MINDAX LIMITED

ACN 106 866 442

NOTICE OF ANNUAL GENERAL MEETING

TIME: 12:00pm (WST)

DATE: 10 December 2015

PLACE: Ground Floor
20 Kings Park Road
West Perth WA 6005

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9389 2111.

IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at 12:00pm (WST) on 10 December 2015 at:

Ground Floor
20 Kings Park Road
West Perth WA 6005

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 12:00pm (WST) on 8 December 2015.

Voting in person

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

Voting by proxy

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

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

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

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

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

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

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

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

Transfer of non-chair proxy to chair in certain circumstances

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

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

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

BUSINESS OF THE MEETING

AGENDA

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

> *"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2015."*

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or

(b) the voter is the Chair and the appointment of the Chair as proxy:

   (i) does not specify the way the proxy is to vote on this Resolution; and

   (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR YONGGANG LI

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

> *"That, for the purpose of clause 13.2 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Yonggang LI, a Director, retires by rotation, and being eligible, is re-elected as a Director."*

4. RESOLUTION 3 – ISSUE OF SHARES TO RELATED PARTY – MR YONGGANG LI

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

> *"That, subject to Resolutions 4, 5, 6, 7 & 8 being passed, for the purposes of Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to issue*

40,000,000 Placement Shares at the Issue Price to Yonggang Li or his nominees, on the terms and conditions set out in the Explanatory Statement."

Voting Prohibition Statement: For the purposes of Listing Rule 10.13 and section 224 of the Corporations Act, the Company will disregard any votes cast on this Resolution by Yonggang Li and any of his Associates (in any capacity), unless it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form).

5. RESOLUTION 4 – ISSUE OF SHARES TO RELATED PARTY – MR ANDREW TSANG

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

"That, subject to Resolutions 3, 5, 6, 7 & 8 being passed, for the purposes of Listing Rule 10.11, item 7 of section 611 of the Corporations Act, Chapter 2E of the Corporations Act and for all other purposes, Shareholders approve and authorise the Company to issue 40,000,000 Placement Shares at the Issue Price to Mr Andrew Tsang or his nominees, on the terms and conditions set out in the Explanatory Statement."

Voting Prohibition Statement: For the purposes of Listing Rule 10.13 and item 7 of section 611 and section 224 of the Corporations Act, each of Mr Andrew Tsang, Ms Lai You and any Associate of Mr Andrew Tsang or Ms Lai You is precluded from voting (in any capacity) in favour of this Resolution.

6. RESOLUTION 5 – ISSUE OF SHARES TO RELATED PARTY – MS LAI YOU

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

"That, subject to Resolutions 3, 4, 6, 7 & 8 being passed, for the purposes of ASX Listing Rule 10.11, item 7 of section 611 of the Corporations Act, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 20,990,000 Commission Shares at the Issue Price to Ms Lai You (or her nominees) on the terms and conditions set out in the Explanatory Statement."

Voting Prohibition Statement: For the purposes of Listing Rule 10.13 and item 7 of section 611 and section 224 of the Corporations Act, each of Ms Lai You and any Associate of Ms Lai You is precluded from voting (in any capacity) in favour of this Resolution.

7. RESOLUTION 6 – ISSUE OF SHARES ON CONVERSION OF CONVERTIBLE NOTE

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

"That, subject to Resolutions 3, 4, 5, 7 & 8 being passed, for the purposes of ASX Listing Rule 10.11, item 7 of section 611 of the Corporations Act, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 60,000,000 Conversion Shares at the Issue Price to Ms Lai You (or her nominees) upon conversion of a Convertible Note on the terms and conditions set out in the Explanatory Statement."

Voting Prohibition Statement: For the purposes of Listing Rule 10.13 and item 7 of section 611 and section 224 of the Corporations Act, each of Mr Andrew Tsang, Ms Lai You and any Associate of Mr Andrew Tsang or MS Lai You is precluded from voting (in any capacity) in favour of this Resolution.

8. RESOLUTION 7 – ISSUE OF SHARES ON CONVERSION OF LOAN

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

> *"That, subject to Resolutions 3, 4, 5, 6 & 8 being passed, for the purposes of ASX Listing Rule 10.11, item 7 of section 611 of the Corporations Act, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 50,000,000 Conversion Shares at the Issue Price to Ms Lai You (or her nominees) upon conversion of a loan on the terms and conditions set out in the Explanatory Statement."*

Voting Prohibition Statement: For the purposes of Listing Rule 10.13 and item 7 of section 611 and section 224 of the Corporations Act, each of Mr Andrew Tsang, Ms Lai You and any Associate of Mr Andrew Tsang or Ms Lai You is precluded from voting (in any capacity) in favour of this Resolution.

9. RESOLUTION 8 – ISSUE OF SHARES ON CONVERSION OF LOAN

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

> *"That, subject to Resolutions 3, 4, 5, 6 & 7 being passed, for the purposes of ASX Listing Rule 10.11, item 7 of section 611 of the Corporations Act, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to issue 50,000,000 Conversion Shares at the Issue Price to Ms Lai You (or her nominees) upon conversion of a loan on the terms and conditions set out in the Explanatory Statement."*

Voting Prohibition Statement: For the purposes of Listing Rule 10.13 and item 7 of section 611 and section 224 of the Corporations Act, each of each of Mr Andrew Tsang, Ms Lai You and any Associate of Mr Andrew Tsang or Ms Lai You is precluded from voting (in any capacity) in favour of this Resolution.

Dated: 4 November 2015

By order of the Board

DENNIS WILKINS
COMPANY SECRETARY

EXPLANATORY STATEMENT

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

Forward looking statements

Certain statements in this Explanatory Memorandum relate to the future. These statements reflect views only as of the date of this Explanatory Memorandum. While the Company believes that the expectations reflected in the forward looking statements are reasonable, neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of an event expressed or implied in any forward looking statements in this Explanatory Memorandum will actually occur.

Disclaimers

No person is authorised to give any information or make any representation in connection with the Proposals that is not contained in this Explanatory Memorandum and Management Information Circular. Any information or representation not contained in this Explanatory Memorandum and Management Information Circular may not be relied on as having been authorised by the Company or the Board in connection with the Proposals.

Responsibility for information

The information contained in this Explanatory Memorandum (except for the Independent Expert's Report and information regarding the intentions of Mr Andrew Tsang and Ms Lai You) has been prepared by the Company and is the responsibility of the Company.

Information concerning the identity and intentions of Mr Andrew Tsang and Ms Lai You (in sections 5.9(a) and 5.9(c)) has been provided by Mr Andrew Tsang and Ms Lai You. None of the Company, its associates or its advisers assumes any responsibility for the accuracy or completeness of that information.

Agricola has prepared the Independent Technical Report and has consented to the inclusion of that report, and references to it, in this Explanatory Statement. Agricola takes responsibility for that report, and references to it, but is not responsible for any other information contained within this Explanatory Statement. Shareholders are urged to read the Independent Technical Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

BDO Australia has prepared the Independent Expert's Report and has consented to the inclusion of that report, and references to it, in this Explanatory Statement. BDO Australia takes responsibility for that report, and references to it, but is not responsible for any other information contained within this Explanatory Statement. Shareholders are urged to read the Independent Expert's Report carefully to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.mindax.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the Executive Chairman of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.4 Proxy voting restrictions

In accordance with the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either the following persons:

(a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or

(b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

(a) the voter is appointed as a proxy by writing that specifies how the proxy is to vote on this Resolution; or

(b) the voter is the Chairman and the appointment of the Chairman as proxy:

  (i) does not specify the way the proxy is to vote on this Resolution; and

  (ii) expressly authorises the Chairman to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chairman intends to exercise all available proxies in favour of Resolution 1.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR YONGGANG LI

ASX Listing Rule 14.4 provides that a director of an entity must not hold office (without re-election) past the third AGM following the director's appointment or 3 year, whichever is the longer.

Clause 13.2 of the Constitution provides that:

(a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;

(b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots;

(c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election; and

(d) in determining the number of Directors to retire, no account is to be taken of:

  (i) a Director who only holds office until the next annual general meeting pursuant to clause 13.4 of the Constitution; and/ or

  (ii) a Managing Director,

each of whom are exempt from retirement by rotation. However, if more than one Managing Director has been appointed by the Directors, only one of them (nominated by the Directors) is entitled to be excluded from any determination of the number of Directors to retire and/or retirement by rotation.

The Company currently has four Directors and accordingly one must retire.

Mr Yonggang LI, being the Director longest in office since his last election, retires by rotation and seeks re-election.

Information on the skills and experience of Mr Yonggang LI is set out in the annual financial report of the Company for the financial year ended 30 June 2015.

The Directors, other than Mr Yonggang LI, support the re-election of Mr Yonggang LI and recommend that Shareholders vote in favour of Resolution 2.

4. RESOLUTION 3 – ISSUE OF SHARES TO RELATED PARTY – MR YONGGANG LI

4.1 General

Shareholders are being asked to approve Resolution 3 to allow Mr Yonggang Li, a Director, to participate in a share placement to raise additional working capital for the Company.

Mr Andrew Tsang, a Director, has entered into the Share Subscription Agreement, which forms part of the Proposals. Pursuant to that agreement, Mr Tsang has agreed to subscribe for Placement Shares to the value of $200,000 (subject to conditions) and procure the subscription for an additional $200,000 worth of Placement Shares from a third party investor. Refer to Annexure A for further information on the Share Subscription Agreement. Mr Li has agreed to be the third party investor, to provide $200,000 to the Company for working capital. The Company will issue 40,000,000 Placement Shares to Mr Li at the Issue Price (being $0.005).

Resolution 3 is subject to Resolutions 4 through 8 being approved by Shareholders.

Resolution 3 is required to be approved in accordance with section 208 of the Corporations Act and Listing Rule 10.11 to issue securities to a Director, being a related party of the Company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

4.2 Chapter 2E of the Corporations Act – related party transactions

The issue of Shares to a Director constitutes a grant of a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

(a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or

(b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E, a Director is a related party of the Company by virtue of section 228(2) of the Corporations Act and the issue of Shares to a Director may constitute the giving of a financial benefit.

The Board (other than Yonggang Li and Andrew Tsang, who do not provide a view because they have an interest in the Proposals) considers that the placement forming the subject of Resolution 3 to be on arm's length terms. The financial benefits contemplated by Resolution 3 arguably fall within the "arm's length terms" exception in section 210 of the Corporations Act, and therefore may not strictly require Shareholder approval for the purposes of Chapter 2E of the Corporations Act. Nevertheless, the Board (again, other than Mr Li and Mr Tsang) has determined that, in the interests of good corporate governance, it would seek Shareholder approval for these purposes.

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the issue of the Placement Shares to Mr Li under Resolution 3.

Identity of the related party

The related party of the Company to which a financial benefit may be given under Resolution 3 is Yonggang Li, a Director of the Company.

Nature of, reasons for and basis for the financial benefit

The financial benefits to be provided to Mr Li under Resolution 3 are Shares, to be issued on the same terms and conditions as existing Shares of the Company. Mr Li will be providing funds of $200,000 for the Placement Shares. The number of Placement Shares to be issued is 40,000,000 at the Issue Price of $0.005. As at the date of this Notice, the closing price for Shares on the ASX was $0.004. Assuming that the current market price for Shares was $0.004 on the date of issue of the Placement Shares, the Issue Price represents a 25% premium to the market price for Shares.

The Placement Shares are being issued to Mr Li in order to provide funds for additional working capital for the Company.

The Issue Price was negotiated by reference to the Company's recent share trading history and the current market for Australian mining and exploration securities generally.

Directors' recommendations to members and reasons

See section 4.4 of the Explanatory Statement.

Directors' interests in the outcome of the Resolution

If Resolution 3 is passed, subject to Resolutions 4 through 8 being passed, Mr Li will become entitled to provide $200,000 to the Company in exchange for 40,000,000 Placement Shares. Mr Li is considered to have a material personal interest in Resolution 3 and abstained from voting at Board meetings in relation to Resolution 3.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.

(a) The proposed Resolution would have the effect of giving power to the Directors to issue 40,000,000 Placement Shares to the value of $200,000 to Mr Li (or his nominees) at the Issue Price.

(b) The Placement Shares will rank equally in all respects with the Company's existing Shares on issue.

(c) As at the date of this Notice, the issued capital of the Company comprised 285,803,570 Shares. The effect of the issue of Placement Shares under Resolution

3 would be to dilute the Shareholding of existing Shareholders as per the following table:

Shares on issue as at the date of the Notice	**285,803,570**
Resolution 3 – Shares to be issued	40,000,000
Resolution 4 – Shares to be issued	40,000,000
Resolution 5 – Shares to be issued	20,990,000
Resolution 6 – Shares to be issued	60,000,000
Resolution 7 – Shares to be issued	50,000,000
Resolution 8 – Shares to be issued	50,000,000
New Total	**546,793,570**
Dilutionary Effect of Resolution 3	14.0%
Dilutionary Effect of Resolutions 3 to 8	91.3%

(d) Mr Li does not currently own any in securities of the Company.

(e) Mr Li currently receives $55,000, exclusive of superannuation, per annum as director fees and committee fees.

(f) Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

4.3 Information required by Listing Rule 10.13

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11.

The following information is included in this Explanatory Statement for the purpose of Listing Rule 10.13.

(a) The Placement Shares the subject of Resolution 3 will be granted to Yonggang Li (or his nominees).

(b) The maximum number of Placement Shares to be issued pursuant to Resolution 3 is 40,000,000.

(c) The Shares will be allotted and issued on a date which will be no later than 1 month after the date of the Meeting.

(d) The Placement Shares the subject of Resolution 3 will rank equally in all respects with the Company's existing Shares on issue. The Placement Shares will be issued at the Issue Price, being $0.005.

(e) A voting exclusion statement is included in this Notice.

(f) $200,000 will be raised by the issue of Placement Shares pursuant to Resolution 3. The funds are intended to be used for corporate expenses and general working capital.

4.4 Directors' recommendation

All the Directors believe that the proposed placement of the Placement Shares is beneficial to Mindax to provide working capital to fund the corporate expenses of the Company. All the Directors, other than Yonggang Li and Andrew Tsang, recommend that Shareholders vote in favour of Resolution 3. Mr Li has a material personal interest in the outcome of Resolution 3 and has abstained from making a recommendation in relation to Resolution 3. As Resolution 3 is subject to Resolutions 4 through 8 being passed and Mr Tsang has a material personal interest in the outcome of those Resolutions, Mr Tsang has abstained from making a recommendation in relation to Resolution 3.

5. CAPITAL RAISING AND CONVERSION OF LOANS

5.1 Background

As announced on 27 October 2015, Andrew Tsang and the Company have entered into the Share Subscription Agreement, under which Mr Tsang has agreed to subscribe for 40,000,000 Placement Shares to the value of $200,000 and procure the subscription for an additional 40,000,000 Placement Shares to the value of $200,000 by a third party investor (Mr Li, see further section 4 of the Explanatory Statement). The funds provided under the Share Subscription Agreement are intended to be used by the Company for corporate expenses and for general working capital.

The completion of the Share Subscription Agreement is conditional upon Shareholders approving the conversion of the Lai You Loans and the conversion being complete. The Conversion Shares and the Placement Shares are to be issued at the same Issue Price, namely $0.005.

See Annexure A for a summary of the terms of the Share Subscription Agreement and section 6 of the Explanatory Statement for further information.

The Company entered into Lai You Loans with Ms Lai You in 2013 and 2014, which totalled $800,000 of funds lent to the Company. The Company has agreed to convert the Lai You Loans into a total of 160,000,000 Conversion Shares at the Issue Price. In the event that Shareholder approval is not obtained for the conversion, the Lai You Loans will accrue interest at the rate of 9% per annum from the date of issue of the relevant loan instrument until the date of actual repayment.

See Annexure B for details of the Lai You Loans and the agreement to convert into Conversion Shares and section 8 of the Explanatory Statement for more information.

In addition, Mr Tsang is owed commission payable in relation to the Capital Raisings in the amount of $104,950. Mr Tsang and the Company have agreed to issue 20,990,000 Commission Shares to Ms Lai You at the Issue Price in lieu of a cash payment to Mr Tsang.

See Annexure C for details of the Commission Shares and the Capital Raisings and section 7 of the Explanatory Statement for more information.

The Share issues proposed by the Share Subscription Agreement, the conversion of the Lai You Loans and the proposed issue of the Commission Shares are the **Proposals**.

Shareholders have previously considered resolutions approving the conversion of the Lai You Loans and the proposed issue of securities in payment of commission at the Company's 2014 annual general meeting (see the Company's notice of meeting dated 1 October 2014), together with a capital raising pursuant to the Shareholders and Development Agreement. The resolutions were approved by Shareholders, however, as announced by the Company on 30 December 2014, the Shareholders and Development Agreement was terminated and the capital raising contemplated by that agreement did not go ahead. As a consequence the conversion of the Lai You Loans and the payment of the commission relating to the Capital Raisings could not proceed as approved, as the issue of those securities would have been in contravention of the Takeover Prohibition.

The Company and the relevant parties have now agreed to new terms for the conversion of the Lai You Loans and the payment of commission relating to the Capital Raisings, which debts are to be satisfied by conversion into Shares at the same Issue Price as the Placement Shares ie $0.005.

5.2 Section 611 of the Corporations Act

Part 6.1 of the Corporations Act contains provisions known as the 'takeover provisions'. These provisions prohibit the acquisition of voting shares or a relevant interest in voting shares of a listed entity by a person through a transaction in relation to securities if, as a result of the transaction, that person's, or someone else's, Voting Power in the entity increases from:

(a) 20% or below to more than 20%; or

(b) a starting point that is above 20% and below 90% (**Takeover Prohibition**).

A person will have a relevant interest in securities if:

(a) the person is the registered holder of the securities;

(b) the person has the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) the person has the power to dispose of, or control the exercise of a power to dispose of, the securities.

A holder of Shares will have a relevant interest in those Shares by virtue of that direct Shareholding. Mr Andrew Tsang has a relevant interest in the Placement Shares proposed to be issued to him pursuant to Resolution 4. Mr Andrew Tsang also has a relevant interest in the Shares to be issued to Ms Lai You pursuant to Resolutions 5, 6, 7 & 8, as he has the power to exercise or control those Shares. Ms Lai You has a relevant interest in the Shares to be issued to her pursuant to Resolutions 5, 6, 7 & 8 as the registered holder of those Shares.

Item 7 of section 611 of the Corporations Act provides an exception to the Takeover Prohibition in circumstances where the shareholders of the company whose shares are being acquired (in this case, Mindax) approve the acquisition by resolution passed at a general meeting (at which no votes are cast in favour of the resolution by the person to whom the shares are to be issued or an Associate of that person).

Under section 610 of the Corporations Act, a person's Voting Power is defined as the percentage of the total voting shares in an entity (in this case, Mindax) held by the person and the person's Associates.

At the date of the Notice of Meeting, Mr Andrew Tsang holds a relevant interest in 53,329,543 Shares in the Company, as set out in the table below.

Holder	Relevant interest	Number of shares held
Mr Andrew Tsang	Holder	15,757,391
Ms Lai You	Power to control the right to vote	20,534,431
Fujian Xiang Rong Construction (Group) Co Limited	Power to control the right to vote	2,223,136
Mei Chung Zeng	Power to control the right to vote	12,813,606
Chunxiang Zeng	Power to control the right to vote	1,355,979
Xiang Rong (Australia) Construction Group Pty Ltd	Power to control the right to vote	80,000
Zeng Superannuation Fund	Power to control the right to vote	565,000
Mr Andrew Tsang's total relevant interest		53,329,543

If Resolutions 3 through 8 are passed, the implementation of the Proposals will give Mr Andrew Tsang a relevant interest in 50.17% of the voting Shares in Mindax.

At the date of the Notice of Meeting, Ms Lai You holds a relevant interest in 20,534,431 Shares in the Company. If Resolutions 3 through 8 are passed, the implementation of the Proposals will give Ms Lai You a relevant interest in 36.86% of the voting Shares in Mindax.

The percentages of Voting Power are calculated on the basis that:

(a) 80,000,000 Placement Shares, 160,000,000 Conversion Shares and 20,990,000 Commission Shares are issued; and

(b) no other Shares are issued, including on exercise of existing Options.

The impact on the Company's issued capital and effect on control is set out at section 5.5 below.

The relevant interests in Mindax held by Mr Andrew Tsang and Ms Lai You after completion of the Proposals are, respectively, in excess of the threshold prescribed by the Takeover Prohibition and therefore approval is sought from Shareholders in accordance with Item 7 of section 611 of the Corporations Act.

As set out in the voting prohibition statements in the Notice and in accordance with the Listing Rules and the Corporations Act, Mr Andrew Tsang and Ms Lai You and their Associates are precluded from voting in favour of Resolutions 4 through 8.

5.3 Independent Expert's Report

For the purposes of Item 7 of section 611 of the Corporations Act and to assist Shareholders in considering the Proposals, Mindax has commissioned an Independent Expert to provide a report on the fairness and reasonableness of the proposed Acquisition. The Independent Expert's Report is attached as Annexure D to this Notice. The Independent Expert's Report concludes that the Proposals are not fair but reasonable to the Shareholders of Mindax.

Shareholders should consider the Independent Expert's Report in detail. The Proposals have a number of advantages and disadvantages, some of which may affect Shareholders in different ways depending on their individual circumstances. Shareholders should consider taking professional advice on their particular circumstances as necessary.

5.4 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates the provision of “financial benefits” to “related parties” by a public company. Chapter 2E prohibits a public company from giving a financial benefit to a related party of the public company unless either:

(a) the giving of the financial benefit falls within one of the nominated exceptions to the provisions; or

(b) prior shareholder approval is obtained to the giving of the financial benefit.

A "related party" for the purposes of the Corporations Act is defined widely and includes a director of a public company and the parents of a director of a public company. Accordingly, Mr Andrew Tsang, a Director of the Company and Ms Lai You, the mother of Mr Andrew Tsang, are both considered related parties of the Company for the purposes of Chapter 2E of the Corporations Act.

A "financial benefit" for the purposes of the Corporations Act is also defined widely and includes a public company issuing securities.

The Board (other than Yonggang Li and Andrew Tsang, who does not provide a view because they have an interest in the Proposals) considers that the Proposals forming the subject of the Resolutions to be on arm's length terms. The financial benefits contemplated by the Proposals arguably fall within the "arm's length terms" exception in section 210 of the Corporations Act, and therefore may not strictly require Shareholder approval for the purposes of Chapter 2E of the Corporations Act. Nevertheless, the Board (again, other than Mr Li and Mr Tsang) has determined that, in the interests of good corporate governance, it would seek Shareholder approval for these purposes.

5.5 Effect on Share capital and control

As at the date of this Notice, Mr Andrew Tsang has a relevant interest in 18.66% of the Shares of the Company (17.66% on a Fully Diluted Basis, which, for the avoidance of doubt, assumes that all Options on issue are exercised). As at the date of this Notice, Ms Lai You has a relevant interest in 7.18% of the Shares of the Company (6.74% on a Fully Diluted Basis).

Assuming that:

(a) the Proposals have been implemented and 80,000,000 Placement Shares, 160,000,000 Conversion Shares and 20,990,000 Commission Shares have all been issued; and

(b) no other Shares are issued, including on exercise of existing Options,

the capital structure of the Company will be as follows.

Securities on issue	Ordinary Shares	Unlisted Options
Securities on issue as at the date of this Notice	285,803,570	19,000,000
Securities on issue after implementation of the Proposals	546,793,570	19,000,000

If the Proposals are implemented, subject to Mr Andrew Tsang and Ms Lai You not disposing of any securities, the table below illustrates the effect on control.

	Current Position	After implementation of Resolutions 3 to 8
Undiluted basis		
Mr Andrew Tsang's interest in Shares	53,329,543	274,319,543
Ms Lai You's interest in Shares	20,534,431	201,524,431
Mr Andrew Tsang's interest	18.66%	50.17%
Ms Lai You's interest	7.18%	36.86%

5.6 Pro-forma Statement of Financial Position

Based on the Company's consolidated balance sheet (unaudited) as at 30 September 2015, the effects of the Proposals on the consolidated balance sheet are set out below.

The Pro-Forma Statement of Financial Position assumes the following:

(a) Resolutions 3 through 8 are passed and implemented;

(b) 80,000,000 Placement Shares, 160,000,000 Conversion Shares and 20,990,000 Commission Shares are issued;

(c) $400,000 cash is received as consideration for the Placement Shares;

(d) Conversion Shares are issued in full satisfaction of the Lai You Loans;

(e) Commission Shares are issued in full satisfaction of the $104,950 in commission owed to Mr Tsang relating to the Capital Raisings;

(f) Estimated cash costs of the Proposals of $35,000 is paid;

(g) No other Shares are issued, including on exercise of existing Options.

Pro-forma Balance Sheet

	Consolidated Balance Sheet 30 June 2015 Audited $	Consolidated Balance Sheet 30 September 2015 Unaudited $	Pro-forma Balance Sheet 30 September 2015 Unaudited $
Current Assets			
Cash and cash equivalents	88,472	68,147	433,147
Trade and other receivables	36,663	18,190	18,190
Prepayments	6,557	2,623	2,623
Total Current Assets	131,692	88,960	453,960
Non-Current Assets			
Prepayments	60,000	60,000	60,000
Plant and equipment	95,639	91,600	91,600
Other assets	2,885	2,885	2,885
Exploration and evaluation assets	1,460,489	1,378,509	1,378,509
Total Non-Current Assets	1,619,013	1,532,994	1,532,994
Total Assets	1,750,705	1,621,954	1,986,954
Current Liabilities			
Trade and other payables	141,294	298,699	283,699
Borrowings	800,000	800,000	-
Total Current Liabilities	941,294	1,098,699	283,699
Total Liabilities	941,294	1,098,699	283,699
Net Assets	809,411	523,255	1,703,255
Equity			
Contributed equity	40,945,749	41,055,749	42,235,749
Reserves	871,452	871,452	871,452
Accumulated losses	(41,007,790)	(41,403,946)	(41,403,946)
Total Equity	809,411	523,255	1,703,255

5.7 Advantages of the Proposals

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

(a) The Proposals provide the Company with access to funds to apply as working capital and to continue to pay the corporate expenses of the Company.

(b) The Proposals have been agreed on the basis that the Issue Price is $0.005. As at the date of this Notice, the closing price for Shares on the ASX was $0.004. Assuming that the current market price for Shares was $0.004 on the date of issue of the Placement Shares, the Issue Price would represent a 25.0% premium to the market price for Shares. The Directors believe that the Issue Price is more favourable to the Company than the price that would be obtained from other arm's length investors in the current market.

(c) The conversion of the Lai You Loans and payment of the commission relating to the Capital Raisings will reduce the Company's debt levels without requiring repayment in cash, which allows the Company to retain cash to use for purposes other than the repayment of debt.

(d) Receipt of Shareholder approval for the issue of Conversion Shares will mean that the Lai You Loans do not accrue any interest. (If Shareholder approval is not obtained, the Lai You Loans will accrue interest at the rate of 9% per annum from the date of issue of the relevant loan instrument until the date of actual repayment).

(e) The Proposals further consolidate Mr Andrew Tsang as the Company's largest Shareholder and are likely to increase Mr Tsang's support of Mindax in the future.

(f) Your Directors fully support the Proposals and believe them to be the best options available to the Company and its Shareholders to raise capital and reduce debt in the current market for junior exploration companies. As Yonggang Li and Andrew Tsang have an interest in the Proposals set out in Resolutions 3 to 8, they have abstained from making a recommendation to Shareholders on the Proposals.

(g) The Independent Expert has concluded that the Proposals are not fair but reasonable to the Shareholders of Mindax. Refer to the Independent Expert's Report at Annexure D for more information.

(h) An increase in cash combined with reduction in debt from the conversion of the Lai You Loans will improve the current balance sheet ratios of the Company, which may improve its ability to attract additional investment.

5.8 Disadvantages of the Proposals

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

(a) Dilution of the existing interests of Shareholders upon the issue of securities on implementation of the Proposals (see tables in sections 4.2, 6.2, 7.2 and 8.2 of the Explanatory Statement for more information).

(b) Potential for Mr Andrew Tsang and Ms Lai You to exercise significant influence on the operations of the Company. This is because of, among other things, their potential increase in Voting Power in the Company if the Proposals are approved. (Upon implementation of the Proposals, Mr Andrew Tsang would hold Voting Power of 50.17% in the Company and Ms Lai You would hold Voting Power of 36.86% in the Company. See sections 5.5 and 5.9(b) of the Explanatory Statement for more information.)

(c) The Independent Expert has concluded that the Proposals are not fair to the Shareholders of Mindax. Refer to the Independent Expert's Report at Annexure D for more information.

(d) The resulting voting power held by Mr Tsang and Ms Lai You may discourage any other potential bidder from making a takeover bid in the future as Mr Tsang and Ms Lai will have control over the Company. This may have an adverse effect on the share price of Mindax and may reduce the opportunity for Shareholders to receive a takeover premium in the future.

5.9 Corporations Act and ASIC Regulatory Guide 74 disclosure requirements

The following further information is included in accordance with the requirements of Item 7 of section 611 of the Corporations Act and ASIC Regulatory Guide 74.

(a) The identity of the acquirer and their associates

The Shares to be issued on the implementation of the Proposals are being issued to Mr Andrew Tsang and Ms Lai You. For the purposes of item 7 of section 611 of the Corporations Act, Mr Andrew Tsang and Ms Lai You do not have any Associates.

Mr Andrew Tsang was appointed as a non-executive Director on 18 November 2010. Information on the skills and experience of Mr Andrew Tsang is set out in the annual financial report of the Company for the financial year ended 30 June 2015.

Ms Lai You is a Chinese citizen who was born and educated in China. She has been a shareholder of the Company since 2011 and has provided financial support by way of debt funding since 2013 (see Annexure B and section 8 of the Explanatory Statement for more information on the funding provided). Ms Lai You is the mother of Mr Andrew Tsang, a Director, and is therefore a related party of the Company.

Ms Lai You has various investment interests in Australia and China including property, listed and unlisted companies. Ms Lai You holds other investments in the resources sector including Diatreme Resources Ltd (listed on ASX) and Katana Group Limited (unlisted).

Ms Lai You has not and does not hold any positions as a director of listed companies in Australia or China.

(b) Maximum extent of the increase in Voting Power in the Company and Voting Power as a result of the Proposals

As set out in section 5.2 above, Mr Andrew Tsang currently has a relevant interest in 53,329,543 Shares in the Company and Voting Power of 18.66%. As also set out in section 5.2 above, Ms Lai You currently has a relevant interest in 20,534,431 Shares in the Company and Voting Power of 7.18%.

Assuming that:

(i) the Proposals are approved and implemented;

(ii) 80,000,000 Placement Shares, 160,000,000 Conversion Shares and 20,990,000 Commission Shares are issued; and

(iii) no other Shares are issued, including on exercise of existing Options,

Mr Andrew Tsang 's Voting Power would increase to 50.17% of Mindax and Ms Lai You's Voting Power would increase to 36.86%.

Mr Andrew Tsang currently holds 500,000 Options (exercise price $0.11, expiring 10 December 2015). If Mr Tsang exercises these Options in full, assuming no other changes to the Company's issued capital (including that no other Options are exercised), Mr Tsang's Voting Power would increase to 50.21% and Ms Lai You's Voting Power would decrease to 36.82%. The Company thinks that it is currently unlikely that Mr Tsang would seek to exercise his Options given the Company's current share price, which is well below the exercise price of the relevant Options.

(c) Intentions as to the future of Mindax

Other than as disclosed elsewhere in this Explanatory Statement, as at the date of this Notice, Mindax understands that Mr Andrew Tsang and Ms Lai You have no current intention to:

(i) make any significant changes to the business of Mindax;

(ii) transfer property between Mindax and Mr Andrew Tsang or Ms Lai You and any of their Associates;

(iii) redeploy the fixed assets of Mindax;

(iv) seek to procure any changes in relation to the employment of Mindax's employees;

(v) seek any changes to the composition of Mindax's Board; or

(vi) change significantly the financial or dividend policies of Mindax.

The Company notes that as Mr Tsang is a Director of Mindax, he will be involved in the decision making process of the Board in general in relation to all of the above issues in the normal course of business of the Company, but the Company understands that Mr Tsang does not have any current intention in relation to any of these matters which is other than as agreed by the Board as a whole.

Mr Andrew Tsang and Ms Lai You have been financially supportive and sympathetic to the circumstances the Company is currently in. If the Proposals are approved by Shareholders, the Company understands that Mr Andrew Tsang and Ms Lai You will continue to provide financial support if required.

(d) Board composition

The terms of the Proposals do not include any changes to the Board of Mindax.

(e) Interests of Directors

Yonggang Li has an interest in the outcome of Resolution 3. Andrew Tsang has an interest in the outcome of Resolutions 4 to 8. As Resolutions 3 to 8 are interdependent, Mr Li and Mr Tsang have taken the view that they have an interest in all the Resolutions comprising the Proposals.

5.10 The ASIC and the ASX's role

For the purposes of the Resolutions comprising the Proposals, in accordance with Regulatory Guide 74, the Company must lodge the Notice and the Explanatory Memorandum with the ASIC before the Notice can be dispatched to Shareholders. The fact that the Notice, Explanatory Memorandum and other relevant documentation has been received by the ASX and the ASIC is not to be taken as an indication of the merits of the Proposals or the Company. Each of the ASIC, the ASX and their respective officers take no responsibility for any decision a Shareholder may make in reliance on any of that documentation.

5.11 Public information available for inspection

As a company listed on the ASX and a "disclosing entity" under the Corporations Act, the Company is subject to regular reporting and disclosure obligations. Broadly, these require the Company to announce price sensitive information as soon as it becomes aware of such information, subject to exceptions for certain confidential information. the Company's recent announcements are available from www.asx.com.au. Further announcements concerning developments will continue to be made available on this website after the date of this Explanatory Statement.

The Company is required to prepare and lodge with the ASIC and the ASX annual and half yearly financial statements accompanied by a statement and report from the Directors and an audit or review report. Additionally, the Company is required to prepare and lodge quarterly operations reports and cashflow statements with the ASX. Copies of these and other documents lodged with the ASIC may be obtained from or inspected at an ASIC office and on the Company's website at www.mindax.com.au.

6. RESOLUTION 4 – ISSUE OF SHARES TO A RELATED PARTY – MR ANDREW TSANG

6.1 General

Andrew Tsang and the Company have entered into the Share Subscription Agreement, under which Mr Tsang has agreed to subscribe for Placement Shares to the value of $200,000 and procure the subscription for an additional $200,000 worth of Placement Shares by a third party investor (Mr Li, see further section 4 of the Explanatory Statement). The funds provided under the Share Subscription Agreement are intended to be used by the Company on corporate expense and for general working capital.

A summary of the terms of the Share Subscription Agreement is set out at Annexure A.

Resolution 4 is required to be approved in accordance with section 208 of the Corporations Act and Listing Rule 10.11 to issue securities to a Director, being a related party of the Company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1. Resolution 4 is also required to be approved in accordance with item 7 section 611 of the Corporations Act (see section 5 of the Explanatory Statement).

6.2 Information required by Chapter 2E of the Corporations Act

The issue of Shares to a Director constitutes a grant of a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act. Refer to section 5.4 for further information.

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the issue of the Placement Shares to Mr Tsang under Resolution 4.

Identity of the related party

The related party of the Company to which a financial benefit may be given under Resolution 4 is Andrew Tsang, a Director of the Company.

Nature of, reasons for and basis for the financial benefit

The financial benefits to be provided to Mr Tsang under Resolution 4 are Shares, to be issued on the same terms and conditions as existing Shares of the Company. Mr Tsang will be providing funds of $200,000 for the Placement Shares. The number of Placement Shares to be issued is 40,000,000 at the Issue Price of $0.005. As at the date of this Notice, the closing price for Shares on the ASX was $0.004. Assuming that the current market price for Shares was $0.004 on the date of issue of the Placement Shares, the Issue Price would represent a 25.0% premium to the market price for Shares.

The Placement Shares are being issued to Mr Tsang in order to provide funds for additional working capital for the Company.

The Issue Price was negotiated by reference to the Company's recent share trading history and the current market for Australian mining and exploration securities generally.

Directors' recommendations to members and reasons

See section 6.5 of the Explanatory Statement.

Directors' interests in the outcome of the Resolution

If Resolution 4 is passed, subject to Resolutions 3, 5, 6, 7 & 8 being passed, Mr Tsang will become entitled to provide $200,000 to the Company in exchange for 40,000,000 Placement Shares. Mr Tsang is considered to have a material personal interest in Resolution 4 and abstained from voting at Board meetings in relation to Resolution 4.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.

(a) The proposed Resolution would have the effect of giving power to the Directors to issue 40,000,000 Placement Shares to the value of $200,000 to Mr Tsang (or his nominees) at the Issue Price.

(b) The Placement Shares will rank equally in all respects with the Company's existing Shares on issue.

(c) As at the date of this Notice, the issued capital of the Company comprised 285,803,570 Shares. The effect of the issue of Placement Shares under Resolution 4 would be to dilute the Shareholding of existing Shareholders as per the following table:

Shares on issue as at the date of the Notice	**285,803,570**
Resolution 3 – Shares to be issued	40,000,000
Resolution 4 – Shares to be issued	40,000,000
Resolution 5 – Shares to be issued	20,990,000
Resolution 6 – Shares to be issued	60,000,000
Resolution 7 – Shares to be issued	50,000,000
Resolution 8 – Shares to be issued	50,000,000
New Total	**546,793,570**
Dilutionary Effect of Resolution 4	14.0%
Dilutionary Effect of Resolutions 3 to 8	91.3%

(d) Mr Tsang currently holds a relevant interest in 53,329,543 Shares in the Company, as set out in section 5.2 of the Explanatory Statement. Mr Tsang is also the registered holder of 500,000 Options in the Company.

(e) Mr Tsang currently receives $55,000, exclusive of superannuation, per annum as director fees and committee fees.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

6.3 Information required by Listing Rule 10.13

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11.

The following information is included in this Explanatory Statement for the purpose of Listing Rule 10.13.

(a) The Placement Shares will be granted to Mr Andrew Tsang (or his nominees), a Director.

(b) The maximum number of Placement Shares to be granted pursuant to Resolution 4 is 40,000,000.

(c) The Shares will be allotted and issued on a date which will be no later than 1 month after the date of the Meeting.

(d) The Placement Shares the subject of Resolution 3 will rank equally in all respects with the Company's existing Shares on issue. The Placement Shares will be issued at the Issue Price, being $0.005.

(e) A voting exclusion statement is included in this Notice.

(f) $200,000 will be raised by the issue of Placement Shares pursuant to Resolution 4. The funds are intended to be used for corporate expenses and general working capital.

6.4 Information required by item 7 section 611 of the Corporations Act

Refer to section 5 of the Explanatory Statement.

6.5 Directors' recommendation

All the Directors believe that the proposed placement of the Placement Shares is beneficial to Mindax to provide working capital to fund the corporate expenses of the Company. All the Directors, other than Yonggang Li and Andrew Tsang, recommend that Shareholders vote in favour of Resolution 4. Mr Li and Mr Tsang have abstained from making a recommendation to Shareholders in respect of the Resolution 4 due to their interest in the Proposals.

7. RESOLUTION 5 – ISSUE OF SHARES TO RELATED PARTY – MS LAI YOU

7.1 General

Mr Andrew Tsang is owed commission payable in relation to the Capital Raisings in the amount of $104,950. Mr Tsang and the Company have agreed to issue 20,990,000 Commission Shares to Ms Lai You (Mr Tsang's mother) in lieu of a cash payment to Mr Tsang. See Annexure C for details of the Commission Shares and the Capital Raisings.

Resolution 5 is required to be approved in accordance with section 208 of the Corporations Act and Listing Rule 10.11 to issue securities to the parent of a Director, being a related party of the Company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1. Resolution 5 is also required to be approved in accordance with item 7 section 611 of the Corporations Act (see section 5 of the Explanatory Statement).

7.2 Information required by Chapter 2E of the Corporations Act

The issue of Shares to the parent of a Director constitutes a grant of a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act. Refer to section 5.4 for further information.

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the issue of the Commission Shares to Ms Lai You under Resolution 5.

Identity of the related party

The related party of the Company to which a financial benefit may be given under Resolution 5 is Ms Lai You, the parent of a Director of the Company.

Nature of, reasons for and basis for the financial benefit

The financial benefits to be provided to Ms Lai You under Resolution 5 are Shares, to be issued on the same terms and conditions as existing Shares of the Company. The Commission Shares are to be issued to Ms Lai You to satisfy the commission payable to Mr Tsang in relation to the Capital Raising, in the amount of $104,950. The number of Commission Shares to be issued is 20,990,000 at the Issue Price of $0.005. As at the date of this Notice, the closing price for Shares on the ASX was $0.004. Assuming that the current market price for Shares was $0.004 on the date of issue of the Placement Shares, the Issue Price would represent a 25.0% premium to the market price for Shares.

Shareholders have previously considered resolutions approving the proposed issue of securities in payment of commission at the Company's 2014 annual general meeting (see the Company's notice of meeting dated 1 October 2014), together with a capital raising pursuant to the Shareholders and Development Agreement. The resolutions were approved by Shareholders, however, as announced by the Company on 30 December 2014, the Shareholders and Development Agreement was terminated and the capital raising contemplated by that agreement did not go ahead. As a consequence, the issue of securities in payment of the commission relating to the Capital Raisings could not proceed as approved, as the issue of those securities, together with other security issues contemplated by the notice, would have been in contravention of the Takeover Prohibition.

The Company and the relevant parties have now agreed to new terms for the payment of commission relating to the Capital Raisings, which debt is to be satisfied by conversion into Shares at the same Issue Price as the Placement Shares.

Directors' recommendations to members and reasons

See section 7.5 of the Explanatory Statement.

Directors' interests in the outcome of the Resolution

If Resolution 5 is passed, subject to Resolutions 3, 4, 6, 7, & 8 being passed, Ms Lai You will be issued 20,990,000 Commission Shares and Mr Tsang will no longer be owed $104,950 in commission fees by the Company. Mr Tsang is considered to have a material personal interest in Resolution 5 and abstained from voting at Board meetings in relation to Resolution 5.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.

(a) The proposed Resolution would have the effect of giving power to the Directors to issue 20,990,000 Commission Shares to the value of $104,950 to Ms Lai You (or her nominees) at the Issue Price.

(b) The Commission Shares will rank equally in all respects with the Company's existing Shares on issue.

(c) As at the date of this Notice, the issued capital of the Company comprised 285,803,570 Shares. The effect of the issue of Commission Shares under Resolution 5 would be to dilute the Shareholding of existing Shareholders as per the following table:

Shares on issue as at the date of the Notice	**285,803,570**
Resolution 3 – Shares to be issued	40,000,000
Resolution 4 – Shares to be issued	40,000,000
Resolution 5 – Shares to be issued	20,990,000
Resolution 6 – Shares to be issued	60,000,000
Resolution 7 – Shares to be issued	50,000,000
Resolution 8 – Shares to be issued	50,000,000
New Total	**546,793,570**
Dilutionary Effect of Resolution 5	7.3%
Dilutionary Effect of Resolutions 3 to 8	91.3%

(d) Ms Lai You currently holds 20,534,431 Shares in the Company.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

7.3 Information required by Listing Rule 10.13

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11.

The following information is included in this Explanatory Statement for the purpose of Listing Rule 10.13.

(a) The Commission Shares will be granted to Ms Lai You (or her nominees).

(b) The maximum number of Commission Shares to be granted pursuant to Resolution 5 is 20,990,000.

(c) The Commission Shares will be allotted and issued on a date which will be no later than 1 month after the date of the Meeting.

(d) Ms Lai You is the mother of Mr Tsang, a Director, and so is considered to be a related party of the Company under the Listing Rules.

(e) The Commission Shares the subject of Resolution 5 will rank equally in all respects with the Company's existing Shares on issue. The Commission Shares will be issued at the Issue Price, being $0.005.

(f) A voting exclusion statement is included in this Notice.

(g) No funds will be raised by the issue of the Commission Shares.

7.4 Information required by item 7 section 611 of the Corporations Act

Refer to section 5 of the Explanatory Statement.

7.5 Directors' recommendation

All the Directors believe that the proposed issue of the Commission Shares is beneficial to Mindax so that the debt owed to Mr Tsang of $104,950 can be satisfied without requiring payment in cash. All the Directors, other than Mr Li and Mr Tsang, recommend that Shareholders vote in favour of Resolution 5. Mr Li and Mr Tsang have abstained from making a recommendation to Shareholders in respect of the Resolution 5 due to their interest in the Proposals.

8. RESOLUTIONS 6 TO 8 – ISSUE OF SHARES ON CONVERSION OF LAI YOU LOANS

8.1 General

The Company entered into Lai You Loans with Ms Lai You in 2013 and 2014, which totalled $800,000 of funds lent to the Company. The Company has agreed to convert the Lai You Loans into a total of 160,000,000 Conversion Shares at the Issue Price, namely $0.005. See Annexure B for details of the Lai You Loans and the agreement to convert into Conversion Shares.

Shareholders have previously considered resolutions approving the conversion of the Lai You Loans and the proposed issue of securities in payment of commission at the Company's 2014 annual general meeting (see the Company's notice of meeting dated 1 October 2014), together with a capital raising pursuant to the Shareholders and Development Agreement. The resolutions were approved by Shareholders, however, as announced by the Company on 30 December 2014, the Shareholders and Development Agreement was terminated and the capital raising contemplated by that agreement did not go ahead. As a consequence, the conversion of the Lai You Loans could not proceed as approved, as the issue of those securities, together with other security issues contemplated by the notice, would have been in contravention of the Takeover Prohibition.

The Company and the relevant parties have now agreed to new terms for the conversion of the Lai You Loans, which are to be converted at the same Issue Price as the Placement Shares.

In the event that Shareholder approval is not obtained for the conversion, the Lai You Loans will accrue interest at the rate of 9% per annum from the date of issue of the relevant loan instrument until the date of actual repayment.

Resolutions 6 to 8 are required to be approved in accordance with section 208 of the Corporations Act and Listing Rule 10.11 to issue securities to the parent of a Director, being a related party of the Company. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1. Resolutions 6 to 8 are also required to be approved in accordance with item 7 section 611 of the Corporations Act (see section 5 of the Explanatory Statement).

8.2 Information required by Chapter 2E of the Corporations Act

The issue of Shares to the parent of a Director constitutes a grant of a financial benefit to a related party for the purposes of Chapter 2E of the Corporations Act. Refer to section 5.4 for further information.

For the purpose of obtaining Shareholder approval, and in accordance with the requirements of Chapter 2E of the Corporations Act, and in particular section 219, the following information is provided to Shareholders to allow them to assess whether or not to approve the issue of the Conversion Shares to Ms Lai You under Resolutions 6 to 8.

Identity of the related party

The related party of the Company to which a financial benefit may be given under Resolutions 6 to 8 is Ms Lai You, the parent of a Director of the Company.

Nature of, reasons for and basis for the financial benefit

The financial benefits to be provided to Ms Lai You under Resolutions 6 to 8 are Shares, to be issued on the same terms and conditions as existing Shares of the Company. The Conversion Shares are to be issued to Ms Lai You in repayment of the Lai You Loans, which total $800,000.

The number of Conversion Shares to be issued is 160,000,000 at the Issue Price of $0.005. As at the date of this Notice, the closing price for Shares on the ASX was $0.004. Assuming that the current market price for Shares was $0.004 on the date of issue of the Placement Shares, the Issue Price would represent a 25.0% premium to the market price for Shares.

The Issue Price was negotiated by reference to the Company's recent share trading history and the current market for Australian mining and exploration securities generally.

Directors' recommendations to members and reasons

See section 7.5 of the Explanatory Statement.

Directors' interests in the outcome of the Resolution

If Resolutions 6 to 8 are passed, subject to Resolutions 3 to 5 being passed, Ms Lai You will be issued a total of 160,000,000 Conversion Shares. Mr Tsang has a relevant interest in the securities held by Ms Lai You and so is considered to have a material personal interest in Resolutions 6 to 8 and abstained from voting at Board meetings in relation to Resolutions 6 to 8.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers.

(a) The proposed Resolution would have the effect of giving power to the Directors to issue 160,000,000 Conversion Shares to the value of $800,000 to Ms Lai You (or her nominees) at the Issue Price.

(b) The Conversion Shares will rank equally in all respects with the Company's existing Shares on issue.

(c) As at the date of this Notice, the issued capital of the Company comprised 285,803,570 Shares. The effect of the issue of Conversion Shares under Resolutions 6 to 8 would be to dilute the Shareholding of existing Shareholders as per the following table:

Shares on issue as at the date of the Notice	285,803,570
Resolution 3 – Shares to be issued	40,000,000
Resolution 4 – Shares to be issued	40,000,000
Resolution 5 – Shares to be issued	20,990,000
Resolution 6 – Shares to be issued	60,000,000
Resolution 7 – Shares to be issued	50,000,000
Resolution 8 – Shares to be issued	50,000,000
New Total	**546,793,570**
Dilutionary Effect of Resolution 6	21.0%
Dilutionary Effect of Resolution 7	17.5%
Dilutionary Effect of Resolution 8	17.5%
Dilutionary Effect of Resolutions 6 to 8	56.0%
Dilutionary Effect of Resolutions 3 to 8	91.3%

(d) Ms Lai You currently holds 20,534,431 Shares in the Company.

Neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by this Resolution.

8.3 Information required by Listing Rule 10.13

Listing Rule 10.13 contains certain requirements as to the contents of a notice sent to Shareholders for the purposes of Listing Rule 10.11.

The following information is included in this Explanatory Statement for the purpose of Listing Rule 10.13.

(a) The Conversion Shares will be granted to Ms Lai You (or her nominees).

(b) The maximum number of Conversion Shares to be granted pursuant to Resolutions 6 to 8 is 160,000,000.

(c) The Conversion Shares will be allotted and issued on a date which will be no later than 1 month after the date of the Meeting.

(d) Ms Lai You is the mother of Mr Tsang, a Director, and so is considered to be a related party of the Company under the Listing Rules.

(e) The Conversion Shares the subject of Resolutions 6 to 8 will rank equally in all respects with the Company's existing Shares on issue. The Conversion Shares will be issued at the Issue Price, being $0.005.

(f) A voting exclusion statement is included in this Notice.

(g) No funds will be raised by the issue of the Conversion Shares.

8.4 Information required by item 7 section 611 of the Corporations Act

Refer to section 5 of the Explanatory Statement.

8.5 Directors' recommendation

All the Directors believe that the proposed issue of 160,000,000 Conversion Shares is beneficial to Mindax so that the loans owed to Ms Lai You in the amount of $800,000 can be satisfied without requiring payment in cash. All the Directors, other than Mr Li and Mr Tsang, recommend that Shareholders vote in favour of Resolutions 6 to 8. Mr Li and Mr Tsang have abstained from making a recommendation to Shareholders in respect of the Resolutions 6 to 8 due to their interest in the Proposals.

GLOSSARY

$ means Australian dollars.

2014 Loans means the February 2014 Loan and the March 2014 Loan.

Agricola Mining means Agricola Mining Consultants Pty Ltd (ABN 84 274 218 871).

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

ASIC means the Australian Securities & Investments Commission.

Associate has the meaning set out in sections 11 to 17 of the Corporations Act.

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

ASX Listing Rules means the Listing Rules of ASX.

BDO Australia means BDO Corporate Finance (WA) Pty Ltd ABN 124 031 045.

Board means the current board of directors of the Company.

Capital Raisings means the capital raisings arranged by Andrew Tsang for the Company which took place between August 2012 and March 2014, as details in Annexure C.

Chair means the chair of the Meeting.

Closely Related Party of a member of the Key Management Personnel means:

(a) a spouse or child of the member;

(b) a child of the member's spouse;

(c) a dependent of the member or the member's spouse;

(d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;

(e) a company the member controls; or

(f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

Commission Shares means Shares to be issued to Ms Lai You in satisfaction of the commission payable to Mr Tsang for arranging the Capital Raisings.

Company or **Mindax** means Mindax Limited (ACN 106 866 442).

Constitution means the Company's constitution.

Conversion Shares means Shares issued to satisfy the repayment of the Lai You Loans.

Convertible Note means an unsecured mandatorily converting note issued on 31 December 2013 to Ms Lai You in consideration of Ms Lai You providing a loan of $300,000 to the Company, as amended.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice.

February 2014 Loan means the unsecured non-recourse loan agreement dated 7 February 2014 between the Company and Ms Lai You, as amended, pursuant to which Ms Lai You lent $250,000 to the Company.

Fully Diluted Basis means at any point in time, the number of Shares that would be on issue at that time, assuming that all Options on issue are exercised into Shares.

Independent Expert means BDO Australia.

Independent Expert's Report means the report prepared by the Independent Expert and annexed to this Notice as Annexure D.

Independent Technical Report means the report by Agricola Mining set out in Appendix 3 of the Independent Expert's Report.

Issue Price means $0.005 per Share.

Key Management Personnel has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

Lai You Loans means the Convertible Note and the 2014 Loans.

March 2014 Loan means the unsecured non-recourse loan agreement dated 18 March 2014 between the Company and Ms Lai You, as amended, pursuant to which Ms Lai You lent $250,000 to the Company.

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

Option means an option to acquire a Share.

Placement Shares means Shares to be issued pursuant to the Share Subscription Agreement.

Proposals has the meaning set out in section 5.1 of the Explanatory Statement.

Proxy Form means the proxy form accompanying the Notice.

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2015.

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

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

Shareholder means a registered holder of a Share.

Shareholder and Development Agreement means the shareholders and development agreement relating to Yilgiron Pty Ltd between the Company, Yilgiron Pty Ltd (ACN 133 051 233), a subsidiary of the Company, and Perpetual Mining Holding Limited (Hong Kong Companies Registry Company No 186100).

Share Subscription Agreement means the share subscription agreement between the Company and Andrew Tsang dated 27 October 2015.

Takeover Prohibition has the meaning set out in section 5.2 of the Explanatory Statement.

Voting Power has the meaning given by section 610 of the Corporations Act.

WST means Western Standard Time as observed in Perth, Western Australia.

ANNEXURE A – SHARE SUBSCRIPTION AGREEMENT

Capitalised terms used in this annexure have the same meaning as in the Glossary to the Notice, unless the context requires otherwise.

The Share Subscription Agreement was entered into between the Company and Andrew Tsang (**Investor**) on 27 October 2015. The key terms of the agreement are as follows.

1. The obligations of the parties are conditional on:

   (a) the Company having agreed, subject to Shareholder approval, that the Lai You Loans be converted into freely transferrable ordinary shares in the capital of the Company at the Issue Price of $0.005;

   (b) the Company having obtained Shareholder approval to issue Conversion Shares and convert the Lai You Loans for the purposes of item 7 section 611 of the Corporations Act, Chapter 2E of the Corporations Act and the Listing Rules together with such other approvals as may be necessary or desirable; and

   (c) the Lai You Loans having converted into that number of Shares as is the product of $800,000 divided by the Issue Price.

   Each party must use all reasonable endeavours within its own capacity to ensure that the conditions are satisfied by 5pm on 18 December.

2. A party may terminate the agreement by notice if a condition is or becomes incapable of being satisfied or does not remain satisfied prior to 18 December.

3. The Investor agrees to subscribe for $200,000 worth of Shares and to or procure the subscription for an additional $200,000 worth of Shares by a third party Investor (**Third Party Investor**), and Company agrees to allot and issue to the Investor and/or his nominee the Placement Shares on the date that is three business days after the conditions have been satisfied (**Completion Date**) in consideration of $400,000.

4. On the Completion Date, Company must issue a total of 80,000,000 Placement Shares to the Investor and the Third Party Investor.

5. On the Completion Date, the Company must procure that its share registry issues holding statements for the relevant Placement Shares to the Investor and the Third Party Investor and the Company must register the Investor and the Third Party Investor in its register of members in compliance with the Corporations Act.

6. The Company must on or before the Completion Date, apply to the ASX for the Placement Shares to be granted official quotation and ensure that all conditions of approval for official quotation are satisfied on or before the Completion Date.

7. The Company must take all such steps as shall be necessary to ensure that the Company Shares are freely transferrable on and from the date on which they are quoted on ASX.

8. The Company represents and warrants to the Investor and to the Third Party Investor that as at the date of this agreement and the Completion Date with respect to itself and the securities to be issued by it in accordance with this agreement:

(a) (corporate status): it is a corporation duly incorporated and validly existing under the laws of the country or jurisdiction of its incorporation or registration;

(b) (powers): it has full corporate power to create and perform its liability, and to issue the securities under this Agreement;

(c) (corporate consents): it has procured any required board consent relating to this Agreement and the issue of the securities under this Agreement;

(d) (general consents): it has procured, and delivered to the other party a certified copy of, any governmental consent or contractual consent relating to this Agreement and the issue of securities under this Agreement;

(e) (share issue): the issue of the Company Shares by Company complies with:

(i) its constitution;

(ii) any agreement, deed or document created by it or its shareholders;

(iii) any applicable law; and

(iv) any governmental consent or contractual consent relating to it or its assets, or any marketable securities issued by it;

(f) (issue terms): the securities to be issued under this Agreement will upon issue be fully paid and registered in the register of members of the Company;

(g) (security interests): the relevant party will hold the legal right, title and interest to or in securities to be issued under this Agreement upon issue free and clear of any Security Interest created by the Company.

9. This agreement is governed by and construed under the law of the State of New South Wales

ANNEXURE B – LAI YOU LOANS

CONVERTIBLE NOTE

On 31 December 2013, the Company announced that it had issued the Convertible Note to Ms Lai You (or her nominee) on the terms and conditions set out below. The Convertible Note was issued in consideration for Ms Lai You providing a loan of $300,000 to the Company.

The original deemed issue price of Shares on conversion of the Convertible Note was $0.10 per Share. Prior to the Company's 2014 annual general meeting, the Company and Ms You agreed to vary the terms of the Convertible Note to provide that the deemed issue price of Shares on conversion of the Convertible Note was $0.08 per Share, together with one free attaching Option for every one Share issued, consistent with placements made in the second half of 2014.

Shareholders previously considered resolutions approving the conversion of the Lai You Loans at the Company's 2014 annual general meeting (see the Company's notice of meeting dated 1 October 2014), together with a capital raising pursuant to the Shareholders and Development Agreement. The resolutions were approved by Shareholders, however, as announced by the Company on 30 December 2014, the Shareholders and Development Agreement was terminated and the capital raising contemplated by that agreement did not go ahead. As a consequence the conversion of the Lai You Loans could not proceed as approved, as the issue of those securities, together with other security issues contemplated by the notice, would have been in contravention of the Takeover Prohibition.

The Company and Ms Lai You have agreed to vary the terms of the Convertible Note to convert into Conversion Shares at the Issue Price, namely $0.005.

The key terms of the Convertible Note, as amended, are as follows.

1. If not converted under clause 3, the face value of the Note, being the sum of $300,000, will be repaid without deduction or counterclaim on 31 January 2016 (**Expiry Date**).

2. No interest will be payable on the Note unless Shareholder approval to the conversion of the Note is not obtained in accordance with clause 3 as soon as practicable following the issue of the Note and in any event at the Company's 2015 annual general meeting, in which case interest will accrue at the rate of 9% per annum, capitalised monthly from the date of issue of the Note until the date of actual repayment. Any interest accrued will be settled by way of cash and will not form part of the Note to be converted.

3. The Note shall convert into ordinary fully paid shares (**Shares**) in the capital of the Company at the Issue Price set out in clause 4 below, within five business days following the meeting at which Shareholders approve the conversion of the Note into Shares for the purpose of ASX Listing Rules 7.1 and 10.11 of the Listing Rules of the Australian Securities Exchange, and for all other purposes. The Note will not convert and it will be a condition precedent to its conversion into Shares that Shareholder approval to its conversion be obtained as soon as practicable following the issue of the Note and in any event by not later than the Company's 2015 Annual General Meeting.

4. The **Issue Price** is $0.005.

5. The Note is unsecured.

6. The Noteholder may demand immediate repayment of the Note together with all accrued interest and the Company must immediately make the total payment so requested in cash upon the occurrence of any of the following events:

(a) the Company fails to issue the Shares and Options on the conversion of the Note in accordance with clause 3;

(b) the Company fails to perform any other undertaking or obligation of it under the Note and that failure is not remediable;

(c) if the failure described in clause 6(b) is remediable, and the Company does not remedy the failure within five business days after receipt by the Company of a notice from the Noteholder specifying the failure;

(d) a judgment in an amount exceeding $500,000 is obtained against the Company and is not set aside or satisfied within 15 business days;

(e) a distress, attachment, execution or other process is issued against, levied or entered upon an asset of the Company in an amount exceeding $500,000 and is not set aside or satisfied within 15 business days;

(f) any of the following occur:

(i) an order is made; or

(ii) a resolution is passed; or

(iii) any steps are taken to pass a resolution,

for the winding up of the Company;

(g) any of the following occur:

(i) an administrator is appointed, or any steps are taken to appoint an administrator; or

(ii) a resolution to appoint an administrator is passed, or any steps are taken to pass a resolution to appoint an administrator,

to the Company;

(h) the Company is deregistered, or any steps are taken to deregister it or the Company;

(i) the Company suspends payment of its debts generally;

(j) the Company is:

(i) unable to pay its debts when they are due; or

(ii) deemed to be unable to pay its debts under applicable legislation;

(k) the Company enters into or resolves to enter into any arrangement, or composition or compromise with, or assignment for the benefit of any of its creditors;

(l) the Company ceases to carry on business.

7. All Shares issued pursuant to the conversion of the Note will be issued within 5 business days after the conversion of the Note and will rank pari passu in all respects with the Company's then existing ordinary fully paid shares. The Company will apply for official quotation by ASX of all Shares issued upon conversion of the Note on or before the fifth business day on which ASX is open after the date of issue of the Shares. The Company will procure that a holding statement for the Shares is given to the Noteholder in accordance with the ASX Settlement Operating Rules. The Company will issue a cleansing notice pursuant to section 708A of the Corporations Act 2001 (Cth) with respect to the issue of Shares on conversion of the Note.

8. There are no participating rights or entitlement inherent in the Note and the Noteholder in their capacity as such will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Note.

9. In the event of reorganisation (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of Shares into which the Note is convertible shall be reorganised (as appropriate) in the manner required by the Listing Rules of the Australian Securities Exchange with respect to options.

10. If and to the extent any of the preceding terms and conditions are inconsistent with the Listing Rules of the Australian Securities Exchange, such rules will prevail in all respects to the extent of the inconsistency.

11. These terms and conditions are governed by the laws of the State of Western Australia and the Noteholder unconditionally submits to the jurisdiction of the courts of that State and courts of appeal from them.

12. The Noteholder may transfer the Note to any related party (as defined in the Corporations Act 2001 (Cth)) of the Noteholder for the time being.

2014 LOANS

On 7 February 2014, the Company announced that it had secured short term funding by way of an unsecured non-recourse loan for $250,000 from Ms Lai You (**February 2014 Loan**).

On 18 March 2014, the Company announced that it had secured further short term funding by way of an unsecured non-recourse loan for an additional $250,000 from Ms Lai You (**March 2014 Loan**).

The February 2014 Loan and the March 2014 Loan are together referred to as the **2014 Loans**.

Originally, each of the 2014 Loans was at the Company's sole election, convertible into Shares only. Prior to the Company's 2014 annual general meeting, the Company and Ms You agreed to vary the terms of each 2014 Loan to provide that each 2014 Loan would convert into Shares and free attaching Options on a 1:1 basis.

Shareholders previously considered resolutions approving the conversion of the Lai You Loans at the Company's 2014 annual general meeting (see the Company's notice of meeting dated 1 October 2014), together with a capital raising pursuant to the Shareholders and Development Agreement. The resolutions were approved by Shareholders, however, as announced by the Company on 30 December 2014, the Shareholders and Development Agreement was terminated and the capital raising contemplated by that agreement did not go ahead. As a consequence, the conversion of the Lai You Loans could not proceed as approved, as the issue of those securities, together with other security issues contemplated by the notice, would have been in contravention of the Takeover Prohibition.

The Company and Ms Lai You have agreed to vary the terms of each 2014 Loan to convert into Conversion Shares at the Issue Price, namely $0.005.

The key terms of the 2014 Loans, as amended, are as follows.

1. Each 2014 Loan is unsecured.

2. Each 2014 Loan is to be repaid in cash on or before 31 January 2016.

3. The Company may (at its sole discretion) elect to repay through conversion of each of the 2014 Loans into Shares at the Issue Price (defined below). Each 2014 Loan cannot be converted into Shares if such conversion would cause Ms You or the Company to breach the Corporations Act or the ASX Listing Rules. In this regard, any conversion of the 2014 Loans into Shares and Options will require prior approval of Shareholders.

4. No interest is payable on a 2014 Loan, unless the Company elects to convert that 2014 Loan into Shares and Shareholder approval to the conversion of that 2014 Loan is not obtained. Should this occur, then interest will accrue at the rate of 9% per annum, capitalised monthly from the date of issue of that 2014 Loan until the date of actual repayment. Any interest accrued will be payable on or before 31 January 2016.

5. Where the Company elects to convert a 2014 Loan into Shares, the Issue Price will be $0.005.

6. All fractional entitlements to Shares will be rounded up to the nearest whole number.

ANNEXURE C – COMMISSION SHARES & CAPITAL RAISING

Mr Andrew Tsang, a Director of the Company, has arranged the following capital raisings for the Company which took place between August 2012 and March 2014:

(a) as announced to the ASX on 6 September 2012, the Company undertook a placement to a number of sophisticated and professional investors to raise $680,000. Mr Tsang introduced two investors who participated in the placement for $300,000 (**First September 2012 Capital Raising**);

(b) as announced to the ASX on 27 September 2012, the issue of a convertible note to Ms Lai You in the amount of $399,000 (**Second September 2012 Capital Raising);**

(c) as announced to the ASX on 22 August 2013, the issue of a convertible note to Ms Lai You in the amount of $600,000 **(August 2013 Capital Raising);**

(d) as announced to the ASX on 31 December 2013, the issue of a convertible note to Ms Lai You in the amount of $300,000 (**December 2013 Capital Raising**);

(e) as announced to the ASX on 7 February 2014, a short term convertible loan from Ms Lai You in the amount of $250,000 (**February 2014 Capital Raising**); and

(f) as announced to the ASX on 18 March 2014, a short term convertible loan from Ms Lai You in the amount of $250,000 (**March 2014 Capital Raising**),

(together the **Capital Raisings**).

In respect of each Capital Raising, the Company agreed to pay Mr Tsang a commission of 5% of the money raised under the Capital Raising which was arranged by Mr Tsang. The total commission payable to Mr Tsang in consideration for arranging the Capital Raisings is $104,950, comprising:

(a) $15,000 in respect of the First September 2012 Capital Raising;

(b) $19,950 in respect of the Second September 2012 Capital Raising;

(c) $30,000 in respect of the August 2013 Capital Raising;

(d) $15,000 in respect of the December 2013 Capital Raising;

(e) $12,500 in respect of the February 2014 Capital Raising; and

(f) $12,500 in respect of the March 2014 Capital Raising.

Mr Tsang and the Company have agreed to issue the Commission Shares to Ms Lai You in lieu of a cash payment to Mr Tsang. The number of Commission Shares to be issued is 20,990,000, being that number of Shares as is the product of $104,950 divided by the Issue Price ($0.005).

MINDAX LIMITED
Independent Expert's Report

27 October 2015

Financial Services Guide

27 October 2015

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('**we**' or '**us**' or '**ours**' as appropriate) has been engaged by Mindax Limited ('**Mindax**') to provide an independent expert's report on the proposal for Mindax to issue 40,000,000 shares to Mr Andrew Tsang ('**Mr Tsang**') , a non-executive Director of Mindax at an issue price of $0.005 per share to the value of $200,000 and to procure the subscription for an additional 40,000,000 shares in Mindax at $0.005 per share to the value of $200,000 by a third party investor, Mr Yonggang Li ('**Mr Li**'), a related party of the Company. The issue of shares to Mr Tsang and Mr Li is conditional upon the conversion of a total of $800,000 of funds lent to the Company by Ms Lai You ('**Ms You**'), a related party of Mr Tsang, into shares. You will be provided with a copy of our report as a retail client because you are a shareholder of Mindax.

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

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take 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.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $22,000.

Except for the fees referred to above, neither BDO, 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.

BDO Audit and Assurance (WA) Pty Ltd is the appointed Auditor of Mindax. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Mindax for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

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.

Complaints resolution
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, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint 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.

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 ('**FOS**'). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details
You may contact us using the details set out on page 1 of the accompanying report.

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Australia

27 October 2015

The Independent Directors
Mindax Limited
Ground Floor
20 Kings Park Road
WEST PERTH WA 6005

Dear Independent Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 27 October 2015, Mindax Limited ('**Mindax**' or the '**Company**') entered into a Share Subscription Agreement ('**SSA**') with Mr Andrew Tsang ('**Mr Tsang**'), a non-executive Director of Mindax. Under the SSA, Mr Tsang agreed to subscribe for 40,000,000 shares in Mindax at $0.005 per share to the value of $200,000 and to procure the subscription for an additional 40,000,000 shares in Mindax at $0.005 per share to the value of $200,000 by a third party investor, Mr Yonggang Li ('**Mr Li**'), a related party of the Company.

The subscription of shares in Mindax under the SSA are referred to as the '**Placement Shares**' with the funds provided from the Placement Shares intended to be used by the Company for corporate expenses and general working capital.

The SSA is conditional upon the conversion of a total of $800,000 of funds lent to the Company by Ms Lai You ('**Ms You**'), a related party to Mr Tsang (the mother of Mr Tsang), into 160,000,000 shares in Mindax (the '**Conversion Shares**').

In addition, Mindax will issue 20,990,000 shares to the value of $104,950 to Mr Tsang in lieu of a cash payment for his services in the arrangement of various capital raisings for Mindax between August 2012 and March 2014 (the '**Commission Shares**'). Mr Tsang and the Company have agreed to issue the Commission Shares to Ms You.

The proposal to issue the Placement Shares, the Conversion Shares and the Commission Shares are collectively referred to as 'the **Transaction**'.

Completion of the Transaction will result in Mr Tsang (through his direct holdings and holdings through related parties which includes Ms You) and Ms You holding a maximum relevant interest in Mindax in excess of 20%, and therefore the Transaction requires shareholder's approval pursuant to Section 611 item 7 of the Corporations Act 2001 Cth ('**Corporations Act**' or '**the Act**').

Mr Tsang and Mr Li are members of the Mindax Board and are considered related parties to the Transaction and are therefore not considered independent directors of Mindax for the purpose of the

Transaction. Mr Benjamin Chow and Mr Kgai Mun Loh (the '**Independent Directors'**) are considered to be independent to the Transaction.

2. Summary and Opinion

2.1 Purpose of the report

The Independent Directors of Mindax have requested that BDO Corporate Finance (WA) Pty Ltd ('**BDO**') prepare an independent expert's report ('**our Report**') to express an opinion as to whether or not the Transaction is fair and reasonable to the non-associated shareholders of Mindax ('**Shareholders**').

Our Report is prepared pursuant to section 611 of the Act and is to be included in the Explanatory Memorandum for Mindax in order to assist the Shareholders in their decision whether to approve the Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('**ASIC**') Regulatory Guide 74 'Acquisitions Approved by Members' ('**RG 74'**), Regulatory Guide 111 'Content of Expert's Reports' ('**RG 111**') and Regulatory Guide 112 'Independence of Experts' ('**RG 112**').

In arriving at our opinion, we have assessed the terms of the Transaction as outlined in the body of this report. We have considered:

- How the value of a Mindax share prior to the Transaction on a controlling basis compares to the value of a Mindax share following the Transaction on a minority basis;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Transaction; and
- The position of Shareholders should the Transaction not proceed.

2.3 Opinion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that, in the absence of any other relevant information, the Transaction is not fair but reasonable to Shareholders.

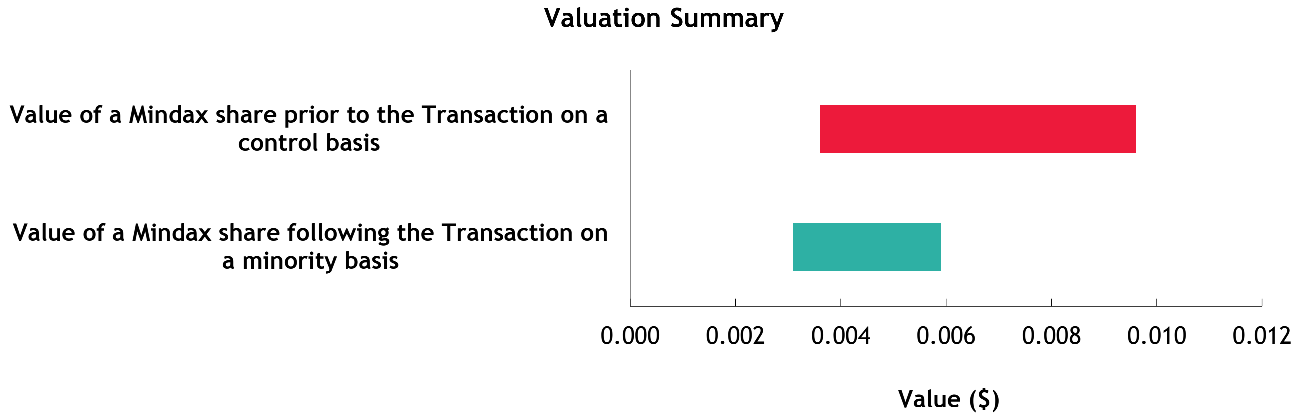
2.4 Fairness

In section 12, we determined that the value of a Mindax share prior to the Transaction on a controlling interest basis compares to the value of a Mindax share following the Transaction on a minority interest basis, as detailed below.

	Low value $	Preferred value $	High value $
Value of Mindax prior to the Transaction on a controlling basis	0.0036	0.0053	0.0096
Value of Mindax following to the Transaction on a minority basis	0.0031	0.0039	0.0059

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The above pricing indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in section 13 of this report, in terms of both:

- advantages and disadvantages of the Transaction; and
- other considerations, including the position of Shareholders if the Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, in the absence of any other relevant information, we believe that the Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.3.1	Minority interest values overlaps	13.4.1	The Transaction is not fair
13.3.2	Cash funding received	13.4.2	Dilution of existing shareholders
13.3.3	Strengthening of the Company's balance sheet	13.4.3	Potential lower liquidity of shares
13.3.4	Major shareholder support	13.4.4	Decreases the likelihood of a takeover offer

Other key matters we have considered include:

Section	Description
13.1	Alternative proposal
13.2	Practical level of control

3. Scope of the Report

3.1 Purpose of the Report

ASX Listing Rule 10.11

Australian Securities Exchange (‘**ASX**’) Listing Rule 10.11 requires that a company must obtain shareholders’ approval before it issues equity securities to a ‘related party’ or to a person whose relationship with the company or a related party of the company is, in ASX’s opinion, such that approval should be obtained.

As members of the Mindax Board, Mr Tsang and Mr Li are related parties of the Company within the definition set out in ASX Listing Rule 19.12. Ms You is also considered a related party of the Company as Mr Tsang has the power to control the votes of the shares held by Ms You.

The Independent Directors of Mindax are therefore seeking Shareholders’ approval pursuant to ASX Listing Rule 10.11 to issue the Placement Shares to Mr Tsang and Mr Li along with the issue of the Conversion Shares and Commission Shares to Ms You under the Transaction.

Section 611 of the Corporations Act

Section 606 of the Corporations Act expressly prohibits the acquisition of shares by a party if that acquisition will result in that person (or someone else) holding an interest in 20% or more of the issued shares of a public company, unless a full takeover offer is made to all shareholders.

Section 611 permits such an acquisition if the shareholders of that entity have agreed to the issue of such shares. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by any party who is associated with the party acquiring the shares, or by the party acquiring the shares. Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that the obligation to supply shareholders with all information that is material can be satisfied by the non-associated directors of Mindax, by either:

- undertaking a detailed examination of the Transaction themselves, if they consider that they have sufficient expertise; or
- by commissioning an Independent Expert's Report.

The Independent Directors of Mindax have commissioned this Independent Expert's Report to satisfy this obligation.

3.2 Regulatory guidance

Neither the ASX Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism to affect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between value of a Mindax share prior to the Transaction on a controlling interest basis and the value of a Mindax share following the Transaction on a minority interest basis (fairness – see Section 12 'Is the Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolutions, after reference to the value derived above (reasonableness – see Section 13 'Is the Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Transaction

4.1 The Transaction

On 27 October 2015, Mindax entered into the SSA with Mr Tsang, a non-executive Director of Mindax, under which Mr Tsang agreed to subscribe for 40,000,000 shares in Mindax at an issue price of $0.005 per share to the value of $200,000 and procure the subscription for an additional 40,000,000 shares in Mindax at an issue price of $0.005 per share to the value of $200,000 by a third party investor, Mr Li, a related party of the Company.

The funds raised from the Placement Shares issued under the SSA are intended to be used by the Company for corporate expenses and for general working capital.

The Placement Shares issued to Mr Tsang are conditional upon Mindax obtaining all necessary regulatory and shareholder approvals required for the following resolutions:

- The issue of 40,000,000 Placement Shares at an issue price of $0.005 per share to the value of $200,000 to Mr Li for the purposes of ASX Listing Rule 10.11, item 7 section 611 of the Act, Chapter 2E of the Act and for all other purposes (Resolution 3 from the Notice of Meeting);
- The issue of 40,000,000 Placement Shares at an issue price of $0.005 per share to the value of $200,000 to Mr Tsang for the purposes of ASX Listing Rule 10.11, item 7 section 611 of the Act, Chapter 2E of the Act and for all other purposes (Resolution 4 from the Notice of Meeting);
- The issue of 20,990,000 shares to the value of $104,950 to Ms You in relation to the commission payable to Mr Tsang in lieu of a cash payment, for the purposes of ASX Listing Rule 10.11, item 7 section 611 of the Act, Chapter 2E of the Act and for all other purposes (Resolution 5 from the Notice of Meeting);
- The issue of 60,000,000 shares upon conversion of a convertible note which relates to an unsecured convertible note issued on 31 December 2013 to Ms You in consideration of Ms You providing a loan of $300,000 to the Company (the '**Note**') for the purposes of ASX Listing Rule 10.11, item 7 section 611 of the Act, Chapter 2E of the Act and for all other purposes (Resolution 6 from the Notice of Meeting);
- The issue of 50,000,000 shares upon conversion of a loan which relates to an unsecured non-recourse loan agreement dated 7 February 2014 between the Company and Ms You to which Ms You lent $250,000 to the Company (the '**February 2014 Loan**') for the purposes of ASX Listing Rule 10.11, item 7 section 611 of the Act, Chapter 2E of the Act and for all other purposes (Resolution 7 from the Notice of Meeting); and
- The issue of 50,000,000 shares to Ms You upon conversion of a loan which relates to an unsecured non-recourse loan agreement dated 18 March 2014 between the Company and Ms You to which Ms You lent $250,000 to the Company (the '**March 2014 Loan**') for the purposes of ASX Listing Rule 10.11, item 7 section 611 of the Act, Chapter 2E of the Act and for all other purposes (Resolution 8 from the Notice of Meeting).

Completion of the SSA is conditional upon Shareholders approving the conversion of the Note, the February 2014 Loan and the March 2014 Loan (collectively referred as the '**Ms You Loans**') into freely transferrable ordinary shares in the capital of the Company.

Resolutions 3 to 8 contained in the Notice of Meeting are conditional upon each other being approved.

The Placement Shares, the Conversion Shares and the Commission Shares are to be issued at the same issue price, being $0.005.

As contained in the Explanatory Memorandum, if the Transaction is approved, Mr Tsang and Ms You have no current intention to:

i. make any significant changes to the business of Mindax;

ii. transfer property between Mindax and Mr Tsang or Ms Lai You and any of their associates;

iii. redeploy the fixed assets of Mindax;

iv. seek to procure any changes in relation to the employment of Mindax's employees;

v. seek any changes to the composition of Mindax's Board; or

vi. change significantly the financial or dividend policies of Mindax.

4.2 Shareholding in Mindax following the Transaction

At the date of this report, Mr Tsang holds a relevant interest of 53,329,543 shares in Mindax, as set out in the table below:

Registered holder	Relevant interest	Number of shares held
Mr Tsang	Holder	15,757,391
Ms You	Power to control the right to vote	20,534,431
Related parties of Mr Tsang excluding Ms You		
Fujian Xiang Rong Construction (Group) Co Limited	Power to control the right to vote	2,223,136
Mei Chung Zeng	Power to control the right to vote	12,813,606
Chunxiang Zeng	Power to control the right to vote	1,355,979
Xiang Rong (Australia) Construction Group Pty Ltd	Power to control the right to vote	80,000
Zeng Superannuation Fund	Power to control the right to vote	565,000
Mr Tsang's total relevant interest		**53,329,543**
% interest in Mindax		***18.66%***

Source: Mindax share registry

While Ms You is a related party of Mr Tsang, we have assessed the number of shares to be issued to Ms You under the Transaction separately to the other related parties of Mr Tsang. If Shareholders approve the Transaction and assuming no further shares are issued other than the Placement Shares, the Conversion Shares and the Commission Shares, the potential changes in shareholding are summarised in the table below.

We note our assessment of the shareholding in Mindax below does not include the 19,000,000 options which Mindax currently has on issue. Of the 19,000,000 options currently on issue, 4,000,000 have an exercise price of $0.108 expiring on 9 September 2015, 2,500,000 have an exercise price of $0.11 expiring on 10 December 2015 with the remaining 12,500,000 have an exercise price of $0.12 expiring on 31 July 2016. We consider these options to be significantly out of the money given the exercise price assigned to these options and therefore have not included them in the assessment below.

Shareholding Scenario: Placement Shares, Conversion Shares and Commission Shares issued at $0.005

Shareholding Scenario	Mr Tsang	Ms You	Related parties of Mr Tsang excluding Ms You	Other Shareholders	Total
Prior to the Transaction:					
Issued shares as at the date of our Report	15,757,391	20,534,431	17,037,721	232,474,027	285,803,570
% holdings as at the date of our Report	*5.51%*	*7.18%*	*5.96%*	*81.34%*	*100.00%*
Following the Transaction:					
Placement Shares					
Mr Tsang	40,000,000	-	-	-	40,000,000
Mr Li	-	-	-	40,000,000	40,000,000
Conversion Shares					
Conversion of the Note	-	60,000,000	-	-	60,000,000
Conversion of the February 2014 Loan	-	50,000,000	-	-	50,000,000
Conversion of the March 2014 Loan	-	50,000,000	-	-	50,000,000
Commission Shares					
Commission Shares to Ms You	-	20,990,000	-	-	20,990,000
Total shares issued under the Transaction	**40,000,000**	**180,990,000**	**-**	**40,000,000**	**260,990,000**
Total shares on issue following the Transaction	**55,757,391**	**201,524,431**	**17,037,721**	**272,474,027**	**546,793,570**
% holdings following the Transaction	***10.20%***	***36.86%***	***3.12%***	***49.83%***	***100.00%***

Source: BDO analysis

The above table shows the potential dilution to existing Shareholders following the issue of the Placement Shares, Conversion Shares and the Commission Shares.

Following the completion of the Transaction, Mr Tsang may reach a maximum shareholding of 50.17% (through his direct holdings and the holdings of related parties including Ms You), while Ms You's shareholding in Mindax will reach a maximum of 36.86% in Mindax.

5. Profile of Mindax

5.1 History

Mindax was incorporated on 30 October 2003 and the Company officially listed on the ASX on 8 December 2004. Mindax is primarily focussed on the exploration for iron ore at its Mt Forrest Project. The Company's current board of directors and senior management are:

- Mr Benjamin Chow, Chairman;
- Mr Yonggang Li, Non-executive Director;
- Mr Kgai Mun (Eric) Loh, Non-executive Director;
- Mr Andrew Tsang, Non-executive Director; and
- Mr Dennis Wilkins, Company Secretary.

The Company's latest capital raising occurred during August 2015 and September 2015 through the issue of shares to sophisticated investors. On 28 August 2015, Mindax issued 6,000,000 fully paid ordinary shares at $0.01 per share. On 15 September 2015, Mindax issued 10,000,000 fully paid ordinary shares at $0.005 per share.

During the year to 30 June 2015, and subsequent to the year ended 30 June 2015, the Company relinquished the tenement holdings comprising the following projects:

- Yilgarn- Avon Joint Venture (uranium);
- Mortlock Project (Copper Gold); and
- Fred's Bore Project (Iron ore/ Gold).

5.2 Projects

Set out below is a brief description of the Company's projects.

Mt Forrest Project

The Mt Forrest Project wholly owned by Mindax through its subsidiary Yilgiron Pty Ltd ('**Yilgiron**'), is located in the Yilgarn Province. The project area is located 165 km from the rail line at Menzies and approximately 645 km from the Esperance Port. The project area covers 53.76 square kilometres.

On 26 March 2013, the Company announced its proposal along with Yilgiron, to form a Shareholders and Development Agreement ('**SDA**') with Perpetual Mining Holding Limited ('**PMHL**'). A non-binding Memorandum of Understanding ('**MOU**') was signed by the parties to cover the terms in which PMHL will acquire up to 51% interest in the Mt Forrest Project's Direct Shipping Ore rights and up to 49% in the project's Magnetite rights for a consideration of approximately $52 million.

On 21 July 2014, Mindax announced that the SDA agreement with PMHL had concluded. Following the conclusion, during December 2014, Mindax received notification from PMHL its termination of the SDA as a result of PMHL's efforts to secure funding being impacted by the Chinese economic situation along with the significant drop in the price of iron ore.

The Company has since received approval for its proposed exploration and drill program for 2015 with commencement of the program to occur once the Company has secured adequate funding.

As outlined in the Company's annual report for the year ended 30 June 2015, Mindax is continuing to review funding and development options for the Mt Forrest Project.

Meekatharra North Joint Venture

The Meekatharra North Joint Venture is prospective for gold and the project is located approximately 40km from Meekatharra.

On 10 October 2012, the Company announced that it had entered into a farm- in agreement with Mr Chenfei Zhuang and Mr Zhensheng Zhuang. The agreement was to provide a minimum of $0.5 million to spend on exploration prior to August 2013. A further $2 million was to be spent over the next three years for the farm-in partner to earn 51% equity in the project.

During July 2013, the Company commenced its 2013 exploration drill program, which involved reverse circulation drilling. The second phase of exploration drilling at the Meekatharra North Joint Venture occurred during February 2014.

The Company has since outlined that preparation and planning to undertake a new Sub Audio Magnetics ('**SAM**') survey is complete, and will commence once the Company has secured adequate funding.

Additional information can be found in Appendix Three.

5.3 Statement of Financial Position

Statement of Financial Position	Audited as at 30-Jun-15 $	Audited as at 30-Jun-14 $	Audited as at 30-Jun-13 $
CURRENT ASSETS			
Cash and cash equivalents	88,472	243,420	3,459,634
Trade and other receivables	36,663	147,720	234,475
Prepayments	6,557	40,094	58,893
TOTAL CURRENT ASSETS	131,692	431,234	3,753,002
NON-CURRENT ASSETS			
Prepayments	60,000	60,000	60,000
Plant and equipment	95,639	145,545	244,070
Exploration and evaluation assets	1,460,489	22,136,011	22,982,255
Other assets	2,885	2,885	2,885
TOTAL NON-CURRENT ASSETS	1,619,013	22,344,441	23,289,210
TOTAL ASSETS	1,750,705	22,775,675	27,042,212
CURRENT LIABILITIES			
Trade and other payables	141,294	234,713	1,431,315
Borrowings	800,000	800,000	-
Provisions	-	6,963	126,439
TOTAL CURRENT LIABILITIES	941,294	1,041,676	1,557,754
TOTAL LIABILITIES	941,294	1,041,676	1,557,754
NET ASSETS	809,411	21,733,999	25,484,458
EQUITY			
Contributed equity	40,945,749	40,163,930	39,353,930
Reserves	871,452	871,452	795,570
Accumulated losses	(41,007,790)	(19,301,383)	(14,665,042)
TOTAL EQUITY	809,411	21,733,999	25,484,458

Source: Audited financial statements for the years ended 30 June 2015, 30 June 2014 and 30 June 2013.

Commentary on Historical Statement of Financial Position

We note that Mindax's auditor included an Emphasis of Matter paragraph in its independent auditor's report on the annual financial report for the year ended 30 June 2015. The auditor outlined that the existence of a material uncertainty may cast doubt on Mindax's ability to continue as a going concern. The material uncertainty arises from the ability of the consolidated entity to continue as a going concern and is dependent upon the future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the Company's tenements and/or the sale of non-core assets.

We note the following in relation to Mindax's Historical Statement of Financial Position:

- Cash and cash equivalents decreased from $3,459,634 at 30 June 2013 to $243,420 at 30 June 2014. The decrease is primarily attributable to payments made to suppliers and employees of $4,522,152 and payments for exploration expenditure of $685,893 partially offset by funding of $300,000 received from the Meekatharra North Joint Venture and $1,600,000 from financing activities.

- Cash and cash equivalents decreased from $243,420 at 30 June 2014 to $88,472 at 30 June 2015. The decrease is a primarily a result of payments to suppliers and employees of $1,341,670 and payments for exploration expenditure of $369,395 partially offset by a research and development grant received of $757,895 along with proceeds of $800,000 from the issue of ordinary shares.
- Exploration and evaluation expenditure decreased from $22,136,011 at 30 June 2014 to $1,460,489 at 30 June 2015. The decrease is a result of the Company writing off $20,285,995 in full from the tenements comprising the uranium, copper and gold segments which were relinquished during the year to 30 June 2015.
- Borrowings of $800,000 at 30 June 2015 comprise of the Note, the February 2014 Loan and the March 2014 Loan, as set out below:

Borrowings	Audited as at 30-Jun-15 $
The Note	300,000
The February 2014 Loan	250,000
The March 2014 Loan	250,000
Total	**800,000**

  - The Note of $300,000 relates to the issue of an unsecured convertible note by the Company to Ms You on 31 December 2013 as consideration of Ms You providing a loan of $300,000 to the Company. No interest will be payable on the Note unless shareholder approval to the conversion of the Note is not obtained on or before the Company's 2015 Annual General Meeting. Interest applicable (in the event that shareholders do not approve of the conversion) will accrue at 9% per annum, capitalised monthly from the date of issue of the Note until the date the Note is repaid. If the Note is not converted, the face value of the Note is to be repaid on 31 March 2016. On Conversion of the Note, a commission of 5% is payable to Mr Tsang.
  - The February 2014 Loan of $250,000 relates to the Company securing an unsecured non-recourse loan for $250,000 from Ms You on 7 February 2014.
  - The March 2014 Loan of $250,000 relates to the Company securing an unsecured non-recourse loan for $250,000 from Ms You on 18 March 2014.
  - Both the February 2014 Loan and the March 2014 Loan are to be repaid in cash on or before 31 March 2016. No interest is payable on the loans unless the Company elects to convert the loans into shares and shareholder approval is not obtained. Interest will then accrue at 9.0% per annum. On conversion of the loans, a commission of 5% is payable to Mr Tsang.
- Contributed equity increased from $40,163,930 at 30 June 2014 to $40,945,749 at 30 June 2015. The increase is a result of the Company issuing 10,000,000 shares at $0.08 per share during July 2014 and August 2014.

5.4 Historical Statement of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-15 $	Audited for the year ended 30-Jun-14 $	Audited for the year ended 30-Jun-13 $
Revenue	4,766	75,352	398,429
Expenses			
Administration expenses	(473,502)	(294,722)	(266,155)
Corporate expenses	(591,384)	(569,314)	(483,972)
Depreciation expense	(24,983)	(13,885)	(17,653)
Exploration expenditure written off	(20,285,995)	(1,868,904)	(952,530)
Salaries and employee benefits expense	(335,309)	(1,888,986)	(1,321,568)
Share based payments expense	-	(75,882)	(115,419)
Other expenses	-	-	(233,263)
Loss before income tax	(21,706,407)	(4,636,341)	(2,992,131)
Income tax benefit	-	-	-
Loss for the year	**(21,706,407)**	**(4,636,341)**	**(2,992,131)**
Other comprehensive income	-	-	-
Total comprehensive loss for the year	**(21,706,407)**	**(4,636,341)**	**(2,992,131)**

Source: Audited financial statements for the years ended 30 June 2015, 30 June 2014 and 30 June 2013.

Commentary on Statement of Profit or Loss and Other Comprehensive Income

We note the following in relation to Mindax's Historical Statement of Profit or Loss and Other Comprehensive Income

- Revenue decreased from $398,429 for the year ended 30 June 2013 to $75,352 for the year ended 30 June 2014. The decrease is a result of the Company receiving a due diligence fee of $250,000 on the Mt Forrest Project for the year ended 30 June 2013.
- Revenue decreased from $75,352 for the year ended 30 June 2014 to $4,766 for the year ended 30 June 2015. The decrease is a result of a fall in interest revenue arising from a decrease in cash held during the two periods.
- Exploration expenditure written off of $20,285,995 for the year ended 30 June 2015 relates to the Company writing off $20,285,995 in full from the tenements comprising the uranium, copper and gold segments which were relinquished during the year to 30 June 2015.

5.5 Capital Structure

The share structure of Mindax as at 1 October 2015 is outlined below:

	Number
Total ordinary shares on issue	285,803,570
Top 20 shareholders	230,918,324
Top 20 shareholders - % of shares on issue	80.80%

Source: Share registry

The range of shares held in Mindax as at 1 October 2015 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	58	5,919	0.00%
1,001 - 5,000	62	191,736	0.07%
5,001 - 10,000	78	663,125	0.23%
10,001 - 100,000	211	7,493,943	2.62%
100,001 - and over	107	277,448,847	97.08%
TOTAL	**516**	**285,803,570**	**100.00%**

Source: Share registry

The ordinary shares held by the most significant shareholders as at 1 October 2015 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
LAP Exploration Pte Ltd	32,034,616	11.21%
Mr Andrew Tsang (and related parties excluding Ms You)	32,795,112	11.47%
Mr Yufeng Zhuang	23,305,522	8.15%
Ms Lai You	20,534,431	7.18%
Subtotal	108,669,681	38.02%
Others	177,133,889	61.98%
Total ordinary shares on Issue	**285,803,570**	**100.00%**

Source: Share registry

Mindax has the following options as at 15 September 2015 on issue:

Current Options on Issue	Number
Options exercisable at $0.108 expiring 9 November 2015	4,000,000
Options exercisable at $0.11 expiring 10 December 2015	2,500,000
Options exercisable at $0.12 expiring 31 July 2016	12,500,000
Total options on issue	**19,000,000**

Source: Appendix 3B dated 2 September 2015

6. Profile of Mr Tsang

Mr Tsang is currently a non-executive Director of Mindax and is a naturalised Australian citizen who was born and educated in China, emigrating to Australia in 1962. Mr Tsang has experience in construction, engineering and property and development both in China and Australia. Along with his experience in those industries, Mr Tsang has also established import agencies for Australian manufactured goods into China.

Mr Tsang is also a non-executive Director of Diatreme Resources Limited since 23 January 2013.

Between August 2012 and March 2014, Mr Tsang has arranged the following capital raisings for the Company:

- On 6 September 2012, the Company undertook a placement to a number of sophisticated and professional investors to raise $680,000. Mr Tsang introduced two investors who participated in the placement for $300,000;
- On 27 September 2012, the issue of a convertible note to Ms You in the amount of $399,000;
- On 22 August 2013, the issue of a convertible note to Ms You in the amount of $600,000;
- On 31 December 2013, the issue of a convertible note to Ms You in the amount of $300,000;
- On 7 February 2014, a short term convertible loan from Ms You in the amount of $250,000; and
- On 18 March 2014, a short term convertible loan from Ms You in the amount of $250,000.

As part of his arrangement for the above capital raisings, a 5% commission amounting to a total of $104,950 is payable to Mr Tsang.

At the date of this report, Mr Tsang holds a relevant interest of 53,329,543 shares in Mindax, as set out in the table below:

Registered holder	Relevant interest	Number of shares held
Mr Tsang	Holder	15,757,391
Ms You	Power to control the right to vote	20,534,431
Related parties of Mr Tsang excluding Ms You		
Fujian Xiang Rong Construction (Group) Co Limited	Power to control the right to vote	2,223,136
Mei Chung Zeng	Power to control the right to vote	12,813,606
Chunxiang Zeng	Power to control the right to vote	1,355,979
Xiang Rong (Australia) Construction Group Pty Ltd	Power to control the right to vote	80,000
Zeng Superannuation Fund	Power to control the right to vote	565,000
Mr Tsang's total relevant interest		**53,329,543**
% interest in Mindax		***18.66%***

Source: Mindax share registry

7. Economic analysis

7.1 Global

Growth of global economic activity remains moderate. In the euro area, economic activity has continued to improve gradually, although activity still remains low. In the United States of America (**'USA'**), recent data suggest that the slowdown of economic activity at the beginning of year was temporary, with economic growth returning to the pace recorded at the end of 2014.

In China, economic activity, particularly in resource intensive sectors has continued to moderate since the first half of this year. In response, the Chinese government has adjusted various policy settings to provide more support and growth. A more accommodative monetary policy, including reductions in benchmark interest rates and reserve requirement rations, together with the announcement of further approvals for infrastructure investment, should provide some support to growth in coming quarters.

The Japanese economy has recovered since late last year. However, in the rest of east Asia, growth has declined to be slightly below the decade-average in the first half of 2015. The slowdown in economic growth has been driven by a weaker growth in exports within the region, as domestic demand growth remained robust.

Advanced economies have continued to recover while growth in emerging economies has eased over the recent months. Concerns regarding spillovers from developments in Greece have subsided, with focus shifting towards the reaction of financial markets to a potential increase in policy rates by the Federal Reserve. Despite fluctuations in the global financial markets associated with the respective developments in China and Greece, long-term borrowing rates for most sovereigns and creditworthy private borrowers remain remarkably low.

Following a sharp and long-lasting fall, oil prices have risen slightly in recent months. This has weakened disinflationary forces in many countries, fuelling an increase in price growth in the euro area. However, price growth in the global economy remains very low, and in some European economies it is still negative. In these conditions, major central banks are keeping interest rates close to zero and the European Central Bank continues with its asset purchase programme.

7.2 Australia

In the light of significant structural changes, the Australian economy has continued to grow over the past year, but at a rate somewhat below its longer-term average. Following strong growth in the March quarter, recent data indicates that growth to be in excess of 3% by 2017. The rate of unemployment, though elevated, has had little change recently. Overall, the economy is likely to be operating with a degree of spare capacity for some time yet. With very slow growth in labour costs, inflation is forecast to remain consistent with the Reserve Bank of Australia ('**RBA**') target over the next one to two years, despite a lower exchange rate.

Low interest rates in Australia are acting to support borrowing and spending. Credit is recording moderate growth overall, with stronger borrowing by businesses and growth in lending to the housing market broadly steady over recent months. Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities. The RBA is working with other regulators to assess and contain risks that may arise from the housing market. In other asset markets, prices for equities and commercial property have been supported by lower long-term interest rates. The Australian Dollar continues to adjust to the significant declines in key commodity prices.

At its most recent meeting, the RBA decided to leave the cash rate unchanged at 2.0%.

The Australian dollar has declined noticeably against a rising US dollar over the past year, though less so against a basket of currencies. Further depreciation seems both likely and necessary, particularly given the significant declines in key commodity prices.

Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision 6 October 2015.*

8. Industry analysis – Iron Ore

8.1 Overview

Iron ores are rocks from which metallic iron can be economically extracted. The principal iron ores are haematite (Fe_2O_3) and magnetite (Fe_3O_4).

Haematite is a pure iron oxide mineral, with pure haematite mineral containing 69.9 % iron. Haematite ores dominate the world production of iron ores with approximately 96% of Australia's iron ore exports being high grade haematite. High grade haematite ore involves a relatively simple crushing and screening process before being exported. Australia's haematite averages from 56% to 62% iron.

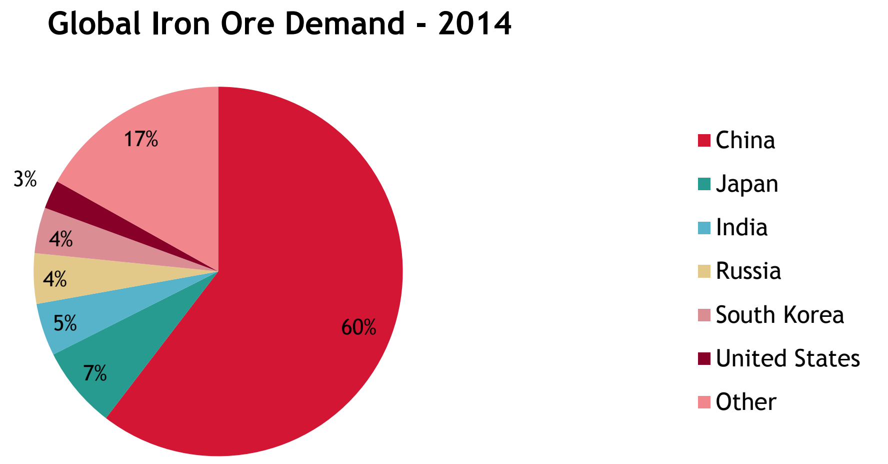
Magnetite is an iron oxide mineral containing 72.4% iron. While the iron ore content is higher than haematite, the presences of impurities results in a lower ore grade, making it more costly to produce the concentrates.

Iron is the world's most used metal with approximately 98% of world iron ore production being used to make steel. It is primarily used in structural engineering, automobiles and other general industrial applications. Commercial development of iron ore deposits are largely constrained by the position of the iron ore relative to its market and the cost of establishing proper transportation infrastructure such as ports and railways.

There are three main categories of iron ore exports:

- **Fines**: fines are the smallest size category and typically have a granular size less than 9.50mm. They are the most heavily traded category of iron ore;
- **Lump Ore**: lump ore consists of golf ball sized pieces, and generally has a higher iron content than fines; and
- **Pellets**: particle sizes range from 9.50mm to 16.00mm. Pellets are made by agglomeration of finely ground and concentrated ore.

For the year ending 31 December 2014 Global Iron Ore Demand totalled 1,870,162 million tonnes. The chart below shows the countries in which the majority of iron ore was demanded in 2014:



Source: Bloomberg

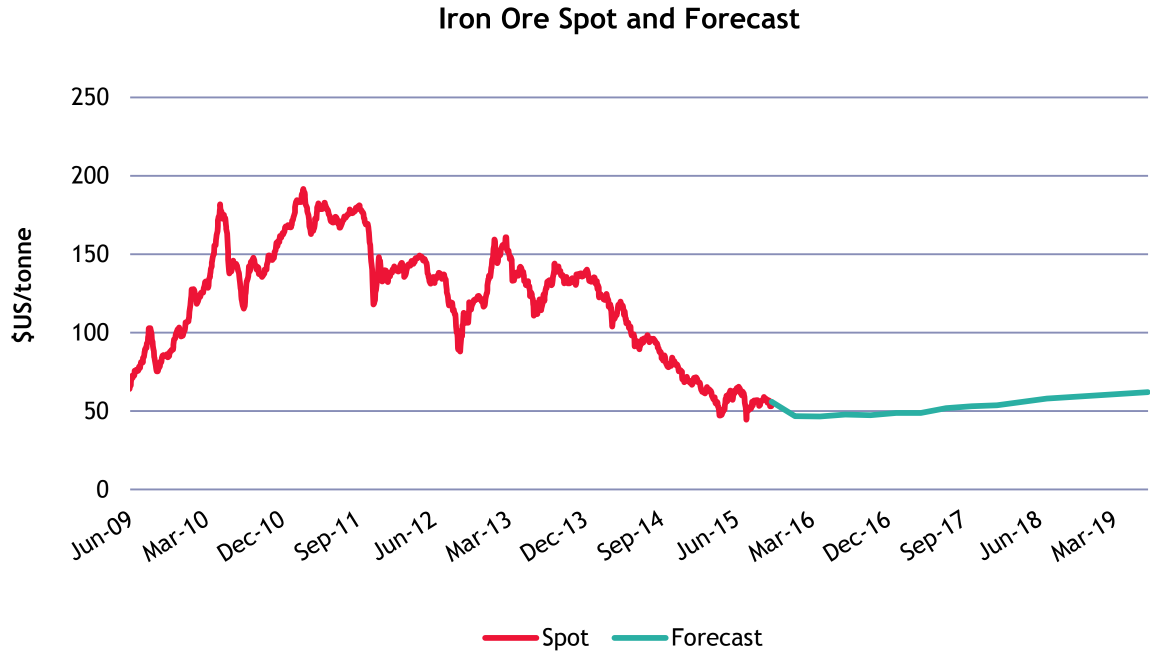
8.2 Global Market

Recent trends show a majority of the demand for iron ore being sourced from China, which has led some analysts to believe that Chinese steel demand has peaked after reaching and exceeding levels experienced by some of the largest OECD countries. There is however, still considerable scope for an expansion in steel consumption in China's interior and more distant provinces albeit at a slower rate compared to the larger Chinese cities such as Beijing and Tianjin. The central government is focusing its attention on developing these outer parts of China. This, in combination with the expansion of business to these areas which are utilising the low cost of labour, will lead to steady demand for iron ore from the Chinese. Other countries such as Brazil, India and Indonesia are likely to follow on China's development path, albeit on a smaller scale.

The industry will maintain overall growth as prices decline. Strong economic growth in large nations, such as China and India, has increased steel production, fuelling demand for iron ore. Production volumes are forecast to increase at a modest rate, with price stabilising or declining in order to boost demand. Performance will be heavily influenced by trends in steel demand, levels of productions, global iron ore prices, price negotiations with Chinese steel producers, and the value of the Australian dollar.

Existing producers are expected to increase their market shares over the period by either starting new mines or expanding production at existing ones. The increase in high quality, low cost iron ore in the market will be partially offset by the closure of higher cost international producers as well as lower production in China.

8.3 Price Trends



Source: Bloomberg, BDO Analysis and Consensus Economics

Historical prices

The sharp increase in iron ore price movements from May 2009 was marked by a surge in Chinese, Japanese and Korean steel mill demand. During that period, annual iron ore price contracts increased by 65% compared to the previous year. Iron ore prices subsequently fell during the global financial crisis with a reduction in world market sentiment and hence demand for iron ore. April 2010 saw an increase in price as miners moved to quarterly pricing and global economies began to recover.

Additionally, iron ore experienced a sharp rise in price in mid-2010 when the Indian state Karnataka banned all iron ore exports. The iron ore price increased in mid-2011 on the back of anticipated ore shortages which prompted restocking by the world's larger steel mills. The above observed decline in the iron ore price in late 2011 can be attributed to the slowdown in Chinese demand. Chinese imports decreased at the end 2011 which is reflective of falling steel prices over the same period.

Iron ore prices fluctuated between US$158.9 and US$110.4 in February 2013 and May 2013 respectively. After the decrease in prices in May, iron ore prices recovered in July 2013. The increase in the price of iron ore was driven by heavy steel re-stocking in China following improvements in the Chinese property sector and miscalculations from Chinese steel makers. Steel makers often run down their stockpiles in the hope that the price of iron ore will fall and they can buy it at a cheaper rate, however when the price did not fall the steel makers were caught out and had to purchase significant amounts of iron ore. This increased demand caused the price to rise during July 2013. Adding to this increase in demand was a decrease in supply as bad weather in Brazil slowed production.

In October 2013 through to December 2013, global iron ore prices stabilised with a monthly average range of US$133 to US$137. Weaker iron ore prices compared to those recorded in July 2013 and August 2013 were driven by a slowdown in steel production and consumption in China. According to the World Steel

Organisation, pig iron production in China fell by 6 million tonnes in November 2013 to 53 million tonnes, representing the lowest level since November 2012.

A rapid increase in iron ore supply combined with moderating growth in China's steel production pushed iron ore prices lower in 2014. Prices fell nearly 50 per cent, down from around US$130 a tonne in January 2014 to US$69 per tonne in December 2014. Iron ore price volatility is not uncommon; large in-year price swings have occurred since the move to spot pricing 5 years ago in response to seasonal shifts in steel and iron ore production in China. While prices have decreased in 2014, similar cyclical downturns happened in both 2012 and 2013 and produced price ranges of US$62 and US$59, respectively.

The slowdown in steel consumption in China was influenced by a number of drivers including a fall in GDP growth, tightening of credit policy which resulted in increased borrowing costs for iron ore buyers and a drop in China's Purchasing Managers' Index. Inventories at ports in China were at record levels, increasing from 84 million tonnes to a two year high of 106 million tonnes.

In 2012, iron ore prices reached a low of US$87 a tonne in September before rebounding to over US$140 a tonne by the end of the year. The key difference with this latest cyclical price downturn is the availability of supply. Since 2012 there has been a substantial increase in iron ore mine capacity around the world. In Australia alone over 200 million tonnes of new capacity has been added to the market in the past twelve months. The increased availability of supply has created a buyer's market where Chinese buyers are able to enter contracts with increasingly stronger bargaining power, forcing suppliers to lower prices and offer larger discounts on lower grade ores. Chinese buyers have additionally refrained from stocking up on iron ore as they previously did.

The change in the iron ore market balance has been exacerbated by a slowdown in China's steel production growth. While steel production has increased in 2014, it has been below previous levels and failed to absorb the surge in supply. Credit market conditions in China have affected end-user demand for steel and led to lower steel sales growth and higher inventory levels. The drag of lower steel intensive fixed asset investment growth ultimately feeds through to iron ore demand and pricing, as it has in previous pricing cycles. In September 2014, the price of iron dropped below US$90, representing a five year low. The slowdown in steel consumption in China was influenced by a number of drivers including a fall in GDP growth and the tightening of credit policy which resulted in increased borrowing costs for iron ore purchasers, and a drop in China's Purchasing Managers' Index.

The price of iron ore has continued to fall in 2015 reaching new historic lows. In April 2015 the price dropped below US$50 for the first time in approximately 7 years. Iron ore prices are expected to rebound from the current low levels, but remain well below the high prices seen in previous years due to the supply overhang that is prevailing. As in previous price cycles, a number of higher cost producers, both in China and around the world, will be forced out of the market over time, bringing supply back in line with demand. Since the fall in April 2015, price of iron ore has remained between US$50-US$60 per tonne.

Forecast prices

The iron ore price is forecast to fall below $US50 per tonne in the latter half of 2015. The decrease is largely due to increased supplies from Australia and Brazil who account for approximately 85% of Chinese imports. Furthermore, the first shipments from Roy Hill are expected in October 2015 which will add a further 55 million tonnes per year.

Over the next 5 years, iron ore prices are projected to average around US$64 a tonne. Further increases in supply indicate increasing price competition will be needed to push more high cost supply out of the market over the next two years. Decisions to close mines are unlikely to be made easily given the cost associated with placing operations on care and maintenance. Iron ore suppliers are therefore likely to persist as long as possible but eventually sustained losses will push producers out of the market. The iron ore pricing cycle is expected to continue in the medium term.

Source: IBIS World, Department of Industry, Resources and Energy Quarterly Reports, Consensus Economics

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (‘**FME**’)
- Discounted cash flow (‘**DCF**’)
- Quoted market price basis (‘**QMP**’)
- Net asset value (‘**NAV**’)
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

Assessment of the value of a Mindax share prior to the Transaction

In our assessment of the value of a Mindax share prior to the Transaction, we have chosen to employ the following methodologies:

- NAV approach as our primary method; and
- QMP approach as our secondary method.

We have chosen these methodologies for the following reasons:

- As Mindax is an exploration company, its core value is in the exploration assets that it holds. We have instructed Agricola Mining Consultants Pty Ltd (‘**Agricola**’) to act as Independent specialist and to provide an independent market valuation of the Company’s material exploration assets in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005 (‘**the Valmin Code**’). Agricola’s full report may be found in Appendix Three. We have considered this in the context of Mindax’s other assets and liabilities on a NAV basis;
- The QMP basis is a relevant methodology to consider because Mindax’s shares are listed on the ASX. This means there is a regulated and observable market where Mindax’s shares can be traded. However, in order for the QMP methodology to be considered appropriate, the Company’s shares should be liquid and the market should be fully informed as to its activities. We have considered these factors in section 10.2 of our Report;
- Mindax does not generate regular trading income. Therefore there are no historical profits that could be used to represent future earnings. This means that the FME valuation approach is not appropriate; and
- Mindax has no foreseeable future net cash inflows and therefore the application of the DCF valuation approach is not appropriate. Under RG111, it is considered that it is only appropriate to use a DCF where reserves are present; Mindax is yet to delineate reserves on any of its exploration assets.

Assessment of the value of a Mindax share following the Transaction

In our assessment of the value of Mindax shares following the Transaction we have chosen to employ the following methodology:

- NAV as our primary valuation methodology.

The net asset value of Mindax shares following the Transaction will involve the following items:

- The value of Mindax prior to the Transaction;
- Incorporate the effects of the Transaction in the context of Mindax's other assets and liabilities on a NAV basis; and
- The number of shares on issue will incorporate the shares to be issued in accordance with the Transaction.

10. Valuation of Mindax prior to the Transaction

10.1 Net Asset Valuation of Mindax

The value of Mindax assets on a going concern basis is reflected in our valuation below:

	Note	30-Jun-15 $	Low value $	Preferred value $	High value $
CURRENT ASSETS					
Cash and cash equivalents	a	88,472	198,472	198,472	198,472
Trade and other receivables		36,663	36,663	36,663	36,663
Prepayments		6,557	6,557	6,557	6,557
TOTAL CURRENT ASSETS		131,692	241,692	241,692	241,692
NON-CURRENT ASSETS					
Prepayments		60,000	60,000	60,000	60,000
Plant and equipment	b	95,639	95,639	95,639	95,639
Other assets		2,885	2,885	2,885	2,885
Exploration and evaluation assets	c	1,460,489	1,580,000	2,050,000	3,280,000
TOTAL NON-CURRENT ASSETS		1,619,013	1,738,524	2,208,524	3,438,524
TOTAL ASSETS		1,750,705	1,980,216	2,450,216	3,680,216
CURRENT LIABILITIES					
Trade and other payables		141,294	141,294	141,294	141,294
Borrowings		800,000	800,000	800,000	800,000
TOTAL CURRENT LIABILITIES		941,294	941,294	941,294	941,294
TOTAL LIABILITIES		941,294	941,294	941,294	941,294
NET ASSETS		809,411	1,038,922	1,508,922	2,738,922
Shares on issue (number)	d	269,803,570	285,803,570	285,803,570	285,803,570
Value per share ($)			**0.0036**	**0.0053**	**0.0096**

Source: BDO analysis

We have been advised that there has not been a significant change in the net assets of Mindax since 30 June 2015. Other than those items discussed below, we have assumed that the fair market value of the assets and liabilities as at 30 June 2015 are equal to the carrying values as set out in the above statement of financial position.

The table above indicates the net asset value of a Mindax share is between $0.0036 and $0.0096, with a preferred value of $0.0053.

The following adjustments were made to the net assets of Mindax as at 30 June 2015 in arriving at our valuation.

Note a: Cash and cash equivalents

We have adjusted cash and cash equivalents to reflect the Company's capital raisings completed during August and September 2015. As noted in Section 5, Mindax completed a capital raising on 28 August 2015, through the issue of 6,000,000 fully paid ordinary shares at $0.01 per share raising $60,000. The Company raised a further $50,000 on 15 September 2015, through the issue of 10,000,000 fully paid ordinary shares at $0.005 per share. Our adjustment to cash is set out below:

Cash and cash equivalents	$
Cash and cash equivalents at 30-Jun-15	88,472
Add: Issue of 6,000,000 shares at $0.01 per share	60,000
Add: Issue of 10,000,000 shares at $0.005 per share	50,000
Cash and cash equivalents	**198,472**

Note b: Plant and equipment

Plant and equipment comprise the Mt Forrest Project campsite along with other items of plant and equipment. Plant and equipment has been carried at cost less accumulated depreciation and had a carrying value of $95,639 as at 30 June 2015. The carrying amount of plant and equipment is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. In the absence of further information, we have no reason to consider that the book value of property, plant and equipment is materially different from its fair market value.

Note c: Exploration and evaluation assets

We instructed Agricola to provide an independent market valuation of the exploration assets held by Mindax in accordance with the Valmin Code and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**'JORC Code'**).

Agricola considered a number of different valuation methods when valuing the exploration assets of Mindax. Agricola was of the opinion that the Mt Forrest Project represents an Advanced Exploration area. In valuing Mindax's interest in the Mt Forrest Project, Agricola considered the DCF methodology to be inappropriate due to no estimation of reserves and elected to apply the comparable transactions method, specifically the Average Acquisition Cost method.

The comparable transaction method requires allocating a dollar value to the mineral resource in the ground and applying appropriate discounts for JORC category, operating factors and average acquisition cost for mineral projects. This may also apply to well-established zones of mineralisation that have not formally been categorised under the JORC code in certain cases. An additional risk weighting may be appropriate in these circumstances.

We are satisfied with the valuation methodologies adopted by Agricola which are in accordance with industry practices and compliant with the requirements of the Valmin Code.

The range of values for each of Mindax's exploration assets as calculated by Agricola is set out below:

Mineral Asset Valuation	Low value $m	Preferred value $m	High value $m
Mt Forrest Project			
Regolith Mineralisation	0.09	0.12	0.19
Magnetite Mineralisation	1.49	1.93	3.09
Total	**1.58**	**2.05**	**3.28**

Source: Agricola's Mt Forrest Project Independent Mineral Asset Valuation Report dated October 2015

The table above indicates a range of values between $1.58 million and $3.28 million, with a preferred value of $2.05 million.

Agricola's independent valuation report can be found under Appendix Three.

Note d: Shares on issue

We have adjusted the number of shares on issue to reflect the issue of 6,000,000 shares at $0.01 per share on 28 August 2015 and the issue of 10,000,000 shares at $0.005 per share on 15 September 2015.

10.2 Quoted Market Prices for Mindax Securities

To provide a comparison to the valuation of Mindax in Section 10.1, we have also assessed the quoted market price for a Mindax share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of section 611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

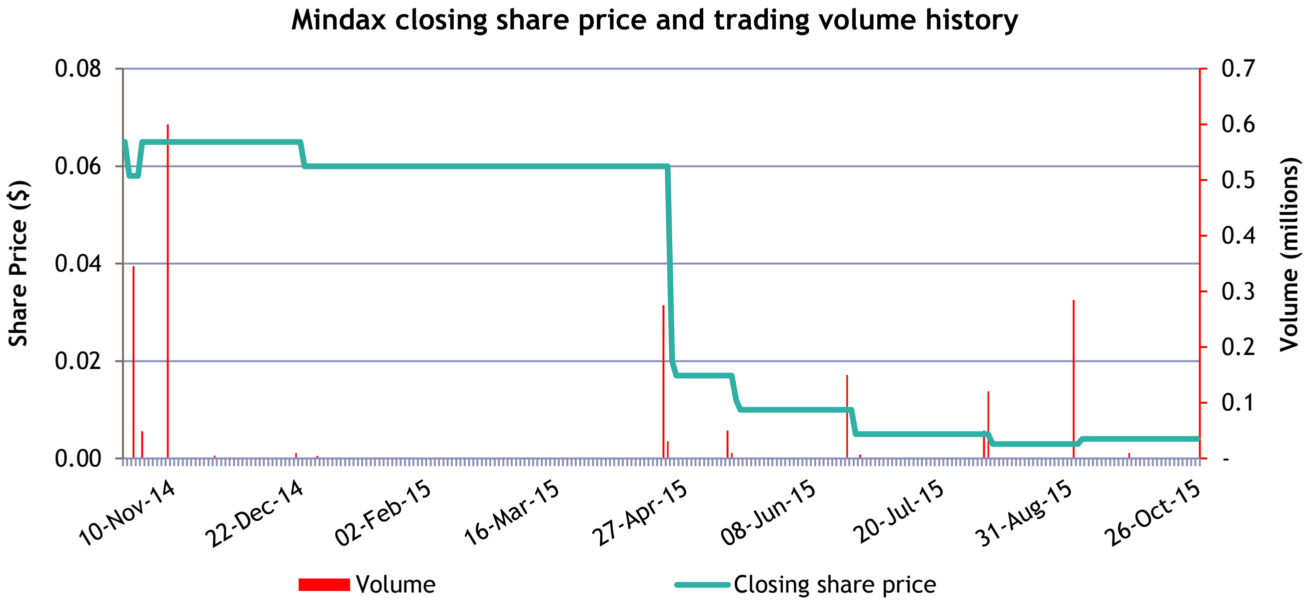
- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

Whilst Mr Tsang (through his direct holdings and holdings of related parties) and Ms You will not be obtaining 100% of Mindax, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. RG 111.13 states that the expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13.

Therefore, our calculation of the quoted market price of a Mindax share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

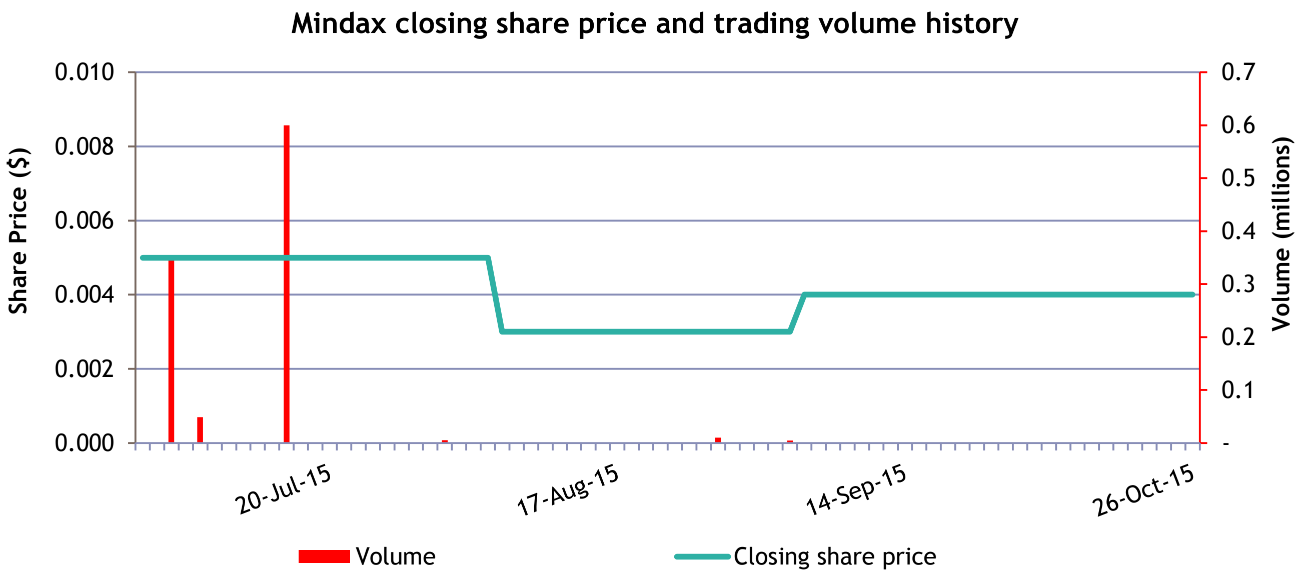
Minority interest value

Our analysis of the quoted market price of a Mindax share is based on the pricing at the date of this report. The following chart provides a summary of the share price movement over the 12 months to the date of this report.



Source: Bloomberg

We also set out a chart summarising the share price movement over the four months to the date of this report.



Source: Bloomberg

The daily price of Mindax shares from one year to 26 October 2015 has ranged from a low of $0.003 on 2 September 2015 to a high of $0.065 on 22 December 2014.

During the year to 26 October 2015 the share price showed a downward trend, with many periods of no trades noted. During April 2015, the share price of Mindax experienced a significant drop falling from $0.060 per share to $0.02 per share. The most significant trading volumes were experienced in the three months between October 2014 and December 2014 with the highest single day of trading on 11 November 2014, where 600,000 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement $ (movement)			Closing Share Price Three Days After Announcement $ (movement)		
25/09/2015	Full Year Statutory Accounts	0.004	►	0.0%	0.004	►	0.0%
31/07/2015	Quarterly Cashflow Report	0.005	►	0.0%	0.003	▼	40.0%
31/07/2015	Quarterly Activities Report	0.005	►	0.0%	0.003	▼	40.0%
30/04/2015	Quarterly Activities Report	0.017	►	0.0%	0.017	►	0.0%
30/04/2015	Quarterly Cashflow Report	0.017	►	0.0%	0.017	►	0.0%
16/03/2015	Half Year Accounts	0.060	►	0.0%	0.060	►	0.0%
23/01/2015	Quarterly Cashflow Report	0.060	►	0.0%	0.060	►	0.0%
23/01/2015	Quarterly Activities Report	0.060	►	0.0%	0.060	►	0.0%
30/12/2014	Update - Shareholders and Development Agreement with PMHL	0.060	►	0.0%	0.060	►	0.0%
02/12/2014	Shareholders and Development Agreement Update	0.065	►	0.0%	0.065	►	0.0%
30/10/2014	Quarterly Cashflow Report	0.065	▲	12.1%	0.065	►	0.0%
30/10/2014	Quarterly Activities Report	0.065	▲	12%	0.065	►	0%

On 30 October 2014, Mindax released its quarterly cashflow and activities report for the quarter ending 30 September 2014. The Company outlined in its quarterly cashflow and activities report, that it had successfully raised $1,200,000 through the issue of 15,000,000 shares at $0.08 per share. On the day of the announcement, the share price of Mindax increased by 12% to $0.065, however remained unchanged in the following three days.

On 30 December 2014, the Company announced that it had received notification from PMHL, advising that efforts to secure equity funding had been severely impacted by the Chinese economic situation, the capital markets and the recent significant drop in the price of iron ore. On the day of the announcement, the share price of Mindax closed at $0.065 and remained unchanged in the following three days. Given the seemingly negative news, we do not consider this announcement to explain the unchanged price movement on this day.

On 30 April 2015, Mindax released its quarterly report for the quarter ended 31 March 2015. The Company outline in its activities report that two exploration licenses at the Mt Forrest Project and the Yilgarn Avon

Joint Venture were relinquished. On the day of the announcement, the share price of Mindax closed at $0.017 and remained unchanged in the following three days.

On 31 July 2015, Mindax released its quarterly cashflow and activities report for the quarter ending 30 June 2015. The Company outlined in its quarterly cashflow and activities report, that the 2015 proposed exploration and drill program for its Mt Forrest Project will commence upon the Company securing adequate funding. On the day of the announcement, the share price of Mindax remained unchanged at $0.005 however fell by 40% to $0.003 in the three days subsequent.

To provide further analysis of the market prices for a Mindax share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 26 October 2015.

Share Price per unit	26-Oct-15	10 Days	30 Days	60 Days	90 Days
Closing price	$0.004				
Volume weighted average price (VWAP)		-	$0.004	$0.004	$0.004

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in Mindax shares for the twelve months to 26 October 2015 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.004	$0.004	-	0.00%
10 Days	$0.004	$0.004	-	0.00%
30 Days	$0.003	$0.004	294,358	0.10%
60 Days	$0.003	$0.005	465,279	0.16%
90 Days	$0.003	$0.010	622,359	0.22%
180 Days	$0.003	$0.060	988,679	0.35%
1 Year	$0.003	$0.650	3,829,679	1.34%

Source: Bloomberg, BDO analysis

This table indicates that Mindax's shares display a low level of liquidity, with 1.34% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Mindax, we do not consider there to be a deep market for the Company's shares as a result of only 1.34% of the Company's current issued capital being traded over the twelve months to the date of this report. We also note that the share price of Mindax also experienced a significant but unexplained drop during April 2015 where the share price of Mindax fell from $0.060 per share to $0.017 per share.

Our assessment is that a range of values for a Mindax share based on market pricing is between $0.003 and $0.004.

Control Premium

We have reviewed the control premiums paid by acquirers of general mining companies listed on the ASX. We have summarised our findings below:

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2015	-	-	-
2014	14	116.43	38.50
2013	16	49.12	57.80
2012	21	129.36	42.18
2011	22	578.06	38.02
2010	25	735.82	43.27
2009	29	86.80	39.23
2008	8	553.76	38.87
	Median	**129.36**	**39.23**
	Mean	**321.34**	**42.55**

Source: Bloomberg, BDO analysis

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction;
- Level of liquidity in the trade of the acquiree's securities.

The table above indicates there has been an increasing trend of control premia paid by acquirees of mining companies since 2008, in particular in 2013 which there were five control transactions with announced premiums in excess of 80%.

If the Transaction is approved, Mr Tsang has the potential to obtain a maximum shareholding of 50.17% (through his direct holdings and holdings of related parties including Ms You) while Ms You has the potential to hold 36.86% shares in Mindax.

In determining the appropriate premium for control to be paid by Mr Tsang and Ms You, we have taken into account Mindax's current going concern issues as highlighted in the annual financial report for the year ended 30 June 2015. Based on the considerations set out above, we believe that an appropriate control premium to apply in our valuation of Mindax's shares is between 20% and 30%.

Quoted market price including control premium

Applying a control premium to Mindax's quoted market share price results in the following quoted market price value including a premium for control:

	Low $	Midpoint $	High $
Quoted market price value	0.003	0.0035	0.004
Control premium	20%	25%	30%
Quoted market price valuation including a premium for control	**0.0036**	**0.0044**	**0.0052**

Source: BDO analysis

Therefore, our valuation of a Mindax share based on the quoted market price method and including a premium for control is between $0.0036 and $0.0052, with a midpoint value of $0.0044.

10.3 Assessment of Mindax Value

The results of the valuations performed are summarised in the table below:

	Low $	Preferred $	High $
Net assets value (Section 10.1)	0.0036	0.0053	0.0096
ASX market prices (Section 10.2)	0.0036	0.0044	0.0052

Source: BDO analysis

We consider the net asset value to be the most appropriate methodology, given that the core value of the Company lies in the exploration assets that it holds. We have instructed an independent specialist to value Mindax's mineral assets, which we have included in our net asset value. The net asset value also best represents the value that is attributable to shareholders as a whole.

We note that our NAV value is lower than the value obtained using the QMP methodology at the low and preferred range. We attribute this difference in value derived under the two methods to the following:

- Exploration companies often trade at a premium to their net asset values. This is because investors in mining exploration companies typically anticipate some potential upside of 'blue-sky' prospects for the company, which are factors into the share price in advance of any such value being warranted.
- Under RG 111.69(d), the QMP methodology is considered appropriate where a liquid and active market exists for the securities. From our analysis of the QMP of a Mindax share in section 10.2, there is not a deep market for the Company's shares with only 1.34% of its current issued capital being traded in the twelve months prior to the date of this report. This suggests that the QMP method may not give the most accurate indication of value, therefore explaining part of the difference between the two methods.
- Our NAV methodology includes an independent valuation report of Mindax's mineral assets performed by Agricola. Agricola has relied on a combination of valuation methods which reflect the current market value of Mindax's mineral assets.

Based on the results above we consider the value of a Mindax share to be between $0.0036 and $0.0096, with a preferred value of $0.0053.

11. Valuation of Mindax following the Transaction

The value of Mindax on a going concern basis following the Transaction is set out below:

	Note	Low value $	Preferred value $	High value $
Net assets of Mindax prior to the Transaction		**1,038,922**	**1,508,922**	**2,738,922**
Add: Cash received from issue of Placement Shares	1	400,000	400,000	400,000
Less: Estimated transaction costs	1	(35,000)	(35,000)	(35,000)
Add: Liabilities settled through the Conversion Shares	2	800,000	800,000	800,000
Net assets of Mindax following the Transaction		**2,203,922**	**2,673,922**	**3,903,922**
Discount for minority interest	3	23%	20%	17%
Net assets of Mindax following the Transaction (minority interest basis)		**1,697,020**	**2,139,138**	**3,240,255**
Shares on issue (number)	4	546,793,570	546,793,570	546,793,570
Value per share ($)		**0.0031**	**0.0039**	**0.0059**

Source: BDO analysiS

The table above indicates the net asset value of a Mindax share following the Transaction on a minority basis is between $0.0031 and $0.0059, with a preferred value of $0.0039. In arriving at this value, the following adjustments were made to the net assets of Mindax following the Transaction.

Note 1: Cash and cash equivalents

We have adjusted cash and cash equivalents for the proceeds of funds to be received from the issue of shares under the Placement Shares. Under the Placement Shares, a total of $400,000 will be raised.

We have also adjusted cash and cash equivalents for the estimated transaction costs of $35,000, as contained in the Notice of Meeting.

Note 2: Borrowings

We have deducted borrowings of $800,000, which comprise of the Ms You Loans, as set out below:

Borrowings	Audited as at 30-Jun-15 $
The Note	300,000
The February 2014 Loan	250,000
The March 2014 Loan	250,000
Total	**800,000**

Under the Conversion Shares, the issue of shares to the value of $800,000 to Ms You will be issued to satisfy the repayment of the Ms You Loans.

Note 3: Minority discount

The net asset value of a Mindax share following the Transaction is reflective of a controlling interest. This suggests that the acquirer obtains an interest in the company which allows them to have an individual influence in the operations and value of that company. Therefore, if the Transaction is approved Shareholders will be minority interest shareholders in Mindax as Mr Tsang (and related parties including Ms You) and Ms You will hold a controlling interest, meaning that their individual holding will not be considered significant enough to have an individual influence in the operations and value of the Company.

Therefore, we have adjusted our valuation of a Mindax share following the Transaction, to reflect a minority interest holding. A minority interest discount is the inverse of a premium for control. As discussed in section 10.2, we consider an appropriate control premium for Mindax to be in the range of 20% to 30%, giving rise to a minority interest discount in the range of 17% to 23%.

Note 4: Number of shares on issue

We have adjusted the number of shares on issue for the shares to be issued under the Transaction. As outlined in section 4 of the report, the Placement Shares, the Conversion Shares and the Commission Shares are to be issued at $0.005.

Set out below is the breakdown of the shares on issue at the issue price of $0.005 following the Transaction:

Shares on issue following the Transaction	Issue price at $0.005
Number of shares on issue prior to the Transaction	285,803,570
Add: Shares issued under Placement Shares	80,000,000
Add: Shares issued under Conversion Shares	160,000,000
Add: Shares issued under Commission Shares	20,990,000
Total shares on issue following the Transaction	**546,793,570**

12. Is the Transaction fair?

The value of a Mindax share prior to the Transaction on a controlling interest basis is compared to the value of a Mindax share following the Transaction on a minority basis below:

	Ref	Low value $	Preferred value $	High value $
Value of Mindax prior to the Transaction on a controlling basis	s10.3	0.0036	0.0053	0.0096
Value of Mindax following to the Transaction on a minority basis	s11	0.0031	0.0039	0.0059

The table above indicates that, in the absence of any other relevant information, the Transaction is not fair for Shareholders as the value of a Mindax share prior to the Transaction, on a control basis, is higher than the value of a Mindax share following the Transaction, on a minority basis, in all scenarios.

13. Is the Transaction reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of Mindax a premium over the value ascribed to, resulting from the Transaction.

13.2 Practical Level of Control

If the Transaction is approved then Mr Tsang (through his direct holdings and holdings through related parties including Ms You) may hold a maximum shareholding of 50.17% in Mindax while Ms You alone may hold a maximum shareholding of 36.86% in Mindax.

When shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Transaction is approved then Mr Tsang and Ms You will be able to pass general solutions and block special and general resolutions but will not be able to pass special resolutions.

Mr Tsang's and Ms You's control of Mindax following the Transaction will be significant when compared to all other shareholders. Therefore, in our opinion, while Mr Tsang and Ms You will be able to significantly influence the activities of Mindax, they will not be able to exercise a similar level of control as if they held 100% of Mindax. As such, Mr Tsang and Ms You should not be expected to pay a similar premium for control as if it were acquiring 100% of Mindax.

13.3 Advantages of Approving the Transaction

We have considered the following advantages when assessing whether the Transaction is reasonable.

13.3.1. Minority interest values overlaps

In assessing the fairness of the Transaction in section 12, RG 111.31 stipulates that in a control transaction a comparison should be made between the value of the target entity's securities prior to the transaction on a controlling basis and the value of the target entity's securities following the transaction allowing for a minority discount. It is relevant for Shareholders to appreciate that as Shareholders they hold a minority interest in Mindax prior to the Transaction and they will retain a minority interest following the Transaction. Our value of a Mindax share prior to the Transaction on a minority basis has been calculated by applying our minority interest discount to our value of a Mindax share prior to Transaction, as shown below:

	Low $	Preferred $	High $
Value of a Mindax share prior to the Transaction on a control basis	$0.0036	$0.0053	$0.0096
Discount for minority interest	23%	20%	17%
Value of a Mindax share prior to the Transaction on a minority basis	**$0.0028**	**$0.0042**	**$0.0080**

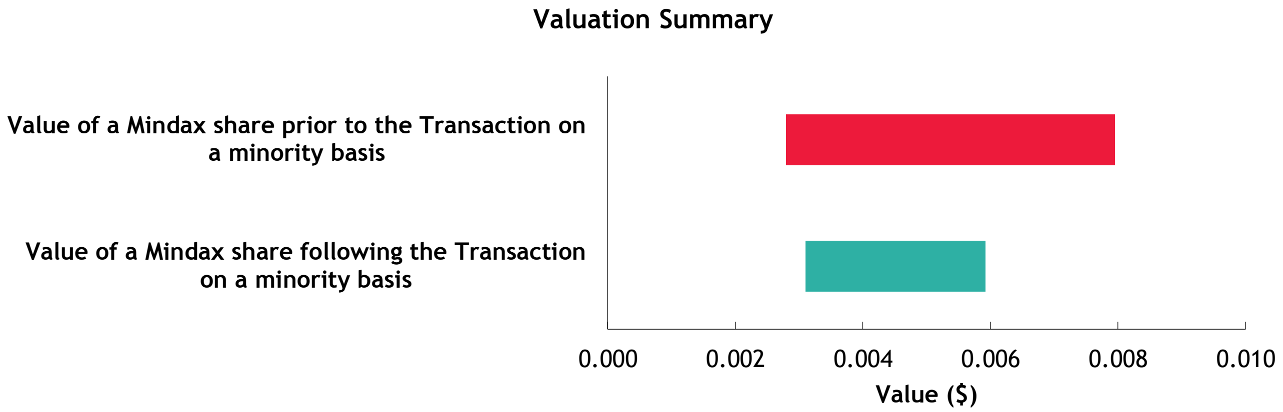
Source: BDO analysis

Therefore, the table below provides a comparison between the value of a Mindax share prior to the Transaction and following the Transaction on a minority interest basis.

	Low value $	Preferred value $	High value $
Value of Mindax prior to the Transaction on a minority basis	0.0028	0.0042	0.0080
Value of Mindax following the Transaction on a minority basis	0.0031	0.0039	0.0059

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

The table and the graph above indicate that the range of values of a share in Mindax following the Transaction on a minority interest basis overlaps the range of values of a share in Mindax on a minority interest basis prior to the Transaction.

13.3.2. Cash funding received

The Transaction provides immediate funding via the Placement Shares. We note that for the year ended 30 June 2015, the Company's auditor issued an emphasis of matter paragraph outlining the existence of material uncertainty in relation to the Company's ability to continue as a going concern. As a result of the Transaction, the Company will have funds to utilise for working capital purposes. As noted in section 5 of our Report, the continued exploration work to be conducted at its Mt Forrest Project and Meekatharra North Project will commence upon Mindax securing adequate funding.

13.3.3. Strengthening of the Company's balance sheet

The Transaction will provide a necessary capital inflow. An increase in cash combined with a reduction in debt from the conversion of the Ms You Loans will improve the current ratios of the Company. As at 30 June 2015 the Company's currents assets amounted to $131,692 which is insufficient to cover its current liabilities of $941,294 which includes the Ms You Loans.

Furthermore, we note that the conversion of the Ms You Loans will reduce the financial strain on the Company as the Ms You Loans do not accrue any interest upon conversion.

Improving the financial position of the Company may improve its ability to attract additional investment, potentially increasing liquidity of the Company's shares.

13.3.4. Major shareholder support

Following the completion of the Transaction, Mr Tsang may potentially hold a maximum shareholding of 50.17% (through his direct holdings and holdings through related parties). The Transaction is likely to increase Mr Tsang's support of Mindax in the future. As noted in section 6 of our Report, Mr Tsang has arranged various capital raisings for the Company between August 2012 and March 2014, which has been instrumental in the Company's continued exploration of its current mineral assets.

13.4 Disadvantages of Approving the Transaction

If the Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

13.4.1. The Transaction is not fair

As set out in section 12, the Transaction is not fair. RG111 states that a Transaction is reasonable if it is fair. In this case, the Transaction is not fair.

13.4.2. Dilution of existing shareholders

Following the approval of the Transaction, existing Shareholders' interests may decrease from 81.34% to 49.83% at the issue price of $0.005. This dilution will reduce Shareholders' capacity to influence the operations of the Company.

13.4.3. Potential lower liquidity of shares

If the Transaction is approved, trading in the Company's shares may be negatively affected by Mr Tsang potentially holding a maximum shareholding of 50.17% of shares in Mindax (through his direct holdings and related parties holdings including Ms You). The shares will have a materially lower free float on a proportional basis which may reduce liquidity. However, as we note in Section 10.2, trading in the Company's shares already demonstrates a low level of liquidity.

13.4.4. Decreases the likelihood of a takeover offer

If the Transaction is approved Mr Tsang (and related parties including Ms You) and Ms You may potentially hold up to 50.17% and 36.86%, respectively of the issued capital of Mindax. This may discourage any other potential bidder from making a takeover bid in the future as Mr Tsang and Ms You will have control over the Company. This may have an adverse effect on the share price of Mindax and may reduce the opportunity for Shareholders to receive a takeover premium in the future.

14. Conclusion

We have considered the terms of the Transaction as outlined in the body of this report and have concluded that the Transaction is not fair but reasonable to the Shareholders of Mindax.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of Mindax for the years ended 30 June 2015 and 30 June 2014;
- Independent Valuation Report of Mindax mineral assets dated 16 October 2015 performed by Agricola;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Mindax.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $22,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Mindax in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Mindax, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Mindax, Mr Tsang and Ms You and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Mindax, Mr Tsang and Ms You and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd have had within the past two years any professional relationship with Mindax, or their associates, other than in connection with the preparation of this report.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 – Professional Independence. The services provided have no material impact on the financial report of Mindax.

A draft of this report was provided to Mindax and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Adam Myers and Stuart Moore of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Adam Myers is a member of the Chartered Accountants Australia and New Zealand. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Stuart Moore is a member of the Chartered Accountants Australia and New Zealand and a Fellow of the Financial Services Institute of Australasia. Stuart has over twenty years' of experience in corporate finance. Stuart has expertise in valuations, independent expert reports, financial modelling and business reviews for a range of industries. Stuart is also a Chartered Accountants Business Valuations Specialist.

18. Disclaimers and consents

This report has been prepared at the request of the independent Directors of Mindax for inclusion in the Explanatory Memorandum which will be sent to all Mindax Shareholders. Mindax engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal for Mindax to issue shares to Mr Tsang to the value of $200,000 which is conditional upon the conversion of a total of $800,000 of funds lent to the Company by Ms You, a related party of Mr Tsang, into shares.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Memorandum. Apart from such use, 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, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Memorandum other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Mr Tsang and Ms You. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Transaction, tailored to their own particular circumstances.

Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Mindax, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by Mindax.

The valuer engaged for the mineral asset valuation, Agricola, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Adam Myers

Director

Stuart Moore

Associate Director
(Authorised Representative)

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001 Cth
Agricola	Agricola Mining Consultants Pty Ltd
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Commission Shares	The shares to be issued to Ms You to the value of $104,950 in relation to the commission payable to Mr Tsang in lieu of a cash payment
The Company	Mindax Limited
Conversion Shares	The conversion of a total of $800,000 of funds lent to the Company by Ms You into shares
Corporations Act	The Corporations Act 2001 Cth
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
The February 2014 Loan	The unsecured non-recourse loan agreement dated 7 February 2014 between the Company and Ms You to which Ms You lent $250,000 to the Company
FME	Future Maintainable Earnings
Independent Directors	Mr Benjamin Chow and Mr Kgai Mun Loh
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
The March 2014 Loan	The unsecured non-recourse loan agreement dated 18 March 2014 between the Company and Ms You to which Ms You lent $250,000 to the Company
Mindax	Mindax Limited
MOU	Memorandum of Understanding
Mr Li	Mr Yonggang Li

Reference	Definition
Mr Tsang	Mr Andrew Tsang
Ms You	Ms Lai You
Ms You Loans	The Note, the February 2014 Loan and the March 2014 Loan
NAV	Net Asset Value
The Note	The unsecured note issued on 31 December 2013 to Ms You in consideration of Ms You providing a loan of $300,000 to the Company
PMHL	Perpetual Mining Holding Limited
Placement Shares	The issue of shares in Mindax under the SSA to Mr Tsang and Mr Li
QMP	Quoted market price
RBA	Reserve Bank of Australia
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
Placement Shares	The issue of shares to Mr Tsang and Mr Li under the SSA
RG 74	Acquisitions approved by Members (December 2011)
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
SAM	Sub Audio Magnetics
SDA	Shareholders Development Agreement
Section 611	Section 611 of the Corporations Act
Shareholders	Shareholders of Mindax not associated with Mr Tsang and Ms You
SSA	Share Subscription Agreement
The Transaction	The proposal to issue shares to Mr Tsang, a non-executive Director of Mindax, to the value of $200,000 which is conditional upon the conversion of a total of $800,000 of funds lent to the Company by Ms You, a related party of Mr Tsang, into shares.
USA	United States of America
Valmin Code	The Code of Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports

Reference	Definition
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VWAP	Volume Weighted Average Price
Yilgiron	Yilgiron Pty Ltd

The Directors
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
SUBIACO, WA 6008
Australia

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity 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 time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a 'deep' market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation (‘**EBITDA**’). The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – Independent Valuation Report

Malcolm Castle
Agricola Mining Consultants Pty Ltd
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Email: mcastle@castleconsulting.com.au
ABN: 84 274 218 871

16 October 2015

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco, WA, 6008

Dear Sirs,

Re: INDEPENDENT VALUATION OF MINERAL ASSETS at the Mt FORREST PROJECT

in WESTERN AUSTRALIA HELD BY MINDAX LIMITED

Agricola has been commissioned by the Directors BDO Corporate Finance (WA) Pty Ltd ("BDO") to provide a Mineral Asset Valuation Report ("Report") on the Mineral Assets at the Mt. Forrest Project in Western Australia held by Mindax Limited (the "Company"). This report serves to comment on the geological setting and exploration results on the properties and presents a Technical and Market Valuation for the exploration assets based on the information in this Report.

The present status of the tenements in Western Australia is based on information made available by the Company and has been verified by Agricola. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation.

Scope of the Valuation Report

Agricola Mining Consultants Pty Ltd ("Agricola") prepared this Report utilising information relating to operational methods and expectations provided to it by various sources. Where possible, Agricola has verified this information from independent sources. This Report has been prepared for the purpose of providing information to BDO and the Company but Directors of Agricola accept no liability for any losses arising from reliance upon the information presented in this Report.

This mineral asset valuation endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation.

This is commonly known as the *Spencer Test* after the Australian High Court decision upon which these principles are based and to which the Courts have used in their determinations of market value of a property. In attributing the price that would be paid to the hypothetical vendor by the hypothetical purchaser it is assumed that the property will be put to its "highest and best use".

The findings of the valuation report include an assessment of the technical value (i.e. the value implied by a consideration of the technical attributes of the asset) and a market value (which considers the influences of external market forces and risk).

Applying the *Spencer Test* may not be confined to a technical valuation exercise but may involve a consideration of market factors. In a highly speculative market during 'boom' conditions or a depressed market during 'bust' conditions the hypothetical purchaser may expect to pay a premium or receive a discount commensurate with the current market for mineral properties.

The main requirements of the *Valuation Report* are:

- Prepared in accordance with the VALMIN Code 2005
- Experience and qualifications of key personnel to be set out
- Details of valuation methodologies
- Reasoning for the selection of the valuation approach adopted
- Details of the valuation calculations
- Conclusion on value as a range with a preferred value

DECLARATIONS

Relevant codes and guidelines

This report has been prepared as a technical assessment and 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", 2005)*, 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, March 2011*).

Where mineral resources have been referred to in this report, the information was prepared and first disclosed under the *"Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"),* prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia 2004. Some of the information has not been updated since the estimation date to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Under the definition provided by the VALMIN Code, the Mt Forrest Project is classified as an 'advanced exploration areas' with identified mineral resources, which is inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of its economic potential.

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. Agricola has 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 in the technical information prior to lodgement.

In compiling this report, Agricola did not carry out a site visit to the Company's Project areas. Based on its professional knowledge, experience and the availability of extensive databases and technical reports made available by various Government Agencies, Agricola considers that sufficient current information was available to allow an informed appraisal to be made without such a visit.

The independent valuation 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. Agricola has no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM

> **Malcolm Castle** has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company over 20 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical audits in many countries. He has completed numerous Independent Geologist's Reports and Mineral Asset Valuations over the last decade as part of his consulting business.
>
> Mr Castle is a qualified and competent witness in a court or tribunal capable of supporting his valuation reports or to give evidence of his opinion of market value issues.
>
> Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.
>
> ***Competent Persons Statement***
>
> The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle who is a member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

Independence

Agricola or its employees and associates are not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the Projects. 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 of $6,000 plus GST based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

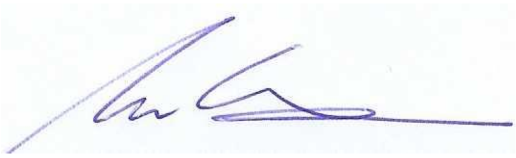
Valuation Opinion

Based on an assessment of the factors involved the estimate of the market value of the Mt Forrest Project is in the range of A$1.6 million to A$3.3 million with a preferred value of A$2.1 million.

This valuation is effective on 16 October 2015.

Background notes and details of the Valuation process adopted by Agricola are included as an appendix to this Report.

Yours faithfully



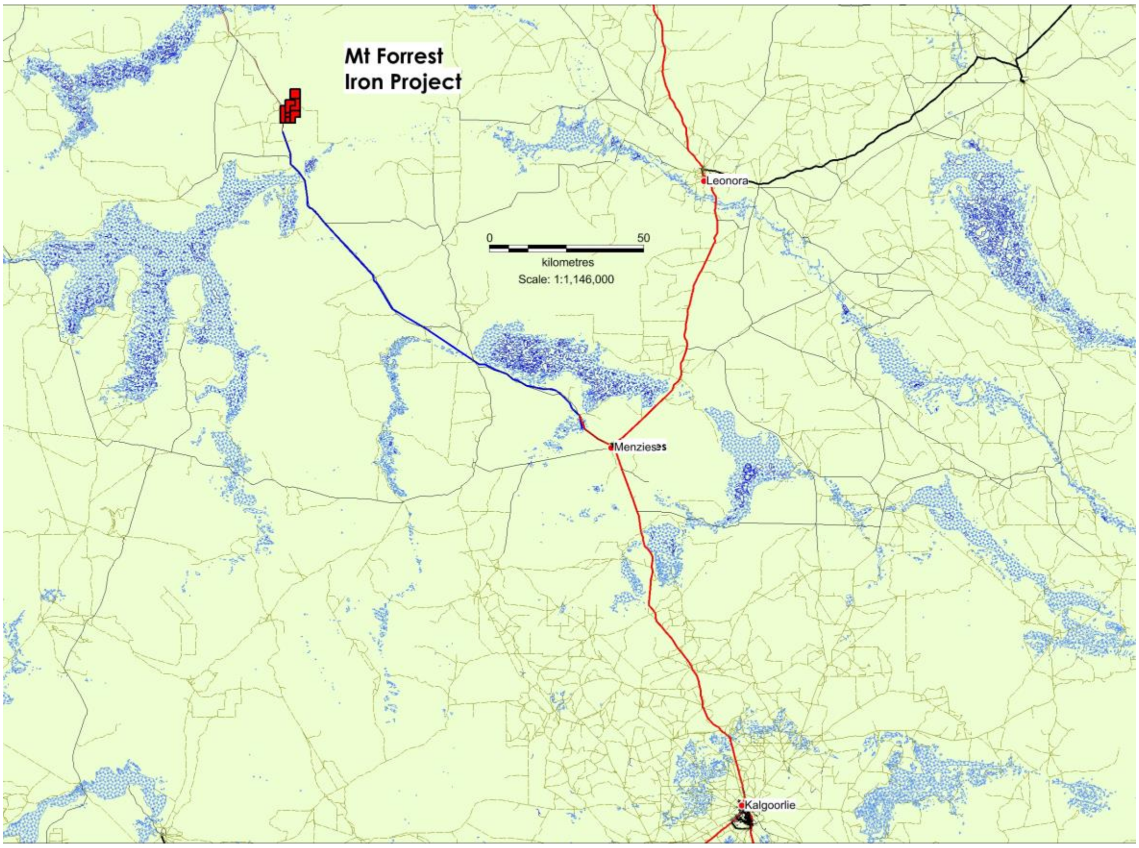
Malcolm Castle

B.Sc.(Hons) MAusIMM,
GCertAppFin (Sec Inst)

TENEMENT SCHEDULE

The company holds seven Mining Leases granted in 2007 with an expiry date in 2028. The total area for the project is 53.76 square kilometres.

Tenement No	Name	Holders	Status	Grant Date	Area (km2)
M29/257	Paradise Bore 1	Yilgiron Pty Ltd	granted	14-Feb-07	9.59
M29/258	Cabaret	Yilgiron Pty Ltd	granted	14-Feb-07	2.46
M29/314	Cassowary	Yilgiron Pty Ltd	granted	14-Feb-07	3.01
M29/348	Toucan	Yilgiron Pty Ltd	granted	14-Feb-07	9.98
M29/349	Toucan2	Yilgiron Pty Ltd	granted	14-Feb-07	9.82
M29/350	Maccaw	Yilgiron Pty Ltd	granted	14-Feb-07	9.86
M29/351	Mt Forrest West	Yilgiron Pty Ltd	granted	14-Feb-07	9.04

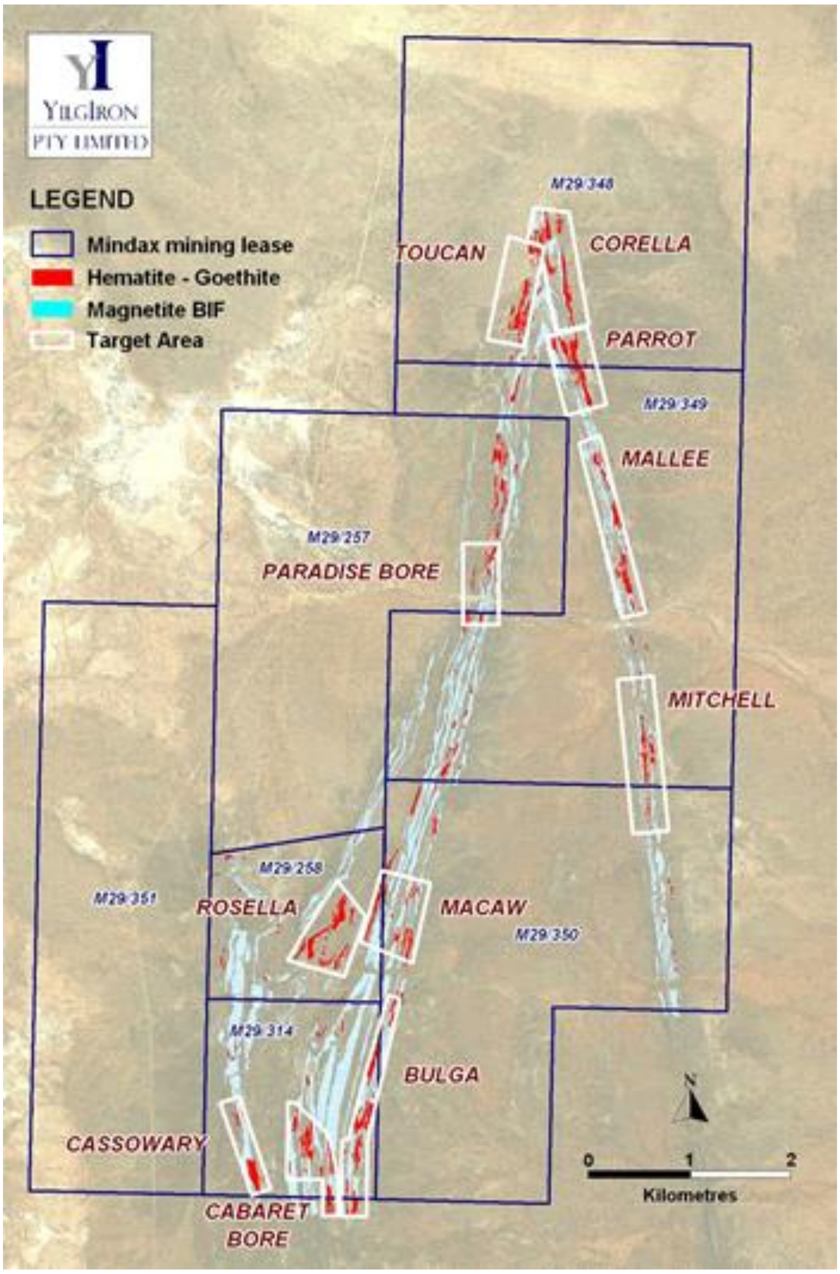


Mt Forrest Project Location Map

The status of the granted tenements has been verified by Agricola, pursuant to paragraph 67 of the Valmin Code by reference to the on-line database of the Department of Mines and Petroleum, Western Australia. The granted tenements are believed to be in good standing at the date of this valuation as represented by the Company. Some future events such as the grant (or otherwise) of expenditure exemptions and plaint action may impact of the valuation and may give grounds for a reassessment.

MT FORREST PROJECT REVIEW

The Mt Forrest Iron Project comprises seven mining leases and is located 165 km from the southbound railway at Menzies and around 648 km from the port at Esperance.



The Company has explored the Mt Forrest Iron deposit, which includes magnetite and DSO materials over several years. The current primary magnetite JORC Mineral Resource stands at 1.71 billion tonnes @ 31.8% Fe (248.2 Mt @ 32.6% Fe Indicated and 1,462.4 Mt @ 31.6% Fe Inferred). Recoveries from extensive Davis Tube Recovery (DTR) analysis are in the range 35-40% by weight and concentrate iron grades are of the order of 66-70% Fe, 2.5-7% SiO_2. Primary grades of greater than 50% Fe have been encountered with the strong presence of micro-platey hematite.

Updated Scoping Study

The Company completed an updated scoping study in 2013 for the development of a mining business at Mt Forrest. The study has been carried out to normal industry standards and aims to achieve an accuracy of +/- 30 per cent. It is substantially based on resources of an inferred JORC status. The key points of the study are:

The Updated Scoping Study is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

The focus of recent work has been to take a holistic approach to the Mt Forrest Iron Project, with detailed emphasis on the initial DSO phase. A more substantial first phase DSO project has been determined by inclusion of detrital iron resource, which was established during 2013. The DSO project is viable in its own right (depending on favourable iron ore spot price and off take agreements) as a stand-alone project, but has also been planned so that an easy transition to magnetite mining could follow. The DSO project will uncover large sections of magnetite resource ready for mining. Initial mine infrastructure and equipment will be selected wherever possible and sited such that it can be used for magnetite mining when DSO mining is completed. This reduces capital and operating costs and minimises the operations footprint.

Results from metallurgical testwork on three representative Mt Forrest regolith iron samples above a 40% Fe cut-off returned product grades of up to 63% Fe with mass recoveries greater than 70%, along with low levels of gangue mineralogy.

Mineral Resources

Regolith Detrital Materials: The Company requested Optiro Pty Ltd of West Perth to generate a Mineral Resource estimate for the detrital and regolith iron mineralisation at the Mt Forrest Project

Metallurgy Drill core samples representing the detrital iron mineralisation ranging between 36% and 49% Fe, were chosen for the initial assessment. These samples were characterised using Heavy Liquid Separation (HLS) at P100 1mm. This preliminary testwork indicated that a 58% to 60% Fe product could be produced. Initial mass recoveries range from 18% to 54% and the metallurgical programme is ongoing, with the aim being to optimise the beneficiation route for the detrital material.

The current near surface goethite-hematite-martite-magnetite resource stands at 27.1 Mt @ 44.0% Fe. The Mineral Resource has been reported and classified using the guidelines of the 2004 JORC Code in the Indicated and Inferred categories.

Mt Forrest Iron Project – JORC 2004 Mineral Resource Regolith Mineralisation above a 40% Fe cut-off grade

Resource Category	thousand Tonnes	Fe %	SiO2 %	Al2O3 %	P %	S %	LOI %
November 2011 Regolith JORC 2004 Indicated	12,340	45.5	23.0	5.2	6.1	0.06	0.07
November 2011 Regolith JORC 2004 Inferred	2,370	44.8	26.4	4.5	4.6	0.05	0.06
September 2013 Detrital JORC 2004 Inferred	12,440	42.3	19.9	11.4	6.3	0.02	0.04
Total JORC 2004 Indicated and Inferred	27,150	44.0	18.0	11.8	6.0	0.04	0.06

Note: Totals are subject to rounding. All estimates have been performed by Optiro of West Perth. The Mineral Resource has been reported and classified according to the guidelines of the 2004 JORC Code.

The current primary magnetite resource stands at 1.71 billion tonnes @ 31.8% Fe (248.2 Mt @ 32.6% Fe JORC Indicated and 1,462.4 Mt @ 31.6% Fe JORC Inferred) and is presented as follows:

Mt Forrest Iron Project – JORC 2004 Consolidated Mineral Resource Magnetite Mineralisation above a 25% Fe cut-off grade

Classification	**Tonnes** [Mt]	**Fe** [%]	**SiO_2** [%]	**Al_2O_3** [%]	**P** [%]	**S** [%]	**LOI** [%]
JORC 2004 Indicated	248.2	32.6	47.0	1.7	0.06	0.12	1.1
JORC 2004 Inferred	1,462.4	31.6	47.9	1.8	0.04	0.10	2.2
Total	1,710.6	31.8	47.7	1.8	0.05	0.10	2.0

Note: Totals are subject to rounding. All estimates have been performed by Optiro of West Perth. The Mineral Resource has been reported and classified according to the guidelines of the 2004 JORC Code. This table summarises the reported consolidated magnetite resource at a 25% Fe cut-off, noting that approximately 75% of the inferred resource should be considered as extrapolated.

Details of the Mineral Resource estimates and the parameters are included in the Company's Annual Report for 2014.

Competent Person's Statement – 2014 Annual Report

The Mineral Resource information contained in the announcement was prepared and first disclosed under the 2004 edition of the JORC Code. The information has not been updated since to comply with the 2012 edition of the JORC Code (JORC Code 2012) on the basis that the information has not changed since it was last reported. Any updated mineral resources will be declared in compliance with the JORC Code 2012.

The information in the Mt Forrest Project that relates to Mineral Resources is based on information compiled by Mr Michael Andrew. Mr Andrew is a member of the Australasian Institute of Mining and Metallurgy (MAusIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a competent person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Andrew is a full- time employee of Optiro Pty Ltd and the Company holds a prior consent to include the matters based on his information in the context in which it appears in this report.

The Company confirms that:

(a) the form and context in which Mr Andrew's findings are presented have not been materially modified.

(b) it is not aware of any new information or data that materially affects the information included in the 2014 Annual Report relating to the Mineral Resource Estimates estimate and that all the material assumptions and technical parameters underpinning the estimate in the ASX announcement continue to apply and have not materially changed.

(c) it is uncertain that following evaluation and/or further exploration work that the historical 2004 estimates will be able to be reported as mineral resources in accordance with the JORC Code 2012.

The information contained in this Mineral Resource summary replicates information contained in the Company's Estimates.

The author of this Report is not aware of any new information or data that materially affects the information included in the Mineral Resource Estimates and, in the case of mineral resources that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed. The form and context in which the findings of Mr Andrew are presented have not been materially modified.

Competent Persons Statement – This Report

The information in the Mt Forrest Project that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by the Company and reviewed by Malcolm Castle, a competent person who is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Malcolm Castle is a consultant geologist employed by Agricola Mining Consultants Pty Ltd. Mr Castle has sufficient experience that is relevant to the style of mineralisation and type of deposits 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" ("JORC Code"). Malcolm Castle consents to the inclusion in this Report of the matters based on his information in the form and context in which it appears.

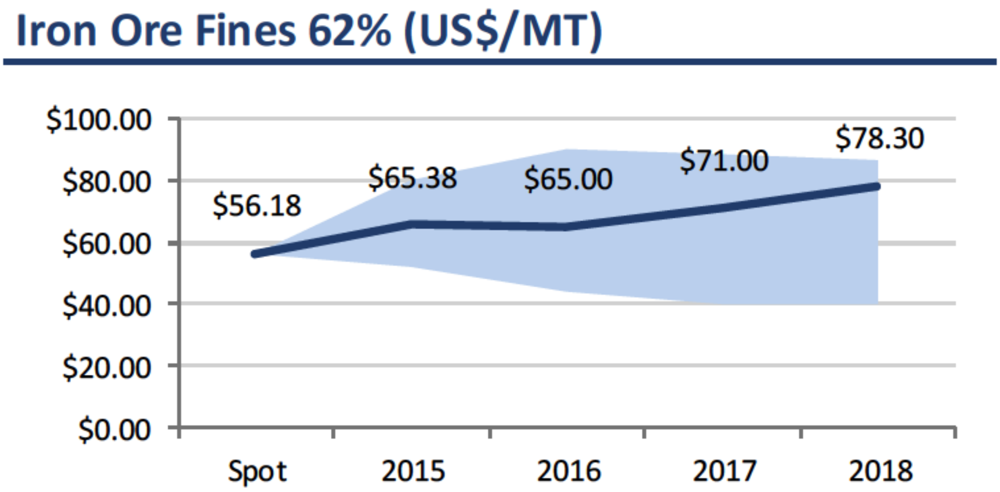
MINERAL RESOURCES VALUATION by the COMPARABLE TRANSACTIONS METHOD

An estimate of the mineral resources at Mt Forrest has been compiled. The Updated Scoping Study is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. Agricola considers it is appropriate to estimate the value the mineral resources based on the comparative transactions method.

The method requires allocating a dollar value to the mineral resources in the ground and applying appropriate discounts for JORC Category, operating factors and average acquisition cost for mineral projects. This may also apply to well-established zones of mineralisation that have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances. Further details of the valuation approach are included in the notes attached to this Report.

The Mineral Resources are assumed to encapsulate all the value the Mt Forrest Project.

Iron Ore prices have dropped to new lows, bringing Australian suppliers down to sell for US$50 to US$60 per tonne. Such prices have not been seen since 2008, representing a 70 per cent fall from market highs of US$170 per tonne at the height of the boom in 2011.



Consensus Commodity Price Forecast Iron Ore Spot price (PCF Capital Group)

Iron Ore Value	Regolith	Magnetite
Current USD Iron Ore Price (6 Month Ave.)	$56.00	$56.00
Base Units for Current Price (dmtu)	62.00	62.00
Unit Price USD/dmtu	0.91	0.91
Units in Total Resource	44.00	31.80
AUD:USD Exchange Rate (current)	0.7	0.7
Long Term Average, AUD/dmt	$27.94	$20.19

An average price for the Mt Forrest Project has been selected at AUD28.00 for 44% regolith material and AUD20.00 for 31.8% Magnetite Ore.

Base Value

A discount factor is applied to the contained value to recognise the JORC category and allow for resource risk.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	45%
Material Inventory	30%

Allowances for operating factors are also included in the assessment. Higher discounts for Recovery and Mining are included in view of the depth on the material inventory and the likelihood of underground mining.

Operations Factors	**Surface**	**Magnetite**	
Recovery	80.00%	75.00%	Detrital/Magnetite bodies
Mining	80.00%	80.00%	Multiple pits and blending
Processing	50.00%	50.00%	Magnetite - Fine grained, high power costs
Rail	50.00%	50.00%	Road to existing/proposed Rail, 648km to port
Port	50.00%	50.00%	Use of Esperance Port
Capex	70.00%	70.00%	Normal Costing for Iron Ore
Marketing	50.00%	50.00%	Off take agreement to be settled
Total Operating Discount	**2.8%**	**2.6%**	

The base value for the project is estimated by multiplying the contained value by the resource and operational discount factors.

Base Value = [Contained Value][Resource Discount]*[Operating Discounts]*

Discounted Base Value A$M	**Surface**	**Magnetite**
Measured	-	-
Indicated	6.75	91.21
Inferred	6.96	460.66
Exploration Target	-	-
Material Inventory	-	-
Total	13.71	551.87
A$ per tonne	$0.51	$0.32

The Average Acquisition cost is estimated to be in the range of 2.5% to 5.6% with a preferred value of 3.4% of the discounted base value in accordance with the Spencer Test where the unencumbered price is agreed between a willing but not anxious vendor and purchaser. Further details of the valuation approach are included in the notes attached to this Report.

Technical Value

Technical Value = [Base Value][Average Acquisition Cost%]*

Total Project Technical Value, A$M	Surface	Magnetite
Low	0.37	14.90
High	0.77	30.90
Preferred	0.48	19.32
% of contained value	0.06%	0.06%
A$ per tonne	$0.02	$0.01

MARKET VALUE

In arriving at a fair market value for a particular exploration tenement, Agricola has considered the country risk and current market for exploration properties in Australia. Assessment of country risk and an assessment of the Business Climate have been provided by an independent specialist firm (source: www.coface.com). The rating for Australia is 'A2' for country risk and 'A1' for business climate, which are considered to be low. Strengths include geographic proximity to emerging Asia, mining resources, moderate public debt and specific geographic features which favour tourism. Weaknesses include vulnerable to commodities cycle and Chinese demand, substantial household debt (148% of disposable income), shortage of skilled labour, highly exposed to natural hazard and wide disparities between federated States

This rating will affect the market factor in assessing market value.

The current market value for mineral projects in Australia is considered to be depressed and stranded magnetite iron deposits struggle to find a buyer. The Updated Scoping Study estimates operating costs at $85 per tonne FOB which is well above current spot prices. Conditions in the iron market would have to improve considerably over the next few years to make the project viable.

A market discount of **75%** has been applied to the regolith mineralisation and **90%** to the magnetite mineralisation.

Market Value = [Technical Value][Adjusted Market Factor]*

Total Project Market Value, A$M		Market Value, A$M		
Mt Forrest	**Market Factor**	**Low**	**High**	**Preferred**
Regolith Mineralisation	25%	0.09	0.19	0.12
Magnetite Mineralisation	10%	1.49	3.09	1.93
Total		1.58	3.28	2.05

Agricola has reviewed alternative comparative valuation methods as set out in Regulatory Guide 111: *Content of expert reports* (RG 111) at RG 111.65 which considers that *"an expert should, where possible, use more than one valuation methodology. We consider this reduces the risk that the expert's opinion is distorted by its choice of methodology. We also consider that an expert should compare the figures derived from using the different methodologies and comment of any differences.".*

Alternative methods such as Market Capitalisation (Map) and Enterprise Value (EV) are not prohibited by RG111 to form the basis of comparable transaction analysis both MCap and EV include elements relating to corporate valuation such as cash and debt levels, management skills and reputation and many others which are independent of mineral asset values.

Agricola considers that the expectation of future gain is the main driver for mineral asset valuation of exploration projects as it endeavours to ascertain the unencumbered price which a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation (the Spencer Test). The method set out in this report id considered appropriate for valuation of mineral resources.

VALUATION OPINION

Based on an assessment of the factors involved the estimate of the market value of the Mt Forrest Project is in the range of A$1.6 million to A$3.3 million with a preferred value of A$2.1 million.

This valuation is effective on 16 October 2015.

Background notes and details of the Valuation process adopted by Agricola are included as an appendix to this Report.

MINERAL ASSETS VALUATION FOR EXPLORATION TENEMENTS

M. Castle – Updated 15 May 2015

Agricola Mining Consultants Pty Ltd ("Agricola") has prepared these notes as background to the Independent Valuation Report. The appendix is general in nature and references to Western Australia are an example of exploration expenditures. They are appropriate for other states and other countries based on Agricola's experience in many areas of Australia and elsewhere. Parts of these notes may be repeated for clarity in the main report.

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THE MEANING OF VALUE – SCOPE OF THE REPORT

A Mineral asset valuation should endeavour to ascertain the price that a willing but not anxious vendor could reasonably expect to obtain and a hypothetical willing but not too anxious purchaser could reasonably expect to have to pay for the property if the vendor and the purchaser had got together and agreed on a price in friendly negotiation.

The test for determining the market value is based on the consideration of a hypothetical negotiation, namely, what is the price that a willing but not anxious purchaser would have to offer to induce a willing but not anxious vendor to sell the property rather than the price which an anxious vendor would obtain upon a forced sale. This is the price that a hypothetical prudent purchaser would entertain, if he desired to purchase it for the most advantageous purpose for which the property was adapted.

This test contemplates a prudent purchaser who has informed himself or herself of all of the relevant attributes and advantages that the property enjoyed which means not just being conversant with the property in its existing state but also any profitable uses to which it might be put. This embodies the concept of the highest and best use of the property.

JUDICIAL INTERPRETATION

The High Court cast light on the ordinary meaning of 'market value' in 1907 in Spencer v. The Commonwealth of Australia. In this case, the Commonwealth had compulsorily acquired land for a fort at North Fremantle in Western Australia.

In discussing the concept of market value, Griffith CJ commented (page 432) that:

… the test of value of land is to be determined, not by inquiring what price a man desiring to sell could have obtained for it on a given day, i.e. whether there was, in fact, on that day a willing buyer, but by inquiring: What would a man desiring to buy the land have had to pay for it on that day to a vendor willing to sell it for a fair price but not desirous to sell?

Isaacs J subsequently expanded on the concept (page 441):

… to arrive at the value of the land at that date, we have … to suppose it sold then, not by means of a forced sale, but by voluntary bargaining between the plaintiff and a purchaser willing to trade, but neither of them so anxious to do so that he would overlook any ordinary business consideration. We must further suppose both to be perfectly acquainted with the land and cognisant of all circumstances which might affect its value, either advantageously or prejudicially, including its situation, character, quality, proximity to conveniences or inconveniences, its surrounding features, the then present demand for land, and the likelihood as then appearing to persons best capable of forming an opinion, of a rise or fall for what reasons so ever in the amount which one would otherwise be willing to fix as to the value of the property.

In this case, the High Court recognised the principles of:

- the willing but not anxious vendor and purchaser
- a hypothetical market
- the parties being fully informed of the advantages and disadvantages associated with the asset being valued (in the specific case, land)
- both parties being aware of current market conditions.

This is commonly known as the *Spencer test* after the High Court decision upon which these principles are based and to which the Courts have used in their determinations of market value or property. (*Spencer v Commonwealth* (1907) 5 CLR 418 at 432 per Griffiths CJ and 441 per Isaacs J.).

Although the *Spencer test* is based on both a hypothetical vendor and a hypothetical purchaser and therefore the market value from either hypothetical party's point of view should be the same, in some cases emphasis has been placed on what would be the best price which the vendor could hope to obtain.

The question as of "special value" of particular property has often been raised in cases. However in reality this is only part of the *Spencer* test that in attributing the price that would be paid to the hypothetical vendor by the hypothetical purchaser it is to be assumed that the property will be put to its "highest and best use".

Applying the *Spencer test* may not be confined to a technical valuation exercise but may involve a consideration of market factors. In a highly speculative market during 'boom' conditions or a depressed market during 'bust' conditions the hypothetical purchaser may expect to pay a premium or receive a discount commensurate with market conditions.

The *Spencer test* has been applied in stamp duty cases in determining the value of the dutiable property.

These principles apply equally to mineral assets

REGULATORY AUTHORITIES

Mineral asset valuations are prepared in accordance with the *Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the "VALMIN Code", 2005)*, 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, 2011 and RG112, 2011*).

Where mineral resources 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 ("JORC Code"),* prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective 2012.

THE VALMIN CODE, 2005

The main requirements of the *Valuation Report* are

- *Prepared in accordance with the VALMIN code.*
- *Details of valuation methodologies*
- *Reasoning for the selection of the valuation approach adopted*
- *Details of the valuation calculations*
- *Conclusion on value*
- *Experience and qualifications of key personnel to be set out*

Transparency - The report needs to explain how the valuation was done and the assumptions used in calculating the value. The objective is to provide sufficient information that other people can come up with the same answer. Transparency and Transparent means that the Material data and information used in (or excluded from) the Valuation of a Mineral Property, the assumptions, the Valuation approaches and methods, and the Valuation itself must be set out clearly in the Valuation Report, along with the rationale for the choices and conclusions of the Qualified Valuer.

Materiality - This means the valuer has to ensure that all important data that could have a significant impact on the valuation is included in the report. Materiality and Material refer to data or information which contribute to the determination of the Mineral Property value, such that the inclusion or omission of such data or information might result in the reader of a Valuation Report coming to a substantially different conclusion as to the value of the Mineral Property. Material data and information are those, which would reasonably be required to make an informed assessment of the value of the subject Mineral Property.

Competence - The valuer must be competent at doing valuations. The person needs to be an expert in the particular exploration target being evaluated. Typically the person needs at least 5 years' experience in that commodity. *For Example*:

> ***Competent Persons Statement***
>
> The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle who is a member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as an Expert and Competent Person as defined under the VALMIN Code and in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

Independence - The valuer must act in a professional manner and not favour the buyer or the seller. In other words the price must be set at a "fair market value". To achieve independence, the valuer must not receive any special benefit from doing the study. This subject is addressed fully in RG112 (112.42). Independence or Independent means that, other than professional fees and disbursements received or to be received in connection with the Valuation concerned, the Qualified Valuer or Qualified Person (as the case requires) has no pecuniary or beneficial (present or contingent) interest in any of the Mineral Properties being valued, nor has any association with the Commissioning Entity or any holder(s) of any rights in Mineral Properties which are the subject of the Valuation, which is likely to create an apprehension of bias. The concepts of "Independence" and "Independent" are questions of fact. For example, where a Qualified Valuer's fees depend in whole or in part on an understanding or arrangement that an incentive will be paid based on a certain value being obtained, such Qualified Valuer is not Independent.

Reasonablenes - in reference to the Valuation of a Mineral Property, while not specifically mentioned in VALMIN, 2005, is a requirement in other jurisdictions. It means that other appropriately qualified and experienced valuers with access to the same information would value the property at approximately the same range. A Reasonableness test serves to identify Valuations, which may be out of step with industry standards and industry norms. It is not sufficient for a Qualified Valuer to determine that he or she personally believes the value determined is appropriate without satisfying an objective standard of proof

Methodology - The decisions as to the valuation methodology or methodologies to be used and the content of the Report are solely the responsibility of the Expert or Specialist whose decisions must not be influenced by the Commissioning Entity. The Expert or Specialist must state the reasons for selecting each methodology used in the Report. Methods chosen must be rational and logical and be based upon reasonable grounds.

The Expert or Specialist should make use of valuation methods suitable to the Mineral or Petroleum Assets under consideration. Selection of the appropriate valuation method will depend on, inter alia:

(a) the purpose of the Valuation;

(b) the development status of the Mineral or Petroleum Assets;

(c) the amount and reliability of relevant information;

(d) the risks involved in the venture; and

(e) the relevant market conditions for commodities.

The Expert or Specialist should choose, discuss and disclose the selected valuation method(s) appropriate to the Mineral Assets under consideration in the Report, stating the reasons why the particular valuation methods have been selected in relation to those factors and to the adequacy of available data. It may also be desirable to discuss why a particular valuation method has not been used. The disclosure should give a sufficient account of the valuation methods used so that another Expert could understand the procedure used and assess the Valuation. Should more than one valuation method be used and different valuations result, the Expert or Specialist should comment on the reasons for selecting the Value adopted.

REGULATORY GUIDES RG111 AND RG112, MARCH 2011

It is not the Australian Securities and Investment Commission – ASIC's role or intention to limit the expert's exercise of skill and judgment in selecting the most appropriate method or methods of valuation. However, it is appropriate for the expert to consider:

(a) the discounted cash flow method;
(b) the amount which an alternative acquirer might be willing to offer if all the securities in the target company were available for purchase;

ASIC does not suggest that this list is exhaustive or that the expert should use all of the methods of valuation listed above. The expert should justify the choices of valuation method and give a sufficient account of the method used to enable another expert to replicate the procedure and assess the valuation. It may be appropriate for the expert to compare the values derived by more than one method and to comment on any differences.

The complex valuations in an expert's report necessarily contain significant uncertainties. Because of this an expert who gives a single point value will usually be implying spurious accuracy to his or her valuation. An expert should, however, give as narrow a range of values as possible. An expert report becomes meaningless if the range of values is too wide. An expert should indicate the most probable point within the range of values if it is feasible to do so.

The expert should carry out sufficient enquiries or examinations to establish reasonable grounds for believing that any profit forecasts, cash flow forecasts and unaudited profit figures that are used in the expert's report, and have been prepared on a reasonable basis. If there are material variations in method or presentation the expert should adjust for or comment on them in the report.

The expert should discuss the implications to his or her valuation if:

(a) the current market value of the subject of the report is likely to change because of market volatility (for example, boom or depression); or
(b) the current market value differs materially from that derived by the chosen method.

THE JORC CODE, 2012

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code') is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves.

The JORC Code provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in Public Reports.

The JORC Code was first published in 1989, with the most recent revision being published late in 2012. Since 1989 and 1992 respectively, it has been incorporated in the Listing Rules of the Australian and New Zealand Stock Exchanges, making compliance mandatory for listing public companies in Australia and New Zealand.

The current edition of the JORC Code was published in 2012 and after a transition period the 2012 Edition came into mandatory operation from 1 December 2013.

Changes to the JORC Code 2012

- Table 1 reporting on an 'if not, why not?' basis – Clauses 2, 5, 19, 27, 35 and the introduction of Table 1.
- Competent Person Attributions – Clause 9
- Exploration Targets – Clause 17
- Pre-Feasibility required for Ore Reserves – Clause 29
- Technical Studies definitions – Clause 37-40
- Annual Reporting – Clause 15
- Metal Equivalents – Clause 50
- *In situ* values – Clause 51
- Additional guidance on reporting in Table 1

VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

FAIR MARKET VALUE OF MINERAL ASSETS

Mineral assets include, but are not limited to, mining and exploration tenements held or acquired in connection with the exploration, 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.

Mineral assets classification	
Exploration areas	Mineralisation may or may not have been identified, but where a mineral resource has not been defined. Available information includes exploration results such as outcrop sampling, assays of drill hole intersections, geochemical results and geophysical survey results. *Valuation Methods: **Geoscience Factor**, Prospectivity Enhancement Multiplier, Yardstick (Rule of Thumb).*
Advanced exploration areas	Mineral resources have been identified and their extent estimated (possibly incompletely). This includes properties at the early stage of assessment. Available information includes estimates of Exploration Targets, Inferred Resources, Indicated Resources, Measured Resources in accordance with the JORC Code 2012 and the exploration results from the surrounding area or prospect used to compile the estimates. Additional value for exploration potential in the immediate area is not considered to be warranted. *Valuation Methods: **Comparable Transactions**. Yardstick (Rule of Thumb)*
Pre-development projects	A positive development decision has not yet been made. This includes properties where a development decision has been negative, properties on care and maintenance and properties held on retention titles. Available information includes Mineral Resource estimates in accordance with the JORC Code and a scoping study. If a recent and valid Pre Feasibility Study has been prepared an Ore Reserve may have been estimated with due regard to modifying factors. *Valuation Methods: Comparable Transactions, **Discounted Cash Flow** (if Ore Reserves have been estimated)*
Development projects	Committed to production, but which, are not yet commissioned or not initially operating at design levels. Available information includes a Feasibility Study with supporting technical studies. *Valuation Methods: **Discounted Cash Flow**.*
Operating Mines	Mineral properties, particularly mines and processing plants, which have been fully commissioned and are in production. *Valuation Methods: **Discounted Cash Flow**.*

Agricola's preferred valuation method is shown in bold type.

The value of a mineral asset usually consists of two components,

- The underlying or Technical Value (or stand alone value) which is an assessment of a mineral asset's future net economic benefit under a set of appropriate assumptions, excluding any premium or discount for market, strategic or other considerations.
- The Market Component, which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero.

When the technical and market components of value are combined the resulting value is referred to as the market value. A consideration of country risk should also be taken into account for overseas projects.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change.

Valuation is based on a calculation in which the geological prospectivity, commodity markets, financial markets, stock markets and mineral property markets are assessed independently.

Valuation of exploration properties is exceptionally subjective. If an economic resource is subsequently identified then a new valuation will be dramatically higher, or possibly lower. Alternatively if expenditure of further exploration dollars is unsuccessful then it is likely to decrease the value of the tenements. There are a number of generally accepted procedures for establishing the value of exploration properties and, where relevant, the use of more than one such method to enable a balanced analysis and a check on the result has been undertaken. The value will always be presented as a range with the preferred value identified. The preferred value need not be the median value, and will be determined by the Independent Valuer based on his experience.

The Independent Valuer, when determining a value for a mineral asset, must assess a range of technical issues prior to selection of a valuation methodology. Often this will require seeking advice from a specialist in specific areas. The key issues are:

- geological setting and style of mineralisation
- level of knowledge of the geometry of mineralisation in the district
- results of exploration including geological mapping, costeaning and drilling of interpretation of geochemical anomalies
- parameters used to identify geophysical and remote sensing data anomalies
- location and style of mineralisation identified on adjacent properties
- appropriate geological models
- mining history, including mining methods
- location and accessibility of infrastructure
- milling and metallurgical characteristics of the mineralisation

In addition to these technical issues the Independent Expert needs to make a judgement about the market demand for the type of property, commodity markets, financial markets and stock markets. The technical value of a property should not be adjusted by a "market factor" unless there is a marked discrepancy between the technical value and the market value. When this is done the factor should be clearly identified.

Where there are identified Ore Reserves it is appropriate to use financial analysis methods to estimate the net present value ("NPV") of the properties. This technique (the DCF Method) has deficiencies, which include assessment of only a very narrow area of risk, namely the time value of money given the real discount rate, and the underlying assumption that a static approach is applicable to investment decision making, which is clearly not the case.

When assessing value of exploration properties with no identified Ore Reserves it is inappropriate to prepare any form of financial analysis to determine the net present value. The valuation of exploration tenements or licences, particularly those without identified resources, is highly subjective and a number of methods are appropriate to give a guide as discussed below.

All of these valuation methods are relatively independent of the location of the mineral property. Consequently the valuer will make allowance for access to infrastructure etc when choosing a preferred value. It is observed that the Prospectivity Exploration Multiplier ("PEM") is heavily based on the expenditure; while the Geoscience Factor is more heavily based on opinions of the prospectivity hence tenements can have marked variation in value between the methods. If the Geoscience Factor assessment is high and the PEM is low it indicates effective well focused exploration, if the Geoscience Factor is low and the PEM high it suggests that the tenement is considered to have lower prospectivity.

Truly Comparable Transactions are rare for early stage properties without defined drill targets. This is natural in a recession, as companies focus on brownfields exploration. Inflated prices paid for property in fashionable areas should not be discounted because they reflect the true market value of a property at the transaction date. If however, the market sentiment is not so buoyant then adjustments must be made.

Methodologies commonly used for the valuation of early stage or exploration assets in order of the evidentiary value provided by each include:

CONTEMPORANEOUS TRANSACTIONS IN THE ASSET

Where a transaction has taken place around the valuation date in the mineral asset in question, this provides the best evidence of value. This may occur when a body of mineralisation or confined geological domain is split by a tenement boundary and one part is sold.

If a property in the recent past was the subject of an arms-length transaction, for either cash or shares (i.e. from a company whose principal asset was the mineral property) then this forms the most realistic starting point, provided that the deal is still relevant in today's market. Complicating matters is the knowledge that properties rarely change hands for cash, except for liquidation purposes, estate sales, or as raw exploration property when sold by an individual prospector, or entrepreneur.

Any underlying royalty or net profits interests or rights held by the original vendor of the claims should be deducted from the resultant property value before determination of the company's interest. Also, reductions in value should be made where environmental, legal or political sensitivities could seriously retard the development of exploration properties.

It should be noted again that exploration is cyclical, and in periods of low metal prices there is often no market, or a market at very low prices, for ordinary exploration acreage (inventory property) unless it is combined with a significant mineral deposit, or with other incentives.

DCF VALUE

Where a financial model has been prepared which considers the exploration results to date, the costs involved in taking the project to production and the probability-weighted returns expected from the project, in the absence of a contemporaneous transaction in the actual exploration interest, this provides the best evidence as to the value of the exploration interest. This method requires that a reasonable estimate can be made of expected cash flows. In accordance with the JORC Code 2012, the estimation of an Ore Reserve must be based on a Pre Feasibility Study or a Feasibility Study. The DCF Method, therefore, is only possible then these studies are available and an Ore Reserve has been estimated. ***(DCF Method – see below)***

CONTEMPORANEOUS TRANSACTIONS IN COMPARABLE ASSETS

Where a transaction has taken place recently in an Asset of similar prospectivity in a similar or comparable mineral market, this provides evidence of value in the absence of an actual transaction or a financial model for the exploration interest. The comparison is typically made on the basis of a value per unit of contained resource. ***(Comparable Transactions Method – see below)***

POTENTIAL FOR FURTHER DISCOVERIES

The Geoscience Factor method provides the most appropriate approach to utilise in the technical valuation of the *exploration potential* of mineral properties on which there are no defined resources. Kilburn, a Canadian mining engineer was concerned about the haphazard way in which exploration tenements were valued. He proposed an approach that essentially requires the valuer to justify the key aspects of the valuation process in a systematic and defendable manner. The valuer must specify the key aspects of the valuation process and must specify and rank aspects that enhance or downgrade the intrinsic value of each property. The intrinsic value is the base acquisition cost ("BAC"), which is the average cost incurred to acquire a base unit area of mineral tenement and to meet all statutory expenditure commitments for a period of 12 months. Different practitioners use slightly differing approaches to calculate the BAC and its use with respect to different tenement types.

The Geoscience Factor method systematically assesses and grades four key technical attributes of a tenement to arrive at a series of multiplier factors. The multipliers are then applied serially to the BAC of each tenement with the values being multiplied together to establish the overall technical value of each mineral property. A fifth factor, the market factor, is then multiplied by the technical value to arrive at the fair market value.

The successful application of this method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. Furthermore, there is the expectation that the outcome reflects the market's perception of value, hence the application of the market factor. ***(Geoscientific Factor Method – see below)***

PAST EXPENDITURE

Where the other methods cannot be used, a valuer could also consider *previous exploration expenditure*, and apply a multiple to this based on its effectiveness and the valuer's judgment as to the prospectivity of the project based on the results as at the valuation date. The application of this method is very subjective, and is best used for very early stage exploration interests without resources or significant drilling results. ***(Prospectivity Enhancement Method – see below)***

YARDSTICK (RULE OF THUMB) METHOD

A Rule-of-Thumb method sometimes used for valuing Mineral Assets without identified Resources is based upon conversion of comparable sales data to a unit area (per km^2 or per ha). It is probably the most difficult comparative tool to justify.

SHARE MARKET TRADING IN COMPANIES HOLDING COMPARABLE EXPLORATION INTERESTS

Where information on the exploration tenements is not directly observable, valuers sometimes consider the recent share market trading in companies holding comparable exploration interests. This method may require the valuer to apportion the value of the company between its various assets, to determine the proportion of the enterprise value of the company that should be attributed to the comparable exploration interest. Once the valuer has estimated the proportion of the market capitalization or enterprise value of the company that should be attributed to the comparable exploration interest, the value per unit of contained resource or the value per km^2 of tenement approaches can be applied. This typically provides weak evidence of the value of specific exploration interests due to the difficulty in apportioning the enterprise value of a listed company to specific exploration interests, and the likelihood that the share price may include other 'noise' unrelated to the exploration interest.

Market Capitalisation (MCap) and Enterprise Value (EV: Mcap + Debt – Cash) are often used in comparable transaction valuations, often quoted as EV per unit of Resource or reserve. These measures say <u>nothing</u> about the technical value of individual mineral assets and are usually influenced by many commercial and emotional factors both within and external to the Company.

It is fair to assume that a company's share price is a reflection of the market value of the company and this is strongly influenced by the market value of mineral assets in the light of current market conditions. If a 'willing but not anxious buyer' were to make an offer for the company based on share price, appropriate due diligence has been completed and the offer may also include a premium for control.

MCap per unit and EV per unit for peer group companies may be a satisfactory measure of ‘reasonableness’ of the market value of the bundle of assets and should be viewed in that light and not as a direct measure of technical value.

VALUATION OF DEVELOPMENT PROJECTS BY DISCOUNTED CASH FLOW METHODS

Agricola believes that the Discounted Cash Flow/Net Present Value method should never be applied to the valuation of a Mineral Property that is only at an exploration stage, based on the hypothetical cash flows from a postulated exploitation scenario. Valuers tend to consider before or after tax values only in the context of the DCF/NPV Method, with a general preference for determinations of after-tax value.

Of course, some owners can use tax losses and structure their affairs to minimise the impact of corporate taxes, but others cannot do so. Hence, it should be clearly stated on what taxation basis the fair market value is determined. This is another reason why care must be taken when using project sales data as a comparable basis for assessing value. The ‘comparable’ projects may be in different places subject to different taxation regimes, in any event.

Discounted cash flow analysis

A discounted cash flow (“DCF”) analysis determines the Technical Value of a project by approximating the value if it were developed under the prevailing economic conditions.

Once a Mineral Resource has been assessed for mining by considering revenues and operating costs, the economically viable component of the resource becomes the Ore Reserve. When this is scheduled for mining, and the capital costs and tax regime are considered, the net present value (“NPV”) of the project is established by discounting future annual cash flows using an appropriate discount rate.

The resulting ’classical’ NPV has several recognised deficiencies linked to the fact that the approach assumes a static approach to investment decision making, however the NPV represents a fundamental approach to valuing a proposed or on-going mining operation and is widely used within the mining industry.

In terms of cash flow analysis, the DCF valuation technique is the most commonly used valuation tool. The technique has specific strengths over the methods considered in the market and cost approaches. These include its ability to consider the effects of royalties, leases, taxation and financial gearing on the resulting cash flow. In addition, the beneficial impact of unredeemed capital balances, assessed losses, depreciation and amortization on free cash flows can also be modelled.

Compiling cash flows on resources categorized as inferred, or those with even less geoscientific confidence (which in some cases are referred to as inventory), is prohibited by some international codes. It is only under exceptional circumstances that many securities exchanges will accept such cash flows and the effect of cash flow contributions from inferred resources on project performance should be demonstrated separately from those derived from other resource and reserve categories.

The DCF method is used to produce numerous quantitative results. On its own and as an investment tool, it is based on the principle that for any initial investment, the investor will look to the future cash flows of that entity to provide a minimum return. This return will be at least a predetermined return over the investor's hurdle rate for that investment. The hurdle rate represents the minimum return of a project, below which the decision to invest or develop a new project will be negative, and above which the project will be developed. The hurdle rate should always be greater than the cost of capital for the investor.

For a mining project, in a macroeconomic environment that is sufficiently favourable and stable for this method to be applied, the critical input data will generally be incorporated in a life of mine (LoM) plan. The LoM plan, such as that accompanying a pre-feasibility, feasibility or a bankable feasibility study, will include:

➤reserve and resource estimates in accordance with the JORC Code

➤forecast mining schedules of tonnage on a daily, monthly or annual basis

➤forecast grade profiles and associated recoveries from a processing facility. This, together with the tonnage profile, allows the valuer to calculate the volume of saleable product

➤estimated working costs, preferably unitized to either an amount per tonne mined or milled or an amount per unit of metal or product sold

➤ forecast capital expenditure profiles over the life of the operation, including ongoing or sustainable capital expenditure amounts and

➤rehabilitation liabilities or trust fund contributions, retrenchment costs, plant metal lock-up and any other specific factor that will impact on costs or revenue.

Changes in working capital balances are generally calculated based on historical balance ratios, applied to forecast revenues and working costs. They impact on short term cash flows and therefore must be modelled into the cash flows. Naturally, any working capital locked up during the life of the operation will be released at the end of this life.

Once the economic inputs have been assumed, the DCF can be determined. This is often stated as EBITDA (Earnings before Interest, Taxation, Depreciation and Amortisation) and is frequently taken as the technical value of the project, subject to a consideration of sensitivity to the assumptions.

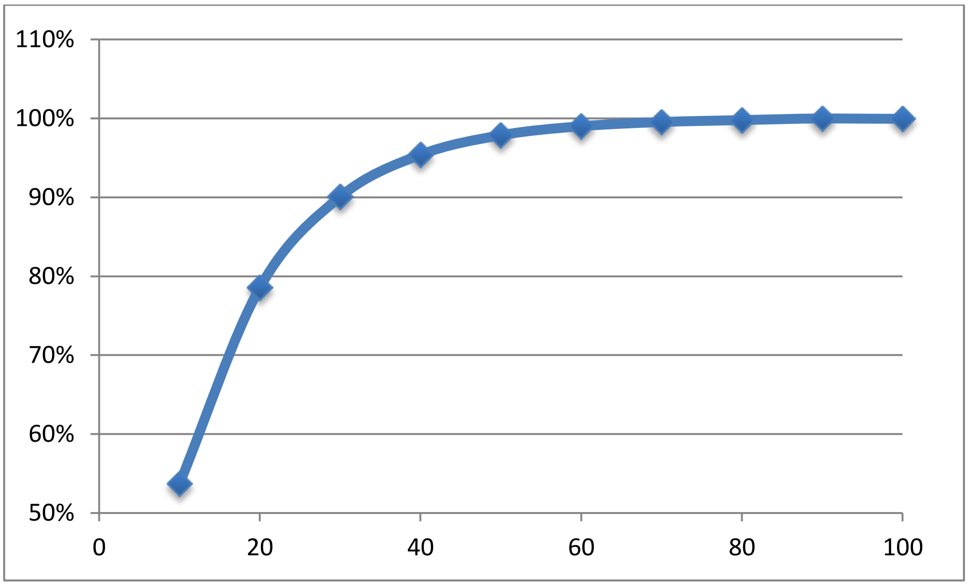
The resultant cash flow is then used to derive the net present value (NPV) of the operation at a predetermined discount rate or a range of discount rates. The derived NPV, on which the return on investment can be calculated, is used as a proxy for the operation's implicit value. This is often compared with the value or returns the market attributes to the operation, if it is a listed entity, or compared with other investment opportunities in order to optimize investment or development schedules.

In any cash flow determination, the impact of inflation on the final result cannot be overstated. One only has to consider the effect of taxation as applied to real taxable income as opposed to being levied against nominal taxable income. Converting the final cash flows to real money terms, the values derived from two similar cash flows will be quite different. The unredeemed capital balance will last longer in the real terms case, incorrectly enhancing the value of the same project. The real cash flow lines in Table X must be compared to recognize the impact of taxation on real and nominal cash flows.

As a result of the difficulty in obtaining agreement on appropriate inflation forecasts to use in the specific valuation of a project, valuers often exclude a forecast on inflation rates. This in itself may be construed as an inflation assumption, in that inflation is taken to be zero per cent per year. However, this reflects an ideal world, which is unrealistic.

The resulting 'classical' NPV has several recognised deficiencies linked to the fact that the approach assumes a static approach to investment decision making, assumption into the future which cannot be verified with any confidence and limited mine life. However the NPV represents a fundamental approach to valuing a proposed or on-going mining operation and is widely used within the mining industry.

As example of the shortcomings of the DCF Method a conceptual cash flow was modeled and NPV estimated at 8% over different time periods with the following outcome over 100 years:



Percent of maximum *NPV from 10 to 100 years.*

The estimated NPV reached a maximum value in 60 years and no amount of future income adds to this value.

VALUATION OF RESOURCES BY COMPARABLE TRANSACTIONS

When only a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a **Comparable Transactions** approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different Mineral Resource categories and operational factors to differentiate between deposits.

Agricola Mining Consultants prefers the comparable transactions approach where mineral resources have been estimated. The DCF method is inappropriate because there is no Pre Feasiblity or Feasibility Study available and no Ore Reserves has been (or can be) estimated under the JORC Code. The Geoscientific Factor method (potential for further discoveries) and Past Expenditure methods are appropriate for exploration ground that is not advanced enough to estimate mineral resources. The contemporaneous transactions over adjacent ground may be appropriate but the absence of such information the only viable method (in Agricola's opinion) is to compare the sale of other deposits on a 'dollar per unit' basis for the mineral resource estimated in accordance with the JORC Code. Agricola is not aware of a method to cross check the valuation for the technical value (as apposed to the Market value) under these circumstances except by comparison with earlier valuations.

With metal projects the Comparable Transactions method requires allocating a dollar value to resource tonnes or ounces in the ground. The dollar value must take into account a number of aspects of the resources including:

- The confidence in the resource estimation (the JORC Category)
- The quality of the resource (grade and recovery characteristics)
- Possible extensions of the resource in adjacent areas
- Exploration potential for other mineralisation within the tenements
- Presence and condition of a treatment plant within the project
- Proximity of infrastructure, development and capital expenditure aspects

This approach can be taken with metals or bulk commodities sold on the spot market and where current price can be estimated with appropriate adjustments for impurities if required. Value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account.

Resource Category Discounts	
Measured Resource	80%
Indicated Resource	70%
Inferred Resource	60%
Exploration Target	45%

An example of appropriate discounts for operational factors is included below but these must be considered on a case-by-case basis.

Operations Factors	Base Metals	Iron Ore	Coal	Gold	Rare Earths
Recovery	75%	75%	70%	95%	60%
Mining	75%	90%	75%	90%	100%
Processing	80%	70%	70%	95%	50%
Rail	80%	90%	70%	95%	75%
Port	80%	90%	50%	100%	90%
Capex	80%	70%	75%	90%	50%
Marketing	75%	80%	75%	100%	75%
Total Operating Discount	17%	21%	7%	69%	7%

MERGERS AND ACQUISITIONS ACTIVITY

A recent review of Mergers and Acquisitions over the last eight years covering the mining boom, the GFC and the recovery phase of the Mining Market indicates the price paid for gold assets.

Merger and Acquisitions Activity (CAD)	2006	2007	2008	2009	2010	2011	2012	2013	2014
Gold Price	$709	$778	$920	$1,154	$1,277	$1,590	$1,665	$1,488	$1,303
Producing Assets*	$74	$94	$115	$89	$207	$202	$200	$121	$120
Percent of Price	10.40%	12.10%	12.50%	7.70%	16.20%	12.70%	12.00%	8.10%	9.20%
Exploration Assets*	$54	$28	$31	$29	$71	$90	$47	$23	$17
Percent of Price	7.60%	3.60%	3.40%	2.50%	5.60%	5.70%	2.80%	1.50%	1.30%

*Estimated price paid per ounce of gold in the ground, updated December 31, 2014

Source: http://www.ibkcapital.com/capital-market-highlights/merger-acquisition-activity/

The information is based on Canadian experience and closely replicates values reported in Australia and similar metal markets elsewhere. The 'Apparent Acquisition Cost' ("AAC") for gold projects lies in the range of 1.5% to 7.6% of the gold price at the time. The data set does not differentiate between resource categories or variations in deposits type and individual assessment. It is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for AAC. For the purpose of valuation the Average Acquisition Cost for the lower, preferred and higher value is selected at the 25th, 50th and 75th percentiles of the spread of values.

AAC Percentiles 2006 - 2014 - Exploration Assets					
Percentile	10%	25%	50%	75%	90%
AAC	1.5%	2.5%	3.4%	5.6%	6.1%
AAC Percentiles 2006 - 2014 - Producing Assets					
Percentile	10%	25%	50%	75%	90%
AAC	8.0%	9.2%	12.0%	12.5%	13.4%

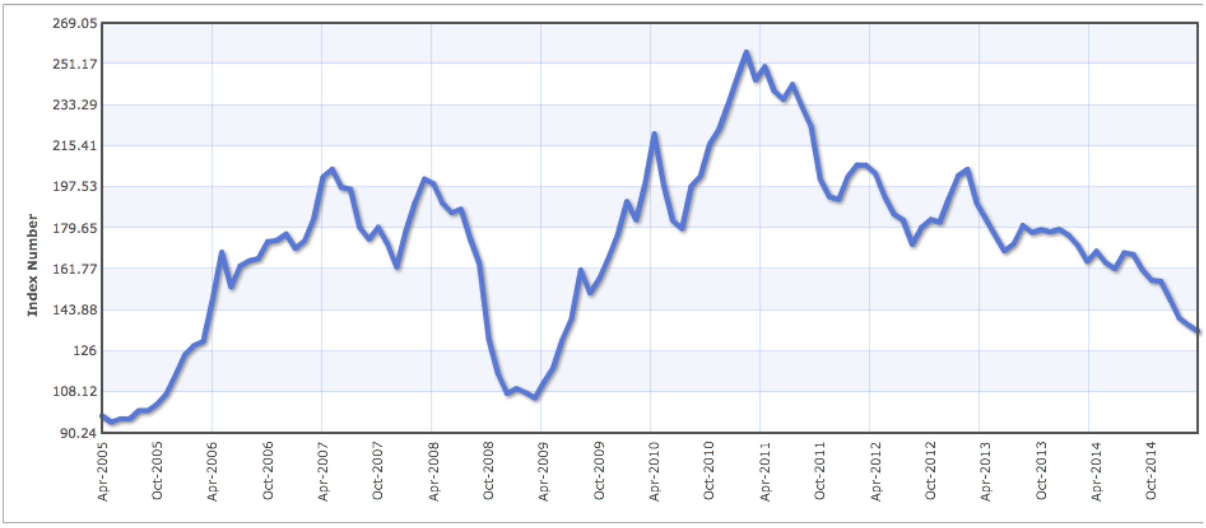
The AAC method percentiles are derived from Canadian Merger and Acquisitions activity in the gold industry. The original database provided $/ounce values for producing and non-producing asset sales for a period of years and Agricola has recalculated this as a percentage of metal value so it can be related to current metal prices in other metals. The quoted prices are based on enterprise value (EV - Market Capitalisation plus debt minus cash) so they cannot be directly compared to technical value. A “top-down” approach is often taken to determine technical vale (for example for stamp duty assessment) where company specific elements such as cash, debt, goodwill, database value etc ate deducted from the EV. Agricola prefers a “bottom-up” approach in this Report where discount factors for resource category and operating factors are assessed for each deposit.

This, of course, is a subjective decision and AAC percentiles are used in conjunction with the resource category discounts and operational factors to "normalise' the rates for gold acquisitions to other metals. In the absence of a useful database of project sales for other metals this is considered to be a reasonable proxy for sales in most metal projects (the combination of AAC, discounts and Operational factors). Mineral asset sales are related to the current mineral price (or contained value) which is provided by the M & A database over the period 2006 - 2013 through a period of boom and bust and the valuation method is realistic when adjusted by factors that relate specifically to the metal involved and more specifically to the individual deposits.

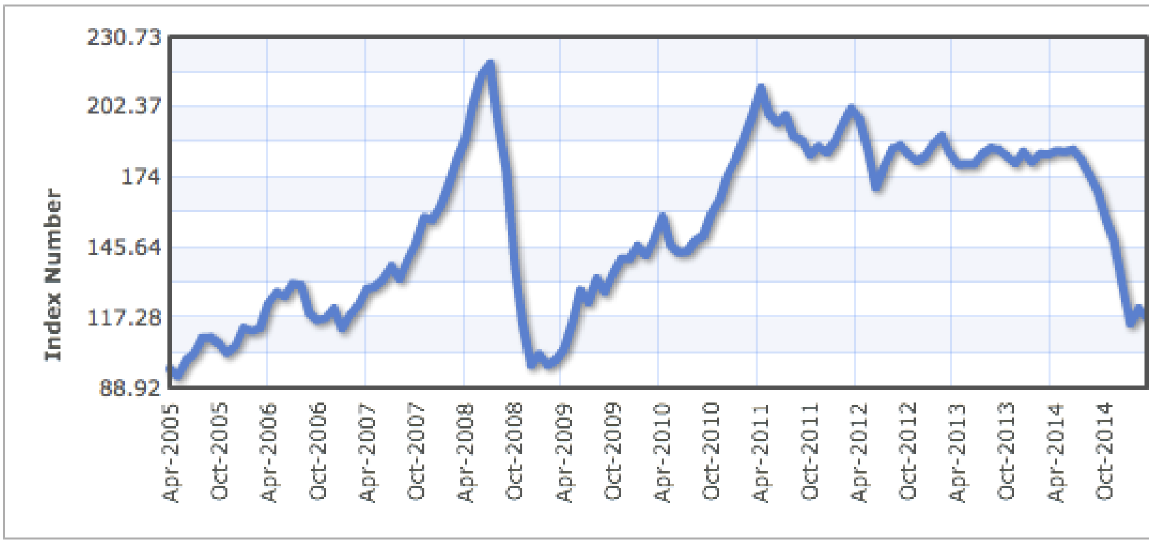
SENSITIVITY TO METAL PRICE

Valuation of mineral resources is estimated at a specific date as stated in the report and metal prices are estimated from current information available at that time. Metal markets may be quite volatile from time to time and it is appropriate to consider the effect of variations in metal price (which may change on a daily basis).

The two charts below represent the Commodity Metal Price index and the Commodity Price Index over the last decade. Both charts show a marked decline in 2008/09 (GFC) and a similar decline in recent years.



Description: Commodity Metals Price Index, 2005 = 100, includes Copper, Aluminum, Iron Ore, Tin, Nickel, Zinc, Lead, and Uranium Price Indices



Description: Commodity Price Index, 2005 = 100, includes both Fuel and Non-Fuel Price Indices

There is an obvious need for reassessment of value if there is a significant change in metal/oxide prices.

GEOSCIENCE FACTOR METHOD

The Geoscience Factor method attempts to convert a series of scientific opinions about a subject property into a numeric evaluation system. The success of this method relies on the selection of multiplying factors that reflect the tenement's prospectivity.

Agricola Mining Consultants prefers the Geoscientific Factor method (potential for further discoveries) for exploration ground that is not advanced enough to estimate mineral resources. The contemporaneous transactions over adjacent ground may be appropriate but the absence of such information the only viable method (in Agricola's opinion) is to compare the sale of other deposits on a 'dollar per unit' basis for the mineral resource estimated in accordance with the JORC Code. Agricola uses Past Expenditure and yardstick (Rule of Thumb) methods as an appropriate way of cross checking the reasonableness of the valuation.

The Geoscience Factor method is essentially a technique to define a value based on geological prospectivity. The method appraises a variety of mineral property characteristics:

- location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- location and nature of any mineralisation, geochemical, geological or geophysical anomaly within the property and the tenor (grade) of any mineralisation known to exist on the property being valued;
- geophysical and/or geochemical targets and the number and relative position of anomalies on the property being valued;
- geological patterns and models appropriate to the property being valued.

It is recognised that application of this method can be highly subjective, and that it relies almost exclusively on the geoscience ratings adopted by the valuer. As such, it is good practice for valuers using this method to provide sufficient discussion supporting their selection of the various multiplying factors to allow another suitably qualified geoscientist to assess the appropriateness of the factors selected.

The successful application of this method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. Furthermore, there is the expectation that the outcome reflects the market's perception of value, hence the application of the market factor. Agricola Mining Consultants prefers the Geoscience Factor approach because it endeavours to implement a system that is systematic and defendable. It also takes account of the key factors that can be reasonably considered to impact on the exploration potential. The keystone of the method is the BAC, which provides a standard base from which to commence a valuation. The acquisition and holding costs of a tenement for one year provides a reasonable, and importantly, consistent starting point. Presumably when a tenement is pegged for the first time by an explorer the tenement has been judged to be worth at least the acquisition and holding cost.

It may be argued that on occasions an EL may be converted to a ML expediently for strategic reasons rather than based on exploration success, and hence it is unreasonable to value such a ML starting at a relatively high BAC compared to that of an EL.

It has also been argued that the method is a valuation-by-numbers approach. In Agricola's opinion, the strength of the method is that it reveals to the public, in the most open way possible, just how a tenement's value was systematically determined. It is an approach that lays out the subjective judgements made by the valuer.

AREA

The area of a tenement is usually stated in terms of square kilometres as a matter of convenience and cosistency. A graticular boundary (or block) system was introduced for exploration licences in mid 1991 in W.A. and a block is defined as one minute of latitude by one minute of longitude. The square kilometres contained within a block varies from place to place. For instance, at Kunnanurra (Latitude 15 deg. S) one block equals 3.31 square kilometres, at Mt Isa (Latitude 20 deg. S) one block equals 3.22 square kilometres. at Carnarvon or Bundaberg (Latitude 25 deg. S) one block equals 3.11 square kilometres and at Albany or Adelaide (Latitude 35 deg. S) one block equals 2.81 square kilometres.

Prospecting Licences and Mining Leases are granted in Hectares (100 hectares equals one square kilometre.

BASIC ACQUISITION COST

The Basic Acquisition Cost (“BAC”) is the important input to the Geoscience Factor Method and it is estimated by summing the annual rent, statutory expenditure for a period of 12 months and administration fees for a first stage exploration tenement such as an Exploration Licence(the first year holding cost).

The notes are general in nature and references to Western Australia are an example of exploration expenditures. they are appropriate for other states and other countries based on Agricola’s experience in many areas of Australia and elsewhere.

The current holding cost for exploration projects is considered to be the average expenditure for the first year of the licence tenure. Exploration Licences in Western Australia, for example, attract a minimum annual expenditure for the first three years of $300 per square kilometre per year with a minimum of $20,000 and annual rent of $46.80. A 15% administration fee is taken into account to imply a holding cost of $400 per square kilometre. A similar approach based on expenditure commitments could be taken for Prospecting Licences and Mining Leases (effective 1 July 2014). The Benchmark minimum expenditure for Exploration Licences in the Northern Territory is $10,000 plus $150 per block.

In Western Australia (from February 2006), an application for a Mining Lease required either a mining proposal or a statement describing when mining is likely to commence; the most likely method of mining; and the location, and the area, of land that is likely to be required for the operation of plant, machinery and equipment and for other activities associated with those mining operations. A mineralisation report is also required that has been prepared by a qualified person.

The mineralisation report must be completed by a qualified person and shall contain information of sufficient standard and detail to substantiate, to the satisfaction of the Director Geological Survey, that significant mineralisation exists within the ground applied for. A ‘qualified person’ means a person who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG). Significant mineralisation means a deposit of minerals located during exploration activities and that there is a reasonable expectation that those minerals will be extracted by mining operations.

The implication of the mineralisation report suggests that Mining leases should be valued on the body of significant mineralisation (usually a Mineral Resource estimated in accordance with the JORC Code) and not on the basis of prospectivity. The preferred method for valuing resources is by comparable transactions (Market Based).

The Mineral Resources are assumed to encapsulate all the value for the tenements or prospects on which they occur and the exploration results considered for the estimate. A separate value for exploration potential for this tenement is not considered warranted.

It is recognised that further exploration potential may exist within the tenement boundaries but when a mineral resource has already been estimated in accordance with the JORC Code a hypothetical willing but not too anxious purchaser would be unlikely to consider additional value for surrounding untested ground. The possibility of undrilled extensions to mineral resources may be considered in the market factor assessment.

Mining Leases granted prior to 2006 and Prospecting Licences may not have a mineralisation report available and may cover old workings or simply an expedient or strategic method of securing ground at the expiry of an Exploration Licence rather than based on exploration success. While these Licences carry all the obligations set out in the Mining Act, from a valuation point of view they are equivalent to Exploration Licences and it is unreasonable to value such these MLs (or PLs) starting at a relatively high holding cost compared to that of an EL where only exploration results are available. These tenements should be considered on the basis of a **BAC of $400 to $450**. To value these areas at the higher levels may not be considered to be reasonable under the VALMIN Code.

TENEMENT STATUS

Uncertainty may exist where a tenement is in the application stage. Competing applications may be present where a ballot is required to determine the successful applicant or Native Title issues and negotiations may add to the risk of timely grant. Other issues may also be present such as state parks or forestry and wildlife reserves, competing land use and compensation agreements. There is an inherent risk that the tenement may not be granted and this needs to be recognised in the base value assessment. A ‘grant factor’ of zero may be applied where there is no realistic chance of approval (e.g. sacred sites) and where no significant impediments are known the factor may increase to about 60% to reflect delays and compliance with regulations.

EQUITY

The equity a Company may hold in a tenement through joint venture arrangements or royalty commitments may be addressed in assessing base Value but it is often considered at the end of a valuations report.

GEOSCIENCE FACTORS

The multipliers or ratings and the criteria for rating selection across these four factors are summarised in the following table.

The selection of factors from the table must be tempered with an eye to the reasonableness of the outcome and an awareness of the inherent exploration risks in achieving progress to the next level. Some exploration licences are overly large and may cover several domains of prospective (or entirely unprospective) ground and this should be recognised in the Geology Factor. A conservative approach is considered mandatory.

Estimate of project value is carried out on a tenement-by-tenement basis and uses four calculations as shown below. The value estimate is shown as a range with a preferred value.

Base Value = [Area][Grant Factor]*[Equity]*[Base Acquisition Cost]*

Prospectivity Index = [Off Site Factor][On Site Factor]*[Anomaly Factor]*[Geology Factor]*

Technical Value = [Base Value][Prospectivity Index]*

Market Value = [Technical Value][Market Premium/Discount Factor]*

GEO-FACTOR RATING CRITERIA - **GUIDELINES**					
	Rating	**Address - Off Property**	**Mineralisation - On Property**	**Anomalies**	**Geology**
Low	0.5	Very little chance of mineralisation, Concept unsuitable to environment	Very little chance of mineralisation, Concept unsuitable to environment	Extensive previous exploration with poor results - no encouragement	Unfavourable lithology over >75% of the tenement
	0.75				Unfavourable lithology over >50% of the tenement
Average	1	Indications of Prospectivity, Concept validated	Indications of Prospectivity, Concept validated	Extensive previous exploration with encouraging results - regional targets	Deep alluvium Covered favourable geology (40-50%)
	1.5	RAB Drilling with some scattered results	Exploratory sampling with encouragement, Concept validated	Several early stage targets outlined from geochemistry and geophysics	Shallow alluvium Covered favourable geology (50-60%)
	2	Significant RC drilling leading to advance project status	RAB &/or RC Drilling with encouraging intercepts reported	Several well defined surface targets with some RAB drilling	Exposed favourable lithology (60-70%)

	2.5	Grid drilling with encouraging results on adjacent sections	Diamond Drilling after RC with encouragement	Several well defined surface targets with encouraging drilling results	Strongly favourable lithology (70-80%)
High	3	Resource areas identified	Advanced Resource definition drilling - early stage	Several significant subeconomic targets - no indication of volume	Highly prospective geology (80 - 100%)
	3.5	Along strike or adjacent to known mineralisation at Pre-Feasibility Stage	Resource areas identified	Subeconomic targets of possible significant volume - early stage drilling	

PROSPECTIVITY ENHANCEMENT MULTIPLIER ("PEM")

Various valuation methods exist which make reference to historical exploration expenditure. One such method is based on a 'multiple of historical exploration expenditure'. Successful application of this method relies on the valuer assessing the extent to which past exploration expenditure is likely to lead to a target resource being discovered, as well as working out the appropriate multiple to apply to such expenditure.

Another such method is the 'appraised value method'. When adopting this approach, the valuer should only account for meaningful past exploration expenditure plus warranted future expenditures. Warranted future expenditures reflect a reasonable and justifiable exploration budget to test the identified potential of the target.

PEM Factors Used in this valuation method

PEM Range	Criteria
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified
0.5 – 1.0	Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping
1.0 – 1.3	Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity
1.3 – 1.5	Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical)
1.5 – 2.0	Scout Drilling has identified interesting intersections of mineralisation
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest.
2.5 – 3.0	A resource has been defined at Inferred Resource Status, no feasibility study has been completed
3.0 – 4.0	Indicated Resources have been identified that are likely to form the basis of a prefeasibility study

4.0 – 5.0	Indicated and Measured Resources have been identified and economic parameters are available for assessment.

When historical expenditure approaches are adopted, it is good practice for valuers to provide full transparency in relation to all historical exploration expenditure on the subject property, details of those expenditures selected for use in the method (including details in relation to warranted future expenditures), and justification for any multiples applied.

Past expenditure on a tenement and/or future committed exploration expenditure can establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented results, a PEM can be derived which takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database.

Future committed exploration expenditure is discounted to 60% by some valuers to reflect the uncertainty of results and the possible variations in exploration programmes caused by future undefined events. Expenditure estimates for tenements under application are often discounted to 60% of the estimated value by some valuers to reflect uncertainty in the future granting of the tenement. The PEM Factors are defined in the table.

YARDSTICK (RULE OF THUMB) METHOD

A Rule-of-Thumb method sometimes used for valuing Mineral Assets without identified Resources is based upon conversion of comparable sales data to a unit area (per km^2 or per ha). It is probably the most difficult comparative tool to justify. This Method has found greater acceptance in North America, where tenement sizes appear to be smaller and where there are many more transactions forming a deep and liquid market than elsewhere. In addition, dealing in tenements is not discouraged by the mining legislation, especially in the US with its historic focus on property rights. It is used in Canada and Australia, though to a much lesser extent.

In Australia, many State jurisdictions grant large exploration tenements (say 300km2 maximum) on a graticular block system. This means a tenement is usually larger than geometrically necessary to cover the specific geologically prospective terrane. Also, most jurisdictions here require periodic significant reductions in the tenement's size, so it is common to apply for more area than is actually needed to provide for this obligatory reduction. The sale of exploration tenements to third parties is discouraged (although sales, particularly if interests, certainly occur) because the basis of grant is that the applicants will carry out the granted tenement's exploration obligations themselves. The State sees itself as the centralised, timely distributor of exploration rights, not the free market.

That said, some valuers still attempt to use this Rule-of-Thumb (based upon area) in Australia with an emphasis on market value. A review of technical value (which is not influenced by market conditions) of exploration areas carried out by Agricola over the last few years suggests that ground without resources can be categorized as a matter of convenience into three groups:

- Exploration areas along strike or structurally related to estimated mineral resources. Such areas attract values in the range $1200 to $2000 per square kilometre.

- Exploration areas in known mineral fields. Such areas attract values in the range of $700 to $1300 per square kilometre.
- Exploration areas in green fields or early exploration domains remote from mineral resources. Such areas attract values in the range of $400 to $800 per square kilometre.

ADJUSTMENTS TO THE TECHNICAL VALUE – MARKET VALUE

Mineral Assets are often bought and sold at a price that is different than their technical value or stand-alone value. To the extent that it exists, the amount of the transacted value differs from the technical value is often described as the 'acquisition premium or discount'.

The concept of market value implies the construction of a hypothetical transaction between willing, knowledgeable, but not anxious buyers and sellers. Therefore, when assessing the market value of resource projects, it is likely that valuers will consider whether it is appropriate to make an adjustment to the technical value of the project to reflect any observed 'acquisition premium or discount', or other adjustments. Such adjustments can either be implicit or explicit in the valuation method chosen. However, care should be taken not to treat as acquisition premium or discount something that is properly part of technical value, such as where assumed forward values for commodity prices are reflected in the technical value.

Particularly when valuing early stage exploration and development projects the technical value may be assessed for a project with reference to parameters that may be above or below those present in the financial markets as at the valuation date. Consequently, when applying these exploration valuation methods, it may be appropriate to reflect a series of high level adjustments to the technical value to account for differences in market conditions relative to those embedded within the method itself.

However, other valuation methods (particularly the DCF valuation method) are able to explicitly reflect a series of parameters that may apply to future financial market expectations. This is particularly the case if valuers adopt commodity price, exchange rate, inflation rate, and discount rate parameters which are forecast with reasonable confidence, and resource to reserve conversion, cost structure and capital expenditure parameters which are consistent with the expectations in the market. Doing so will limit the need to make further adjustments to the resulting stand alone value to account for such factors as 'market considerations'.

To the extent that valuers choose to apply further adjustments to their assessed stand alone value, it is good practice to clearly identify how they have applied the adjustments are applied, and the rationale for doing so.

GLOSSARY OF TERMS

'Minerals Industry' (also Extractive Industry) – Defined as encompassing those engaged in exploring for, extracting, processing and marketing **'Minerals'**.

'Price' – The amount paid for a good or service and it is a historical fact. It has no real relationship with 'Value', because of the financial motives, capabilities or special interests of the purchaser; and the state of the market at the time.

Personal Property – Covers all items other than **'Real Estate'** and may be tangible (like a chattel or goods) or intangible (like a patent or debt). It has a moveable character.

'Real Property' – A non-physical, legal concept and it includes all the rights, interests and benefits related to the ownership of **'Real Estate'** and normally recorded in a formal document (eg, deed or lease). The rights are to sell, lease, enter, bequeath, gift, etc. There may be absolute single or partial ownership (subject to limitations imposed by Government, like taxation, planning powers, appropriation, etc). These rights may be affected by restrictive covenants or easements affecting title; or by security or financial interests, say conveyed by mortgages.

'Real Estate' – A physical concept, including land and all things that are a natural part of the land (eg, trees and Minerals). In addition it includes all things effectively permanently attached by people (eg, buildings, site improvements, and permanent physical attachments, like cooling systems and lifts) on, above or below the ground.

<u>VALUATION AND VALUE</u>

'Value' (also Valuation which is the result of determining 'Value') - The estimated likely future 'Price' of a good or service at a specific time, but it depends upon the particular qualified type of value (eg 'Market Value', 'Salvage Value', 'Scrap Value', 'Special Value', etc). There is also a particular value for tax and rating, or insurance purposes.

'Market Value' (IVS Definition) – The result of an objective Valuation of specific identified ownership rights to a specific asset as at a given date. It is the value in exchange not **'Value-in-Use'** set by the market place. It is the *"estimated amount for which a property should exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had acted knowledgeably, prudently, and without compulsion"*.

'Fair Value' (IVS definition) – An accountancy term used for values envisaged to be derived under <u>any and all conditions</u>, not just those prevailing in an open market for the normal orderly disposal of assets. Being a transaction price it reflects both existing and alternative uses, too. It is also a legal term for values involved in dispute settlements which may not also meet the strict **'Market Value'** definition. Commonly, it reflects the service potential of an asset ie, value derived by DCF/NPV analysis, not merely the result of comparable sales analysis. It is still the *"amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction"*.

'Highest-and-Best-Use' – for physical property, it is the reasonably probable and legal use of property, which is physically possible, appropriately supported and financially feasible, that results in the <u>highest value</u>. In the case of personal property, it is the same with the additional qualification that the highest value must be in the appropriate market place, consistent with the purpose of the appraisal. It may be, in volatile markets, the holding for a future use.

'Value-in-Use' – in contrast to '**Highest-and-Best-Use**', it is the specific value of a specific tangible asset that has a specific use to a specific user. It is not market-related. The focus is on the value that a specific property contributes to the enterprise of which it is a part (being part of a **'Going Concern Valuation'**). It measures the contributory value of a specified asset(s) used within that specific enterprise, although it is not the **'Market Value'** for that individual asset. It is the Value-to-the-Owner/Entity/Business in accountancy terms and may be the lower of net current replacement cost and its recoverable amount. It is also the net present value of the expected future net cash flows from the continued use of that asset, plus its disposal value at the end of its useful life (**'Scrap Value'**). At the **'Valuation Date'**, there must be recognition of its existing use by a particular user. This is in contrast to the alternative reasonable use to which an asset might be put by unspecified owner(s).

'Going Concern Value' – A business valuation concept rather than one relating to individual property valuation. It is the value of an operating business/enterprise (ie one that is expected to continue operating) as a whole and it includes goodwill, special rights, unique patents or licences, special reserves, etc. Apportionment of this total value may be made to constituent parts, but none of these components constitute a basis for **'Market Value'**.

'Forced Sale Value' (Liquidated Value) – The amount reasonably expected to be received from the sale of an asset within a short time frame for completion that is too short to meet the 'Market Value' definition. This definition requires a reasonable marketing time, having taken into account the asset's nature, location and the state of the market). Usually it also involves an unwilling seller and buyers who have knowledge to the disadvantage of the seller.

'Market Capitalization' - The total dollar market value of all of a company's outstanding shares. Market capitalization is calculated by multiplying a company's shares outstanding by the current market price of one share. The investment community uses this figure to determine a company's size, as opposed to sales or total asset figures. Frequently referred to as "market Cap" or MCap

'Enterprise Value - EV' - A measure of a company's value, often used as an alternative to straightforward market capitalization. Enterprise value is calculated as market cap plus debt, minority interest and preferred shares, minus total cash and cash equivalents. In the event of a buyout, an acquirer would have to take on the company's debt, but would pocket its cash. EV differs significantly from simple market capitalization in several ways, and many consider it to be a more accurate representation of a firm's value.

'Market Premium' - A control premium is an amount that a buyer is usually willing to pay over the current market price of a publicly traded company in order to acquire a controlling share in that company. The reason the buyer of a controlling interest is willing to offer a premium over the price currently established by other market participants is the additional prerogatives of control, including electing the company directors, firing and hiring key employees, declaring and distributing dividends, divesting or acquiring additional business assets, and entering into merger and acquisition transactions. The opposite of control premium is the minority discount.

'**Investment Value' (Worth)** – this is the value of a specific asset to a specific investor(s) for identified investment objectives or criteria. It may be higher or lower than 'Market Value' and is associated with 'Special Value'.

'**Property-with-Trading-Potential'** – refers to the valuation of specialised property (eg, hotel, petrol station, restaurant, etc) that is sold on an operating or going concern basis. It recognises that assets other than land and buildings are to be included in the 'Market Value' and it is often difficult to separate the component values for land and property.

'Special Value' – An extraordinary premium over and above the 'Market Value', related to the specific circumstances that a particular prospective owner or user of the property attributes to the asset. It may be a physical, functional or economic aspect or interest that attracts this premium. It is associated with elements of 'Going Concern Value' or 'Investment Value' since it also represents synergistic benefits. In a strict sense it could apply to very specialised or special purpose assets which are rarely sold on the open market, except as part of a business, because their utility is restricted to particular users. In some circumstances, it may be the lower value given by 'Value –in–Use'.

'Salvage Value' – The expected value of an asset at the end of its economic life (ie, being valued for salvage disposal purposes rather than for its originally intended purpose). Hence, it is the value of property, excluding land, as if disposed of for the materials it contains, rather than for its continued use, without special repairs or adaptation.

'Scrap Value' (Residual Value) – The remaining value (usually a net value after disposal costs) of a wasting asset at the end of a prescribed or predictable period of time (usually the end of its effective life) that was ascertained upon acquisition.

'Valuation Date' - Means the reference date to which a Valuation applies. Depending on the circumstances, it could be different to the date of completion or signing of the Valuation Report or the cut-off date of the available data (VALMIN Code,).

'Valuer' (also Valuer [Canada] or Appraiser [USA]) – Either the 'Expert' or 'Specialist' (Qualified Person in Canada) who is the natural person responsible for the Valuation to determine the 'Fair Market Value' after consideration of the technical assessment of the 'Mineral Asset' and other relevant issues. They must have demonstrable 'Competence' (and 'Independence', when required).

JORC CODE

'Competent Person - A 'Competent Person' is a minerals industry professional who is a Member or Fellow of The Australasian Institute of Mining and Metallurgy, or of the Australian Institute of Geoscientists, or of a 'Recognised Professional Organisation' (RPO), as included in a list available on the JORC and ASX websites. These organisations have enforceable disciplinary processes including the powers to suspend or expel a member. A Competent Person must have a minimum of five years relevant experience in the style of mineralisation or type of deposit under consideration and in the activity which that person is undertaking. If the Competent Person is preparing documentation on Exploration Results, the relevant experience must be in exploration. If the Competent Person is estimating, or supervising the estimation of Mineral Resources, the relevant experience must be in the estimation, assessment and evaluation of Mineral Resources. If the Competent Person is estimating, or supervising the estimation of Ore Reserves, the relevant experience must be in the estimation, assessment, evaluation and economic extraction of Ore Reserves. (*JORC 2012*)

'Independent/Independence' – Means that the person(s) making the Valuation have no '**Material'** pecuniary or beneficial (present or contingent) interest in any of the **'Mineral Assets'** being assessed or valued, other than professional fees and reimbursement of disbursements paid in connection with the assessment or Valuation concerned; or any association with the commissioning entity, or with the owners or promoters (or parties associated with them) likely to create an apprehension of bias. Hence, they must have no beneficial interest in the outcome of the transaction or purpose of the technical assessment/Valuation of the **'Mineral Asset'** (VALMIN Code). ASIC RG112, which deals with the Independence of Expert Reports, provides more detail on this concept. (*JORC 2012*)

'Exploration results' - Exploration Results include data and information generated by mineral exploration programmes that might be of use to investors but which do not form part of a declaration of Mineral Resources or Ore Reserves. The reporting of such information is common in the early stages of exploration when the quantity of data available is generally not sufficient to allow any reasonable estimates of Mineral Resources. Examples of Exploration Results include results of outcrop sampling, assays of drill hole intersections, geochemical results and geophysical survey results. *(JORC 2012)*

'Exploration Target' - An Exploration Target is a statement or estimate of the exploration potential of a mineral deposit in a defined geological setting where the statement or estimate, quoted as a range of tonnes and a range of grade (or quality), relates to mineralisation for which there has been insufficient exploration to estimate a Mineral Resource. Any such information relating to an Exploration Target must be expressed so that it cannot be misrepresented or misconstrued as an estimate of a Mineral Resource or Ore Reserve. The terms Resource or Reserve must not be used in this context. (*JORC 2012*)

'Inferred Mineral Resource' - An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration**.** (*JORC 2012*)

'Indicated Mineral Resource' - An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve. (*JORC 2012*)

'Measured Mineral Resource' - A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve. (*JORC 2012*)

'Modifying Factors' - are considerations used to convert Mineral Resources to Ore Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors**.** (*JORC 2012*)

'Scoping Study' - A Scoping Study is an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified. A Scoping Study must not be used as the basis for estimation of Ore Reserves. (*JORC 2012*)

'Pre Feasibility Study' - A Preliminary Feasibility Study (Pre-Feasibility Study) is a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors which are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre- Feasibility Study is at a lower confidence level than a Feasibility Study. (*JORC 2012*)

'Feasibility Study' - A Feasibility Study is a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre- Feasibility Study. (*JORC 2012*)

VALMIN CODE

'Mineral(s)' – Any naturally occurring material found in or on the Earth's crust, that is useful to and/or has a value placed on it by mankind. The term specifically includes coal, shale and materials used in building and construction, but excludes crude oil and natural gas (*VALMIN Code*).

'Mineral Asset(s)' (Resource Assets or Mineral Properties) - All property including, but not limited to 'Real Property', intellectual property, mining and exploration tenements held or acquired in connection with the exploration, 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. Most can be classified as 'Exploration Areas', 'Advanced Exploration Areas', 'Pre-Development Projects', 'Development Projects' or 'Operating Mines' (VALMIN Code).

'**Operating Mines'** – Mineral Properties, particularly mines and processing plants, which have been fully commissioned and are in production (VALMIN Code).

'**Development Projects'** – Mineral Properties which have been committed to production, but which are not yet commissioned or not operating at design levels (VALMIN Code).

'Advanced Exploration Areas' and 'Pre-development Projects' – Mineral Properties where Mineral Resources have been identified and their extent estimated (possibly incompletely) but where a positive development decision has not been made. Mineral Properties at the early assessment stage, those for which a development decision has been negative, those on care and maintenance and those held on retention titles are all included in this category if Mineral Resources have been identified. This is even if no further valuation or technical assessment work, delineation or advanced exploration is being undertaken (VALMIN Code).

'**Exploration Areas'** – Mineral Properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified (VALMIN Code).

'**Fair Market Value'** (Market Value or Value) – The object and result of the Valuation. It is the estimated amount of money (or the cash equivalent of some other consideration) for which the 'Mineral Asset' should change hands on the 'Valuation Date'. It must be between a willing buyer and a willing seller in an 'arm's length' transaction in which each party has acted knowledgeably, prudently and without compulsion. It is usually comprised of two components, the underlying or 'Technical Value' and a premium or discount, relating to market, strategic or other considerations (VALMIN Code,).

'Technical Value' – An assessment of a **'Mineral Asset's'** future net economic benefit at the **'Valuation Date'** under a set of assumptions deemed most appropriate by the **'Valuer'**, excluding any premium or discount to account for market, strategic or other considerations (*VALMIN Code*,).

'Expert' – Means a **'Competent' (**and **'Independent',** where relevant) natural person who prepares and has overall responsibility for the Valuation Report. He/she must have at least 10 years of relevant '**Minerals Industry'** experience, using a relevant **'Specialist'** for specific tasks in which he/she is not **'Competent'**. An **'Expert'** must be a corporate member of an appropriate, recognised professional association having an enforceable Code of Ethics, or explain why not (*VALMIN Code*).

‘Specialist’ – Means a **‘Competent’ (**and **‘Independent’,** where relevant) natural person who is retained by the ‘Expert’ to provide subsidiary reports (or sections of the Valuation Report) on matters on which the ‘Expert’ is not personally expert. He/she must have at least 5 years of suitable and preferably recent ‘**Minerals Industry’** experience relevant to the subject matter on which he/she contributes. A **‘Specialist’** must be corporate member of appropriate, recognised professional association having an enforceable Code of Ethics, or explain why not (*VALMIN Code*).

‘Material/Materiality’ - with respect to the contents and conclusions of a relevant Report, it means data and information of such importance that the inclusion or omission of the data or information concerned might result in a reader of the Report reaching a different conclusion than might otherwise be the case. **‘Material’** data (or information) is that which would reasonably be required in order to make an informed assessment of the subject of the Report. The Australian Society of Accountants’ Standard AAS5 indicates that **‘Material’** data (or information) is such that the omission or inclusion of it could lead to changes in total value of greater than 10% (between 5% and 10% it is discretionary). Also the Supreme Court of New South Wales has stated that something is **‘Material’** if it is significant in formulating a decision about whether or not to make an investment or accept an offer (*VALMIN Code*).

‘Transparent/Transparency’ - as applied to a valuation it means, as in the Concise Oxford Dictionary, “*easily seen through, of motive, quality, etc”.* It applies to the factual information used, the assumptions made and the methodologies applied, all of which must be made plain in the Report (*VALMIN Code*).

‘Competence’ – it means having relevant expertise, qualifications and experience (technical or commercial), as well as, by implication, the professional reputation so as to give authority to statements made in relation to particular matters. (*VALMIN Code*).

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PROXY FORM

MINDAX LIMITED
ACN 106 866 442

ANNUAL GENERAL MEETING

I/We	
of:	

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:	
OR:	☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 12.00 pm (WST), on 10 December 2015 at Ground Floor, 20 Kings Park Road , West Perth Western Australia 6005, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on business of the Meeting		**FOR**	**AGAINST**	**ABSTAIN**
Resolution 1	Adoption of Remuneration Report	☐	☐	☐
Resolution 2	Re-Election of Director – Mr Yonggang Li	☐	☐	☐
Resolution 3	Issue of Shares to Related Party – Mr Yonggang Li	☐	☐	☐
Resolution 4	Issue of Shares to Related Party – Mr Andrew Tsang	☐	☐	☐
Resolution 5	Issue of Shares to Related Party – Ms Lai You	☐	☐	☐
Resolution 6	Issue of Shares on Conversion of Convertible Note	☐	☐	☐
Resolution 7	Issue of Shares on Conversion of Loan	☐	☐	☐
Resolution 8	Issue of Shares on Conversion of Loan	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: ______ %

Signature of Shareholder(s):

Individual or Shareholder 1	**Shareholder 2**	**Shareholder 3**
Sole Director/Company Secretary	Director	Director/Company Secretary

Date: ____________________

Contact name: ____________________ **Contact ph (daytime):** ____________________

E-mail address: ____________________ **Consent for contact by e-mail in relation to this Proxy Form:** **YES** ☐ **NO** ☐

Instructions for completing Proxy Form

1. (**Appointing a proxy**): A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.

2. (**Direction to vote**): A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing instructions**):

   - (**Individual**): Where the holding is in one name, the Shareholder must sign.
   - (**Joint holding**): Where the holding is in more than one name, all of the Shareholders should sign.
   - (**Power of attorney**): If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to Advanced Share Registry , PO Box 1156 Nedlands WA 6909; or

   (b) facsimile to the Advanced Share Registry on facsimile number +61 8 9262 3723; or

   (c) email to the Advanced Share Registry at admin@advancedshare.com.au

   so that it is received not less than 48 hours prior to commencement of the Meeting.

   Proxy Forms received later than this time will be invalid.