Bologo Bebyegda, it would have been under option by Eburnean, and now by Monteray. There remains a contingent liability of $85,000 to exercise the option to acquire the Guimba exploration permit.

Monteray has advised the author of its intention to terminate the option agreement held by Eburnean to avoid additional option payments falling due in 2015. No outstanding liabilities relating to the termination of the agreement are reported to exist on the Guimba Licence. The exploration permit remains in the report and is treated with a consistent valuation approach, however low value and preferred value have been discounted to a zero value to reflect the confidence in tenure on the exploration permits going forward.

The author has not undertaken full due diligence regarding the legal status of the permit.

4.1.2.2 Project Geology and Mineralisation

The Guimba permit is situated just south of the Sabacé Shear zone which hosts the majority of know mineralisation in the region, however the Lilga Deformation corridor which is associated with the southern boundary of the Birimian greenstone sequence is projected along trend of the Guimba Permit.

4.1.2.3 Previous Exploration

No previous exploration activity is reported for the Guimba Exploration Permit Area

4.1.2.4 Monteray Exploration Activities

Guimba prospect was subject to a soil survey sampling program completed by Monteray in 2012 on 800m line spacing with 200m sample spacing and localised 100m spacing in-fill sampling.

4.1.2.5 Exploration Potential

The Guimba permit is contiguous with the Pepin Permit on its southern border, which is host to the Pepin South anomalism and auger drilling grid area, which is host to several artisanal working. Additional exploration in context of regolith setting may be justified on continuiations of the Birimian greenstone units into the tenement, or along trend on the projection of Sabacé parallel deformation corridors.

4.1.2.6 Proposed Work and Expenditure Requirements

No exploration activities are currently planned for the Guimba tenement.

4.2 Mana Projects

The Mana projects consist of 5 permits (Tigan, Kana, Kara, Bilokongo and Bouna) with a combine's area of 603km^2. They are located adjacent to SEMAFO's Massala and Oula prospects and along strike and on the same regional structure as their 6.8 Moz Au Mana mine.

The climate is divided into a rainy season, from June to September comprising most of the average annual 830 mm rainfall, and a dry season from October to May. Dust storms from the north are frequent in February and March. Minimum and maximum temperatures are about 15°C and 40°C. The mine site operates year round (Crevier, M., et. al, 2013).

The Mana Project area is predominantly host to Birimian aged (paleoproterozoic) sedimentary, volcano-sedimentary and volcanic rocks of Birrimian age of the extensive NNE-SSW trending Houndé greenstone belt (or syncline) within the West African craton. Several of these greenstone belts dissect the craton within Burkina Faso, and are host to the majority of gold deposits in the West African Mann Craton, with the Mana project located within the extensive Houndé greenstone Belt that extends through western Burkina Faso and into northern Cote d'Ivoire

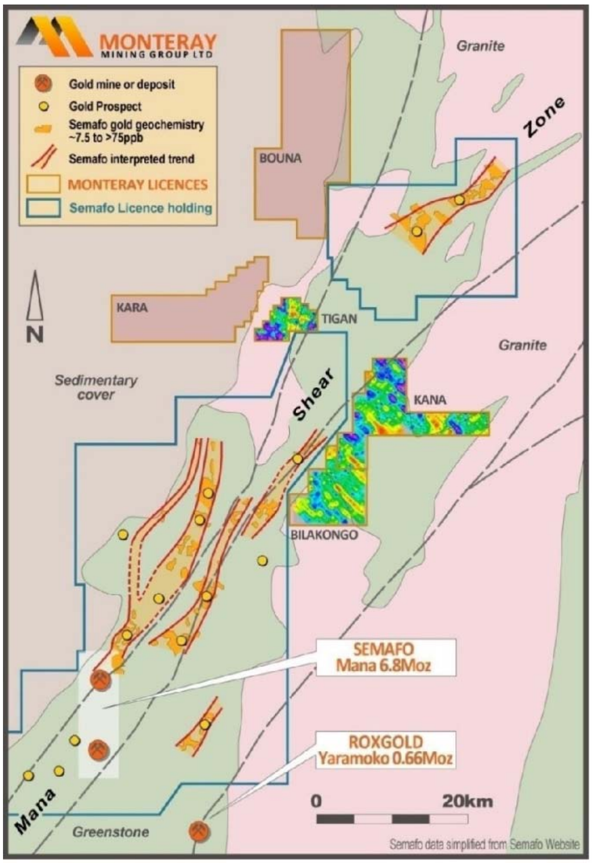

Figure 8: Mana Project permit locations with results of surface geochemistry for Tigan, Kana, and Bilakongo.

Four important deposit types have so far been recognized on projects adjacent to Monteray's Mana Project area (Crevier, M., et. al, 2013). The mineralisation types include;

- Mineralisation occurring as disseminated pyrite and arsenopyrite hosted in relatively wide corridors of silicification with disseminated style mineralization hosted in a sheared package of alternating fine grained metasediments and metavolcanics.
- Mineralisation occurring in disseminated pyrite and arsenopyrite associated with a strongly sericitized arenite rock, locally conglomeratic, located within a wider deformation zone affecting metavolcanics and other fine grained sediments.
- Mineralisation dominantly shear hosted and associated within quartz rich vein in silicified volcanic rocks. These veins tend to carry a higher tenor of average gold grades but are relatively narrow limiting tonnage potential.
- Mineralisation composed of a series of shear zones hosting free-gold bearing quartz veins located along a contact between a sedimentary sequence and a felsic intrusive.

4.2.1 Tigan Tenement

4.2.1.1 Tenure

On 14 June 2011, Monteray announced an agreement to acquire a 100% interest in Vema Resources Pty Ltd (Vema) and paid a combined consideration for Vema resources of A$80,000 cash and 2.85m Monteray shares, accompanied with 2m options in Monteray and agreement to issue 2m performance shares, with the latter 2m performance shares remaining as a contingent liability on the Vema held tenements. On 9 October 2012, Monteray announced completion of the acquisition, which allowed Monteray to progress with its exploration activities.

On 27 March, 2014, Monteray announced an agreement between Monteray and Resources Tangayen SA, a wholly owned subsidiary of SEMAFO (SEMAFO) over the Tigan, Bilakongo, and Kana Permits, whereby SEMAFO has the exclusive right to acquire a 100% interest in the Tigan Permit subject to a combination of staged cash payments to Monteray totalling US$230,000 in option payments, and USD$800,000 in Exploration expenditure commitment over a 3 year period to acquire a 100% interest in the Tigan exploration permit (along with a 90% interest in the Bilakongo and Kana Permits).

Subject to an amendment to the agreement announced 27 March, 2014, Monteray was granted rights and entitlements to the 10% interest in the Kana and Tigan exploration permits on a free carry basis, in consideration for SEMAFO retaining the right to buy-out the remaining 10% interest in the two permits subject to a cash payment to Monteray of US$1,500,000.The author has not undertaken full due diligence regarding the legal status of the permit.

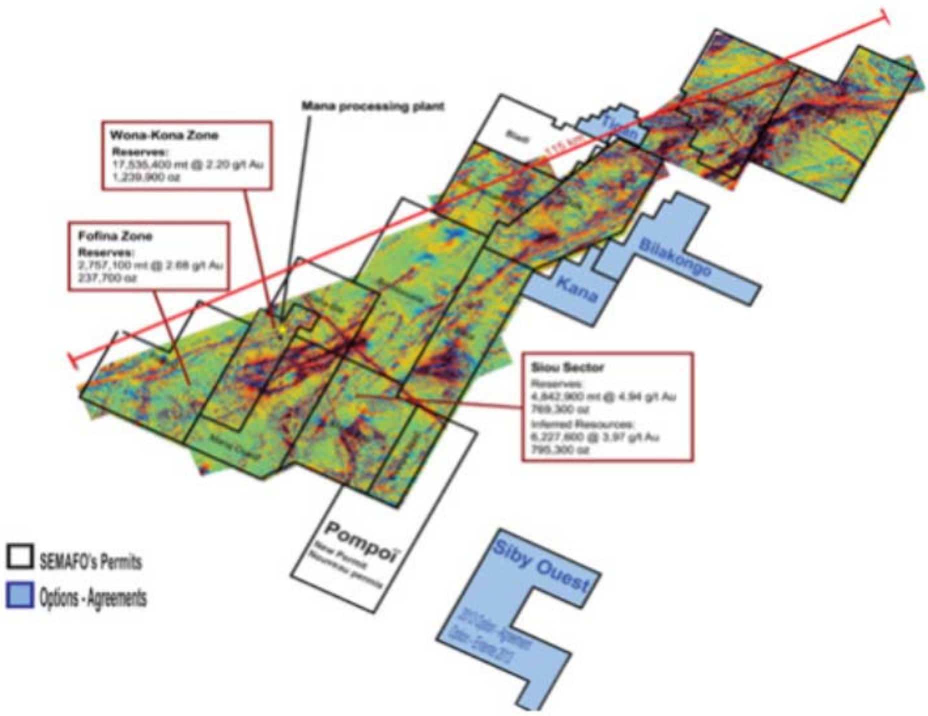

Figure 9: Location of Tigan, Kana, & Bilakongo Tenements in relationship to SEMAFO existing land holdings and Mana Mine deposit. (Taken from SEMAFO website: http://www.semafo.com\operations-burkina-faso.php)

4.2.1.2 Project Geology and Mineralisation

The Tigan tenement is located within the northern extent of the Birmian aged Hyundai greenstone belt. Sedimentary, volcano-sedimentary and volcanic rocks in the belts are metamorphosed to greenschist facies and they have been subject to a least two deformation phases (a syn- and a post-schist) have been described through the northern extent of the belt.

Anomalous Ag and Ba values have been identified suggesting potential for VMS style mineralisation associated with volcanic rocks that occur in the belt. The major Eburnean structures that control mineralisation at the Mana deposit trend through the Tigan deposit area and there is significant potential for the style and character of mineralisation analogous to the Mana deposit style mineralisation described in section 4.2 above.

4.2.1.3 Previous Exploration

Vema Resources exploration work consisted of reconnaissance field visits and mapping the distribution of laterites in the regolith across the tenement.

4.2.1.4 Monteray Exploration Activities

The Tigan exploration permit was soil sampled in 2012 using the Moving Metal Ions (MMI) technique on a 400m by 200m grid.

Regional soil sampling completed across the Tigan permit defined structures coincident with interpreted aeromagnetic features. Further analysis of the MMI (Mobile Metal Ion) data in 2012 indicated that the Tigan prospect could be prospective for VHMS style deposits due to the elevated levels of Barium (Ba) and Silver (Ag).

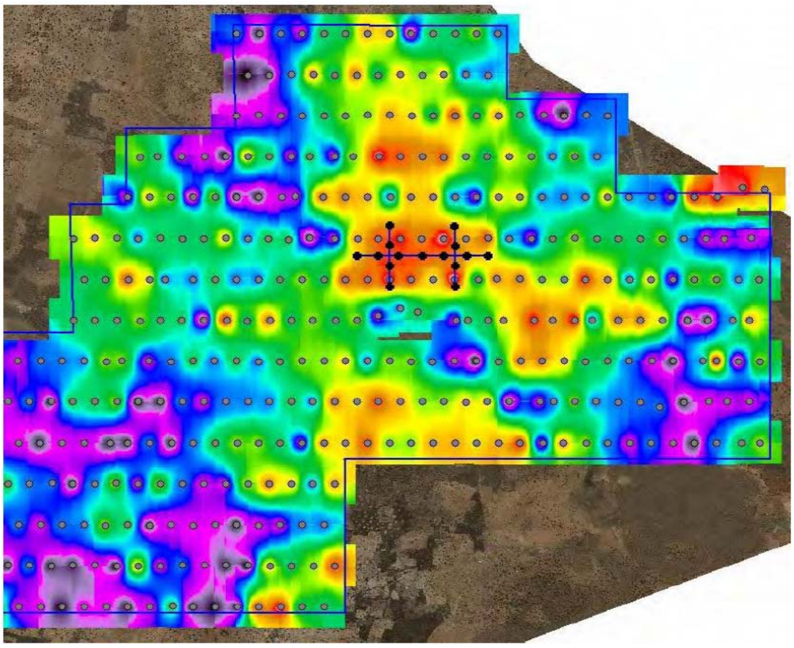

Figure 10: Tigan Gold in soil MMI with proposed drill lines, MMI sample locations marked by grey dots. (Taken from release to ASX dated 11 April 2013)

An air core drilling program for the Tigan permit has been designed by Monteray to follow-up on geochemical anomalies, but no work has been carried out. No mapping was completed on the project as outcrop within the exploration permit area is non-existent.

4.2.1.5 Exploration Potential

Tigan lies within the 115km long structural corridor of SEMAFO's 2,937km^2 Mana Project Property and merits additional early stage exploration activity to assess gold resource potential

4.2.1.6 Proposed Work and Expenditure Requirements

SEMAFO, in accordance with it option agreement with Monteray dated 19 March 2014 is required to comply with all conditions of the Permit and with the Burkina Mining Act and carry out exploration activities to keep the tenement(s) in good standing.

4.2.2 Kana & Bilakongo Tenements

4.2.2.1 Tenure

On 24 July, 2012, Monteray entered into an agreement to acquire Eburnean, a Burkinabe entity that had five granted exploration permits in Burkina Faso, including the Kana and Bilakongo exploration permits. While two of the five permits were 100% owned directly by Eburnean, the other three permits, which included the Kana exploration permit, were subject to options whereby Eburnean could acquire 100% interest from the original holders, the option to acquire was completed by Monteray on 1 Jun 2013 and the underlying vendor retains a 1.5% net smelter royalty on the project.

The Kana permis de recherché (exploration permit) is held by Eburnean Resources. It was granted on 9/Dec/2009 and is renewable through 8/Dec/2018. According to the permit document the area of the permit is 116.13 km^2.

On 27 March, 2014, Monteray announced an agreement between Monteray and Resources Tangayen SA, a wholly owned subsidiary of SEMAFO over the Tigan, Bilakongo, and Kana Permits, whereby SEMAFO has the exclusive right to acquire a 90% interest in the Kana and Bilakongo Permits subject to a combination of staged cash payments to Monteray totalling US$230,000 in option payments, and USD$800,000 in Exploration expenditure commitment over a 3 year period to acquire a 100% interest in the Tigan exploration permit (along with a 100% interest in the Tigan Permit).

Subject to an amendment to the agreement announced 27 March, 2014, Monteray was granted rights and entitlements to the 10% interest in the Kana and Tigan exploration permits on a free carry basis, in consideration for SEMAFO retaining the right to buy-out the remaining 10% interest in the two permits subject to a cash payment to Monteray of US$1,500,000.

The author has not undertaken full due diligence regarding the legal status of the permit.

4.2.2.2 Project Geology and Mineralisation

Sedimentary, volcano-sedimentary and volcanic rocks in the belts are metamorphosed to greenschist facies and they have been subject to a least two deformation phases (a syn- and a post-schist). Limits of belts with contiguous plutonic rocks correspond to shears of generally NE-SW direction associated to those phases.

No mineralisation has been identified with the Kana & Bilakongo permits from exploration activity to date. The style and character of mineralisation targeted is analogous to the Mana deposit style mineralisation described in section 3.2 above.

4.2.2.3 Previous Exploration

Eburnean datasets at the time of acquisition included mapping compilation work from soil grid sampling completed on 800m by 100m grid spacing, with surface geochemistry results from 1,143 sample locations. Several anomalies identified in soils and extensive artisanal workings reported within the tenements.

4.2.2.4 Monteray Exploration Activities

Compilation of soil sampling datasets across the Kana and Bilokongo permits collected in April 2012 defined structures coincident with interpreted geophysical features from regional scale aeromagnetic datasets. Exploration Potential

4.2.2.5 Proposed Work and Expenditure Requirements

Kana & Bilakongo are situated within the 115km long structural corridor of SEMAFO's 2,937km^2 Mana Project Property and merits additional early stage exploration activity to assess gold resource potential (refer to Figure 9).

SEMAFO, in accordance with it option agreement with Monteray dated 19 March 2014 is required to comply with all conditions of the Permit and with the Burkina Mining Act and carry out exploration activities to keep the tenement(s) in good standing.

4.2.3 Bouna & Kara Tenement

4.2.3.1 Tenure

On 14 June 2011, Monteray announced an agreement to acquire a 100% interest in Vema Resources Pty Ltd (Vema) and paid a combined consideration for Vema resources of A$80,000 cash and 2.85m Monteray shares, accompanied with 2m options in Monteray and agreement to issue 2m performance shares, with the latter 2m performance shares remaining as a contingent liability on the Vema held exploration permits. On 9 October 2012, Monteray announced completion of the acquisition, which allowed Monteray to progress with its exploration activities.

The Bouna permis de recherché (exploration permit) is held by Vema Resources Pty Ltd. It was granted on 28/July/2011 with permit number 2012-073 and is renewable through 27/July/2020. According to the permit document the area of the permit is 250 km^2.

The Kara permis de recherché (exploration permit) is held by Vema Resources Pty Ltd. It was granted on 28/July/2011 with permit number 2012-075 and is renewable through 27/July/2020. According to the permit document the area of the permit is 135 km^2.

Monteray has advised the author of the Company's intention to relinquish the 100% owned Bouna and Kara exploration permits, and that the relinquishment process has been initiated with the Burkina Faso Ministry of Mines and Energy, however the relinquishment process has not been finalised at the time of reporting, and the exploration permits remain in the report and treated with a consistent valuation approach, however low value and preferred value have been discounted to a zero value to reflect the confidence in tenure on the exploration permits going forward.

4.2.3.2 Project Geology and Mineralisation

The Kara and Bouna permits are located on the western margin of the northern Houndé Belt and are situated predominantly over the sedimentary basin cover sequence of the Taoudéni Basin. No evidence for mineralisation has been observed at surface, and surface geochemistry techniques are deemed to be ineffective in exploring through the unknown thickness of sedimentary cover sequence.

4.2.3.3 Previous Exploration

No previous exploration activity reported for the Kara and Bouna permits.

4.2.3.4 Monteray Exploration Activities

No exploration activity reported for the Kara and Bouna permits.

4.2.3.5 Proposed Work and Expenditure Requirements

Monteray resources has filed for relinquishment of the Kara and Bouna permits based on an assessment of risk including evaluating factors for geological setting, endowment potential, prospectivity, and discoverability on the tenements.

Monteray anticipates finalising relinquishment of these permits in the near future. No ground disturbing exploration activity has been completed and no outstanding liabilities associated with the tenements is anticipated.

4.3 Banfora Project

The Banfora project for Monteray consists of one permit (Dobukuy) with an area of 75km^2. Dobukoy is set within the major shear corridor of a highly active Banfora greenstone belt which currently hosts over 25 advanced gold assets. Dobokuy is located adjacent to several SEMAFO exploration permits in the northern extent of the Banfora Belt, Where SEMAFO has consolidated an over 1,463km^2 land position.

4.3.1 Dabokuy Tenement

4.3.1.1 Tenure

The Dabokuy permis de recherché (exploration permit) is held by Eburnean Resources Ltd Burkina. It was granted on the 18 January 2011 and is renewable through 17 January 2020. According to the permit document the area of the permit is 75.46 km^2 (refer to Figure 11).

On 24 July, 2012, Monteray announced entering into an agreement to acquire Eburnean, a Burkinabe entity that had five granted exploration permits in Burkina Faso, including the Dabokuy permit, which was included in two of the five permits that were 100% owned directly by Eburnean.

On 30 May, 2014, Monteray announced an agreement with SEMAFO for the Dabokuy Permit, whereby SEMAFO has an exclusive working right and option to acquire a 100% interest in the Dabokuy exploration permit subject to a combination of staged cash payments to Monteray totalling US$70,000 in option payments, and USD$200,000 in Exploration expenditure commitment over a 2 year period and grant of a 1% Net Smelter Royalty over production on the permit to acquire a 100% interest in the Dabokuy exploration permit. SEMAFO has the right to purchase the NSR from Monteray prior to production at the Daokuy Permit for US$1,000,000.

The author has not undertaken full due diligence regarding the legal status of the permit.

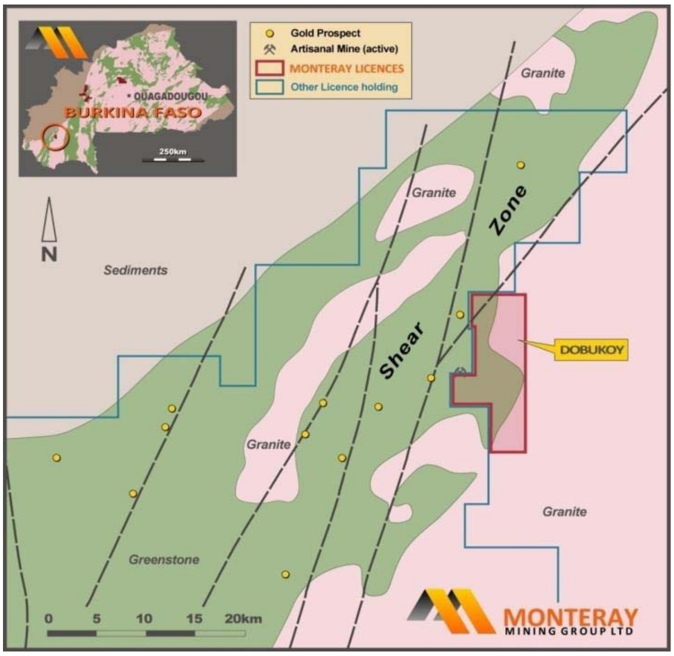

Figure 11: Dabokuy exploration permit location on generalised geology

4.3.1.2 Project Geology and Mineralisation

The Banfora Belt is located in the south-west of Burkina Faso, West Africa, in a major gold producing district. The Banfora Gold Belt extends for over 150 kilometres and continues into Côte d'Ivoire, where significant gold occurrences have been reported. Monteray's Dabokuy Permit is located at the northern extent of the Banfora Gold Belt. The Banfora Belt is one of the most under-explored volcano-sedimentary belts in Burkina Faso. Limited regional mapping and geochemical surveys were carried out in the belt by junior explorers in the mid-late 90's. In recent years, gold digging activity (orpailleur fields) has been undertaken in the northern parts of the belt.

4.3.1.3 Previous Exploration

No exploration activity completed prior to 2012, however an influx of artisanal miners occurred in December 2011 and numerous locations of orpillage (small-scale mining) were established in and proximal to the permit area.

Eburnean Resources completed a reconnaissance soil sampling program in 2012 consisting of 957 sample locations collected on an 800m by 100m soil grid on northwest oriented lines, with 1% of gold values exceeding 44ppb Au. Three anomalies in excess of 1.8km long and up to 300m wide that coincide with N-S breaks truncated by NE-SW shears in the regional scale aerial magnetic datasets were identified. Anomalies were interpreted to be at the contacts between basalts and andesitic volcanic units.

4.3.1.4 Monteray Exploration Activities

Monteray followed up with additional studies of multi-element geochemistry results from the MMI survey conducted. Soil anomalism from sampling conducted in April 2012 that ties in with interpreted regional structures and extensive artisanal workings within the permit have provided multiple targets for follow up drilling.

4.3.1.5 Exploration Potential

The Banfora Belt is the subject of extensive regional scale exploration activity in recent years by small to mid-tier explorers and producers in West Africa, with companies such as SEMAFO and Endeavour mining consolidating large land packages within the Banfora Belt.

SEMAFO has acquired multiple permits in the past year, and has consolidated over 1,463km^2 land position with 14 permits held in the Banfora Belt, with a significant clustering of contiguous land holding in the north of the belt including an option over Monteray's Dobokuy Prospect.

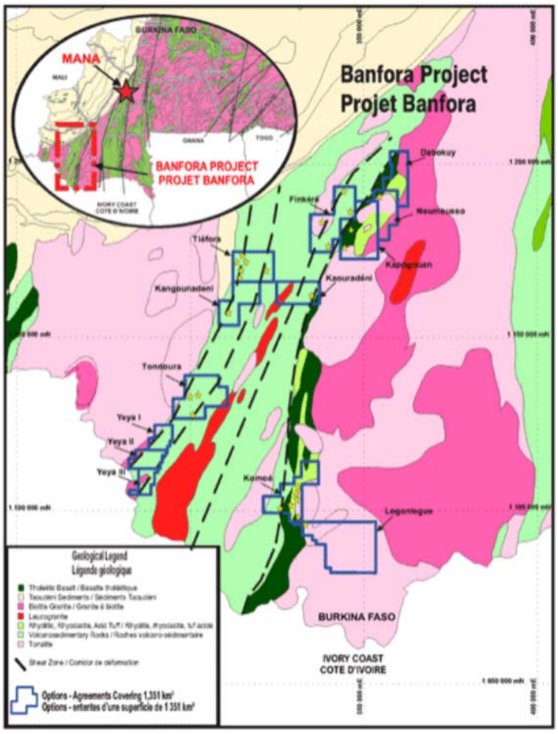

Figure 12: Location of Dabokuy Permit in relationship to SEMAFO Landholdings (Taken from SEMAFO website: http://www.semafo.com/operations-burkina-faso.php)

4.3.1.6 Proposed Work and Expenditure Requirements

Dobokuy is situated at the northern end of the more than 150km long Banfora gold belt, with Dobokuy situated at the northern end of a significant structural corridor that hosts SEMAFO's 1,463km^2 Banfora Project Property and merits additional early stage exploration activity to assess gold resource potential

SEMAFO, in accordance with it option agreement with Monteray dated 19 March 2014 is required to comply with all conditions of the Permit and with the Burkina Mining Act and carry out exploration activities to keep the tenement(s) in good standing, and has committed to incur a minimum US$200,000 in exploration expenditure to retain its option to acquire the exploration tenement.

5 Burkina Faso Mining Law

The current legislative framework for all mining activity in Burkina Faso is governed by The Mining Act, number 031-2003/AN of 8 May 2003 (Mining Code). Under the Mining Code any foreign entity may obtain exploration permits in the country, Exploration Permits up to 250 km^2 are granted for an initial period of three years, which may be renewed twice for periods of three years. At the second renewal the Permit area must be reduced by 25%.

Foreign entities must incorporate a local legal entity to obtain exploitation (Mining) permits. Mining Permits are granted for a term of 20 years (with unlimited five year renewals). The Burkina Faso Government ("the Government") obtains a 10% free carry stake (interest carried without dilution or proportional contribution operating costs) in the local entity upon granting of the exploitation permit. In addition, the government has the rights to a 3% royalty if the gold price is below US$1,000 per ounce, 4% between US$1,000 and US$1,300, and 5% above US$1,300. The application for an Exploitation Permit requires an environmental management and monitoring plan and completion of an Environmental and Social Impact Assessment (ESIA) report.

Following a review since 2010, Burkina Faso's Council of Ministers adopted a bill amending the Mining Code in October 2013 with the goal of increasing mining revenue to the Government and the mining sector's contribution to local development. However, it was eventually withdrawn following opposition from mining operators. A new bill was adopted by the Council of Ministers in October 2014, however due to the recent political unrest in Burkina Faso, has yet to be resubmitted to the National Assembly. Key changes proposed under the 2013 amendment included (Speight et. al., 2014):

- Introduction of a 20% tax on capital gains on any transfer of mining titles (which doesn't apply to transfers of licenses to subsidiaries before conversion into an exploitation license).
- Removal of a number of tax and customs exemptions or preferential rates currently applicable to holders of exploitation permits (such as patent contribution, employer and apprentice tax).
- Creation of a mining fund for local development and other funds partially financed by mining taxes (up to 1% of the annual turnover of the mining company).

In 2013, Burkina Faso was ranked 3rd in Africa and 27th worldwide by the Fraser Institute[1] under its mineral potential index[2], and is therefore considered to have a relatively conducive environment for mineral exploration.

Burkina Faso has also been impacted by recent political instability. On 31 October 2014, Burkina Faso's now former-President, Blaise Compaore resigned after 27 years as a result of mass public protest in response to his attempt to amend the constitution to extend his term as President. Following the resignation of Blaise Compaore, the constitution was suspended and military officer Colonel Issac Zida assumed control of the Government. The take-up of power by a representative of the military resulted in significant international pressure and the threat of sanctions from the African Union. In response, a 23-person panel comprising representatives from the military, various religious groups and an opposition party was established to select an interim president.

On 15 November, the constitution was reinstated and on 23 November, a 25-member transitional Government was successfully appointed to guide the country to formal elections in November 2015. Former United Nations ("UN") Ambassador and Foreign Minister, Michel Kafando was elected as interim President and Colonel Issac Zida as interim Prime Minister.

The UN Secretary General, Ban Ki-moon has emphasised that the UN will continue to work closely with the African Union, the Economic Community of West Africa States and other international stakeholders to provide on-going support for the transition in Burkina Faso[3].

6 Valuation

6.1 The VALMIN Code

Mineral Assets are defined in the VALMIN Code as all property including, but not limited to real property, intellectual property, and/or mining and exploration tenements held or acquired in connection with the exploration, development and/or production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

The VALMIN Code defines the Value of a Mineral Asset as its Fair market Value, which is the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the Expert or Specialist reached in accordance with the provisions of the VALMIN Code, the Mineral Asset should change hands on the Valuation Date between a will buyer and a willing seller in an arm's length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

Mineral Assets means all property including but not limited to real property, intellectual property, mining and exploration tenements held or acquired in connection with the exploration of, the development of and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

[1] Survey of Mining Companies 2012/2013, Fraser Institute – The Fraser Institute Annual Survey of Mining Companies was sent to approximately 4,100 exploration, development and other mining-related companies around the world.

[2] The Mineral Potential Index is a composite index that cpatures the opinions of managers and executvies on wheter or not a jurisdictions's mineral potential under the current policy environment (i.e., regulations, land use restrictions, taxation, political risk, and uncertainty) encourages or discourages exploration

[3] http://www.un.org/apps/news/story.asp?NewsID=49425

The choice of valuation methodology applied to mineral assets, including exploration licences, will depend on the amount of data available and the reliability of that data. The VALMIN Code classifies mineral assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, most Mineral Assets can be classified as either:

Exploration Areas – properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.

Advanced Exploration Areas – properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A resource estimate may or may not

have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the resource category.

Pre-Development Projects – properties where Mineral or Petroleum Resources have been identified and their extent estimated (possibly incompletely) but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral or Petroleum Resources have been identified, even if no further Valuation, Technical Assessment, delineation or advanced exploration is being undertaken.

Development Projects – properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.

Operating Mines – mineral properties, particularly mines and processing plants that, have been commissioned and are in production.

6.2 Summary of Valuation Methods for Exploration Projects

The three generally accepted Valuation approaches for mineral properties are:

- Income Approach
- Market Approach
- Cost Approach

The *Income Approach* is based on the principle of anticipation of benefits and includes all methods that are based on the income or cash flow generation potential of the Mineral Property.

The DCF (Discounted Cash Flow Analysis) is the preferred method of Income Approach for the fundamental valuation of resource projects where forecast discretionary cash flows are discounted at the appropriate cost of capital to provide a Net present Value (NPV). However, due to the early stage nature of Monteray's Burkina Faso Project portfolio it is not possible to determine the NPV for those tenements. As no cash flows can be determined it is also not possible to estimate reliable future earnings and as such us comparative trading multiples or other listed market participants operating in the same country or region with comparable sovereign risk normally considered in valuation of Australian listed mining companies that are involved in the exploration and development of mining projects.

Additional Income Approach valuation methods such as Monte Carlo Analysis, Option Pricing and Probabilistic Methods were also considered inappropriate for the stage of exploration or development on the Monteray asset portfolio.

The Income Approach methodologies are not appropriate for properties without Mineral Resources

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The Mineral Property being valued is compared with the transaction value of similar Mineral Properties, transacted in an open market. Methods include comparable transactions and option or farm-in agreement terms analysis.

Market Value is typically defined as "The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious buyer, and a knowledgeable, willing but not anxious seller acting at arm's length." The accounting criteria for a market valuation is that it is an assessment of "Fair Value"' which is defined in the accounting standards as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction."

Comparable Transactions (CT) market approach looks at prior transactions for the property and recent arm's length transactions for comparable properties. The Comparable Transaction method provides a useful guide where a mineral asset that is comparable in location and commodity has in the recent past been the subject of an "arm's length" transaction, for either cash or shares.

The Cost Approach is based on the principle of contribution to value. The principal of contribution states that the value of a particular component is measured in terms of it contribution to the value of the while property. The various cost approach methods can include Depreciated Replacement Cost, Multiple of Exploration Expenditure, Appraised Value, and Geoscience Matrix.

6.2.1 The valuation methods that were considered as viable included:

Multiple of Exploration Expenditure Method

The Exploration Expenditure method can consider the costs and results of previous expenditure on a tenement and be used to provide an indicative level of value. Highly prospective tenements will generally encourage a higher level of expenditure. The method can be enhanced by increasing the value by a multiplier that can range from 0 to 5 to reflect the future potential of a tenement, generally referred to as the multiple of exploration expenditure (MEE) method (Lawrence, M.J., 1994). The method is subjective in nature and relies heavily on an interpretation by a technical expert of the geological prospectivety of the tenement(s). The advantage of the method is that it allows for a valuation for projects that are not host to any resource categories based on information prepared by a Competent Person as defined by the JORC Code.

Table 2: Prospectivity Enhancement Multiplier (PEM) Factors

PEM Range	Criteria
0.2 to 0.5	Exploration (past & present) has downgraded the tenement prospectivity, no mineralisation identified
0.5 to 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 to 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 to 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical activities)
1.5 to 2.0	Scout drilling (RAB, aircore, RCP) has identified interesting intersections of mineralisation
2.0 to 2.5	Detailed drilling has defined targets with potential economic interest

2.5 to 3.0	A Mineral Resource has been estimated at Inferred JORC category, no concept or scoping study has been completed
3.0 to 4.0	Indicated Mineral Resources have been estimated that are likely to form the basis of a Prefeasibility Study
4.0 to 5.0	Indicated and Measured Resources have been estimated and economic parameters are available for assessment

The MEE Method involves the allocation of a premium or discount to past expenditure through the use of the Prospectivity Enhancement Multiplier (PEM). This involves a factor which is directly related to the success, or lack thereof, from exploration activity completed to date, during the life of the current tenements. Guidelines for the selection of a PEM factor have been proposed by several authors in the field of mineral asset valuation (Lawrence, 1994). Table 2 above lists the PEM factors and criteria used in this report.

Comparable Transactions

An alternative comparative approach is to consider previous, but recent transactions made on gold tenements with similar levels of previous exploration activity. Although the Comparable Transactions (CT) method has the advantage of providing observable market transactions, it is disadvantage due to the limited number of observations typically available and the difference in time between transactions and the valuation date in context of varying market conditions over time, however it can provide a meaningful valuation (Thompson, 1991).

For exploration projects with no existing mineral resource estimations as defined by the JORC code, the notion of value is often based on considerations unrelated to the amount of cash, cash equivalent, or some other consideration which might change hands in the event of an outright sale. Remuneration and value on exploration projects can be in the form of royalties, success based (or milestone) payments, option payments, or expenditure commitment through a joint venture or Farm-in type agreement.

In an exploration joint venture or farm-in type agreement, an equity interest in a tenement or group of tenements is usually earned in exchange for spending on exploration, rather than a simple cash payment to the tenement holder. The joint venture or farm-in terms, of themselves, do not represent the Value of the tenements concerned. To determine a Value, the expenditure commitments should be discounted for time and the probability that the commitment will be met. Whilst some recommendation for valuation estimation suggest utilising complex assessments of the likelihood that commitments will be met, these are difficult to justify at the outset of a joint venture, as is the case with the recent transactions completed on a portion of the Monteray mineral assets, and it seems more reasonable to assume some level of probability that a joint venture agreement will run its term. Therefore, in analysing joint venture terms, a discount may be applied to future committed exploration, which is then "grossed up" according to the interest to be earned to derive an estimate of the Value of the tenements at the time that the agreement was entered into. For the purpose of this valuation, the author has applied a 70% discount to the expenditure commitments to factor the probability of the agreement running its term, given the early stage nature of the mineral assets.

Where a progressively increasing interest is to be earned in stages, it is likely that a commitment to the second or subsequent stages of expenditure will be so heavily contingent upon the results achieved during the earlier phases of exploration that assigning a probability to the subsequent stages proceeding will in most cases be meaningless. A commitment to a minimum level of expenditure before an incoming party can withdraw must reflect that party's perception of minimum value and should not be discounted. Similarly, any up-front cash payments should not be discounted. The terms of a sale or joint venture agreement should reflect the agreed value of the tenements at the time, irrespective of transactions or historical exploration expenditure prior to that date. Hence the current Value of a tenement or tenements will be the Value implied from the terms of the most recent transaction involving it/them, plus any change in Value as a result of subsequent exploration. Where the tenements comprise applications over previously open ground, little to no exploration work has been completed and they are not subject to any dealings, it is thought reasonable to assume that they have minimal, if any Value, except perhaps, the cost to apply for, and therefore secure a prior right to the ground, unless of course there is competition for the ground and it was keenly sought after. Such tenements are unlikely to have any Value until some exploration has been completed, or a deal has been struck to sell or joint venture them, implying that a market for them exists.

In some cases, some high quality mineral assets are likely to trade at a premium over the general market. On the other hand exploration tenements that have no defined attributes apart from interesting geology or proximity to known resources or position relative to favourable trends may well trade at a discount to the general market. Market Values for exploration tenements may also be impacted by the size of the land holding, with a large, consolidated holding in an area with good exploration potential attracting a premium due to its appeal to large companies, as is the case with Monteray's Bilakongo, Kana, and Tigan permits which are part of a larger consolidation of ground surrounding SEMAFO's Mana deposit.

6.2.2 Other Methods not considered appropriate for valuation

As outlined in Section 6.2, all income approach valuation methods have been excluded from use with regards to the exploration stage Monteray mineral asset portfolio.

Market Comparison

When resources compliant with the JORC code have been announced it is possible to determine a range of market capitalisations per unit of resource for other similar listed companies. This valuation can then be applied to the JORC resource estimation of the company being valuated. No mineral resource estimate exists for Monteray's exploration stage Burkina Faso assets.

Appraised Value Method

The appraised value method, is one commonly used Cost Approach method where exploration expenditures are analysed for their contribution to the exploration potential of the Mineral Property by summing the warranted future expenditures and effective past exploration expenditure. The Warranted future expenditures is to be comprised by a "reasonable exploration budget" to test the remaining exploration and marginal development properties (Roscoe, W.E., 1986). In the case of Monteray's mineral assets, the early stage nature of the projects makes this methodology highly subjective, and while some projects have agreements involving exploration expenditure requirements, there is not enough information to assess whether these commitments relate to a "reasonable exploration budget", and the exploration expenditure commitments basis cannot be applied consistently across all the mineral assets.

Kilburn Method

A geological rating factor based on a number of set geological parameters is applied to the amount of statutory expenditure requirements on a company's exploration permits (Kilburn 1990). This is a subjective methodology, and it was determined that there is insufficient and inconsistent levels of geological data across the full tenement portfolio to determine an appropriate factor to apply this form of valuation.

Rule of Thumb

When the economics of a project with defined resources cannot be determined easily, a rule of thumb method is sometimes applied is to multiply the resource estimation by a proportion of the long-term commodity price. The multiplier applied be applied i.e. 0.05 for indicated resources and 0.025 for inferred resources. Long term prices in this case should be those most likely to be adopted by the equity and banking markets, which will play an important part in providing future funds for the development of Project, This method was considered inappropriate for the Monteray asset portfolio, as no resources in accordance with JORC principles have been defined.

6.3 Valuation of Monteray Mineral Assets

The Valuations in this report are based on information provided by Monteray and additional public domain information. This information has been supplemented by independent enquiries, but has not been independently verified. No audit of any financial data has been conducted. The Valuations discussed in this Report have been prepared at a Valuation Date of 24 March 2015. It is stressed that the Values are opinions as to likely values, not absolute values, which can only be tested by going to the market. With regards to the Pepin, Guimba, Kara and Bouna Tenements, risk of tenure has been factored into the valuation with the intention to relinquish or terminate rights over each of the exploration permits indicated by Monteray.

The VALMIN Code classifies mineral assets into categories that represent a spectrum from areas in which mineralisation may or may not have been found through to Operating Mines which have well-defined Ore Reserves, as listed section 6.1 above.

Each of these different categories would require different valuation methodologies, but regardless of the methodology utilised, consideration must be given to the perceived “fair market valuation”. For the level of work and results received on the Monteray group of projects in Burkina Faso, all of the permits are considered to be in the ‘Exploration Area’ category, with the exception of the Pepin Permit in the Bissa Project group (Refer to Table 3), which has a considerable higher level of previous exploration work done on it and has increase focus of exploration activity on some more discrete exploration targets within the permit.

For market valuations on Mineral Assets, Two or more methods should be applied, preferably from two or more approaches, which is why the method of MEE’s selecting to value projects with a cost based approach, and Comparable Transactions is utilised to provide a method to estimate value from a market approach.

6.3.1 Permits included in the Valuation

Through a series of strategic acquisitions during 2012, Monteray acquired a total of 8 permits totalling an area of 1,178km^2 in the highly prospective Birimian Greenstone belt. Five of the permits are owned 100%, and the other three Monteray retains the exclusive rights to acquire 100% through a series of staged payments.

Table 3: Summary of Exploration Permits Evaluated

Tenement Name	Tenement Number	Location/ Project Area	Status	Date Granted	Area Granted (km^2)	Ownership held by Monteray at time of reporting
Pepin	2011-320	Bissa	Exploration Area	13-Oct-11	250	Option to Acquire 100%
Guimba	2011-060	Bissa	Exploration Area	27-May-11	250	Option to Acquire 100%
Bilakongo	2011-006	Mana	Exploration Area	18-Jan-11	71	100%
Kana	2009-270	Mana	Exploration Area	9-Dec-09	116	Option to Acquire 100%
Tigan	2012-072	Mana	Exploration Area	28-Jul-11	31	100%
Kara	2012-075	Mana	Exploration Area	28-Jul-11	135	100%
Bouna	2012-073	Mana	Exploration Area	28-Jul-11	250	100%
Dobokuy	2011-005	Banfora	Exploration Area	18-Jan-11	75	100%

The author has been advised of Monteray's intention to relinquish the 100% held Kara and Bouna tenements, and the intention to terminate option agreements to acquire the Pepin and Guimba exploration permits. For the Kara and Bouna tenements, the relinquishment process has been initiated with the Burkina Faso Ministry of Mines and Energy, however the exploration permits remain in the name of Monteray at the time of reporting. The termination of the Pepin and Guimba option agreements with underlying vendors is reported to be in progress at the time of reporting. The exploration permits remain in the name of Monteray at the time of reporting and therefore are included in the report and treated with a consistent valuation approach, however the low value and preferred value have been discounted to a zero value to reflect the confidence in tenure on the exploration permits going forward.

6.3.2 Previous Valuations

The author is not aware, nor has been notified of any previous valuations completed on in compliance with the Valmin code as part of an independent report or otherwise for the Monteray tenement portfolio.

6.3.3 Analysis of Comparable Transactions

The author has conducted a review of recent publicly available market transactions involving exploration projects with emphasis on transactions on mineral assets in Burkina Faso, and expanding the search into neighbouring countries for transactions involving projects with similar geological setting and stage of exploration. A total of 13 transactions were identified as potentially relevant to Monteray's mineral assets (refer to Appendix A), including the two previously announced transactions on Monteray's 2012 acquisition of the mineral assets. The transactions range over a 3.5 year period, with the oldest transaction dated June 2011, and the most recent reported November 2014. Initial analysis of the transactions showed that 7 of the original 13 transactions involved properties that were not sufficiently comparable to Monteray's mineral asset package, as the transactions involved projects with declared mineral resources estimations on them, and the majority of the remuneration in those transactions is associated with existing resource values rather than exploration potential.

Summary information about the 6 transactions deemed comparable includes 4 transactions associated with projects located in Burkina Faso deemed comparable, as well as an additional 2 transactions on projects located in Mali during the relevant timeframe also deemed comparable are included in the summary table in appendix A along with the implied cash-equivalent values per km^2.

The transactions chosen cover primarily gold focused projects in the same Birimian host lithology as the Monteray mineral assets and range in mineral asset classification from “Exploration Areas” to “Advanced Exploration Areas”, with 1 of the 6 transactions in the latter category.

Most of the transactions deemed comparable include consideration of shares with or without some cash component. There was sufficient data available for comparable transactions, which only one transaction includes terms for farm-in expenditure, where the value of future committed expenditure has been discounted by 70% reflecting the uncertainty in the full amounts being expended. Transactions with milestone cash payments, or values assigned to future royalty revenue streams by way of a maximum royalty value or a value assigned to buy-back the royalty have been discounted by 90% to factor in both a discount for time and the uncertainty associated with that payment being made. On average, the additional value from future payments based on resource definition or royalty streams forms a small proportion of the estimated valuations.

Table 4: Summary of market valuation made by Comparable Transactions Method

Tenement Name	Location/ Project Area	Stage	Implied Values (US$/$km^2$)			Valuation using Market Approach Comparable Transaction (A$)		
			Low	High	Pref	Low	High	Pref
Pepin	Bissa	Exploration Area	$700	$2,300	$800	$220,000	$740,000	$220,000
Guimba	Bissa	Exploration Area	$700	$2,300	$800	$220,000	$740,000	$220,000
Bilakongo	Mana	Exploration Area	$700	$2,300	$2,000	$60,000	$210,000	$180,000
Kana	Mana	Exploration Area	$700	$2,300	$2,000	$100,000	$340,000	$300,000
Tigan	Mana	Exploration Area	$700	$2,300	$2,000	$30,000	$90,000	$80,000
Kara	Mana	Exploration Area	$700	$2,300	$800	$120,000	$400,000	$120,000
Bouna	Mana	Exploration Area	$700	$2,300	$800	$220,000	$740,000	$220,000
Dobokuy	Banfora	Exploration Area	$700	$2,300	$2,000	$70,000	$220,000	$190,000
					Total:	**$1,040,000**	**$3,480,000**	**$1,530,000**

The review of the relevant comparable transactions provided a relatively narrow range of for low and high values (US$606per km^2 to US$2,342 per km^2) for arm’s length transaction on projects without mineral resources in the West African market. The range of implied values is a reflection of the level of activity in transactions on immature exploration projects in the area where the variation in gold prices (and market sentiment) over the past five years have created challenging conditions to progress projects with favourable indications for mineralisation, affected by general market factors such as access to capital and commodity prices.

Based on the transactions identified in the public domain by the author, an implied value range of US$700 to US$2,300 is applied to the Exploration Areas comprising the balance of Monteray’s mineral assets (Refer to Table 4). Ranges are stated, and included in the comparable transactions summary table in Appendix B in US$, as this is the common currency of the transactions included in the review. The value of Mineral Assets is estimated in Australian dollars based on the exchange rate of US$1 equals A$0.78 Australian Dollars.

6.3.4 Multiples of Exploration Expenditure

The reported exploration expenditure as received from Monteray for the mineral assets listed in Table 3 provides total expenditure on the projects incurred over the past three years, and totals approximately A$998,000 with expenditure made on individual tenements outlined in Table 5 and in Appendix B.

Past exploration expenditure establishes a base value on a mineral asset can for effective exploration work completed, to be multiplied by a Prospective Enhancement Multiplier (PEM) to derive a value for the asset. An assessment of the effectiveness of exploration is a key factor based on the valuer's assessment of the property's prospectivity to date based on relevant and effective past exploration expenditure on the project.

Reported exploration expenditure on the Burkina Faso permits totalling approximately A$998,000, includes all direct exploration costs and related in-country field and staffing expenditure. Where some costs, such as personnel are lumped across project groups in the accounting, the exploration expenditure has been distributed pro-rata across the individual permits on a permit area basis. These costs have been incurred over the past three years.

An assessment of past exploration expenditure prior to exploration activities completed by Monteray was impractical to obtains sufficient information. To assess a valuation of the projects for previous exploration expenditure, a value based on the transactions to acquire the projects was completed as part of the assessment. The acquisition value is assumed to represent both a base acquisition cost for the projects, and would also factor in the value of previous effective exploration expenditure at the prior to the time that the costs associated with exploration expenditure is accounted for. Since any value-add by previous exploration expenditure would already be incorporated into the acquisition cost, no PEM is applied to the acquisition cost component of the assessment of the projects to further increase value, however where further exploration is indicated to reduce prospectivity (PEM <0.5) the PEM is then applied to the acquisition cost.

Note that the Appraised Value Method generates a 'technical valuation', which excludes any premium or discount to account for market strategies or other considerations.

Table 5: Summary of valuations of Monteray Permits by the MEE Method

Tenement Name	Location/ Project Area	Stage	Expenditure Incurred	MEE Valuation (A$)		
				Low	High	Pref
Pepin	Bissa	Exploration Area	$ 719,238	$506,000	$1,372,000	$868,000
Guimba	Bissa	Exploration Area	$ 102,354	$79,000	$395,000	$79,000
Bilakongo	Mana	Exploration Area	$ 20,563	$52,000	$104,000	$73,000
Kana	Mana	Exploration Area	$ 35,319	$86,000	$171,000	$120,000
Tigan	Mana	Exploration Area	$ 37,454	$34,000	$88,000	$68,000
Kara	Mana	Exploration Area	$ 21,783	$31,000	$77,000	$31,000
Bouna	Mana	Exploration Area	$ 40,032	$57,000	$142,000	$57,000
Dobokuy	Banfora	Exploration Area	$ 21,702	$55,000	$116,000	$114,000
			$ 998,444	**$900,000**	**$2,470,000**	**$1,410,000**

Data and PEMs for the MEE method are presented in Appendix B and the values derived from this method are summarised in Table 5.

6.3.5 Other Valuations

An additional assessment was made based on current transactions over four of the Monteray exploration permits in Burkina Faso where a Fair market Value has been determined in the market between a willing buyer and a willing seller in an arm's length transaction. Monteray has executed agreements to give exclusive option(s) to SEMAFO to acquire permits in the Mana and Banfora Project areas.

On 27 March, 2014, Monteray announced an agreement between Monteray and Resources Tangayen SA, a wholly owned subsidiary of SEMAFO over the Tigan, Bilakongo, and Kana Permits, whereby SEMAFO has the exclusive right to acquire a 90% interest in the Kana and Bilakongo Permits subject to a combination of staged cash payments to Monteray totalling US$230,000 in option payments, and USD$800,000 in Exploration expenditure commitment over a 3 year period to acquire a 100% interest in the Tigan exploration permit (along with a 100% interest in the Tigan Permit).

Subject to an amendment to the agreement announced 27 March, 2014, Monteray was granted rights and entitlements to the 10% interest in the Kana and Tigan exploration permits on a free carry basis, in consideration for SEMAFO retaining the right to buy-out the remaining 10% interest in the two permits subject to a cash payment to Monteray of US$1,500,000.

On 30 May, 2014, Monteray announced an agreement with SEMAFO for the Dabokuy Permit, whereby SEMAFO has an exclusive working right and option to acquire a 100% interest in the Dabokuy exploration permit subject to a combination of staged cash payments to Monteray totalling US$70,000 in option payments, and USD$200,000 in Exploration expenditure commitment over a 2 year period and grant of a 1% Net Smelter Royalty over production on the permit to acquire a 100% interest in the Dabokuy exploration permit. SEMAFO has the right to purchase the NSR from Monteray prior to production at the Dabokuy Permit for US$1,000,000.

To assess the value of these transactions, which are not based on only the amount of cash, cash equivalent remuneration, the same principles of valuation have been applied to these transaction as to the process used in the Comparative Transactions Method described in section 6.1.1 and 6.2.4 of this report.

Table 6: Summary of valuation for current farm-out transactions on Monteray permits, applying the same methodology used to value transactions in the comparable transactions method, and compared against the Comparable Transactions and MME method results.

Tenement Name	Cash Remuneration Value (US$) (not discounted for time)	Current (2014) SEMAFO Transaction Value (A$)	Comparable Transaction Valuation (A$)		MME Preferred Valuation (A$)	
			Low	High	Low	High
Pepin						
Guimba						
Bilakongo	$74,908	$230,000	$70,000	$220,000	$94,000	$104,000
Kana	$122,385	$361,000	$120,000	$360,000	$154,000	$171,000
Tigan	$32,706	$100,000	$30,000	$100,000	$68,000	$79,000
Kara						
Bouna						
Dobokuy	$70,000	$167,000	$80,000	$230,000	$110,000	$116,000
TOTALS:	**$300,000**	**$858,000**				

The valuations calculated by the author value the mineral assets associated with those transactions completed between Monteray and SEMAFO in 2014 as being in line with the upper limit in the range of values estimated by the Comparable Transactions method.

6.4 Preferred Value of Monteray Mineral Assets

The author concludes that the tenement portfolio represents exposure to a range of grassroots to advanced exploration mineral assets that merit further exploration and evaluation work on the majority of permits held by Monteray.

In assessing the Technical Value of Monteray's Burkina Faso mineral assets, the author has considered several valuation methods from each Income, Cost, and Market based approaches and has nominated from the latter two approaches utilising the Comparable Transactions and Multiples of Exploration Expenditure as the best suited and least subjective for the purposes of evaluating exploration stage mineral assets, as detailed in the preceding sections.

The valuation ranges and preferred values for each project was influenced by the methods to differing degrees, with additional market factors, such as positioning of tenements adjacent to competitors whom are actively consolidating ground in various regions, and Monteray's intentions to relinquish tenements going forward, with the most suitable values chosen for each permit based on the project's individual profile.

The author's preferred Fair Market Valuations for each permits located within the three project area are provided in Table 7. These have been derived by considering the implied valuation ranges and preferred values from both of the two methods for each of the permits assessed on an individual basis.

Table 7: Summary of Preferred Fair Market Valuations as at 24 march 2015

Tenement Name	Tenement Number	Location/ Project Area	Valuation (A$)		
			Low	High	Preferred
Pepin	2011-320	Bissa	$0	$1,070,000	$0
Guimba	2011-060	Bissa	$0	$580,000	$0
Bilakongo	2011-006	Mana	$52,000	$220,000	$220,000
Kana	2009-270	Mana	$86,000	$360,000	$360,000
Tigan	2012-072	Mana	$30,000	$100,000	$100,000
Kara	2012-075	Mana	$0	$250,000	$0
Bouna	2012-073	Mana	$0	$460,000	$0
Dobokuy	2011-005	Banfora	$55,000	$170,000	$167,000
		TOTAL:	**$223,000**	**$3,210,000**	**$850,000**

With regards to the four permits with transactions between Monteray and SEMAFO to divest those tenements, the valuation calculated by the methods outlined in this report based on the current fair market transaction described is also used to drive the decision on the preferred value for those permits. Where the valuation based on the methods outlined in this report of the current fair market transaction exceed the estimate in the range of values provided by the Comparable Transaction Method, the value is discounted to the upper limit of the Comparable Transactions valuation for the preferred value. Where the valuation of the current transaction is within the range of the Comparable Transaction valuation, then the preferred value is taken as the value calculated from the current SEMAFO-Monteray transaction.

With regards to the two permits (Kara and Bouna) that have requests for relinquishment on them, the Preferred Valuation outside the ranges of value given by the methods described, and the permits are deemed to have no value to the Company.

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

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APPENDIX A – Summary of Comparable Transactions

Project Name	Project Status	Location	Commodity	Transaction Date	Name of Seller	Name of Buyer	Transaction Type	Transaction Details	Purchase Price on 100% basis	Implied Value (US$/km^2)	Area (km^2)
Pompoi Exploration Permit	Exploration Area	Burkina Faso	Au	30-Apr-14	Goldrush Resources		Cash & retained NSR	CDN$435k and 1.5% NSR (CDN$1.5M)	US$0.4M	$ 1,251	232
Kana, Bilakongo, Pepin, Guimba Dobokuy	Exploration Areas	Burkina Faso	Au	24-Jul-12	Eburnean	Monteray	Cash-Equity Acquisition	A$620,000 cash and 3.4M shares	US$0.92M	$ 1,212	762
Kara, Tigan, Bouna	Exploration Areas	Burkina Faso	Au	14-Jun-11	Vema	Monteray	Cash-Equity Acquisition	A$80,000 cash, 2.85M Monteray shares, 2M Monteray Options, 2M performance shares	US$0.47M	$ 1,141	416
Kerboulé Project	Advanced Exploration Area	Burkina Faso	Au	17-Nov-14	Gazelle Resources	Kaizen Discovery	Equity - Acquisition	£350,000 in shares + US$1.5M in cash or shares with completion of production, resource, and reserve milestones	US$0.75M	$ 1,877	399.5
Nangalasso & Diendo Projects	Exploration Areas	Mali	Au	30-Jul-13	Pelamis Investments	Taruga Gold Ltd	Cash-Equity Acquisition	A$123,377 Cash and A$200,000 shares and NSR with 50% buyback	US$0.45M	$ 818	550

Project Name	Project Status	Location	Commodity	Transaction Date	Name of Seller	Name of Buyer	Transaction Type	Transaction Details	Purchase Price on 100% basis	Implied Value (US$/km^2)	Area (km^2)
Namarana Permit	Exploration Areas	Mali	Au	25-Jan-11	Tali-Mines	Stellar Pacific Ventures	Cash/Farm-in	US$60k cash and US$500k in expenditure	US$0.21M	$ 1,591	132
Korongou Project	Advanced Exploration Area	Burkina Faso	Au	28-Oct-14	Epsilon Gold Mines Ltd	Golden Rim Resources	Cash	Renegotiated cash acquisition for 90% interest in project with US$1.4M in 3 staged payments through June 2015	US$1.56	$ 4,938	315
Sepola	Advanced Exploration Area	Mali	Au	22-Feb-13	Golden Rim Resources	Sandeep Gold resources	Cash	US$4.4M Cash for 3.76Mt @ 1.5g/t Au Inferred Resource within two project areas totalling 250sq km	US$4.4M	$ 17,600	250
Ampella-Konkera	Advanced Exploration Area	Burkina Faso / Cote d'Ivoire	Au	10-Dec-13	Ampella	Centamin	Equity	1 Centamin share for every 5 Ampella shares for 59.2Mt @ 1.71g/t Au ind/inf resource included in multiple project areas	US$40.9	$ 12,029	3400
Ronguen Gold Project	Pre-Development Project	Burkina Faso	Au	11-Jun-14	Goldrush Resources	Nord Gold N.V.	Cash	US$4.25M cash in three instalments	US$4.25	$ 11,126	382

Project Name	Project Status	Location	Commodity	Transaction Date	Name of Seller	Name of Buyer	Transaction Type	Transaction Details	Purchase Price on 100% basis	Implied Value (US$/km^2)	Area (km^2)
South Houndé Project	Pre-Development Project	Burkina Faso	Au	27-Nov-14	Sarama Resources	Acacia Mining	Cash/ Farm-in	US$1M cash and US$14M expenditure staged over 4 years to acquire 70% interest in project, with performance milestone to acquire 75% of existing 1.5Moz inferred resource	US$20M	$ 24,540	815
Sega Project	Pre-Development Project	Burkina Faso	Au	3-Feb-12	Orezone	Cluff Gold	Cash/Equity	US$15M cash an 11M Cluff shares for 450koz indicated + 147koz Au inferred resource	US$28.9M	$ 92,332	313
Guiro Gold Mine	Development Project	Burkina Faso	Au	28-May-14	Stremco SA	Komet Resources	Cash-Equity Acquisition	$600k cash, $2.8M in liabilities, 3M common shares and up to $2M from 2% royalty at >$1300/oz Au	US$4.8M	$ 74,231	65

APPENDIX B – Expenditure and PEMs

Tenement Name	Acquisition Cost (A$)	Acquisition Cost (A$/km^2)	Expenditure Incurred	PEM Valuation (A$/km^2)			PEM			MEE Valuation (A$)		
				Low	Pref	High	Low	High	Pref	Low	High	Pref
Pepin	$293,032	$1,172	$ 719,238	$6,060	$7,036	$7,688	0.5	1.5	0.8	$506,000	$1,372,000	$868,000
Guimba	$293,032	$1,172	$ 102,354	$1,688	$1,740	$1,844	0.2	1.0	0.2	$79,000	$395,000	$79,000
Bilakongo	$83,221	$1,172	$ 20,563	$1,324	$1,380	$1,465	0.5	1.0	0.7	$52,000	$104,000	$73,000
Kana	$135,967	$1,172	$ 35,319	$1,328	$1,388	$1,474	0.5	1.0	0.7	$86,000	$171,000	$120,000
Tigan	$30,253	$976	$ 37,454	$2,194	$2,194	$2,548	0.5	1.3	1.0	$34,000	$88,000	$68,000
Kara	$131,747	$976	$ 21,783	$230	$230	$570	0.2	0.5	0.2	$31,000	$77,000	$31,000
Bouna	$243,976	$976	$ 40,032	$228	$228	$568	0.2	0.5	0.2	$57,000	$142,000	$57,000
Dobokuy	$87,910	$1,172	$ 21,702	$1,467	$1,520	$1,547	0.5	1.3	1.2	$55,000	$116,000	$114,000
		TOTAL:	**$ 998,444**						**TOTAL:**	**$900,000**	**$2,470,000**	**$1,410,000**

APPENDIX C – Drill hole results tables

Pepin North Drill Results – 0.5g/t Au cut-off – 4m composites

Prospect	Hole ID	East	North	Dip	Azimuth	From	To	Interval	Au (G/t)	Hole Depth (m)	Comments
Granite	PNRC001	624934	1441953	-60	295	20	24	4	0.87	118	
Granite	PNRC001	624934	1441953	-60	295	52	56	4	0.92	118	
Granite	PNRC001	624934	1441953	-60	295	80	88	8	0.52	118	
Granite	PNRC001	624934	1441953	-60	295	96	108	**12**	**1.01**	118	
Granite	PNRC002	624877	1441865	-60	295	32	44	12	0.54	78	Includes 4m at 1.19g/t Au from 40m
Granite	PNRC002	624877	1441865	-60	295	52	60	8	0.73	78	Includes 4m at 1.05g/t Au from 56m
Granite	PNRC003	624950	1442054	-60	295	48	84	**36**	**0.51**	84	Includes 4m at 0.80g/t Au from 64m, 4m at 0.67g/t from 72m and 4m at 0.95g/t Au from 80m
Granite	PNAC002	624790	1441961	-60	295	24	28	**4**	**2.97**	33	
Kosongo	PNAC017	618400	1438200	-60	180	64	68	4	0.52	78	
Kosongo	PNRC004	618400	1438000	-60	180	52	56	4	0.51	138	
Kosongo	PNRC004	618400	1438000	-60	180	96	100	4	0.98	138	
Kosongo	PNAC025	618400	1437300	-60	180	20	24	4	0.85	72	
Kosongo	PNAC026	618400	1437200	-60	180	16	24	**8**	**0.96**	72	Includes 4m at 1.20g/t Au from 20m
Kosongo	PNAC028	618400	1437000	-60	180	32	36	4	0.55	72	
Kosongo	PNAC032	618800	1438000	-60	360	4	12	**8**	**1.06**	72	
Kosongo	PNAC032	618800	1438000	-60	360	64	72	8	0.55	72	
Kosongo	PNRC005	618800	1437940	-60	360	0	40	**40**	**0.5**	150	Includes 12m at 1.07g/t Au from 24m
Kosongo	PNRC005	618800	1437940	-60	360	44	96	**52**	**1.25**	150	Includes 4m at 4.67g/t Au from 48m, 4m at 4.25g/t Au from 68m and 8m at 0.90g/t Au from 84m
Kosongo	PNRC005	618800	1437940	-60	360	132	136	4	0.66	150	

Prospect	Hole ID	East	North	Dip	Azimuth	From	To	Interval	Au (G/t)	Hole Depth (m)
Tanghin	PNAC044	622465	1438658	-60	254	0	4	4	0.68	70
Tanghin	PNAC044	622465	1438658	-60	254	24	28	4	2.51	70
Tanghin	PNRC007	622339	1438568	-60	254	60	64	4	1.78	150
Tanghin	PNRC007	622339	1438568	-60	254	76	80	4	0.51	150
Tanghin	PNRC007	622339	1438568	-60	254	80	84	4	0.57	150
Tanghin	PNRC008	622419	1438640	-60	254	124	128	4	0.91	148

Hole ID	East	North	Au ppb	Depth
PPN0300	635909	1431998	12	7
PPN0439	631540	1435237	12	7
PPN0178	634924	1434678	13	10
PPN0241	635204	1433265	13	5
PPN0368	636751	1430020	13	5
PPN0593	629006	1433265	13	5
PPN0318	637601	1429738	14	10
PPN0669	629423	1431145	14	4
PPN0349	633654	1433124	15	7
PPN0605	631823	1430446	15	10
PPN0258	632951	1435522	17	5
PPN0487	630693	1433264	18	7
PPN0014	636758	1437343	19	5
PPN0292	637041	1430869	19	11
PPN0320	633793	1433549	19	5
PPN0608	632244	1430023	20	6
PPN0133	634080	1436649	21	10
PPN0325	634445	1432872	23	5
PPN0345	636057	1431292	23	13
PPN0536	632382	1431003	23	4
PPN0515	630547	1435099	24	7
PPN0063	637743	1434678	25	7
PPN0575	632799	1430017	27	5
PPN0029	637889	1435096	32	10
PPN0176	635203	1434390	33	12
PPN0312	633938	1433968	34	7
PPN0610	632528	1429741	35	8
PPN0114	636900	1433835	39	4
PPN0230	634924	1433547	56	4
PPN0223	635902	1433063	60	5
PPN0389	635772	1431012	60	7
PPN0438	631678	1435099	80	7
PPN0621	629708	1431997	288	5

Table 3: Pepin South Auger Results for anomalous bottom of hole results (taken from release to ASX dated 31 Jan 2013)

APPENDIX D – JORC 2012, APPENDIX 5A, TABLE 1, Sections 1 & 2

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• No details have been provided, or are available in the public domain regarding the representative nature of the sampling undertaken by Monteray Mining Group. All exploration activity was undertaken and reported prior to the JORC 2012 edition. • The work was undertaken using industry standard approaches and in accordance with the JORC Code, 2004 edition with regards to sampling and analysis. • Both Air core and RC drilling initially sampled on 4m composites and anomalous intervals were re-sampled and re-assayed on 1m intervals, all samples were submitted for analysis at ALS laboratories in Ouagadougou, BF, where each sample was crushed and split by riffle splitter to acquire up to 250g of material for pulverising to produce a 50g charge for fire assay with an AAS finish. • Auger drilling analysis by BLEG Au-AA11c
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Drilling completed by auger, Reverse Circulation (RC) and air core (AC) drilling techniques • The RC and AC drilling was completed with a Schramm T685W Rotary drill with 350psi and 720cfm of air, utilising 4.5 inch rods and able to drill both RC and AC.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No datasets available on estimation of RC recoveries. • Air core and auger drilling completed to identify potential for mineralisation, and not intended to quantify metal content for the purpose of mineral resource estimation •
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Every hole was logged on paper by a Geologist from SEMS Consultancy with the RC holes having moisture, colour, weathering, grain size, Clay %, Lith1, Lith 2, Lith 3, alteration, alt intensity, Qtz vein %, Sulphide %, Texture and comments recorded as well as hole ID, location, depth and survey information. • AC holes had recorded on paper with intervals of saprolite, lithology and quartz recorded. • Geological logs were transcribed from paper into Excel files with hole ID, m from, m to, Lith 1, Lith 2, weathering, alteration, Qtz vein % and sulphide % entered and data formed Mapinfo section files.
Sub-sampling techniques and	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.*	• Non-core sampling, All sample from hole collected, and 1m splits collected from riffle splitting and archived for re-sampling following results from composite sampling. 4m samples composited from spearing reject sample material after 1m splits collected.

Criteria	JORC Code explanation	Commentary
sample preparation	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• With respect to surface geochemistry for the MMI technique: Samples were consistently taken from 10cm to 25cm depth, sieved through a plastic 5mm sieve and collected into plastic zip lock bags, about 300 grams was collected in this manner and the samples send to SGS Laboratories in Perth for MMI-M analysis.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Gold assays were obtained by using a 50g charge for a lead collection fire assay with an AAS • No geophysical tools utilised in drilling • Standards were inserted into the sample stream at a rate of 4%, no Duplicates were taken nor Blanks inserted. Review of performance of Monteray inserted standards indicated no potential issues with precision in the lab.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Significant intersections from drilling reported by Monteray has not been verified by the Independent Expert Geologist, and no other verification work is reported by the Company. Exploration results reported in accordance with the 2004 edition of the JORC code, and no reason is noted to doubt the authenticity or substance of the information provided • No twinning of holes is reported • No adjustments made to the data is reported.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used* • *Quality and adequacy of topographic control.*	• Data points recorded with hand-held Garmin GPS devices • All datasets reported in UTM WGS84, Zone 30 N •
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Given

Criteria	JORC Code explanation	Commentary
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling oriented to effectively test interpreted geological target • • Not recognized at current stage of exploration
Sample security	• *The measures taken to ensure sample security.*	• Sample bags for AC and RC stapled shut and time of sampling and placed into labelled polyweave bags. The individual 1m archive sample needed if resampling is needed at 1m intervals at a later date were stored securely in a locked room by OMEGA in Ouagadougou • No samples were left on site thereby negating the need for later rehabilitation or interference by artisanal miners
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• None Reviewed

Section 2 - Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Refer to Section 3 of this report • The author has relied on the tenement information provided in reaching the valuations but has not been able to independently verify current standing of each of the exploration permits assessed. • A contingent liability of 2m Monteray shares pursuant to terms of acquisition of Vema Resources is outstanding on the Tigan, Kara and Bouna exploration permits.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Exploration work and reporting completed on behalf of Monteray by SEMS Consulting completed to a high standard and documentation of work is of high quality. There is high confidence in ability to verifying previous work to be in accordance with principles of the JORC Code, 2012 edition and existing work can be advanced upon with minimal cost, adding to the value of exploration expenditure completed.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Refer to Sections 3.1, 3.2, & 3.3 for summaries of geological setting and style of mineralisation on a Project basis.
Drill hole Information	• A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: o easting and northing of the drill hole collar o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar o dip and azimuth of the hole o down hole length and interception depth o hole length. • If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	• Refer to Appendix C – data reported under JORC 2004 criteria. All datasets available, but reporting table not recompile for the purposes of this report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated* *.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Compositing for purposes of reporting drill results was completed using a >0.5g/t lower cut-off grade. No upper cut-off grade has been applied • No metal equivalent reporting is applicable to this announcement
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No geological modelling work or wireframing for resource potential completed to assess the geometry of mineralisation intersected • Only down hole lengths are reported and true width is unknown

Criteria	JORC Code explanation	Commentary
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Included in body of report as deemed appropriate by the competent person
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All exploration results included in consistent detail in the report
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• No other available datasets are considered relevant to reported exploration results
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Recommendations and proposals of work are beyond the scope of this report.

FINANCIAL SERVICES GUIDE
FOR STANTONS INTERNATIONAL SECURITIES PTY LTD
(Trading as Stantons International Securities)
Dated 24 March 2015

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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.

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- who we are and how we can be contacted;
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- any relevant associations or relationships we have; and
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- 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 www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 8007

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

10. Contact details

You may contact us using the details set out above.

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