

Dear Shareholder

Contents of this mail out

1. Loose leaf Proxy Form to complete and return for the General Meeting to be held 11.00AM, 21 March 2016
2. Loose leaf Proxy Form to complete and return for the Scheme Meeting to be held 11.30AM, 21 March 2016
3. The Scheme Booklet relating to the proposed merger between Redcliffe Resources Limited and Northern Manganese Limited by way of a scheme of Arrangement. The booklet includes Notice of the General Meeting and explanatory information (as Annexure F) and the Notice of Scheme Meeting (as Annexure E)

Please read the information provided or if required, seek appropriate professional advice.

Please complete the provided proxy forms and return as soon as possible or no later than 48 hours before the meeting time;

By mail to Redcliffe Resources Ltd **PO Box 63, Wendouree Victoria 3355** or

By hand to 523 Ligar Street, Ballarat Victoria

Rodney Foster

Executive Chairman
+61353 333200

Redcliffe Resources Limited ABN 63 010 856 014
Office: 523 Ligar Street Ballarat Victoria 3350
Postal: **PO Box 63 Wendouree Victoria 3355**

PROXY FORM

REDCLIFFE RESOURCES Limited
 PO Box 63
 Wendouree Victoria 3355

Shareholder Details

Name:

Address:

Contact Telephone

Contact Name (if different from above):.....

Appointment of Proxy

I/We being a shareholder/s of REDCLIFFE RESOURCES Limited (**Company**) and entitled to attend and vote at General Meetings hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the General Meeting of the Company to be held at 525 Ligar Street, Ballarat, VIC on 21 March 2016 at 11.00am (AEST) and at any adjournment of that meeting.

The Chairman
of the meeting

(mark with an 'X')

OR

If the person you are appointing as your proxy is someone other than the Chairman of the meeting:

Write the name of that person in the box below.

 %

You must specify the % of your votes that you authorise your proxy to exercise if:

- (a) you have only appointed 1 proxy and do not want him/her to exercise all of your votes; or
- (b) if you have appointed 2 proxies under this proxy form.

If you hold 2 or more Shares in the Company, you may appoint a second proxy.

Write the name of your second proxy in the box below.

 %

If you do not name a proxy or your named proxy fails to attend the meeting, the Chairman of the meeting will be appointed as your proxy to attend and act on your behalf and to vote in accordance with the following directions at the General Meeting of the Company to be held at 523 Ligar Street, Ballarat VIC on 21 March 2016 at 11.00am (AEST) and at any adjournment of that meeting.

The Chairman intends to vote undirected proxies in favour of all items of business.

Note: If you appoint a proxy, it is recommended that you to direct your proxy how to vote on each item of business.

Voting directions to your proxy - Please mark only one of the boxes with an "X" for the resolution to indicate your directions.

Business

	For	Against	Abstain
Resolution 1 Issue of Shares to Armadale Capital Plc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Issue of Shares to Minico Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Issue of Shares to Calatos Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Shares to On Site Laboratory Services Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Note: If you mark the "Abstain" box with an "x", you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

**Sole Director and
Sole Company Secretary**

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

(a) Your Name and Address

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note that you cannot change ownership of your securities using this form.**

(b) Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

(c) Votes on Resolutions

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

(d) Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, please write the name of that person. To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(e) Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Australian Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

(f) Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the Meeting (i.e. no later than 11.00am (AEST) on 19 March 2016). Any Proxy Form received after that time will not be valid for the scheduled Meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent to the Company:

- **by hand at 523 Ligar Street, Ballarat, Victoria, Australia;**
- **by post to PO Box 63, Wendouree, Victoria 3355, Australia.**

PROXY FORM

REDCLIFFE RESOURCES Limited
PO Box 63
Wendouree Victoria 3355

Shareholder Details

Name:

Address:

Contact Telephone

Contact Name (if different from above):

Appointment of Proxy

I/We being a shareholder/s of REDCLIFFE RESOURCES Limited (**Company**) and entitled to attend and vote at the Scheme Meeting hereby appoint the following proxy/proxies to attend and act on my/our behalf and to vote in accordance with my/our following directions at the Scheme Meeting of the Company to be held at 523 Ligar Street, Ballarat, VIC on 21 March 2016 at 11.30am (AEST) and at any adjournment of that meeting.

The Chairman
of the meeting

(mark with an 'X')

OR

If the person you are appointing as your proxy is someone other than the Chairman of the meeting:

Write the name of that person in the box below.

%

You must specify the % of your votes that you authorise your proxy to exercise if:

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Write the name of your second proxy in the box below.

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The Chairman intends to vote undirected proxies in favour of all items of business.

Note: If you appoint a proxy, it is recommended that you to direct your proxy how to vote on each item of business.

Voting directions to your proxy - Please mark only one of the boxes with an "X" for the resolution to indicate your directions.

Business

Resolution 1 Approval of Scheme

For

Against

Abstain

Note: If you mark the "Abstain" box with an "x", you are directing your proxy not to vote on your behalf on a show of hands or on a poll.

PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Sole Director and
Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

How to complete this Proxy Form

(a) **Your Name and Address**

Please print your name and address as it appears on your holding statement and the Company's share register. If Shares are jointly held, please ensure the name and address of each joint Shareholder is indicated. Shareholders should advise the Company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. **Please note that you cannot change ownership of your securities using this form.**

(b) **Appointment of a Proxy**

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company.

(c) **Votes on Resolutions**

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each Resolution. All your shareholding will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any Resolution by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given Resolution, your proxy may vote as he or she chooses. If you mark more than one box on a Resolution your vote on that Resolution will be invalid.

(d) **Appointment of a Second Proxy**

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, please write the name of that person. To appoint a second proxy you must state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If the Proxy Form does not specify a percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

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If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission.

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This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent to the Company:

- by hand at 523 Ligar Street, Ballarat, Victoria, Australia;
- by post to PO Box 63, Wendouree, Victoria 3355, Australia.

Redcliffe Resources Limited

ARBN 63 010 856 014

Proposed merger with

Northern Manganese Limited

ACN 119 494 772

Notices of Meetings of Shareholders and Scheme Booklet for a proposed Scheme of Arrangement which will result in Northern Manganese Limited holding all of the ordinary shares in Redcliffe Resources Limited

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

You should read this document in its entirety. If you are unsure as to what you should do, please consult your legal, investment or other professional adviser

Your directors unanimously recommend, in the absence of a superior proposal, that you vote in favour of the Scheme of Arrangement. All directors intend to vote their own shares in favour of the scheme. No directors have interests in NTM shares, are associated with holders of NTM shares or are directors of NTM.

The Independent Expert, RSM Financial Services Australia Pty Ltd, has concluded that the scheme is in the best interest of shareholders.

CORPORATE DIRECTORY

Redcliffe Resources Limited

Registered Office

12 Anderson Street West
Ballarat Victoria 3350

Contact Details

Phone +61 3 5330 5800
Fax +61 3 5333 1667
Email: rodney.foster@bigpond.com
Web www.redcliffresources.com.au

Postal Address

PO Box 63, Wendouree Vic 3355

Share Registry

Link Market Services Ltd
Level 4, 152 St Georges Terrace
Perth WA 6000
Phone:
+61 1300 554 474
Fax +61 2 9287 0303
Web: www.linkmarketservices.com.au

Northern Manganese Limited

Registered Office

Level 3, 9 Bowman Street
South Perth WA 6151

Contact Details

Phone +61 7 4725 7777
Fax +61 7 4725 6777
Email: admin@northernmanganese.com.au
Web www.northernmanganese.com.au

Postal Address

PO Box 2546, Idalia, QLD 4811

Share Registry

Computershare Investor Services Pty
Limited
Level 11, 172 St Georges Tce, Perth WA 6000
GPO Box 2975, Melbourne VIC 3001
Phone:
Within Australia: 1300 850 505
Outside Australia: +61 3 9415 4000
Facsimile: +61 3 9473 2500
Web: www.investorcentre.com/contact

Table of contents

1.	IMPORTANT DATES.....	1
2.	IMPORTANT NOTICE	2
	2.1 DATE	2
	2.2 READ THIS DOCUMENT	2
	2.3 PURPOSE OF THIS BOOKLET	2
	2.4 RESPONSIBILITY STATEMENT	2
	2.5 INTERESTS OF REDCLIFFE DIRECTORS	2
	2.6 ROLE OF ASIC AND ASX	3
	2.7 INVESTMENT DECISIONS	3
	2.8 DEFINED TERMS	3
	2.9 NOTICE TO FOREIGN SHAREHOLDERS	4
	2.10 TAX IMPLICATIONS OF THE SCHEME	4
	2.11 PRIVACY AND PERSONAL INFORMATION	4
	2.12 FORWARD LOOKING STATEMENTS	4
3.	LETTER FROM THE CHAIRMAN OF REDCLIFFE	6
4.	LETTER FROM THE CHAIRMAN OF NTM	7
5.	VOTING INFORMATION	8
	5.1 THE SCHEME MEETING RESOLUTION	8
	5.2 YOUR VOTE IS IMPORTANT	8
	5.3 VOTING ELIGIBILITY	8
	5.4 WHAT SHOULD YOU DO?	8
	5.5 VOTING IN PERSON	8
	5.6 VOTING BY PROXY	9
	5.7 GENERAL MEETING	9
	5.8 VOTING QUERIES	9
6.	OVERVIEW OF THE MERGER	10
	6.1 BACKGROUND TO THE MERGER	10
	6.2 THE MERGER PROPOSAL	10
	6.3 WHAT YOU WILL RECEIVE UNDER THE SCHEME	10
	6.4 REDCLIFFE DIRECTORS' RECOMMENDATION AND INDEPENDENT EXPERT'S OPINION	10
	6.5 CONDITIONS PRECEDENT TO IMPLEMENTATION OF THE MERGER	11
	6.6 OPTIONS	11
	6.7 TIMING AND IMPLEMENTATION	11
	6.8 EFFECTIVE DATE	12
	6.9 TRADING ON ASX	12
	6.10 TAXATION CONSIDERATIONS	12
	6.11 THIS SCHEME BOOKLET	12
7.	THE MERGER – COMMON QUESTIONS.....	13
8.	IMPORTANT CONSIDERATIONS FOR SHAREHOLDERS	17
	8.1 REDCLIFFE DIRECTORS' RECOMMENDATION AND INDEPENDENT EXPERT'S REPORT	17
	8.2 POTENTIAL ADVANTAGES OF THE MERGER	17
	8.3 POTENTIAL DISADVANTAGES OF THE MERGER	17
	8.4 OTHER RELEVANT CONSIDERATIONS	19
9.	IMPLEMENTATION OF THE SCHEME	20
	9.1 OVERVIEW OF THE MERGER	20
	9.2 STRUCTURE OF THE MERGER	20
	9.3 REDCLIFFE UNMARKETABLE PARCELS	20
	9.4 CONDITIONS PRECEDENT	21
	9.5 STATUS OF CONDITIONS PRECEDENT	22

9.6	SCHEME CONSIDERATION	23
9.7	DETERMINATION OF PERSONS ENTITLED TO SCHEME CONSIDERATION	23
9.8	FOREIGN SHAREHOLDERS	24
9.9	TERMINATION OF THE SCHEME IMPLEMENTATION AGREEMENT	24
9.10	STEPS FOR IMPLEMENTING THE MERGER	25
9.11	WARRANTIES BY REDCLIFFE SHAREHOLDERS	27
9.12	EXCLUSIVITY PERIOD	27
10.	PROFILE OF REDCLIFFE.....	28
10.1	BACKGROUND AND HISTORY	28
10.2	ORGANISATIONAL AND MANAGEMENT STRUCTURE	28
10.3	REDCLIFFE'S PRINCIPAL ACTIVITIES	28
10.4	FINANCIAL OVERVIEW	29
10.5	EXPENDITURE REQUIREMENTS	32
10.6	KEY CONTRACTUAL ARRANGEMENTS	32
10.7	SHARE PRICE PERFORMANCE	33
10.8	REDCLIFFE ISSUED SECURITIES, CAPITAL STRUCTURE AND SUBSTANTIAL SHAREHOLDERS	33
10.9	SUBSTANTIAL SHAREHOLDERS	35
10.10	ASX AND ASIC LODGEMENT AND DISCLOSURES	35
11.	PROFILE OF NTM.....	37
11.1	OVERVIEW	37
11.2	NTM GROUP STRUCTURE	37
11.3	HISTORY	37
11.4	STRATEGY	37
11.5	PRINCIPAL ACTIVITIES	38
11.6	OPERATING AND FINANCIAL REVIEW	38
11.7	ASX AND ASIC LODGEMENT AND DISCLOSURES	39
11.8	HISTORICAL FINANCIAL INFORMATION	39
11.9	NTM DIRECTORS AND KEY MANAGEMENT	42
11.10	CORPORATE GOVERNANCE	43
11.11	RIGHTS ATTACHING TO NTM SHARES	46
11.12	SHARE PRICE PERFORMANCE	47
11.13	NTM ISSUED SECURITIES, CAPITAL STRUCTURE AND SUBSTANTIAL SHAREHOLDERS	48
11.14	INFORMATION ON NTM SHARES	48
11.15	LEGAL DISPUTES	48
12.	PROFILE OF THE MERGED GROUP.....	49
12.1	BACKGROUND FOR THE MERGER	49
12.2	FUTURE INTENTIONS	49
12.3	CORPORATE MATTERS IN RELATION TO REDCLIFFE	49
12.4	PROPOSED BOARD OF DIRECTORS OF THE MERGED GROUP	50
12.5	DIVIDENDS AND DIVIDEND POLICY	50
12.6	NAME OF THE MERGED GROUP	50
12.7	SUBSTANTIAL SHAREHOLDERS OF THE MERGED GROUP	50
12.8	PROSPECTS FOR THE MERGED GROUP	50
12.9	CONSENT	51
13.	PRO FORMA FINANCIAL INFORMATION OF THE MERGED GROUP.....	52
13.1	PRO FORMA FINANCIAL INFORMATION	52
13.2	BASIS OF PREPARATION	54
13.3	ACCOUNTING UNDER ASSB 3 'BUSINESS COMBINATIONS'	54
13.4	FORECASTS	55
13.5	COSTS	55

14.	RISK FACTORS.....	56
14.1	INTRODUCTION	56
14.2	GENERAL RISKS	56
14.3	RISK PARTICULAR TO NTM	57
14.4	PNG LAW IMPLICATIONS AND EFFECTIVENESS OF SCHEME	58
14.5	RISKS RELATING TO MINING AND EXPLORATION	58
14.6	RISKS RELATING TO THE SCHEME AND THE MERGED GROUP	60
14.7	LEGAL RISKS	61
14.8	IMPLICATIONS IF THE MERGER DOES NOT PROCEED	62
14.9	OTHER RISKS	63
15.	AUSTRALIAN TAX IMPLICATIONS	64
15.1	GENERAL	64
15.2	MERGER – AUSTRALIAN TAX IMPLICATIONS	64
16.	ADDITIONAL INFORMATION	66
16.1	INTERESTS OF REDCLIFFE DIRECTORS	66
16.2	AGREEMENTS OR ARRANGEMENTS WITH REDCLIFFE DIRECTORS	66
16.3	PAYMENTS AND BENEFITS TO REDCLIFFE DIRECTORS OR RELATED BODIES CORPORATE	66
16.4	INTERESTS HELD BY REDCLIFFE DIRECTORS IN CONTRACTS OF NTM	66
16.5	DEALINGS IN SECURITIES BY REDCLIFFE, REDCLIFFE DIRECTORS AND ASSOCIATES OF REDCLIFFE	66
16.6	DEALINGS IN SECURITIES BY NTM, DIRECTORS OF NTM AND ASSOCIATES OF NTM	67
16.7	RIGHTS ATTACHING TO NTM SHARES	68
16.8	BENEFITS GIVEN BY NTM OUTSIDE THE SCHEME	68
16.9	ASIC AND ASX WAIVERS	68
16.10	EXPERT'S REPORTS AND INTERESTS AND CONSENTS OF EXPERTS	68
16.11	MATERIAL CHANGES IN THE FINANCIAL POSITION OF REDCLIFFE	68
16.12	MATERIAL CHANGES IN THE FINANCIAL POSITION OF NTM	69
16.13	OTHER MATERIAL INFORMATION	69
17.	GLOSSARY OF TERMS	70
	Annexure A – Independent expert's report	
	Annexure B – Scheme Implementation Agreement	
	Annexure C – Scheme	
	Annexure D – Deed poll in favour of Redcliffe Shareholders	
	Annexure E – Notice of Scheme Meeting	
	Annexure F – Notice of General Meeting	
	Annexure G – Amending Deed	

1. IMPORTANT DATES

Event	Date
Issue scheme booklet to RCF shareholders	19 February 2016
Last Date for determining eligibility to vote at the Scheme Meeting	19 March 2016
Last date and time for lodgement of proxy form for the Scheme Meeting	19 March 2016
General Meeting of Redcliffe Shareholders	21 March 2016
Scheme Meeting of Redcliffe Shareholders	21 March 2016
Second Court hearing for approval of the Scheme	23 March 2016
Suspension of trading in Redcliffe	24 March 2016
Effective Date - lodge Court Order with ASIC and announce to ASX	24 March 2016
Record Date for determining entitlements to Scheme Consideration	29 March 2016
Date of issue of NTM Shares to Scheme Participants	5 April 2016
Despatch of holding statements of NTM Shares	6 April 2016

All times stated in this Scheme Booklet are references to the time in Victoria.

All dates and times after the Scheme Meeting are indicative only. The actual times and dates will depend on many factors outside the control of Redcliffe, including the Court approval process and the satisfaction or, where appropriate, waiver of the conditions precedent to the parties' obligations to complete the Merger. These conditions precedent are summarised in section 9.4 of this Scheme Booklet.

Any changes to the above timetable will be notified on Redcliffe's website, www.redcliffresources.com.au and announced to ASX.

2. IMPORTANT NOTICE

2.1 Date

This document is dated 16 February 2016.

2.2 Read this document

You should read the information in this Scheme Booklet in its entirety before making a decision as to how to vote on the resolutions to be considered at the Scheme Meeting. If you are in doubt as to what you should do, you should consult your legal, investment and/or other professional adviser.

2.3 Purpose of this booklet

This Scheme Booklet is required by Part 5.1 of the Corporations Act.

The purpose of this document is to explain the terms of the proposed merger between Redcliffe Resources Limited (**Redcliffe**) and Northern Manganese Limited (**NTM**), the manner in which it will be considered and implemented (if approved) and to provide such information as is prescribed or otherwise material to your decision whether to approve the Scheme.

2.4 Responsibility statement

The information concerning Redcliffe and the intentions, views and opinions of Redcliffe and its directors contained in this Scheme Booklet (other than in sections 0 and 1 (**Redcliffe Information**)) has been prepared by Redcliffe and its directors and is the responsibility of Redcliffe. NTM and its directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the Redcliffe Information.

The information concerning NTM and its intentions, views and opinions of NTM and its directors contained in Sections 4 and 11 of this Scheme Booklet (**NTM Information**), has been provided by NTM and is the responsibility of NTM. Redcliffe and its directors, officers, employees and advisers do not assume any responsibility for the accuracy or completeness of the NTM Information.

RSM Financial Services Australia Pty Ltd has prepared the Independent Expert's Report in relation to the Scheme contained in Appendix A of this Scheme Booklet, and takes responsibility for that report. Neither Redcliffe nor NTM, nor any of their respective officers, employees, representatives or advisors assumes any responsibility for the accuracy and completeness of the information contained in Appendix A. Redcliffe and NTM have provided certain factual information to RSM Financial Services Australia Pty Ltd which RSM Financial Services Australia Pty Ltd has relied on in preparing the Independent Expert's Report. RSM Financial Services Australia Pty Ltd does not assume any responsibility for the accuracy or completeness of the information contained in this Scheme Booklet other than contained in Annexure A.

RSM Financial Services Australia Pty Ltd and NTM have consented, and have not withdrawn their consent, to being named in this Scheme Booklet and have consented, and have not withdrawn their consent, to the inclusion of the statements made by them and referring to them in this Scheme Booklet.

2.5 Interests of Redcliffe directors

No Redcliffe directors have interests in NTM shares, are associated with holders of NTM shares or are directors of NTM. All Redcliffe directors have interests in Redcliffe shares or are associated with holders of Redcliffe shares. Redcliffe directors currently hold approximately 35% of the shares in Redcliffe and may receive further shares prior to the Scheme subject to shareholder approval. Redcliffe shareholders should

take those interests into account in assessing the recommendations of Redcliffe directors. More detail is given at section 10.8.

The directors believe that the Scheme is in the best interests of Redcliffe shareholders, for the reasons set out in section 1 and wish to make a recommendation to Redcliffe shareholders.

In the absence of a superior proposal, the Redcliffe directors unanimously recommend that Redcliffe shareholders vote in favour of the Scheme. All directors intend to vote their own shares in favour of the scheme.

To assist Redcliffe shareholders to consider the Scheme, and as required by the Corporations Act, the directors commissioned an independent expert, RSM Financial Services Australia Pty Ltd, to evaluate the Scheme and prepare a report as to whether, in their opinion, the Scheme is in the best interests of Redcliffe shareholders.

RSM Financial Services Australia Pty Ltd's report is set out in Annexure A.

2.6 Role of ASIC and ASX

A copy of this document has been provided to ASIC for the purpose of section 411(2) of the Corporations Act and registered by ASIC as required by section 412(6) of the Corporations Act.

A copy of this document has been lodged with ASIC in order for ASIC to examine the terms of the Scheme and make submissions to the Court. ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act 2001, that ASIC has no objection to the Scheme. If ASIC provides that statement, then it will be produced to the Court at the time of the Court hearing to approve the Scheme.

Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

2.7 Investment decisions

This document does not take into account your individual investment objectives, financial situation and needs. The information in this document should not be relied upon as the sole basis for any investment decision in relation to your Shares or any other securities. You should seek independent financial and tax advice before making any investment decision in relation to your Shares or any other securities.

2.8 Defined terms

A number of defined words and expressions are used in this Scheme Booklet. Defined words and expressions are capitalised. Please refer to the Glossary in section 17 of this Scheme Booklet for the meaning of these words and expressions.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Scheme Booklet. All references to time in this Scheme Booklet are references to Perth time unless otherwise indicated.

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet.

2.9 **Notice to Foreign Shareholders**

This Scheme Booklet has been prepared in compliance with the disclosure requirements of Australia which may be different to those in other countries. Financial statements included in this Scheme Booklet have been prepared in accordance with Australian accounting standards and may differ from those in other countries.

Shareholders who are subject to taxation outside Australia should consult their tax adviser as to the applicable tax consequences of the Scheme.

The Scheme makes special provision for Scheme Consideration in relation to Shares held by Foreign Shareholders – see section 9.8.

2.10 **Tax implications of the Scheme**

Section 15.1 provides a guide to the general tax position of certain Redcliffe Shareholders in relation to the Scheme based on income tax legislation enacted as at the date of this Scheme Booklet. It does not purport to be a complete analysis nor to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual Shareholders.

Shareholders should seek their own advice in respect of the tax implications of the Scheme.

2.11 **Privacy and personal information**

The collection of certain personal information is required or authorised by the Corporations Act.

The Company and its Share Registry may collect personal information in the process of implementing the Scheme. The personal information may include the names, addresses, other contact details and details of the shareholdings of Shareholders and the names of individuals appointed by Shareholders as proxies, corporate representatives or attorneys at the Scheme Meeting.

Shareholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact the Local Agent of Redcliffe, Shane Turner, on (03) 5330 5800 if they wish to request access to that personal information.

The personal information is collected for the primary purpose of effecting the Scheme.

The personal information may be disclosed to the Share Registry, to securities brokers and to print and mail service providers and to the Company's advisers to the extent necessary to give effect to the Scheme.

The main consequence of not collecting the personal information outlined above would be that Redcliffe may be hindered in, or prevented from, conducting the Scheme Meeting and implementing the Scheme.

Shareholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

2.12 **Forward looking statements**

This Scheme Booklet includes forward looking statements, including in respect of Redcliffe's and NTM's business strategy, plans and objectives of management for future operations, which have been based on Redcliffe's and NTM's current

expectations about future events. These forward looking statements reflect views held as of the date of this Scheme Booklet.

These forward looking statements are, however, subject to risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements to differ materially from the future conduct, results, performance or achievements expressed or implied by such forward looking statements. For discussion of important risk factors, refer to Section 1.

None of Redcliffe and NTM, their respective directors, officers, employees and advisers, and any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Scheme Booklet will actually occur. Accordingly, you are cautioned not to place undue reliance on these forward looking statements.

3. LETTER FROM THE CHAIRMAN OF REDCLIFFE

Dear Shareholder,

Enclosed with this letter is the formal documentation seeking your approval for Redcliffe to merge with NTM by way of a Scheme of Arrangement.

The Scheme Meeting to approve the Merger is set to take place on 21 March 2016.

Your Company believes that the Redcliffe Gold Project is a highly attractive asset. Despite this, in the difficult environment for junior resources companies that we have been experiencing, the Company has not been able to raise the requisite capital to bring the Project into production.

In NTM, we are partnering with a company that has funds – approximately \$750,000 as at 31 December 2015. Moreover, because NTM has no projects as advanced as the RGP, we know that they will be as keen as we are to bring the Project into production as soon as possible. NTM Directors also bring to the table considerable experience in the mining industry in WA.

As the merged company will be larger than Redcliffe on a standalone basis, we believe that market interest will be higher, which can translate into increased capital raising opportunities for the merged entity and increased market liquidity for shareholders.

Pursuant to the Merger, RCF shareholders will receive one (1) NTM share for every two and three quarters (2.75) shares held. On the basis of the VWAPs of Redcliffe (\$0.005 per share) and NTM (\$0.0172 per share) shares traded on the ASX over the three months prior to announcement of the Merger on 18 August 2015, NTM is paying a premium of approximately 22% to Redcliffe shareholders.

To assist in evaluating the Scheme of Arrangement, Redcliffe appointed RSM Financial Services Australia Pty Ltd ("RSM") to prepare an Independent Expert's Report, who in turn appointed BM Geological Services Pty Ltd ("BMGS") to prepare a technical report. We encourage all Redcliffe shareholders to review the RSM report in full.

In RSM's opinion, the Scheme of Arrangement is fair and reasonable to Redcliffe shareholders and is in the best interests of Redcliffe shareholders. RSM arrived at a value for each Redcliffe Share of between \$0.0027 and \$0.0199 with a preferred value of \$0.0027. RSM had a preferred value of each NTM Share of \$0.018 per share. Redcliffe shareholders should note that the consideration offered per share is at the lower end of the range of values of Redcliffe shares. For further details of this please refer to sections 8 and 9 of the RSM report.

The Redcliffe Directors unanimously support the Merger and recommend that, in the absence of the emergence of a Superior Proposal, shareholders vote in favour of the Scheme of Arrangement. The Directors will be voting in favour of the Scheme in respect of their own shares.

This Scheme Booklet contains detailed information concerning the Scheme of Arrangement, including a copy of both the RSM and BMGS reports.

Shareholders are urged to consider all of the material in the Scheme Booklet, particularly the section setting out why the Redcliffe Directors unanimously believe you should approve the Merger with NTM by voting FOR the Scheme of Arrangement.

Yours sincerely

Rodney Foster

Executive Chairman

4. LETTER FROM THE CHAIRMAN OF NTM

Dear Redcliffe Shareholder

On behalf of the Board of Northern Manganese Limited I am pleased to provide you with the opportunity of becoming a shareholder in NTM through the proposed merger with Redcliffe.

As you may be aware, in recent years, the business of NTM has concerned exploration for manganese, specifically within tenements located in the Northern Territory.

Some three years ago, just as we were making progress in our endeavours, the Northern Territory Government unexpectedly put in place a moratorium on exploration that adversely impacted not only NTM but a number of other explorers. Unfortunately, we have no reasonable expectation that the moratorium will be lifted in the short term.

Since my appointment as Chairman in early 2015, the NTM Board has directed its efforts away from manganese exploration and instead looked to utilize the Company's funds to acquire and bring into production an advanced-stage low-risk project in need of development funds to which we believe we could add considerable value.

In the Redcliffe Gold Project, we are confident that we have found a project that has the potential to meet our criteria. The NTM Board has considerable experience in bringing gold projects into production in Western Australia.

Moreover, with Redcliffe directors Rodney Foster and Bruce McFarlane to join the NTM Board upon the merger of the two companies becoming effective, we are confident that we will have a very effective team in place to take the Redcliffe Gold Project forward expeditiously, which is our clear objective.

All this, of course, occurs at a time when the gold price in Australian dollar terms remains high.

More information on NTM can be read within the Scheme booklet, through the Company's website at www.northernmanganese.com.au or through announcements made on the ASX.

Redcliffe shareholders should note that it is the intention of the NTM Board that the NTM name will be changed to better reflect the merged company's new scope of activity. As new NTM shareholders, current Redcliffe Shareholders will be given the opportunity to vote on the new name proposed.

To conclude, along with the Redcliffe directors, the Board of NTM considers that the proposed merger will realise considerable value for both Redcliffe and NTM.

We hope you too will share in our vision and vote in favour of the proposed merger at the upcoming Redcliffe shareholder meeting.

I look forward to meeting you at that time and to welcoming you as a shareholder in NTM.

Yours sincerely

Garry Connell
Chairman

5. VOTING INFORMATION

5.1 The Scheme Meeting Resolution

The Scheme Meeting will be held on 21 March 2016 at 523 Ligar Street, Ballarat Victoria commencing at 11.30 AM.

At the Scheme Meeting Redcliffe Shareholders will be asked to approve the following resolution in relation to the Scheme:

"That pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth), the scheme of arrangement proposed to be made between Redcliffe Resources Limited and the holders of fully paid ordinary shares in Redcliffe Resources Limited, as set out in the explanatory materials accompanying this notice of meeting is approved (with or without modification as approved by the Federal Court)."

5.2 Your vote is important

For the Scheme to be approved:

- (a) a majority (i.e. greater than 50%) in number of Redcliffe Shareholders voting at the Scheme Meeting (in person or by proxy) must vote in favour of the Scheme; and
- (b) those Redcliffe Shareholders who vote in favour of the Scheme must hold at least 75% of the total number of Redcliffe Shares voted at the Scheme Meeting (in person or by proxy),

and the Scheme must be approved by the Court.

5.3 Voting eligibility

You will be eligible to vote at the Scheme Meeting if you are registered as a Redcliffe shareholder as at 11.30 AM on 19 March 2016.

5.4 What should you do?

You should:

- (a) read this Scheme Booklet (including the Notice of Scheme Meeting in Appendix E) carefully;
- (b) if you have any queries please consult your professional advisers; and
- (c) exercise your right to vote on the Scheme. The Redcliffe Directors believe the Scheme is a matter of importance for all Redcliffe Shareholders and therefore urge you to vote on the Scheme.

5.5 Voting in person

If you hold Redcliffe shares and wish to vote in person, you must attend the Scheme Meeting on 21 March 2016 at 523 Ligar Street, Ballarat Victoria at 11.30 AM.

Alternatively, you may appoint an attorney to attend and vote at the Scheme Meeting on your behalf. Attorneys who plan to attend the Scheme Meeting must bring with them the original or certified copy of the power of attorney under which they have been authorised to attend and vote at the Scheme Meeting.

Corporate shareholders may attend the Scheme Meeting by appointing a corporate representative. Corporate shareholders which do this must ensure that the corporate representative can provide appropriate evidence of their appointment.

Voting at the Scheme Meeting will be by poll.

5.6 **Voting by Proxy**

You can vote by completing and returning the personalised proxy form that accompanies this Scheme Booklet.

Proxy forms must be delivered to and received by Redcliffe not later than 11.30 AM on 19 March 2016.

You may return your proxy form to Redcliffe by post or delivering it to the address below.

By mail: PO Box 63 Wendouree VIC 3355

By hand delivery: 523 Ligar Street Ballarat VIC 3350

The sending or lodgement of any proxy form will not preclude any Redcliffe Shareholder from attending in person and voting at the Scheme Meeting at which that Shareholder is entitled to attend and vote.

However, voting in person by a Redcliffe Shareholder will preclude any proxy of the Shareholder being counted.

5.7 **General Meeting**

This Scheme Booklet also contains the notice of meeting for the General Meeting to be held shortly before the Scheme Meeting. As the matters the subject of the General Meeting are related to the Scheme details of that are set out in this Scheme Booklet.

5.8 **Voting Queries**

Further information relating to these voting procedures, the resolutions to be proposed at the General Meeting or the Scheme Meeting, and what constitutes sufficient evidence of the appointment of an attorney or corporate representative, are contained in the Notices of Meeting included with this Scheme Booklet.

If you have any further questions in relation to the meetings, please contact Rodney Foster on 0417 343 111 or consult your financial or other professional adviser.

6. OVERVIEW OF THE MERGER

6.1 Background to the Merger

On 18 August 2015, Redcliffe and NTM announced their intention to merge by way of a scheme of arrangement.

The Merged Group will:

- (a) have mineral assets in the Northern Territory and Western Australia;
- (b) have approximately \$750,000 available to fund its exploration activities;
- (c) be publicly listed in Australia; and
- (d) have approximately 1,783 shareholders subject to the effect of any rounding.

6.2 The Merger proposal

If the Scheme is approved by Redcliffe Shareholders and becomes Effective, the Merger will result in:

- (a) Redcliffe Shareholders as a whole receiving NTM Shares representing approximately 42.6% of the Merged Group's expanded issued capital;
- (b) the transfer of all Redcliffe Shares to NTM; and
- (c) Redcliffe becoming a wholly owned subsidiary of NTM and being delisted from the ASX.

The Scheme is conditional on various matters as described in section 9.4.

6.3 What you will receive under the Scheme

If the Scheme is approved by Redcliffe Shareholders and the other conditions to the Scheme are satisfied (including approval of the Scheme by the Court) or waived and the Scheme becomes Effective, Redcliffe Shareholders will receive 1 NTM Share for every 2.75 Redcliffe Share they hold on the Record Date.

For example:

Number of Redcliffe Shares held	Number of NTM shares to be issued
1,000	363
10,000	3,636
20,000	7,272

NTM shares which would otherwise be issued to Foreign Shareholders may be sold and the proceeds remitted to them (see section 9.8).

If the Scheme becomes Effective it is intended that the NTM Shares will be issued to Redcliffe Shareholders on the Implementation Date.

6.4 Redcliffe Directors' recommendation and Independent Expert's opinion

No Redcliffe directors have interests in NTM shares, or are associated with holders of NTM shares or are directors of NTM. All Redcliffe directors have interests in Redcliffe shares or are associated with holders of Redcliffe shares. Redcliffe directors currently hold approximately 35% of the shares in Redcliffe (refer to section 10.9) and may increase that holding as a result of share issues prior to the Scheme (refer to section 10.8). Redcliffe shareholders should take those interests into account in assessing the recommendations of Redcliffe directors.

Having given careful consideration to those interests, the Redcliffe directors nevertheless believe that the Scheme is in the best interests of Redcliffe shareholders, for the reasons set out in section 8.2 and wish to make a recommendation to Redcliffe shareholders.

In the absence of a superior proposal, the **Redcliffe Directors unanimously recommend that Redcliffe shareholders vote in favour of the Scheme.** All directors intend to vote their own shares in favour of the scheme.

To assist Redcliffe shareholders to consider the Scheme, and as required by the Corporations Act, the directors commissioned an independent expert, RSM Financial Services Australia Pty Ltd, to evaluate the Scheme and prepare a report as to whether, in their opinion, the Scheme is in the best interests of Redcliffe shareholders.

RSM Financial Services Australia Pty Ltd's report is set out in Annexure A. For the reasons set out in their report, RSM Financial Services Australia Pty Ltd consider that the scheme is fair and reasonable and in the best interests of Redcliffe shareholders.

6.5 **Conditions precedent to implementation of the Merger**

The implementation of the Merger remains subject to various Conditions Precedent. A summary of the conditions precedent is set out in section 9.4 and the conditions precedent are set out in full in clause 3.1 of the Scheme Implementation Agreement which is contained in Annexure B.

6.6 **Options**

As at the date of this Scheme Booklet, Redcliffe has 15,000,000 Redcliffe Options on issue over unissued Redcliffe Shares. These Options will be cancelled before the Scheme Meeting and will not take any further part in the Scheme. Subject to Redcliffe Shareholder approval the Redcliffe Options will be cancelled in consideration of the issue of one million Redcliffe Shares as set out in section 10.8(c). Those shares issued will participate in the Scheme.

6.7 **Timing and implementation**

(a) General Meeting

Redcliffe will hold a General Meeting at 11.00 AM on 21 March 2016 at 523 Ligar Street, Ballarat, Victoria.

At the General Meeting Redcliffe Shareholders will be asked to approve:

- (i) the cancellation of options and issue of shares as set out in section 10.8(c); and
- (ii) the issue of shares to Directors as referred to in section 10.8(d).

(b) Scheme Meeting

Redcliffe will hold the Scheme Meeting at 11.30 AM on 21 March 2016 at 523 Ligar Street, Ballarat, Victoria.

At the Scheme Meeting Redcliffe Shareholders will be asked to approve the Scheme Resolution to implement the Scheme.

The merger of Redcliffe with NTM will proceed only if Redcliffe's shareholders approve the merger by the requisite majorities, the Conditions Precedent are satisfied or waived and the Court approves the Scheme.

Information relating to the resolution and how to vote is set out in section 5.

6.8 Effective Date

The Scheme will become Effective on the date that an office copy of the Court order approving the Scheme is lodged with ASIC.

If the Court approves the Scheme Redcliffe intends to lodge an office copy of the Court order with ASIC on or about 24 March 2016, which is expected to be the Effective Date.

When the Scheme becomes Effective Redcliffe will be required to take certain steps to ensure that NTM becomes the registered holder of all the Redcliffe Shares and NTM will be required to issue the Scheme Consideration.

6.9 Trading on ASX

If the Scheme becomes Effective, it is expected that suspension of trading on ASX in Redcliffe Shares will occur from the close of trading on the day on which Redcliffe lodges the office copy of order of the Court approving the Scheme with ASIC. This date is expected to be 24 March 2016.

If the Scheme has been fully implemented, Redcliffe will apply for termination of quotation of Redcliffe Shares on ASX.

6.10 Taxation considerations

Section 15 provides a guide to the general tax position of certain Redcliffe Shareholders in relation to the Scheme based on income tax legislation enacted as at the date of this Scheme Booklet. It does not purport to be a complete analysis nor to identify all potential tax consequences nor is it intended to replace the need for specialist tax advice in respect of the particular circumstances of individual Shareholders.

Shareholders should seek their own advice in respect of the tax implications of the Scheme.

6.11 This Scheme Booklet

The Redcliffe Directors urge you to read this document in its entirety and carefully. If you have any further queries in relation to the Merger you should consult your legal, financial and/or other professional adviser.

7. THE MERGER – COMMON QUESTIONS

This section answers some commonly asked questions about the Scheme and the Merger. It is not intended to address all relevant issues for Redcliffe Shareholders and should be read together with the whole Scheme Booklet.

All times stated in this Scheme Booklet are Victorian time unless otherwise indicated.

All dates and times after the date of the Scheme Meeting are indicative only. The actual times and dates will depend on many factors outside the control of Redcliffe, including the Court approval process and the satisfaction or, where appropriate, waiver of the conditions precedent to the parties' obligations to complete the Merger.

Any changes to the indicative dates and times will be notified on Redcliffe's website, www.redcliffresources.com.au and announced to the ASX.

No	QUESTION	ANSWER
General Questions		
1	Do I have to sign anything?	If you are an individual Redcliffe Shareholder and attend the Scheme Meeting in person to vote you do not need to sign anything. However, if you are not going to attend the Scheme Meeting in person but still wish to vote, or if you are a body corporate, you will need to complete and sign a proxy form and/or a corporate representative form. Please refer to the Notice of Scheme Meeting for instructions.
2	Who do I contact if I have a query and how?	If you have a query or require further information about the Scheme or the Merger, please contact Rodney Foster on 0417 343 111.
3	What do I need to do?	Read this Scheme Booklet and the accompanying Notice of Scheme Meeting carefully and then vote by attending the Scheme Meeting or by appointing a proxy or attorney or, if applicable, a corporate representative to vote on your behalf.
4	What choices do I have?	As a Redcliffe Shareholder, you have the following choices: (a) you can vote in person, by proxy, attorney or corporate representative at the Scheme Meeting; (b) you can elect not to vote at the Scheme Meeting; or (c) you can sell your Redcliffe Shares on ASX prior to the Redcliffe Shares being suspended from close of trading on the Effective Date. You are encouraged to consider your personal financial circumstances and seek professional advice before making any decision about your Redcliffe Shares.
5	What does the Independent Expert say?	The Independent Expert has concluded that the Scheme is in the best interests of Redcliffe's shareholders in the absence of a Superior Proposal and is fair and reasonable.
Questions about the Merged Group		
6	What will be the name of the Merged Group?	The Merged Group will continue to be called Northern Manganese Limited in the short term.
7	What are the benefits and disadvantages and risks of the Merger?	Potential advantages of the Merger for Redcliffe Shareholders include: <ul style="list-style-type: none"> the provision of funds for the development of the Redcliffe Project; better access to funds for the NTM Group as a whole; and savings by the streamlining of management and costs. Potential disadvantages and risks of the Merger for Redcliffe Shareholders include: <ul style="list-style-type: none"> that Redcliffe may deliver greater returns to Redcliffe Shareholders as an independent company; the Scheme could cause adverse tax consequences for you; and The final value of the Scheme Consideration is likely to be different from the implied values set out in this Scheme Booklet

		A more detailed overview of the potential advantages and disadvantages, as well as the risks associated with the Merger, are set out in Section 8.2 .
8	What businesses will the Merged Group comprise?	The Merged Group comprise gold and manganese divisions including exploration areas and the Redcliffe Gold Project.
9	Who will be on the Board of Directors?	Garry Connell (Chairman) Lloyd Jones (Managing Director) Rodney Foster (Non-Executive Director) Bruce McFarlane (Non-Executive Director) David Ryan (Non-Executive Director)
10	What are the intentions in relation to the business assets of the Merged Group?	The Merged Group will focus on developing the Redcliffe Gold Project in Western Australia. It will continue to seek opportunities in gold and mineral Exploration and development in Australia. Further information in relation to the business assets and employees of the Merged Group are set out in Section 1.
Questions about the Merger consideration		
11	Can I sell my Redcliffe Shares on the ASX?	You can sell your Redcliffe Shares on the ASX. If the Merger is approved you will only be able to do so on or before the Effective Date, in which case: <ul style="list-style-type: none"> • you will pay brokerage on the sale; • you will not receive any potential benefits of owning NTM shares; and • there may be different tax consequences from those that arise under the Merger.
12	What will I receive if the Merger is implemented?	All Redcliffe Shareholders will receive 1 NTM Share for every 2.75 Redcliffe Shares they own on the Record Date (subject to rounding). For example, if you hold 1,000 Redcliffe Shares on the Record Date, you will receive 363 NTM Shares. Foreign Shareholders may receive the proceeds of sale of the equivalent securities.
13	What are the tax implications for Redcliffe Shareholders?	CGT roll-over relief should be available to Redcliffe Shareholders if they would otherwise make a capital gain as a result of the Scheme. An overview of the tax consequences of the Scheme for Redcliffe Shareholders is set out in section 15. However, Redcliffe Shareholders are advised to consult their own tax advisers.
14	When will I receive my NTM Shares?	NTM will issue NTM Shares to Redcliffe Shareholders on the Implementation Date. Holding statements detailing your NTM shareholding will be dispatched shortly thereafter. At this stage the Implementation Date is expected to be 5 April 2016 but this could change. Deferred settlement trading of NTM Shares to be issued under the Scheme is expected to commence at the start of trading on the ASX on the Business Day after the Effective Date.
15	How will I be notified of my new shareholding in NTM?	Uncertificated holding statements in relation to new shareholdings in NTM will be sent to Redcliffe Shareholders shortly after the Implementation Date. The holding statements will be sent to each Redcliffe Shareholder's address recorded in the Redcliffe Share Register on the Record Date. In the case of joint holders of Redcliffe Shares, the holding statement will be forwarded to the holder whose name appears first in the Redcliffe Share Register on the Record Date.
16	Will I have to pay brokerage fees or stamp duty?	No brokerage or stamp duty will be payable by Redcliffe Shareholders as a result of the Merger.
17	Will I be able to trade NTM shares on the ASX?	Yes, NTM Shares trade on the ASX. It is a condition of the Merger that NTM applies for quotation of the NTM Shares to be issued under the Merger. It is expected that you will be able to trade NTM Shares on a deferred settlement basis from the Business Day after the Effective Date.
18	What if I am a Foreign Shareholder?	NTM is not obliged to issue NTM Shares to any Redcliffe Shareholders who are residents of a jurisdiction outside Australia or New Zealand, unless NTM is satisfied before the Effective Date that it is not precluded from lawfully issuing and allotting NTM Shares to those

		Redcliffe Shareholders, either unconditionally or after compliance with conditions which NTM in its sole discretion regards as acceptable and not unduly onerous. If NTM does not issue NTM Shares to a Redcliffe Shareholder because they are a Foreign Shareholder, then the NTM Shares that would have been issued to the Foreign Shareholder will be issued to a Nominee selected by NTM at the same time as NTM Shares are issued to Redcliffe Shareholders who are not Foreign Shareholders. The Nominee will sell the NTM Shares issued to it as soon as is reasonably practicable and account to the Foreign Shareholder for the net proceeds of the sale. This process is described in more detail in Section 9.8.
Questions about voting		
19	What are Redcliffe Shareholders voting on?	Redcliffe Shareholders will be asked to vote on the Scheme Meeting Resolution pursuant to which Redcliffe will merge with NTM.
20	When and where will the Scheme Meeting be held?	The Scheme Meeting will be held on 21 March 2016 at 523 Ligar Street, Ballarat, Victoria, commencing at 11.30 AM.
21	Who can vote?	If you are registered as a Redcliffe Shareholder as at 19 March 2016 then you are entitled to vote in person or by proxy at the Scheme Meeting.
22	How can I vote?	Details of how to vote are contained in the section entitled "Voting Information". The Notice of the Scheme Meeting is set out at the back of this Scheme Booklet.
23	What date do I have to lodge proxies by?	If you are voting by proxy and not attending the meeting, your proxy must be received by Redcliffe by no later than 19 March 2016
24	Should I vote?	Yes. The Redcliffe Directors urge all Shareholders to vote.
25	What voting majority is required to approve the Scheme?	For the Scheme to be approved: <ul style="list-style-type: none"> a majority (ie greater than 50%) in number of Redcliffe Shareholders voting at the Scheme Meeting (in person or by proxy) must vote in favour of the Scheme; and those who vote in favour of the Scheme must hold at least 75% of the total number of Redcliffe Shares voted at the Scheme Meeting (in person or by proxy), and the Scheme must be approved by the Court.
26	How will the Redcliffe Directors be voting?	In the absence of a superior proposal, the Redcliffe Directors who hold or control Redcliffe Shares intend to vote in favour of the Scheme in respect of all of those shares.
27	What is the opinion of the Independent Expert?	The Independent Expert has provided an opinion in respect of the terms of the Merger. The Independent Expert has concluded that the NTM offer is fair and reasonable and the Merger in the best interests of Redcliffe Shareholders.
28	What happens if I do not vote, or if I vote against the Scheme?	If the Scheme is implemented and you are a Redcliffe Shareholder as at the Record Date all of your Redcliffe Shares will be transferred to NTM in accordance with the Scheme notwithstanding that you did not vote or voted against the Scheme.
29	When will the voting result be known?	The results of the Scheme vote will be available shortly after the conclusion of the Scheme Meeting and will be announced to the ASX as soon as possible after they are available. The results of the vote will also be published on the Redcliffe website on the Business Day following the Scheme Meeting.
30	What happens if the Scheme is not approved?	If the Scheme is not approved by Redcliffe Shareholders the Merger will not proceed, Redcliffe will continue as a standalone entity and Redcliffe Shareholders will retain their Redcliffe shareholdings and will not receive any NTM Shares. Under these circumstances, Redcliffe would remain listed on the ASX. Redcliffe will be required to expense the costs of arranging the Scheme of approximately \$170,000 in the financial accounts for the financial year in which they were incurred. Redcliffe will have to secure alternative funding in order to repay the Credit Facility and to fund its ongoing operations, failing which NTM will have the right to take action to recover the debt owed. Securing alternative funding may be challenging in the current market

		environment and may also result in dilution of Redcliffe Shareholder's current interests. (see section 14.8).
31	Why would trading in Redcliffe Shares be suspended?	If the Merger proceeds, trading in Redcliffe Shares will be suspended with effect from the close of trading on the Effective Date. This is so that trades in Redcliffe Shares on ASX can be registered on or before the Record Date, after which time no further transfers may be registered. When the Scheme is implemented, Redcliffe will become a wholly owned subsidiary of NTM and its shares will not be quoted on the ASX.
Questions about conditions to be satisfied to allow the Merger to proceed		
32	What are the conditions to be satisfied to allow the Merger to proceed?	<p>Implementation of the Merger is conditional upon (among other things):</p> <ul style="list-style-type: none"> • Redcliffe Shareholders approving the Scheme; • the Court approving the Scheme; • all relevant regulatory approvals being obtained; • no material adverse change occurring in relation to either Redcliffe or NTM; and • no Prescribed Occurrences (as defined in the Scheme Implementation Agreement) occurring in relation to either Redcliffe or NTM. <p>The conditions precedent to the Merger proceeding are summarised in section 9.4 and are set out in full in clause 3.1 of the Scheme Implementation Agreement which is included as Annexure B. The current status of the conditions precedent is also discussed in section 9.5.</p> <p>Most (but not all) of the conditions precedent set out in the Scheme Implementation Agreement may be waived in accordance with the Scheme Implementation Agreement. If any of the conditions precedent are not satisfied or waived in accordance with the Scheme Implementation Agreement, the Scheme Implementation Agreement may be terminated. If the Scheme Implementation Agreement is terminated the Merger will not proceed.</p>

8. IMPORTANT CONSIDERATIONS FOR SHAREHOLDERS

8.1 Redcliffe Directors' recommendation and independent expert's report

The recommendation of Redcliffe Directors and the conclusions of the independent expert appointed to evaluate the Scheme are described in section 6.4.

In the absence of a superior proposal, the **Redcliffe Directors unanimously recommend that Redcliffe shareholders vote in favour of the Scheme**. All directors intend to vote their own shares in favour of the scheme.

8.2 Potential advantages of the Merger

The Redcliffe directors consider that the Merger effected by the Scheme offers the following advantages:

- Greater financing capabilities to advance Redcliffe's existing projects including the Redcliffe Gold Project.
- Additional opportunity for coverage by research analysts.
- Opportunity to benefit from NTM's experienced management team.
- The consideration offered is a premium to the trading prices of Redcliffe Shares in the 3 months preceding the announcement of the Scheme based on the 3 month VWAP of both companies' shares.
- The Merged Group should have greater liquidity.
- The Merged Group should have better access to financial and human capital.
- ~~The Merged Group will hold a portfolio of assets from exploration to pre-development.~~
- The Merged Group should have realised cost savings from simplification and elimination of duplication of ASX fees, audits and corporate management and reporting
- the Redcliffe share price is likely to fall if the Merger fails and substantial equity funds need to be raised.
- The Merged Group will be in a more robust financial position than Redcliffe as a standalone company.
- The Merger exchange ratio reflects the relative valuations of the two companies.
- RSM Financial Services Australia Pty Ltd has concluded that the Scheme is in the best interests of Redcliffe Shareholders.

Redcliffe Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a Superior Proposal.

8.3 Potential disadvantages of the Merger

Although the Scheme is recommended by the Redcliffe Directors and the Independent Expert believes the Scheme to be in the best interests of Redcliffe Shareholders, Redcliffe Shareholders should also be aware of reasons as to why they may consider voting against the Scheme.

Some factors which may lead you to vote against the Scheme are set out below.

The Redcliffe Directors believe that these disadvantages are more than outweighed by the benefits the Merger would deliver.

- You may consider that Redcliffe will deliver greater returns to Redcliffe Shareholders over the long term by remaining as an independent company.
- Issues may arise when integrating the management systems of 2 companies.
- You may consider that a higher offer for Redcliffe may be made such that you would receive more than the Scheme Consideration for your Redcliffe Shares. However, the Redcliffe Directors are not currently aware of any forthcoming Superior Proposals.
- You may believe that the Scheme and the Scheme Consideration offered by NTM pursuant to the Scheme is not in the best interests of Redcliffe Shareholders.

The Independent Expert's assessed value of the Scheme Consideration (on a minority interest basis) is in the range of A\$0.004 to A\$0.013 with a preferred value of A\$0.004 per Redcliffe Share, which is greater than the preferred value (not market value) for Redcliffe of A\$0.003 per Redcliffe Share. The Independent Expert's conclusion is that the Scheme is fair and further, considers the Scheme 'reasonable' to, and overall 'in the best interests' of, Redcliffe Shareholders in the absence of a Superior Proposal (please refer to Section 1 and to the Independent Expert's Report in Appendix A).

- The Scheme could give rise to adverse tax consequences for you personally that would not arise if the Scheme did not proceed. Each Redcliffe Shareholder is advised to consult their own taxation or other professional adviser.

A general guide to the taxation implications of the Scheme is set out in Section 15.

- If the Scheme is approved and implemented, Redcliffe Shareholders will become exposed to risks in the Merged Group that they may not otherwise be exposed to if they continued to hold Redcliffe Shares. Details of the material risks associated with the Scheme and NTM Shares are contained in Section 1.
- Given that the Scheme Consideration consists of quoted securities, the exact value of the Scheme Consideration that will be realised by Redcliffe Shareholders will be dependent on price at which the new NTM Shares trade on the ASX after the Implementation Date.

The final value of the Scheme Consideration is likely to be different from the implied values set out in this Scheme Booklet.

In addition, the Nominee appointed by NTM will be issued, as nominee in trust, new NTM Shares attributable to Ineligible Foreign Shareholders and will sell those securities on market as soon as reasonably practicable after the Implementation Date (see Sections 9.7 and 9.8). It is possible that such sales may negatively impact the price of NTM Shares during the relevant period. There may also be insufficient liquidity for the Nominee to sell the NTM Shares during the relevant period.

There is no guarantee regarding the prices that will be realised by the Nominee or the future market price or liquidity of NTM Shares. Future market prices may be either above or below current or historical market prices.

- Redcliffe Shareholders' proportional shareholding in the Merged Group will be approximately 42%. While the Merger is likely to create operational synergies and benefits from being a larger entity, the majority of these benefits will flow to existing NTM Shareholders
- Further exploration and development of the Redcliffe Gold Project may enhance the value of the Redcliffe Gold Project in excess of the valuation attributed for the purposes of the Scheme.

8.4 **Other relevant considerations**

Since the announcement of the Merger on 18 August 2015:

- (a) no better proposal or higher offer has been forthcoming;
- (b) the Redcliffe Directors are not aware of any matter which could, in their opinion, give rise to a declaration of unacceptable circumstances in relation to the Scheme pursuant to Division 2B of Part 6.10 of Chapter 6 of the Corporations Act;
- (c) the Redcliffe Directors are not aware of any existing circumstances which would cause the Conditions Precedent of the Scheme (summarised in section 9.4) not to be satisfied or waived. Redcliffe will advise Shareholders of the status of the various Conditions Precedent at the Scheme Meeting. Persons who wish to be informed of the status of the Conditions Precedent at that time should attend the Scheme Meeting. Redcliffe will announce to ASX any relevant matter which affects the likelihood of a Condition Precedent being satisfied, waived or not being satisfied in accordance with its continuous disclosure obligations.

9. IMPLEMENTATION OF THE SCHEME

9.1 Overview of the Merger

On 18 August 2015, Redcliffe and NTM announced that they had signed a Scheme Implementation Agreement under which the 2 companies agreed to merge by way of a scheme of arrangement under the Corporations Act. A copy of the Scheme Implementation Agreement is set out in Annexure B.

The Merger is conditional on (amongst other things) Redcliffe Shareholders and the Court approving the Scheme. Other conditions are described in section 9.4 below.

9.2 Structure of the Merger

The Merger will be effected through a scheme of arrangement under the Corporations Act between Redcliffe and Redcliffe Shareholders.

This Scheme Booklet has been prepared pursuant to section 412(1) of the Corporations Act to explain the effect of the Scheme between Redcliffe and Redcliffe Shareholders to be considered at the Scheme Meeting. The Scheme is set out in Annexure C.

An outline of the structure of NTM and Redcliffe before and after the merger is set out below.

Company	Shares before Merger	Shares after Merger	Shareholders before Merger	Shareholders after Merger
NTM	117,549,775	203,993,065	1,159	1783*
RCF	237,719,049**	237,719,049	624*	1

* Refer to section 9.3 ** Refer to section 10.8.

These numbers are current as at the date of this Scheme Booklet. The number of shares on issue may change if options are exercised and as a result of rounding and the number of shareholders may increase or decrease as a result of share trading.

NTM will remain listed on the ASX following the Merger and NTM is obliged to seek quotation on the official list of the ASX of the NTM Shares issued to Redcliffe Shareholders under the Scheme. After the Merger has been implemented, Redcliffe Shares will be removed from official quotation on the ASX.

9.3 Redcliffe unmarketable Parcels

On 23 October 2015 Redcliffe announced that it was conducting a process to reduce unmarketable parcels of shares. An unmarketable parcel is defined by the ASX as a parcel of securities with a market value less than \$500. Shareholders may decline to participate in this process. The unmarketable parcels of shares which participate in the process will be sold and the proceeds distributed to the shareholders. This will reduce the number of shareholders in Redcliffe and following the Merger the number of shareholders in NTM. Until the process is complete the final number of shareholders resulting from the Merger cannot be calculated.

The process did not affect the number of shares on issue in either of Redcliffe or NTM (whether before or after the Merger), only the number of shareholders. Following the conclusion of the process Redcliffe had 624 shareholders which number may change due to share trading.

9.4 **Conditions precedent**

The Scheme will not be implemented unless all Conditions Precedent have been satisfied or, where applicable, waived in accordance with the Scheme Implementation Agreement. In summary, the Conditions Precedent are:

(a) **Conditions for the benefit of both parties**

- (i) before 5:00pm on the day before the Second Court Date, ASIC and ASX and any other governmental agency issues or provides any consents or approvals or does other acts necessary or desirable to implement the Merger;
- (ii) Redcliffe Shareholders approve the Scheme at the Scheme Meeting by the required majorities under the Corporations Act;
- (iii) the Court approves the Scheme under the Corporations Act;
- (iv) before 5:00pm on the day before the Second Court Date the PNG Court or the Securities Commission providing any consent or approval or do other acts necessary or desirable to implement the Transactions;
- (v) no temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Merger is in effect at 5:00pm on the day before the Second Court Date.
- (vi) the Scheme becomes Effective on or before 31 March 2016 or such other date as Redcliffe and NTM agree;
- (vii) the Independent Expert opines that the Scheme is in the best interests of Redcliffe Shareholders and does not change that opinion prior to the Second Court Date;
- (viii) Redcliffe makes a call of at least \$2.50 on each Partly Paid Share;
- (ix) all Redcliffe Options are either cancelled on terms acceptable to NTM or acquired by NTM;
- (x) all Redcliffe Convertible Notes are redeemed for no more than the face value together with any accrued interest;
- (xi) Redcliffe pays outstanding drilling costs owing to DDH 1 Pty Ltd; and
- (xii) Redcliffe Directors agreed to be paid all monies currently owing to them by Redcliffe through the issue of shares in Redcliffe at an issue price of 0.6 cents per share and that the aggregate amount of any such payment does not exceed \$136,000.

Waiver of any breach or non-fulfilment of these conditions requires the approval of both Redcliffe and NTM. A waiver of these conditions may require that the Second Court Date be deferred until the required approval is obtained or the restraint or prohibition is removed.

Any defined term in this section that does not appear in the Glossary can be found in the definition provision of the Scheme Implementation Deed.

(b) **Conditions for the benefit of NTM only**

- (i) no Prescribed Occurrence occurs in respect of Redcliffe before 5:00pm on the day before the Second Court Date;

- (ii) Redcliffe is not in breach, in any material aspect, of its obligations under the Scheme Implementation Agreement at 5:00pm on the day before the Second Court Date;
- (iii) the representations and warranties of Redcliffe set out in the Scheme Implementation Agreement are true and correct as of 18 August 2015, at 5:00pm on the day before the Second Court Date and any other date to which the representation and warranty applies;
- (iv) NTM does not become aware before 5:00pm on the day before the Second Court Date, of any matter, event, action or circumstance:
 - (A) which is materially adverse in relation to Redcliffe or its related bodies corporate;
 - (B) in respect of which Redcliffe has not complied with its disclosure obligations under Listing Rules 3.1 at any time; and
 - (C) which was not previously disclosed to NTM; and
- (v) before this the Scheme Meeting, the directors of Redcliffe do not change or withdraw their recommendation to Redcliffe Shareholders to vote in favour of the Scheme.

Only NTM can waive any breach or non-fulfilment of these conditions.

(c) **Conditions that cannot be waived**

The following conditions precedent cannot be waived:

- (i) Redcliffe shareholders approve the Scheme at the Scheme Meeting by the requisite majorities required by the Corporations Act; and
- (ii) the Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.

9.5 Status of Conditions Precedent

As at the date of this Scheme Booklet the following Conditions Precedent have been satisfied:

- (a) Redcliffe has made a call of \$2.50 on each Partly Paid Share, the call was not paid and consequently the shares converted to fully paid shares and were sold by auction;
- (b) the terms for the cancellation of all Redcliffe Options are acceptable to NTM;
- (c) all Redcliffe Convertible Notes have been redeemed for no more than the face value together with any accrued interest;
- (d) Redcliffe has paid outstanding drilling costs owing to DDH 1 Pty Ltd; and
- (e) Redcliffe Directors have agreed (subject to shareholder approval) to be paid all monies currently (at date of Scheme Implementation Agreement, 18 August 2015) owing to them by Redcliffe through the issue of shares in Redcliffe at a notional issue price of 0.6 cents per share in an aggregate amount of \$136,000.
- (f) The Independent Expert has opined that the Scheme is in the best interests of Redcliffe Shareholders and has not changed that opinion.
- (g) The Redcliffe Directors have not changed their recommendation for Shareholders to vote in favour of the Scheme.

Redcliffe does not have any reason to believe that the other Conditions Precedent will not be fulfilled.

Redcliffe will advise the Court on the Second Court Date of the nature and effect of any Conditions Precedent that have not been fulfilled and have been waived, so that the Court may have regard to the implications of the unfulfilled Condition Precedent in determining whether to approve the Scheme.

9.6 **Scheme Consideration**

Except in the case of Foreign Shareholders (see section 9.8), Redcliffe Shareholders will receive, as consideration for their Redcliffe Shares transferred to NTM under the Scheme, 1 NTM Share for every 2.75 Redcliffe Shares held by them as at the Record Date.

The Scheme Consideration will be issued to Redcliffe Shareholders on the Implementation Date.

No later than 7 Business Days after the Implementation Date, NTM will dispatch or procure the dispatch to each Redcliffe Shareholder by pre-paid post to his or her address recorded in the Redcliffe Share Register at the Record Date, an uncertificated holding statement for the Scheme Consideration issued to that Redcliffe Shareholder in accordance with the Scheme. In the case of joint holders of Redcliffe Shares, the holding statement will be forwarded to the holder whose name appears first in the Redcliffe Share Register on the Record Date.

As at the date of this Scheme Booklet the Record Date is expected to be 29 March 2016 and the Implementation Date is expected to be 5 April 2016. These dates may change and will be finalised only after the Court has considered and approved the Scheme. Redcliffe will keep Redcliffe Shareholders updated on relevant dates by making announcements on the ASX.

9.7 **Determination of persons entitled to Scheme Consideration**

(a) **Determining entitlements**

For the purpose of determining who is a holder of Redcliffe Shares on the Record Date and for the purpose of calculating entitlements under the Scheme, any dealings in Redcliffe Shares will be recognised only if:

- (i) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Redcliffe Share Register as a holder of the relevant Redcliffe Shares by the Record Date; and
- (ii) in all other cases, if registrable transmission applications or transfers in respect of those dealings are received on or before the Record Date, at the place where the Redcliffe Share Registry.

Redcliffe will register transmission applications or transfers of the kind referred to in paragraph (ii) by the Record Date.

Redcliffe will not accept for registration or recognise for any purpose any transfer or transmission application in respect of Redcliffe Shares received after the Record Date (other than the transfer of Redcliffe Shares to NTM pursuant to the Scheme).

For the purpose of determining entitlements to consideration under the Scheme, Redcliffe will, until payment of the Scheme Consideration has been made by NTM, maintain the Redcliffe Share Register as set out in this paragraph

and the Redcliffe Share Register in this form will solely determine entitlements to Scheme Consideration.

(b) **After the Record Date**

As from the Record Date:

- (i) all share certificates and holding statements for Redcliffe Shares (other than statements of holding in favour of NTM) will cease to have effect as documents of title in respect of Redcliffe Shares other than for the purpose of registering dealings in Redcliffe Shares on the Record Date; and
- (ii) each entry on the Redcliffe Share Register as at that date relating to Redcliffe Shares will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

9.8 Foreign Shareholders

NTM is not obliged to issue Scheme Consideration to any Foreign Shareholders unless NTM is satisfied before the Effective Date that the laws of the Foreign Shareholder's country of residence permit the issue and allotment of NTM Shares to the Foreign Shareholders, either unconditionally or after compliance with conditions which NTM in its sole discretion regards as acceptable and not unduly onerous.

If NTM does not issue the Scheme Consideration to a Redcliffe Shareholder because they are a Foreign Shareholder, then the Scheme Consideration that would have been issued to the Foreign Shareholder will be issued to the Nominee on the Implementation Date. NTM will procure that the Nominee, as soon as possible thereafter:

- (a) sells for the benefit of the Foreign Shareholder the Scheme Consideration issued to the Nominee;
- (b) accounts to the Foreign Shareholders for the net proceeds of sale (on an averaged basis so that each Foreign Shareholder receives the same price per NTM Consideration Share, subject to rounding down to the nearest whole cent) and any income referable to those NTM Consideration Shares, after deduction of any applicable brokerage, taxes and charges; and
- (c) remits the net proceeds of each Foreign Shareholder's entitlement, such proceeds to be despatched by mail to the Foreign Shareholder's address as shown in the Redcliffe Share Register on the Record Date by cheque in Australian currency drawn on an Australian bank. In the case of joint holders of Redcliffe Shares, the cheque will be made payable to and forwarded to the holder whose name appears first in the Redcliffe Share Register on the Record Date.

9.9 Termination of the Scheme Implementation Agreement

The Scheme Implementation Agreement may be terminated in certain circumstances as set out in that agreement. If this occurs, the Merger will not proceed. In summary, the Scheme Implementation Agreement may be terminated:

- (a) by either party if a Condition Precedent has not been, or cannot be, satisfied and has not been waived by 31 March 2016 (the "End Date"), or if the Scheme has not become Effective by the End Date, and having negotiated in good faith the parties have not been able to agree on an alternate means to effect a merger or to extend the End Date or change the date of an application to the Court;

- (b) by either party by written notice to the other party at any time before 5:00 pm on the day before the Second Court Date if the other is in material breach of the Scheme Implementation Agreement and the breach has continued for 5 Business Days following notice from the party not in breach (or any shorter period ending at 5:00 pm on the Business Day before the Second Court Date); or
- (c) by either party by written notice to the other party at any time before 5:00 pm on the day before the Second Court Date if any Court or government agency has taken action permanently restraining or otherwise permanently prohibiting the Merger, or has refused to do anything necessary to permit the Merger, and the action or refusal has become final and cannot be appealed.

9.10 Steps for implementing the Merger

(a) Overview of the Scheme and the Scheme Meeting

- (i) Redcliffe and NTM entered into the Scheme Implementation Agreement on 18 August 2015 pursuant to which they agreed to implement the Merger. NTM has executed the Deed Poll in favour of all Redcliffe Shareholders, covenanting to perform its obligations under the Scheme.
- (ii) The Court has ordered the convening of the Scheme Meeting be held at 523 Ligar Street, Ballarat, Victoria on 21 March 2016 at 11.30 AM. A copy of the Notice of Scheme Meeting is set out at Annexure E.
- (iii) At the Scheme Meeting, Redcliffe Shareholders will be asked to approve the following resolution in relation to the Scheme:

"That pursuant to, and in accordance with, section 411 of the Corporations Act 2001 (Cth), the Scheme that sets out the particulars of the proposed Merger with Northern Manganese Ltd, the terms of which are contained in and more particularly described in the Scheme Booklet (which accompanies the notice convening this meeting) is approved (with or without modification as approved by the Federal Court of Australia)."
- (iv) Each Redcliffe Shareholder who is listed on the Redcliffe Share Registry at 11.30 AM on 19 March 2016 is entitled to attend and vote at the Scheme Meeting, either in person or by proxy or attorney or, in the case of a corporation that is a shareholder, by its corporate representative appointed in accordance with the constitution of Redcliffe.
- (v) Refer to the section entitled "Voting Information" for an explanation of how to vote at the Scheme Meeting.
- (vi) Voting at the Scheme Meeting will be by poll.
- (vii) For the Scheme to be approved:
 - (A) a majority in number (i.e. more than 50%) of Redcliffe Shareholders voting at the Scheme Meeting (in person or by proxy) must vote in favour of the Scheme; and
 - (B) those Redcliffe Shareholders who vote in favour of the Scheme must hold at least 75% of the total number of Redcliffe Shares voted at the Scheme Meeting (in person or by proxy).
- (viii) If the Scheme is approved by the requisite majorities at the Scheme Meeting, and all of the Conditions Precedent have been satisfied or waived where applicable, Redcliffe will apply to the Court for orders approving the Scheme.

- (ix) Each Redcliffe Shareholder has the right to appear at the Court hearing on the Second Court Date in respect of the application by Redcliffe for orders approving the Scheme. At this stage it is expected that the Second Court Date will be 23 March 2016.
- (x) The Court may refuse to grant orders approving the Scheme even if the Scheme is approved by the requisite majorities of Redcliffe Shareholders.
- (xi) NTM has executed the Deed Poll in favour of all Redcliffe Shareholders covenanting to perform its obligation to issue NTM Shares to Redcliffe Shareholders as consideration for the transfer of Redcliffe Shares in accordance with the Scheme.

(b) **Implementation of the Merger**

If all of the Conditions Precedent have been satisfied or waived where applicable and Court orders approving the Schemes are obtained, the directors of Redcliffe and NTM will take or procure the taking of the steps required for the Merger to proceed, namely:

- (i) Redcliffe will lodge with ASIC office copies of the Court orders given under section 411(4)(b) of the Corporations Act approving the Scheme.

This is expected to take place on the day the Court orders are made, but in any case no later than the following Business Day. The Scheme will become Effective upon the office copy of the Court orders in respect of the Scheme being filed with ASIC, expected to be on 24 March 2016 and is referred to in this Scheme Booklet as the Effective Date. Redcliffe will notify ASX when the Scheme has become Effective. **Once the Scheme becomes Effective, Redcliffe and the Redcliffe Shareholders will become bound by the Scheme and to implement the Scheme in accordance with its terms;**

- (ii) NTM will issue to each Redcliffe Shareholder (or in the case of Foreign Shareholders, the Nominee) the Scheme Consideration in accordance with the provision of the Scheme and the Deed Poll; and
- (iii) NTM and Redcliffe will execute transfer form(s) in relation to the transfer of Scheme Shares to NTM in accordance with the Scheme and Redcliffe will register the transfer of Scheme Shares in the Redcliffe Share Register and will enter the name of NTM in the Redcliffe Share Register in respect of the Scheme Shares.

The matters mentioned in paragraphs (ii) and (iii) will occur on the Implementation Date. At this stage this is expected to be on 5 April 2016. In relation to (iii), uncertificated holding statements for the NTM Consideration Shares will be dispatched by pre-paid post to each Redcliffe Shareholder shortly after the Implementation Date. The holding statements will be sent to each Redcliffe Shareholder's address recorded in the Redcliffe Share Register at the Record Date. In the case of joint holders of Redcliffe Shares, the NTM holdings statement will be forwarded to the holder whose name appears first in the Redcliffe Share Register on the Record Date.

(c) **Suspension of trading in Redcliffe Shares and removal from official quotation**

If the Court approves the Scheme, Redcliffe will notify ASX of the Court approval on the Second Court Date. It is expected that suspension of trading on the ASX in Redcliffe Shares will occur from the close of trading on the day on which Redcliffe lodges the office copy of the Court order with ASIC.

Following final implementation of the Scheme, Redcliffe will request ASX to remove Redcliffe Shares from official quotation on the ASX.

9.11 Warranties by Redcliffe Shareholders

- (a) The Scheme provides that each Redcliffe Shareholder that participates in the Scheme is deemed to have warranted to NTM, and appointed and authorised Redcliffe as its attorney and agent to warrant to NTM, that:
 - (i) all their Redcliffe Shares (including any rights and entitlements attaching to those Redcliffe Shares) which are transferred to NTM under the Scheme will, at the date of transfer, be fully paid up and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind; and
 - (ii) they have full power and capacity to transfer their Redcliffe Shares together with any rights attaching to those Redcliffe Shares.
- (b) The Scheme also provides that each Redcliffe Shareholder that participates in the Scheme is deemed to have warranted to Redcliffe and NTM, that:
 - (i) all their Redcliffe Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid and free from: any security interests or encumbrances; interests of third parties of any kind and restrictions on transfer of any kind; and
 - (ii) that they have full power and capacity to transfer their Redcliffe Shares to NTM.
- (c) Redcliffe undertakes that it will provide such warranty to NTM as agent and attorney of each Redcliffe Shareholder.

9.12 Exclusivity Period

The Scheme provides that Redcliffe must not, except with the prior written consent of NTM:

- (a) directly or indirectly solicit any competing proposal or discussions with any third party in relation to a competing proposal; or
- (b) participate in negotiations or discussions with any third party in relation to a competing proposal, even if:
 - (i) the competing proposal was not directly or indirectly solicited by Redcliffe; or
 - (ii) the competing proposal has been publicly announced,

(the **Exclusivity Provisions**).

The maximum period during which the Exclusivity Provisions can operate is approximately 9 months, being the period from 18 August 2015 up to 31 May 2016.

10. PROFILE OF REDCLIFFE

10.1 Background and history

Redcliffe was first incorporated on 30 September 1988 in Papua New Guinea as Pacarc Nuigini NL as the Company's then primary focus was on mineral exploration in PNG and parts of South East Asia.

In 1993 the company was renamed Pacrim Energy NL and shifted the focus of its activities with the acquisition of gold assets in Australia in 2004. The Company was renamed Pacrim Energy Ltd in 1998 and in 2005 the Company acquired significant oil and gas interests in the Northern Sacramento Basin in California and more recently Tanzanian gold and base metal projects have been investigated.

The Company changed its name to Redcliffe Resource Ltd effective August 2012.

The Company has divested its interests in the United States, Tanzania and Papua New Guinea and has focussed on the Redcliffe Gold Project.

The Company holds 49% of the Redcliffe Gold Project and the associated Golden Terrace South Deposit and the Kelly Prospect all of which are located 40 - 45kms north-east of Leonora in the Eastern Goldfields of Western Australia.

10.2 Organisational and management structure

Key Management Personnel	Position Held
Mr R D Foster	Executive Chairman/CEO
Mr J G Holloway	Non Executive Director
Mr B J McFarlane	Non Executive Director
Mr G H E Goyne	Non Executive Director

The Company has no full-time or part-time staff other than Mr Foster.

The direct and indirect interests of the directors in both Redcliffe and NTM securities are set out in section 16.1. No Redcliffe Director is a director of NTM.

Each Redcliffe Director intends to vote in favour of the Scheme in respect of the Redcliffe Shares they hold.

10.3 Redcliffe's principal activities

The Company is actively seeking to develop Redcliffe Gold Project ("RGP") and the associated Golden Terrace South Deposit and the Kelly Prospect all of which are located 40 - 45kms north-east of Leonora in the Eastern Goldfields of Western Australia. The RGP tenements cover a substantial strike length of the Mertondale Shear Zone where the Company hopes to build on previously estimated gold resources that are within granted mining leases.

Estimated resources over 8 deposits delineated to date amount to 278,100 ounces of which 969,000 tonnes @ 2.70g/t (84,100 ounces) is indicated, the remainder inferred.

The company plans to advance the Redcliffe Gold Project through exploration and development of the various resources. The Golden Terrace South deposit is the most advanced and hence is the initial focus to reach the objective of attaining gold production cash flow.

10.4 Financial overview

The following selected financial information for Redcliffe is extracted from the audited consolidated financial statements of Redcliffe for the year ended 31 December 2014, and the reviewed consolidated financial statements of Redcliffe for the six months ended 30 June 2015.

The financial information has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act and the *Companies Act 1997* of PNG. The financial information also complies with the recognition and measurement requirements of International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. The audit and review opinions in these financial statements were issued by Sinton Spence and were qualified.

The financial information presented in the tables below does not represent complete financial statements and should therefore be read in conjunction with the financial statements for the respective periods, including the description of accounting policies contained in those financial statements and the notes to those financial statements. Where appropriate, adjustments have been made to headings and classifications of historical data to provide a consistent basis of presentation.

Except as set out in sections 10.6(b), 16.11 and filings on ASX after 30 June 2015, in the interval between the end of the half year to 30 June 2015 and the date of this Scheme Booklet, there has not arisen any item, transaction or event of a material and unusual nature likely, in the opinion of the Redcliffe Directors, to significantly affect the operations of the Redcliffe, the results of those operations, or the state of affairs of the Redcliffe, in future financial years other than as disclosed in the 30 June 2015 half year financial statements.

Redcliffe Shareholders may view complete copies of the audited consolidated financial statements of Redcliffe for the relevant years on the ASX website at www.asx.com.au.

Alternatively, Redcliffe will give a copy of the financial report for the half-year ended 30 June 2015 upon receipt of written request.

(a) **Statement of comprehensive income for the half year ended 30 June 2015**

	Notes	CONSOLIDATED GROUP	
		30.06.2015	30.06.2014
		\$	\$
Revenue			
Interest income		954	1,943
Depreciation and amortisation expense		(4,624)	(10,885)
Capitalised exploration expenses written off		(3,932,551)	-
Other expenses from ordinary activities		(22,933)	(374,989)
Profit / (Loss) before Income Tax		(3,959,154)	(383,932)
Income tax expense		-	-

	CONSOLIDATED GROUP	
	30.06.2015	30.06.2014
Notes	\$	\$
Profit / (Loss) from continuing operations	(3,959,154)	(383,932)
Profit / (Loss) for the period	<u>(3,959,154)</u>	<u>(383,932)</u>
Other comprehensive income		
Exchange differences on translating foreign controlled entities	(10)	(2,497)
Rebates, Recoveries and refunds received	84,452	2,425
Net gain/(loss) on disposal of plant and equipment	<u>(3,427)</u>	<u>-</u>
Other comprehensive income for the period, net of tax	<u>81,015</u>	<u>(72)</u>
Total comprehensive income for the period	<u>(3,878,139)</u>	<u>(384,004)</u>
Profit / (Loss) attributable to:		
Members of the parent entity	<u>(3,959,154)</u>	<u>(383,932)</u>
	<u>(3,959,154)</u>	<u>(383,932)</u>
Total comprehensive income attributable to:		
Members of the parent entity	<u>(3,878,139)</u>	<u>(384,004)</u>
	<u>(3,878,139)</u>	<u>(384,004)</u>
Earnings per share		
From continuing and discontinued operations		
Basic earnings per share (cents)	(1.928)	(0.294)
Diluted earnings per share (cents)	(1.928)	(0.294)
From continuing operations		
Basic earnings per share (cents)	(1.928)	(0.294)
Diluted earnings per share (cents)	(1.928)	(0.294)

(b) **Statement of financial position as at 30 June 2015**

	CONSOLIDATED GROUP	
	30.06.2015	31.12.2014
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	21,010	113,197
Trade and other receivables	<u>33,374</u>	<u>48,617</u>
TOTAL CURRENT ASSETS	<u>54,384</u>	<u>161,814</u>
NON-CURRENT ASSETS		
Property, plant and equipment	35,303	43,354
Other including ongoing exploration	3,594,461	7,313,489

	CONSOLIDATED GROUP	
	30.06.2015	31.12.2014
	\$	\$
TOTAL NON-CURRENT ASSETS	3,629,764	7,356,843
TOTAL ASSETS	<u>3,684,148</u>	<u>7,518,657</u>
CURRENT LIABILITIES		
Trade and other payables	435,594	543,978
Other current financial liabilities	50,000	100,000
TOTAL CURRENT LIABILITIES	<u>485,594</u>	<u>643,978</u>
TOTAL LIABILITIES	<u>485,594</u>	<u>643,978</u>
NET ASSETS	<u>3,198,554</u>	<u>6,874,679</u>
EQUITY		
Contributed equity	33,983,453	33,781,441
Reserves	517,594	517,604
Retained profit/(loss)	<u>(31,302,493)</u>	<u>(27,424,366)</u>
Parent entity interest	3,198,554	6,874,679
TOTAL EQUITY	<u>3,198,554</u>	<u>6,874,679</u>

(c) **Statement of cash flows for the half year ended 30 June 2015**

	CONSOLIDATED GROUP	
	30.06.2015	31.12.2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	16,663	(126,218)
Interest received	954	1,943
Net cash (used in) provided by operating activities	<u>17,618</u>	<u>(124,275)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration activities	(261,826)	(339,161)
Net cash used in investing activities	<u>(261,826)</u>	<u>(339,161)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	202,012	274,825
Repayment of borrowings	(50,000)	-
Net cash used in (provided by) financing activities	<u>152,012</u>	<u>274,825</u>
NET INCREASE/(DECREASE) IN CASH HELD	<u>(92,196)</u>	<u>(188,611)</u>
Cash and cash equivalents at beginning of period	113,197	231,897
Effect of exchange rates on cash holdings in foreign currencies	10	2,497
Cash and cash equivalents at end of period	<u>21,010</u>	<u>45,783</u>

10.5 Expenditure Requirements

Redcliffe is required to expend approximately \$230,000 on an annual basis to maintain the mining tenements held by the Redcliffe Project Joint Venture.

10.6 Key contractual arrangements

There are no relevant material agreements other than the:

- (a) Redcliffe Project Joint Venture; and
- (b) the Credit Facility Agreement made between Redcliffe and NTM on 11 December 2015.

Under the Credit Facility NTM has agreed to provide up to a maximum of \$170,000 to Redcliffe, on the following terms:

- (i) interest will accrue at 10.00% per annum on the amount of the Credit Facility drawn down;
- (ii) the Credit Facility is unsecured; and
- (iii) the principal amount, together with accrued interest, may be repaid at any time but must be repaid to NTM on the earlier of:
 - (A) 30 September 2016; or
 - (B) on the occurrence of an event of default.

As at 8 February 2016, Redcliffe had drawn down \$145,297.00 under the Credit Facility.

The amount owing under the Credit Facility may be repaid:

- (i) in cash; or
- (ii) by sale of NTM shares held by Redcliffe;
- (iii) by the issue of shares in Redcliffe to NTM to a maximum amount of \$70,000 or
- (iv) by set off against NTM's expenditure obligations under the Redcliffe Joint Venture Agreement to a maximum amount of \$100,000.

If Redcliffe defaults under the Credit Facility Agreement, NTM may cancel the Facility and declare the monies owing under the Facility immediately due and payable.

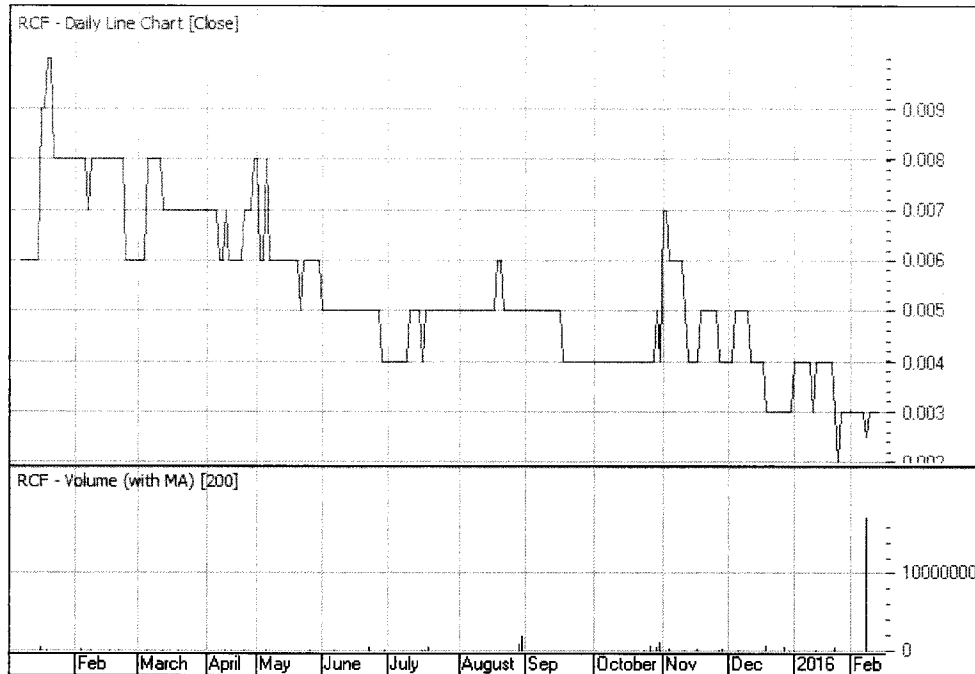
(c) Amending Deed

Redcliffe and NTM have entered into a deed dated 10 February 2016 which amend certain provisions of the Scheme Implementation Agreement. The changes:

- (i) extend the period for compliance with the Scheme Implementation Agreement;
- (ii) amend certain preconditions; and
- (iii) correct minor drafting and reference errors.

10.7 Share price performance

The market price and volume for Redcliffe shares over the last 12 months are set out below:



Source: ASX

As at 15 February 2016, being the last practicable date prior to finalisation of this Scheme Booklet:

- (a) the last recorded trading price of Redcliffe Shares was A\$0.003;
- (b) the 10 day VWAP of Redcliffe Shares was A\$0.0025;
- (c) the highest recorded trading price of Redcliffe Shares in the previous three months was A\$0.005; and
- (d) the lowest recorded trading price of Redcliffe Shares in the previous three months was A\$0.002.

As at 17 August 2015, being the being the last day on which Redcliffe Shares traded prior to announcement of the merger:

- (a) the last recorded trading price of Redcliffe Shares was A\$0.005;
- (b) the 10 day VWAP of Redcliffe Shares was A\$0.005;
- (c) the highest recorded trading price of Redcliffe Shares in the previous three months was A\$0.006; and
- (d) the lowest recorded trading price of Redcliffe Shares in the previous three months was A\$0.004.

10.8 Redcliffe issued securities, capital structure and substantial shareholders

(a) Shares

As at the date of this Scheme Booklet the Company has the following shares on issue:

214,052,381 ordinary fully paid shares.

That number will alter as a result of changes to the Options and share issues listed below.

(b) Partly paid shares

On 2 September 2015 the Company made a call on all 400,000 partly paid shares. As no partly paid shareholder paid the call within the prescribed period they forfeited their shares and the shares were auctioned on 5 November 2015 as fully paid shares in accordance with the Constitution of Redcliffe and the applicable ASX requirements.

(c) Options

As at the date of this Scheme Booklet the Company has the following options on issue:

3,000,000 Options exercisable on or before 31 December 2016 at \$0.015.

3,000,000 Options exercisable on or before 31 December 2016 at \$0.02.

3,000,000 Options exercisable on or before 31 December 2016 at \$0.03.

3,000,000 Options exercisable on or before 31 December 2016 at \$0.04.

3,000,000 Options exercisable on or before 31 December 2016 at \$0.05.

The Company has reached agreement with an unrelated option holder to convert their 5,000,000 options to a total of 1,000,000 ordinary fully paid shares. That agreement is subject to confirmation by shareholders at a general meeting to be held on 21 March 2016. The shares issued as result will be subject to the Scheme of Arrangement.

Calatos Pty Ltd (a company associated with Mr B McFarlane) holds 10,000,000 options and has agreed to cancel those options.

The shares will rank equally with all other fully paid shares on issue from the date of allotment.

All calculations in this Scheme Booklet of shareholder numbers and the number of shares to be issued by NTM are based on the assumption that approval of Redcliffe Shareholders is received to the issue of those shares unless otherwise stated.

(d) Share issues to Directors

The Company has agreed with the RCF Directors to the satisfaction of amounts owed to them by the Company by the issue of Redcliffe Shares at a notional issue price of 0.6 cents (\$0.006) per share to entities associated with the respective directors as set out in the table below. That agreement is subject to confirmation by shareholders at a general meeting to be held on 21 March 2016. The shares issued as result will be subject to the Scheme of Arrangement.

Entity	Relevant Director	Amount Owing	No. of Redcliffe Shares
Minico Pty Ltd	Rodney Foster	\$68,000	11,333,334
Calatos Pty Ltd	Bruce McFarlane	\$34,000	5,666,667
On Site Laboratory Services Pty Ltd	Garry Goyne	\$34,000	5,666,667
	Total	\$136,000	22,666,668

The shares will rank equally with all other fully paid shares on issue from the date of allotment.

The shares are being issued in lieu of directors fees owed to the directors. On the basis of the notional issue price of 0.6 cents per Redcliffe share and the preferred value of \$0.007 per share attributed to shares in NTM post-merger as set out in the section 2.7 of the Independent Expert's Report the consideration received is:

Relevant Director	No. of Redcliffe Shares	No. of NTM Shares	Approximate Value
Rodney Foster	11,333,334	4,121,212	\$28,848
Bruce McFarlane	5,666,667	2,060,606	\$14,424
Garry Goynes	5,666,667	2,060,606	\$14,424
Total	22,666,668	8,242,424	\$57,696

All calculations in this Scheme Booklet of shareholder numbers and the number of shares to be issued by NTM are based on the assumption that approval of Redcliffe Shareholders is received to the issue of those shares unless otherwise stated.

10.9 Substantial shareholders

As at the date of this Scheme Booklet and before the issue of any Redcliffe Shares referred to in section 10.8(c) or 10.8(d) the substantial shareholders in the Company are:

Fully Paid Shares	Number	% of Fully Paid Shares
Minico Pty Ltd	32,687,359	15.30%
Calatos Pty Ltd	26,677,216	12.49%
On Site Laboratory Services Pty Ltd	15,355,731	7.19%
Total		34.98

After the issue of any Redcliffe Shares referred to in section 10.8(c) or 10.8(d) the substantial shareholders in the Company will be:

Fully Paid Shares	Number	% of Fully Paid Shares
Minico Pty Ltd	44,020,693	18.63%
Calatos Pty Ltd	32,343,883	14.32%
On Site Laboratory Services Pty Ltd*	21,022,398	8.7%
Total		41.65

10.10 ASX and ASIC lodgement and disclosures

Redcliffe is a disclosing entity for the purposes of the Corporations Act and is subject to periodic reporting and continuous disclosure obligations. Redcliffe is also listed on the ASX and as such, is also subject to the continuous disclosure requirements of the ASX. These require Redcliffe to disclose information that a reasonable person would expect to have a material effect on the price or value of Redcliffe Shares (subject to specific exceptions). The disclosures made to the ASX are available for inspection at the ASX during business hours. A summary of Redcliffe's lodgements with the ASX since 1 July 2015 and up to the date of this Scheme Booklet is as follows:

Document	Lodgement Date
Quarterly Activities and Cashflow Report	31/07/2015
Redcliffe Project: New Partner & Proposed Company Merger	18/08/2015
NTM: Gold Project Acquisition & Merger	18/08/2015
NTM: Scheme Implementation Agreement	18/08/2015
Becoming a substantial holder for NTM	19/08/2015
Call on Partly Paid Shares	02/09/2015
Half Yearly Report and Accounts	11/09/2015
Forfeiture of Partly Paid Shares	09/10/2015
Partly Paid Shares Auction Notice	22/10/2015
Intention to Sell Unmarketable Parcels	23/10/2015
Partly Paid Shares Auction Notice	26/10/2015
Quarterly Activities & Cashflow Report	30/10/2015
Partly Paid Shares Auction Notice	02/11/2015

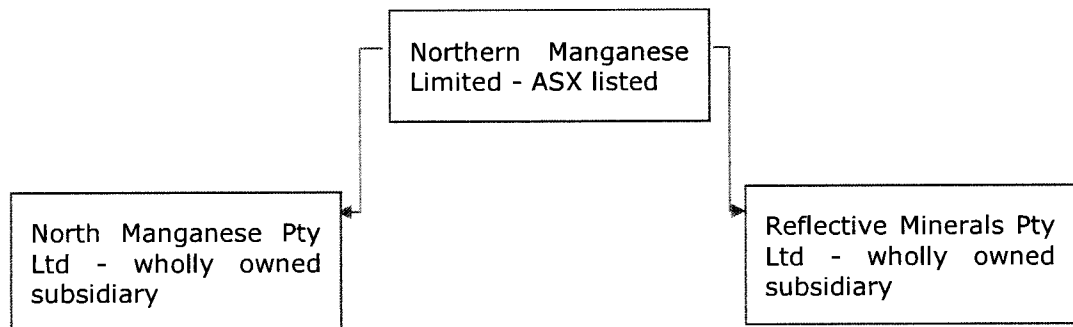
Document	Lodgement Date
Partly Paid Shares Auction Results	05/11/2015
Notice of Unmarketable Parcel Process	09/12/2015
NTM: Redcliffe Merger Process Update	15/12/2015
NTM: Redcliffe Project Update	15/12/2015
NTM: Merger Update	24/12/2015
Quarterly Activities & Cashflow Report	29/01/2016
Completion of sale of unmarketable parcels	15/02/2016

11. PROFILE OF NTM

11.1 Overview

Northern Manganese Limited was listed on the Australian Stock Exchange on 26 September 2006. As an exploration company Northern Manganese has since listing explored for Uranium in Western Australia and Manganese in the Northern Territory. Northern Manganese expended approximately \$13m on offshore exploration in the Northern Territory only to forego the rights to those titles due to political intervention by the Northern Territory Government. The Board and Management resolved to explore for an asset that was closer to near term production in Australia preferably in Western Australia.

11.2 NTM Group structure



11.3 History

After listing as Western Uranium Limited in September 2006 to undertake uranium exploration, the company transitioned to Manganese exploration, changed its name to Groote Resources Limited and acquired exploration licences west of Groote Eylandt in the Gulf of Carpentaria in the Northern Territory. Groote Resources Limited also obtained the rights to 4 Island Exploration Licence applications and 3 Exploration Licence applications in the waters surrounding Blue Mud Bay to the North West of Groote Eylandt and changed its name to Northern Manganese Limited.

Following the introduction by the Northern Territory Government of a moratorium that prevented exploration and mining for 3 years over all Northern Territory coastal waters in March 2012, NTM entered into continuous engagement with the Northern Territory Government and Opposition for the removal of the moratorium. It was during this engagement with the Northern Territory Government that it became clear that the Government would require NTM to surrender the granted Exploration Licences in the waters off Groote Eylandt. This led into negotiation for compensation with the Northern Territory Government by NTM. An agreement was reached by the parties in August 2014 and NTM came to the conclusion that there was not going to be any support from Government in the near term for the removal of the moratorium affecting Blue Mud Bay after the Government renewed the moratorium for a further 3 years in March 2015. This was the catalyst for NTM to commence exploration for a new strategic asset.

11.4 Strategy

NTM is seeking to acquire a near term low cost Gold production asset and develop it into a producer whilst continuing exploration and acquisition of other potential projects. WNTM intends to organically grow its business using contract mining and toll treatment wherever possible to reduce capital overheads.

11.5 Principal activities

NTM is an ASX listed mineral exploration company which has explored for various commodities since listing as set out at section 11.3.

For details of the Northern Territory mining interests held by NTM please refer to section 14.3.

No exploration was undertaken in the Northern Territory in the last 12 months due to the Moratorium on mineral exploration in certain areas imposed by the Northern Territory Government. The Northern Territory Government has announced that the Moratorium would be extended for a further 3 years to March 2018.

As a consequence the Darwin Office of NTM was closed in August 2014 and the office activities moved to Townsville in Queensland.

11.6 Operating and Financial Review

The operating loss for NTM in the year ended 30 June 2015 after income tax was \$539,176 (2014: \$3,790,869). The operating costs incurred during the year comprised mainly of costs associated with the general administration of NTM, compliance expenses incurred during the year and the impairment of exploration expenditure.

Review of Financial Condition

During the last financial year, NTM utilised funds in the following manner:

- (a) exploration expenditure incurred on mining tenements; and
- (b) the administration of NTM.

Review of Financial Position and performance

At 31 December 2015 NTM had cash reserves of \$753,418 and net assets of \$1,505,007.

It is not possible at this time to evaluate NTM's financial performance using generally accepted measures such as profitability, total shareholder return or peer group comparison as NTM is at a very early stage in the implementation of its corporate strategy. Results for the previous 5 years are as follows:

	2011	2012	2013	2014	2015
Revenue	221,769	80,915	26,699	123,081	144,602
Net Loss	(4,558,958)	(1,524,020)	(1,543,178)	(3,790,869)	(539,176)
(Loss) per share (cents)	(5.16)	(1.53)	(1.48)	(3.77)	(0.53)
Share price at year end	\$0.13	\$0.05	\$0.035	\$0.011	\$0.017

Cash Flows

The cash flows of NTM consist of:

- Interest income from interest bearing bank accounts;
- Research and development rebates received;
- Proceeds from disposal of exploration assets;
- Payments in relation to exploration costs;

- Payments for and proceeds from available-for-sale financial assets;
- Payments to Directors, consultants and suppliers; and
- Payments for plant and equipment.

Share Issues

During the last 12 months no shares were issued.

Option Issues

No options were issued by NTM during the year.

11.7 ASX and ASIC lodgement and disclosures

NTM is a "disclosing entity" for the purposes of the Corporations Act and is subject to periodic reporting and continuous disclosure obligations. NTM is also listed on the ASX and as such, is also subject to the continuous disclosure requirements of the ASX. These require NTM to disclose information that a reasonable person would expect to have a material effect on the price or value of NTM Shares (subject to specific exceptions). The disclosures made to the ASX are available for inspection at the ASX during business hours. A summary of NTM's lodgements with the ASX since 1 July 2015 and up to the date of this Scheme Booklet is as follows:

Document	Lodgement Date
Receipt of Purported Notice Under Section 249D	02/07/2015
Form 603 - Notice of initial substantial holder	17/07/2015
Notice of General Meeting under Section 249D of the Act	22/07/2015
Quarterly Activities Report	30/07/2015
Quarterly Cashflow Report	31/07/2015
Redcliffe Project: New Partner & Proposed Company Merger	18/08/2015
Gold Project Acquisition & Merger	18/08/2015
Issue of Shares to Redcliffe Resources	18/08/2015
Scheme Implementation Agreement	18/08/2015
Cleansing Notice	19/08/2015
Additional meeting information on company web site	19/08/2015
Becoming a substantial holder from RCF	19/08/2015
Appendix 3B	20/08/2015
Results of Meeting	28/08/2015
Blue Mud Bay - Update	10/09/2015
Shareholder Update - Chairman's Letter	17/09/2015
Annual Report to shareholders	30/09/2015
Notice of General Meeting/Proxy Form	08/10/2015
Corporate Governance Statement Appendix 4G	16/10/2015
Notice of General Meeting/Proxy Form	16/10/2015
Quarterly Cashflow and Activities Report	29/10/2015
NTM: Merger Update	24/12/2015
NTM: Redcliffe Merger Process Update	15/12/2015
NTM: Redcliffe Project Update	15/12/2015
Quarterly Cashflow Report	29/01/2016
Quarterly Activities Report	01/02/2016

11.8 Historical financial information

(a) Overview

The principal activities of NTM have comprised the following:

- Exploration of mining tenements;
- Investing cash assets in interest bearing bank accounts;

- The general administration of the NTM Group.

(b) **Statement of financial performance**

The operating loss for NTM for the 2015 financial year after income tax was \$539,176 (2014: \$3,790,869). The NTM Group has continued to focus on development of its mining tenements during the year. The operating costs incurred during the year comprised mainly of costs associated with the general administration of the NTM Group, compliance expenses incurred during the year and the impairment of exploration expenditure.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	2015	2014	2013
	\$	\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	1,731,686	45,264	293,125
Trade and other receivables	8,894	13,845	26,908
Prepayments	1,031	-	11,936
Available-for-sale financial assets	82,955	118,300	90,960
Total Current Assets	1,824,566	177,409	422,929
Non-current Assets			
Exploration and evaluation expenditure	-	2,800,000	5,760,803
Plant and equipment	31,582	67,103	93,017
Total Non-current Assets	31,582	2,867,103	5,853,820
TOTAL ASSETS	1,856,148	3,044,512	6,276,749
LIABILITIES			
Current Liabilities			
Trade and other payables	48,758	538,045	84,913
Provisions	7,376	22,231	17,843
Borrowings	3,424	19,508	17,844
Total Current Liabilities	59,558	579,784	120,600
Non-current Liabilities			
Borrowings	-	3,424	22,932
Total Non-current Liabilities	-	3,424	22,932
TOTAL LIABILITIES	59,558	583,208	143,532
NET ASSETS	1,796,590	2,461,304	6,133,217
EQUITY			
Equity attributable to equity holders			
Contributed equity	12,872,562	12,840,324	12,783,774
Reserves	4,665,277	4,823,053	4,800,512
Accumulated losses	(15,741,249)	(15,202,073)	(11,451,069)
TOTAL EQUITY	1,796,590	2,461,304	6,133,217

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014	2013
	\$	\$	\$
Revenue from continuing operations	144,602	123,081	26,699
Administration expenses	(63,932)	(26,964)	(68,014)
Impairment of available-for-sale financial assets	(76,540)	(40,160)	(507,860)
Compliance costs	(282,678)	(195,115)	(283,502)
Consultants fees	(81,178)	(20,619)	(48,591)
Depreciation expense	(11,517)	(19,046)	(23,235)
Directors fees	(104,738)	(114,257)	(113,996)
Due diligence expenses	(7,364)	-	-
Employee benefits expense	(209,920)	(311,759)	(387,477)
Exploration and evaluation	(28,760)	(3,182,321)	(94,129)
Investor relations expenses	(22,098)	(9,084)	(25,969)
Loss on disposal of non-current assets	(27,268)	(6,868)	-
Office accommodation expenses	(9,229)	(116,873)	(111,060)
Travel expenses	(13,989)	(6,330)	(66,147)
Share based payments (expense) / benefit	140,696	(62,406)	(62,406)
Loss before income tax	(653,913)	(3,988,721)	(1,765,687)
Income tax benefit	114,737	197,852	222,509
Loss for the year	(539,176)	(3,790,869)	(1,543,178)
Other comprehensive loss for the year, net of tax	-	-	-
Total comprehensive loss for the year attributable to owners of Northern Manganese Ltd	(539,176)	(3,790,869)	(1,543,178)

(c) **Statement of financial position**

The NTM Group had cash reserves of \$1,731,686 as at 30 June 2015 (2014: \$45,264, 2013: \$293,125) and net assets of \$1,796,590 (2014: \$2,461,304, 2013: \$6,133,217).

(d) **Contingent liabilities and contingent assets**

None

(e) **NTM accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Northern Manganese Limited and its subsidiaries that it controlled at any time during the year.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The consolidated financial statements of the NTM Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

None of the new standards and amendments to standards that are mandatory for the first time for the financial year ended 30 June 2015 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

The NTM Group has not early adopted any new accounting standards.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

11.9 **NTM Directors and key management**

Mr G P Connell – Chairman

Mr L F Jones – Managing Director

Mr D Ryan – Non Executive Director

Garry Connell – Non Executive Chairman

Mr Garry Connell was appointed to the Board on 13 January 2015 and became the Chairman of the Company on 30 January 2015.

Since January 2015 Mr Connell has been the subject of removal as a director on 2 separate occasions by way of a Section 249D Notice lodged with the Company. On each occasion the shareholders of the Company endorsed the retention of Mr Connell as a director with the results of these shareholder meetings announced to the ASX on the 5th March 2015 and 28th August 2015.

Mr Connell is an experienced and well-respected businessman in the exploration, mining and earthmoving sectors and has considerable experience and skills in evaluating future potential projects and opportunities. Mr Connell is a hands on business person and is well known for his can do approach to business and amongst other things being involved as a joint venture partner in gold mining operations.

Mr Connell has acted as a director of two public companies and brings knowledge, balanced decision making and practical skills in company and project management. He has also been involved in due diligence investigations of many organisations and projects.

Mr Connell is also the second largest shareholder in NTM.

Lloyd Jones – Managing Director

Mr Jones has over 30 years of experience working within the private and government sectors providing administration, strategic development and project deployment in regional Western Australia and in Queensland for the last 12 years.

Mr Jones was previously employed as the Manager of Community Relations for a large Queensland based private coal exploration and mining company with extensive

operations in the Moranbah Coal Basin. His role covered all aspects of Cultural Heritage, Native Title and land access.

His work focused on developing several negotiated agreements with traditional owners that would allow that company to secure the grant of mining leases from the State of Queensland. He was also responsible for general land access matters with pastoralists, the state and local government departments.

Previous experience in Queensland included several years as the Manager of Community and Stakeholder relations at MMG Century, the world's second largest open pit zinc mine. The Century Zinc Mine is located 250 kilometres north west of Mt Isa in the lower Gulf Region of North Western Queensland. His Department was responsible for the administration of the Gulf Communities Agreement that is fundamental to the operations at the mine, that company being strongly committed to honouring the spirit as well as the intent of that agreement.

David Ryan – Non Executive Director

Mr David Ryan was appointed on 14 February 2011 and has 20 years' experience within the mining industry providing administration, strategic development and project deployment in Australia and overseas locations.

Since January 2015 Mr Ryan has been the subject of removal as a director on two separate occasions by way of a Section 249D Notice lodged with the Company. On each occasion the shareholders of the Company endorsed the retention of Mr Ryan as a director with the results of these shareholder meetings announced to the ASX on the 5th March 2015 and 28th August 2015.

Mr Ryan was the General Manager of Argent (Bullant) Pty Ltd, a Gold Project in the Kalgoorlie region before establishing his own consulting business Skunkworks Engineering operating from Kalgoorlie.

No NTM Director is a director of Redcliffe. The holdings of Redcliffe securities by NTM Directors are described in section 1.

11.10 Corporate governance

The Board of NTM has established the following corporate governance guidelines.

(a) Corporate Governance Disclosures

The NTM Board has followed the ASX Corporate Governance Council (**CGC**) published guidelines (to the extent that they are applicable) as well as its own corporate governance principles and recommendations.

In summary, NTM departs from the CGC's recommendation in 6 key areas:

- (i) Recommendation 2.1: The majority of the Board are not deemed to be independent as none of the NTM Board falls within the independent definition.
- (ii) Recommendation 2.4: Northern Manganese Limited does not have a separate Nomination Committee. The NTM Group is of a size and a level of current activity that enables the full Board to be able to attend to the matters normally attended to by the Nomination Committee. Remuneration levels are set by the NTM Group in accordance with industry standards to attract suitable qualified and experienced Directors and senior executives.

- (iii) Recommendation 3.3: Due to the current nature and scale of Northern Manganese Limited's activities, the NTM Group is yet to establish measurable objectives for achieving gender diversity to report against.
- (iv) Recommendation 4.1: Northern Manganese Limited currently does not have a separate Audit Committee. The NTM Group is of a size and a level of current activity that enables the full Board to be able to attend to the matters normally attended to by the Audit Committee.
- (v) Recommendation 8.1: Northern Manganese Limited currently does not have a separate Remuneration Committee. The NTM Group is of a size and a level of current activity that enables the full Board to be able to attend to the matters normally attended to by the Remuneration Committee.

The table below summarises NTM's compliance with the CGC's recommendations. Unless otherwise stated below, NTM complies with the requirement.

Recommendation	Compliance Yes/No
Principle 1 – Lay Solid Foundations for management and oversight	
1.1 Companies should formalise the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes
1.2 Companies should disclose the process for evaluating the performance of senior executives.	Yes
1.3 Companies should provide the information indicated in Guide to reporting on Principle 1.	Yes
Principle 2 – Structure the board to add value	
2.1 A majority of the Board should be independent directors. Only one (1) of the three (3) Board members is independent.	No
2.2 The Chair should be an independent director The Chair is not considered to be independent in accordance with the stated definition.	No
2.3 The roles of chair and chief executive officer should not be exercised by the same individual.	Yes
2.4 The board should establish a nomination committee Northern Manganese Limited is not of a size to justify having a Nomination Committee. Matters typically dealt with by such a Committee are dealt with by the full Board.	No
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and the individual Directors.	Yes
2.6 Companies should provide the information indicated in Guide to reporting on Principle 2.	Yes
Principle 3 – Promote ethical and responsible decision-making	
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code.	Yes
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Yes
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them. Due to the current nature and scale of Northern Manganese's activities, the Board is yet to establish measurable objectives for achieving gender diversity to report against.	No
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board. There are currently no women in the organisation.	No

Recommendation	Compliance Yes/No
3.5 Companies should provide the information indicated in Guide to reporting on Principle 3.	Yes
4.1 The Board should establish an audit committee. Northern Manganese Limited is not of a size to justify having an audit committee. Matters typically dealt with by such a committee are dealt with by the full Board.	No
5.1 Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance.	Yes
5.2 Companies should provide the information indicated in Guide to reporting on Principle 5.	Yes
6.1 Companies should design and disclose a communications policy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose the policy or a summary of the policy.	Yes
6.2 Companies should provide the information indicated in Guide to reporting on Principle 6.	Yes
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes
7.2 The Board should require management to design and implement the risk management and internal control system to manage the NTM Group's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the NTM Group's management of its material business risks.	Yes
7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.	Yes
7.4 Companies should provide the information indicated in Guide to reporting on Principle 7.	Yes
Principle 8- Remunerate fairly and responsibly	
8.1 The Board should establish a remuneration committee. Northern Manganese Limited is not of a size to justify having a remuneration committee. Matters typically dealt with by such a committee are dealt with by the full Board.	No
8.2 The remuneration committee should be structured so that it: Consists of a majority of independent directors; Is chaired by an independent chair; and Has at least three (3) members	Not Applicable
8.3 Companies should clearly distinguish the structure of non executive director's remuneration from that of executive directors and senior executives.	Yes
8.4 Companies should provide the information indicated in Guide to reporting on Principle 8.	Yes

Unless otherwise stated, Northern Manganese Limited's corporate governance practices were in place throughout the year ended 30 June 2015.

(b) Composition of the Board

The Northern Manganese Board is comprised of one executive Director and 2 Non-Executive Directors.

The table below sets out the detail of the tenure of each director at the date of this Booklet.

Director	Role	First Appointed	Non Executive	Independent
Garry Connell	Non-Executive Chairman	13 January 2015	Yes	No
David Ryan	Non-Executive	14 February 2011	Yes	No
Lloyd Jones	Executive Managing Director	20 June 2011	No	No

Details of the Board including their experience, expertise and qualifications are set out in section 11.9.

11.11 Rights attaching to NTM Shares

The NTM Shares issued as consideration to Redcliffe Shareholders under the Scheme will be issued as fully paid ordinary shares and will rank equally with issued NTM Shares from the date of their allotment.

A summary of the rights attaching to NTM Shares is set out below. The constitution of NTM is neither exhaustive, nor a definitive statement of the rights and liabilities of NTM Shareholders. Rights and liabilities attaching to NTM Shares arise from a combination of the Corporations Act, NTM constitution, common law and Listing Rules.

(a) General Meetings

Every NTM Shareholder is entitled to attend and vote at general meetings (subject to any rights or restrictions being attached to any class or classes of shares) in person, by proxy or by attorney.

The NTM Directors must convene a general meeting of NTM Shareholders when requisitioned by NTM Shareholders in accordance with the Corporations Act.

(b) Voting

On a show of hands, every person present has one vote. On a poll, every person present (whether present as a shareholder, proxy, attorney or representative) has one vote for each share that the person holds or represents.

(c) Dividends

NTM Directors may declare a final or interim dividend to NTM Shareholders. The NTM Directors may carry forward so much of the profits as they consider ought not to be distributed as dividends (without transferring those profits to a reserve).

No dividend, bonus or payment by way of bonus is payable to shareholders otherwise than out of profits of the company.

(d) Transfer of NTM Shares

The NTM constitution provides that NTM Shareholders may transfer their shares by instrument in writing and that the NTM Directors have the ability to refuse to register the transfer of shares in their discretion.

(e) **Issue of further NTM Shares**

Subject to the NTM constitution, the Corporations Act and the Listing Rules, the NTM Directors may issue, allot or grant options for shares in the company.

(f) **Variation of Rights**

NTM may only modify or vary the rights attaching to any class of shares with either the:

- (i) prior approval, by special resolution, of the holders of the shares in that class at a meeting of those holders; or
- (ii) written consent of holders of three quarters of the issued shares of that class.

(g) **Variation of the NTM Constitution**

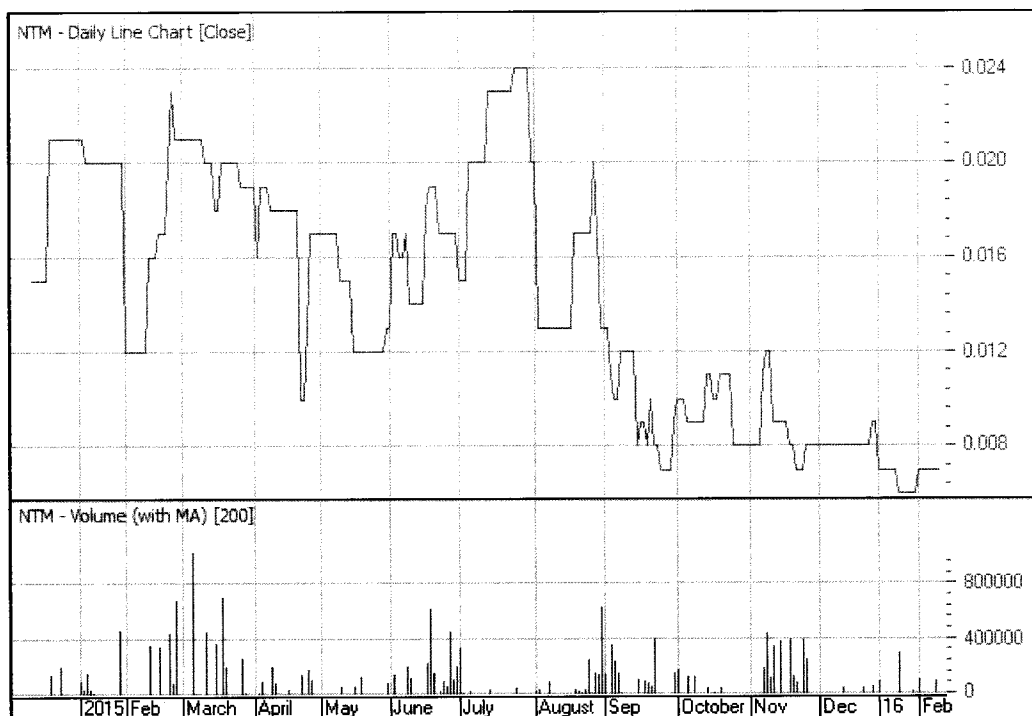
The Corporations Act provides that the constitution of NTM can be modified or repealed by a special resolution of NTM Shareholders.

(h) **Winding Up**

If NTM is wound up, the property of NTM is available for distribution pro rata among the NTM Shareholders after the debts and liabilities of NTM and the costs and charges of the winding up are paid.

11.12 **Share price performance**

In the 12 month period to the date of this Scheme Booklet NTM Shares have traded at 52 week low of 0.008 to a 52 week high of 0.025. The chart below sets out the trading history of NTM over the previous 12 months.



Source: ASX

11.13 **NTM issued securities, capital structure and substantial shareholders**

(a) 117,549,775 Ordinary Fully Paid Shares

(b) 6,000,000 Unlisted Options:

Options exercisable at 20 cents per option expiring December 2016

(c) **Substantial Shareholders**

Top 20 shareholders as at 21 January 2016

Shareholder Name	Shares	Percentage
Redcliffe Resources Ltd	13,888,889	11.82
Mr Garry Patrick Connell + Mrs Devryn Lee Connell <Connell Contractors S/F A/C>	12,673,450	10.78
Citicorp Nominees Pty Limited	3,356,163	2.86
HSBC Custody Nominees (Australia) Limited	3,162,236	2.69
Mr Brian Thomas Ryan	2,880,350	2.45
M & K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/C>	2,485,621	2.11
J P Morgan Nominees Australia Limited	2,424,305	2.06
Mr Hung The Doan	2,255,071	1.92
Mr Lloyd Jones <L & E Jones Family A/C>	1,923,333	1.64
Mr Po Fung Lawrence Chan	1,909,983	1.62
JVE Super Fund Pty Ltd <Anda Super Fund A/C>	1,732,046	1.47
Mr Peter Romeo Gianni	1,500,000	1.28
Merrill Lynch (Australia) Nominees Pty Ltd	1,455,951	1.24
Mr Christopher John Daws	1,431,500	1.22
Vier Pty Ltd	1,391,613	1.18
Mr Jean-Pierre Aucoin	1,361,900	1.16
Kalgurli Holdings Pty Ltd <Kalgurli Super Fund A/C>	1,191,944	1.01
NKH Capital Pty Ltd	1,111,111	0.95
Mr John Timothy Kingswood <Kingswood Family A/C>	968,891	0.82
Ward Crowe Holdings Pty Ltd <Jennifer Ward Super Fund A/C>	942,684	0.80
Total	60,047,041	51.08

11.14 **Information on NTM Shares**

NTM does not have any interest in or shareholding in RCF other than a 51% interest in the Redcliffe Project Joint Venture.

11.15 **Legal disputes**

The Company does not have any legal disputes at the date of this Scheme Booklet.

12. PROFILE OF THE MERGED GROUP

12.1 Background for the Merger

Over the last 5 years most small mineral exploration companies have found it difficult to raise capital to develop projects.

During the 2010 financial year NTM raised approximately \$2.5m in capital from sophisticated investors by way of a share placement to pursue manganese opportunities in the Northern Territory. It has been prevented from developing these opportunities due to a number of government actions which have effectively prevented any meaningful work to be undertaken in this area.

Redcliffe acquired the Redcliffe Gold Project in 2004 and has spent approximately 11 years exploring and developing the project. The Redcliffe Gold Project is located near Leonora in Western Australia's Eastern Goldfields. Within Redcliffe's licence area previous open pits in the 1990s have produced over 90,000 oz of gold. Current estimated resources stand at 278,100 ounces of gold occurring as a series of deposits along the Mertondale Shear Zone within granted mining leases.

The deposits along with the many other prospects (at various stages of exploration) are considered to hold substantial potential for adding to resources.

Each of Redcliffe and NTM believe that combining their respective assets to further develop the Redcliffe Gold Project has merit for shareholders of both companies.

12.2 Future intentions

This section sets out the intentions of Redcliffe and NTM in relation to the Merged Group if the Scheme is implemented.

These statements of intention are formed on the basis of publicly available information as at the date of this Scheme Booklet as well as information made available in the course of due diligence carried out by Redcliffe on the business of NTM, and due diligence carried out by NTM on the business of Redcliffe.

The board of the Merged Group intends to:

- (a) operate the businesses of Redcliffe and NTM in substantially the same manner as they are currently being conducted; and
- (b) explore opportunities to optimise the Merged Group's existing operations and development projects and maximise value for the Merged Group's shareholders.

Final decisions regarding any such matters will be made by the board of the Merged Group in light of material information and circumstances at the relevant time. Accordingly, the statements set out in this section are statements of current intentions only, which may vary as new information becomes available or circumstances change and the Merged Group further develops its strategic focus and outlook.

12.3 Corporate Matters In Relation To Redcliffe

If the Scheme is implemented, it is intended that:

- (a) Redcliffe be removed from the official list of ASX; and
- (b) as Redcliffe will be a subsidiary of the Merged Group, the Redcliffe Board will be reconstituted so that it comprises persons nominated by the board of the Merged Group.

12.4 **Proposed board of directors of the Merged Group**

Chairman: Garry Connell

Managing Director: Lloyd Jones

Non-Executive Directors: David Ryan, Rodney Foster, Bruce McFarlane

12.5 **Dividends and dividend policy**

The board of the Merged Group look to pay dividends as soon as it is responsible to do so. In making any determination on dividends, the board of the Merged Group will have regard to, amongst other things, the available profits, its financial position, franking credits and the board of the Merged Group's assessment of the capital required to grow the combined businesses.

12.6 **Name of the Merged Group**

Following the implementation of the Scheme, the board of the Merged Group intends to change the name of the Merged Group. Any decision to change the name of the listed entity would be subject to shareholder approval of the Merged Group.

12.7 **Substantial shareholders of the Merged Group**

An outline of the structure of NTM after the merger is set out below.

Company	Shares before Merger	Shares after Merger	Shareholders before Merger	Shareholders after Merger
NTM	117,549,775	204,720,337	1,159	1783

Assuming the issue of Redcliffe Shares referred to in section 10.8(c) or 10.8(d) the substantial shareholders in the Merged Group will be:

Fully Paid Shares - NTM	Number	% of Fully Paid Shares
Minico Pty Ltd	16,007,524	7.8%
Redcliffe Resources Ltd	13,888,889	6.8
Mr G P Connell + Mrs D L Connell	12,673,450	6.2
Calatos Pty Ltd	12,488,866	6.1%
On Site Laboratory Services Pty Ltd	7,644,508	3.7%
Total	55,066,374	<u>30.6%</u>

Redcliffe Shareholders will hold approximately 42.5% of the Merged Group post merger.

12.8 **Prospects for the Merged Group**

The Redcliffe Gold Project is located 45-60km northeast of Leonora in the Eastern Goldfields Region of Western Australia. The Leonora district hosts several multi-million ounce gold deposits including Sons of Gwalia, Tarmoola (aka King of the Hills) and Tower Hill. Several projects are currently being mined or considered for development within the area by various companies.

The Redcliffe Gold project covers approximately 45.6 sq km of prospective tenure as 4 granted Mining Leases overlying the Mertondale Shear Zone, a regionally important and highly prospective gold bearing structure within Archaean aged greenstone.

Two additional prospecting licences located to the southwest cover sediments within the Pig Well Graben and comprise the Pig Well Project (1.4 Ha).

Exploration completed by Redcliffe Resources has resulted in the discovery of a number of resources and advanced prospects including Golden Terrace South (GTS),

Kelly, Golden Terrace North and Golden Spear. These, combined with potential resource targets located beneath previously mined open pits (Nambi, Redcliffe/West lode, Mesa) comprise the current estimated gold resource inventory.

The resource inventory stands at 278,100 ounces (5.48Mt @ 1.57 g/t) in both the Indicated (0.969Mt @ 2.7 g/t) and Inferred (4.512Mt @ 1.33 g/t) categories. It is considered highly likely that this can be increased as exploration and development continues.

Proposed work for the next 12 months includes further drill delineation of the current oxide Resources at GTS and Kelly North together with deeper drilling to target high grade primary zone mineralisation at GTS, Nambi and Nambi South.

Other work will include:

Further re-evaluation (geological and economic), modelling and related studies of the GTS, Nambi, Kelly and Nambi South deposits,

Upgrade compliance of resources to JORC 2012

Metallurgical test work at GTS and Kelly North

Completion of de-watering bores for the proposed open pit at GTS

Compilation of Mining Proposal for submission

Geological appraisal and testing of regional exploration targets

Significant commitments for the Merged Group for the 2015 - 2016 year are:

Project	Expenditure commitments	Amount
Redcliffe Gold Project	DMP Commitments	\$459,817

12.9 Consent

Sections 11 and 1 contain this statements made by, or statements said to be based on made statements by NTM. NTM has consented to the inclusion of each statement made by NTM in the form and context in which the statements appear and has not withdrawn that consent as at the date of this Scheme Booklet.

13. PRO FORMA FINANCIAL INFORMATION OF THE MERGED GROUP

13.1 Pro forma financial information

The Merged Group pro forma financial information provided in this Scheme Booklet comprises a pro forma consolidated statement of financial position as at 31 December 2015, which is based upon the:

- (a) NTM unaudited consolidated statement of financial position as at 31 December 2015; and
- (b) RCF unaudited consolidated statement of financial position as at 31 December 2015,
- (c) relevant pro forma adjustments required to present the Merged Group as at 31 December 2015, (collectively, the Pro Forma Financial Information).

The information in this section 13.1 is presented on a pro forma basis only, and as a result it is likely that this information will differ from the actual financial information for the Merged Group as at the Effective Date.

Combined Balance Sheet of the Merged Group as at 31 December 2015

	Note	NTM Unaudited \$	Unaudited adjustments \$	Unaudited Pro forma \$
ASSETS				
Current assets				
Cash and cash equivalents	1	753,418	19,092	772,510
Trade and other receivables	2	97,280	(75,017)	22,263
Prepayments		6,965	-	6,965
Available-for-sale financial assets		62,819	-	62,819
Total current assets		920,482	(55,925)	864,557
Non-current assets				
Exploration and evaluation expenditure	3	636,610	1,761,286	2,397,896
Plant and equipment	4	27,485	35,303	62,788
Total non-current assets		664,095	1,796,589	2,460,684
TOTAL ASSETS		1,584,577	1,740,664	3,325,241
LIABILITIES				
Current liabilities				
Trade and other payables	5	67,399	143,333	210,732
Provisions		12,171	-	12,171
Total current liabilities		79,570	143,333	222,903
TOTAL LIABILITIES		79,570	143,333	222,903
NET ASSETS		1,505,007	1,597,331	3,102,338
EQUITY				
Contributed equity	6	13,014,157	864,433	13,878,590
Reserves	4	4,665,277	-	4,665,277
Accumulated losses	7	(16,174,427)	732,898	(15,441,529)
TOTAL EQUITY		1,505,007	1,597,331	3,102,338

Unaudited Proforma Adjustments

31 December 2015

Note 1: Cash and cash equivalents		\$
Unaudited 31 December 2015		753,418
Merger costs not yet included		(33,000)
Asset acquisition from Redcliffe Resources Limited		52,092
Unaudited Proforma 31 December 2015		772,510

Note 2: Trade and other receivables		
Loan to Redcliffe Resources Ltd		85,993
Other receivables		11,287
Unaudited 31 December 2015		97,280
Elimination of Loan to Redcliffe Resources Limited		(85,993)
Asset acquisition from Redcliffe Resources Limited		10,976
Unaudited Proforma 31 December 2015		22,263

Note 3: Exploration and evaluation		
Unaudited 31 December 2015		636,610
Asset acquisition from Redcliffe Resources Limited		1,761,286
Unaudited Proforma 31 December 2015		2,397,896

Note 4: Plant and equipment		
Unaudited 31 December 2015		27,485
Asset acquisition from Redcliffe Resources Limited		35,303
Unaudited Proforma 31 December 2015		62,788

Note 5: Trade and other payables		
Unaudited 31 December 2015		67,399
Liability acquired from Redcliffe Resources Limited		143,333
Unaudited Proforma 31 December 2015		210,732

Note 6: Contributed equity		
Ordinary shares	No.	\$
Unaudited 31 December 2015	117,549,775	13,014,157
Proposed share issue to Redcliffe per Scheme of Arrangement	86,443,290	864,433
Unaudited Proforma 31 December 2015	203,993,065	13,885,863

Note 7: Accumulated losses		
Unaudited 31 December 2015		(16,174,427)
Merger adjustment		732,898
Unaudited Proforma 31 December 2015		(15,441,529)

Note 9: Asset Acquisition
The proposed merger with Redcliffe is to be effected by way of a Scheme of Arrangement. The transaction is not considered to be a business combination as the assets acquired do not meet the definition of a business as defined in the Australian Accounting Standards as at the date of acquisition. The acquisition of the net assets meets the definition of, and has been accounted for, as an asset acquisition.

Standalone audited 30 June 2015 historical consolidated statement of comprehensive income information for Redcliffe is located within section 10.4 (Redcliffe historical financial information) and NTM at section 11.8 (NTM historical financial information) respectively.

13.2 **Basis of Preparation**

The Pro Forma Financial Information is provided for illustrative purposes and is prepared in accordance with the recognition and measurement requirements of applicable Australian Accounting Standards on the assumption that the proposed Scheme was implemented on 31 December 2015.

The Pro Forma Financial Information is presented in an abbreviated form insofar as it does not contain all the disclosures, statements or comparative information as required by Australian Accounting Standards applicable to annual financial reports usually provided in an annual report prepared in accordance with the Corporations Act.

The accounting policies of the Merged Group used in the compilation of the Pro Forma Financial Information are based on those of NTM. The NTM summary of significant accounting policies is disclosed in the audited financial statements of NTM for the year ended 30 June 2015, available on the ASX website at www.asx.com.au.

No adjustments have been made in the Pro Forma Financial Information for any expected synergies or integration costs following the implementation of the Scheme. No adjustments have been made in the Pro Forma Financial Information for any one-off or non-recurring costs, other than those set out in the pro forma adjustments.

The Pro Forma Financial Information is presented in Australian dollars.

13.3 **Accounting Under AASB 3 'Business Combinations'**

Under Australian Accounting Standards, the proposed merger will be accounted for as a business combination. Australian Accounting Standards require that where two or more entities combine through an exchange of equity for the purposes of a business combination, one of the entities must be deemed to be the accounting acquirer (accounting parent).

NTM is the legal acquirer (legal parent) in respect of the proposed Scheme (Redcliffe is the legal subsidiary) and it will issue New NTM Shares to effect the business combination with Redcliffe. However, in accordance with Australian Accounting Standards, all relevant facts and circumstances must be considered to determine which entity has obtained control in the transaction and is therefore deemed to be the accounting acquirer (accounting parent).

Having regard to the guidance set out in Australian Accounting Standard AASB 3 'Business Combinations' and given the relative voting rights after the business combination, Board and management composition of the Merged Group and other factors, NTM was determined to be the deemed acquirer (accounting parent) for accounting purposes.

For the purposes of the Merged Group, the net asset value of Redcliffe (reflecting the assets and liabilities deemed to be acquired by NTM) is restated at fair value, while the assets and liabilities of NTM are maintained at their historical book values.

The acquisition accounting has been determined on a provisional basis as permitted under AASB 3. The fair value of the consideration deemed transferred, assets acquired and liabilities assumed by NTM have been determined based on preliminary fair value estimates as at 30 September 2015, which will be different to the ultimate fair values at the Effective Date. The acquisition accounting is expected to be finalised

within 12 months of the implementation of the proposed Scheme, as allowed under Australian Accounting Standards.

13.4 Forecasts

Redcliffe has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. The Redcliffe Directors have concluded that, as at the date of this Scheme Booklet, it would be misleading to provide forecast financial information, as a reasonable basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of the Merged Group in any period will be influenced by various factors that are outside the control of the Redcliffe Directors and that cannot, at this time, be predicted with a high level of confidence. In particular, the financial performance of the Merged Group will be materially affected by:

- (a) prevailing gold and other mineral prices which are subject to material change from time to time;
- (b) prevailing exchange rates which are subject to material change from time to time;
- (c) the timing and level of production; and
- (d) the costs related to exploration, development and operating activities.

Redcliffe does not have an established practice of issuing financial forecasts given the potential impact of the considerations shown above.

13.5 Costs

The pro forma financial information in section 13.1 includes costs associated with implementing the Scheme incurred by either of Redcliffe or NTM. At the date of issue of this Booklet the total amount of those costs are not known but are estimated to be approximately \$312,000. These are made up of:

	Redcliffe	NTM
Corporate Advisory:	-	Metropolis Corporate Advisory Services: \$50,000
Legal Fees:	Lyons Babington Lawyers (including counsel fees): \$110,000 Ashurst PNG: \$20,000	Bennett + Co: \$50,000
Independent Experts:	RSM Financial Services Australia Pty Ltd: \$25,000	-
Share Registry and printing:	Link Market Services Ltd: \$12,000	-
Accounting, ASX and other:	\$35,000	\$10,000

14. RISK FACTORS

14.1 Introduction

There are a number of risk factors, both specific to the Merger and the Merged Group and of a general nature, which may affect the value of the Merged Group's shares and the future operating and financial performance of the Merged Group. The following sections describe some, but not all, of the risk factors.

Redcliffe and its Shareholders are already subject to the majority of the risks set out in the following sections, but in proceeding with the Merger, Redcliffe Shareholders as shareholders in the Merged Group after the Merger may be exposed to those existing risks on a different scale or in relation to different assets.

Before deciding on how to vote on the Scheme, Redcliffe Shareholders should carefully consider the risk factors described in the following sections, as well as the other information contained in this Scheme Booklet or of which they may be aware.

If Redcliffe Shareholders are in doubt about how to vote in relation to the Merger, they are advised to consult their professional advisers.

14.2 General risks

(a) General market conditions

The performance of the Merged Group will depend to a large extent on the level of discretionary consumer spending along with other economic factors such as economic growth, interest rates, inflation, employment levels, consumer and business sentiment and market volatility. As such, the share price of the Merged Group, along with prospective dividend returns, are likely to be impacted, both favourably and unfavourably, by these factors.

(b) Share market conditions

If the Merger is implemented, NTM Consideration Shares will be issued to:

- (i) Redcliffe Shareholders; and
- (ii) the Nominee, in the case of Foreign Shareholders,

in consideration for the transfer of each of their Redcliffe Shares held at the Record Date to NTM. Accordingly, the value of the entitlements which Redcliffe Shareholders receive under the Scheme will be dependent on the value of NTM Shares.

The value of the Merged Group's shares (and in some cases the financial performance of the Merged Group) could fluctuate in response to actual or anticipated variations in the Merged Group's operating results, introduction of new products by the Merged Group or its competitors or both, general trends in the childcare and related industries, government or public actions impacting these industries, changes in key personnel and general share market sentiment.

(c) General regulatory risks

The Merged Group will be exposed to changes in the regulatory conditions in which it operates. The risks include changes in:

- (i) taxation laws and policies;
- (ii) accounting laws, policies, standards and practices; and

(iii) fiscal, monetary and regulatory policies.

14.3 Risk particular to NTM

(a) Moratorium on exploration - Northern Territory

NTM's Northern Territory projects are the Northern Manganese Groote Eylandt Project and Blue Mud Bay Project (which consists of applications for four Islands and three offshore Exploration Licences).

The Northern Territory Government has imposed a three year moratorium covering all coastal territory waters on all offshore exploration and sea bed mining expiring in March 2018 (**Moratorium**). As a result NTM cannot explore its Northern Manganese Groote Eylandt Project and the applications with respect to the Blue Mud Bay Project cannot be granted.

There is a risk that the moratorium may not be lifted either at all or within a period acceptable to NTM. As a consequence, there is a risk that NTM may not be able to recover its capitalised exploration and evaluation expenditure. NTM however has previously written off all exploration expenditure in relation to Blue Mud Bay on account of the Moratorium and as such is not carrying any asset value on its balance sheet.

(b) Exploration

NTM has the rights to:

- (i) 2 island tenements within the Groote Eylandt Project area both of which are subject to "veto" under the Aboriginal Land Rights Act of 1976 and do not come before the Northern Land Council again until the first quarter in 2016;
- (ii) 4 Islands in the Blue Mud Bay area which are subject to consent negotiations;
- (iii) 3 Exploration Licences Applications in Blue Mud Bay which are subject to the Moratorium; and
- (iv) a group of Exploration Licence Applications in Commonwealth waters to the south of Groote Eylandt.

Whilst considered prospective, NTM's manganese tenements are either subject to the moratorium, not yet granted or are early stage exploration tenements with limited exploration undertaken on them to date.

Exploration is a high risk undertaking. NTM does not give any assurance that exploration of its current projects or any future projects will result in the delineation or discovery of a significant mineral resource. Even if a significant mineral resource is identified, there can be no guarantee that it can be economically exploited.

No assurances can be given that NTM will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until NTM is able to realise value from its projects, it is likely to incur ongoing operating losses.

(c) Manganese and other commodity prices

As an explorer for Manganese and potentially other minerals, any earnings are expected to be closely related to the price of manganese and other commodities.

14.4 PNG law implications and effectiveness of scheme

- (a) Redcliffe is incorporated in Papua New Guinea. Redcliffe is seeking approval of the Scheme in the Federal Court of Australia.
- (b) It is Redcliffe's position that the Federal Court has jurisdiction to propose and approve the Scheme as Redcliffe is a registered foreign company and a Part 5.1 body under the Corporations Act. It will also be Redcliffe's submission that the Scheme, if approved, should bind all shareholders with a valid transfer of their shares to NTM and be effective for all necessary purposes notwithstanding its place of incorporation and will put that view to the court.
- (c) There is a risk that the Federal Court may not accept these arguments or that a shareholder may seek to apply to delay or prevent the Scheme on the grounds that the Federal Court does not have the jurisdiction to implement the Scheme or that the Scheme will not bind all shareholders. If a shareholder is successful in pursuing this course, the Scheme may not become effective.

14.5 Risks relating to mining and exploration

(a) General

The primary business of Redcliffe and NTM is exploration for, and commercial development of mineral ore bodies, which is subject to the significant risks inherent in these activities. Although well advanced, the Redcliffe Gold Project is still in the exploratory phase. The current and future operations of the Merged Group may be affected by a range of factors, including:

- (i) geological conditions;
- (ii) limitations on activities due to seasonal weather patterns;
- (iii) unanticipated operational and technical difficulties encountered in sampling, drilling and production activities;
- (iv) mechanical failure of operating plant and equipment;
- (v) adverse weather conditions, industrial and environmental accidents, industrial disputes and other force majeure events;
- (vi) unavailability of drilling equipment and labour;
- (vii) inadequate infrastructure including power, water, and road networks;
- (viii) unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment and labour;
- (ix) prevention of access by reason of political unrest, outbreak of hostilities, inability to obtain consents or approvals; and
- (x) contracting risks from third parties providing essential services.

(b) Mineral Discovery risk

The ultimate success and financial viability of the Merged Group depends on the discovery and delineation of economically recoverable ore reserves, design and construction of efficient mining and processing facilities, and competent operational and managerial performance. There is no assurance that exploration and development of the mineral interests described in this Scheme Booklet, or any other projects that may be acquired by Merged Group in the future, will result in the discovery of an economic deposit.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited.

Redcliffe has 2004 JORC Code compliant resources on its tenements. Information with respect to the resources was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. The resources are estimates only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(c) Commodity Prices

Commodities prices fluctuate and are affected by numerous factors beyond the control of NTM or Redcliffe. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on NTM's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(d) Environmental Matters

The Merged Group's projects are subject to rules and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mineral projects, the Merged Group's projects are expected to have a variety of environmental impacts should development proceed. Development of any of the Merged Group's projects will be dependent on the Merged Group satisfying environmental guidelines and, where required, being approved by government authorities.

The Merged Group intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws, but may still be subject to accidents or other unforeseen events which may compromise its environmental performance and which may have adverse financial implications.

(e) Key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Merged Group depends substantially on its senior management and its key personnel.

Currently, the key personnel of NTM is its Managing Director. The key personnel of Redcliffe is its Executive Chairman. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Accordingly, no assurance can be given that exploration or further development of the Redcliffe Project or any other mining tenements held by NTM or Redcliffe will be successful.

14.6 **Risks relating to the Scheme and the Merged Group**

- (a) To further fund the Redcliffe Project NTM will, at some time in the future, need to raise funds to finance its activities. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If NTM is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is no guarantee that NTM will be able to secure any additional funding or be able to secure funding on terms favourable to NTM.

- (b) Change in Risk Profile

If the Scheme is implemented, there will be a change in the risk profile to which Redcliffe Shareholders are exposed. Redcliffe Shareholders are currently exposed to various risks as a result of their investment in Redcliffe. If the Scheme is implemented, Redcliffe Shareholders will be exposed to risk factors relating to NTM, and to certain additional risks relating to the Merged Group and the integration of the two companies. These include risks relating to the operation of a broader suite of assets than Redcliffe currently operates, different geographies that Redcliffe is not currently exposed to, and other risks relating to the two companies. Many of these risks are described in this section 1 and are equally applicable to NTM – for example, exploration risk and commodities risk.

- (c) The investment profile for Redcliffe Shareholders may change

While Redcliffe is active in the same commodity markets, operations and geographies as NTM, the operational profile, capital structure, size and geographic focus of the Merged Group will be different to that of Redcliffe on a standalone basis. It is possible that certain Redcliffe Shareholders may wish to maintain an interest in Redcliffe as a standalone entity because they are seeking an investment in a publicly listed company with the specific characteristics of Redcliffe (such as its current operational profile, capital structure, size and geography). The change in investment profile under the merger may be a disincentive to such shareholders.

- (d) The exact value of the scheme consideration is not certain

If the Scheme is implemented, Redcliffe Shareholders (other than Ineligible Foreign Shareholders) will receive the NTM Consideration Shares. The exact value of the NTM Consideration Shares that would be realised by individual Redcliffe Shareholders will be dependent on the price at which the NTM Consideration Shares (being shares in the Merged Group) trade on ASX after the Effective Date.

Following the implementation of the Scheme, the Merged Group's share price may rise or fall based on market conditions and the Merged Group's financial and operational performance. If the Merged Group's share price falls, the value of those NTM Consideration Shares received by Redcliffe Shareholders will decline in value.

Further, if NTM Shareholders do not intend to continue to hold their NTM Consideration Shares, there is a risk that a significant number of NTM Shareholders will seek to sell their NTM Shares, which may adversely impact

the price of all NTM Shares (including the NTM Consideration Shares which Redcliffe Shareholders will have received).

In addition, the Sale Nominee will be issued with NTM Shares attributable to certain ineligible Foreign Shareholders and will be seeking to sell those shares on ASX as soon as reasonably practicable. It is possible that such sales may exert downward pressure on the Merged Group's share price in the period following the Implementation Date.

(e) Accounting risks

In accounting for the merger, the Merged Group will need to perform a fair value assessment of all of NTM's assets, liabilities and contingent liabilities, which will include the identification and valuation of tangible and intangible assets. As a result of this fair value assessment, the Merged Group's charges (for example, depreciation expense and amortisation expense) may be substantially greater than the relevant charges of Redcliffe and NTM as separate businesses and to that extent may significantly reduce the future earnings of the Merged Group.

The Merged Group will be subject to the usual business risk that there may be changes in accounting policies which may have an adverse impact on the Merged Group. The impact of changes to AIFRS could adversely affect the Merged Group's reported earnings performance in any given period and its consolidated statement of financial position from time to time.

(f) Estimates and assumptions are used in preparing consolidated financial statements

Preparation of the consolidated financial statements requires the Merged Group to use estimates and assumptions. Accounting for estimates requires the Merged Group to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. The Merged Group's estimates and assumptions used in the calculation of the recoverable amount of its exploration expenditure may be inaccurate. The Merged Group could then be required to impair the recorded value of its exploration expenditure.

14.7 Legal Risks

(a) Litigation

The Merged Group is subject to litigation risks. All industries, including mineral exploration, are subject to legal claims, which may be with or without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Merged Group is or may become subject could have a material effect on its financial position, results of operations or the Merged Group's exploration operations, through increased costs, payment of damages and damage to its reputation.

(b) Security of tenure

All licences and permits in which the Merged Group has interests are subject to renewal conditions or are yet to be granted, which will be at the discretion of the relevant minister. The maintenance of licences and permits, obtaining renewals, or having licences and permits granted, often depends statutory approvals for proposed activities. While the Merged Group anticipates that subsequent renewals or licence and permit grants will be given as and when sought, there is no assurance that such renewals or grants will be given as a matter of course and there is no assurance that new conditions will not be imposed in connection with such grant or renewal.

(c) Native title

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. This may impact on the Company's operations and plans in the future. The discovery of Aboriginal sacred sites or artefacts on permits held by the Company could limit or preclude exploration activities within spheres of influence of those sites. As a result, delays and expenses could be incurred in obtaining the necessary clearances. In the case of the Company's applications for tenements in the Northern Territory, the granting of the tenements is subject to various aspects of the Native Title Act 1993 (Cth) and the Aboriginal Land Rights Act 1976 (Cth) and the granting of such permits and tenements may be subject to delay or they may not be granted for reasons beyond the control of the Company.

14.8 Implications if the Merger does not proceed

If the Merger does not proceed, Redcliffe Shareholders will not receive the NTM Shares they would receive under the Scheme if it was implemented and will retain their holding of Redcliffe Shares. Redcliffe will continue to operate as a stand-alone company and Redcliffe will remain listed on ASX. Redcliffe will need to raise funds to finance its activities.

Redcliffe will be required to meet the costs associated with the proposed merger. That may require Redcliffe to raise additional funds.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If Redcliffe is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is no guarantee that Redcliffe will be able to secure any additional funding or be able to secure funding on terms favourable to Redcliffe.

Under the terms of the Credit Facility Agreement, NTM has agreed to provide Redcliffe up to A\$170,000 to fund its ongoing operations in the lead up to the Effective Date. As at 8 February 2016, Redcliffe had drawn down \$145,297.00 under the Credit Facility. Please refer to section 10.6 for further information regarding the Credit Facility Agreement.

If the Scheme is not implemented, Redcliffe will be required under the terms of the Credit Facility Agreement to repay the outstanding balance of the Credit Facility, plus applicable interest by 30 September 2016.

As at the date of this Scheme Booklet, NTM has expressed no view to Redcliffe as to what action NTM may take if the Scheme is not implemented and Redcliffe fails to repay the amount owing under the Credit Facility by 30 September 2016.

As at the date of this Scheme Booklet Redcliffe had insufficient cash assets and receivables to repay the amount drawn under the Credit Facility. If the Scheme is not implemented Redcliffe would therefore need to secure funding to:

- (a) repay the amounts owing under the Credit Facility; and
- (b) continue to finance its ongoing operations and obligations.

The Redcliffe Board considers that it would be able to secure financing, as it has done so in the past, however, it is noted that given the challenging prevailing financial market conditions, particularly for junior resources companies this could prove difficult. Even this if such funds could be secured, the commercial terms of such financing may not be particularly favourable, and Redcliffe Shareholders may risk significant dilution.

14.9 **Other Risks**

Additional risks and uncertainties not currently known to Redcliffe or NTM may also have a material adverse effect on Redcliffe, NTM or the Merged Group and the information set out above does not purport to be, nor should it be construed as representing, an exhaustive list of the risks affecting Redcliffe, NTM or the Merged Group.

15. AUSTRALIAN TAX IMPLICATIONS

In this section, references to 'Australian residents' are references to persons or entities that are Australian residents for Australian tax purposes.

15.1 General

The intention of the following information is to provide a guide to the general Australian income tax implications of the Merger for Redcliffe Shareholders based only on income tax legislation in effect at the date of this Scheme Booklet. It does not purport to be a complete analysis of all the potential taxation consequences nor is it intended to replace the need for specialist taxation advice in respect of the particular circumstances of individual Redcliffe Shareholders. It does not contain any consideration of the possible taxation implications in jurisdictions other than Australia.

This summary is not applicable to all Redcliffe Shareholders and, in particular, does not apply to:

- (a) Redcliffe Shareholders who do not hold their Redcliffe Shares on capital account (eg Redcliffe Shareholders who hold their Redcliffe Shares as trading stock or revenue assets);
- (b) Redcliffe Shareholders who are not the beneficial owners of their Redcliffe Shares;
- (c) Redcliffe Shareholders (if any) who acquired, or are deemed to have acquired, their Redcliffe Shares before 20 September 1985; and
- (d) Redcliffe Shareholders who received their Redcliffe Shares under an employee share plan or option scheme.

All Redcliffe Shareholders should seek separate taxation advice as to the taxation implications of the Merger.

15.2 Merger – Australian tax implications

(a) Merger - Australian resident shareholders

Redcliffe Shareholders, who would otherwise derive a capital gain as a result of the Merger, will be eligible for full CGT scrip-for-scrip rollover relief in relation to the disposal of their Redcliffe Shares in consideration for NTM Shares.

Redcliffe Shareholders whose CGT cost base (ie. reduced by the Capital Return, as discussed above) in their Redcliffe Shares exceeds the value of the NTM Shares received will crystallise a capital loss to this extent at the time the shares are exchanged. A capital loss can only be used to reduce a capital gain derived by the Redcliffe Shareholder in the current year or carried forward to reduce a capital gain in a future year.

Where scrip-for-scrip rollover is chosen by a Redcliffe Shareholder, there will not be any immediate tax liability arising as a result of a capital gain being made on the disposal of the Redcliffe Shares. The CGT cost base that each Redcliffe Shareholder has in their Redcliffe Shares will become the CGT cost base at which the Redcliffe Shareholder will be taken to have acquired the NTM Shares received under the Merger.

Redcliffe Shareholders who have held their Redcliffe Shares for at least 12 months and who do not elect for the scrip-for-scrip rollover provisions to apply may be eligible for up to a 50% discount on their capital gain or an indexation adjustment depending on whether the Redcliffe Shareholder is an individual,

company, trust or complying superannuation fund. Such Redcliffe Shareholders should seek advice relevant to their own personal circumstances in considering the different outcomes under the discount and indexation alternatives.

(b) **Merger - non-resident shareholders**

Non-resident Redcliffe Shareholders who, together with their associates, own (or are deemed to own) less than 10% of Redcliffe Shares and do not hold their shares through an Australian permanent establishment, will not be liable for Australian income tax on any capital gains arising on disposal of their Redcliffe Shares. This is the case whether, under the Merger, they receive NTM Shares or cash consideration.

Non-resident Redcliffe Shareholders who, together with their associates, own (or are deemed to own) 10% or more of the Redcliffe Shares on issue, or whose Redcliffe Shares have been used in carrying on a trade or business (wholly or partly) at or through a permanent establishment in Australia, will be subject to CGT on the disposal of their Redcliffe Shares. To the extent such Redcliffe Shareholders receive NTM Shares under the Merger, they will be eligible for the scrip-for-scrip rollover relief as outlined above for Australian resident shareholders. To the extent such Redcliffe Shareholders receive cash consideration under the Merger, they may generate a capital gain or loss under the Australian CGT provisions. A capital gain may be eligible for a CGT discount or indexation adjustment as outlined above for Australian resident shareholders.

16. ADDITIONAL INFORMATION

16.1 Interests of Redcliffe Directors

The number and description of marketable securities in Redcliffe and NTM held by or behalf of each Redcliffe Director as at the date of this Scheme Booklet is as follows:

Director	Shares in Redcliffe	Shares in NTM
Rodney Foster	32,687,359*	Nil
Bruce McFarlane	26,677,216*	Nil
Garry Goynes	15,355,731*	Nil
Joseph Holloway	2,580,666	Nil

* before the issue of any Redcliffe Shares referred to in section 10.8(c) or 10.8(d)

At the date of this Scheme Booklet Redcliffe owns 13,888,889 shares in NTM. It is intended that those shares will be dealt with after the Merger in accordance with section 16.5.

No director of Redcliffe is a director of NTM.

The directors have made full disclosure of the above interests to the Redcliffe board and are therefore permitted to and have supported resolutions of Redcliffe to implement the Scheme.

16.2 Agreements or arrangements with Redcliffe Directors

There are no agreements or arrangements between Redcliffe Directors and any other person in connection with or conditional on the outcome of the Scheme other than the appointment of Redcliffe directors to the board of NTM set out at section 12.4.

16.3 Payments and benefits to Redcliffe Directors or related bodies corporate

There are no agreements or arrangements between Redcliffe Directors and any other person in connection with or conditional on the outcome of the Scheme other than the appointment of Redcliffe directors to the board of NTM set out at section 12.4.

16.4 Interests held by Redcliffe Directors in contracts of NTM

No Redcliffe Director has any contractual arrangements with NTM.

16.5 Dealings in securities by Redcliffe, Redcliffe Directors and associates of Redcliffe

(a) Marketable securities of NTM held by directors of Redcliffe

Details of the marketable securities in NTM and Redcliffe held by directors of Redcliffe are set out in section 16.1.

(b) Dealings in Redcliffe and NTM Securities

Redcliffe holds 13,888,889 NTM Shares received as consideration for the sale of a 51% interest in the Redcliffe project as announced to the ASX on 18 August 2015.

Redcliffe and the Redcliffe Directors have not otherwise:

- (i) acquired or disposed of an interest in any NTM Shares in the 4 months preceding the date of this Scheme Booklet; or

(ii) given, offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person to:

(A) vote in favour of the Scheme; or

(B) dispose of NTM Shares to Redcliffe or an associate of Redcliffe.

None of Redcliffe, a Redcliffe Director or any associate of Redcliffe provided, or agreed to provide, or has received or agreed to receive consideration for a NTM Share under a sale, purchase, or agreement for sale or purchase of NTM in the 4 months before the date of this Scheme Booklet other than the 13,888,889 NTM Shares received as consideration for the sale of a 51% interest in the Redcliffe project as announced to the ASX on 18 August 2015.

(c) Redcliffe's relevant interest and voting power in NTM Shares

Immediately before the date of this Scheme Booklet, Redcliffe held 13,888,889 shares in the issued capital of NTM representing approximately 11.82% the issued capital of NTM.

(d) Disposal of NTM Shares

Immediately before the date of this Scheme Booklet, Redcliffe held 13,888,889 shares in the issued capital of NTM. It is the intention of NTM that those shares will be divested at the best available price within 12 months of the Effective Date as required by the Corporations Act.

16.6 Dealings in securities by NTM, directors of NTM and associates of NTM

(a) Marketable securities of Redcliffe held by directors of NTM

Details of the marketable securities in NTM and Redcliffe held by directors of NTM are set out below:

Director	Shares in Redcliffe	Shares in NTM
Garry Connell	Nil	12,673,450
Lloyd Jones	Nil	2,313,992
David Ryan	Nil	282,990

(b) Dealings in Redcliffe Shares by NTM, directors of NTM and associates of NTM

None of NTM, a NTM Director or any associate of NTM has:

(i) provided, or agreed to provide, or has received or agreed to receive consideration for a Redcliffe Share under a sale, purchase, or agreement for sale or purchase of Redcliffe Shares in the 4 months before the date of this Scheme Booklet; or

(ii) given, offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person to:

(A) vote in favour of the Scheme; or

(B) dispose of NTM Shares to Redcliffe or an associate of Redcliffe.

(c) NTM's relevant interest and voting power in Redcliffe Shares

Immediately before the date of this Scheme Booklet, NTM's relevant interest and voting power in Redcliffe Shares was nil.

16.7 Rights attaching to NTM shares

The rights attaching to the NTM Shares that Redcliffe Shareholders will receive under the Scheme are summarised in section 11.11.

16.8 Benefits given by NTM outside the Scheme

No benefits have been given by NTM to any person in relation to or in connection with the Scheme other than the acquisition of Redcliffe Shares as provided by the Scheme.

16.9 ASIC and ASX waivers

At the date of this document there are no applicable ASIC or ASX waivers relevant to the Scheme.

16.10 Expert's reports and interests and consents of experts

(a) Consents

The following persons have given and have not, before the date of issue of this scheme booklet, withdrawn their consent to be named in this Scheme Booklet in the form and context in which they are named:

- (i) RSM Financial Services Australia Pty Ltd as the Independent Expert;
- (ii) Link Market Services Ltd as the share registry; and
- (iii) NTM.

Each person referred to in this section does not make, or purport to make any statement in this Scheme Booklet other than those statements referred to above next to that person's name as consented to by that person, and to the maximum extent permitted by law expressly disclaims and takes not responsibility for any part of this Scheme Booklet other than as described in this section with that person's consent.

(b) Independent Expert's Report

Redcliffe Directors recommend that Redcliffe Shareholders read the Independent Expert's Report in Appendix A carefully before voting at the Scheme Meeting. In the opinion of the Independent Expert, the NTM offer is fair and reasonable and the Merger is in the best interests of Redcliffe Shareholders.

The Independent Expert has given and not withdrawn its consent to the inclusion of the Independent Expert's Report in the form and context in which it appears in Appendix A and the references to that report in the form and context in which they are included in this Scheme Booklet. The Independent Expert has not caused or authorised the issue of this Scheme Booklet and takes no responsibility for any part of it other than the Independent Expert's Report and the references to its name.

16.11 Material changes in the financial position of Redcliffe

Except as set out in this Scheme Booklet, the financial position of Redcliffe has not, so far as is known by the Redcliffe Directors, materially changed since the date of the 30 June 2015 financial statements included at section 10.4 other than for:

- (a) the sale by Redcliffe of a 51% interest in the Redcliffe Gold Project to NTM; and

- (b) costs and expenses incurred in relation to preparation of this Booklet, convening shareholder meetings and implementing the Scheme after 30 June 2015 which are included in the pro forma financial statements at section 1.

16.12 Material changes in the financial position of NTM

Except as set out in this Scheme Booklet, the financial position of NTM has not, so far as is known by the directors of NTM, materially changed since the date of the 30 June 2015 financial statements included at section 11.8 other than for:

- (a) the acquisition by NTM of a 51% interest in the Redcliffe Gold Project from Redcliffe; and

costs and expenses incurred in relation to implementing the Scheme, after 30 June 2015 which are included in the pro forma financial statements at section 1.

16.13 Other material information

Other than as set out in this Scheme Booklet, there is no other information material to the making of a decision on how to vote in relation to the Scheme, being information that is within the knowledge of any director of Redcliffe or a director of a related company of Redcliffe, that has not previously been disclosed to Redcliffe Shareholders.

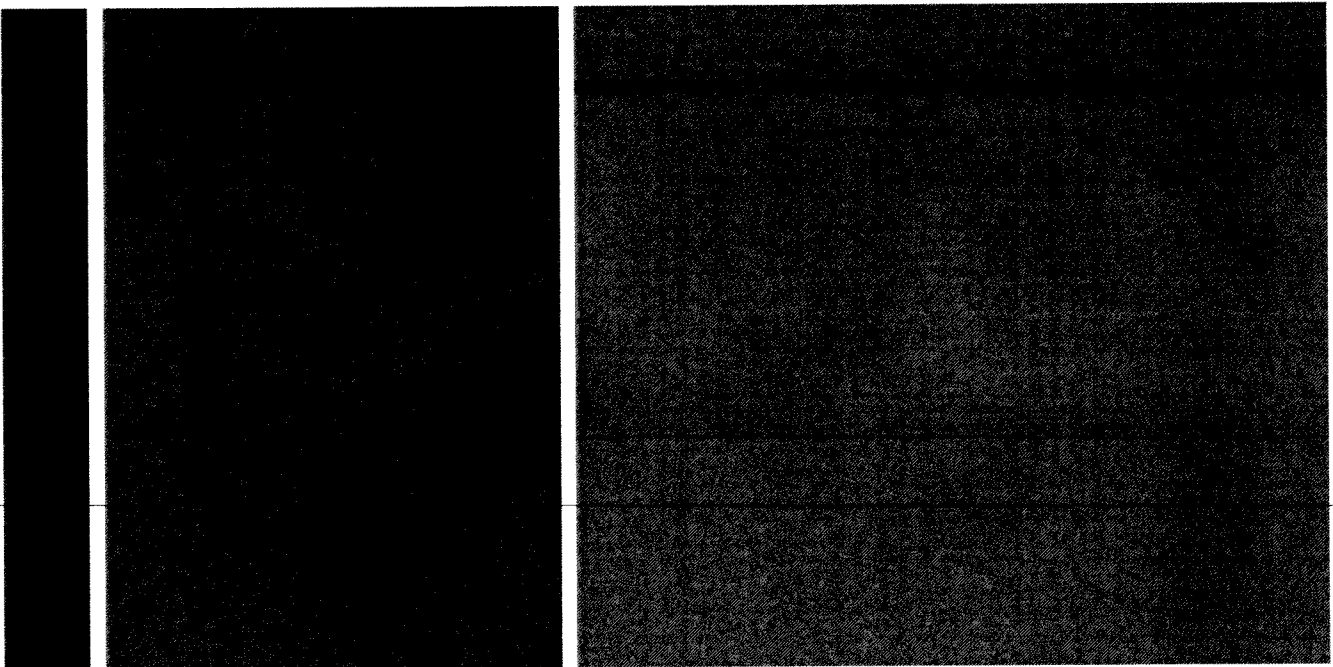
17. GLOSSARY OF TERMS

In this Scheme Booklet the following defined terms have the following meanings:

Amending Deed	The deed dated 9 February 2016 made between Redcliffe and NTM amending the Scheme Implementation Agreement a summary of which is set out in section 10.6
ASIC	Australian Securities and Investment Commission
ASX	ASX Limited
Business Day	A weekday on which trading banks are open for business in Perth
Credit Facility	the credit facility provided by NTM to Redcliffe in accordance with the Credit Facility Agreement.
Credit Facility Agreement	means the Credit Facility Agreement dated 11 December 2015 between Redcliffe and NTM, a summary of which is set out in section 10.6
Conditions Precedent	The conditions summarised in section 9.4 of this Scheme Booklet and set out in full in section 3.1 of the Scheme Implementation Agreement.
Corporations Act	The Corporations Act 2001 (Cth)
Court	The Federal Court of Australia
Deed Poll	A deed poll executed by NTM in favour of Redcliffe Shareholders, a copy of which (without annexures) is included in Appendix D
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
Effective	The coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme
Effective Date	The date on which the Scheme becomes Effective
End Date	31 March 2016
EPS	Earnings per share
Foreign Shareholder	A holder of Redcliffe Shares whose registered address is outside Australia
General Meeting	The meeting convened by Redcliffe as set out at section 6.7(a)
Implementation Date	The fifth Business Day after the Record Date
Independent Expert	RSM Financial Services Australia Pty Ltd
Independent Expert's Report	The report prepared by the Independent Expert set out in Annexure A
Listing Rules	Official listing rules of the ASX
Merged Group	NTM and its subsidiaries after implementation of the Scheme which will include Redcliffe as a subsidiary of NTM
Merger	The merger of Redcliffe and NTM through the implementation of the Scheme in accordance with the terms of the Scheme Implementation Agreement
Nominee	A nominee appointed by NTM prior to the Implementation Date
Notice of Scheme Meeting	The notice included at Annexure E
NTM	Northern Manganese Limited
NTM Board	The board of directors of NTM
NTM Consideration Shares	The NTM Shares to be issued by NTM to Redcliffe Shareholders pursuant to the Deed Poll and the Scheme Implementation Agreement
NTM Directors	Directors of NTM as of the date of this Scheme Booklet
NTM Group	NTM and its wholly-owned subsidiaries

NTM Shareholders	Each person who is registered in the NTM Share Register as the holder of a NTM Share as at the Record Date
NTM Share Register	The share register of NTM
NTM Shares	Fully paid ordinary shares of NTM
PNG	The Independent State of Papua New Guinea
Redcliffe	Redcliffe Resources Limited
Redcliffe Board	The board of directors of Redcliffe
Redcliffe Directors	Directors of Redcliffe as at the date of this Scheme Booklet
Redcliffe Gold Project	The group of mining tenements and related infrastructure the subject of the Redcliffe Project Joint Venture.
Redcliffe Options	15,000,000 options to acquire Redcliffe Shares at a price ranging from 1.5 cents to 5 cents expiring 31 December 2016
Redcliffe Project Joint Venture	The joint venture between Redcliffe (49% interest) and NTM (51% interest) in respect of the Redcliffe project as announced to the ASX on 18 August 2015
Redcliffe Shares	Fully paid ordinary shares in Redcliffe
Redcliffe Shareholders	Means the holders of Redcliffe Shares
Redcliffe Share Register	The share register of Redcliffe
Record Date	The third Business Day after the date on which the Scheme becomes Effective
Scheme	The scheme of arrangement under Part 5.1 of the Corporations Act between Redcliffe and Redcliffe Shareholders substantially in the form of Annexure C (without annexures) and as described in clause 4 of the Scheme Implementation Agreement, together with any alterations made or conditions imposed by the Court pursuant to section 411(6) of the Corporations Act
Scheme Booklet	This scheme booklet dated 16 February 2016
Scheme Consideration	The consideration in the form of NTM Shares to be provided by NTM to Redcliffe Shareholders under the Scheme as provided for in the Scheme Implementation Agreement
Scheme Implementation Agreement	The Scheme Implementation Agreement between Redcliffe and NTM, as set out in Annexure B (without annexures) as amended by the Amending Deed
Scheme Meeting	The meeting convened by the Court under section 411(1) of the Corporations Act in relation to the implementation of the Scheme
Scheme Meeting Resolution	The resolution set out in the Notice of Scheme Meeting
Scheme Shares	The Redcliffe Shares to be transferred to NTM pursuant to the Scheme as contemplated by the Scheme Implementation Agreement
Second Court Date	The day on which an application is made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard
Share Registry	The registry which maintains the Redcliffe Share Register, being Link Market Services Ltd
VWAP	Volume weighted average price

Annexure A – Independent expert's report



REDCLIFFE RESOURCES LIMITED

Financial Services Guide and Independent Expert's Report

8 February 2016

We have concluded that the Scheme is IN THE BEST INTERESTS of the Shareholders of Redcliffe Resources Ltd



FINANCIAL SERVICES GUIDE

RSM Financial Services Australia Pty Ltd ABN 22 009 176 354 AFSL 238 282 ("RSM Financial Services Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

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 238282;
- 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 complaints handling procedures and how you may access them.

Financial services we are licensed to provide

For the purpose of our report and this FSG, the financial service which we will be providing to you is the provision of general financial product advice in relation to securities.

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

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

General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Financial Services Australia Pty Ltd, 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.

Remuneration or other benefits received by our employees

All our employees receive a salary.



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.

Associations and relationships

RSM Financial Services Australia Pty Ltd is wholly owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Financial Services Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

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, RSM Financial Services Australia Pty Ltd, PO Box R1253, Perth, WA, 6844, +61 (0) 8 9261 9100.

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 company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website 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 at the top of our letterhead on page 1 of the Independent Expert's Report.

CONTENTS

1.	Introduction	1
2.	Summary and Conclusion	2
3.	Scope of the Report	5
4.	Summary of the Scheme	6
5.	Profile of Redcliffe	7
6.	Profile of Northern	16
7.	Valuation Approach	21
8.	Valuation of Redcliffe	24
9.	Valuation of Northern	31
10.	Valuation of the Merged Group	35
11.	Is the Scheme Fair to the Shareholders	39
12.	Consideration of other factors relating to the Scheme	40
	Appendix 1 – Declarations and Disclosures	43
	Appendix 2 – Sources of Information	44
	Appendix 3 – Glossary of Terms and Abbreviations	45
	Appendix 4 – Independent Technical Valuation of the Exploration Assets held by Redcliffe Resources Limited	48

Direct Line: (03) 9286 8167
Email: glyn.yates@rsm.com.au

8 February 2016

The Shareholders
Redcliffe Resources Limited
523 Ligar Street
BALLARAT VIC 3355

Dear Shareholders

INDEPENDENT EXPERT'S REPORT ("REPORT")

1. Introduction

- 1.1 On 18 August 2015, Redcliffe Resources Limited ("Redcliffe" or "the Company") announced the sale of a 51% stake in Redcliffe Gold Project to Northern Manganese Ltd ("Northern") and that it had entered into a Scheme Implementation Agreement ("SIA") with Northern in relation to a proposal by Northern to merge with Redcliffe via a scheme of arrangement ("the Scheme") under Section 411 of the *Corporations Act 2001* (Cth) ("the Act").
- 1.2 Under the terms of the Scheme, the Redcliffe Shareholders ("Shareholders") will receive 1 Northern share for every 2.75 fully paid shares they hold. If the Scheme is implemented, Redcliffe will become wholly owned by Northern ("the Merged Group"). Redcliffe and Northern have executed the SIA to give effect to the Scheme if all conditions precedent are satisfied.
- 1.3 Redcliffe had 400,000 unlisted partly paid shares on issue. As part of the Conditions Precedent of the Scheme, Redcliffe announced a call on the partly paid shares on 2 September 2015, being \$2.50, with the call due and payable on 24 September 2015. As the call on the partly paid shares of \$2.50 was unpaid by 24 September 2015, the partly paid shares were forfeited and subsequently sold by public auction on 5 November 2015 as fully paid shares. The Shareholders of these 400,000 additional fully paid ordinary will therefore participate in the Scheme as holders of fully paid ordinary shares in Redcliffe.
- 1.4 The Scheme is subject to the Court convening a meeting of Shareholders where they will consider a resolution seeking approval of the Scheme ("Scheme Meeting"). The Scheme Meeting is to be held on or about 21 March 2016 and, under the Act, it will be approved by the Shareholders if the resolution is passed by a majority of the Shareholders present (in person or by proxy) and voting at the Scheme Meeting, and by at least 75% of the votes cast on the resolution. If this occurs, a second Court hearing will be held to approve the Scheme which, if approved, will become binding on all Redcliffe Shareholders who hold Redcliffe shares as at the Scheme record date, irrespective of whether or not they voted for the Scheme, and Northern will acquire 100% of Redcliffe's shares held by Shareholders.

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- 1.5 The Directors of Redcliffe have requested RSM Financial Services Australia Pty Ltd ("RSMFS"), being independent and qualified for the purpose, to express an opinion as to whether the Scheme is in the best interests of the Shareholders.
- 1.6 Accordingly, we have prepared this Report for the purpose of stating, in our opinion whether or not the Scheme, and as such the offer under the Scheme, is in the best interests of the Shareholders and to set out the reasons for that opinion. Our Report is to be included in the Scheme Booklet and Notice of Meeting to be sent to the Shareholders in respect of the Scheme Meeting.
- 1.7 This Report represents general financial product advice only and has been prepared without taking into consideration the individual circumstances of the Shareholders. The ultimate decision whether to approve the Scheme should be based on each of the Shareholders' assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. The Shareholders should read and have regard to the contents of the Scheme Booklet and Notice of Meeting which has been prepared by the Directors and Management of Redcliffe. The Shareholders who are in doubt as to the action they should take with regard to the Scheme and the matters dealt with in this Report, should seek independent professional advice.

2. Summary and Conclusion

Opinion

- 2.1 In the absence of any other relevant information and/or a superior proposal, RSMFS considers the Scheme to be fair and reasonable to the Shareholders, and as such, that the Scheme is in the best interests of the Shareholders. A summary of our reasons and the approach we have taken in assessing our opinion is set out in this Section of our Report.

Approach

- 2.2 In assessing whether the Scheme is "in the best interests" of the Shareholders, we have considered Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 – Content of Expert Reports ("RG 111"), which provides specific guidance as to how an expert is to appraise a Scheme of Arrangement.
- 2.3 Schemes of Arrangement can be used as an alternative to a takeover bid under Chapter 6 of the Act to achieve substantially the same outcome. In these circumstances, RG 111 suggests that the form of analysis to be undertaken by the expert should be substantially the same as for a takeover bid.
- 2.4 In effect, the Scheme represents a takeover offer for Redcliffe via an offer of 1 Northern share for every 2.75 Redcliffe shares. Therefore, consistent with the guidance set out in RG 111, in assessing whether or not we consider the Scheme to be "in the best interests" of the Shareholders, we have considered whether the Scheme is "fair" to the Shareholders by assessing and comparing:
 - the Fair Value of a share in Redcliffe on a controlling basis prior to the Scheme; with
 - the Fair Value of the consideration offered per Redcliffe share on a non-controlling basis immediately after the Scheme; andconsidered whether the Scheme is "reasonable" to the Shareholders by undertaking an analysis of the other factors relating to the Scheme which are likely to be relevant to the Shareholders, in their decision of whether or not, to approve the Scheme.
- 2.5 Further information of the approach we have employed in assessing whether the Scheme is in "the best interests" of the Shareholders is set out at Section 3 of this Report.

Is the Scheme Fair to the Shareholders?

- 2.6 In assessing whether we consider the Scheme to be fair to the Shareholders, we have valued a share in Redcliffe prior to the implementation of the Scheme, and compared it to the value of the consideration offered per Redcliffe share immediately after the Scheme, to determine whether a Shareholder would be better or worse off should the Scheme be approved. The consideration offered represents the value of the equivalent ownership interest per Redcliffe share in the Merged Group.

2. Summary and Conclusion (Cont.)

2.7 Our assessment is set out in the table below.

	Fair Value		
	Low	High	Preferred
Fair Value per share prior to the Scheme	\$0.002	\$0.019	\$0.002
Assessed value per share in the Merged Group (non-controlling basis)	\$0.007	\$0.034	\$0.007
Offer of 1 Northern share for every 2.75 fully paid Redcliffe shares	2.75	2.75	2.75
Value of the consideration offered per Redcliffe share	\$0.002	\$0.012	\$0.003

Table 1: Valuation Summary

2.8 The above comparison is depicted graphically in the table below.

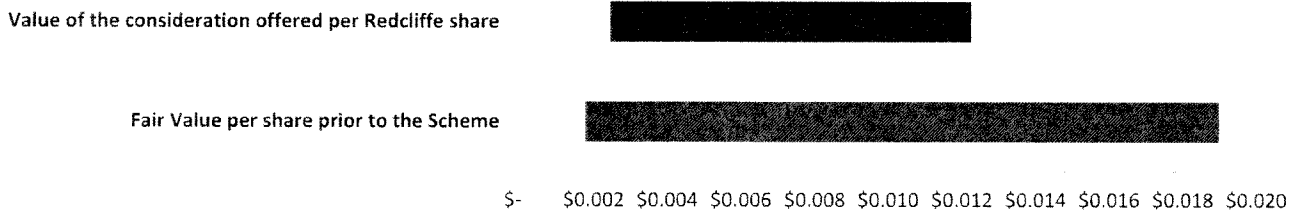


Figure 1: Valuation Summary (Source: RSMFS Analysis)

2.9 Notwithstanding the fact that the high end of the assessed value of a share in Redcliffe prior to the Scheme is greater than the high end of the assessed value of the consideration, we consider that, as the preferred Fair Value of the consideration offered per Redcliffe share immediately after the Scheme is greater than the preferred Fair Value of a Redcliffe share prior to the Scheme, and in the absence of any other relevant information, in our opinion, the Scheme is **fair** to the Shareholders, and as such, in the best interests of the Shareholders.

Consideration of other factors relating to Scheme

2.10 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of a higher bid. Section 12 of this Report sets out our consideration of other factors relating to the implementation of the Scheme which are likely to be relevant to the decision of the Shareholders as to whether or not to approve the Scheme. We set out a summary of these factors below.

Advantages of approving the Scheme

- 2.11 Redcliffe's Directors have unanimously recommended that the Shareholders vote in favour of the Scheme in the absence of a Superior Proposal (as defined in the Scheme Booklet) for the following reasons:
- this Independent Expert's Report has concluded that the Scheme is in the best interests of the Redcliffe Shareholders;
 - Northern disclosed \$0.75 million in cash and cash equivalents at 31 December 2015. In the event that Redcliffe Shareholders approve the Scheme, the Company will have access to a greater level of funds to fund future exploration costs;
 - under the sale agreement with Northern, Northern can continue to acquire further interests in the Redcliffe Gold Project through the expenditure of further exploration costs. In the event that Redcliffe is unable to fund its interest in the Redcliffe Gold Project, Shareholders are unlikely to fully benefit from the potential resource value;
 - there may be possible improvement in the liquidity of Redcliffe shares if the Scheme creates increased interest in the Company and hence, a more efficient market for shareholders to dispose of their shareholdings;

2. Summary and Conclusion (Cont.)

Advantages of approving the Scheme (Cont.)

- no alternative proposal has emerged as at the date of the Scheme Booklet; and
- no brokerage or stamp duty will be payable on the transfer of Redcliffe shares under the Scheme.

Future Prospects of Redcliffe if the Scheme is not approved

- 2.12 If the Scheme is not approved by the Shareholders, the Directors have indicated that Redcliffe will need to raise more capital to avoid a receiver / administrator being appointed and to provide cash to continue operations. As at 31 December 2015, Redcliffe had net assets of \$1.73 million, cash of circa \$0.05 million and a net working capital deficiency of \$0.06 million (current assets less current liabilities). In the event that the Company is unable to raise further funds in the short to medium term, Redcliffe may not be able to continue as a going concern.
- 2.13 We note the following extract from the announcement of the Scheme on 18 August 2015 *'Pursuant to the arrangements, Northern has the right to earn an additional 19% interest in the joint venture by expenditure of \$300,000 over a period of up to 18 months. The arrangements further provide that once Northern has earned the additional interest Redcliffe may fund its proportionate share of expenditure moving forward. However, should it elect not to do so, Northern can sole fund to earn a further 15% interest in the joint venture, with the option to acquire Redcliffe's remaining 15% interest by payment of \$150,000, leaving Redcliffe with a 2% Net Smelter Return royalty'*. If the Scheme is not accepted Northern may be able to acquire a 100% interest in the Redcliffe Gold Project and Shareholders are unlikely to fully benefit from the potential resource value.

Disadvantages of approving the Scheme

- 2.14 Subsequent to the implementation of the Scheme, Shareholders' interests will be diluted to 57.6%. The dilution of the Shareholders' interests reduces the ability of existing shareholders in Redcliffe to influence the strategic direction of Northern, including acceptance or rejection of takeover or merger proposals.

The extent to which a control premium is being paid

- 2.15 Our assessment of the value of the consideration offered per Redcliffe share immediately after the Scheme is \$0.003 at the preferred value. This value represents a discount of 40.0% of the closing price of Redcliffe shares of \$0.005 on 17 August 2015 (being the last day shares were available for trading immediately prior to the announcement of the Scheme), and a premium of 50.0% of our assessment of the preferred value of a Redcliffe share of \$0.002 prior to the Scheme.

The price of Redcliffe's shares after the announcement of the Scheme

- 12.1 The Scheme was announced to the ASX on 18 August 2015, which did not result in any change to Redcliffe's share price on that date. The closing price on 19 August was \$0.006. Redcliffe's share price had closed at \$0.005 on 17 August 2015, just prior to the announcement of the Scheme and returned to \$0.005 after the transaction on 19 August. After the announcement of the Scheme, shares were only traded on 5 days in August 2015, and on 17 and 23 September 2015 at \$0.04 per share. Thereafter, Redcliffe's share price has fluctuated between \$0.02 and \$0.07 from October 2015 to the date of this Report.
- 2.16 Redcliffe is not a liquid stock and there were only 40 transactions of Redcliffe shares in the period following the announcement to the date of this Report.
- 2.17 The VWAP of Redcliffe's shares for the period after the announcement was \$0.0043, 10.4% lower than the 60 day VWAP of \$0.0048 prior to the announcement of the Scheme.

Alternative proposals and likelihood of an alternative takeover offer

- 2.18 The Directors have advised us that no formal alternative offers or approaches by potential acquirers have been received prior to the announcement of the Scheme on 18 August 2015.
- 2.19 The alternative to the Scheme is for the Shareholders to vote against the Scheme in the hope that they can realise greater value from their investment in Redcliffe either through maintaining Redcliffe as an independent company or through the emergence of a superior proposal to the Scheme. Whilst there is no evidence to suggest that the Shareholders would be better off under this alternative, it is possible that an alternative offer may emerge prior to the Scheme Meeting. However, since the announcement of the Scheme on 18 August 2015, we understand that no superior offers have been put forward as the date of this Report.

2. Summary and Conclusion (Cont.)

Liquidity

- 2.20 Historically, the liquidity of Redcliffe's shares has been low. The Scheme provides the Shareholders with an ability to convert their investment in Redcliffe to an investment in Northern. However, Northern also demonstrates a low liquidity, and we consider it unlikely that the liquidity in Northern's shares will improve materially if the Scheme is successful.

Conclusion

- 2.21 In the absence of any other relevant information and/or a superior proposal, RSMFS considers the Scheme to be reasonable to the Shareholders and as such, that the Scheme to be in the best interests of the Shareholders.
- 2.22 An individual shareholder's opinion in relation to the Scheme may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

3. Scope of the Report

Purpose of this Report

- 3.1 The Directors of Redcliffe have requested RSMFS, being independent and qualified for the purpose, to express an opinion as to whether the Scheme is in the best interests of Shareholders.

Regulatory guidance

- 3.2 It is relevant to note that the expression "in the best interests" is not defined within either the Act or the Regulations. Therefore, in determining whether the Scheme is in the best interests of the Shareholders, we have had regard to the views expressed by the 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.
- 3.3 RG 111 prescribes that a key matter that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transactions is comparable to a takeover bid and is therefore representative of a change of control transaction. Where a Scheme would achieve substantially the same outcome as a takeover bid, RG 111 aligns "in the best interests" with the "fair and reasonable" test. While RG 111 does not define "fair and reasonable" it does provide some guidance as to how the terms should be interpreted in a range of circumstances. With respect to a takeover bid RG 111 applies the "fair and reasonable" test as two distinct criteria, stating:
- a takeover offer is considered "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
 - a takeover offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.
- 3.4 RG 111 contends that if an expert was to conclude that a Scheme is "fair and reasonable" if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of the members of the company.

Adopted basis of evaluation

- 3.5 In effect, the Scheme essentially represents a scrip for scrip offer by Northern for 100% of the shares in Redcliffe held by the Shareholders. Therefore, consistent with the guidance set out in RG 111 as summarised above, in assessing whether or not we consider the Scheme to be in "the best interests" of the Shareholders we have considered whether the Scheme is "fair" by assessing and comparing:
- the Fair Value of a share in Redcliffe on a controlling basis prior to the Scheme; with
 - the Fair Value of the consideration offered per Redcliffe share on a non-controlling basis immediately after the Scheme.
- 3.6 On this basis, if the Fair Value of the consideration offered per Redcliffe share immediately after the Scheme is equal to or greater than the Fair Value of a Redcliffe share prior to the Scheme, in our opinion, the Scheme would be "fair" and, as such, in the best interests of the Shareholders.

3. Scope of the Report (Cont.)

- 3.7 Our assessment of the Fair Value of a share in Redcliffe has been prepared on a basis which is consistent with the following definition of Fair Value:
- “the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction”
- 3.8 In assessing whether the Scheme is in the “best interests” of the Shareholders, in addition to considering whether or not the Scheme is “fair” to the Shareholders, we have also considered whether the Scheme is “reasonable” by undertaking an analysis of the following factors:
- the extent to which a control premium is being paid;
 - the likely price of Redcliffe’s share post the announcement of the Scheme;
 - the likelihood of an alternative takeover offer emerging;
 - the future prospects of Redcliffe, if the Scheme is not implemented; and
 - the liquidity the Scheme provides.
- 3.9 Our assessment of the proposed Scheme is based on economic, market and other conditions prevailing at the date of this Report.

4. Summary of the Scheme

Overview

- 4.1 On 18 August 2015, Redcliffe announced that it had executed the SIA with Northern. Under the SIA, Northern is proposing to acquire all of the issued shares of Redcliffe via a Scheme of Arrangement under Section 411 of the Act.
- 4.2 The consideration offered by Northern under the Scheme is 1 Northern fully paid share for 2.75 Redcliffe fully paid shares. As set out in paragraphs 1.3 and 8.5, the 400,000 forfeited partly paid shares were sold by public auction on 5 November 2015. The Shareholders of these 400,000 additional fully paid ordinary shares will, therefore, participate in the Scheme as holders of fully paid ordinary shares in Redcliffe, and will therefore receive 1 Northern fully paid ordinary share for every 2.75 Redcliffe fully paid ordinary shares.
- 4.3 Northern is a company headquartered in Western Australia.

Key conditions of the Scheme

- 4.1 The implementation of the Scheme is subject to a number of Conditions Precedent. The Conditions Precedent which must be satisfied or waived are:
- (a) **Regulatory Approvals:** ASIC and the ASX issue or provide any consents or approvals, or do other acts necessary or desirable to implement the transactions contemplated by clause 4 before 5.00pm on the day before the Second Court Date.
 - (b) **Shareholder approval:** Redcliffe Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act.
 - (c) **Court approval:** The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.
 - (d) **Papua New Guinea (“PNG”) Regulatory Approvals:** the PNG Court or the Securities Commission providing any consent or approval or do other acts necessary or desirable to implement the Transactions before 5.00pm on the day before the Second Court Date subject to clause 3.3.
 - (e) **Restraints:** No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Scheme is in effect at 5.00pm on the day before the Second Court Date.
 - (f) **Prescribed Occurrence and breach of obligations:**
 - i. No Prescribed Occurrence (as defined in the SIA) has occurred; and
 - ii. Redcliffe is not in breach, in any material respect, of its obligations under clause 6 or any of its other obligations under this agreement,

at 5.00pm on the day before the Scheme Meetings and at 5.00pm on the day before the Second Court Date.

4. Summary of the Scheme (Cont.)

Key conditions of the Scheme (Cont.)

- (g) **Redcliffe's representations and warranties:** The representations and warranties of Redcliffe as set out in the SIA that are qualified as to materiality are true and correct, and the representations of Redcliffe set out in the SIA that are not so qualified are true and correct in all material respects, in each case as of the date of this agreement and as at 5.00pm on the day before the Second Court Date as though made on and as of that time, except to the extent any such representation or warranty expressly relates to an earlier date (in which case, as of that date).
- (h) **Continuous disclosure:** Between the date of this agreement and 5.00pm on the day before the Second Court Date, Northern does not become aware of any matter, event, action or circumstance:
 - i. which is materially adverse in relation to Redcliffe or its Related Bodies Corporate;
 - ii. in respect of which Redcliffe has not complied with its disclosure obligations under Listing Rule 3.1 at any time; and
 - iii. which was not previously disclosed to Northern.
- (i) **Independent Expert recommendation:** The Independent Expert opines that the Scheme is in the best interests of Redcliffe Shareholders (and does not change such opinion prior to the Second Court Date).
- (j) **Directors' recommendation:** Between the date of this agreement and the Scheme Meetings, the directors of Redcliffe do not change or withdraw their recommendation to Redcliffe Shareholders to vote in favour of the Scheme.
- (k) **Redcliffe Partly Paid Shares:** The directors of Redcliffe make a call of at least \$2.50 per Redcliffe Partly Paid Share.
- (l) **Redcliffe Unlisted Options:** All Redcliffe Unlisted Options are either cancelled on terms acceptable to Northern or acquired by Northern, including appropriate Redcliffe shareholder approval.
- (m) **Redcliffe Convertible Notes:** All Redcliffe Convertible Notes are redeemed for no more than their face value together with any accrued interest.
- (n) **Payment of Drilling Costs:** Redcliffe pay in full outstanding drilling costs owing to DDH 1 Pty Limited in the sum of \$151,512.75.
- (o) **Monies owed to Redcliffe directors:** Each Redcliffe director agrees to be paid all monies currently owing to them or any related entity by Redcliffe through the issue of shares in Redcliffe at an issue price of 0.6 cents per share in full and final satisfaction of all monies owing to them as at the Implementation Date and warrants that the total amount that will be owed to all Redcliffe directors and any related entities at the Implementation Date will not exceed the aggregate amount of \$136,000.

5. Profile of Redcliffe

Overview

- 5.1 Redcliffe is incorporated in Papua New Guinea and headquartered in Ballarat, Victoria with tenement holdings in Western Australia.
- 5.2 The principal activity of Redcliffe is the exploration of gold resources. The Company holds a number of tenements in Western Australia collectively referred to as the Redcliffe Gold Project. The Redcliffe Gold Project is located 40 to 50 kilometres North East from Leonora in the eastern goldfields of Western Australia, approximately 750 kilometres north east of Perth. Redcliffe is focusing its activities on two deposits in the Redcliffe Gold Project, Golden Terrace South and Kelly Supergene gold deposits, with drilling having commenced in January 2015 at Kelly.

5. Profile of Redcliffe (Cont.)

Overview (Cont.)

5.3 A summary of the mining tenements and areas of interest are summarised in the following table.

Project/Tenement Held	Location	Tenement No.	Interest
727 M	Redcliffe Gold Project WA	M37/1285	49%
Golden Terrace M	Redcliffe Gold Project WA	M37/1276	49%
Kelly M	Redcliffe Gold Project WA	M37/1295	49%
Nambi M	Redcliffe Gold Project WA	M37/1286	49%
Gold Pit	Leonora WA	P37/7948	49%
Pig Well West	Redcliffe Gold Project WA	P37/7647	49%

Table 2: Redcliffe interests in tenements

5.4 The estimated Redcliffe Gold Project gold resources is summarised in the following table.

Deposit	Indicated			Inferred			Total		
	Tonnes	Ounces		Tonnes	Ounces		Tonnes	Ounces	
	'000	g/t	'000	'000	g/t	'000	'000	g/t	'000
GTS	707.0	2.46	56.1	684.0	1.56	34.4	1,391.0	2.02	90.5
Nambi	262.0	3.3	28.0	298.0	2.50	24.0	560.0	2.88	52.0
Redcliffe				560.0	1.70	31.0	560.0	1.7	31.0
West Lode				373.0	1.20	15.0	373.0	1.2	15.0
Mesa				95.0	1.50	5.0	95.0	1.5	5.0
GT North				64.0	1.53	3.2	64.0	1.5	3.2
Golden Spear				26.0	1.60	1.0	26.0	1.6	1.0
Kelly				2,412.0	1.04	80.4	2,412.0	1.04	80.4
Total	969.0	2.7	84.1	4,512.0	1.33	194.0	5,480.0	1.57	278.1

Table 3: Redcliffe summary of gold resources (Source: FY14 annual report)

5. Profile of Redcliffe (Cont.)

Overview (Cont.)

5.5 The deposits, above, are depicted on the following map.

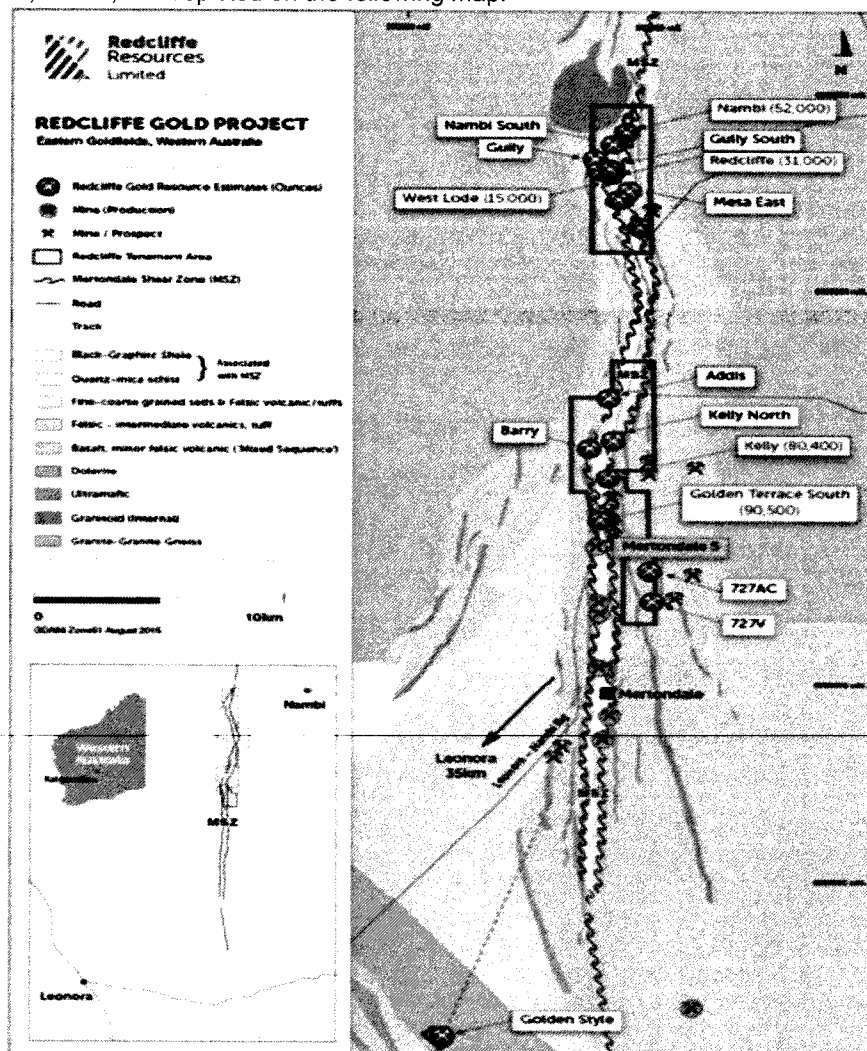


Figure 2: Redcliffe tenement holdings (Source: Redcliffe Resources Ltd website)

Legal structure

5.6 Redcliffe is registered in Papua New Guinea and domiciled in Australia. The Company operates one 100% owned trading subsidiary, Pacrim (PNG) Limited ("Pacrim"). Pacrim is registered and domiciled in Papua New Guinea.

5. Profile of Redcliffe (Cont.)

Directors and management

5.7 The directors and key management of Redcliffe are summarised in the table below.

Name	Title	Experience
Mr Rodney Foster	Executive Chairman/CEO	Appointed Managing Director in December 2003. Mr Foster is a geologist with over 26 years' experience in gold exploration and the mining industry.
Mr Joseph Holloway	Non-Executive Director	Appointed non-executive director in April 2013. Mr Holloway has significant commercial interest in PNG including hotels and construction.
Mr Bruce McFarlane	Non-Executive Director	Appointed non-executive director in November 2014. Mr McFarlane has an extensive background in the minerals industry and corporate involvement with ASX listed exploration companies.
Mr Garry Goyne	Non-Executive Director	Appointed non-executive director in November 2014. Mr Garry Goyne is an Analytical Chemist with a long established successful Mining Services industry business specializing in mineral analysis, in particular gold assaying.

Table 4: Redcliffe directors and management (Source: FY14 annual report)

Financial Performance

5.8 The following table sets out a summary of the financial performance of Redcliffe for the years ended 31 December 2012, 31 December 2013 ("FY13"), 31 December 2014 ("FY14"), the half-year ended 30 June 2015 ("HY15") and the year ended 31 December 2015 ("FY15").

Redcliffe Financial Performance	Ref	Year Ended 31-Dec-12 Audited \$'000	Year Ended 31-Dec-13 Audited \$'000	Year Ended 31-Dec-14 Audited \$'000	Six months ended 30-Jun-15 Reviewed \$'000	Year ended 31-Dec-15 Unaudited \$'000
Gold sales	5.9	-	260	-	-	-
Other income	5.9	-	-	3	84	865
Operating income		-	260	3	84	865
Expenses:						
Accounting, audit and bookkeeping		91	98	95	-	125
Consulting/directors fees		355	391	308	-	110
Depreciation and amortisation		28	49	17	5	5
Impairment of capitalised exploration costs	5.10	2,061	449	125	3,933	5,809
Mining expenses		-	364	39	-	-
Rent		32	38	32	-	-
Other		58	83	95	23	159
	5.10	2,626	1,471	711	3,960	6,207
Operating profit/(loss)		(2,626)	(1,211)	(708)	(3,876)	(5,342)
Interest paid		-	(13)	(17)	-	-
Interest Received		27	6	2	1	-
Profit/(loss) on sale of non-current asset		-	-	47	(3)	-
Profit/(loss) on sale of shares		-	-	(10)	-	-
Net profit/(loss) before tax	5.11	(2,598)	(1,219)	(686)	(3,878)	(5,342)
Tax		-	-	-	-	-
Exchange differences - foreign controlled entities		0	1	2	(0)	-
Net loss on revaluation of other financial assets		(170)	(122)	-	-	-
Net comprehensive income		(2,768)	(1,340)	(684)	(3,878)	(5,342)

Table 5: Redcliffe financial performance (Source: Redcliffe financial statements and management accounts)

5. Profile of Redcliffe (Cont.)

Financial Performance (Cont.)

5.9 We note the following in relation to Redcliffe's Revenue:

- Redcliffe only generated revenue from gold sales in FY13. Other income has been generated from interest received, the disposal of shares and assets and other income relating to rebates.
- Other income for the year ended 31 December 2015 of \$865,000 primarily comprised the sale recognised in relation to the 51% interest in the Redcliffe Gold Project of \$499,000 and recoupment of costs of \$241,000.
- The consideration for the sale of the 51% interest in the Redcliffe Gold Project comprised \$260,000 in cash and 13,888,889 fully paid ordinary shares in Northern. \$239,000 has been recognised by Management in relation to the equity value of the shares in Northern currently held in Redcliffe, calculated based on Northern's 90 day VWAP prior to the announcement of the Scheme of \$0.0172 (refer Table 23).

5.10 We note the following in relation to Redcliffe's operating expenses:

- The largest historical expense has been the impairment of capitalised exploration costs related to the gold tenements in the Redcliffe Gold Project.
- Operating costs, excluding impairment and depreciation costs, remained relatively steady each year, representing \$0.54 million, \$0.61 million, \$0.53 million and \$0.39 million in the years ended 31 December 2012, 2013, 2014 and 2015, respectively.

5.11 We note the following in relation to Redcliffe's profitability:

- The Company generated net losses before tax of approximately \$2.60 million, \$1.22 million and \$0.69 million in the years ended 31 December 2012, 2013 and 2014, respectively.
- The Company recorded net losses before tax of \$5.34 million for FY15 after the write off of \$5.3 million in capitalised exploration expenditure in relation to the Redcliffe Gold Project.

5. Profile of Redcliffe (Cont.)

Financial Position

5.12 The table below sets out a summary of the financial position of Redcliffe as at 31 December 2012, 31 December 2013, 31 December 2014, 30 June 2015 and 31 December 2015.

Redcliffe Financial Position	Ref	As at 31-Dec-12 Audited \$'000	As at 31-Dec-13 Audited \$'000	As at 31-Dec-14 Audited \$'000	As at 30-Jun-15 Reviewed \$'000	As at 31-Dec-15 Unaudited \$'000
Current Assets						
Cash & cash equivalents		92	232	113	21	52
Trade and other receivables		27	297	49	33	11
Available-for-sale financial assets	5.14	-	-	-	-	239
Total current assets		118	529	162	54	302
Non Current Assets						
Property, plant & equipment		121	73	43	35	35
Capitalised exploration expense		7,270	7,284	7,313	3,594	1,761
Other financial assets		150	30	-	-	-
Total non-current assets		7,542	7,386	7,357	3,630	1,797
Total Assets		7,660	7,915	7,519	3,684	2,099
Current Liabilities						
Trade and other payables	5.15	144	539	544	436	279
Convertible notes		-	250	100	50	-
Borrowings	5.16	-	-	-	-	86
Total Liabilities		144	789	644	486	365
Net Assets	5.13	7,516	7,126	6,875	3,199	1,733
Contributed equity		32,399	33,349	33,781	33,983	33,985
Reserves		269	149	518	518	518
Accumulated losses		(25,151)	(26,372)	(27,424)	(31,302)	(32,769)
Total Equity	5.13	7,516	7,126	6,875	3,199	1,733

Table 6: Financial position of Redcliffe (Source: Redcliffe financial statements and management accounts)

- 5.13 As at 30 June 2015, Redcliffe disclosed net assets of \$3.2 million. The Company disclosed cash and cash equivalents of approximately \$0.02 million and a net working capital deficiency (current assets less current liabilities) of approximately of \$0.4 million.
- 5.14 As at 31 December 2015, Redcliffe disclosed net assets of \$1.7 million. The Company disclosed cash and cash equivalents of approximately \$0.05 million and a net working capital deficiency of approximately of \$0.06 million. The decrease in the working capital deficiency at 31 December 2015 compared to 30 June 2015 is due primarily to the recognition of Redcliffe's equity interest in Northern of \$239,000.
- 5.15 At 31 December 2015, trade and other payables included \$136,000 in amounts owed to Directors. A Condition Precedent of the implementation of the Scheme is that all monies currently owed to Directors will be settled through the issue of Redcliffe shares at an issue price of \$0.006 per share. We have adjusted for the settlement of these amounts owing to Redcliffe Directors through the issue of 22,666,668 ordinary shares in our assessment of the Fair Value of a Redcliffe share prior to the Scheme but adjusted for Conditions Precedent (refer paragraphs 10.1 to 10.4).
- 5.16 At 31 December 2015, Redcliffe disclosed borrowings of \$86,000 due to Northern.

5. Profile of Redcliffe (Cont.)

Capital Structure

5.17 At the date of this Report, Redcliffe has 214,052,381 fully paid ordinary shares on issue (including the 400,000 additional fully paid shares issued as a result of the auction of the partly paid shares on 5 November 2015). The top 20 shareholders of Redcliffe hold 69.2% of the issued share capital of the Company, as summarised in the table below.

Redcliffe Shareholders	Number of shares	Percentage of total
Minico Pty Ltd (and entities related to Rodney Foster)	32,687,359	15.3%
Calatos Pty Ltd (and entities related to Bruce McFarlane)	26,667,216	12.5%
Berne No 132 Nominees Pty Ltd	18,105,159	8.5%
On Site Laboratory Services Pty Ltd (and entities related to Garry Goyne)	15,355,731	7.2%
RM Corporate Pty Ltd	7,111,738	3.3%
DDH 1 Drilling Pty Ltd	5,611,583	2.6%
Bill Brooks Pty Ltd	5,470,444	2.6%
Balrun Investments Pty Ltd	4,100,000	1.9%
Armadale Capital PLC	4,000,000	1.9%
Island Metals Limited	3,400,000	1.6%
Leow Thang Fong	3,000,000	1.4%
Mr Peter Keith Christie	2,750,000	1.3%
Joe Gehamopa Holloway	2,580,666	1.2%
Mr Yuen Suen Sherman Lam	2,500,000	1.2%
Evaluate Mining Pty Ltd	2,400,000	1.1%
Melbourne Child Care Services Pty Ltd	2,181,948	1.0%
Mr Shane Turner & Mrs Elizabeth Turner	2,106,666	1.0%
TRR Investments Pty Ltd	2,000,000	0.9%
Speedyhall Pty Ltd	2,000,000	0.9%
Zetek Resources Pty Ltd	2,000,000	0.9%
Mr Lyle Haxton Thorne	2,000,000	0.9%
Top 20 shareholders	148,028,510	69.2%
Remaining shareholders	66,023,871	30.8%
Total shares on issue	214,052,381	100.0%

Table 7: Redcliffe top 20 shareholders

5. Profile of Redcliffe (Cont.)

Capital Structure (Cont.)

5.18 Redcliffe has the following unlisted options on issue at the date of this Report.

Number of options	Exercise price	Expiry Date
3,000,000	\$0.015	31-Dec-16
3,000,000	\$0.020	31-Dec-16
3,000,000	\$0.030	31-Dec-16
3,000,000	\$0.040	31-Dec-16
3,000,000	\$0.050	31-Dec-16
15,000,000		

Table 8: Redcliffe Options

5.19 All Redcliffe options are to be either cancelled on terms acceptable to Northern or acquired by Northern. The Company has reached an agreement with all the option holders to convert all the options to a total of 1,000,000 ordinary fully paid shares. This agreement is subject to confirmation by Shareholders at the general meeting to be held on or about 21 March 2016. The 1,000,000 shares issued in the event that Shareholder approval is obtained will be subject to the Scheme. The shares will rank equally with all other fully paid ordinary shares on issue from the date of allotment. The terms for the cancellation of the Redcliffe options are acceptable to Northern.

5.20 Redcliffe has issued the following shares in the past 12 months.

Date	Issued to	Shares Issued	Consideration	Price per share
20-Apr-15	Settlement of part of drilling debt	5,611,583	\$ 33,669	\$ 0.006
19-Feb-15	Capital Raising	33,668,698	\$ 168,343	\$ 0.005
11-Nov-14	Capital Raising	32,000,000	\$ 160,000	\$ 0.005
		71,280,281	\$ 362,013	

Table 9: Redcliffe Capital Raising (Source: Redcliffe Announcements - ASX)

5.21 The share placement on 20 April 2015 was undertaken to settle debts with contractors.

5. Profile of Redcliffe (Cont.)

Share price performance

5.22 A summary of Redcliffe's recent share price movement is set out in the figure below.

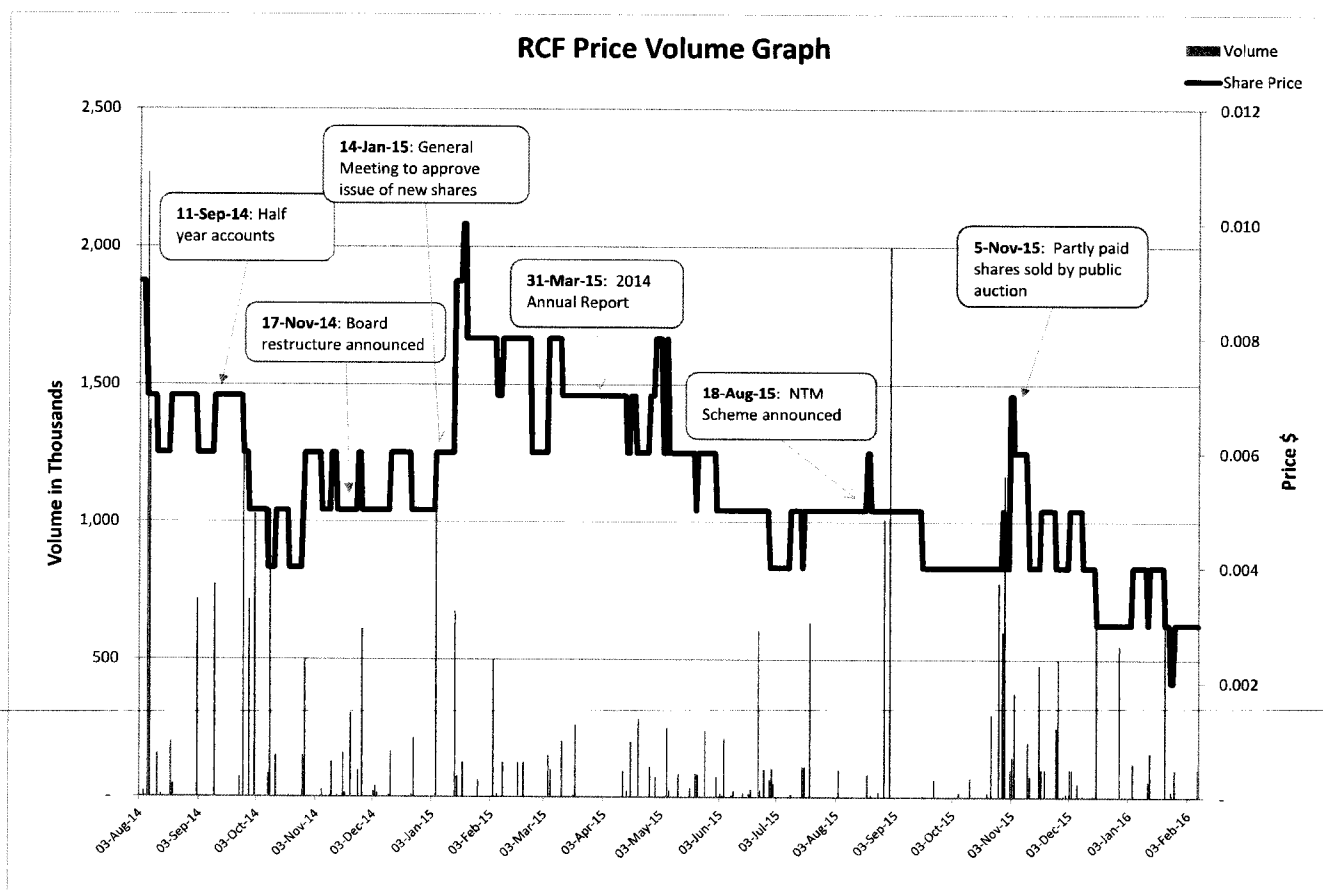


Figure 3: Redcliffe recent share trading history (Source: S&P Capital IQ)

5.23 We make the following comments with regard to Redcliffe's recent share price performance:

- In the 12 months prior to the announcement of the Scheme, Redcliffe's shares have traded between a low of \$0.004 between 9 & 10 October 2014, 20 October 2014 and 29 June to 1 July 2015, to a high of \$0.01 on 19 January 2015;
- In the period after the 52 week low during October 2014, Redcliffe's share price has been volatile reaching a high of \$0.01 on 19 January 2014 after the announcement of drilling commencing at Kelly Gold Prospect;
- From the high of \$0.01 on 19 January the share price steadily decreased to a low of \$0.004 between 29 June and 1 July 2015, increasing to \$0.005 in August 2015, before decreasing to \$0.004; and
- Prior to the announcement of the Scheme on 18 August 2015, shares had previously been traded on 4 August 2015 and for 6 days during the month of July 2015. After the announcement of the Scheme, shares were only traded on 5 days in August 2015, and on 17 and 23 September 2015 at \$0.04 per share. Thereafter, Redcliffe's share price has fluctuated between \$0.02 and \$0.07 from October 2015 to the date of this Report.

6. Profile of Northern

Overview

- 6.1 Northern, previously Groote Resources Ltd, is headquartered in Perth WA with three main projects in the Northern Territory in addition to its 51% interest in the Redcliffe Gold Project. The principal activity of Northern was the exploration manganese resources. As of the 18 August 2015, Northern's principal activity comprises the exploration of its 51% interest in the Redcliffe Gold Project acquired from Redcliffe.
- 6.2 In addition to its 51% interest in the Redcliffe Gold Project, Northern holds applications for 22 tenements in the Blue Mud Bay Project (7), the Commonwealth Waters Project (13) and the Groote Eylandt Project (2). The applications have not progressed due to the Northern Territory Government placing a moratorium over exploration and mining over water and the Groote Eylandt project subject to 'veto' under the Aboriginal Land Rights Act (ALRA) of 1976. The 'veto' will not be revisited until the first quarter of 2016.
- 6.3 Figure 4 below depicts the location of the three projects located in the Northern Territory.

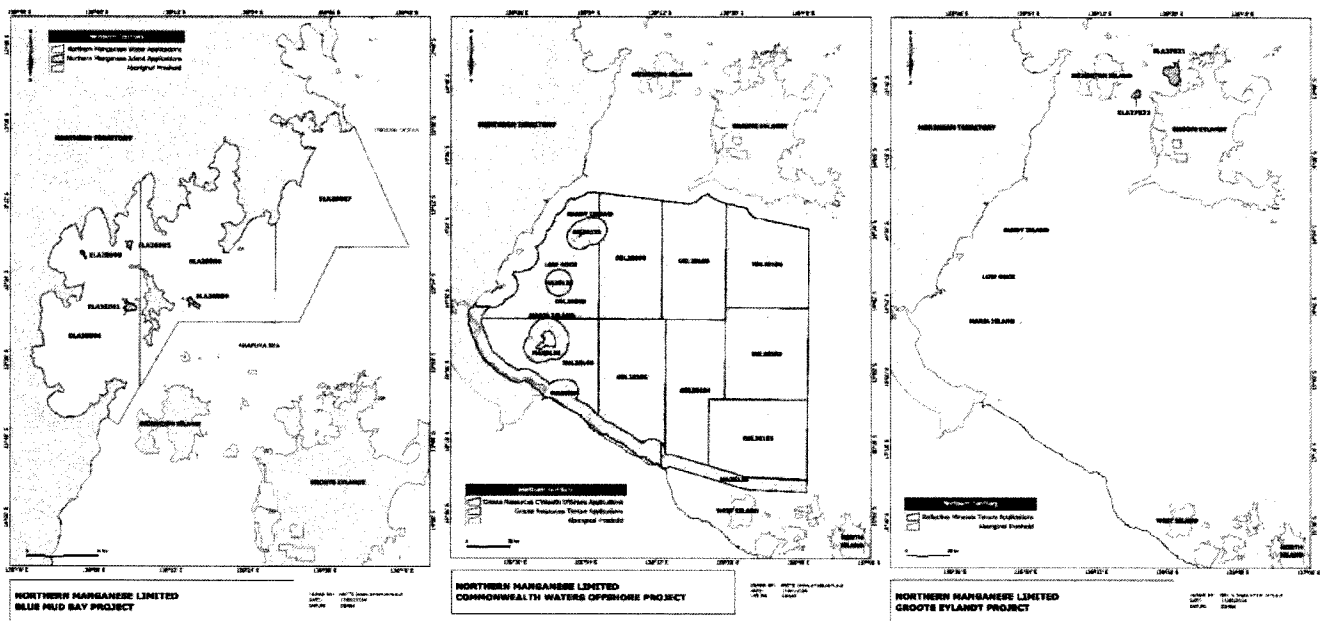


Figure 4: Northern Territory tenements (Source: Northern Manganese Ltd website)

6. Profile of Northern (Cont.)

Overview (Cont.)

- 6.4 Blue Mud Bay – the 7 mineral exploration licenses cover approximately 3,856km² of shallow marine terrain in close proximity to the Northern Territory mainland. Northern acquired 100% of North Manganese Pty Ltd (announced in May 2011) who at the time, had applied for 7 mineral exploration licenses. With a Government moratorium in place, the granting of the licenses was not going to be considered until March 2015. At the time of writing this report there has been no further development as these discussions have been postponed.
- 6.5 The Commonwealth Waters Project – is in the application stage with Northern seeking 13 tenements totalling 4,294 sub blocks.
- 6.6 Groote Eylandt Project – has been placed in veto by the Northern Territory Government for a period of 5 years (from 17 March 2011) at the request of the Traditional Owners through the Anindilyakwa Land Council, the representative body on Groote Eylandt.

Legal structure

- 6.7 Northern is registered and domiciled in Australia and has two 100% owned subsidiaries, Reflective Minerals Pty Ltd and North Manganese Pty Ltd.

Directors and management

- 6.8 The directors and key management of Northern are summarised in the table below.

Name	Title	Experience
Mr Garry Connell	Chairman, Non-Executive Director	Mr Connell has experience in the exploration, mining and earthmoving sectors, with considerable experience in evaluating future potential projects and opportunities.
Mr Lloyd Jones	Executive Managing Director	Mr Jones has over 30 years of experience working within the private and government sectors providing administration, strategic development and project deployment in regional Western Australia and in Queensland for the last 11 years.
Mr David Ryan	Non-Executive Director	Mr Ryan has over 20 years of experience within the mining industry providing administration, strategic development and project deployment in Australia and overseas locations.
Mr Robert Marusco	Company Secretary	Mr Marusco has been a Certified Practising Accountant for over 20 years and acts as company secretary for a range of ASX listed companies in the resources and general business sectors.

Table 10: Northern directors and management

6. Profile of Northern (Cont.)

Share price performance

6.9 A summary of Northern's recent share price movement is set out in the figure below.

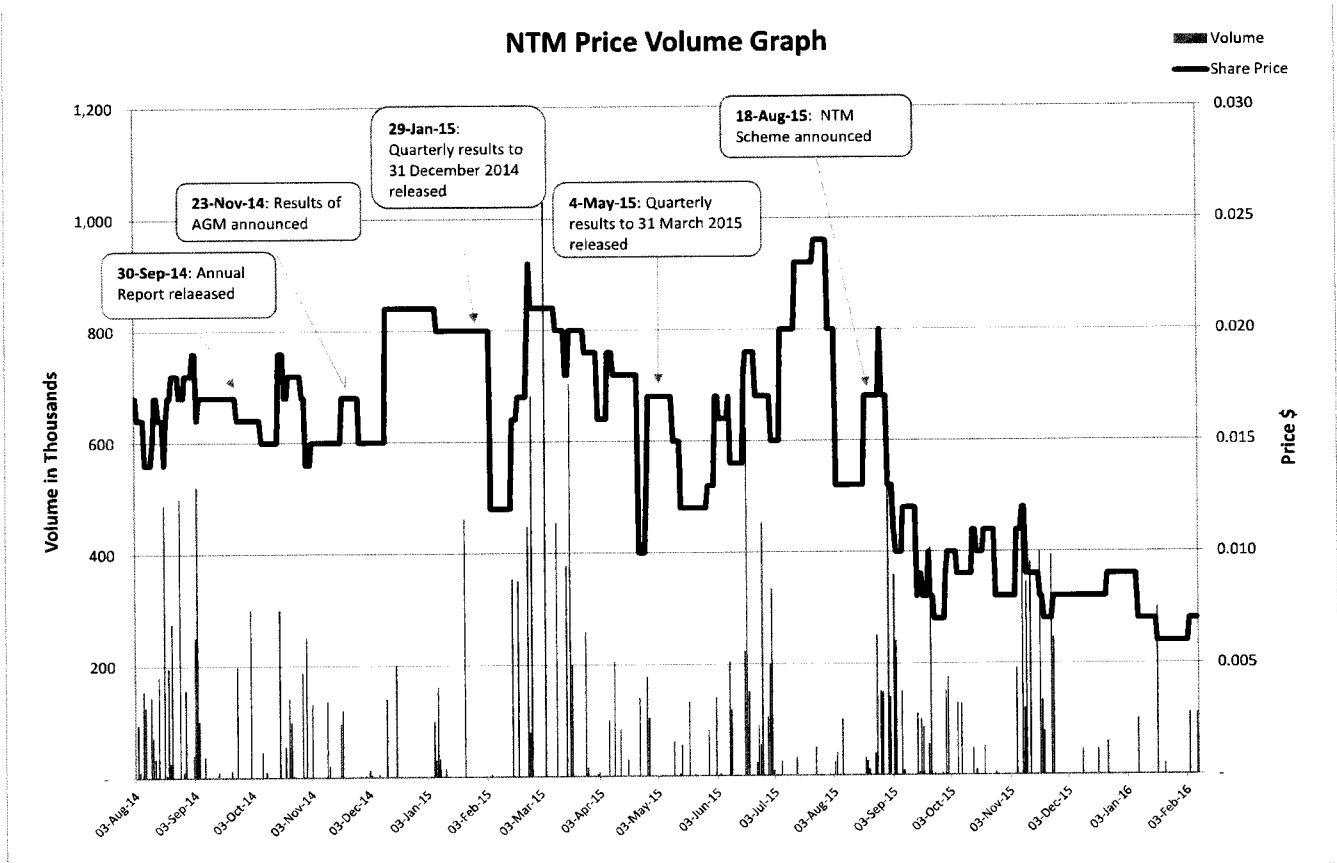


Figure 5: Northern's 12 month share trading history (Source: S&P Capital IQ)

6.10 We make the following comments with regard to Northern's recent share price performance:

- In the last 12 months prior to the announcement of the Scheme, Northern's shares have traded between a low of \$0.01 on 23 April 2015 and 4 and 7 September 2015, to a high of \$0.024 on 24 July 2015;
- The stock has been quite volatile over the 52 week period. There are no significant announcements coinciding with large movements in price.
- The stock price initially increased post announcement from \$0.013 on 17 August 2015 to a high of \$0.02 on 27 August 2015 before declining to \$0.007 on 24 September 2015. Thereafter, the share price fluctuated from \$0.007 to \$0.011, before declining to a low of \$0.006 on 18 January 2016, before increasing to \$0.007 on 4 February 2016 to the date of this Report.

6. Profile of Northern (Cont.)

Financial Performance

6.11 The following table sets out a summary of the financial performance of Northern for the years ended 30 June 2012 ("FY12"), 30 June 2013 ("FY13"), 30 June 2014 ("FY14"), the year ended 30 June 2015 ("FY15") and the half-year ended 31 December 2015 ("HY16").

Northern Financial Performance	Ref	Year Ended 30-Jun-12 Audited \$'000	Year Ended 30-Jun-13 Audited \$'000	Year Ended 30-Jun-14 Audited \$'000	Year Ended 30-Jun-15 Audited \$'000	Half-year ended 31-Dec-15 Unaudited \$'000
Operating revenue		-	-	-	-	-
Other income	6.12	-	-	5	140	12
Expenses:						
Administration		88	68	27	64	24
Compliance costs		376	284	195	283	241
Consulting and directors fees		208	163	135	186	41
Depreciation and amortisation		22	23	19	12	4
Employee benefits		424	387	312	210	95
Exploration and evaluation costs	6.13	49	94	3,182	29	3
Impairment of available for sale financial assets		620	508	40	-	20
Investor related expenses		37	26	9	22	-
Due diligence expenses		-	-	-	7	-
Rent		87	111	117	9	2
Share based payment expense		88	62	62	(141)	-
Travel		155	66	6	14	15
		<u>2,156</u>	<u>1,792</u>	<u>4,105</u>	<u>694</u>	<u>445</u>
Operating profit/(loss)		(2,156)	(1,792)	(4,100)	(555)	(433)
Interest paid		-	-	-	-	-
Interest Received	6.12	81	27	1	43	-
Profit/(loss) on sale of non-current asset	6.12	-	-	111	(27)	-
Loss before income tax	6.14	(2,075)	(1,766)	(3,989)	(539)	(433)
Tax benefit		551	223	198	-	-
Net comprehensive loss		(1,524)	(1,543)	(3,791)	(539)	(433)

Table 11: Northern financial performance (Source: Northern financial statements and management accounts)

6.12 We note the following in relation to Northern's revenue:

- Northern has not generated any operating revenue. Other income generated by Northern is through interest received, sale of assets, and research and development tax concessions.

6.13 We note the following in relation to Northern's operating expenses:

- The largest expense in FY14 was the writing off of capitalised exploration expenses related to the tenements in the Groote Eylandt and Blue Mud Bay projects as the applications for these projects remain in veto. We note that these tenements were fully written off in FY14.
- Operating costs, excluding impairment, expensed exploration and evaluation costs and depreciation costs, decreased in each year, representing \$1.46 million, \$1.17 million, \$0.86 million and \$0.65 million for the four years ended 30 June 2015, respectively, and \$0.42 million for the half-year ended 31 December 2015.

6. Profile of Northern (Cont.)

6.14 We note the following in relation to Northern's profitability:

- Northern generated net losses before tax benefits of approximately \$2.08 million, \$1.77 million, \$3.99 million and \$0.54 million for the four years ended 30 June 2015, respectively. The increase in loss reported in FY14 is related to the impairment of exploration and evaluation costs as discussed above in paragraph 6.13. Northern generated net losses before tax of \$0.43 million for HY16.

Financial Position

6.15 The table below sets out a summary of the financial position of Northern as at 30 June 2012, 30 June 2013, 30 June 2014, 31 December 2014, 30 June 2015 and 31 December 2015.

Northern Financial Position	Ref	As at 30-Jun-12 Audited \$'000	As at 30-Jun-13 Audited \$'000	As at 30-Jun-14 Audited \$'000	As at 30-Jun-15 Audited \$'000	As at 31-Dec-15 Unaudited \$'000
Current Assets						
Cash & cash equivalents	6.17	1,113	293	45	1,732	753
Trade and other receivables		48	27	14	9	97
Current tax receivable		551	-	-	-	-
Prepayments		20	12	-	1	7
Available for sale financial assets		599	91	118	83	63
		<u>2,331</u>	<u>423</u>	<u>177</u>	<u>1,825</u>	<u>920</u>
Non Current Assets						
Capitalised exploration expense		5,416	5,761	2,800	-	637
Property, plant & equipment		97	93	67	32	27
		<u>5,513</u>	<u>5,854</u>	<u>2,867</u>	<u>32</u>	<u>664</u>
Total Assets		<u>7,844</u>	<u>6,277</u>	<u>3,045</u>	<u>1,856</u>	<u>1,585</u>
Current Liabilities						
Trade and other payables		209	85	538	49	67
Provisions		16	18	22	7	12
Borrowings		16	18	20	3	-
		<u>242</u>	<u>121</u>	<u>580</u>	<u>60</u>	<u>80</u>
Non Current Liabilities						
Borrowings		41	23	3	-	-
Total Liabilities		<u>283</u>	<u>144</u>	<u>583</u>	<u>60</u>	<u>80</u>
Net Assets	6.16	<u>7,561</u>	<u>6,133</u>	<u>2,461</u>	<u>1,797</u>	<u>1,505</u>
Contributed equity		12,771	12,784	12,840	12,873	13,014
Reserves		4,698	4,801	4,823	4,665	4,665
Accumulated losses		(9,908)	(11,451)	(15,202)	(15,741)	(16,174)
Total Equity	6.16	<u>7,561</u>	<u>6,133</u>	<u>2,461</u>	<u>1,797</u>	<u>1,505</u>

Table 12: Financial position of Northern (Source: Northern financial statements and management accounts)

6.16 As at 30 June 2015, Northern disclosed net assets of \$1.8 million. Northern disclosed cash and cash equivalents of \$1.73 million, and a net working capital position (current assets less current liabilities) of \$1.77 million.

6.17 The increase in cash compared to cash of \$45,000 at 30 June 2014 is related to the settlement with the Northern Territory Government for tenements surrendered under a Native Title claim.

6.18 As at 31 December 2015, Northern disclosed net assets of \$1.5 million. Northern disclosed cash and cash equivalents of \$0.75 million, and a net working capital position (current assets less current liabilities) of \$0.84 million. Capitalised exploration expenses of \$0.64 million relate to capitalised costs in relation to the acquisition of a 51% interest in the Redcliffe Gold Project (including capitalised legal expenses).

Capital Structure

6.19 As at the date of this Report, Northern has 117,549,775 fully paid ordinary shares on issue.

7. Valuation Approach

Valuation methodologies

- 7.1 In assessing the Fair Value of an ordinary Redcliffe share on a control basis, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
 - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
 - the amount which would be available for distribution on an orderly realisation of assets;
 - the quoted price for listed securities; and
 - any recent genuine offers received.
- 7.2 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

Market Based Methods

- 7.3 Market based methods estimate Fair Value by considering the market value of a company’s securities or the market value of comparable companies. Market based methods include:
- the quoted price for listed securities;
 - capitalisation of maintainable earnings; and
 - industry specific methods.
- 7.4 The recent quoted price for listed securities method provides evidence of the Fair Value of a company’s securities where they are publicly traded in an informed and liquid market.
- 7.5 Industry specific methods usually involve the use of industry rules of thumb to estimate the Fair Value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the Fair Value of a company than other market based valuation methods because they may not account for company specific risks and factors.

Income Based Methods

- 7.6 Income based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow methods; and
 - capitalisation of future maintainable earnings.
- 7.7 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company’s cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.
- 7.8 The capitalisation of maintainable earnings methodology estimates the Fair Value of a business as being the product of a company’s Future Maintainable Earnings (“FME”) multiplied by an appropriate earnings multiple. The methodology is commonly applied where earnings are stable and a FME stream can be established with a degree of confidence. Capitalisation multiples can be applied to either estimates of future maintainable operating cash flows, EBITDA, EBIT or net profit after tax. The earnings from any non-trading surplus assets are excluded from the estimate of FME and the value of such assets is separately added to the value of the business in order to derive the total value of the company. The appropriate multiple to be applied is usually derived from an analysis of stock market trading multiples of comparable companies (which do not include a control premium) and the implied multiples paid in comparable transactions (which include a control premium).

7. Valuation Approach (Cont.)

Asset based methods

- 7.9 Asset based methodologies estimate the Fair Value of a company'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; and
 - net assets on a going concern basis.
- 7.10 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 7.11 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame, reflecting a distressed liquidation value. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or when a company is not valued on a going concern basis.
- 7.12 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

Valuation of the Redcliffe Gold Project

- 7.13 BM Geological Services ("BMGS") has prepared a report providing an independent technical valuation of Redcliffe's interest in the Redcliffe Gold Project. For the purpose of this Report, we have relied upon the valuation of the Redcliffe Gold Project provided by BMGS in our assessment of the valuation of the Company. A copy of BMGS's report is set out in Appendix 4.

Selection of Valuation Methodologies

Valuation of a Redcliffe Share prior to the Scheme

Net assets on a going concern basis

- 7.14 In valuing a share in Redcliffe prior to the Scheme we have utilised the net assets on a going concern methodology and relied upon the net book value of assets and liabilities as set out in Redcliffe's reviewed consolidated statement of financial position as at 31 December 2015, and the valuation of the Redcliffe Gold Project as set out in BMGS's report (refer Appendix 4).

Quoted Price of Listed Securities

- 7.15 Prices at which a company's shares have been traded on the ASX can, in the absence of low liquidity or unusual circumstances, provide an objective measure of the value of the company, excluding a premium for control.
- 7.16 As a cross-check, we have considered the quoted market price by considering the historical VWAP of Redcliffe share and the volatility of the share price prior to the announcement of the Scheme. In accordance with RG 111, we have assessed the value of Redcliffe's shares on the basis of a 100% controlling interest.

Valuation of the Consideration offered per Redcliffe Share immediately after the Scheme

Valuation of Redcliffe prior to the Scheme but adjusted for Conditions Precedent

- 7.17 We have utilised the net assets on a going concern basis in our assessment of the value of a share in Redcliffe prior to the implementation of the Scheme based on the reviewed consolidated statement of financial position at 31 December 2015, and adjusted for relevant Conditions Precedent of the Scheme.

7. Valuation Approach (Cont.)

Valuation of the Consideration offered per Redcliffe Share immediately after the Scheme (Cont.)

Valuation of Northern

- 7.18 In order to assess the Fair Value of a Redcliffe share immediately following the Scheme, it is necessary to assess the Fair Value of a 100% equity interest in Northern.
- 7.19 We have selected the net assets on a going concern basis in our valuation of Northern. As a cross-check, we have also had regard to the quoted market price of Northern's shares prior to the announcement of the Scheme.

Valuation of the Merged Group

- 7.20 To assess the fairness of the Scheme, we have estimated the value of a share of the Merged Group immediately after the implementation of the Scheme. The value of the Merged Group is based on the combined fair values of Redcliffe and Northern immediately following the Scheme, and adjusted for a minority interest discount to reflect the fact that approval of the Scheme will result in the Shareholders of Redcliffe acquiring a 42.4% interest in Northern.
- 7.21 On the basis that Shareholders are being offered 1 Northern share per 2.75 fully paid ordinary Redcliffe shares, the assessed value per share in the Merged Group has been adjusted by this ratio in the calculation of the value of the consideration offered per Redcliffe share immediately after the Scheme.

8. Valuation of Redcliffe

8.1 As stated in paragraphs 7.14 to 7.16, we have assessed the value of Redcliffe prior to the Scheme on the basis of the fair value of its underlying assets and have also considered the recent quoted price of its listed securities.

Net Assets on a Going Concern Basis

8.2 Our assessment of the fair value of Redcliffe's net assets is shown in the table below, based on the reviewed financial position of the Company as at 31 December 2015, adjusted to reflect the fair value of the Redcliffe Gold Project as valued by BMGS.

Redcliffe Net Assets on a Going Concern Basis	As at 31-Dec-15 Unaudited \$'000	Ref	Prior to the Scheme Assessed Value		
			Low \$'000	High \$'000	Preferred \$'000
Current Assets					
Cash & cash equivalents	52		52	52	52
Trade and other receivables	11		11	11	11
Available-for-sale financial assets	239	8.6 to 8.9	-	-	-
	<u>302</u>		<u>63</u>	<u>63</u>	<u>63</u>
Non Current Assets					
Property, plant & equipment	35		35	35	35
Investment in Northern	-	8.6 to 8.9	128	462	131
Capitalised exploration expense / Value of Redcliffe Gold Project	1,761	8.12	519	3,862	519
	<u>1,797</u>		<u>682</u>	<u>4,359</u>	<u>685</u>
Total Assets	2,099		745	4,422	748
Current Liabilities					
Trade and other payables	279		279	279	279
Borrowings	86		86	86	86
Total Liabilities	365		365	365	365
Net Assets	1,733		380	4,057	382
No. of shares on issue	213,652,381		213,652,381	213,652,381	213,652,381
Assessed value per share (\$)	\$ 0.0081		\$ 0.0018	\$ 0.0190	\$ 0.0018

Table 13: Assessed Value of Redcliffe on a Net Assets Basis (Prior to the Scheme)

8.3 As at the date of this Report, Redcliffe has the following options on issue:

- 3 million unlisted share options at an exercise price of \$0.015, maturing 31 December 2016;
- 3 million unlisted share options at an exercise price of \$0.02, maturing 31 December 2016;
- 3 million unlisted share options at an exercise price of \$0.03, maturing 31 December 2016;
- 3 million unlisted share options at an exercise price of \$0.04, maturing 31 December 2016; and
- 3 million unlisted share options at an exercise price of \$0.05, maturing 31 December 2016.

8.4 As set out in paragraph 5.19, the Company has reached an agreement with all the option holders to convert all the options to a total of 1,000,000 ordinary fully paid shares, subject to Shareholder approval. For the purposes of this Report, we have adjusted for the issue of 1,000,000 fully paid ordinary Redcliffe shares in our assessment of the Fair Value of a Redcliffe share prior to the Scheme but adjusted for Conditions Precedent.

8.5 Redcliffe had 400,000 unlisted partly paid shares on issue. As part of the Conditions Precedent of the Scheme, Redcliffe announced a call on the partly paid shares on 2 September 2015, being \$2.50, with the call due and payable on 24 September 2015. As the call on the partly paid shares of \$2.50 was unpaid by 24 September 2015, the forfeited shares were sold by public auction on 5 November 2015. For the purposes of this Report, we have adjusted for the issue of 400,000 ordinary Redcliffe shares in our assessment of the Fair Value of a Redcliffe share prior the Scheme but adjusted for Conditions Precedent (refer paragraphs 10.1 to 10.4).

8. Valuation of Redcliffe (Cont.)

- 8.6 At 31 December 2015, the Company's net asset position reflects the sale of 51% interest in Redcliffe Gold Project to Northern for \$260,000 cash and 13,888,889 fully paid ordinary Northern shares. As set out in paragraph 5.9, \$239,000 has been recognised by Management in relation to the equity value of the shares in Northern currently held in Redcliffe, calculated based on Northern's 90 day VWAP prior to the announcement of the Scheme of \$0.0172.
- 8.7 We have adjusted the Company's net assets at 31 December 2015 to reflect our assessment of the value of an 11.82% investment in Northern. Our assessment is set out in the table below.

Investment in Northern	Ref	Assessed Value		
		Low \$'000	High \$'000	Preferred \$'000
Percentage interest in Northern (rounded)		11.82%	11.82%	11.82%
Valuation of Northern	9.3	1,408	4,888	1,408
Pro-rata interest (11.82% interest)		166	578	166
Less discount for lack of control	8.9	-23.0%	-20.0%	-21.5%
Assessed investment in Northern		128	462	131

Table 14: Investment in Northern

- 8.8 As set out at paragraph 9.3 (Table 21), we have assessed the value of a 100% equity interest in Northern prior to the Scheme (on a net assets on a going concern basis) to be in the range of \$1.4 million to \$5.0 million, with a preferred value of \$1.4 million.
- 8.9 We have assessed Redcliffe's 11.82% interest in Northern on the pro rata basis of the above valuation range. We have then included a discount in the range of 20.0% to 23.0% as set out above to reflect a discount for lack of control. A discount for a minority interest holding (non-controlling interest) is the inverse of a premium for control. For the purposes of this assessment, we have adopted the inverse of a control premium of 25.0% to 30.0% in our assessment of a discount for lack of control, consistent with the control premium adopted in valuing a Redcliffe share prior the Scheme using the quoted price of listed securities methodology.
- 8.10 Our valuation of a Redcliffe share prior to the Scheme using the quoted price of listed securities method and further detail on premiums for control are set out in paragraphs 8.21 to 8.34 below.
- 8.11 Capitalised exploration expenses are all related to expenditure on the Redcliffe Gold Project valued by BMGS. We have therefore excluded all capitalised exploration and evaluation expenditure as at 31 December 2015, and included BMGS's valuation of the Redcliffe Gold Project.
- 8.12 The table below sets out the range of values attributed to the Redcliffe Gold Project by BMGS using the Kilburn and comparable transactions methodologies.

Valuation as per BMGS Asset Valuation (49%)	Valuation		
	Low \$'000	High \$'000	Preferred \$'000
Redcliffe Gold Project Mineral Resources	422	1,537	422
Redcliffe Gold Project Exploration Areas and Advanced Exploration Areas	96	2,324	96
Total	519	3,862	519

Table 15: Valuation of Redcliffe Gold Project

8. Valuation of Redcliffe (Cont.)

- 8.13 As set out in paragraph 5.4 and in BMGS's report (refer Appendix 4), the Redcliffe Gold Project has 278,100 ounces of gold in total Indicated and Inferred Resources based on JORC guidelines. BMGS has assessed a value per ounce of gold by considering mineral resources in a similar geologic environment or a similar regional setting, and by examining recent transactions where a resource was purchased in an arms-length transaction.
- 8.14 BMGS has utilised the Kilburn method to value the Exploration Areas and Advanced Exploration Areas of the Redcliffe Gold Project. The Kilburn method considers four technical aspects of the valuation process and derives a rank or score of the property under consideration under each of these headings according to stated criteria. The four technical aspects comprise off-property attributes, on-property attributes, anomaly factor and geological factor. The Kilburn approach works by deriving a score for each of these factors for each tenement. The score can be greater or less than one. These scores are multiplied together and then further multiplied by the Base Acquisition Cost ("BAC"). The BAC is deemed to be the average cost to acquire a unit of exploration tenement (generally 1 km² or 1 ha) and maintain it for one year, including statutory fees and minimum expenditure commitments.
- 8.15 The range of values attributed to the Redcliffe Gold Project by BMGS is \$519,000 to \$3.9 million with a preferred value at the low end of the assessed range of \$519,000.
- 8.16 As set out in BMGS's report, the preferred valuation is based on the low end of the range due to the following considerations:
- the valuation is consistent with the consideration negotiated by the Directors of Redcliffe for the divestment of a 51% interest in the Redcliffe Gold Project;
 - market sentiment is very poor and has been for the previous three years with project values decreasing based on the current economic outlook; and
 - comparative project sales with higher net return per ounce of gold compared to the Redcliffe Project have key factors that influence the attributed value per ounce, including:
 - existing site infrastructure and mining operations currently in place; and
 - higher levels of project in care and maintenance.
- 8.17 We are not aware of any other indicators that the book value of assets and liabilities of Redcliffe differ materially from their fair market value.
- 8.18 The table below sets out a summary of the value per share of Redcliffe prior to the Scheme.

	Low \$	High \$	Preferred \$
Value of the Redcliffe Gold Project (49%)	518,774	3,861,723	518,774
Assessed 11.82% investment in Northern	128,179	462,185	130,676
Other liabilities	(266,955)	(266,955)	(266,955)
Net Assets	379,998	4,056,953	382,495
Number of shares on issue	213,652,381	213,652,381	213,652,381
Assessed Value per share (\$)	\$0.0018	\$0.0190	\$0.0018

Table 16: Summary Assessed Value of Redcliffe on a Net Assets Basis (Prior to the Scheme)

- 8.19 Our assessed value of a Redcliffe share prior to the Scheme is therefore in the range of \$0.0018 to \$0.0190 per share, with a preferred value of \$0.0018.
- 8.20 The methodologies applied represent the value of a controlling shareholding. Accordingly, we consider the value generated under the net assets on a going concern basis to already incorporate a premium for control and no further premium is considered necessary to assess the value of Redcliffe.

8. Valuation of Redcliffe (Cont.)

Quoted Price of Listed Securities

- 8.21 In order to provide a cross-check to the valuation of a Redcliffe share under the net assets on a going concern basis, we have also assessed the fair value based on the quoted market price.
- 8.22 The assessment only reflects trading prior to the announcement of the Scheme in order to avoid the influence of any movement in price that occurred as a result of the announcement.

Analysis of recent trading in Redcliffe shares

- 8.23 Figure 6 below sets out a summary of Redcliffe's closing share prices and traded volumes in the year to 17 August 2015, being the last day Redcliffe shares traded prior to the announcement of the Scheme. The assessment reflects trading prior to the announcement in order to avoid the influence of any movement in price that may have occurred as a result of the announcement of the Scheme.

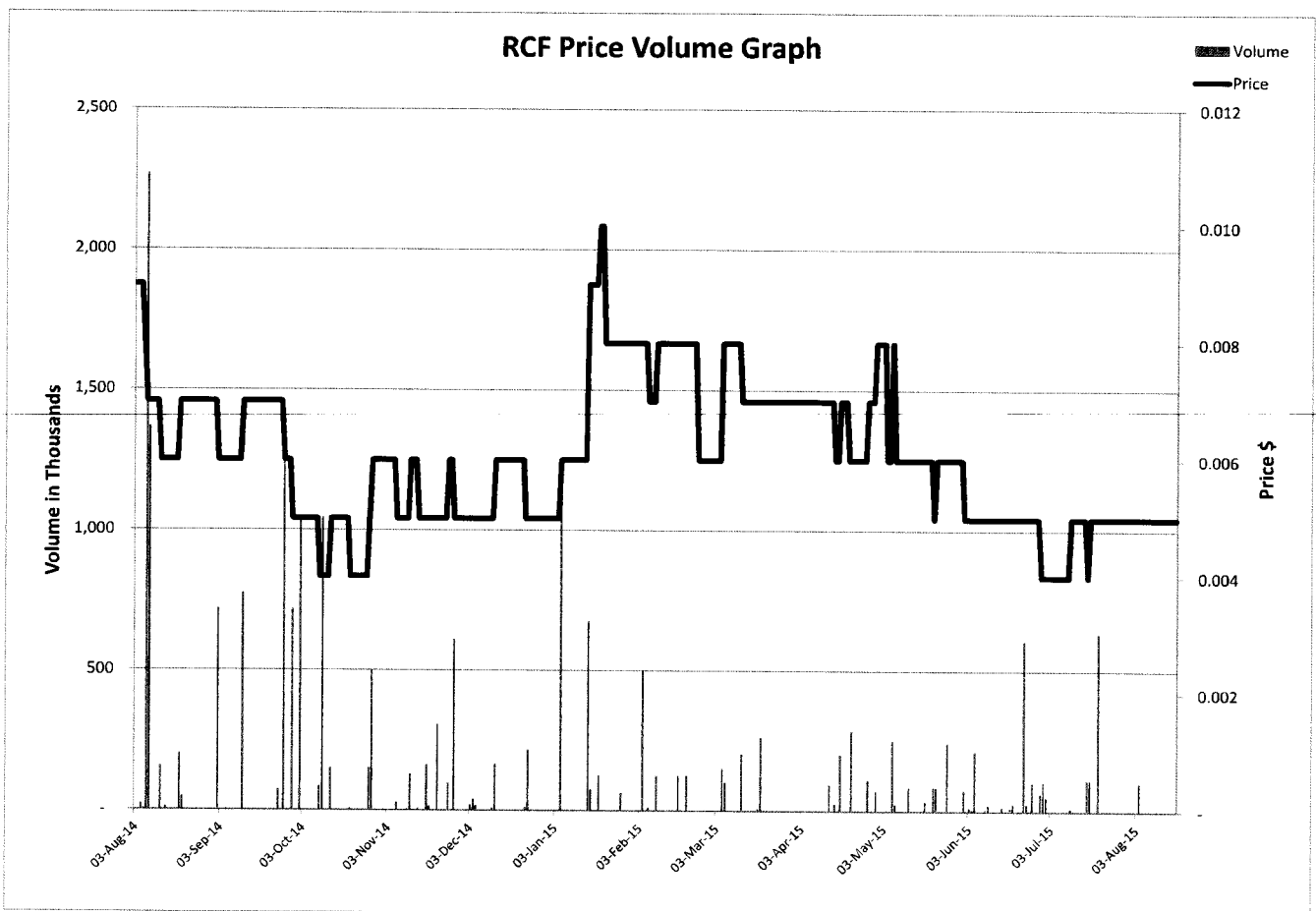


Figure 6: Redcliffe Share price volume (Source: S&P Capital IQ)

8. Valuation of Redcliffe (Cont.)

8.24 To provide further analysis of the quoted market prices for Redcliffe's shares, we have considered the Volume Weighted Average Price ("VWAP") for the 5, 10, 30, 60-, 90, 120, 180 and 365 calendar days prior to 17 August 2015, as summarised in the table below.

Redcliffe VWAP	17-Aug-15	5 Days	10 Days	60 Days	90 Days	120 Days	180 Days	365 Days
Closing price*	\$ 0.005							
VWAP		\$ -	\$ -	\$ 0.0048	\$ 0.0050	\$ 0.0055	\$ 0.0059	\$ 0.0060

* last transaction 4-Aug-15

Table 17: VWAP of Redcliffe's shares (Source: S&P Capital IQ)

8.25 As set out in the table above, the VWAP of Redcliffe's shares fluctuated between \$0.0048 and \$0.0060 over the past 12 months and between \$0.0048 and \$0.0050 in the 60 day period before the announcement of the Scheme.

8.26 An analysis of the volume in trading in Redcliffe's shares for the 365 day period to 17 August 2015 is set out in the following table.

Month	No. of Trade Days in Month	No. Days Shares Traded	Quantity Traded	Value Traded	VWAP	Shares on Issue	Volume traded as a % of issued shares
August*	11	1	100,000	\$ 500	\$ 0.0050	213,652,381	0.05%
July	23	6	917,230	\$ 4,426	\$ 0.0048	213,652,381	0.43%
June	21	15	1,285,920	\$ 6,262	\$ 0.0049	213,652,381	0.60%
May	21	8	803,760	\$ 5,237	\$ 0.0065	213,652,381	0.38%
April	20	7	786,570	\$ 5,267	\$ 0.0067	213,652,381	0.37%
March	21	5	720,000	\$ 3,462	\$ 0.0048	208,040,798	0.35%
February	20	6	888,200	\$ 7,089	\$ 0.0080	208,040,798	0.43%
January	20	6	2,148,110	\$ 15,764	\$ 0.0073	174,372,100	1.23%
December	21	7	475,100	\$ 2,541	\$ 0.0053	174,372,100	0.27%
November	19	9	1,351,150	\$ 6,980	\$ 0.0052	174,372,100	0.95%
October	23	7	2,961,700	\$ 14,175	\$ 0.0048	142,372,100	2.08%
September	22	6	3,559,190	\$ 21,484	\$ 0.0060	142,372,100	2.50%
August**	10	2	247,500	\$ 1,733	\$ 0.0070	142,372,100	0.17%
	252	85	16,244,430	\$ 94,920	\$ 0.0058		9.80%

* to 17th August 2015

** from 18th August 2014

Table 18: Traded volumes of Redcliffe shares to 17 August 2015 (Source: S&P Capital IQ)

8.27 Only 1.5% of the weighted issued share capital was traded during 1 May 2015 to 17 August 2015 (the last day shares were available for trading prior to the Scheme) and 9.8% of the weighted issued share capital was traded in the 12 months to 17 August 2015.

8.28 Due to the low liquidity of Redcliffe's shares, the table above sets out the VWAP and percentage of shares traded for the 12 months prior the Scheme. Shares were traded on 85 days of 252, representing 33.7% of trading days. Whilst our analysis indicates that there is an active market, it does not appear to be a deep market and there is relatively low level of liquidity in Redcliffe's shares.

8. Valuation of Redcliffe (Cont.)

Valuation of a Redcliffe share (Quoted price of listed securities methodology)

Key assumptions

Value of a Redcliffe share on a minority basis

8.29 Based on the analysis of the recent trading in Redcliffe's shares, we have assessed the value of a Redcliffe share on a minority interest basis, to be in the range of \$0.0048 and \$0.0050, being the 60-day VWAP and the last traded price of a Redcliffe share prior to the announcement of the Scheme, respectively.

Premium for control

8.30 Obtaining control of an entity usually provides the acquirer with a number of advantages including the following:

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

8.31 In the case of publicly traded securities, given the advantages control of an entity provides an acquirer, they are usually expected to pay a premium to the quoted market price to achieve control, which is often referred to as a control premium. Consequently, earnings multiples for listed companies do not reflect the market value of a controlling interest in the company as they are derived from market prices which usually represent the buying and selling of non-controlling portfolio holdings (small parcels of shares).

8.32 As the Scheme represents a control transaction, in assessing the value of 100% of Redcliffe and a share in Redcliffe we have applied a premium for control. In selecting this control premium we have considered the following factors:

- Redcliffe appears to have substantial gold resources but does not have the working capital to exploit the resource. It is possible that another mining company with sufficient resources could be willing to pay a premium for the resources; and
- RSM Australia Pty Ltd has undertaken a survey of control premiums paid over a 7-year period to 30 June 2012 in 345 successful takeovers and schemes of arrangements of companies listed on the ASX ("RSM Australia Control Premium Study 2013"). In determining the control premium, we compared the offer price to the closing trading price of the target company 20, 5 and 2 trading days pre the date of the announcement of the offer. Where the consideration included shares in the acquiring company, the closing share price of the acquiring company on the day prior to the date of the offer was used. Our study concluded that the median control premiums in takeovers and schemes of arrangements involving Australian companies were in the range of 25% to 30%.

8.33 On the basis of the above we believe that a premium for control in the range of 25% to 30% is appropriate in assessing the value of a controlling interest in Redcliffe.

8.34 The table below sets out our assessment of the value in a Redcliffe share on a controlling basis utilising the quoted price of listed securities methodology.

	Ref	Low	High
Quoted market price (non-control basis)	8.29	\$0.0048	\$0.0050
Control premium	8.33	25%	30%
Value of a Redcliffe share on a control basis		\$0.0060	\$0.0065

Table 19: Assessed value of a Redcliffe share – Quoted Price of Listed Securities (Source: RSMFS analysis)

8. Valuation of Redcliffe (Cont.)

Valuation summary and conclusion

8.35 A summary of our assessed values of a Redcliffe share on a controlling basis prior to implementation of the Scheme, derived under the two methodologies, is set out in the table below.

	Ref	Low \$	High \$	Preferred \$
Net Assets Basis as a Going Concern - primary method	8.19	0.0018	0.0190	0.0018
Quoted price of listed securities - cross check	8.34	0.0060	0.0065	0.0063

Table 20: Valuation of a share in Redcliffe (Source: RSMFS analysis)

8.36 We consider that the Fair Value of a Redcliffe share on a controlling basis is in the range of \$0.0018 to \$0.0190, with a preferred value of \$0.0018 which has been derived using the net assets on a going concern basis.

8.37 Whilst the recent quoted market prices of Redcliffe provide a useful cross check to our primary methodology, based on our analysis of the recent volume of trading in Redcliffe shares, we do not consider the market to be sufficiently liquid to provide a reliable assessment of their Fair Value on a standalone basis.

9. Valuation of Northern

- 9.1 In order to determine whether the consideration offer by Northern (scrip for scrip) is fair and reasonable, we have utilised the net assets on a going concern methodology and relied upon the net book value of assets and liabilities as set out in Northern's unaudited consolidated statement of financial position as at 31 December 2015.
- 9.2 As a secondary method of valuing a share prior to the Scheme we have also considered the quoted price for listed securities methodology.

Valuation of Northern prior to the Scheme

Net Assets on a Going Concern Basis

- 9.3 Our assessment of the fair value of Northern's net assets is shown in the table below, based on the unaudited consolidated financial position of Northern as at 31 December 2015.

Northern Net Assets on a Going Concern Basis	As at 31-Dec-15 Unaudited \$'000	Ref	Prior to the Scheme Assessed Value		
			Low \$'000	High \$'000	Preferred \$'000
Current Assets					
Cash & cash equivalents	753		753	753	753
Trade and other receivables	97		97	97	97
Prepayments	7		7	7	7
Available for sale financial assets	63		63	63	63
	<u>920</u>		<u>920</u>	<u>920</u>	<u>920</u>
Non Current Assets					
Capitalised exploration expense / Value of					
Redcliffe Gold Project (51% interest)	637	9.7 to 9.8	540	4,019	540
Property, plant & equipment	27		27	27	27
	<u>664</u>		<u>567</u>	<u>4,047</u>	<u>567</u>
Total Assets	<u>1,585</u>		<u>1,488</u>	<u>4,967</u>	<u>1,488</u>
Current Liabilities					
Trade and other payables	67		67	67	67
Provisions	12		12	12	12
Total Liabilities	<u>80</u>		<u>80</u>	<u>80</u>	<u>80</u>
Net Assets	<u>1,505</u>		<u>1,408</u>	<u>4,888</u>	<u>1,408</u>
No. of shares on issue	117,549,775	9.6	117,549,775	117,549,775	117,549,775
Assessed value per share (\$)	<u>\$0.013</u>		<u>\$0.012</u>	<u>\$0.042</u>	<u>\$0.012</u>

Table 21: Assessed Value of Northern on a Net Assets Basis (Prior to the Scheme)

- 9.4 As at the date of this Report, Northern had 6 million unlisted share options at an exercise price of \$0.20, maturing 31 December 2016;
- 9.5 As these options are all out of the money as at the date of this Report and, therefore, have no impact on our assessment of the fairness and reasonableness, we have excluded them from our analysis.
- 9.6 At 31 December 2015, Northern had 117,549,775 ordinary shares on issue, including the issue of 13,888,889 fully paid ordinary shares issued to acquire a 51% interest in the Redcliffe Gold Project.
- 9.7 As stated in paragraph 8.15, the range of values attributed to a 49% interest in the Redcliffe Gold Project by BMGS is \$519,000 to \$3.9 million with a preferred value of \$519,000.
- 9.8 Northern currently holds a 51% interest in the Redcliffe Gold Project. On this basis, we have assumed a 51% interest in Redcliffe Gold Project (on a pro-rata basis) to be \$540,000 to \$4.0 million, with a preferred value at the low end of the range of \$540,000.

9. Valuation of Northern (Cont.)

- 9.9 We are not aware of any other indicators that the book value of assets and liabilities of Northern differ materially from their fair market value.
- 9.10 The table below sets out a summary of the value per share of Northern prior to the Scheme.

	Low \$	High \$	Preferred \$
Value of the Redcliffe Gold Project (51%)	539,948	4,019,344	539,948
Other assets and liabilities	868,397	868,397	868,397
Net Assets	1,408,345	4,887,741	1,408,345
Number of shares on issue	117,549,775	117,549,775	117,549,775
Assessed Value per share (\$)	\$0.012	\$0.042	\$0.012

Table 22: Summary Assessed Value of Northern on a Net Assets Basis (controlling basis)

- 9.11 Our assessed value of a Northern share prior to the Scheme (on a controlling basis) is therefore in the range of \$0.012 to \$0.042 per share, with a preferred value of \$0.012.

Quoted Price of Listed Securities

- 9.12 In order to provide a cross-check to the valuation of a Northern share under the net assets on a going concern basis, we have also assessed the fair value based on the quoted market price.
- 9.13 The assessment only reflects trading prior to the announcement of the Scheme in order to avoid the influence of any movement in price that occurred as a result of the announcement.

9. Valuation of Northern (Cont.)

Analysis of recent trading in Northern shares

9.14 Figure 7 below sets out a summary of Northern's closing share prices and traded volumes in the year to 17 August 2015, being the last day Northern's shares traded prior to the announcement of the Scheme. The assessment reflects trading prior to the announcement in order to avoid the influence of any movement in price that may have occurred as a result of the announcement of the Scheme.

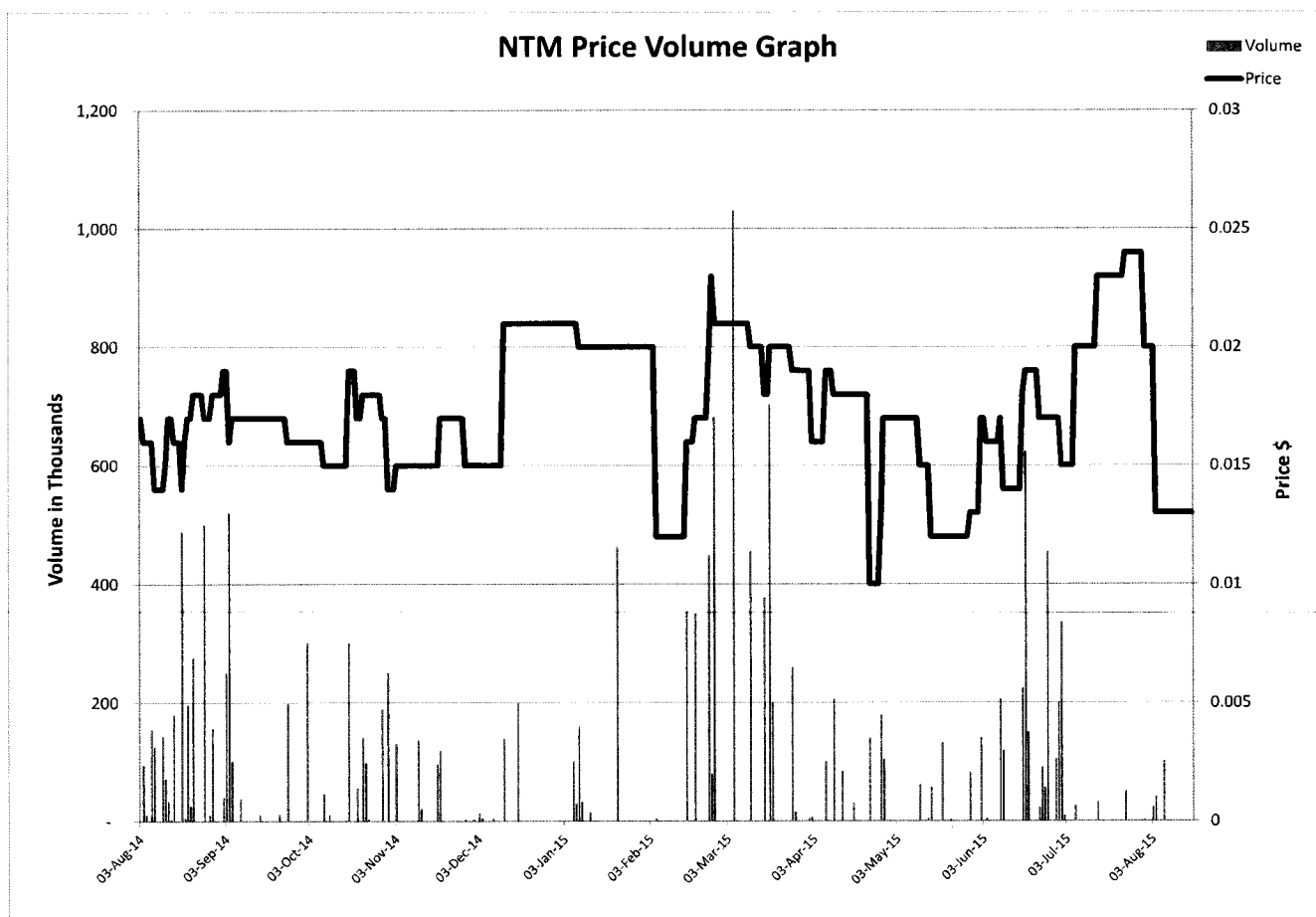


Figure 7: Northern Share price and volume (Source: S&P Capital IQ)

9.15 To provide further analysis of the quoted market prices for Northern's shares, we have considered the Volume Weighted Average Price ("VWAP") for the 5-, 10-, 30-, 60-, 90-, 120-, 180- and 365- calendar days to 17 August 2015, as summarised in the table below.

Northern VWAP	17-Aug-15	5 Days	10 Days	60 Days	90 Days	120 Days	180 Days	365 Days
Closing price*	\$ 0.0130							
VWAP		\$ -	\$ -	\$ 0.0168	\$ 0.0172	\$ 0.0164	\$ 0.0184	\$ 0.0179

* last transaction 7-Aug-15

Table 23: VWAP of Northern's shares (Source: S&P Capital IQ)

9.16 As set out in the table above, the VWAP of Northern's shares fluctuated between \$0.0130 and \$0.0184 over the past 12 months and between \$0.0130 and \$0.0168 in the 60 day trading period before the announcement of the Scheme.

9. Valuation of Northern (Cont.)

9.17 An analysis of the volume in trading in Northern's shares for the 365 day period to 17 August 2015 is set out in the following table.

Month	No. of Trade Days in Month	No. Days Shares Traded	Quantity Traded	Value Traded	VWAP	Shares on Issue	Volume traded as a % of issued shares
August*	11	3	164,010	\$ 2,297	\$ 0.0140	102,217,195	0.16%
July	23	6	452,780	\$ 7,631	\$ 0.0169	102,217,195	0.44%
June	21	13	2,389,680	\$ 42,036	\$ 0.0176	102,217,195	2.34%
May	21	6	335,800	\$ 4,304	\$ 0.0128	102,217,195	0.33%
April	20	9	851,460	\$ 13,300	\$ 0.0156	102,217,195	0.83%
March	21	7	3,037,980	\$ 60,764	\$ 0.0200	102,217,195	2.97%
February	20	6	1,915,580	\$ 36,733	\$ 0.0192	102,217,195	1.87%
January	20	7	800,000	\$ 16,130	\$ 0.0202	102,217,195	0.78%
December	21	6	363,270	\$ 7,485	\$ 0.0206	102,217,195	0.36%
November	19	6	503,660	\$ 7,793	\$ 0.0155	102,217,195	0.50%
October	23	10	1,390,420	\$ 23,318	\$ 0.0168	100,793,862	1.38%
September	22	8	1,166,860	\$ 19,699	\$ 0.0169	100,793,862	1.16%
August**	10	8	1,653,510	\$ 27,074	\$ 0.0164	100,793,862	1.64%
	252	95	15,025,010	\$ 268,564	\$ 0.0179		14.76%

* to 17th August 2015

** from 18th August 2014

Table 24: Traded volumes of Northern shares to 17 August 2015 (Source: S&P Capital IQ)

- 9.18 Only 3.3% of the weighted issued share capital was traded during 1 May 2015 to 17 August 2015 (the last day shares were available for trading prior the Scheme) and 14.8% of the weighted issued share capital was traded in the 12 months to 17 August 2015.
- 9.19 Due to the low liquidity of Northern's shares, the table above sets out the VWAP and percentage of shares traded for the 12 months prior the Scheme. Shares were traded on 95 days of 252 representing 37.7% of trading days. Whilst our analysis indicates that there is an active market, it does not appear to be a deep market and there is relatively low level of liquidity in Northern's shares.

Valuation of a Northern share (Quoted price of listed securities methodology)

Value of a Northern share on a minority basis

- 9.20 Based on the analysis of the recent trading in Northern's shares, we have assessed the value of a Northern share on a non-controlling basis to be in the range of \$0.0130 and \$0.0140, being the last traded price of a Northern share prior to the announcement of the Scheme, and the VWAP of shares traded during August 2015, respectively.

Value of a Northern share on a controlling interest

- 9.21 We have applied a premium for control in the range of 25% to 30% in our assessment of the value of a Northern share on a controlling basis utilising the quoted price of listed securities methodology.

9. Valuation of Northern (Cont.)

9.22 The table below sets out our assessment of the value of a Northern share on a controlling basis utilising the quoted price of listed securities methodology.

	Ref	Low	High
Quoted market price (non-control basis)	9.20	\$0.013	\$0.014
Control premium	9.21	25%	30%
Value of a Northern share on a control basis		\$0.016	\$0.018

Table 25: Assessed value of a Northern share – Quoted Price of Listed Securities (Source: RSMFS analysis)

Valuation summary and conclusion

9.23 A summary of our assessed values of an ordinary Northern share on a controlling basis prior to implementation of the Scheme, derived under the two methodologies, is set out in the table below.

	Ref	Low \$	High \$	Preferred \$
Net Assets Basis as a Going Concern - primary method	9.11	0.012	0.042	0.012
Quoted price of listed securities - cross check	9.22	0.016	0.018	0.017

Table 26: Valuation of a share in Northern (Source: RSMFS analysis)

9.24 We consider that the Fair Value of a Northern share on a controlling basis is in the range of \$0.012 to \$0.042, with a preferred value of \$0.012, which has been assessed using the net assets on a going concern basis.

9.25 Notwithstanding the low liquidity of Northern's shares, we consider that values derived using the quoted price of listed securities methodology to be broadly consistent with our primary methodology.

10. Valuation of the Merged Group

Valuation of Redcliffe prior to the Scheme but adjusted for Conditions Precedent

10.1 As set out in paragraph 5.15, at 31 December 2015, Redcliffe disclosed \$136,000 in amounts owed to Directors in trade payables. A Condition Precedent of the implementation of the Scheme is that all monies currently owed to Directors will be settled through the issue of Redcliffe shares at a notional issue price of \$0.006 per share. We have adjusted for the settlement of these amounts owing to Redcliffe Directors through the issue of 22,666,668 ordinary shares in our assessment of the Fair Value of a Redcliffe share prior to the Scheme but adjusted for Conditions Precedent.

10.2 As set out in paragraphs 8.3 and 8.4, Redcliffe has reached an agreement with its option holders to convert all the unlisted options currently on issue to a total of 1,000,000 fully paid ordinary shares, subject to Shareholder approval. We have adjusted for the issue of 1,000,000 fully paid ordinary shares in our assessment of the Fair Value of a Redcliffe share prior to the Scheme but adjusted for Conditions Precedent.

10.3 As set out in paragraph 8.5, the Company's forfeited 400,000 partly paid shares were sold by public auction on 5 November 2015. We have adjusted for the issue of an additional 400,000 fully paid ordinary Redcliffe shares in our assessment of the Fair Value of a Redcliffe share prior to the Scheme but adjusted for Conditions Precedent.

10. Valuation of the Merged Group (Cont.)

Valuation of Redcliffe prior to the Scheme but adjusted for Conditions Precedent (Cont.)

Net Assets on a Going Concern Basis

10.4 Our assessment of the Fair Value of Redcliffe's net assets is set out below, consistent with our valuation set out in Tables 13 and 16, but adjusted to reflect the conversion of \$136,000 in amounts due to Directors to 22,666,668 fully paid ordinary shares in the Company, the issue of 1,000,000 fully paid ordinary shares to convert the 15,000,000 unlisted options on issue, and the issue of 400,000 fully paid ordinary shares in relation to the partly paid shares.

Redcliffe Net Assets on a Going Concern Basis	Prior to the Scheme Assessed Value			Ref	Prior to the Scheme adjusted for Conditions Precedent Assessed Value		
	Low \$'000	High \$'000	Preferred \$'000		Low \$'000	High \$'000	Preferred \$'000
Current Assets							
Cash & cash equivalents	52	52	52		52	52	52
Trade and other receivables	11	11	11		11	11	11
	<u>63</u>	<u>63</u>	<u>63</u>		<u>63</u>	<u>63</u>	<u>63</u>
Non Current Assets							
Property, plant & equipment	35	35	35		35	35	35
Investment in Northern	128	462	131		128	462	131
Value of Redcliffe Gold Project	519	3,862	519		519	3,862	519
	<u>682</u>	<u>4,359</u>	<u>685</u>		<u>682</u>	<u>4,359</u>	<u>685</u>
Total Assets	<u>745</u>	<u>4,422</u>	<u>748</u>		<u>745</u>	<u>4,422</u>	<u>748</u>
Current Liabilities							
Trade and other payables	279	279	279	10.1	143	143	143
Borrowings	86	86	86		86	86	86
Total Liabilities	<u>365</u>	<u>365</u>	<u>365</u>		<u>229</u>	<u>229</u>	<u>229</u>
Net Assets	<u>380</u>	<u>4,057</u>	<u>382</u>		<u>516</u>	<u>4,193</u>	<u>518</u>
No. of shares on issue	213,652,381	213,652,381	213,652,381	10.2 to 10.3	237,719,049	237,719,049	237,719,049
Assessed value per share (\$)	<u>\$ 0.002</u>	<u>\$ 0.019</u>	<u>\$ 0.002</u>		<u>\$ 0.002</u>	<u>\$ 0.018</u>	<u>\$ 0.002</u>

Table 27: Assessed Fair Value of Redcliffe prior to the Scheme and adjusted for Conditions Precedent

10. Valuation of the Merged Group (Cont.)

Valuation of the Consideration offered per Redcliffe share immediately after the Scheme

- 10.5 As required by RG 111, in order to provide an indication of the value to the Redcliffe Shareholders immediately after the Scheme, we have calculated the theoretical value of Northern and Redcliffe immediately after the implementation of the Scheme (the Merged Group).
- 10.6 The table below sets out our assessment of the value per share of the Merged Group (on a controlling basis) and has been calculated based on the combined fair values of Redcliffe and Northern immediately following the Scheme utilising the net assets on a going concern basis.

At 31 December 2015	Redcliffe Prior to the Scheme adjusted for Conditions Precedent Assessed Value			Ref	Northern Prior the Scheme Assessed Value			Ref	Merged Group Immediately after the Scheme Assessed Value		
	Low \$'000	High \$'000	Preferred \$'000		Low \$'000	High \$'000	Preferred \$'000		Low \$'000	High \$'000	Preferred \$'000
Current Assets											
Cash & cash equivalents	52	52	52		753	753	753		806	806	806
Trade and other receivables	11	11	11		97	97	97		108	108	108
Prepayment	-	-	-		7	7	7		7	7	7
Available for sale financial assets	-	-	-		63	63	63		63	63	63
	<u>63</u>	<u>63</u>	<u>63</u>	10.7	<u>920</u>	<u>920</u>	<u>920</u>		<u>984</u>	<u>984</u>	<u>984</u>
Non Current Assets											
Property, plant & equipment	35	35	35		27	27	27		63	63	63
Investment in Northern	128	462	131		-	-	-	10.8	-	-	-
Value of Redcliffe Gold Project	519	3,862	519		540	4,019	540		1,059	7,881	1,059
	<u>682</u>	<u>4,359</u>	<u>685</u>	10.7	<u>567</u>	<u>4,047</u>	<u>567</u>		<u>1,121</u>	<u>7,944</u>	<u>1,121</u>
Total Assets	<u>745</u>	<u>4,422</u>	<u>748</u>	10.7	<u>1,488</u>	<u>4,967</u>	<u>1,488</u>		<u>2,105</u>	<u>8,927</u>	<u>2,105</u>
Current Liabilities											
Trade and other payables	143	143	143		67	67	67		211	211	211
Borrowings	86	86	86		-	-	-		86	86	86
Provisions	-	-	-		12	12	12		12	12	12
Total Liabilities	<u>229</u>	<u>229</u>	<u>229</u>	10.7	<u>80</u>	<u>80</u>	<u>80</u>		<u>309</u>	<u>309</u>	<u>309</u>
Net Assets	<u>516</u>	<u>4,193</u>	<u>518</u>	10.7	<u>1,408</u>	<u>4,888</u>	<u>1,408</u>		<u>1,796</u>	<u>8,619</u>	<u>1,796</u>
No. of shares on issue	237,719,049	237,719,049	237,719,049	10.7	117,549,775	117,549,775	117,549,775	10.8	203,993,065	203,993,065	203,993,065
Assessed value per share (\$)	<u>\$ 0.002</u>	<u>\$ 0.018</u>	<u>\$ 0.002</u>	10.7	<u>\$ 0.012</u>	<u>\$ 0.042</u>	<u>\$ 0.012</u>		<u>\$ 0.009</u>	<u>\$ 0.042</u>	<u>\$ 0.009</u>

Table 28: Assessed Fair Value of the Merged Group immediately after the Scheme (Source: RSMFS analysis)

- 10.7 The Fair Value of Northern's net assets utilised in assessing the value of the Merged Group is consistent with our valuation set out in Tables 21 and 22.
- 10.8 The investment in Northern as part of the acquisition of the 51% interest in the Redcliffe Gold Project has been eliminated as part of the Merged Group.
- 10.9 As set out in the table above, in the event that the Scheme is approved, Redcliffe Shareholders will receive 1 Northern share for every 2.75 Redcliffe shares resulting in the total issue of 86,443,290 new ordinary Northern shares.
- 10.10 Based on the above, our assessed value of per share in the Merged Group (on a controlling basis) is in the range of \$0.009 to \$0.042, with a preferred value of \$0.009.
- 10.11 In the event the Scheme is approved, the Redcliffe Shareholders will collectively acquire a 42.4% equity interest in Northern.
- 10.12 Accordingly, in our assessment of the value per share in the Merged Group immediately after the Scheme on a non-controlling basis, we have reflected a discount for lack of control.
- 10.13 For the purposes of this report, we have adopted the inverse of a control premium of 25.0% to 30% in our assessment of a discount for lack of control, consistent with the control premium adopted in valuing a Redcliffe share prior to the Scheme using the quoted price of listed securities method.
- 10.14 We have therefore applied a discount of 20.0% to 23.0% (rounded) when assessing the value of a share in the Merged Group on a minority interest basis immediately after the Scheme.

10. Valuation of the Merged Group (Cont.)

Valuation of the Consideration offered per Redcliffe share immediately after the Scheme (Cont.)

10.15 The table below sets out our assessment of the value of a share in the Merged Group on a minority interest basis immediately after the Scheme, and the value of the consideration offered per Redcliffe share.

	Immediately after the Scheme		
	Assessed Value		
	Low \$'000	High \$'000	Preferred \$'000
Value of the Merged Group (controlling interest)	1,796	8,619	1,796
Number of shares	203,993,065	203,993,065	203,993,065
Assessed value per share (controlling basis)	\$0.009	\$0.042	\$0.009
Discount for lack of control	-23.0%	-20.0%	-21.5%
Assessed value per share (non-controlling basis)	\$0.007	\$0.034	\$0.007
Offer of 1 Northern share for every 2.75 fully paid Redcliffe shares	2.75	2.75	2.75
Value of the consideration offered per Redcliffe share	\$0.002	\$0.012	\$0.003

Table 29: Equivalent value per share immediately after the Scheme (non-controlling basis)
(Source: RSMFS analysis)

10.16 On the basis that Redcliffe Shareholders are being offered 1 Northern share for every 2.75 fully paid ordinary Redcliffe shares, we have adjusted the assessed value per share in the Merged Group by this ratio in our calculation of the value of the consideration offered per Redcliffe share immediately after the Scheme.

10.17 Based on the above, our assessed value of the consideration offered per Redcliffe share immediately after the Scheme (on a non-controlling basis) is in the range of \$0.002 to \$0.012, with a preferred value of \$0.003.

11. Is the Scheme Fair to the Shareholders

- 11.1 ASIC RG 111 defines a takeover offer as being fair if the value of the consideration offered under the takeover offer or in this case, the Scheme, is equal to or greater than the value of the securities being the subject of the offer.
- 11.2 In assessing whether we consider the Scheme to be fair to the Shareholders, we have valued a share in Redcliffe prior the implementation of the Scheme, and compared it to the value of the consideration offered per Redcliffe share immediately after the Scheme, to determine whether a Shareholder would be better or worse off should the Scheme be approved. The consideration offered represents the value of the equivalent ownership interest per Redcliffe share in the Merged Group.
- 11.3 Our assessed values are summarised below.

	Fair Value		
	Low	High	Preferred
Fair Value per share prior to the Scheme	\$0.002	\$0.019	\$0.002
Assessed value per share in the Merged Group (non-controlling basis)	\$0.007	\$0.034	\$0.007
Offer of 1 Northern share for every 2.75 fully paid Redcliffe shares	2.75	2.75	2.75
Value of the consideration offered per Redcliffe share	\$0.002	\$0.012	\$0.003

Table 30: Valuation Summary (Source: RSMFS Analysis)

11.4 The above comparison is depicted graphically in the figure below.

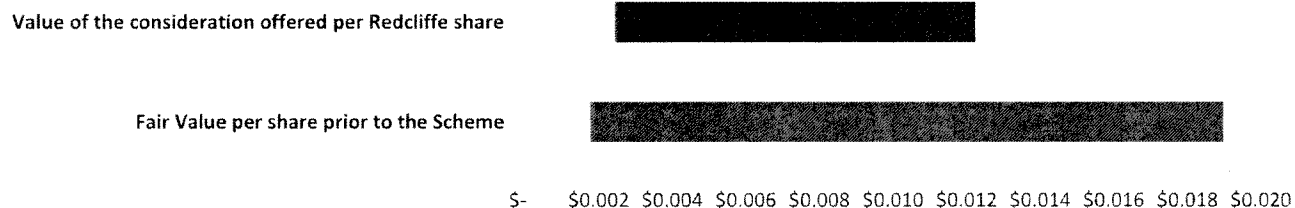


Figure 8: Valuation Summary (Source: RSMFS Analysis)

11.5 Notwithstanding the fact that the high end of the assessed value of a share in Redcliffe prior to the Scheme is greater than the high end of the assessed value of the consideration, we consider that, as the preferred Fair Value of the consideration offered per Redcliffe share immediately after the Scheme is greater than the preferred Fair Value of a Redcliffe share prior to the Scheme, and in the absence of any other relevant information, in our opinion, the Scheme is **fair** to the Shareholders, and as such, in the best interests of the Shareholders.

12. Consideration of other factors relating to the Scheme

- 12.1 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of a higher bid. We consider and outline in this Section of the Report an analysis of other factors which are likely to be relevant to the Shareholders in their assessment of the Scheme.

Advantages of approving the Scheme

- 12.2 Redcliffe's Directors have unanimously recommended that the Shareholders vote in favour of the Scheme in the absence of a Superior Proposal (as defined in the Scheme Booklet) for the following reasons:
- This Independent Expert's Report has concluded that the Scheme is in the best interests of the Redcliffe Shareholders;
 - Northern disclosed \$0.75 million in cash and cash equivalents at 31 December 2015. In the event that Redcliffe Shareholders approve the Scheme, the Company will have access to a greater level of funds to fund future exploration costs;
 - Under the sale agreement with Northern, Northern can continue to acquire further interests in the Redcliffe Gold Project through the expenditure of further exploration costs. In the event that Redcliffe is unable to fund its interest in the Redcliffe Gold Project, Shareholders are unlikely to fully benefit from the potential resource value;
 - There may be possible improvement in the liquidity of Redcliffe shares if the Scheme creates increased interest in the Company and hence a more efficient market for shareholders to dispose of their shareholdings;
 - No alternative proposal has emerged as at the date of the Scheme Booklet; and
 - No brokerage or stamp duty will be payable on the transfer of Redcliffe shares under the Scheme.

Future Prospects of Redcliffe if the Scheme is not approved

- 12.3 If the Scheme is not approved by the Shareholders, the Directors have indicated that Redcliffe will need to raise more capital to avoid a receiver / administrator being appointed and to provide cash to continue operations. As at 31 December 2015, Redcliffe had net assets of 1.73 million, cash of circa \$0.05 million and a net working capital deficiency of \$0.06 million. In the event that the Company is unable to raise further funds in the short to medium term, Redcliffe may not be able to continue as a going concern.
- 12.4 We note the following extract from the announcement of the Scheme on 18 August 2015 *'Pursuant to the arrangements, Northern has the right to earn an additional 19% interest in the joint venture by expenditure of \$300,000 over a period of up to 18 months. The arrangements further provide that once Northern has earned the additional interest Redcliffe may fund its proportionate share of expenditure moving forward. However, should it elect not to do so, Northern can sole fund to earn a further 15% interest in the joint venture, with the option to acquire Redcliffe's remaining 15% interest by payment of \$150,000, leaving Redcliffe with a 2% Net Smelter Return royalty'*. If the Scheme is not accepted Northern may be able to acquire a 100% interest in the Redcliffe Gold Project and Shareholders are unlikely to fully benefit from the potential resource value.

Disadvantages of approving the Scheme

- 12.5 Subsequent to the implementation of the Scheme, Shareholders' interests will be diluted to 57.6%. The dilution of the Shareholders' interests reduces the ability of existing shareholders in Redcliffe to influence the strategic direction of Northern, including acceptance or rejection of takeover or merger proposals.

The extent to which a control premium is being paid

- 12.6 Our assessment of the value of the consideration offered per Redcliffe share immediately after the Scheme is \$0.003 at the preferred value. This value represents a discount of 40.0% of the closing price of Redcliffe shares of \$0.005 on 17 August 2015 (being the last day shares were available for trading immediately prior to the announcement of the Scheme), and a premium of 50.0% of our assessment of the preferred value of a Redcliffe share of \$0.002 prior to the Scheme.

12. Consideration of other factors relating to the Scheme (Cont.)

The likely price of Redcliffe's shares should the Scheme be rejected

- 12.7 The Scheme was announced to the ASX on 18 August 2015, which did not result in Redcliffe's share price closing higher on that date, as there were no trades. The closing price on 19 August 2015 was \$0.006. Redcliffe's share price had closed at \$0.005 on 17 August 2015, just prior to the announcement of the Scheme. After the announcement of the Scheme, shares were only traded on 5 days in August 2015, and on 17 and 23 September 2015 at \$0.04 per share. Thereafter, Redcliffe's share price has fluctuated between \$0.02 and \$0.07 from October 2015 to the date of this Report.
- 12.8 Redcliffe is not a liquid stock and there were only 40 transactions of Redcliffe shares in the period following the announcement to the date of this Report.
- 12.9 The table below sets out a summary of Redcliffe's VWAP and volumes traded prior to the announcement of the Scheme and immediately after the announcement.

	Trading days	High \$	Low \$	Value \$	Volume	VWAP \$	Volume traded as % of issued shares
Calendar days prior to 18 August 2015							
5 days	-	0.005	0.005	-	-	-	0.00%
10 days	-	0.005	0.005	-	-	-	0.00%
60 days	14	0.005	0.004	9,394	1,944,270	0.0048	0.91%
Calendar days post 18 August 2015							
174 days	40	0.007	0.002	48,660	11,239,730	0.0043	5.26%

Table 31: VWAP of Redcliffe shares after announcement of the Scheme (Source: RSMFS Analysis)

- 12.10 As set out in the table above, the VWAP of Redcliffe's shares for the period after the announcement was \$0.0043, 10.4% lower than the 60 day VWAP of \$0.0048 prior the announcement of the Scheme.

Alternative proposals and likelihood of an alternative takeover offer

- 12.11 Redcliffe has advised us that no formal alternative offers or approaches by potential acquirers have been received prior to the announcement of the Scheme on 18 August 2015.
- 12.12 The alternative to the Scheme is for the Shareholders to vote against the Scheme in the hope that they can realise greater value from their investment in Redcliffe either through maintaining Redcliffe as an independent company or through the emergence of a superior proposal to the Scheme. Whilst there is no evidence to suggest that the Shareholders would be better off under this alternative, it is possible that an alternative offer may emerge prior to the Scheme Meeting. However, given the announcement of the Scheme has occurred as at the date of this Report we are unable to form a view of the likelihood of an alternative offer emerging prior to the Scheme Meeting.

Liquidity

- 12.13 Historically, the liquidity of Redcliffe's shares has been low. The Scheme provides the Shareholders with an ability to convert their investment in Redcliffe to an investment in Northern. However, Northern also demonstrates a low liquidity, and we consider it unlikely that the liquidity in Northern's shares will improve materially if the Scheme is not successful.

Conclusion

- 12.14 In the absence of any other relevant information and/or a superior proposal, RSMFS considers the Scheme to be reasonable to the Shareholders and as such, that the Scheme to be in the best interests of the Shareholders.
- 12.15 An individual shareholder's opinion in relation to the Scheme may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

RSM FINANCIAL SERVICES AUSTRALIA PTY LTD



G YATES
Director



Appendix 1 – Declarations and Disclosures

Declarations and Disclosures

RSM Financial Services Australia Pty Ltd holds Australian Financial Services Licence 238282 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

Qualifications

Our Report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Financial Services Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM Australia) a large national firm of chartered accountants and business advisors.

Mr Glyn Yates is a director of RSM Financial Services Australia Pty Ltd. Mr Yates is a Chartered Accountant with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

Reliance on this Report

This Report has been prepared solely for the purpose of assisting the Shareholders in considering the Scheme. We do not assume any responsibility or liability to any party as a result of reliance on this Report for any other purpose.

Reliance on Information

Statements and opinions contained in this Report are given in good faith. In the preparation of this Report, we have relied upon information provided by the Directors and management of Redcliffe and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Financial Services Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Financial Services Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

Disclosure of Interest

At the date of this Report, none of RSM Financial Services Australia Pty Ltd, RSM, Glyn Yates, nor any other member, director, partner or employee of RSM Financial Services Australia Pty Ltd and RSM Australia has any interest in the outcome of the Scheme, except that RSM Financial Services Australia Pty Ltd are expected to receive a fee of \$20,000 plus GST based on time occupied at normal professional rates for the preparation of this Report. The fees are payable regardless of whether Redcliffe receives Redcliffe Shareholder approval for the Scheme, or otherwise.

Consents

RSM Financial Services Australia Pty Ltd consents to the inclusion of this Report in the form and context in which it is included with the Notice of Scheme Meeting and Scheme Booklet to be issued to Shareholders. Other than this Report, none of RSM Financial Services Australia Pty Ltd, RSM Australia and RSM Australia Partners has been involved in the preparation of the Notice of Scheme Meeting or Scheme Booklet. Accordingly, we take no responsibility for the content of the Notice of Scheme Meeting or the Scheme Booklet.



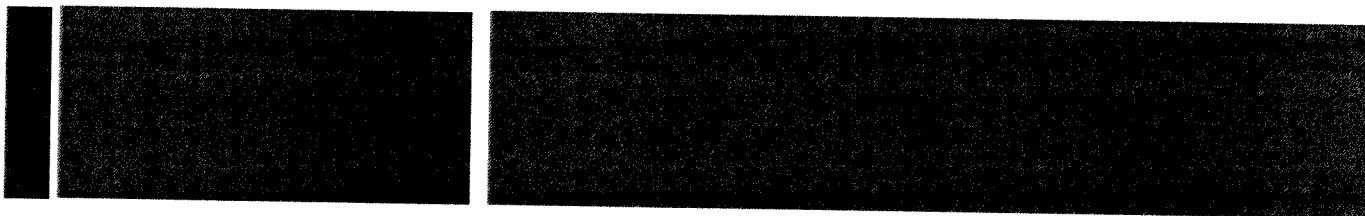
Appendix 2 – Sources of Information

In preparing this Report we have relied upon the following principal sources of information:

- The Scheme Booklet;
- Redcliffe audited financial statements for the years ended 31 December 2012, 31 December 2013, 31 December 2014 and the reviewed financial statements for the half year ended 30 June 2015;
- Redcliffe management accounts for the year ended 31 December 2015;
- Northern audited financial statements for the years ended 30 June 2012, 30 June 2013, 30 June 2014 and 30 June 2015;
- Northern management accounts for the half year ended 31 December 2015;
- Details of Redcliffe Shareholders;
- ASX announcements of Redcliffe and Northern
- S&P Capital IQ database;
- Connect4 database;
- Information provided to us during correspondence with Directors and management of Redcliffe; and
- Redcliffe and Northern websites.

Appendix 3 – Glossary of Terms and Abbreviations

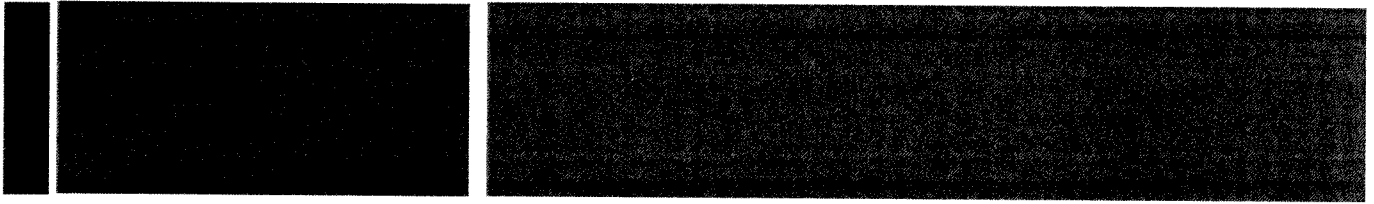
Term or Abbreviation	Definition
\$	Australian Dollar
Act	Corporations Act 2001 (Cth)
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
Company	Redcliffe Resources Limited
Control	The power to direct the management and policies of an entity or business enterprise
Control basis or controlling basis	As assessment of the fair value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
Control premium	An amount or a percentage by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest in an entity or business enterprise, to reflect the power of control
Court	The Federal Court of Australia (Victoria Registry) or any other court of competent jurisdiction under the Act agreed by the parties to the SIA in writing
Discounted Cash Flow Method (DCF)	A method within the income approach whereby the present value of future expected net cash flows is calculated using a discount rate
EBIT	Earnings, Before, Interest and Tax
EBITDA	Earnings, Before, Interest, Tax, Depreciation and Amortisation
Equity	The owner's interest in property after deduction of all liabilities
EV	Enterprise Value, meaning, the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities
Fair Value, Fair Market Value or Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future maintainable earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
Gross Margin	Total sales minus cost of goods sold, divided by total sales revenue, expressed as a percentage



Term or Abbreviation	Definition
Gross Profit	Total sales minus cost of goods sold
Indicated Resource or Indicated Mineral Resource	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 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 confirm geological and grade (or quality) continuity between points of observation where data and samples are collected. An Indicated Mineral Resource has a lower level of confidence than applying to a Measured Mineral and may only be converted to a Probable Ore Reserve
IER or the Report	This Independent Expert's Report
Inferred Resource or Inferred Mineral Resource	That part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological 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 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 code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Northern	Northern Manganese Ltd
Shareholders	The shareholders of Redcliffe
Non controlling basis	An assessment of the fair value on an equity interest, which assumes the holder or holders do not have control of the entity in which the equity is held
NPBT	Net Profit Before Tax
NPAT	Net Profit After Tax
Regulations	Corporations Regulations 2001 (Cth)
Report	This Independent Expert's Report prepared by RSMFS
RG 111	ASIC Regulatory Guide 111 Contents of Expert's Reports
RSMFS	RSM Financial Services Australia Pty Ltd
Second Court Hearing Date	The day on which the application is made to the Court for an order pursuant to section 411(4)(b) of the Act approving the Scheme



Term or Abbreviation	Definition
Scheme	Proposed takeover of Redcliffe by Northern via a scheme of arrangement, pursuant to which the Shareholders will receive 1 Northern Share for each Redcliffe share they hold
Scheme Booklet	Booklet prepared for the Scheme to which this Report is attached
SIA	Scheme Implementation Agreement executed by Redcliffe and Northern on 18 August 2015
Redcliffe	Redcliffe Resources Limited
Redcliffe Shareholders	Shareholders of Redcliffe
VWAP	Volume weighted average share price



Appendix 4 – Independent Technical Valuation of the Exploration Assets held by Redcliffe Resources Limited

11th September 2015

RSM Bird Cameron Corporate Finance Pty Ltd
Level 21, 55 Collins Street
Melbourne Victoria
3000

Dear Sirs

INDEPENDENT TECHNICAL VALUATION OF THE EXPLORATION ASSETS HELD BY
REDCLIFFE RESOURCES LIMITED

At your request, BM Geological Services Pty Ltd (BMGS) has prepared an independent technical valuation on the mineral assets of Redcliffe Resources Limited (RCF). RCF is proposing a merger with Northern Manganese limited (NTM). Part of the consideration for that merger are tenements that RCF has 49% ownership. This report is an independent technical valuation of those tenements. BMGS understands that this report will be appended in its entirety to your independent expert report, which will form part of the scheme document to be presented to RCF shareholders in advance of a vote on the proposed merger. The objective of this report is to present a valuation of the mineral assets of RCF.

BMGS has prepared this report with the understanding that the tenements of RCF are in good standing

BMGS has based its valuation upon information known at the valuation date of 1st September 2015 and has satisfied itself that all material information relating to the assets and their valuation has been made freely available to BMGS. Draft versions of the relevant asset description sections of this report have been passed to the directors of RCF for checking with respect to factual accuracy and omission of material information.

BMGS's valuation of 49% of the exploration assets of RCF is presented in the following table. Values in Australian dollars:

Asset	Valuation (AUD)		
	Low	High	Preferred
Redcliffe Gold Project Mineral Resources	\$422,434	\$1,537,448	\$ 422,434
Redcliffe Gold Project Exploration Tenements	\$ 96,340	\$2,324,275	\$ 96,340
Total	\$518,774	\$3,861,723	\$518,774

This report has been prepared by Mr Andrew Bewsher (Principal Geologist, BMGS). The report has been prepared in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets for Independent Expert Reports (2005) (the VALMIN Code) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) (the JORC Code). Neither BMGS nor any of its staff involved in the preparation of this report have any material interest in RCF or in any of the properties described herein. BMGS has charged a fee for the preparation of this report, the magnitude of which is unrelated to the outcome of the merger.

BMGS believes that it has taken all reasonable care to ensure that the information contained within this report is, to the best of its knowledge, based upon facts and stated assumptions and furthermore, that the report contains no omissions likely to affect its value.

Table of Contents

1. Introduction.....	5
Terms of reference.....	5
Structure of Report.....	5
2. Overview.....	5
3. Tenure.....	7
4. Regional Geology.....	7
5. Resources.....	9
Resource Summary.....	9
Golden Terrace South.....	10
Metallurgy.....	12
Environmental.....	12
Hydrogeological and Surface Water Management.....	12
Geotechnical.....	13
Mine Design and Reserve.....	13
Operating Costs.....	13
Mine Operating Considerations.....	13
Kelly.....	14
Nambi/Nambi South.....	17
Redcliffe/West Lode.....	19
Golden Terrace North.....	20
Mesa.....	20
Golden Spear.....	21
6. Exploration Potential.....	21
Existing deposits.....	21
727 Prospect.....	21
Pig Well.....	23
Potential for depth extensions to existing deposits.....	23
Golden Terrace South.....	23
Nambi.....	24
Kelly.....	24
Along strike extensions to existing deposits.....	24
GTS Next.....	24
Kelly extensions.....	25
Nambi South extensions.....	25
Geophysical targets along the MSZ.....	25
Historical results /prospects.....	26
Barry Prospect.....	26

Bindi Prospect.....	27
Other Prospects.....	28
7. Valuation Considerations	29
Introduction.....	29
Valuation methodologies	30
Method of exploration potential.....	30
Valuation of exploration potential	31
Method of Mineral Resource valuation	33
Valuation of Mineral Resources	35
8. Declarations by BM Geological Services Pty Ltd	36
Independence	36
Qualifications	36
Legal Status of tenements	36
Previous Work.....	36
9. Sources of Information.....	37

TABLES

Table 1 RCF Tenement package details.....	7
Table 2 RGP Resource figures – Note >0.5g/t Au cut – Figures have been rounded	10
Table 3 – Planned mining schedule (2015) – GTS	14
Table 4 Mesa, 2012 RC drilling - 1m split assays (+1g/t).....	20
Table 5 Barry prospect - RC drill results 2008.....	27
Table 6 Bindi Prospect – Significant drilling results.....	28
Table 7 Division of RCF assets into VALMIN categories	29
Table 8 BAC for RCF tenements	31
Table 9 Kilburn valuation details - after Snowden 2007	32
Table 10 Recent sale transaction involving exploration tenements.....	33
Table 11 Kilburn valuation details for RCF, calculations on 100% of tenements area.....	34
Table 12 Recent transaction detailing resource value.....	35
Table 13 Listed gold companies in same region as RCF.....	35

FIGURES

Figure 1 RGP (Redcliffe Gold Project) location map.....	6
Figure 2 RGP (Redcliffe Gold project) regional geology plan.....	8
Figure 3 Golden Terrace South deposit – generalised geology.....	11
Figure 4 Kelly deposit - plan view.....	15
Figure 5 Kelly - 2015 RC results in plan view.....	16
Figure 6 Nambi South Prospect Collar Plan.....	18
Figure 7 Nambi South Prospect section 6857900mN.....	19
Figure 8 727 site layout plan.....	22
Figure 9 727 Test trial pit.....	22
Figure 10 GTS - N/S longsection showing potential plunging shoots.....	23
Figure 11 Nambi - N/S longsection, interpreted plunging shoots.....	24
Figure 12 GTS deposits, location plan.....	25
Figure 13 EM conductor over Nambi mineralised trend.....	26
Figure 14 Kelly area showing historical targets/prospects.....	28

1. Introduction

Terms of reference

BMGS was engaged by RSM Bird Cameron Corporate Finance Pty Ltd (RSM) which is acting as Independent Expert in the proposed merger of RCF and NTM. RSM has been commissioned by RCF to prepare an independent expert report which will be included in a Scheme of Arrangement booklet. The booklet has been prepared to allow RCF shareholders to vote on the proposed merger, whereby RCF shareholders will acquire one (1) NTM share for every two and three quarter (2.75) RCF shares held.

BMGS's role is an independent technical expert advising RSM. Specifically BMGS has been instructed by RSM to prepare an independent valuation report on the mineral assets of RCF. BMGS's terms of reference include the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets for Independent Expert Reports (2005) (the VALMIN Code) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) (the JORC Code).

BMGS has been requested to provide a technical valuation of the mineral assets of RCF. The VALMIN Code defines the technical value of an asset as an assessment of the future net economic benefit accruing to the asset at the valuation date under a set of assumptions deemed appropriate by BMGS, excluding any premium or discount to account for market or other strategic considerations.

The assets of RCF comprise, projects which have declared Mineral Resources which have been reported according to the JORC (2004) Code and properties which have exploration potential but no defined resources or reserves. BMGS has used a variety of valuation methods in deriving its valuation, each of which is commensurate with the assets being valued.

In the report, all currencies are Australian Dollars unless otherwise explicitly stated.

Structure of Report

The report contains a factual description of the assets of RCF. This description covers the resources and details of the exploration tenements held by RCF. The valuation section which follows describes valuation principles and the methodologies used for each class of asset, namely exploration properties, and Mineral Resources. The valuation of the various assets of RCF is described in detail. Note that some rounding errors may occur in totals. The appendices include sources of information and a glossary of technical terms.

2. Overview

RCF assets are the 49% owned Redcliffe Gold Project (RGP) which is located 45-60km northeast of Leonora in the Eastern Goldfields Region of Western Australia. The Leonora district hosts several multi-million ounce gold deposits including Sons of Gwalia (5.1 million ounces), Tarmoola (3.1 million ounces) and Tower Hill (1.5 million ounces). Several projects are currently being mined or considered for development within the area by several companies.

The RGP covers approximately 45.6 km² of prospective tenure, comprised of four granted mining leases (ML) overlying the Mertondale Shear Zone (MSZ) and associated structures. The MSZ is a regionally important and highly prospective gold bearing structure, see Figure 1.

RCF assets also include two prospecting licenses (PL), covering sediments within the Pig Well graben and comprise the Pig Well project see Figure 1. For the purposes of this report the Pig Well project is included within the RGP.

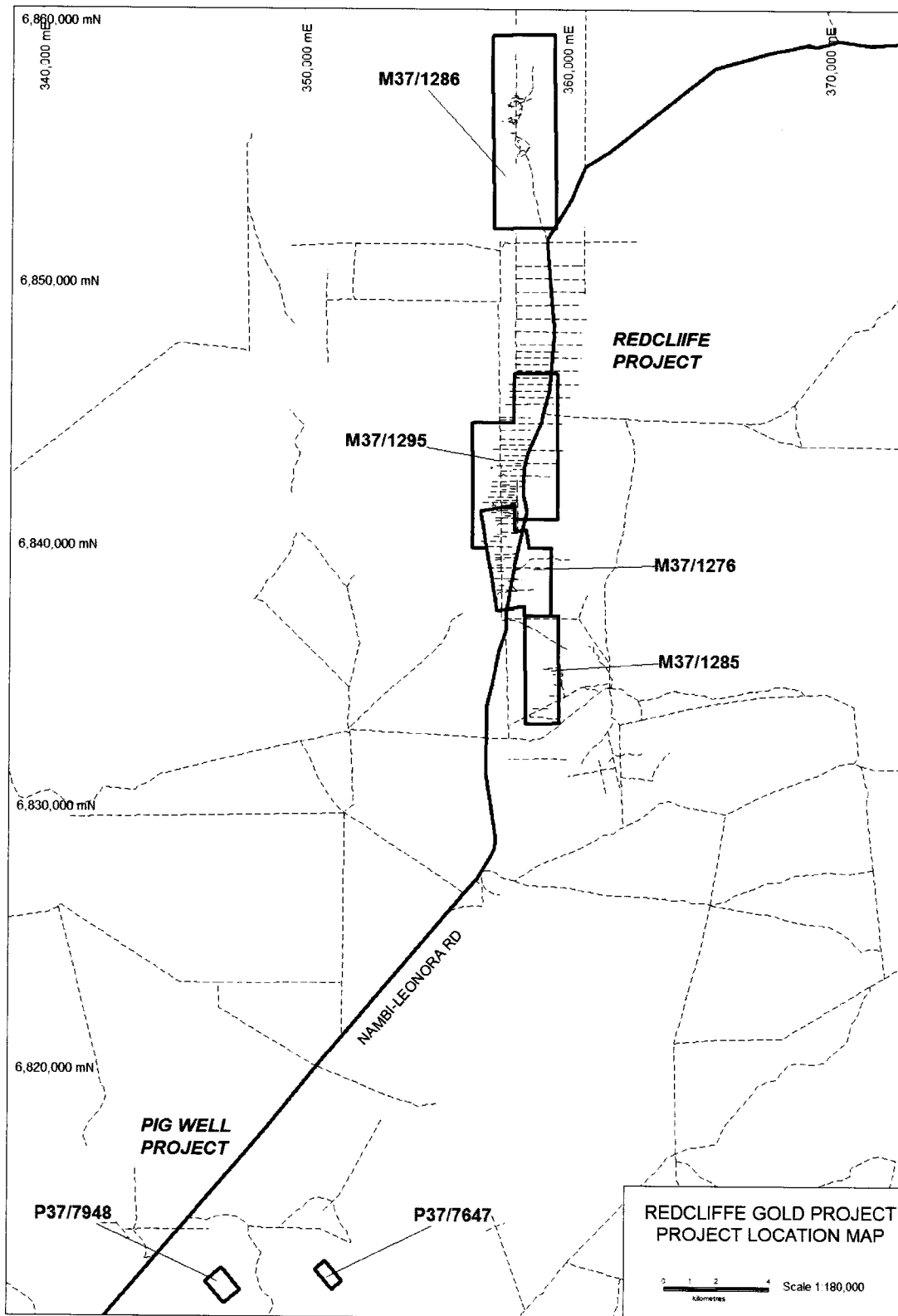


Figure 1 RGP (Redcliffe Gold Project) location map

Exploration completed by the Company has resulted in the discovery of a number of new targets and the advancement of existing prospects including Golden Terrace South, Kelly, Golden Terrace North and Golden Spear. These, combined with potential resource targets located beneath previously mined open pits (Nambi, Redcliffe/West lode, Mesa) comprise the current asset base for RCF. See Figure 2.

3. Tenure

The RGP consists of 4 granted ML's and 2 granted PI's as detailed in Table 1.

Licence	Size (Ha)	Grant Date	Expiry Date	Comments
M37/1276	779	30-Jul-08	29-Jul-29	
M37/1285	528	12-Mar-10	11-Mar-31	
M37/1295	1496.5	16-Aug-12	15-Aug-33	
M37/1286	1756	10-Mar-10	09-Mar-31	Exemption from Expenditure lodged April 2015
P37/7948	90	12-Apr-11	11-Apr-19	
P37/7647	50	13-Mar-09	12-Mar-17	

Table 1 RCF Tenement package details.

Annual tenement commitments total \$459,800.00 for all leases. The annual rates for all tenements is \$75,278.50.

All licences are currently in good standing with the following exceptions:

- **M37/1286** - An expenditure shortfall of some \$59,250.00 was incurred in the 2013-2014 period. An exemption from expenditure was lodged with the Department of Mines and Petroleum (DMP) in April 2015.

4. Regional Geology

The RGP is located in the Kurnalpi Terrane, a 2.69 - 2.71 billion year old package of Archaean mafic volcanic rocks, bimodal intermediate to felsic volcanics, intermediate calc-alkaline complexes, feldspathic sediments and mafic intrusives (Czarnota et al, 2008). Banded Iron formation (BIF) sequences are present in the eastern portion of the Kurnalpi Terrane, but are uncommon within the project area.

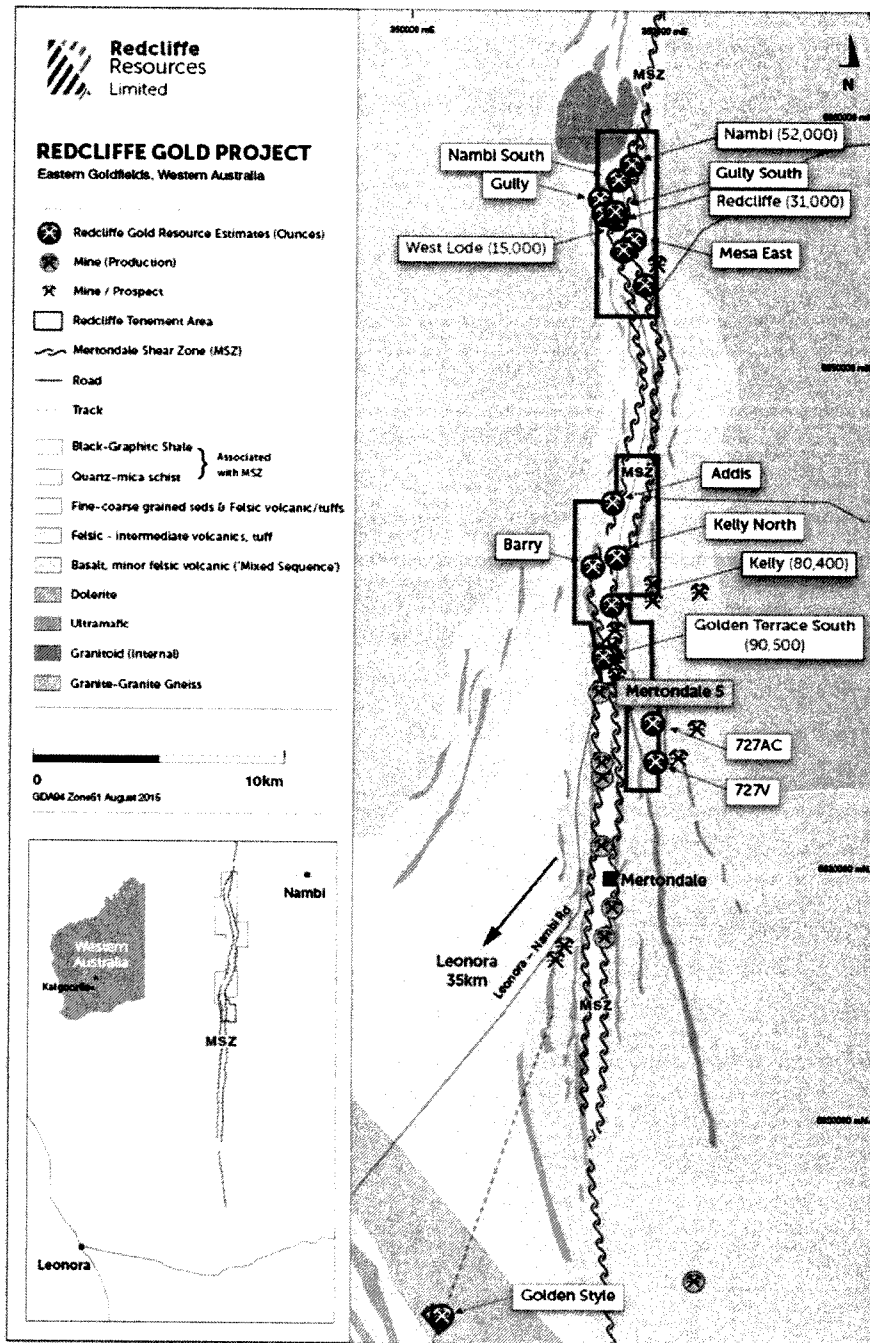


Figure 2 RGP (Redcliffe Gold project) regional geology plan.

Like other Terranes in the Eastern Goldfields, the Kurnalpi Terrane shows a pronounced north-northwest structural orientation, controlled by regional-scale fault and shear systems. These fault or shear systems form an anastomosing pattern that are elongate in plan and separate the different greenstone Terranes (Czarnota et al, 2008).

The Mertondale Shear Zone (MSZ) is a major north-south trending, multi-phase brittle-ductile shear zone which is interpreted to represent a linking structure between the regional, crustal-scale Keith-Kilkenny and Celia Lineaments within the North Eastern Goldfields.

The MSZ is a regionally important and highly prospective gold bearing structure. Recent interpretive work by the Geological Society of Western Australia (GSWA) (Czarnota et al, 2008) has identified up to 5 deformational events associated with the MSZ at Mertondale, two of which

are interpreted to be associated with gold mineralisation. A summary is given below (from youngest to oldest);

5. NW-SE striking faults
4. Predominately NS to NNE-SSW dextral faults striking - Gold associated
3. NNW striking sinistral shearing, EW quartz veins and minor NE dextral shearing - Gold associated
2. Pervasive NS striking foliation associated with isoclinal folding.
1. Quartz veining, sporadic internal foliation.

The main mineralising event in the Mertondale-Redcliffe area is considered to be the relatively late north-south dextral event (Point 4 above).

Previous explorers interpreted that the MSZ is bounded by two confining fault systems, the Mertondale Fault and the Great Western Fault, both of which are strongly altered and mineralised. The Mertondale Fault lies on the eastern margin of the MSZ where felsic rocks are in contact with massive basalt and porphyry lenses. Variably deformed felsic volcanic and volcanoclastic lithologies characterize the central portion of the MSZ, some of which are completely mylonitised. Alteration is intense.

Along the western margin of the MSZ, bounded by the Great Western Fault, sheared felsic rocks progressively change into highly sheared and altered carbonate sericite schist and graphitic units. Mertondale 5 and Golden Terrace South are hosted within these lithologies. Both the Redcliffe and Nambi deposits some 15km further north along the MSZ may be associated with the Great Western Fault.

The project area is variably covered by Tertiary sediments and by Permian glacial deposits, mainly to the south and outside of the RGP area. Depth of oxidation averages 50m below surface, but can be as deep as 100m.

5. Resources

Resource Summary

The total gold inventory for the Redcliffe Project includes eight deposits, comprising 5,480,000 tonnes @ 1.57 grams/tonnes gold for 278,100 ounces contained within Indicated and Inferred categories based on JORC 2004 guidelines. See Table 2. Resource estimations were carried out by independent consultants as detailed below:

- Golden Terrace South (GTS) – BGMS (Kalgoorlie, 2011)
- Nambi – Coffey Mining (Perth, 2008)
- Redcliffe - Coffey Mining (Perth, 2008)
- West Lode - Coffey Mining (Perth, 2008)
- Mesa - Coffey Mining (Perth, 2008)
- Golden Terrace North (GTN)– BGMS (Kalgoorlie, 2011)
- Golden Spear - Coffey Mining (Perth, 2008)
- Kelly - BGMS (Kalgoorlie, 2012)

Deposit	Indicated			Inferred			Total		
	T	Au(g/t)	Oz	T	Au(g/t)	Oz	T	Au(g/t)	Oz
GTS	707,000	2.46	56,100	684,000	1.56	34,400	1,391,000	2.02	90,500
Nambi	262,000	3.30	28,000	298,000	2.50	24,000	560,000	2.88	52,000
Redcliffe							560,000	1.70	31,000
West Lode							373,000	1.20	15,000
Mesa							95,500	1.50	5,000
GTN							64,000	1.53	3,200
Golden Spear							26,000	1.60	1,000
Kelly							2,412,000	1.04	80,400
TOTAL	969,000	2.70	84,100	4,512,000	1.33	194,000	5,480,000	1.57	278,100

Table 2 RGP Resource figures – Note >0.5g/t Au cut – Figures have been rounded.

A programme of reverse circulation (RC) and diamond (DDH) drilling at the Kelly Deposit was completed in February 2015. The results from this drilling have not been incorporated into the Kelly Resources. Limited RC drilling in 2012 and 2013 at Mesa and Nambi South have also not been included in documented resource estimates.

Golden Terrace South

The mineralisation at Golden Terrace South (GTS) is hosted within highly sheared, weathered and altered felsic schist and meta-sediments associated with graphitic/sulphidic shale that lies close to a felsic-mafic contact see Figure 3. A highly altered doleritic or intermediate unit occurs to the west of the mineralisation and is currently used as a broad 'marker unit'. All have been metamorphosed to upper greenschist-lower amphibolite facies, which lead to the development of quartz-mica and quartz-chlorite-mica schists, from tuffs and sediments, and fine-grained amphibolites from basaltic volcanics. Original textures are well preserved in many tuffaceous lithologies.

Mineralisation occurs in quartz-mica or quartz-sericite schist and also graphitic schists underlain or enveloped by iron rich chlorite schists. Gold generally occurs in narrow ferruginous quartz veinlets and blebby stringers. The quartz-sericite schists are believed to be the results of either hydrothermal leaching or silicification, while the chlorite schist is believed to have originated from a mafic tuffaceous unit.

The graphitic schists have likely originated from shales, and are often sulphidic.

Mineralisation is developed within a stratabound envelope, and is partly controlled by localised

quartz (\pm sulphides) veinlets which generally occur in the sericite schists. Mineralisation also occurs as sulphidic veinlets and blebs in the chlorite schist.

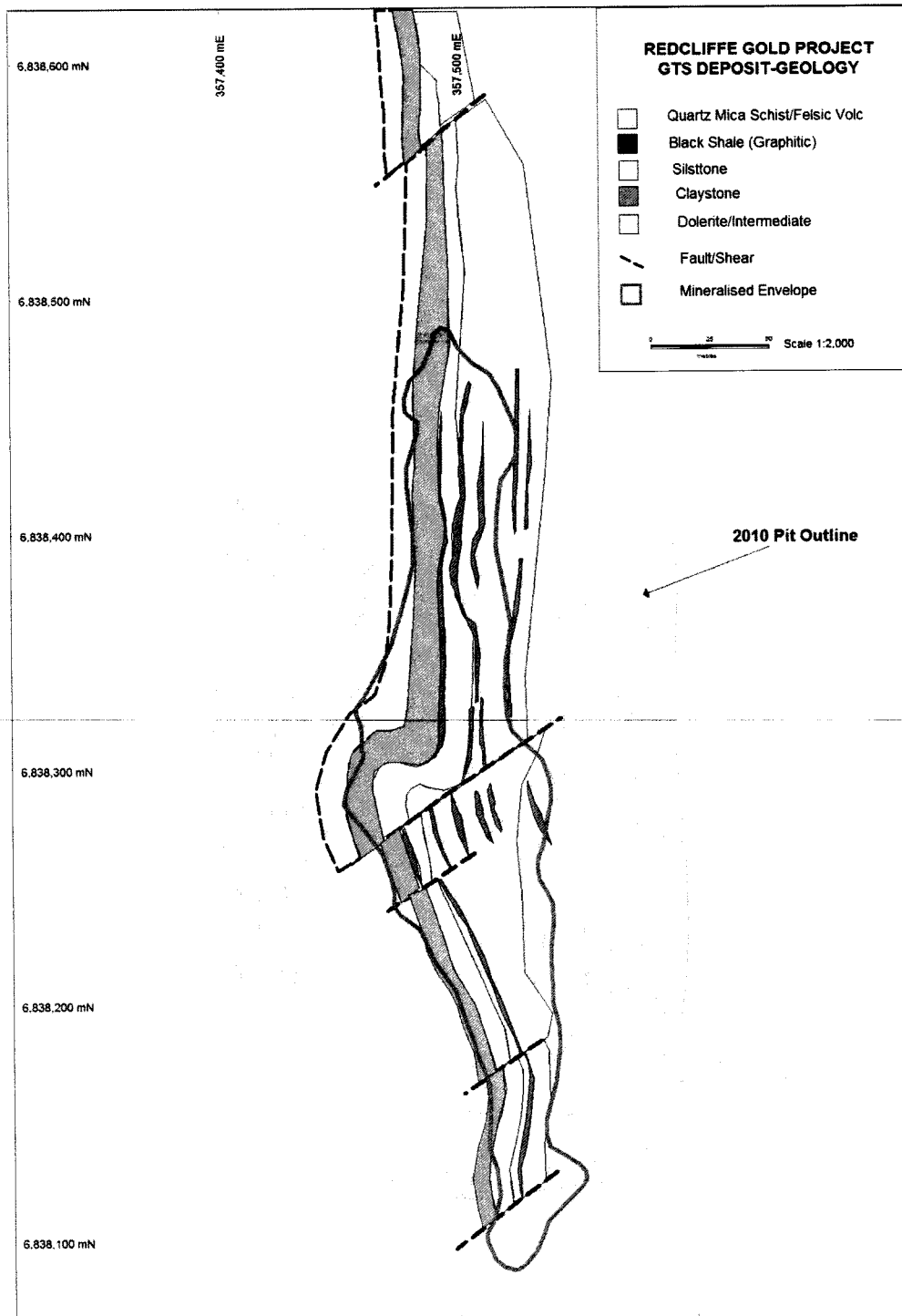


Figure 3 Golden Terrace South deposit – generalised geology

Drilling to date has defined oxide mineralisation over some 250-400m of strike, to depths of - 100m vertical depth with widths of up to 50m. A 10-20m zone of depletion exists over the oxide

zone. A number of steeply dipping to sub-vertical mineralised zones interpreted to lie beneath a flatter supergene or 'supergene enhanced structural zone' and these are open at depth and to the south. The presence of high grade shoots in potential down plunge structural positions has yet to be fully investigated with drilling.

In 2011, a feasibility study (FS) was completed by an independent mining consultant (Minero Consulting Ltd – Dave Clark) for the GTS deposit. This was revised in early 2015. A summary of the FS findings are presented below.

Metallurgy

A metallurgical assessment for processing GTS ore was completed by METS Pty Ltd which included a test work program for GTS ore and processing operating cost estimates. The study highlighted the following:

- The oxide ore is very soft and hence low crushing power and therefore low costs in this area are expected;
- Gold is largely free and liberated;
- Recovery when normalised for grade is expected to be around 92% for oxide material.

Follow-up work for recoveries for scheduled minor quantities of transitional and fresh ore is being progressed.

Environmental

An environmental assessment was completed by Rally Environmental. This included all flora, fauna, social environmental considerations and stakeholder consultations. The environmental assessment concluded the following:

- There are no threatened or high priority plant species within the project area;
- Priority flora species were identified in the southern project section which can be isolated from mining activity;
- A fauna study highlighted that a level 2 study in this area was not required;
- There are no aboriginal or heritage related issues;
- No stakeholder related issues.

A mining proposal document and clearing permit document have been prepared. Upon commitment to project execution, these documents can be lodged with the Department of Mines and Petroleum.

Hydrogeological and Surface Water Management

Hydrogeological as well as surface water management assessments were completed by Aquaterra Pty Ltd.

The hydrogeological assessment made determinations and operational recommendations in regard to the ground water table, water inflow rates over the planned mining period and operational strategies for managing groundwater.

The surface water study provided design requirements for surface drainage and flood management the site. This included design for diversion of the major creek in the north-west corner of the project area and management of environmental related drainage considerations.

Geotechnical

A geotechnical assessment was completed by Dempers and Seymour Pty Ltd as well as Peter O'Bryan and Associates. This work covered testing of specific drill core, analytical analysis and geotechnical correlation to complete nearby open pits. This work provided optimum pit slope parameters and geotechnical operating requirements for the study.

Mine Design and Reserve

A pit optimisation and subsequent mine design was completed out by Minecomp Pty Ltd. The design was based on a pit shell of AUD \$1250 per ounce gold price and included modifying factors for ore dilution and mining recovery.

The final mine design resulted in a reserve of 264,500 tonnes of ore at 2.89 grams/tonne gold, scheduled to be mined over an eight month period. Ore is scheduled to be extracted from month four to month eight.

Operating Costs

The following operating costs were completed as part of the GTS feasibility study:

- Firm open pit costs were based on a contract mining scenario using rates sourced from a definitive mining tender process;
- Ore processing costs were based on costs determined by the metallurgy study, appropriate for a toll treating arrangement. Discussions were held with St Barbara, Navigator and Barrick Gold in regard to commercial toll treating arrangements. An optimal arrangement in this area is yet to be finalised;
- Ore cartage costs were based on contractor provided rates for an assumed ore haulage route scenario.

Mine Operating Considerations

The following mine operating parameters were determined as part of the study:

- The project will require 33.57 Ha of vegetation clearing, of which 33.30 Ha will be cleared within RCF's tenement M37/1276 and 0.27 Ha will require clearance in Navigator Resources M37/233 tenement.
- An agreement for RCF to access lease areas owned by Navigator Resources together with clearing requirements to allow effective mining of the deposit has been agreed to in principal by both parties. This covers access to a narrow corridor to the western side of the open pit and well as access to Navigator's Mertondale 5 pit to the south as part of the pit dewatering methodology.
- A license to construct unlimited exploratory wells and two non-artesian wells as part of the pit dewatering strategy was lodged to the Department of Water. The licence is currently valid for the period 12 October 2010 until 6 October 2011.
- A draft project management plan document was compiled which requires submission and approval prior to mining.

Subject to a suitable processing route, the feasibility study concluded that the project was economically sound. High demand for toll treating immediately following completion of the feasibility study led to suspension of project execution activities. Mining is planned to occur over

an eight month period, with ore mined in months 4 to 8 see Table 3.

ORE MINING			Mth 1	Mth 2	Mth 3	Mth 4	Mth 5	Mth 6	Mth 7	Mth 8	TOTAL
FLITCH											
N/S	->	470									-
470	->	460				4,598					4,598
460	->	450					8,000	8,873			16,873
450	->	440						10,000	8,137		18,137
440	->	430							28,042		28,042
430	->	420							10,000	20,058	30,058
420	->	410								23,383	23,383
410	->	400								18,329	18,329
400	->	395								3,346	3,346
	bcm		-	-	-	4,598	8,000	18,873	46,179	65,116	142,766
	tonnes		-	-	-	8,276	14,400	33,972	83,123	124,707	264,478
	grade		-	-	-	2.18	2.64	2.65	2.94	3.01	2.89
	ctn ounces		-	-	-	579	1,223	2,898	7,844	12,056	24,600
Waste bcm			260,000	285,000	285,000	280,402	277,000	266,127	238,821	123,931	2,016,281

Table 3 – Planned mining schedule (2015) – GTS

Ongoing negotiations with proximal treatment facilities continued during 2014-15 for the proposed mining at GTS deposit. Economic parameters were revised and used for further financial modelling. Mining of the deposit was modelled using various gold prices and was found to be cash flow positive.

No reserve statement has been generated for GTS.

Kelly

At Kelly, gold mineralisation is hosted within a deformed, mineralised and altered porphyritic felsic rock. Base of oxidation occurs at 90-100m downhole beneath shallow transported hardpan with the fresh rock described as grey-green to pink-grey altered porphyry. Medium to coarse grained 'quartz-eyes' occurring as primary, often embayed phenocrysts are readily observable, generally elongate to blocky. Other minerals including muscovite, biotite, feldspar, leucoxene (after ilmenite) and other opaques appear to comprise the primary mineralogy). Leucoxene occurs as elongated 'whisps' which can be seen to wrap around phenocrysts.

Alteration comprises varying intensities of ankerite, silica, muscovite, paragonite, carbonate and pyrite, giving the rock a grey green to salmon pink appearance, depending upon the degree of alteration. Sulphide is dominated by pyrite and occurs mainly as vein selvages, blebs and disseminations. Percentages ranged from trace to 5-8%, and it appears that % sulphides \propto vein intensity.

A steep westerly to sub-vertical dip is observed in the core, striking approximately NS. The primary shear fabric may also exhibit a steep northerly plunge. Veins generally follow S_1 although later carbonate-qtz-pyrite veins can be oblique to the fabric. Apparent brecciation of early veins with diffuse quartz-carbonate replacement was also readily observable.

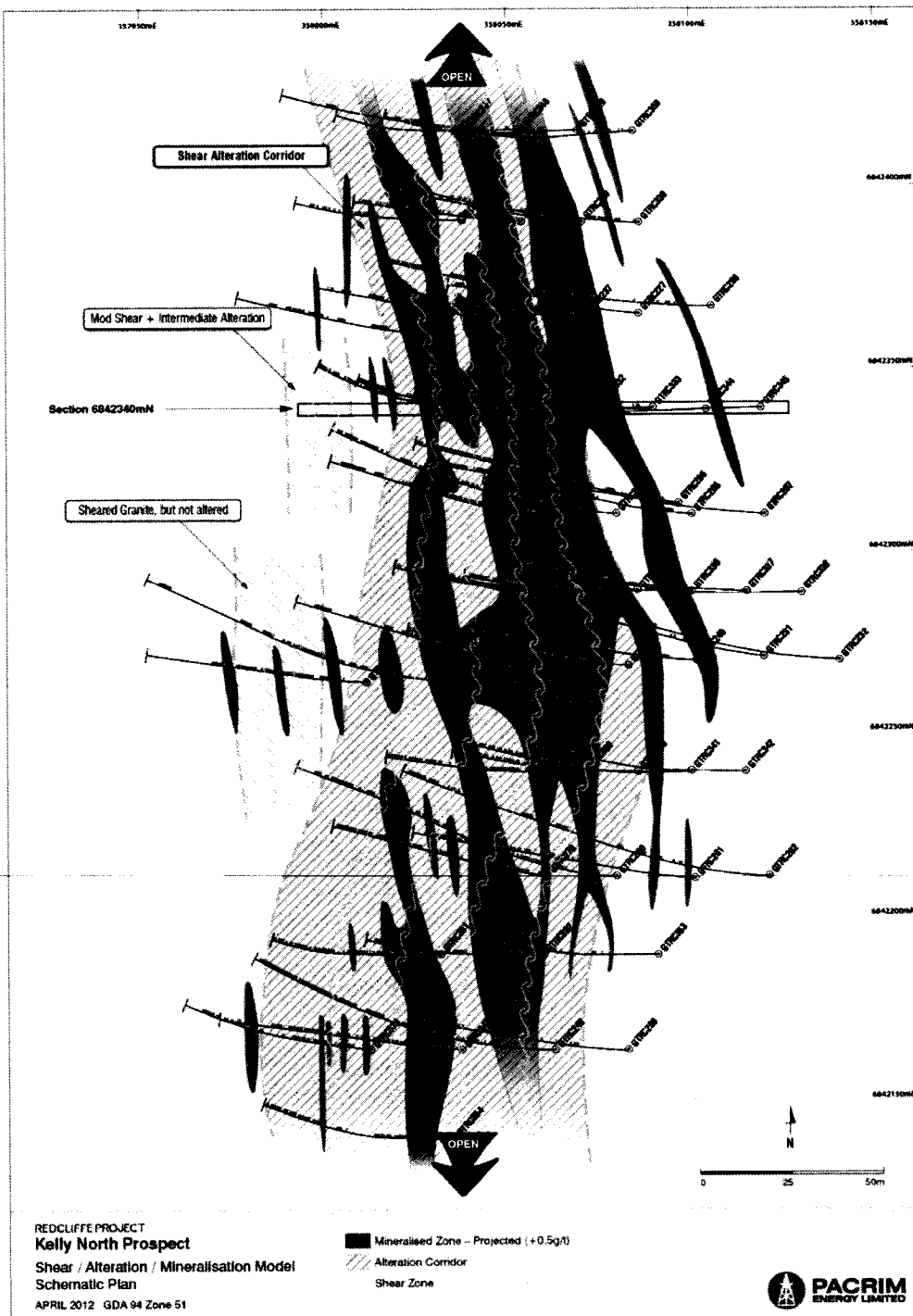


Figure 4 Kelly deposit - plan view.

Recent RC drilling completed in early 2015 at Kelly North returned two high tenor gold intersections 80m apart in holes GTRC372 and GTRC374. The results included an interval of 2m @ 10 g/t from 238m in hole GTRC 372 and 2m @ 7.4 g/t Au from 183m in GTRC 374.

The results identify the potential that continuous high tenor primary gold mineralisation exists beneath the Kelly deposit at depths to -200m vertical. The broad spaced drilling has defined mineralisation over approximately 150m of strike at Kelly North; open to at depth and to the north see Figure 5. A late fault may offset the mineralised zone to the west at approximately 6842200mN, after which it is interpreted to continue as evidenced by the deep drill intercept in

GTRC374.

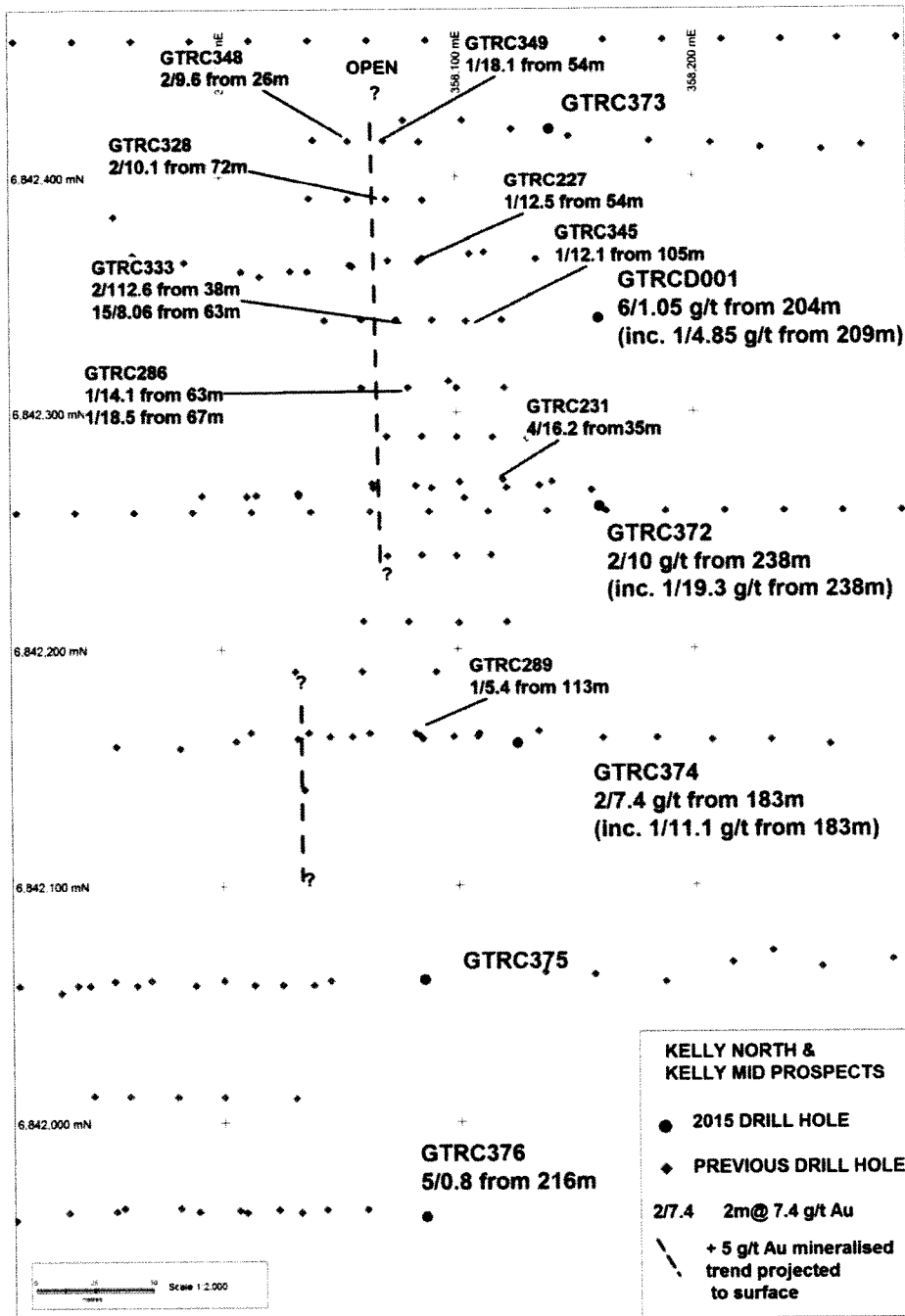


Figure 5 Kelly - 2015 RC results in plan view

These results have not been incorporated into the Kelly resource model.

Nambi/Nambi South

Mineralisation at Nambi is hosted within north-south, sub-vertically dipping sequence of strongly foliated to mylonitised basalts and minor interflow graphitic sediments which has been intruded by felsic porphyry dykes. The metamorphic grade is Upper Greenschist to Amphibolite.

The main zone at Nambi is thought to be related to a graphitic mylonite zone probably reflecting an interflow contact with the mafics. The mylonite is characterized by intense silica-pyrite-pyrrhotite-sericite alteration. Sporadic grey and blue quartz veining was observed in the mylonite zone.

In oxide samples, the mineralisation takes on a grey-yellow appearance due to the weathering of sulphides.

Interpretation in long section indicates a southerly plunge to the mineralised zone, with the plunge potential yet to be fully delineated.

Limited drilling by previous explorers also intersected the Eastern Lode (E1) although it was not considered for inclusion in the open pit mining schedule at the time.

The Nambi South mineralisation is hosted by tightly folded felsic and mafic rocks and is characterized by a moderate to tightly folded quartz-sericite mylonite adjacent to the mafic-felsic contact. It occurs approximately 400m south of the main Nambi pit, and was the subject of trial mining in the 1980's, although no records of production are available.

Mafic volcanics are the common rock type in the Nambi South pit and are the main host of the gold mineralisation. The mylonite is cream coloured and restricted to the southern end of the pit. It shows mylonitic textures including elongated lenses of quartz. No ore was mined from the mylonite. The eastern portion of the pit consists of sericite-chlorite schist that are variably mineralised, but generally closer to the mafic contact. Graphitic shears are common within this unit.

RC drilling was completed by RCF in 2013 and was designed to test for extensions to mineralisation beneath the existing shallow Nambi South Pit. Drilling intersected highly foliated mafic and intermediate schists and included zones of strong silicification with accompanying sulphide mineralisation, often hosted by siliceous black shales.

Assay results from drilling confirm the presence of high grade mineralisation beneath the existing shallow pit (Figures 14 & 15). The mineralised intervals included down-hole intercepts of 25m @ 3.57g/t and 6m @ 4.65g/t (including 3m @ 8.47g/t).

The RC results demonstrate a continuation of the broad zone of mineralisation that was mined in the shallow open pit. Mineralisation has not been closed off at depth with further drilling planned to test shallow oxidised material with potential for development.

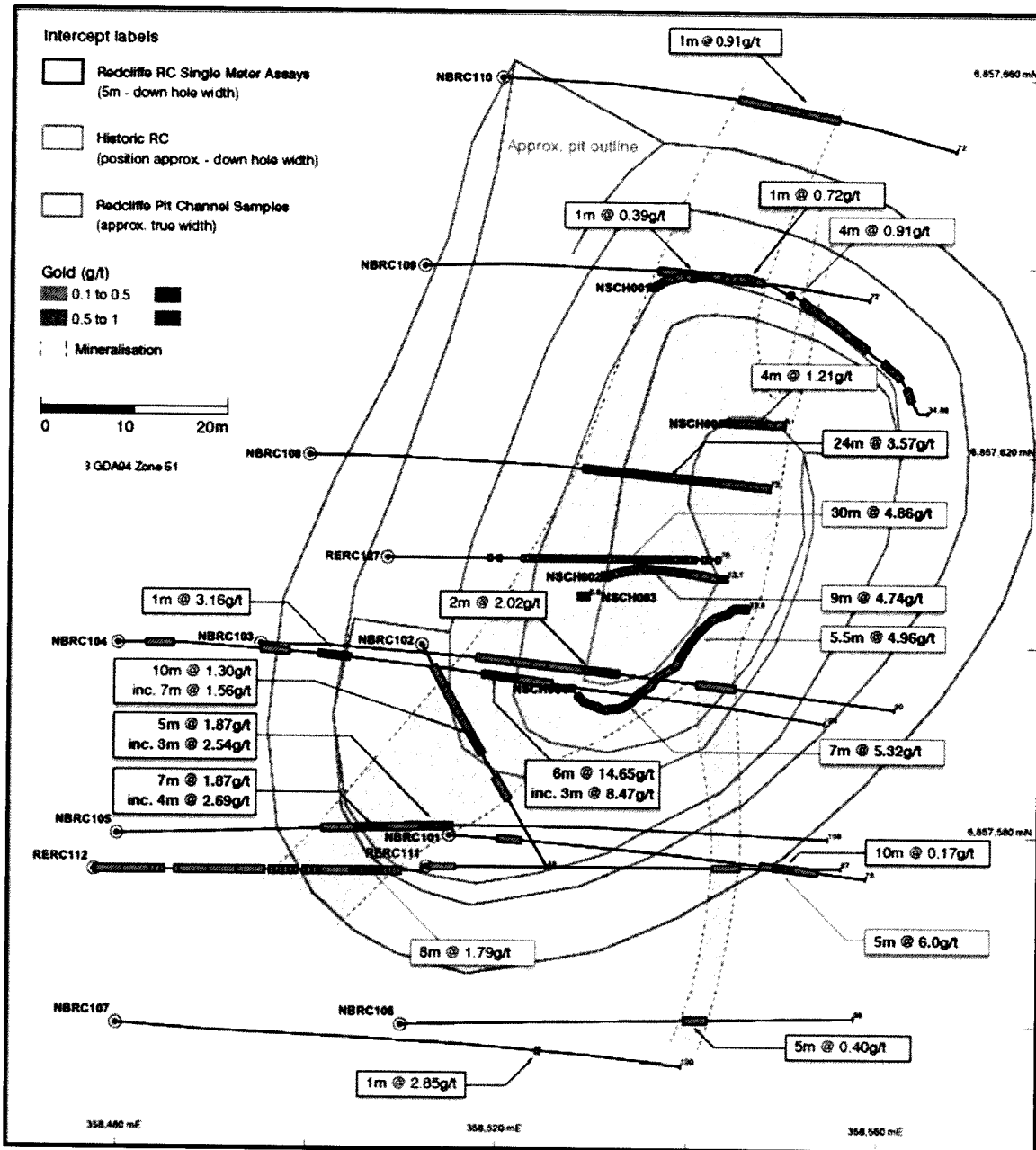


Figure 6 Nambi South Prospect Collar Plan

The 2013 drilling and results have not been included in the resource estimates for Nambi/Nambi South.

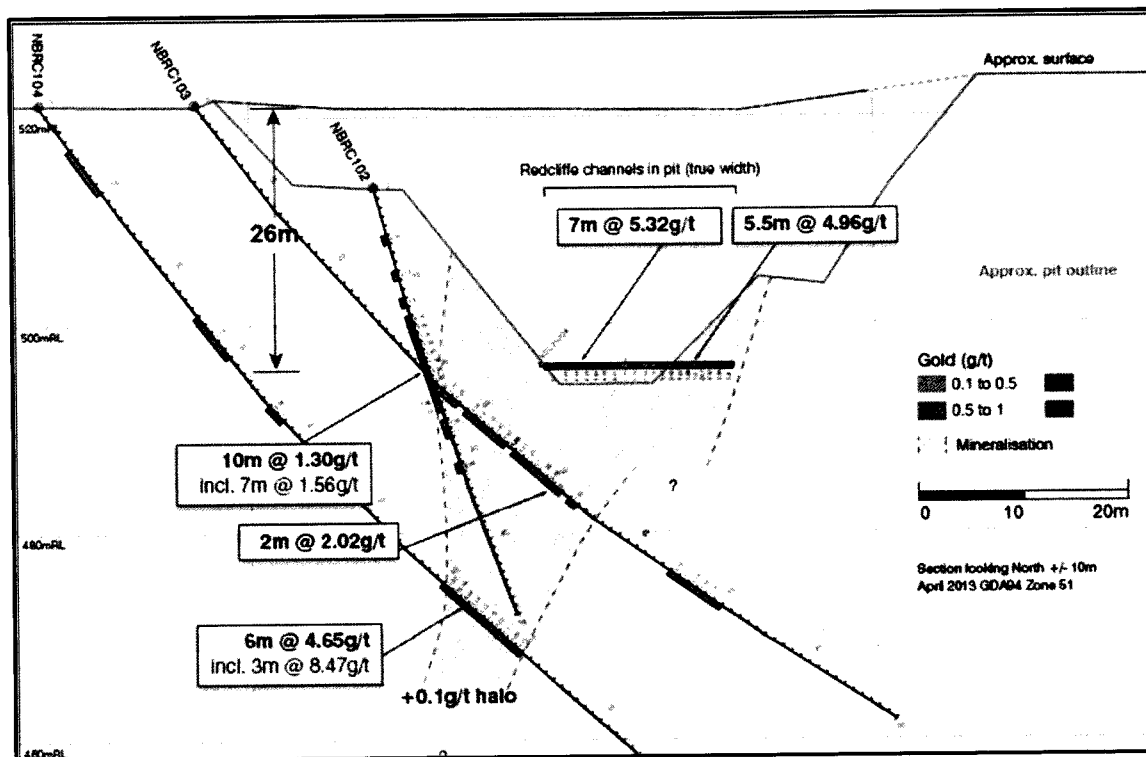


Figure 7 Nambi South Prospect section 6857900mN

Redcliffe/West Lode

The Redcliffe/West lode deposits occur south of Nambi and occur along two parallel mineralised structures.

The interpreted geology consists of a series of NNW striking multiple mineralised zones within an alteration halo of approximately 15-20m width.

The Redcliffe and West lode deposits are hosted by a near vertical north-north-east trending sericite-biotite silica pyrite-pyrrhotite altered mylonitised mafic volcanic sequence.

The foot and hanging wall rocks are also mafic volcanic lithologies which have been metamorphosed to lower to middle amphibolite facies. Quartz veins occur within the mineralised mylonite zone.

Mineralisation is broadly stratabound in two or more sub-parallel zones, and is localised around the contact between quartz sericite schist and chlorite schist.

Golden Terrace North

Golden Terrace North (GTN) is located 1km north of the GTS deposit. The shallow gold mineralisation at GTN has been defined as two near surface zones occurring over approximately 100-120m of strike, open at depth. The geological environment is similar to that observed at GTS whereby gold mineralisation is hosted in quartz-pyrite veining which is described as ferruginous quartz zones in the weathered environment. Gold mineralisation is spatially associated with shales in a felsic volcano-sedimentary sequence abutting the Great Western Fault located on the interpreted western margin of the MSZ.

Mesa

The Mesa deposit is located south west of the Redcliffe deposit on a different, but parallel structure to that of the Redcliffe and West lode mineralised trends. Mineralisation is similar to Redcliffe, dipping sub-vertically and lying proximal to a sheared mafic-felsic contact.

RCF completed an RC programme in 2012 which was designed to test the mineralisation extending south from the existing Mesa Pit and a secondary mineralised lode, east of the main pit. Drilling targeted a south plunging lode as indicated by historical resource definition drilling. The eastern target, also south plunging is interpreted to strike SE-NW, parallel to the main mineralization, and is located in the eastern wall of the main pit.

The drilling encountered narrow mineralised intercepts as shown in Table 4. These results have not been incorporated into the current mesa resource model.

Hole	East	North	Area	Azi/Dip	From	To	Intercept -	g/t gold
NBRC095	358300.0	6854266	Mesa	65/-60	73	74	1m	@ 2.13
NBRC097	358381.0	6854304	Mesa	245/-60	45	46	1m	@ 1.31
NBRC097					56	57	1m	@ 2.32
NBRC098	358374.0	6854275	Mesa	245/-60	7	8	1m	@ 1.02
NBRC098					11	12	1m	@ 1.12
NBRC099	358368.0	6854355	Mesa	245/-60	52	53	1m	@ 2.48
NBRC099					65	67	2m	@ 1.88
NBRC099					72	74	2m	@ 1.28

Table 4 Mesa, 2012 RC drilling - 1m split assays (+1g/t)

The Golden Spear deposit is located east of the Nambi Pit. Narrow, discontinuous mineralisation is hosted with sheared mafic and felsic schist.

6. Exploration Potential

A number of exploration targets exist within the RGP and include:

- Existing deposits that have RC/RAB drilling without calculated resources.
- Extension to known mineralisation below existing deposits (GTS Deeps, Kelly and Nambi Deeps)
- Extensions to known mineralisation along strike (Kelly, Nambi South)
- Structural/Geophysical targets along the MSZ (Nambi EM conductor)
- Follow-up of historical results (Barry, Bindy)

Existing deposits

727 Prospect

The 727 prospect was identified as a small, high-grade, near surface gold mineralised zone lying 2km east of the main shear zone, the MSZ. A trial test pit was planned to test its capacity to host small economic mineralisation capable of sustaining further development see Figure 8 and Figure 9.

It was envisaged that any geological or mining factors encountered whilst completing the trial pit could be used in updating the feasibility study for other deposits including GTS. If the trial test work provided encouragement RCF would look to further small scale developments with a view of generating an ongoing cash flow from higher grade mineral occurrences in the area.

While extensively drilled a JORC compliant resource estimate was not completed as desktop studies indicated the potential resource would only be of modest size.

Logistical and operational issues had a major impact on the test pit results. These included:

- Breakdown of machinery.
- Delays with grade control data being received due to limited capacity of the local laboratory. This did not allow for efficient grade control methods to be used in some instances.

The test pit was completed at the 727 prospect in September 2013 over a period of two weeks. A total of 15,766t of material was excavated which comprised 2411.9 tonnes of ore grading 2.74 g/t gold. The ore was trucked to Goldfield's Agnew Mill for toll treating which resulted in 186.6 ounces being recovered.

Mineralisation occurred beneath 3 to 4m of transported colluvium and hardpan, and was hosted in highly weather sediments/saprolite. Two, steeply dipping, north to north westerly striking shear zones were observed in the test pit. Higher grade material was located close to the intersection of the shear zones where alteration was also more intense. Mineralisation was characterised by ferruginised quartz within pitting after sulphide. A small quartz 'blow' was observed south of the main mineralised zone and was not mineralised.

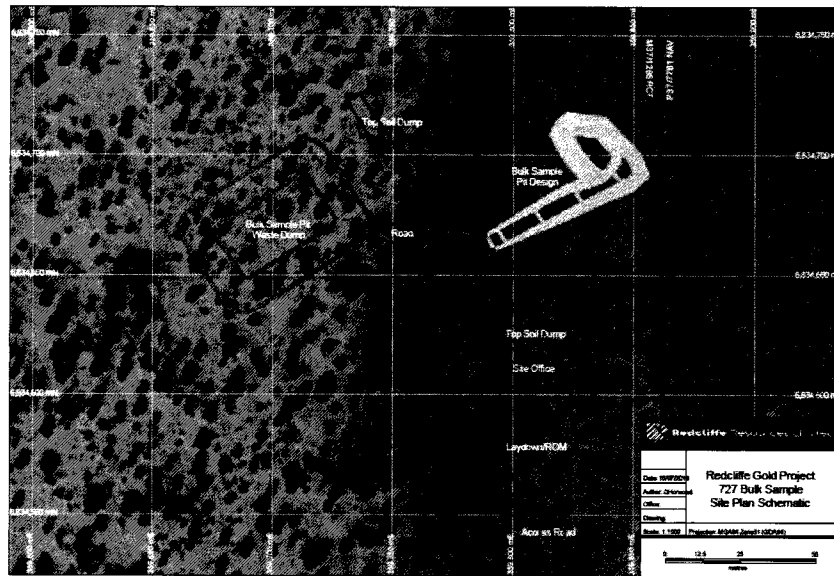


Figure 8 727 site layout plan

The mineralisation at 727 was comparable to the Mertondale 2 deposit, where structurally controlled tension veins are observed between bounding shears.

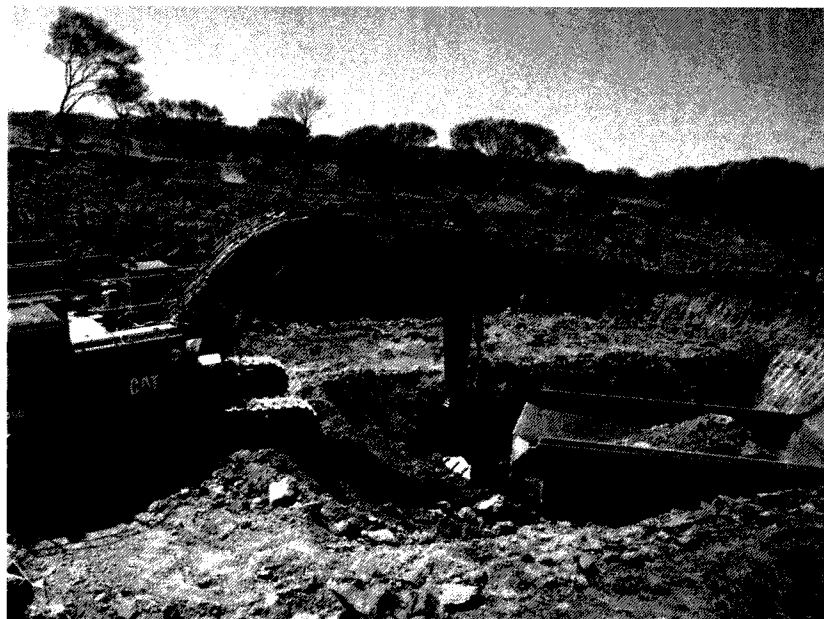


Figure 9 727 Test trial pit

Pig Well

The Golden Style project area is located approximately 15km north-east of Leonora, Western Australia. The Project comprises two PL's covering some 140 Ha. Golden Style project tenements are located within the Norseman-Wiluna greenstone belt and cover a five kilometre strike length flanking the Keith-Kilkenny Tectonic Zone (KKTZ).

Lithologies comprise a sequence of highly deformed, northwest-southeast trending, felsic volcanics, epiclastic sediments and mafic volcanics with conformable doleritic sills. The regional strike of 320 degrees parallels the KKTZ. In the east, the tenements overlie sediments (including poly-mictic conglomerates of the Pig Well Graben).

The Emu Egg Prospect lies within P37/7948. Previous explorers completed RAB (up to 6m @ 1.68g/t gold) and RC drilling (including 6m @ 6.11g/t gold and 2m @ 6.45g/t gold) at the Emu Egg prospect.

Potential for depth extensions to existing deposits

Golden Terrace South

Deeper drilling beneath the GTS deposit currently being considered for mining of oxide material could add to potential minable material. Interpretation suggests that two plunging shoots may occur at GTS which have not been adequately drill tested, as displayed below in Figure 10.

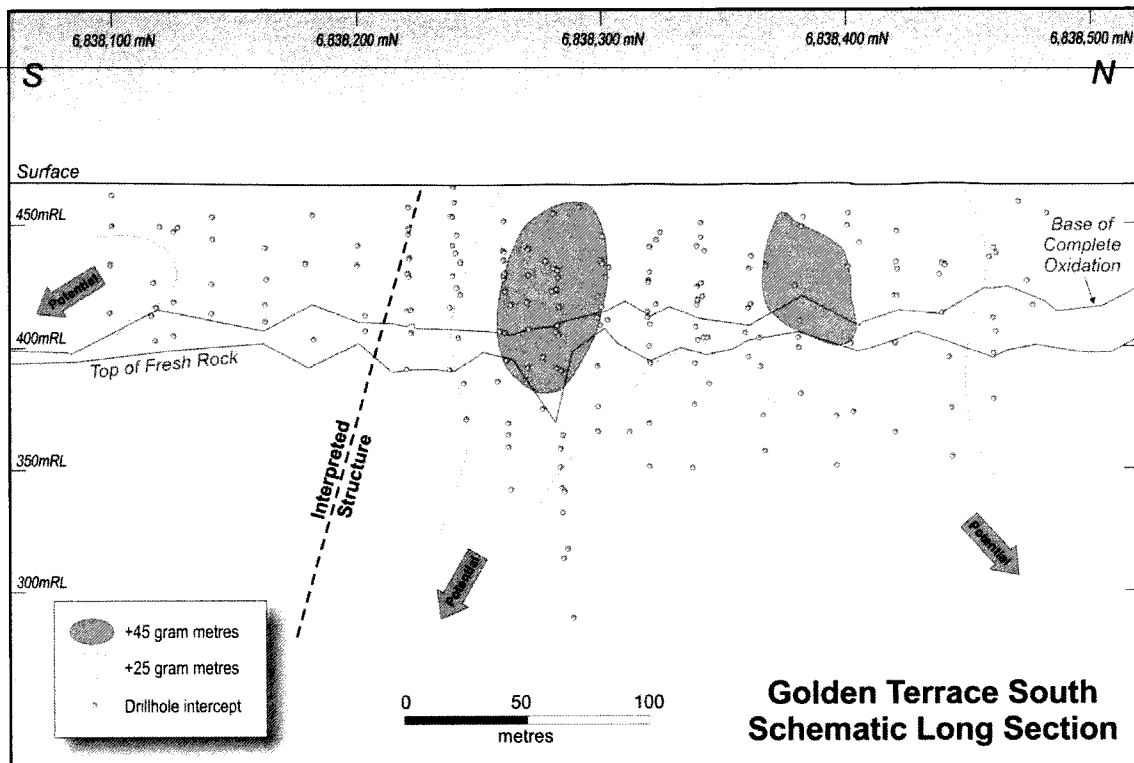


Figure 10 GTS - N/S longsection showing potential plunging shoots

Nambi

Limited deeper drilling by RCF in 2008 extended the main south plunging shoot (hole NBRC84D, intercepted 5.5m @ 4.69 g/t including 1m @ 14.55 g/t, 211.65-217.2m). Excessive deviations of RC pre-collars resulted in no follow-up/definition of the target being completed. As shown below, the potential for a series of south plunging zones within the main zone is yet to be fully tested see Figure 11. No deeper drilling targeting the E1 lode has been completed and is also an attractive exploration target.

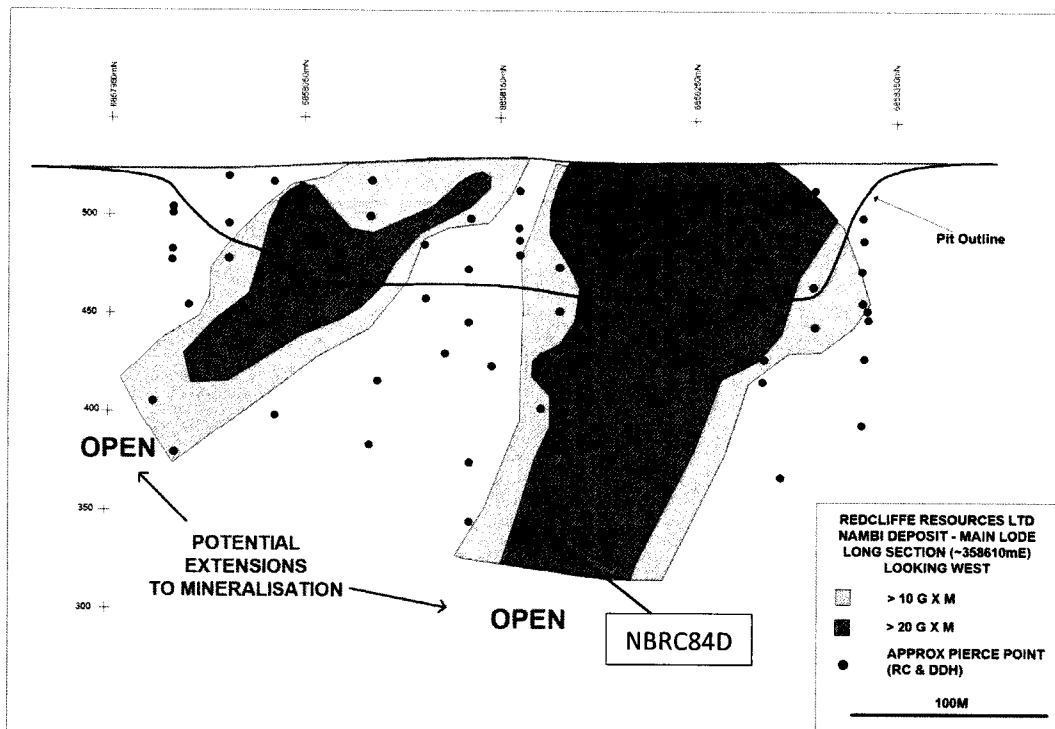


Figure 11 Nambi - N/S longsection, interpreted plunging shoots.

Kelly

As previously mentioned deeper RC drilling has been completed in 2015 at Kelly, resulted in high grade mineralisation being intersected in two holes at Kelly North and Kelly Mid. Drilling was at 80m spacing and as such the prospectively of any potential high grade shoots is yet to be fully defined.

Along strike extensions to existing deposits

GTS Next

Drilling by RCF along strike from GTS has identified gold mineralisation in a similar geological setting. The prospect has been called GTS Next. Further drilling of this area is required to fully delineate the mineralised zone, although preliminary indications suggest it is not of the same tenor as GTS. Wide spaced aircore (AC) drilling north of GTS Next also returned anomalous gold intercepts and require further drilling see Figure 12.

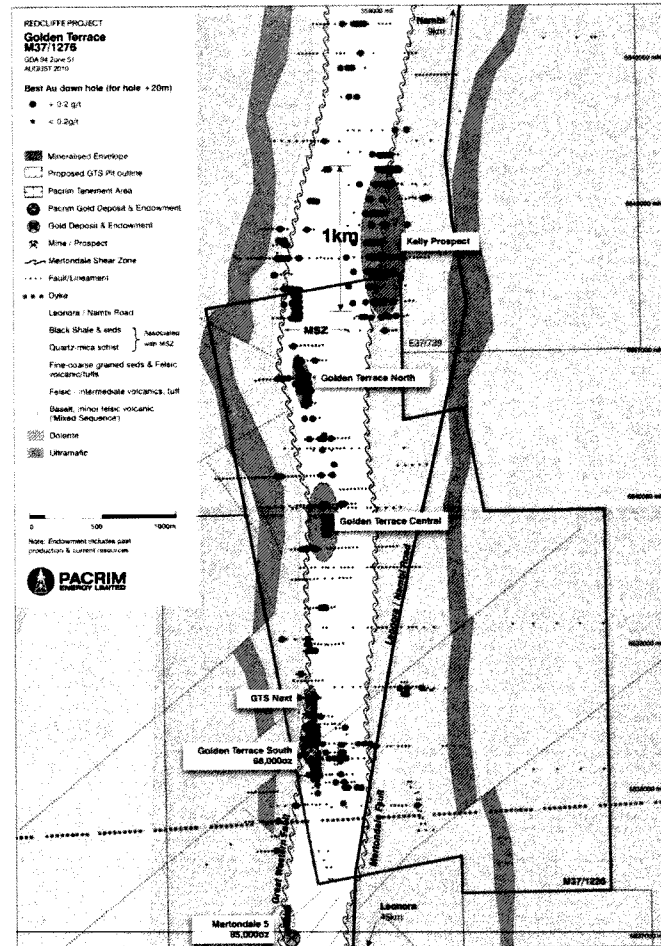


Figure 12 GTS deposits, location plan

Kelly extensions

The Kelly mineralised system is still open along strike, especially to the north. Further work is required to understand the potential mineralisation.

Nambi South extensions

The Nambi South mineralised system is still open along strike, especially to the north. Further work is required to understand the potential mineralisation.

Geophysical targets along the MSZ

Reconnaissance ground electromagnetic (EM) surveys completed by the Company in 2010 located a strong linear, interpreted stratabound conductor that correlated with the Nambi-Nambi south mineralisation see Figure 13. The conductor was identified to extend a further 2km south within the survey area and remains a prospective target for Nambi-style gold mineralisation.

Little to no drilling has been completed by previous explorers or the Company testing this feature.

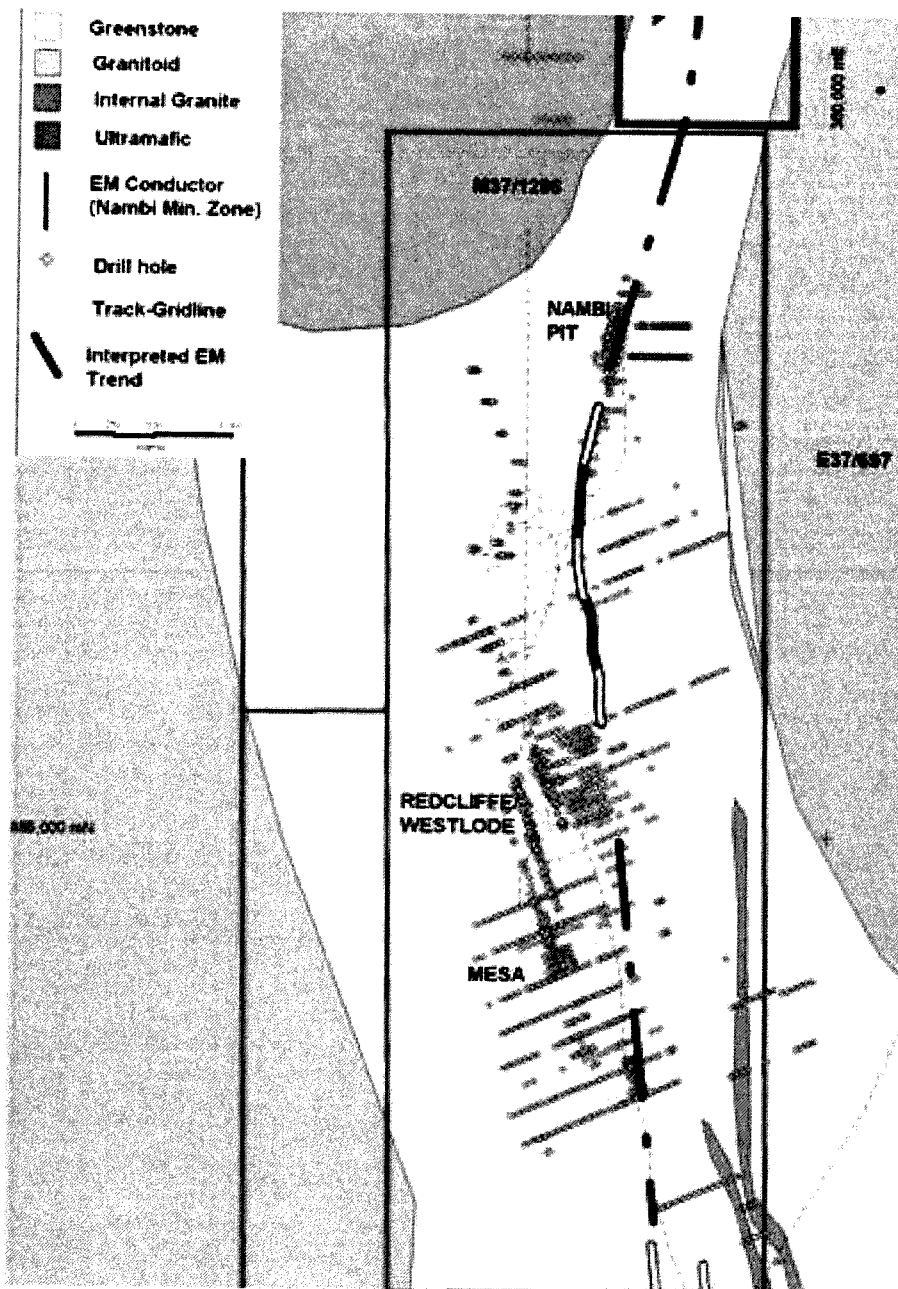


Figure 13 EM conductor over Nambi mineralised trend

Historical results /prospects

Several areas where historical exploration including RAB/AC drilling or soil sampling have located areas of interest require further exploration. These are summarised below:

Barry Prospect

The Barry Prospect is located approximately 600m west of Kelly and lies proximal to the interpreted western margin of the MSZ along the Great Western Fault see Figure 14. This structural zone is known to be associated with other gold deposits discovered by RCF to the south (GTS and GTN). Mineralisation is associated with pyritic-quartz veins proximal to shale/sediment units in a predominately sheared felsic volcanic-sediment package.

The Barry Prospect is open at depth and to the north along strike, and RCF plans further drilling to fully define its dimensions.

The company completed 16 RC holes for 1682m of drilling in 2008 at Barry as initial program based on historical RAB drill results. Several drill holes returned significant results which require further drill testing. See Table 5.

Hole ID	East	North	Azi/Dip	Depth	From	To	Intercept - g/t Au
RR1045	357330	6841656	-60/270	50	17	35	18m @ 4.2
91RERC105	357348	6841759	-60/270	60	30	36	6m @ 1.1
RR1405	357420	6814440	-60/270	50	36	48	12m @ 0.1
RR1406	357445	6814440	-60/270	50	42	48	6m @ 3.03
RR1098		6814440	-60/270	50	28	35	7m @ 0.1
GTRC108	357437	6841278	-60/270	100	42	43	1m @ 1.1
					79	83	4m @ 0.6
GTRC109	357459	6841278	-60/270	100	53	55	2m @ 4.7
GTRC113	357418	6841359	-60/270	100	31	36	5m @ 0.8
GTRC115	357457	6841360	-60/270	110	80	82	2m @ 2.7
					100	102	2m @ 1.7
GTRC118	357456	6841400	-60/270	110	70	74	4m @ 0.9
					97	100	3m @ 3.9
GTRC120	357436	6841442	-60/270	100	28	29	1m @ 5.0
					46	49	3m @ 2.0
GTRC121	357460	6841440	-60/270	80	67	69	2m @ 2.1

Table 5 Barry prospect - RC drill results 2008.

Bindi Prospect

The Bindi Prospect lies approximately 1km north of Barry, see Figure 14. Mineralisation in a similar geological setting to Barry has been broadly defined by RAB and limited RC drilling over some 500m of strike. Significant intercepts are shown in Table 6.

Hole ID	East	North	Azi/Dip	Depth	From	To	Intercept – g/t Au
RR1155	357837	6843260	-60/270	50	49	50	1m @ 0.5 EOH
RR1156	357862	6843260	-60/270	50	4	6	2m @ 0.2
RR1158	357887	6843260	-60/270	50	42	50	8m @ 0.22 EOH
RR1388	357886	6843060	-60/270	50	42	50	8m @ 0.2 EOH
90RERC027	357826	6842960	-60/270	127	40	64	24m @ 0.5
					74	90	16m @ 0.25
					96	100	4m @ 0.8
90RERC028	357746	6842960	-60/270	130	88	94	6m @ 0.4

Table 6 Bindy Prospect – Significant drilling results

Other Prospects

Other grassroots targets exist. These include Barry North, Molly, Finn, Freckles and Addis. All these prospects require substantial further work to evaluate their potential. See Figure 14.

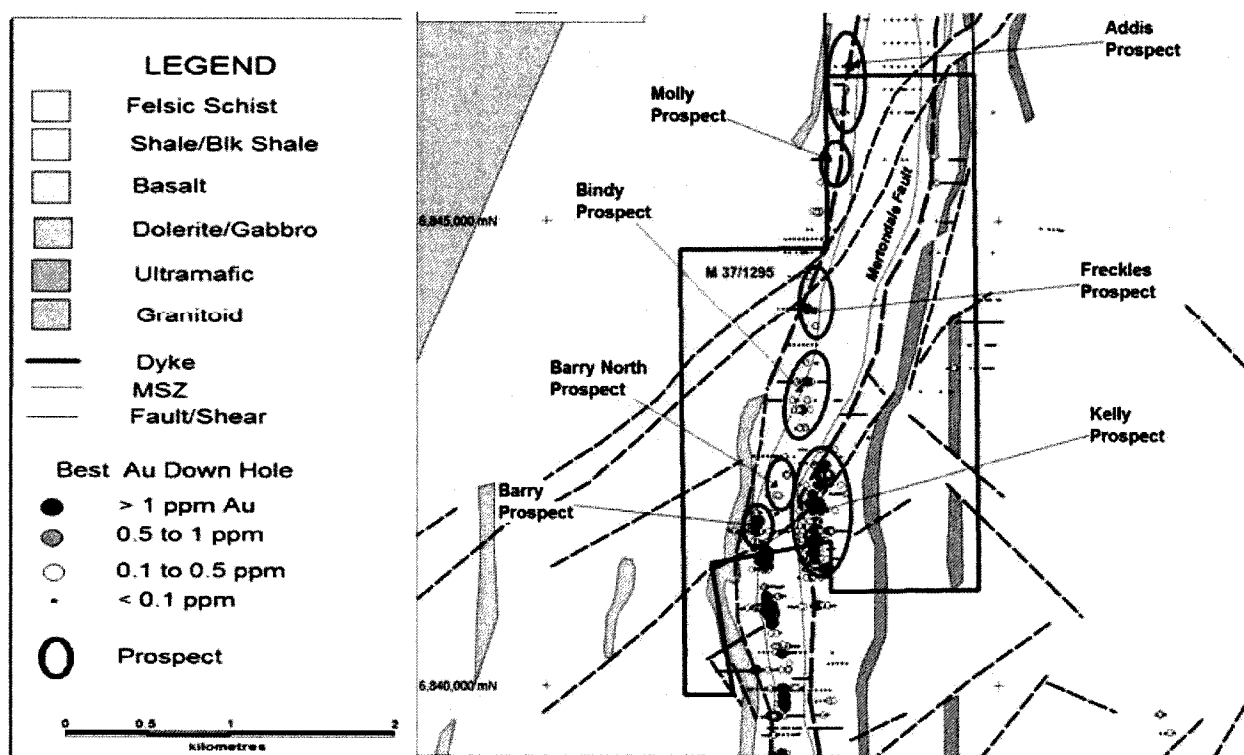


Figure 14 Kelly area showing historical targets/prospects

7. Valuation Considerations

Introduction

The VALMIN Code defines mineral assets in five categories:

- **Exploration Areas** - these are properties where mineralisation may or may not have been identified, but where no Mineral Resource (defined as in the JORC Code) has been defined.
- **Advanced Exploration Areas** - properties where considerable exploration has been undertaken and specific targets have been identified. These targets warrant further detailed evaluation, usually involving some form of geological sampling. There is no requirement for a resource estimate to have been carried out but there is an understanding that there will be sufficient encouragement that further work will elevate one or more prospects to the resource category.
- **Pre-Development Projects** - these are properties where Mineral Resources have been defined, but also where a decision to proceed with development has not been made.
- **Development Projects** - properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or which are not yet operating at design levels.
- **Operating Mines** - properties which have been commissioned and which are in production.

The various properties held by RCF can be divided into these categories as detailed in

Table 7 Division of RCF assets into VALMIN categories

VALMIN category	Redcliffe assets
Exploration Areas	Barry North Molly Finn Freckles Addis Pig well
Advanced Exploration Areas	Barry Bindi 727
Pre-Development Projects	Nambi Redcliffe West Lode Mesa Golden Terrace North Golden Spear Kelly Golden Terrace South
Development Projects	None
Operating Mines	None

In carrying out the valuations of the various components of the assets of RCF, BMGS has assessed both the technical value and fair market value of the assets. The technical value of an asset is an assessment of the future net economic benefit accruing to the asset at the valuation date under a set of assumptions deemed appropriate by BMGS, excluding any premium or discount to account for

market or other strategic considerations. According to the VALMIN Code the fair market value of an asset is the amount of money (as cash or another consideration) as determined by the Expert, who must assume that asset should change hands on the valuation date (1st September 2015 in this case) in an open and unrestricted market between a willing seller and a willing buyer in an arm's length transaction in which each party acts knowledgeably, prudently and without compulsion. Essentially the fair market value comprises the technical value and a market-related premium or discount relating to market conditions at the valuation date.

The valuation methodologies discussed below introduce the concept of fair market value by the consideration of the implied value of current or recent transactions which are deemed to be arm's length. For instance in the valuation of exploration potential, the consideration of the value per k ha of exploration ground from recent market transactions can be derived – this imparts the perspective of current and fair market value on the valuation.

A final point of note is that BMGS's valuation is of the assets of the company, not of the company itself. Thus any positive or negative implications to the valuations which arise as a consequence of the corporate structure of Redcliffe have not been considered.

Valuation methodologies

Method of exploration potential valuation

BMGS has chosen to value both the Exploration Areas and the Advanced Exploration Areas of RCF using a single approach to ensure consistency and transparency. The methodology utilised by BMGS is the Kilburn method. This is used to value tenements either on which there are no resources or the additional exploration potential of those tenements which do contain resources. The method takes cognisance of the stage of exploration (i.e. initial or advanced) and so all exploration tenements can be valued using this approach. The defined Mineral Resources themselves have been valued separately to the exploration potential.

The Kilburn method was developed by a Canadian mining engineer who wished to introduce a more systematic and defensible way of valuing exploration properties. The method considers four key technical aspects of the valuation process and derives a rank or score for the property under consideration under each of these headings according to stated criteria. The four technical aspects are:

- Off property factor – this relates to physical indications of favourable mining conditions in nearby properties, which may or may not be owned by the company being valued. Such indications are old workings through to world-class mines.
- On property factor – this is similar to the off property factor but relates to favourable indications actually on the property itself, such as mines with significant production. It is worth noting that the mines will be valued by another method; the Kilburn approach attempts to value the additional potential for further mining operations.
- Anomaly factor – the anomaly factor relates to the degree of exploration which has been carried out and the level and/or number of the targets which have been generated as a consequence of that exploration. Properties which have been subject to extensive exploration without the generation of sufficient or quality anomalies are marked down under the Kilburn approach.
- Geological factor – this refers to the amount and exposure of favourable lithology and/or structure (if this is related to the mineralisation being valued) on the property. Thus

properties which have a high coverage of favourable lithology and through going structures will score most highly.

The Kilburn approach works by deriving a score for each of these factors for each tenement. The score can be greater than or less than one. These scores are multiplied together and then further multiplied by the Base Acquisition Cost (BAC). The BAC is deemed to be the average cost to acquire a unit of exploration tenement (generally one km² or one ha) and maintain it for one year, including statutory fees and minimum expenditure commitments. Details of the calculation of the BAC for the Redcliffe project are provided in Table 8.

Details of the derivation of the scores for the various factors are provided in Table 9. These descriptions have been derived from Snowden (2007) after Kilburn. The final part of the determination of value is the application of a Market Factor, which allows a premium or discount to be applied to the valuation based upon perception of current market conditions.

The attraction of the Kilburn method for valuation is that it is transparent and defensible, and while it does require a subjective assessment of the various multipliers, supporting information for these judgments is readily available.

As a reality check and as supporting evidence for the Kilburn valuation, BMGS has derived a range of purchase, acquisition or JV values for exploration tenements from recent market transactions. See

Table 10.

Valuation of exploration potential

As discussed in previously, BMGS has applied the Kilburn approach to valuing the exploration assets of RCF. On those tenements where there are existing defined Mineral Resources, BMGS has valued the tenement net of the resource, which has been valued separately using an implied in-ground value per unit.

In Western Australia the rental per mining lease per hectare (ha) is \$16.50 or part thereof. The annual expenditure commitment is \$100 per ha. RCF's base acquisition cost (BAC) for the tenement package is detailed in Table 8 below.

Tenement	Hectares (Ha)	Annual Rent	Annual expenditure commitment	Base Acquisition cost (BAC)	BAC/HA
M37/1276	770.75	\$ 12,721.50	\$ 77,100.00	\$ 89,821.50	\$ 116.54
M37/1285	528	\$ 8,712.00	\$ 52,800.00	\$ 61,512.00	\$ 116.50
M37/1286	1746	\$ 28,809.00	\$ 174,600.00	\$ 203,409.00	\$ 116.50
M37/1295	1496.5	\$ 24,700.50	\$ 149,700.00	\$ 174,400.50	\$ 116.54
P37/7647	50	\$ 120.00	\$ 2,000.00	\$ 2,120.00	\$ 42.40
P37/7948	90	\$ 216.00	\$ 3,600.00	\$ 3,816.00	\$ 42.40

Table 8 BAC for RCF tenements

Rating	Off property	On property	Anomaly	Geological Factor	Market
0.1				Unfavourable lithology	
0.2				Unfavourable lithology with structures	
0.3					Market severely undervalues tenements of this type
0.4				Favourable lithology (10%-20%)	
0.5			Extensive previous exploration with poor results	Covered by overburden, Generally favourable lithology (50%)	Market undervalues tenements of this type
0.6					
0.7					
0.8				Generally favourable lithology (50%)	
0.9					
1	no known mineralisation	no known mineralisation	no targets outlined	Generally favourable lithology (70%)	Market value equates to technical value
1.5	Minor workings	Minor workings		Generally favourable lithology (70%)	Market applies a premium to these types of tenements
2	Several old workings	Several old workings	Several well-defined targets	Generally favourable lithology (>70%) with structural control	market applies a significant premium to tenements of this type
2.5	Abundant workings	Abundant workings			
3			Several significant sub economic intersections	Generally favourable lithology (>70%) with structural control along strike or proximal to a major deposit	
3.5	Abundant workings/mines with significant historical production	Abundant workings/mines with significant historical production			
4					
4.5					
5	Along strike from major mines	Major mine with significant historical production	Several significant ore grade intersections which can be correlated		
10	Along strike from world class mines				

Table 9 Kilburn valuation details - after Snowden 2007

The workings of the Kilburn valuation are shown in Table 11.

The low value for 100% of RCF tenements is \$0.19 million, the high value is \$4.56 million and the preferred value is \$0.19 million. The preferred value has been based loosely upon the acquisition costing for the tenements while sitting towards the lower end of the Kilburn valuation. The valuation is based on 100% of the RGP tenements.

In order to provide a benchmark for the value of the exploration tenements, BMGS has examined the implied value of tenements with the same broad geology and mineral potential, based upon recent transactions. This information is tabulated in

Table 10.

Date	Project	Value	Project status	Hectares	AUD/ha
12/08/2015	Talga Gold Projects	\$ 1,000,000.00	Exploration	12,500	\$ 80.00
25/03/2015	Kirkalocka Gold Project	\$ 1,700,000.00	Development/care maintenance	69,900	\$ 24.32
24/02/2015	Hermes Gold Project	\$ 1,950,000.00	Exploration	13,600	\$ 143.38
9/02/2015	Mount Coolan Gold Mines	\$ 2,350,000.00	Exploration	76,100	\$ 30.88

Table 10 Recent sale transaction involving exploration tenements

Implied values for exploration tenements vary between \$24 and \$143 per ha. BMGS have chosen to use the low end of the Kilburn valuation at \$42/ha which is also at the lower end of recent transactions involving similar projects and is deemed to be reasonable.

The valuation of exploration potential for 49% of RCF tenements based on these figures is \$96,340.

Method of Mineral Resource valuation

Redcliffe has declared Mineral Resources according to the JORC Code (2004) in the Inferred and Indicated categories at its Redcliffe Project. These comprise the following deposits:

- Golden Terrace South
- Nambi
- Redcliffe
- West Lode
- Mesa
- Golden Terrace North
- Golden Spear
- Kelly

The location of these projects is shown in Figure 2. The valuation of Mineral Resources has been carried out by assuming a value per unit of contained metal. This value per unit has been derived by considering Mineral Resources in a similar geologic environment or a similar regional setting, and by examining recent transactions where a resource was purchased in an arms-length transaction. In addition to this metric BMGS has examined the implied value of resources owned by companies operating in similar commodities, geologic or regional environments by estimating the Enterprise Value (EV) of the organisation per unit of metal or of in situ ore. The EV is defined as the share price on the valuation date times the number of shares on issue, minus the cash on hand plus the debt. These two sources of comparable values have been used to arrive at a fair market value of the metal or ore in the ground. In general terms this provides a benchmark for the total asset value of similar size and profile companies.

Tenement	BAC	Off property factor		On property factor		Anomaly		Geology		Market Factor		Valuation		
		low	high	low	high	low	high	low	high	low	high	low /ha	high/ha	preferred/ha
M37/1276	\$ 89,821.50	1	3.5	1.5	3.5	1	2	0.8	2	0.3	0.3	\$41.95	\$1,713.11	\$41.95
M37/1285	\$ 61,512.00	1	3.5	1.5	3.5	1	2	0.8	1	0.3	0.3	\$41.94	\$856.28	\$41.94
M37/1286	\$ 203,409.00	1	3.5	1.5	3.5	1	2	0.8	1	0.3	0.3	\$41.94	\$856.28	\$41.94
M37/1295	\$ 174,400.50	1	3.5	1.5	3.5	1	2	0.8	1	0.3	0.3	\$41.95	\$856.56	\$41.95
P37/7647	\$ 2,120.00	1	1.5	1.5	2	1	1.5	0.8	1	0.3	0.3	\$15.26	\$57.24	\$15.26
P37/7948	\$ 3,816.00	1	1.5	1.5	2	1	1.5	0.8	1	0.3	0.3	\$15.26	\$57.24	\$15.26

Table 11 Kiburn valuation details for RCF, calculations on 100% of tenements area.

Valuation of Mineral Resources

In valuing the Mineral Resources for RCF, BMGS has elected to assume an in-ground value of the metal on the basis of both recent related sale transactions and the implied value of relevant gold Mineral Resources from companies in similar geographical location as RCF.

The sale transactions have been chosen over the last 12 months and are believed to be relevant to the situation at the valuation date. Table 12 details a number of relevant transactions providing a range of values from \$3.10/ounce to \$21.38/ounce.

Date	Project	Value	Project status	Ounces	AUD/ounce
12/08/2015	Mt Henry Gold project	\$ 24,750,000.00	Development	1,157,800	\$ 21.38
31/07/2015	Kirkalocka Gold Project	\$ 1,700,000.00	Development/care maintenance	548,000	\$ 3.10
25/03/2015	Hermes Gold Project	\$ 1,950,000.00	Exploration	299,000	\$ 6.52
24/02/2015	Mount Coolan Gold Mines	\$ 2,350,000.00	Exploration	280,000	\$ 8.39
9/02/2015	Mount Jewel Project	\$ 1,800,000.00	Exploration	187,000	\$ 9.63

Table 12 Recent transaction detailing resource value.

A compilation of listed gold companies in the same region as RCF, utilising information presented at this year's diggers and dealers (August 2015), has provided a range of implied values for in-ground metal value ranging from \$5.49/ounce to \$37.71/ounce. See Table 13.

Date	Company	Shares on issue	Share price	Market Capital	Cash in bank (Mill)	Debt	Ounces	EV
31/07/2015	Goldroad Resources	684M	0.345	\$ 236M	\$ 49.8M		6.7M	\$ 27.49
31/07/2015	Blackham resources	198M	0.15	\$ 29.7M	\$ 9.9M	\$ 6M	4.7M	\$ 5.49
31/07/2015	Saracen Mineral Holdings	792.8M	0.385	\$ 305M	\$ 45M		6.9M	\$ 37.71

Table 13 Listed gold companies in same region as RCF.

If we exclude the high end members of both the sale transactions and companies in similar geographical location we have a range of values from \$3.10/ounce to \$9.63/ounce.

Utilising the lower value of \$3.1/ounce is reasonable and conservative value for in-ground metal and is the valuation figure applied for RCF's Mineral Resources.

The valuation for RCF's Mineral Resources based on 49% of 278,100 ounces at \$3.1/ounce is \$422,434.

8. Declarations by BM Geological Services Pty Ltd

Independence

BMGS is a consulting organisation which provides specialist technical services to clients within the minerals industry. BMGS operates out of its head office in Perth, Western Australia. Its services include resource estimation, technical audits, due diligence reviews and independent valuations.

This report has been prepared in accordance with the VALMIN and JORC Codes of the AusIMM. The author declares that he holds no interest in Redcliffe Resources Limited its associated parties or any of the mineral properties described in this report. BMGS declares that it has not provided strategic planning advice to RCF in relation to the terms of the proposed merger between RCF and NTM. BMGS is aware that RSM will rely upon this document to provide its independent experts report and consents to the attachment of this report to that document.

BMGS is receiving a fee for this work, the magnitude of which is unrelated to the outcome of the proposed merger.

Qualifications

The principal author of this report is Mr Andrew Bewsher.

Mr Andrew Bewsher BSc, Member AIG is a geologist with over 20 years' experience in the international mining industry since graduation. He worked for various resource companies for 10 years prior to starting BMGS with Darryl Mapleson in 2003.

The principal reviewer for this report was Mr Darryl Mapleson, who is Principal at BMGS.

Legal Status of tenements

BMGS has not independently verified the legal status of the tenements of RCF, but has rather relied upon verbal and written confirmation from the directors of RCF.

Previous Work

BMGS was not involved in setting the terms of the proposed transaction nor has it provided advice of a strategic nature to either parties in relation to the proposed transaction.

BMGS has carried out a number of assignments for RCF and its earlier entity Pacrim Energy Limited. The last work completed by BMGS was in 2012 and was the resource estimation of the Kelly deposit.

9. Sources of Information

Geology Overview Report, Redcliffe Resources Limited internal document, Sept 2015

Resource Estimation at the Redcliffe Gold Project, Coffey Mining Pty Ltd, May 2008.

Kelly Mineral Resource Estimate, BM Geological Services PL, Feb 2012

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Unlocking the potential, Goldroad Resources Limited, Diggers and Dealers presentation, Aug 2015

Matilda, funded for gold production, Blackham Resources limited, Diggers and Dealers presentation, Aug 2015

Low cost growth, Saracen Mineral Holdings Limited, Diggers and Dealers presentation, August 2015

Scheme Implementation Agreement 18 08 2015 executed RCF & NTM, Redcliffe Resources Limited and Northern Manganese limited agreement document, August 2015

Northern Star acquires Hermes Gold Project, ASX Release, Northern Star Limited, Feb 2015

GBM completes acquisition of Mt Coolan Gold Assets, ASX Release, GBM Resources Ltd, April 2015

Sale of Mt Henry Gold Project, ASX Release, Panoramic Resources Ltd, July 2015

Sale of Kirkalocka Gold Project, ASX Release, Mount Magnet South NL, March 2015

10. Glossary of terms

Term	Explanation
Abbreviations and acronyms	% - Percentage
	3D ' three dimensional
	AC ' Aircore drilling
	BAC ' Base Acquisition Cost
	DD ' Diamond drilling
	DFS ' Definitive Feasibility Study
	EM ' electromagnetic
	EL ' an exploration licence in Western Australia
	EV ' Enterprise Value
	Ga ' 1 billion years (109 years)
	ha - hectare
	JV ' joint venture
	km ' kilometre
	km ² square kilometres
	lb ' pound
	m ' metre
	M ' million
	m ³ ' cubic metres
	ML a mining licence application in Western Australia
	mm ' millimetres
	mRL ' metres reduced level
	Mt ' million tonnes
	Mtpa ' million tonnes per annum
	ppm ' parts per million
	RAB ' Rotary Air Blast drilling
	RC ' Reverse Circulation drilling
RQD ' rock quality designation	
t ' tonnes	
tpa ' tonnes per annum	
TSF ' Tailings Storage Facility	

Term	Explanation
alteration	A change in mineralogical composition of a rock through reactions with hydrothermal fluids, temperature or pressure changes.
amphibolite	A rock composed largely of amphibole and other similar minerals
amphibolite facies	Moderate to high temperature and low pressure regional metamorphic facies. Characterized by the presence of amphibole.
anisotropy	The property of having different values in differing directions.
anticline	A fold shaped like an arch.
apatite	A group of phosphate minerals, usually referring to hydroxylapatite, fluorapatite, and chlorapatite.
Archaean	Era of the geological time scale within the Precambrian aeon containing rocks greater than 2500 million years old.
argillite	A compact rock, derived from either mudstone or shale that has undergone a higher degree of induration but is less clearly laminated than slate.
backfill	Waste rock, gravel, sand or tailings used as a support in stopes after the removal of ore.
banded iron formation	Iron formation that shows banding, generally of iron-rich minerals and chert or fine-grained Quartz
basement	In general terms, older or Archaean rocks which are often covered by younger rocks.
black shale	Variety of shale that contains abundant organic matter, pyrite, and sometimes carbonate nodules or layers.
blanks	Samples whose grade is (practically) zero.
block model	A model comprised of rectangular blocks, each with attributes such as grades, rock types, codes that represents a given mineral deposit.
boxcut	The excavation at the top of a decline; a small open pit with a ramp at the bottom.
breccia	A detrital sedimentary rock composed of poorly sorted fragments which are all angular to sub-angular in shape, and have a particle size of greater than 2 mm.
brecciated siltstone	A siltstone containing small fragments of breccia.
brecciation	Converted into or resembling a breccia.
brittle deformation	The cracking and fracturing of rocks subjected to stress.
bulk density	divided by the volume they occupy. The volume includes the space between particles as well as the space inside the pores of individual particles. A property of particulate materials. It is the mass of many particles of the material
calc-silicate	A group of minerals comprised of calcium and silicate compounds, or a rock comprised of these minerals.
carbonaceous	A rock or sediment that is rich in carbon or containing organic matter.
carbonate	A class of sedimentary rocks composed primarily of carbonate minerals. The two major types are limestone and dolomite.
certified reference material	A certified standard.
certified standard	An analytical reference material of known true value used for quality control of laboratory assays.
chert	A very fine grained sedimentary rock composed of silica.
chlorite	A group of mostly green minerals of varying composition often found as alteration products of ferromagnesian minerals.
classification	A system for reporting Mineral Resources and Ore Reserves according to a number of accepted Codes.

Term	Explanation
clasts	A grain or fragment of a sediment or rock, produced by the mechanical weathering of a larger rock.
colluvium	Weathered material transported by gravity.
composite	A sample comprised of a number of smaller samples.
compositing	The process of combining drillhole assay grades into even sample intervals to provide an even representation of sample grades and eliminate bias due to sample length.
conglomerate	A detrital sedimentary rock composed of rounded to sub-rounded shaped fragments, which have a particle size of greater than 2mm.
contractor mining	Mining method where the mining equipment and fleet are owned and run by a company which is contracted to mine on behalf of the mines owner.
core	See diamond drilling
costean	A surface trench, usually for sampling.
cutback	Term used to describe the staged mining of an open pit.
cut-off grade	The grade that differentiates between mineralised material that is economic to mine and material that is not.
declustering	A mathematical technique for reducing bias in drillhole data.
Definitive Feasibility Study	A study carried out to justify financing for a project.
deformation	Term used to describe changes in rocks after their formation, usually caused by tectonic forces
diabase	A mafic, holocrystalline, igneous rock equivalent to volcanic basalt or plutonic gabbro.
diamond drilling	Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit
dilution	Waste mined as ore.
dip	Geological measurement ' the angle at which bedding or a structure is inclined from the horizontal
disconformity	A rock which sits above an older rock with a period of time and missing units intervening
disseminated	An ore deposit consisting of fine particles of the ore mineral dispersed through the enclosing rock
dolerite	Basaltic rocks which are comparatively coarse grained.
domain	A homogenous zone within a mineral deposit consisting of a single grade population, orientation of mineralisation and geological texture.
downhole EM data	Electromagnetic data collected from down a drill hole.
drillhole data	Data collected from the drilling, sampling and assaying of drill holes.
duplicates	A set of two samples taken at the same time and in the same way.
dykes	A tabular igneous intrusive rock that cuts across the bedding or foliation of the country rock.
electromagnetic (EM) geophysical survey	Survey over an area involving the measurement of alternating magnetic fields associated with currents artificially or naturally maintained in the ground.
eluvial	An incoherent ore deposit resulting from decomposition or disintegration of rock in place
epithermal gold	Epithermal gold deposits form in hydrothermal systems close to the earths surface and are related to volcanic activity
fault	A fracture in rock along which displacement has occurred.
fault breccia	Breccia produced by movement along a fault.

Term	Explanation
feasibility study	A mining and or processing study into the economic development of a project for which the inputs have an accuracy of 5% to 10%.
feldspar	An important group of rock-forming minerals which make approximately 60% of the Earth's crust. Feldspars crystallize from magma in both intrusive and extrusive rocks.
felsic	Silicate minerals, magmas, and rocks which are enriched in the lighter elements such as silica, oxygen, aluminium, sodium, and potassium.
fold (folded)	A flexure in rocks.
foliation	Parallel orientation of platy minerals or mineral banding in rocks.
footwall	The underlying side of a fault, orebody or mine workings.
fracture	A break in a rock due to mechanical failure by stress.
fragmental	A rock composed of fragments of older rocks, generally of volcanic origin.
gabbro	A dark, coarse-grained, intrusive igneous rock chemically equivalent to basalt.
gabbro-anorthosite	An intrusive igneous rock, characterised by predominance of potassium feldspar.
geological contact	Boundary between rock types.
geological domains	Spatial domains created to represent areas with similar geological characteristics.
geophysical survey	A survey that measures the physical properties of rock formations, commonly magnetism, specific gravity, electrical conductivity and radioactivity.
geotechnical analysis	Analysis of the factors affecting the stability of a rock mass.
geotechnical core logging	Data collected on the geotechnical properties of rock mass by examining diamond drill core metamorphic processes from pre-existing formations that were originally either igneous or sedimentary rocks. Gneissic rocks are coarsely foliated and largely recrystallised.
gneiss	A common and widely distributed type of rock formed by high-grade regional
grade control	The process of collecting geological, sample and assay information for the delineation of mineable ore boundaries; the minimization of dilution and ore loss, and the reconciliation of the predicted grade and tonnage to the grade and tonnage mined and milled.
granite	A coarse grained intrusive felsic igneous rock.
granite-gneiss	Metamorphosed igneous rocks or their equivalent
granitic intrusion	Granitic rock which has been emplaced in the earths crust.
granitoid	A common and widely-occurring type of intrusive, felsic, igneous rock.
granophyre	A textural term to describe an igneous rock that contains quartz and alkali feldspar in characteristic angular intergrowths.
graphite	A mineralised form of carbon.
gravity circuit	Part of a concentrator or processing plant in which minerals or metals are separated by the action of gravity and differential density.
greenfields	Is a type of exploration within geological terrains which are not in close proximity to known ore deposits
greenschist facies	Assemblage of minerals formed during regional metamorphism.

Term	Explanation
greenstone belt	Greenstone belts are zones of variably metamorphosed mafic to ultramafic volcanic sequences with associated sedimentary rocks that occur within Archaean and Proterozoic cratons between granite and gneiss bodies. sorted, angular grains of quartz, feldspar, and small rock fragments set in a compact, clay-fine matrix.
greywacke	A variety of sandstone generally characterized by its hardness, dark color, and poorly-
grit	Sand or sandstone made up of angular grains that may be coarse or fine.
haematite	An iron oxide mineral.
hangingwall	The overlying side of a fault, orebody or mine workings.
hydrobiotite	A hydrated form of biotite, a micaceous mineral.
in situ	Material found in its original place of formation.
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 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 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 confirm geological and grade (or quality) continuity between points of observation where data and samples are collected. An Indicated Mineral Resource has a lower level of confidence than applying to a Measured Mineral and may only be converted to a Probable Ore Reserve.
induced polarisation (IP)	Survey over an area involving the application of an electric or magnetic field and
geophysical survey	measurement of the decay of voltage in the earth when the field is switched off.
Inductively Coupled Plasma	A type of mass spectrometry that is highly sensitive and capable of analysis of a range of
Mass Spectrometry	metals and several non-metals at below one part in 10 ¹² .
Inferred Mineral Resource	An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological 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 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.
inverse distance squared	A grade estimation method in which blocks are informed by samples whose weighting function is proportional to the inverse power of their distance from the block to be estimated.
iron oxide copper gold	A class of deposit characterised by copper and gold mineralisation in iron-rich, often acidic rocks.
ironstone	An iron rich rock.

Term	Explanation
isoclinal	A fold in which the limbs are parallel or near-parallel.
jointing	Fractures in rocks where there has been no displacement.
JORC Code	The JORC Code provides minimum standards for public reporting to ensure that investors and their advisers have all the information they would reasonably require for forming a reliable opinion on the results and estimates being reported. The current version is dated 2012
kinematic	An indicator in a rock as to the direction of movement which a fault or shear has undergone
komatiite	Ultramafic mantle-derived volcanic rocks. They have low SiO ₂ , low K ₂ O, low Al ₂ O ₃ , and high to extremely high MgO. Komatiites occur with other ultramafic and high- magnesian mafic volcanic rocks in Archean greenstone belts.
kriging	A geostatistical estimation method using a distance weighting technique which is based upon the relative spatial continuity of the samples.
survey	Global Positioning System.
leach pad	Area set aside for heaps of un-leached ore where leaching can take place and the leached solution can be collected.
Lerchs-Grossman	The most popular pit optimisation algorithm.
level	Extraction horizons in an underground mine at approximately the same horizontal height.
limestone	A rock composed mainly of calcium carbonate or magnesium carbonate or combinations thereof.
lineament	A straight topographic feature of regional extent which is thought to represent crustal structure
lithology	The study and description of rocks, including their mineral composition and texture.
lode	Ore zone.
mafic	Silicate minerals, magmas, and volcanic and intrusive igneous rocks that have relatively high concentrations of the heavier and darker minerals.
magnetic anomaly (high / low)	Magnetic signatures different from the background, made up of a high and a low (dipole) compared to the average field.
magnetite	An iron oxide mineral, Fe ₃ O ₄ .
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 collected. 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.
median	The middle in a range of values.
mesocumulate	Igneous rocks with between 93-85% accumulated minerals in a groundmass.
mesothermal	A hydrothermal mineral deposit formed at considerable depth.

Term	Explanation
metallurgy	Study of the physical properties of metals as affected by composition, mechanical working and heat treatment.
metamorphic	The process of metamorphism or its results.
metamorphism	Alteration of the minerals, texture and composition of a rock caused by exposure to heat, pressure and chemical actions.
metasedimentary	A sediment or sedimentary rock that shows evidence of having being subjected to metamorphism.
metasomatism	The process by which rocks are altered when volatiles exchange ions.
mica schist	A group of medium-grade metamorphic rock, chiefly notable for the preponderance of lamellar minerals such as micas, chlorite, talc, hornblende, graphite, and others.
mill feed	Ore processed through the mill.
mineral inventory	A quantity of mineralisation, expressed as tonnage and grade, which has not been classified according to the JORC code.
Mineral Resource	A mineral resource is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured Categories.
mineralisation	The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit.
mineralogical	The study of minerals: formation, occurrence, properties, composition and classification
mining licence	A right to operate a mine
mobile metal ion	A geochemical prospecting technique.
graph	domain.
mudstone	A detrital sedimentary rock composed of clay minerals similar to shale but lacking the well developed bedding planes.
nodules	A mineral mass that has a different composition or is more weathering resistant than its surrounding rock
nugget	Average difference of pairs of data at very small distances.
offtake	The process of selling a metallic concentrate to a downstream customer.
olivine	A magnesium iron silicate, common in ultramafic and mafic rocks.
open stoping	Underground mining method.
optimal pit shell	An open pit defined by a cashflow optimisation algorithm, usually the Lerchs-Grossman algorithm or similar.
Ordinary Kriging	A geostatistical estimation method which relies upon a model of spatial continuity as defined in a variogram.
Ordovician	A geological period, after the Cambrian era and before the Silurian era.
ore	Mineralised material which is economically mineable at the time of extraction and processing.
ore loss	Ore left as waste after the mining process.
ore zone	Zone of mineralised material.
orebody	Usually refers to the deposit as a whole.

Term	Explanation
orogeny	The process of mountain building, and may be studied as a tectonic structural event, as a geographical event and a chronological event, in that orogenic events cause distinctive structural phenomena and related tectonic activity, affect certain regions of rocks and crust and happen within a time frame.
owner mining	Mining method where the mining equipment and fleet are owned and run by the company that also owns the mine.
oxidation, oxidized	The addition of oxygen to the metal ion, generally as a result of weathering.
palaeochannel	An old river channel, now filled in and perhaps covered with later rocks.
pentlandite	An iron-nickel sulphide, (Fe,Ni) ₉ S ₈
peridotite	a dense, coarse-grained ultramafic rock, consisting mostly of the minerals olivine and pyroxene
pit optimisation	A mathematical process whereby an open cut volume is optimised according to certain financial criteria
plunge	The inclination of a fold axis or other linear structure measured in the vertical plane.
pluton	An intrusive igneous rock body which crystallized from a magma below the surface of the Earth. Plutons include batholiths, dikes, sills, laccoliths, lopoliths, and other igneous bodies.
polymetallic	Co-existence of 2 or more metals within an ore deposit.
porphyritic	A rock containing a porphyry texture.
porphyry	A variety of igneous rock consisting of large-grained crystals, such as feldspar or quartz, dispersed in a fine-grained feldspathic matrix or groundmass.
pre-strip	The amount of waste material to be removed before the first exposure of ore in an open pit
primary	A zone in an orebody below the effects of surficial weathering; unweathered.
production schedule	Planned and timed order of areas, tonnes and grade for mining.
Prospecting Licence	Authorization granted by a government to an individual permitting the person to prospect for minerals.
Proterozoic	Era of the geological time scale within the Precambrian eon containing rocks of approximately 1000 ' 2500 million years old
pulp	A pulverised laboratory sample.
pyroxenite	An ultramafic igneous rock consisting essentially of minerals of the pyroxene group.
pyrrhotite	An iron sulphide mineral (FeS)
QAQC	Quality assurance and quality control.
quartz	crystalline silica (SiO ₂).
quartzite	Metamorphosed sandstone.
range	The distance at which the model reaches its maximum value.
reconciliation	Measured assessment of the forecast and review of its correctness.
recovery	Metallurgical: The percentage of metal that can be recovered given the limitations of the processing equipment. Mining: The percentage of ore material that can be recovered once ore loss is taken into account due to the sampling or mining resolution.

Term	Explanation
re-crystallisation	The process where the crystals in a rock become solution and then solid again with a new set of crystals.
remnant ore	Ore left underground in pillars that may or may not be recoverable at a later stage in a mine.
remote sensing	A branch of geophysics that acquires and interprets airborne or satellite images of the surface using infrared and visible wavelengths of light.
resistivity survey	An electrical exploration survey in which current is introduced into the ground by two contact electrodes and potential differences are measured between two or more other electrodes
reverse circulation drilling (RC)	Drilling method that uses compressed air and a hammer bit to produce rock chips.
rib pillars	Vertical slices of rock left between stopes in an orebody for the purposes of stability.
rifle splitter	A device to provide a statistically correct separation of particulate sample material into two or more equal portions.
rift	In geology, a rift is a place where the Earth's crust and lithosphere are being pulled apart
rock quality designation (RQD)	The cumulative length of core pieces longer than 10cm in a run divided by the total length of the core run.
rock stress	Internal forces within a rock mass that occur because of an external force acting to change its shape or volume.
Rotary Air Blast (RAB) drilling	A cheap and quick drilling method using a rotating bit together with air pressure to produce rock chips for sampling. It is used at the exploration stage of project evaluation
sandstone	A sedimentary rock of sand size particles.
saprolite	A soft, typically clay-rich, thoroughly decomposed rock, formed in place by chemical weathering of igneous, sedimentary and metamorphic rocks.
schist	A group of medium-grade metamorphic rocks, chiefly notable for the preponderance of lamellar minerals such as micas, chlorite, talc, hornblende, graphite, and others.
schistosity	A metamorphic rock comprised of large grains aligned in parallel layers.
scoping study	a preliminary study into the development of a mining project generally with a low degree of accuracy
search pass	A process used in grade estimation to find samples from a given point.
sedimentary	Rock forming process where material is derived from pre-existing rocks by weathering and erosion
sediments	Loose, unconsolidated
selective mining unit (SMU)	Is the smallest block on which selection as ore or waste is commonly made.
serpentinite	A metamorphic rock comprised of an admixture of serpentine minerals.
shale	A detrital sedimentary rock composed of clay minerals with a well marked bedding plane usually due to the alignment of the clay minerals.
shear	Fault.
silica	Most commonly quartz (SiO ₂).
silicification	The process of bringing in silica into a non-siliceous rock.
silicified	The introduction of, or replacement by silica, generally resulting in the formation of fine-grained quartz.
siltstone	A detrital sedimentary rock composed of clay minerals similar to mudstone but with mostly silt-grade material (1/16-1/256) mm.

Term	Explanation
skewed	Non-symmetrical
slate	A hard platy rock, formed by the action of pressure on shales.
splay	A minor fault at the extremity of a major fault
standards	See certified standards.
stockpile	Heap of mined ore waiting to be milled.
stockwork	A network of veins.
strata	Multiple beds or layers of rock.
stratigraphy	The study of stratified rocks, their timing, characteristics and correlations in different locations
strike	Geological measurement ' the direction of bearing of bedding or structure in the horizontal plane
stringer	An irregular filament or a narrow vein of one or more minerals traversing a rock mass.
subcell	A cell that comprises a larger cuboid. Subcelling increases the resolution of the block model to better reflect domain margins and provide a more reliable volume representation.
sublevels	Levels in between the main levels in underground workings.
sulphide	Minerals consisting of a chemical combination of sulphur with a metal. Also refers to fresh or unoxidised material
supergene	A mineral deposit or enrichment formed near the surface.
supracrustal zone	Rocks that overlie basement rocks.
surface heap leaching	Leaching of ore by staking un-leached ore on the surface in heaps and passing reacting solutions through it.
syncline	A fold shaped like a basin.
tailings	Waste left over after removing the gangue from ore, usually finely ground rock materials left after milling is complete.
talc	A hydrated magnesium silicate.
talc-carbonate	A mineral assemblage that is commonly associated with ultramafic intrusions.
tectonics	The study of processes that move or deform the Earth's crust.
tenement	A generic term for an exploration or mining licence or lease.
tenor	Weight percent (wt%) of a metal sulphide in 100 wt% sulphide.
terrain	A rock or group of rocks or an area in which they crop out.
tholeiite	A quartz rich basalt.
threshold	The point at which a process or effect commences.
tonalite	A quartz rich plutonic rock.
top cut	A process that reduces the effect of isolated (and possible unrepresentative) outlier assay values on the estimation.
transitional	The partially oxidised zone between oxidized and fresh material.
transverse open stoping	Stopes arranged perpendicular to the strike of an orebody.
tremolite-quartz-sulphide	A mineral assemblage that is commonly associated with skarn deposits.
tuffs	A rock composed of pyroclastic material ejected from a volcano.
ultramafic	Igneous rocks with very low silica content (less than 45%), generally >18% MgO, high FeO, low potassium and are composed of usually greater than 90% mafic minerals.
unconformity	A structural break in the geological profile representing unrecorded time.

Term	Explanation
VALMIN Code	The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets for Independent Expert Reports (2005), sponsored by the AusIMM, the ASX, the AIG and MICA among others.
variogram	A graphical representation of how the grade varies over increasing distances in different directions within a given domain
variography	The process of fitting a semivariogram model while capturing the spatial relationships.
veinlet	A small or secondary vein.
ventilation shaft (rise)	Shaft for intake of fresh air or expelling exhaust from underground workings.
volcaniclastic	All volcanic particles regardless of their origin
sequence	succession, usually formed in tectonic rift environments.
waste	Material which is not mineralised or mineralised material which is not economically mineable.
waste dump	Heap of either non-mineralised material excavated to expose ore, or mineralised material below economic cut-off grade.
water table	The depth below which the ground is saturated with water (the surface in an unconfined aquifer or confining bed at which the pore water pressure is equal to atmospheric pressure).
weathering	The process by which rocks are broken down and decomposed by the action of wind, rain, changes in temperature, plants and bacteria.
wireframe	A surface or 3D volume formed by linking points together to form triangles. Wireframes are used in the construction of block models.

Annexure B – Scheme Implementation Agreement

Agreement

Scheme implementation agreement

Redcliffe Resources Limited

Northern Manganese Limited

Contents

Table of contents

	The agreement	1
	Operative part	2
1	Definitions and interpretation	2
	1.1 Agreement components.....	2
	1.2 Definitions.....	2
	1.3 Interpretation.....	8
	1.4 Business Day.....	9
2	Agreement to proceed with the Transaction	9
3	Conditions precedent	9
	3.1 Conditions precedent to Scheme.....	9
	3.2 Best endeavours.....	10
	3.3 PNG Compliance.....	11
	3.4 Waiver of conditions precedent.....	11
	3.5 Consultation on failure of condition precedent.....	11
	3.6 Certain notices.....	12
4	Transaction steps	12
	4.1 Scheme.....	12
	4.2 Scheme Consideration.....	12
	4.3 Ineligible Foreign Shareholders.....	12
	4.4 No amendment to Scheme.....	13
5	Termination	13
	5.1 Termination.....	13
	5.2 Effect of termination.....	13
6	Implementation	13
	6.1 Obligations of both parties.....	13
	6.2 Redcliffe's obligations.....	14
	6.3 Disagreement on content of Scheme Booklet.....	15
	6.4 Northern's obligations.....	16
	6.5 Conduct of business.....	16
	6.6 The Northern and Redcliffe Board.....	17
	6.7 Redcliffe Board recommendation.....	17
7	Representations and undertakings	18
	7.1 Northern's representations.....	18
	7.2 Northern's indemnity.....	18
	7.3 Redcliffe's representations.....	18
	7.4 Redcliffe's indemnity.....	19
	7.5 Survival of representations.....	19
	7.6 Survival of indemnities.....	19
8	Public announcements	19
	8.1 Announcement of Scheme.....	19
	8.2 Public announcement and submissions.....	19

Contents

8.3	Required disclosure	20
9	Confidentiality	20
9.1	Confidentiality Agreement.....	20
9.2	Survival of obligations.....	20
9.3	Takeover bid.....	20
10	No-shop and no-talk obligation	20
10.1	No-shop obligation.....	20
10.2	No-talk obligation	20
10.3	Fiduciary carve out	21
10.4	Notification of approaches	21
10.5	Acting on a Competing Transaction.....	21
10.6	No due diligence	21
10.7	Equal access to information.....	22
10.8	Warranty and representation	22
11	Conduct of Court proceedings	22
12	Duty, costs and expenses	22
12.1	Stamp duty.....	22
12.2	Costs and expenses	23
13	General	23
13.1	No representation or reliance	23
13.2	No merger.....	23
13.3	Consents.....	23
13.4	Notices.....	23
13.5	Governing law and jurisdiction.....	24
13.6	Waivers.....	24
13.7	Variation.....	24
13.8	Assignment	24
13.9	Further action.....	25
13.10	Entire agreement	25
13.11	Counterparts	25
Schedules		
	Timetable	27
	Share Scheme	28
	Share Deed Poll	42
	Signing page	50

The agreement

Scheme implementation agreement

Date ► 18 August 2015

Between the parties

Northern	Northern Manganese Limited ACN 119 494 772 of Level 3, South Mill Centre, 9 Bowman Street, South Perth, Western Australia 6151 (Northern)
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Redcliffe	Redcliffe Resources Limited ARBN 010 856 014 of 523 Ligar Street, Ballarat, Victoria 3355 (Redcliffe)
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Background	<ol style="list-style-type: none">1 Redcliffe and Northern have agreed that Northern will acquire the Redcliffe Shares by means of a scheme of arrangement under Part 5.1 of the Corporations Act between Redcliffe and Redcliffe Shareholders.2 Redcliffe and Northern have agreed in good faith to implement the Scheme on the terms of this agreement.
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The parties agree	as set out in the Operative part of this agreement, in consideration of, among other things, the mutual promises contained in this agreement.
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1 Definitions and interpretation

1.1 Agreement components

This agreement includes any schedule.

1.2 Definitions

The meanings of the terms used in this document are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASIC Review Period	the period from the date on which the draft of the Scheme Booklet is submitted by Redcliffe to ASIC to the date on which ASIC confirms that it has no objection to the form of the Scheme Booklet.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a weekday on which trading banks are open for business in Perth, Western Australia.
Central Bank	means the Bank of Papua New Guinea.
Companies Act	Means the Companies Act 1997 of Papua New Guinea.
Competing Transaction	<p>an expression of interest, proposal, offer, transaction or arrangement pursuant to which a person other than Northern will, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed:</p> <ol style="list-style-type: none"> 1 acquire (whether directly or indirectly) or become the holder of, or otherwise acquire or have an economic interest in all or a substantial part of the business of Redcliffe or any of its subsidiaries; 2 acquire a relevant interest in, or become the holder of, or otherwise acquire, have a right or obligation to acquire or have an economic interest, directly or indirectly, in 10% or more of Redcliffe's voting shares;

- 3 acquire control (as determined in accordance with section 50AA of the Corporations Act) of Redcliffe or any of its subsidiaries;
- 4 otherwise acquire or merge with Redcliffe; or
- 5 enter into any agreement, arrangement or understanding requiring it to abandon, or otherwise fail to proceed with, the or any aspect of the Transaction,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction or buy-back, share issue, sale or purchase of shares or assets, joint venture, dual-listed company structure (or other synthetic merger), or other transaction or arrangement.

Confidentiality Agreement	the agreement dated 20 April 2015 between Redcliffe and Northern as amended and extended from time to time.
Corporations Act	the <i>Corporations Act 2001</i> .
Court	the Supreme Court of Western Australia or the Federal Court of Australia.
Deed Poll	the Share Deed Poll.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) in relation to the Scheme.
End Date	28 February 2016.
Exclusivity Period	the period from and including the date of this agreement to the earlier of: <ol style="list-style-type: none"> 1 the termination of this agreement in accordance with its terms; and 2 the End Date.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state.
Implementation Date	the fifth Business Day after the Record Date.
Indemnified Parties	Redcliffe and its directors and officers.
Independent Expert	the independent expert in respect of the Scheme appointed by Redcliffe.
Ineligible Foreign	a Scheme Shareholder whose address as shown in the register of members of Redcliffe is a place outside Australia and its external

Shareholder	territories, Papua New Guinea or New Zealand and other jurisdictions agreed in writing between the parties.
Intellectual Property	all items of intangible property and includes trademarks and service marks (whether or not registered or registration has been applied for), domain names, trade names, business names, designs, brand names, patents, patent applications, inventions (whether or not patented), trade secrets and copyrights (whether or not registered or registration has been applied for).
Investment Promotion Act	means the Investment Promotion Act 1992 of Papua New Guinea and the Investment Promotion Authority means the body constituted by, and charged to administer, that Act
Listing Rules	the official listing rules of the ASX.
New Northern Shares	the Northern Shares to be issued under the Scheme as the Scheme Consideration.
Northern Board	the board of directors of Northern.
Northern Information	information regarding Northern and its subsidiaries provided by Northern to Redcliffe in writing for inclusion in the Scheme Booklet.
Northern Share	a fully paid ordinary share in the capital of Northern.
PNG Counsel	means a lawyer with expertise in Papua New Guinean law who has practised for at least 5 years in Papua New Guinea.
PNG Court	the Supreme Court of Papua New Guinea.
Prescribed Occurrence	(other than as required by this agreement or the Scheme) the occurrence of any of the following between the date of this agreement and 5.00pm on the day before the Second Court Date: <ol style="list-style-type: none"> 1 Redcliffe converting all or any of its shares into a larger or smaller number of shares; 2 Redcliffe or a subsidiary of Redcliffe resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares; 3 Redcliffe or a subsidiary of Redcliffe: <ul style="list-style-type: none"> • entering into a buy-back agreement; or • resolving to approve the terms of a buy-back agreement under the Corporations Act;

44728 (515085) 11/11/11

- 4 Redcliffe declaring, paying or distributing any dividend, bonus or other share of its profits or assets;
 - 5 Redcliffe or a subsidiary of Redcliffe issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, save for any issue to meet the requirements of clauses 3.1(l) or 3.1(m);
 - 6 Redcliffe or a subsidiary of Redcliffe issuing or agreeing to issue, securities convertible into shares or debt securities;
 - 7 Redcliffe or a subsidiary of Redcliffe making any change to its constitution;
 - 8 Redcliffe or a subsidiary of Redcliffe disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property, save for the transaction to be effected under the Redcliffe Project Acquisition and Farm-in Agreement between Northern and Redcliffe executed contemporaneously with this agreement;
 - 9 Redcliffe or a subsidiary of Redcliffe:
 - acquiring or disposing of;
 - agreeing to acquire or dispose of; or
 - offering, proposing, announcing a bid or tendering for, any business, assets, entity or undertaking save for the transaction to be effected under the Redcliffe Project Acquisition and Farm-in Agreement between Northern and Redcliffe executed contemporaneously with this agreement;
 - 10 Redcliffe or a subsidiary of Redcliffe charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
 - 11 Redcliffe or a subsidiary of Redcliffe creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property otherwise than:
 - in the ordinary course of business; and
 - a lien which arises by operation of law or legislation securing an obligation that is not yet due;
 - 12 Redcliffe or a subsidiary of Redcliffe:
 - entering into any contract or commitment requiring payments by Redcliffe and its subsidiary;
 - waiving any material third party default; or
 - accepting as a settlement or compromise of a material matter less than the full compensation due to Redcliffe or a subsidiary of Redcliffe,otherwise than in the ordinary course of business;
 - 13 Redcliffe or a subsidiary of Redcliffe resolving that it be wound up;
 - 14 a liquidator or provisional liquidator of Redcliffe or of a subsidiary of Redcliffe being appointed;
 - 15 the Court making an order for the winding up of Redcliffe or of a subsidiary of Redcliffe;
 - 16 an administrator of Redcliffe or of a subsidiary of Redcliffe being appointed under the Corporations Act;
-

- 17 Redcliffe or a subsidiary of Redcliffe being deregistered as a company or otherwise dissolved;
- 18 Redcliffe or a subsidiary of Redcliffe executing a deed of company arrangement;
- 19 a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of Redcliffe or of a subsidiary of Redcliffe;
- 20 Redcliffe or a subsidiary of Redcliffe entering into or materially amending any employment, consulting, severance or similar agreement or arrangement with officers, directors or other executives of Redcliffe or a subsidiary of Redcliffe or otherwise materially increasing compensation or benefits for any of the above other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this agreement;
- 21 Redcliffe or a subsidiary of Redcliffe entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this agreement;
- 22 Redcliffe or a subsidiary of Redcliffe taking or omitting to take action which would result in a breach of law material to Redcliffe and its subsidiaries;
- 23 Redcliffe or a subsidiary of Redcliffe licensing, selling or otherwise giving any third party rights under any of the material Intellectual Property that Redcliffe or a subsidiary of Redcliffe owns or has a right to use, other than in the ordinary course of business or pursuant to contractual requirements in effect on the date of this agreement;
- 24 Redcliffe or a subsidiary of Redcliffe changing any accounting policy applied by them to report their financial position; or
- 25 Redcliffe or a subsidiary of Redcliffe entering into or resolving to enter into a transaction with any related party of Redcliffe as defined in section 228 of the Corporations Act.

Record Date 5.00pm on the fifth Business Day after the date on which a Scheme becomes Effective.

Redcliffe Board the board of directors of Redcliffe.

Redcliffe Convertible Notes convertible notes issued by Redcliffe with a face value of \$10,000 each and convertible into Redcliffe Fully Paid Shares at a conversion price of 85% of the volume weighted average price of Redcliffe Shares for the 10 days preceding receipt of notification of intent to convert .

Redcliffe Fully Paid Share a fully paid ordinary share in the capital of Redcliffe.

Redcliffe Partly Paid Share a partly paid ordinary share in the capital of Redcliffe issued at an issue price of \$2.525 each and convertible to a Redcliffe Fully Paid Share upon a further payment of \$2.50 (figures adjusted for post-issue consolidation of the partly paid ordinary shares).

Redcliffe Shares	the Redcliffe Fully Paid Shares and the Redcliffe Partly Paid Shares (each of which is a Redcliffe Share).
Redcliffe Shareholder	each person who is registered as the holder of Redcliffe Shares.
Redcliffe Unlisted Options	options to acquire Redcliffe Fully Paid Shares exercisable on or before 31 December 2016 at exercise prices ranging between 1.5 cents and 5 cents.
Regulatory Approvals	has the meaning given to that term in clause 3.1(a) and 3.1(d).
Related Body Corporate	has the meaning given in section 50 of the Corporations Act.
Sale Agent	the agent appointed in relation to the Scheme by Redcliffe to sell the New Northern Shares that would have otherwise been issued to Ineligible Foreign Shareholders.
Securities Commission	The Securities Commission of Papua New Guinea established under the Securities Act 1997 of Papua New Guinea
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Redcliffe and the Redcliffe Shareholders as described in clause 4 and substantially in the form of Schedule 1.
Scheme Booklet	the information described in clause 6.2(c) to be approved by the Court and despatched to the Redcliffe Shareholders and which must include, without limitation, the Scheme, an explanatory statement complying with the requirements of the Corporations Act, an independent expert's report (either a full form or concise version), notices of meeting and proxy forms in the form the parties agree.
Scheme Consideration	<ol style="list-style-type: none"> 1 for each 2.75 Redcliffe Fully Paid Shares held by a Scheme Shareholder at the Record Date – 1 Northern Share; and 2 for every 275 Partly Paid Redcliffe Shares held by a Scheme Shareholder at the Record Date – 1 Northern Share, rounded in accordance with the Scheme.
Scheme Meeting	the meeting of Redcliffe Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Scheme Shareholder	a Redcliffe Shareholder as at the Record Date.

Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard.
Share Deed Poll	a deed poll in favour of the Scheme Shareholders substantially in the form of Schedule 3.
Superior Proposal	<p>a publicly announced bona fide proposal from a person other than Northern as to a Competing Transaction (and not resulting from a breach by Redcliffe of its obligations under this agreement) which the Redcliffe Board, acting in good faith, and after taking advice from its legal and financial advisers, determines is:</p> <ol style="list-style-type: none"> 1 reasonably capable of being completed on a timely basis taking into account all aspects of the Competing Transaction, including without limitation, having regard to legal, regulatory and financial matters including any conditions precedent; and 2 superior to the Scheme Shareholders than the Scheme, taking into account all terms and conditions of the Competing Transaction.
Supplementary Independent Expert's Report	means any update to the Independent Expert's Report or any supplementary report prepared by the Independent Expert.
Timetable	the timetable set out in Schedule 1, as may be amended from time to time by agreement between the parties.
Transaction	the acquisition of the Redcliffe Shares by Northern through implementation of the Scheme in accordance with the terms of this agreement.
Transaction Documents	this agreement and the Scheme Booklet.

1.3 Interpretation

In this agreement, headings are for convenience only and do not affect interpretation and, unless the context requires otherwise:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) other parts of speech and grammatical forms of a word or phrase defined in this agreement have a corresponding meaning;
- (d) a reference to a person includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture, a partnership, a trust and any Government Agency;
- (e) a reference to a clause, party, attachment, exhibit or schedule is a reference to a clause of, and a party, attachment, exhibit and schedule to this agreement, and a reference to this agreement includes any attachment, exhibit and schedule;

2 Agreement to proceed with the Transaction

- (f) a reference to a statute, regulation, proclamation, ordinance or by law includes all statutes, regulations, proclamations ordinances or by laws amending, consolidating or replacing it, whether passed by the same or another Government Agency with legal power to do so, and a reference to a statute includes all regulations, proclamations, ordinances and by laws issued under that statute;
- (g) a reference to any document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (h) the word 'includes' in any form is not a word of limitation;
- (i) a reference to '\$' or 'dollar' is to Australian currency;
- (j) a reference to any time is a reference to that time in Perth, Western Australia;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this agreement; and
- (l) a reference to the Listing Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2 Agreement to proceed with the Transaction

The parties will undertake the Transaction on the terms of this agreement.

3 Conditions precedent

3.1 Conditions precedent to Scheme

The obligations of Northern under clause 4.2 are subject to the satisfaction of each of the following conditions precedent to the extent and in the manner set out in clauses (k) and 3.4.

- (a) **Regulatory Approvals:** ASIC and the ASX issue or provide any consents or approvals, or do other acts necessary or desirable to implement the transactions contemplated by clause 4 before 5.00pm on the day before the Second Court Date.
- (b) **Shareholder approval:** Redcliffe Shareholders approve the Scheme at the Scheme Meeting by the requisite majorities under the Corporations Act.
- (c) **Court approval:** The Court approves the Scheme in accordance with section 411(4)(b) of the Corporations Act.
- (d) **PNG Regulatory Approvals:** the PNG Court or the Securities Commission providing any consent or approval or do other acts necessary or desirable to implement the Transactions before 5.00pm on the day before the Second Court Date subject to clause 3.3. .
- (e) **Restraints:** No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the Scheme is in effect at 5.00pm on the day before the Second Court Date.

- (f) **Prescribed Occurrence and breach of obligations:**
- (1) No Prescribed Occurrence has occurred; and
 - (2) Redcliffe is not in breach, in any material respect, of its obligations under clause 6 or any of its other obligations under this agreement,
- at 5.00pm on the day before the Scheme Meetings and at 5.00pm on the day before the Second Court Date.
- (g) **Redcliffe's representations and warranties:** The representations and warranties of Redcliffe set out in this agreement that are qualified as to materiality are true and correct, and the representations of Redcliffe set out in this agreement that are not so qualified are true and correct in all material respects, in each case as of the date of this agreement and as at 5.00pm on the day before the Second Court Date as though made on and as of that time, except to the extent any such representation or warranty expressly relates to an earlier date (in which case, as of that date).
- (h) **Continuous disclosure:** Between the date of this agreement and 5.00pm on the day before the Second Court Date, Northern does not become aware of any matter, event, action or circumstance:
- (1) which is materially adverse in relation to Redcliffe or its Related Bodies Corporate;
 - (2) in respect of which Redcliffe has not complied with its disclosure obligations under Listing Rule 3.1 at any time; and
 - (3) which was not previously disclosed to Northern.
- (i) **Independent Expert recommendation:** The Independent Expert opines that the Scheme is in the best interests of Redcliffe Shareholders (and does not change such opinion prior to the Second Court Date).
- (j) **Directors' recommendation:** Between the date of this agreement and the Scheme Meetings, the directors of Redcliffe do not change or withdraw their recommendation to Redcliffe Shareholders to vote in favour of the Scheme.
- (k) **Redcliffe Partly Paid Shares:** The directors of Redcliffe make a call of at least \$2.50 per Redcliffe Partly Paid Share.
- (l) **Redcliffe Unlisted Options:** All Redcliffe Unlisted Options are either cancelled on terms acceptable to Northern or acquired by Northern, including appropriate Redcliffe shareholder approval.
- (m) **Redcliffe Convertible Notes:** All Redcliffe Convertible Notes are redeemed for no more than their face value together with any accrued interest.
- (n) **Payment of Drilling Costs:** Redcliffe pay in full outstanding drilling costs owing to DDH 1 Pty Limited in the sum of \$151,512.75.
- (o) **Monies owed to Redcliffe directors:** Each Redcliffe director agrees to be paid all monies currently owing to them or any related entity by Redcliffe through the issue of shares in Redcliffe at an issue price of 0.6 cents per share in full and final satisfaction of all monies owing to them as at the Implementation Date and warrants that the total amount that will be owed to all Redcliffe directors and any related entities at the Implementation Date will not exceed the aggregate amount of \$136,000.

3.2 Best endeavours

Redcliffe and Northern must each use their best endeavours to procure that:

- (a) each of the conditions precedent in clause 3.1 are satisfied as soon as practicable after the date of this agreement; and

- (b) there is no occurrence within the control of Redcliffe or Northern or their subsidiaries that would prevent the conditions precedent in clause 3.1 being satisfied (as the context requires).

3.3 PNG Compliance

Redcliffe must engage PNG Counsel to determine whether the Transaction may proceed on the basis of:

- (a) a waiver is obtained from the Securities Commission in respect to the application of the Takeovers Code to the Transactions; or
- (b) registration of the orders of the Court in the PNG Court; or
- (c) obtaining similar orders from the PNG Court under PART XVI of the Companies Act to those obtained from the Court,

as soon as practicable after the date of this agreement

3.4 Waiver of conditions precedent

- (a) The conditions precedent in clauses 3.1(b) and 3.1(c) cannot be waived.
- (b) The remaining conditions precedent in clause 3.1 are for the sole benefit of Northern and may only be waived by Northern (in its absolute discretion) in writing.
- (c) If Northern waives the breach or non-fulfilment of any of the conditions precedent in clause 3.1 that it is permitted to waive, that waiver does not prevent it from suing Redcliffe for any breach of this agreement that resulted in the breach or non-fulfilment of the condition precedent.

3.5 Consultation on failure of condition precedent

- (a) **Consultation:** If:
 - (1) any event occurs which would prevent any of the conditions precedent in clause 3.1 being satisfied, or there is an occurrence that is reasonably likely to prevent the condition precedent being satisfied by the date specified in this agreement for its satisfaction (except as the result of a deliberate action of Redcliffe); or
 - (2) the Scheme has not become Effective by the End Date,the parties must consult in good faith to:
 - (3) determine whether the Transaction may proceed by way of alternative means or methods;
 - (4) change the date of the application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by Redcliffe and Northern (being a date no later than 5 Business Days before the End Date); or
 - (5) extend the relevant date or End Date.
- (b) **Termination:** If the parties are unable to reach agreement under clause 3.4(a) within 5 Business Days of becoming aware of the relevant occurrence or relevant date or by the End Date, then unless that condition precedent is waived by Northern as provided in clause 3.3, either party may terminate this agreement without any liability to the other party because of that termination, unless the relevant occurrence or the failure of the condition precedent to be satisfied, or failure of the Scheme to become Effective, arises out of a breach by the terminating party of clause 6 or this clause 3.

3.6 Certain notices

- (a) **Notice of failure of condition precedent:** If, before the time specified for satisfaction of a condition precedent, any event that will prevent that condition precedent being satisfied occurs, the party with knowledge of that event must immediately give the other party written notice of that event.
- (b) **Waiver:** A waiver of a breach or non-fulfilment in respect of one condition precedent does not constitute:
- (1) a waiver of breach or non-fulfilment of any other condition precedent resulting from the same event.
 - (2) a waiver of breach or non-fulfilment of that condition precedent resulting from any other event.
- (c) **Notice of changes:** Redcliffe and Northern must promptly advise each other orally and in writing of any change or event causing, or which, so far as can reasonably be foreseen, would cause:
- (1) a representation or warranty provided in this agreement to be false;
 - (2) a breach or non-fulfilment of any of the conditions precedent; or
 - (3) a material breach of this agreement.

4 Transaction steps

4.1 Scheme

Redcliffe must propose a scheme of arrangement under which:

- (a) all of the Redcliffe Shares held by Scheme Shareholders will be transferred to Northern; and
- (b) the Scheme Shareholders will be entitled to receive the Scheme Consideration for each Redcliffe Share held at the Record Date.

4.2 Scheme Consideration

Northern undertakes and warrants to Redcliffe (in Redcliffe's own right and separately as trustee or nominee for each of the Scheme Shareholders) that in consideration of the transfer to Northern of each Redcliffe Share held by a Scheme Shareholder at the Record Date under the terms of the Scheme, Northern will on the Implementation Date:

- (a) accept that transfer; and
- (b) provide the Scheme Consideration in accordance with the Scheme.

4.3 Ineligible Foreign Shareholders

Unless Northern and Redcliffe are satisfied, acting reasonably, that the laws of all relevant jurisdictions permit the issue of New Northern Shares to an Ineligible Foreign Shareholder either unconditionally or after compliance with requirements that are not unduly onerous, Northern has no obligation to allot or issue New Northern Shares to the Ineligible Foreign Shareholder under the Scheme and, instead, must procure that the New Northern Shares that would have otherwise been issued to the Ineligible Foreign Shareholder are issued to the Sale Agent for sale, and the net proceeds of sale will be distributed amongst those Ineligible Foreign Shareholders in accordance with the Scheme.

4.4 No amendment to Scheme

Redcliffe must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of Scheme without the prior written consent of Northern.

5 Termination

5.1 Termination

Without prejudice to any other rights of termination under this agreement, either party may terminate this agreement by written notice to the other party at any time before 5.00pm on the day before the Second Court Date if:

- (a) the other party is in material breach of any provision of this agreement (including any material breach of the representations and warranties given by that other party in clause 7), the party wishing to terminate has given written notice to the other party setting out the relevant circumstances and stating an intention to terminate, and the relevant circumstances continue to exist 5 Business Days (or any shorter period ending at 5.00pm on the day before the Second Court Date) from the time the notice is given; or
- (b) a Court or Government Agency has taken any action permanently restraining or otherwise prohibiting the Transaction, or has refused to do any thing necessary to permit the Transaction, and the action or refusal has become final and cannot be appealed.

5.2 Effect of termination

If this agreement is terminated by either Redcliffe or Northern under clauses 3 or 5, except to the extent that the termination results from a breach by either party of its obligations under this agreement, this agreement will become void and have no effect, without any liability or obligation on the part of Redcliffe or Northern, other than the provisions of clauses 7, 9 and 13, which will remain in force after termination.

6 Implementation

6.1 Obligations of both parties

Each party must:

- (a) **Regulatory approvals**
 - (1) promptly apply for all relevant Regulatory Approvals contemplated by clauses 3.1(a) and 3.1(d) and provide to the other a copy of all those applications;
 - (2) take all steps it is responsible for as part of the approval process, including responding to requests for information at the earliest practicable time; and
 - (3) provide the other party with all information reasonably requested in connection with the applications for Regulatory Approval,

but neither party is required to take any action which would require the divestiture of material assets of Redcliffe or Northern and their subsidiaries;
- (b) **Certificate:** at the hearing on the Second Court Date, provide to the Court a certificate confirming whether or not the conditions precedent in clause 3.1 (other than the condition in clause 3.1(c)) have been satisfied or waived in accordance with this agreement. A draft of such certificate shall be provided by each party to the other party by 5.00 pm on the Business Day prior to the Second Court Date; and

- (c) **Timing:** consult with each other regularly in relation to the Timetable for performing their respective obligations and use all reasonable endeavours and commit necessary resources so as to implement the Transaction as soon as reasonably practicable and substantially in accordance with the Timetable.

6.2 Redcliffe's obligations

Redcliffe must take all necessary steps to implement the Transaction as soon as is reasonably practicable, including doing any acts on behalf of Redcliffe Shareholders, and including each of the following:

- (a) **recommendation of the Scheme:** state, when the Transaction is announced (on the basis of representations made to it by each of the Redcliffe directors) that the Redcliffe directors present at the Board meeting at which it was resolved to enter into this agreement, unanimously:
- (1) consider that the Scheme is in the best interests of Redcliffe Shareholders;
 - (2) recommend that Redcliffe Shareholders vote in favour of the Scheme at the Scheme Meeting and approve the Scheme; and
 - (3) each director of Redcliffe that holds or controls Redcliffe Shares intends to cause those Redcliffe Shares to be voted in favour of the Scheme,
- subject to there being no Superior Proposal and to the Independent Expert concluding that the Scheme is in the best interests of Redcliffe Shareholders;
- (b) **Independent Expert:** promptly appoint the Independent Expert and provide all assistance and information reasonably requested by the Independent Expert in connection with the preparation of the Independent Expert's report for inclusion in the Scheme Booklet (including any Supplementary Independent Expert's reports);
- (c) **Scheme Booklet:** prepare a Scheme Booklet in accordance with all applicable laws and in particular with the Corporations Act, ASIC Regulatory Guide 60 (and all other regulatory guides) and the Listing Rules in consultation with Northern as to the content and presentation of the Scheme Booklet. This consultation must include allowing Northern reasonable opportunity to review and make comments on successive drafts of the Scheme Booklet prior to lodgement with ASIC and obtaining Northern's consent to the inclusion of the Northern Information and is subject to clause 6.3. The Scheme Booklet must also:
- (1) subject to clause 6.7, include a statement by the Redcliffe Board recommending that Redcliffe Shareholders vote in favour of the Scheme;
 - (2) include a statement that Redcliffe is responsible for the content of the Scheme Booklet other than, to the maximum extent permitted by law, the Northern Information and the Independent Expert's Report; and
 - (3) subject to clause 6.3(c), and provided it has consented to the form and content of the information in accordance with clause 6.3(c), include a statement that Northern is responsible for the Northern Information (and no other part of the Scheme Booklet);
- (d) **update Scheme Booklet:** promptly update the Scheme Booklet with any information that arises after the Scheme Booklet has been despatched and until the date of the Scheme Meetings that is necessary to ensure that the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;
- (e) **section 411(17)(b) statement:** apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (f) **approval of ASIC review draft:** as soon as practicable after preparation of an advanced draft of the Scheme Booklet for lodgement with ASIC, convene a meeting of the Redcliffe Board for the purpose of approving the Scheme Booklet for lodgement with ASIC;

- (g) **lodgement of draft Scheme Booklet with ASIC:** provide an advanced draft of the Scheme Booklet in a form reasonably acceptable to both parties to ASIC for its review and approval for the purposes of section 411(2) of the Corporations Act, and liaise with ASIC during the ASIC Review Period;
- (h) **ASIC Review Period:** during the ASIC Review Period, keep Northern informed of any matters raised by ASIC in relation to the Scheme Booklet, and use reasonable endeavours, in co-operation with Northern, to resolve any such matters;
- (i) **approval of Scheme Booklet:** as soon as practicable after the end of the ASIC Review Period, convene a meeting of the Redcliffe Board for the purpose of approving the Scheme Booklet for despatch to Redcliffe Shareholders;
- (j) **despatch Scheme Booklet:** despatch the Scheme Booklet, which complies with clause 6.2(c), in respect of the Scheme to Redcliffe Shareholders;
- (k) **court direction:** apply to the Court for orders directing Redcliffe to convene the Scheme Meeting;
- (l) **Scheme Meeting:** convene the Scheme Meeting to approve the Scheme, as directed by the Court;
- (m) **shareholder approval:** seek the approval of Redcliffe Shareholders for the Scheme;
- (n) **Court approval:** apply to the Court for orders approving the Scheme as approved by the Redcliffe Shareholders at the Scheme Meeting;
- (o) **lodge copy of Court order:** lodge with ASIC an office copy of the Court order approving the Scheme on the day such office copy is received (or such later date as agreed in writing between the parties) and:
 - (1) as soon as practicable thereafter, determine who are the Scheme Shareholders, and their entitlements to the Scheme Consideration as at the Record Date;
 - (2) on the Implementation Date register all transfers of Redcliffe Shares to Northern; and
 - (3) do all other things contemplated by or necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme;
- (p) **access to information:** provide to Northern and its authorised representatives reasonable access to employees, offices and other facilities, and to the books and records, of Redcliffe and its subsidiaries for the purpose of implementing the Transaction;
- (q) **proxy information:** between the date the Scheme Booklet is despatched and the day prior to the Scheme Meeting, on a daily basis, or otherwise as reasonably requested by Northern, provide Northern with details of proxies received in relation to the resolutions to be considered at the Scheme Meeting;
- (r) **Prescribed Occurrences:** between the date of this agreement and 5.00pm on the day before the Second Court Date, ensure that no Prescribed Occurrences occur except in accordance with this agreement; and
- (s) **time of the essence:** to the extent within the control of Redcliffe, ensure that the Implementation Date occurs in accordance with the timing set out in the Timetable. Redcliffe agrees the timing in the Timetable is of the essence and that a material breach of this clause 6.2(s) will entitle Northern to terminate this agreement by written notice to Redcliffe.

6.3 Disagreement on content of Scheme Booklet

If the parties disagree on the form or content of the Scheme Booklet:

- (a) they must consult in good faith to try to settle an agreed form of the Scheme Booklet; and

- (b) failing agreement within 5 Business Days, the dispute must be referred to the Chairmen of Northern and Redcliffe;
- (c) if within 5 Business Days of the referral to the Chairmen there is still no agreement between the parties, the final form and content of the Scheme Booklet must be determined by Redcliffe, acting reasonably and if Northern disagrees with the final form and content:
 - (1) Redcliffe must include a statement to that effect in the Scheme Booklet; and
 - (2) if Northern's concerns relate to Northern Information, Redcliffe must include a statement that Northern takes no responsibility for the relevant form or content to the extent that Northern disagrees with the final form or content.

6.4 Northern's obligations

Northern must execute all documents and do all acts and things within its power as may be necessary or desirable for the implementation of the Transaction on a basis consistent with this agreement, and in particular Northern must:

- (a) **Northern Information:** prepare and provide to Redcliffe the Northern Information for inclusion in the Scheme Booklet;
- (b) **update Northern Information:** promptly provide to Redcliffe any information that arises after the Scheme Booklet has been despatched and until the date of the Scheme Meeting that may be necessary to ensure that the Scheme Booklet, in relation to the Northern Information contained in it, does not, contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;
- (c) **Independent Expert's Report:** provide any assistance or information reasonably requested by Redcliffe or by the Independent Expert in connection with the preparation of the Independent Expert's Report or any Supplementary Independent's Expert Report if required;
- (d) **assistance:** provide any assistance or information reasonably requested by Redcliffe in connection with the preparation of the Scheme Booklet and any other document to be sent to Redcliffe Shareholders in order to facilitate shareholder approval of the Scheme;
- (e) **meeting of Northern Board:** as soon as practicable after the preparation of the advanced draft of the Scheme Booklet for lodgement with ASIC and as soon as practicable after the end of the ASIC Review Period and finalisation of the Scheme Booklet to be despatched to shareholders, obtain Northern Board approval of those sections of the Scheme Booklet that comprise the Northern Information;
- (f) **Deed Poll:** on or before the Business Day before the First Court Date, execute the Deed Poll in favour of Scheme Shareholders;
- (g) **Scheme Consideration:** if the Scheme becomes Effective, provide the New Northern Shares that comprise the Scheme Consideration in accordance with the Deed Poll on the Implementation Date;
- (h) **quotation of New Northern Shares:** make an application to the ASX for the official quotation of the New Northern Shares on the ASX as soon as practicable following the date of this agreement; and
- (i) **accuracy of Northern Information:** confirm to Redcliffe the accuracy of the Northern Information in the Scheme Booklet.

6.5 Conduct of business

From the date of this agreement up to and including the Implementation Date, Redcliffe and each of its Related Bodies Corporate must conduct their respective businesses in the ordinary and proper course of business and make all reasonable efforts to:

- (a) keep available the services of their officers and employees; and
- (b) preserve their relationships with customers, suppliers, licensors, licensees and others having business dealings with Redcliffe and any subsidiary of Redcliffe.

6.6 The Northern and Redcliffe Board

- (a) As soon as practicable after the Scheme becomes Effective, Northern must ensure that Rodney David Foster and Bruce John McFarlane are appointed to the Northern Board subject to:
 - (1) provision of a consent to act; and
 - (2) entering into an agreement with Northern on terms acceptable to Northern in relation to their appointment.
- (b) Redcliffe must, as soon as practicable:
 - (1) after the Second Court Date, take all actions necessary to cause the appointment of that number of nominees of Northern to the Redcliffe Board which gives those nominees acting together control of the Redcliffe Board; and
 - (2) after the Scheme Consideration has been paid, ensure that all directors on the Redcliffe Board other than the Northern nominees and Rodney David Foster and Joe Gehamopa Holloway resign.
- (c) Redcliffe represents and warrants to Northern that each director of Redcliffe, other than Rodney David Foster and Joe Gehamopa Holloway, has confirmed that he will resign as soon as practicable after the Scheme becomes Effective, provided that a proper board is constituted at all times.

6.7 Redcliffe Board recommendation

- (a) Subject to clause 6.7(b), Redcliffe must procure (so far as it is within its power and control to do so) that the Redcliffe Board unanimously recommends that Redcliffe Shareholders vote in favour of the Scheme in the absence of a Superior Proposal.
- (b) Redcliffe must procure that the Redcliffe Board collectively, and the members of the Redcliffe Board individually, give the recommendation set out in clause 6.7(a) and do not change, withdraw or modify its or their recommendation in favour of the Scheme unless:
 - (1) the Redcliffe Board determines in good faith (after receiving independent legal advice from its external legal advisors) that, by virtue of their fiduciary duties, they are required to change, withdraw or modify their recommendation;
 - (2) in the Independent Expert's Report or any Supplementary Independent Expert's Reports, the Independent Expert does not opine that the Scheme is in the best interests of Redcliffe Shareholders;
 - (3) Northern has materially breached any provision of this agreement, including if any Northern Information or any representation by Northern in clause 7.1 is or becomes materially misleading; or
 - (4) a Superior Proposal is announced which, at the conclusion of the period prescribed by clause 10.5(c), remains a Superior Proposal.
- (c) If any director of Redcliffe or the Redcliffe Board proposes to change its recommendation in accordance with clause 6.7(b):
 - (1) Redcliffe must notify Northern in writing not less than 3 Business Days before the Redcliffe Board, or one or more Redcliffe directors, announces a change, withdrawal or modification recommendation, that such a change, withdrawal or modification to the recommendation is to occur; and
 - (2) the parties must consult in good faith to consider and determine whether the recommendation in place at that time can be maintained.

7 Representations and undertakings

7.1 Northern's representations

Northern represents and warrants to Redcliffe (in its own right and separately as trustee or nominee for each of the other Indemnified Parties) that:

- (a) the Northern Information provided to Redcliffe for inclusion in the Scheme Booklet will be provided in good faith and on the understanding that each of the Indemnified Parties will rely on that information to prepare the Scheme Booklet and to propose and implement the Scheme in accordance with the Corporations Act;
- (b) the Northern Information provided under clause 6.4(a) in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Redcliffe Shareholders, will not contain any statement which is materially misleading or deceptive including by way of omission from that statement;
- (c) Northern will, as a continuing obligation, provide to Redcliffe all further or new information which arises after the Scheme Booklet has been despatched until the date of the Scheme Meeting which is necessary to ensure that there would be no breach of clause 7.1(b) if it applied as at the date on which that information arose;
- (d) the execution and delivery of this agreement has been properly authorised by all necessary corporate action of Northern;
- (e) Northern has full corporate power and lawful authority to execute, deliver and perform this agreement; and
- (f) this agreement does not conflict with or result in the breach of or default under Northern's constitution or any other agreement or any writ, order or injunction, judgment, law, rule or regulation to which it is party or by which it is bound.

7.2 Northern's indemnity

Northern agrees with Redcliffe (in its own right and separately as trustee or nominee for each of the other Indemnified Parties) to indemnify the Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which any of the Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the representations and warranties in clause 7.1.

7.3 Redcliffe's representations

Redcliffe represents and warrants to Northern and its directors and officers (in its own right and separately as trustee or nominee for each of the Northern directors and officers) that:

- (a) no information (other than the Northern Information) contained in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Redcliffe Shareholders, will contain any statement which is materially misleading or deceptive, including by way of omission from that statement;
- (b) the execution and delivery of this agreement has been properly authorised by all necessary corporate action of Redcliffe;
- (c) Redcliffe has full corporate power and lawful authority to execute and deliver this agreement and to perform or cause to be performed its obligations under this agreement;
- (d) this agreement does not conflict with or result in the breach of or default under any provision of Redcliffe's constitution or any material term or provision of any agreement or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it is bound;

- (e) Redcliffe has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and, other than for this Transaction, it is not relying on the carve-out in Listing Rule 3.1 to withhold any material information from public disclosure; and
- (f) as at the date of this agreement the only securities on issue are:
 - (1) 213,652,381 Redcliffe Shares;
 - (2) 400,000 Redcliffe Partly Paid Shares;
 - (3) 15,000,000 Redcliffe Unlisted Options; and
 - (4) 5 Redcliffe Convertible Notes.

7.4 Redcliffe's indemnity

Redcliffe agrees with Northern (in its own right and separately as trustee or nominee for each of Northern's directors and officers) to indemnify Northern and its directors and officers from any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising which Northern or any of its directors or officers suffers, incurs or is liable for arising out of any breach of any of the representations and warranties in clause 7.3.

7.5 Survival of representations

Each representation and warranty in clauses 7.1 and 7.3:

- (a) is severable;
- (b) survives the termination of this agreement; and
- (c) is given with the intention that liability under it is not confined to breaches which are discovered before the date of termination of this agreement.

7.6 Survival of indemnities

Each indemnity in this agreement (including those in clauses 7.2 and 7.3(f)(4)):

- (a) is severable;
- (b) is a continuing obligation;
- (c) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this agreement; and
- (d) survives the termination of this agreement.

8 Public announcements

8.1 Announcement of Scheme

Immediately after the execution of this agreement, Redcliffe and Northern must each issue a public announcement in an agreed form, including the matters contemplated in clause 6.2(a).

8.2 Public announcement and submissions

- (a) Subject to clause 8.3, no public announcement in connection with any Transaction Document or the Scheme may be made other than in a form approved by both parties.
- (b) No submission for any Regulatory Approval under this agreement may be made by one party without reasonable consultation with the other party.

- (c) Each party must use all reasonable endeavours to provide the approval and constructively participate in the consultation contemplated by clauses 8.2(a) and (b) as soon as practicable.

8.3 Required disclosure

If a party is required by law or the Listing Rules to make any announcement or disclosure relating to matter the subject of a Transaction Document or the Scheme, it may do so only after it has given the other party at least 1 Business Day notice (or any lesser period of notice required or permitted by the effect of a legal obligation), but in any event prior notice must be given to the other party and the party must consult to the fullest extent possible with the other party regarding the form and content of the announcement or disclosure.

9 Confidentiality

9.1 Confidentiality Agreement

Each party acknowledges and agrees that it continues to be bound by the Confidentiality Agreement in respect of all information received by it from the other party before or after the date of this agreement.

9.2 Survival of obligations

The rights and obligations of the parties under the Confidentiality Agreement survive termination of this agreement.

9.3 Takeover bid

Despite any provision of the Confidentiality Agreement, Northern is not precluded from making a takeover bid for Redcliffe if a third party makes an unsolicited offer for Redcliffe.

10 No-shop and no-talk obligation

10.1 No-shop obligation

During the Exclusivity Period, Redcliffe must ensure that neither it, nor any of its related bodies corporate and their employees, officers, agents, advisers or financiers directly or indirectly solicit, invite, encourage (including by way of providing information concerning Redcliffe to any person), initiate or participate in any negotiations or discussions, or communicate any intention to do any of these things, in respect of or in response to any expression of interest, offer or proposal by any person other than Northern to enter into, or otherwise effect or pursue a Competing Transaction.

10.2 No-talk obligation

During the Exclusivity Period, Redcliffe must ensure that neither it nor any of its related bodies corporate and their employees, officers, agents, advisers or financiers enter into, permit, continue or participate in, negotiations or discussions with any person other than Northern regarding a Competing Transaction, even if:

- (a) the Competing Transaction was not directly or indirectly solicited, invited, initiated, or encouraged by Redcliffe or any of its employees, officers or agents; or
- (b) the Competing Transaction has been publicly announced.

10.3 Fiduciary carve out

- (a) Subject to clause 10.5, Redcliffe may undertake any action that would otherwise be prohibited by clause 10.1 in relation to a bone fide Competing Transaction that was not solicited by it and was not otherwise brought about as a result of any breach by it of its obligations under this clause 10, where its board of directors, acting in good faith, determines:
- (b) after having taken advice from Redcliffe's legal advisor, that not undertaking that act would involve a breach of the statutory or fiduciary duties owed by any director or would otherwise be unlawful; and
- (c) after having taken advice from Redcliffe's legal advisor and financial advisor, that the Competing Proposal is, or may reasonable be expected to lead to, a Superior Proposal.

10.4 Notification of approaches

- (a) During the Exclusivity Period, Redcliffe must notify Northern promptly if it becomes aware of any:
 - (1) negotiations or discussions;
 - (2) approach or attempt to initiate any negotiations or discussions; or
 - (3) intention to make such an approach or attempt to initiate any negotiations or discussions,in respect of any expression of interest, offer or proposal of a kind referred to in clause 10.1.
- (b) A notice given under this clause 10.4 must set out all relevant details of the relevant event, including the identity of the person or persons taking any action referred to in clause 10.4(a)(1) or 10.4(a)(2) and the terms and conditions of any Competing Transaction or any proposed Competing Transaction (to the extent known).

10.5 Acting on a Competing Transaction

During the Exclusivity Period, Redcliffe may only enter into any legally binding agreement in relation to a Competing Transaction, and the Redcliffe Board may only publicly recommend a Competing Transaction, if:

- (a) Redcliffe gives Northern a notice under clause 10.4;
- (b) the Redcliffe Board, acting in good faith, determines:
 - (1) after consultation with its financial advisors, that the Competing Transaction is a Superior Proposal (taking into account all aspects of the Competing Transaction and the Transaction); and
 - (2) after receiving independent legal advice from its external advisers, that the Redcliffe Board is required to respond to the Competing Transaction in order to comply with its fiduciary or statutory obligations; and
- (c) Redcliffe has given Northern 5 Business Days to negotiate amendments to this agreement and the Scheme for the purpose of making the Scheme a superior transaction to the Superior Proposal.

10.6 No due diligence

Without limiting the general nature of clause 10.1, during the Exclusivity Period, Redcliffe must not without Northern's prior written consent:

- (a) solicit, initiate or permit any party (other than Northern or its agents) to undertake due diligence investigations on Redcliffe or any of its subsidiaries where to do so would involve a breach of clause 10.1; or

- (b) make available to any other person (other than Northern or its agents) or permit any such person to receive any non-public information relating to Northern or any of its subsidiaries where to do so would be a breach of clause 10.1.

This clause 10.5 does not prevent Redcliffe providing information to the ASX or Redcliffe's auditors and advisers acting in that capacity in the ordinary course of business or to otherwise effect the Transaction.

10.7 Equal access to information

If Redcliffe or any of its subsidiaries (or any director, officer, employee, or adviser of Redcliffe or a subsidiary) provides any information relating to Redcliffe, any of its subsidiaries or any of their business or operations to any person in connection with or for the purposes of a current or future Competing Transaction, it must promptly provide to Northern a complete copy of that information if it has not already done so.

10.8 Warranty and representation

Redcliffe represents and warrants to Northern that, as at the date of this agreement:

- (a) no agreement, arrangement or understanding exists in relation to any expression of interest, offer or proposal of the kind referred to in clause 10.1; and
- (b) none of Redcliffe, any subsidiary of Redcliffe, or any director, officer, employer or adviser of any of them is participating, directly or indirectly, in any discussions or negotiations with a person other than Northern that concern, or that could reasonably be expected to lead to a Competing Transaction.

11 Conduct of Court proceedings

- (a) Redcliffe and Northern are entitled to separate representation at all Court and PNG Court proceedings affecting the Transaction.
- (b) This agreement does not give Redcliffe or Northern any right or power to give undertakings to the Court for or on behalf of the other party without that party's consent.
- (c) Redcliffe and Northern must give all undertakings to the Court in all Court proceedings which are reasonably required to obtain Court approval and confirmation of the Transaction as contemplated by this agreement.

12 Duty, costs and expenses

12.1 Stamp duty

Northern must:

- (a) pay all stamp duties and any fines and penalties with respect to stamp duty in respect of this agreement or the Scheme or the steps to be taken under this agreement or the Scheme; and
- (b) indemnify Redcliffe against any liability arising from failure to comply with clause 12.1(a).

12.2 Costs and expenses

Except as otherwise provided in this agreement, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution and performance of this agreement and the proposed, attempted or actual implementation of this agreement, the Scheme and the Transaction Documents.

13 General

13.1 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this agreement, except for representations or inducements expressly set out in this agreement.
- (b) Each party acknowledges and confirms that it does not enter into this agreement in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this agreement.
- (c) Each party acknowledges and confirms that clauses 13.1(a) and (b) do not prejudice any rights a party may have in relation to information which has been filed by the other party with the ASIC or ASX.

13.2 No merger

The rights and obligations of the parties do not merge on completion of the Transaction. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

13.3 Consents

Any consent referred to in, or required under, this agreement from any party may not be unreasonably withheld, unless this agreement expressly provides for that consent to be given in that party's absolute discretion.

13.4 Notices

Any communication under or in connection with this agreement:

- (a) must be in writing;
- (b) must be addressed as shown below:

Redcliffe

Name:	Redcliffe Resources Limited
Address:	523 Ligar Street, Ballarat, Vic 3355
Fax no:	+61 3 5333 1667
For the attention of:	Rodney Foster
Email:	rodney.foster@bigpond.com

Northern

Name:	Northern Manganese Limited
Address:	Level 3, South Mill Centre 9 Bowmen Street, South Perth, WA 6151
Fax no:	+61 8 9368 6441
For the attention of:	Lloyd Jones
Email:	ljones@northernmanganese.com.au

(or as otherwise notified by that party to the other party from time to time);

- (c) must be signed by the party making the communication or by a person duly authorised by that party;
- (d) must be delivered, posted by prepaid post to the address, sent by fax to the number or sent by email to the email address, of the addressee, in accordance with clause 13.4(b); and
- (e) is regarded as received by the addressee:
 - (1) if sent by prepaid post, on the third Business Day after the date of posting to an address within Australia, and on the fifth Business Day after the date of posting to an address outside Australia;
 - (2) if sent by fax, at the local time (in the place of receipt of that fax) which then equates to the time at which that fax is sent as shown on the transmission report which is produced by the machine from which that fax is sent and which confirms transmission of that fax in its entirety, unless that local time is not a Business Day, or is after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day;
 - (3) if sent by email at the local time (in place of receipt of that email) which equates to the time at which that email is sent (unless receipt is not confirmed) unless that local time is not a Business Day, or is after 5 PM on a Business Day, when that communication will be deemed to be received at 9 am on the next Business Day; and
 - (4) if delivered by hand, on delivery at the address of the addressee as provided in clause 13.4(b), unless delivery is not made on a Business Day, or after 5.00pm on a Business Day, when that communication will be regarded as received at 9.00am on the next Business Day.

13.5 Governing law and jurisdiction

- (a) This agreement is governed by the laws of Western Australia.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and courts competent to hear appeals from those courts.

13.6 Waivers

- (a) Failure to exercise or enforce, a delay in exercising or enforcing, or the partial exercise or enforcement of any right, power or remedy provided by law or under this agreement by any party does not in any way preclude, or operate as a waiver of, any exercise or enforcement, or further exercise or enforcement, of that or any other right, power or remedy provided by law or under this agreement.
- (b) Any waiver or consent given by any party under this agreement is only effective and binding on that party if it is given or confirmed in writing by that party.
- (c) No waiver of a breach of any term of this agreement operates as a waiver of another breach of that term or of a breach of any other term of this agreement.

13.7 Variation

This agreement may only be varied by a document signed by or on behalf of each of the parties.

13.8 Assignment

A party may not assign, novate or otherwise transfer any of its rights or obligations under this agreement without the prior written consent of the other party.

13.9 Further action

Each party will do all things and execute all further documents necessary to give full effect to this agreement.

13.10 Entire agreement

This agreement supersedes all previous agreements in respect of its subject matter and embodies the entire agreement between the parties.

13.11 Counterparts

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this agreement by signing any counterpart.

Schedules

Table of contents

1. Timetable	27
2. Scheme	28
3. Share Deed Poll	42

Schedule 1

Timetable

Event	Day
Announcement and signing of the Scheme Implementation Agreement	1
Redcliffe to provide first draft of Scheme Booklet to Northern for comments	21
Redcliffe to provide second draft of Scheme Booklet to Northern for comments	35
First complete draft of Scheme Booklet (including first draft of the Independent Expert's Report) finalised and provided to Northern for comments	42
Scheme Booklet complete and provided to ASIC	50
First Court hearing	65
Dispatch of Scheme Booklet	72
Scheme Meeting	102
Second Court hearing	106
Effective Date	107
Record Date	113
Implementation Date	120

Schedule 2

Scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Redcliffe Resources Limited (ARBN 010 856 014) of 523 Ligar Street,
Ballarat, Victoria 3355
(Redcliffe)

Each person registered as a holder of Redcliffe Shares in the Share
Register as at the Record Date (other than the Excluded
Shareholders)
(Scheme Shareholders)

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day that is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.
CHESS	the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).

Term	Meaning
Court	the Supreme Court of Western Australia, the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Northern and Redcliffe.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which Northern covenants in favour of the Scheme Shareholders to perform its obligations under this Scheme.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	28 February 2016.
Excluded Shareholder	Northern.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Record Date, or such other day as Redcliffe and Northern agree.
Implementation Deed	the scheme implementation deed dated 18 August 2015 between Redcliffe and Northern relating to the implementation of this Scheme.
Ineligible Foreign Shareholder	a Scheme Shareholder whose address shown in the Share Register is a place outside Australia and its external territories, Papua New Guinea or New Zealand and other places agreed in writing between Redcliffe and Northern.
New Northern Share	a fully paid ordinary share in Northern to be issued to Scheme Shareholders under this Scheme.
Northern	Northern Mining Limited (ACN 119 494 772) of Level 2, South Mill Centre, 9 Bowman Street, South Perth Western Australia 6151.
Northern Register	the register of shareholders maintained by Northern or its agent.

Term	Meaning
Record Date	5.00pm on the fifth Business Day after the Effective Date.
Redcliffe	Redcliffe Resources Limited (ARBN 010 856 014).
Redcliffe Fully Paid Share	a fully paid ordinary share in the capital of Redcliffe.
Redcliffe Partly Paid Share	a partly paid ordinary share in the capital of Redcliffe issued at an issue price of \$2.525 each and convertible to a Redcliffe Fully Paid Share upon a further payment of \$2.50 (figures adjusted for post-issue consolidation of the partly paid ordinary shares)..
Redcliffe Registry	Link Market Services Pty Ltd
Redcliffe Share	the Redcliffe Fully Paid Shares and the Redcliffe Partly Paid Shares (each of which is a Redcliffe Share).
Redcliffe Shareholder	a person who is registered as the holder of a Redcliffe Share.
Registered Address	in relation to a Redcliffe Shareholder, the address shown in the Share Register as at the Record Date.
Sale Agent	a person appointed by Northern after consultation with Redcliffe to sell the New Northern Shares that are to be issued under clause 5.4(a)(1) of this Scheme.
Scheme	this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Redcliffe and Northern.
Scheme Consideration	<ul style="list-style-type: none"> • for each 2.75 Redcliffe Fully Paid Shares held by a Scheme Shareholder at the Record Date – 1 Northern Shares; and • for every 275 Partly Paid Redcliffe Shares held by a Scheme Shareholder at the Record Date – 1 Northern Share, subject to rounding in accordance with the Scheme.
Scheme Meeting	the meeting of Redcliffe Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Scheme Shares	all Redcliffe Shares held by the Scheme Shareholders as at the Record Date.
Scheme Shareholder	a holder of Redcliffe Shares recorded in the Share Register as at the

Term	Meaning
	Record Date (other than an Excluded Shareholder).
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Northern, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard.
Share Register	the register of members of Redcliffe maintained in accordance with the Corporations Act.
subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them;
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is a reference to that time in Perth, Western Australia;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;

- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and
- (p) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2 Preliminary matters

- (a) Redcliffe is a public company limited by shares, registered in Papua New Guinea Registered Number 1-13756, and is admitted to the official list of the ASX. Redcliffe Shares are quoted for trading on the ASX.
- (b) As at 18 August 2015, 213,652,381 Redcliffe Fully Paid Shares and 400,000 Redcliffe Partly Paid Shares were on issue.
- (c) Northern is a public company limited by shares incorporated in Western Australia.
- (d) If this Scheme becomes Effective:
 - (1) Northern will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll; and
 - (2) all the Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Northern and Redcliffe will enter the name of Northern in the Share Register in respect of the Scheme Shares.
- (e) Redcliffe and Northern have agreed, by executing the Implementation Deed, to implement this Scheme.
- (f) This Scheme attributes actions to Northern but does not itself impose an obligation on it to perform those actions. Northern has agreed, by executing the Deed Poll, to perform the actions attributed to it under this Scheme, including the providing or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Redcliffe and Northern;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Redcliffe and Northern;
- (e) any consent or approval determined to be required under clause 3.3 of the Implementation Deed; and
- (f) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date Redcliffe and Northern agree in writing).

3.2 Certificate

- (a) Redcliffe and Northern will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.

4 Implementation of the Scheme

4.1 Lodgement of Court orders with ASIC

Redcliffe will lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving the Scheme as soon as possible and in any event by 5.00pm on the day Redcliffe receives the office copy of the Court order (or such later date as agreed between Redcliffe and Northern).

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Northern, without the need for any further act by any Scheme Shareholder (other than acts performed by Redcliffe as attorney and agent for Scheme Shareholders under clause 8.5), by:

- (1) Redcliffe delivering to Northern a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Redcliffe, for registration; and
 - (2) Northern duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Redcliffe for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), Redcliffe must enter, or procure the entry of, the name of Northern in the Share Register in respect of all the Scheme Shares transferred to Northern in accordance with this Scheme.

5 Scheme Consideration

5.1 Amount of Scheme

Each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder.

5.2 Provision of Scheme Consideration

Northern must, subject to clauses 5.3, 5.4 and 5.5:

- (a) on the Implementation Date, issue the New Northern Shares to which each Scheme Shareholder is entitled under this clause 5 and procure that the name and address of each Scheme Shareholder is entered in the Northern Register in respect of those New Northern Shares; and
- (b) procure that on or before the date that is two Business Days after the Implementation Date, a share certificate or holding statement (or equivalent document) is sent to the Registered Address of each Scheme Shareholder representing the number of New Northern Shares issued to the Scheme Shareholder pursuant to this Scheme.

5.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) the New Northern Shares to be issued under this Scheme must be issued to and registered in the names of the joint holders;
- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Share Register as at the Record Date; and
- (c) any other document required to be sent under this Scheme, will be forwarded to the holder whose name appears first in the Share Register as at the Record Date.

5.4 Ineligible Foreign Shareholders

- (a) Northern will be under no obligation to issue any New Northern Shares under this Scheme to any Ineligible Foreign Shareholder and instead:
 - (1) subject to clause 5.5, Northern must, on or before the Implementation Date, issue the New Northern Shares which would otherwise be required to be issued to the Ineligible Foreign Shareholders under this Scheme to the Sale Agent;
 - (2) Northern must procure that as soon as reasonably practicable after the Implementation Date, the Sale Agent, in consultation with Northern sells or procures the sale of all the New Northern Shares issued to the Sale Agent and remits to Redcliffe the proceeds of the sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (**Proceeds**);

- (3) promptly after receiving the Proceeds in respect of the sale of all of the New Northern Shares referred to in clause 5.4(a)(1), Redcliffe must pay, or procure the payment, to each Ineligible Foreign Shareholder, of the amount 'A' calculated in accordance with the following formula and rounded down to the nearest cent:

$$A = (B \div C) \times D$$

where

B = the number of New Northern Shares that would otherwise have been issued to that Ineligible Foreign Shareholder had it not been an Ineligible Foreign Shareholder and which are issued to the Sale Agent;

C = the total number of New Northern Shares which would otherwise have been issued to all Ineligible Foreign Shareholders and which are issued to the Sale Agent; and

D = the Proceeds (as defined in clause 5.4(a)(2)).

- (b) None of Northern, Redcliffe or the Sale Agent gives any assurance as to the price that will be achieved for the sale of New Northern Shares described in clause 5.4(a). The sale of the New Northern Shares under this clause 5.4 will be at the risk of the Ineligible Foreign Shareholders.
- (c) Redcliffe must make payments to Ineligible Foreign Shareholders under clause 5.4(a) by dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Ineligible Foreign Shareholder by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Ineligible Foreign Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.3).
- (d) If Redcliffe receives professional advice that any withholding or other tax is required by law to be withheld from a payment to an Ineligible Foreign Shareholder, Redcliffe is entitled to withhold the relevant amount before making the payment to the Ineligible Foreign Shareholder (and payment of the reduced amount shall be taken to be full payment of the relevant amount for the purposes of this Scheme including clause 5.4(a)(3)). Redcliffe must pay any amount so withheld to the relevant taxation authorities within the time permitted by law, and, if requested in writing by the relevant Ineligible Foreign Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Ineligible Foreign Shareholder.
- (e) Each Ineligible Foreign Shareholder appoints Redcliffe as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Shareholders under the Corporations Act.
- (f) Payment of the amount calculated in accordance with clause 5.4(a) to an Ineligible Foreign Shareholder in accordance with this clause 5.4 satisfies in full the Ineligible Foreign Shareholder's right to Scheme Consideration.
- (g) Where the issue of New Northern Shares to which a Scheme Shareholder would otherwise be entitled under this Scheme would result in a breach of law:
- (1) Northern will issue the maximum possible number of New Northern Shares to the Scheme Shareholder without giving rise to such a breach; and
 - (2) any further New Northern Shares to which that Scheme Shareholder is entitled, but the issue of which to the Scheme Shareholder would give rise to such a breach, will instead be issued to the Sale Agent and dealt with under the preceding provisions in this clause 5.4, as if a reference to Ineligible Foreign Shareholders also included that Scheme Shareholder and references to that person's New Northern Shares in that clause were limited to the New Northern Shares issued to the Sale Agent under this clause.

5.5 Fractional entitlements and splitting

- (a) Where the calculation of the number of New Northern Shares to be issued to a particular Scheme Shareholder would result in the issue of a fraction of a New Northern Share any fractional entitlement will be rounded down to the nearest whole number of New Northern Shares.

5.6 Unclaimed monies

- (a) Redcliffe may cancel a cheque issued under this clause 5 if the cheque:
- (1) is returned to Redcliffe; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request from a Scheme Shareholder, Redcliffe must reissue a cheque that was previously cancelled under this clause.

5.7 Orders of a court

If:

- (a) written notice is given to Redcliffe (or the Redcliffe Registry) of an order made by a court of competent jurisdiction that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Redcliffe in accordance with this clause 5, then Redcliffe shall be entitled to procure that payment is made in accordance with that order; or
- (b) written notice is given to Redcliffe (or the Redcliffe Registry) of an order made by a court of competent jurisdiction that prevents Redcliffe from making a payment by Redcliffe to any particular Scheme Shareholder in accordance with this Scheme or such payment is otherwise prohibited by applicable law, Redcliffe shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as payment in accordance with this clause 5 is permitted by that order or otherwise by law.

5.8 Status of New Northern Shares

Subject to this Scheme becoming Effective, Northern must:

- (a) issue the New Northern Shares required to be issued by it under this Scheme on terms such that each such New Northern Share will rank equally in all respects with each existing Northern Share;
- (b) ensure that each such New Northern Share is duly and validly issued in accordance with all applicable laws and Northern's constitution, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under Northern's constitution); and
- (c) use all reasonable endeavours to ensure that such New Northern Shares are, from the Business Day following the date the Scheme becomes Effective (or such later date as ASX requires), quoted for trading on the ASX initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

6 Dealings in Redcliffe Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Redcliffe Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESSE, the transferee is registered in the Share Register as the holder of the relevant Redcliffe Shares on or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Record Date at the place where the Share Register is kept,

and Redcliffe will not accept for registration, nor recognise for any purpose (except a transfer to Northern pursuant to the Scheme and any subsequent transfer by Northern or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) Redcliffe must register registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) on or before the Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Redcliffe to register a transfer that would result in an Redcliffe Shareholder holding a parcel of Redcliffe Shares that is less than a 'marketable parcel' (as defined in the Operating Rules of the ASX).
- (b) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Redcliffe shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Redcliffe must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Redcliffe Shares (other than statements of holding in favour of any Excluded Shareholders) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Redcliffe Shares relating to that entry.
- (e) As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, Redcliffe will ensure that details of the names, Registered Addresses and holdings of Redcliffe Shares for each Scheme Shareholder as shown in the Share Register are available to Northern in the form Northern reasonably requires.

7 Quotation of Redcliffe Shares

- (a) Redcliffe will apply to ASX to suspend trading on the ASX in Redcliffe Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Northern, Redcliffe will apply:
 - (1) for termination of the official quotation of Redcliffe Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to the Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions:

- (a) Redcliffe may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Northern has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Redcliffe has consented to.

8.2 Scheme Shareholders' agreements and warranties

(a) Each Scheme Shareholder:

- (1) agrees to the transfer of their Redcliffe Shares together with all rights and entitlements attaching to those Redcliffe Shares in accordance with the Scheme;
- (2) agrees to become a shareholder in Northern and to be bound by the constitution of Northern; and
- (3) acknowledges that the Scheme binds Redcliffe and all Scheme Shareholders (including those who do not attend the Scheme Meeting or those who do not vote, or vote against the Scheme, at the Scheme Meeting).

(b) Each Scheme Shareholder is taken to have warranted to Redcliffe and Northern, and appointed and authorised Redcliffe as its attorney and agent to warrant to Northern, that all their Redcliffe Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid (to the extent they are Redcliffe Fully Paid Shares) and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Redcliffe Shares to Northern together with any rights attaching to those shares. Redcliffe undertakes that it will provide such warranty to Northern as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) On and from the Effective Date, Northern will be beneficially entitled to the Scheme Shares to be transferred to it under the Scheme pending registration by Redcliffe of Northern in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

On the Implementation Date, and until Redcliffe registers Northern as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Northern as attorney and agent (and directed Northern in each such capacity) to appoint any director, officer, secretary or agent nominated by Northern as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;

- (b) no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Northern reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), Northern and any director, officer, secretary or agent nominated by Northern under clause 8.4(a) may act in the best interests of Northern as the intended registered holder of the Scheme Shares.

8.5 Authority given to Redcliffe

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Redcliffe and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Northern, and Redcliffe undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Northern on behalf of and as agent and attorney for Scheme Shareholders; and
- (b) on the Implementation Date, irrevocably appoints Redcliffe and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Redcliffe accepts each such appointment. Redcliffe as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

8.6 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Shareholder to Redcliffe binding or deemed binding between the Scheme Shareholder and Redcliffe relating to Redcliffe or Redcliffe Shares (including any email addresses, instructions relating to communications from Redcliffe, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from Redcliffe) will be deemed from the Implementation Date (except to the extent determined otherwise by Northern in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Northern and to be a binding instruction, notification or election to, and accepted by, Northern in respect of the New Northern Shares issued to that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to Northern at its registry.

8.7 Binding effect of Scheme

This Scheme binds Redcliffe and all of the Scheme Shareholders (including those who did not attend the meeting of Redcliffe Shareholders to vote on this Scheme, did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of Redcliffe.

9 General

9.1 Stamp duty

Northern will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1.

9.2 Consent

Each of the Scheme Shareholders consents to Redcliffe doing all things necessary or incidental to the implementation of this Scheme.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Redcliffe, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Redcliffe's registered office or at the office of the Redcliffe Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Redcliffe Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) The Scheme is governed by the laws in force in Western Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Redcliffe must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Neither Redcliffe nor Northern, nor any director, officer or secretary of any of those companies, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Attachment 1

Share Deed Poll

Schedule 3

Share Deed Poll

Date ►

This deed poll is made

By Northern Manganese Limited
ACN 119 494 772 of Level 3, South Mill Centre, 9 Bowman Street,
South Perth, Western Australia 6151
(Northern)

in favour of each person registered as a holder of Redcliffe Shares in the Share Register as at the Record Date (other than the Excluded Shareholders).

Recitals

- 3 Redcliffe and Northern entered into the Implementation Deed.
- 4 In the Implementation Deed, Northern agreed to enter into this deed poll.
- 5 Northern is entering into this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform its obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
Implementation Deed	the scheme implementation deed entered into between Redcliffe and Northern dated ##.
Scheme	the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Redcliffe and the Scheme Shareholders, the form of which is set out in Attachment 1.

- (b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Section 2 of Schedule 1 of the Scheme applies to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Northern acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Redcliffe and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against Northern.

2 Conditions to obligations

2.1 Conditions

The obligations of Northern under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Northern under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the End Date.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Northern is released from its obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against Northern in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to issue Scheme Consideration

Subject to clause 2, Northern undertakes in favour of each Scheme Shareholder to:

- (a) provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme; and
- (b) undertake all other actions attributed to it under the Scheme, subject to and in accordance with the provisions of the Scheme.

3.2 Shares to rank equally

Northern covenants in favour of each Scheme Shareholder that the New Northern Shares that are issued to each Scheme Shareholder in accordance with the Scheme will:

- (a) rank equally with all existing Northern Shares; and
- (b) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the constitution of Redcliffe).

4 Warranties

Northern represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of the constitution of Northern, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Northern has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to Northern in accordance with the details set out below (or any alternative details nominated by Northern by Notice).

Attention	Lloyd Jones Managing Director
------------------	----------------------------------

Address	Level 3, South Mill Centre, 9 Bowman Street, South Perth, WA 6005
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Fax no	+61 8 9368 6441
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6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.

6.3 Notice must not be given by email or other electronic communication

A Notice must not be given by email or other electronic means of communication (other than fax as permitted in clause 6.2).

7 General

7.1 Stamp duty

Northern:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in Western Australia.
- (b) Northern irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Northern irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

- (a) Northern may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of Northern as a waiver of any right unless the waiver is in writing and signed by Northern.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the first day on which an application is made to the Court for an order under section 411(4)(a) of the Corporations Act convening a meeting of Redcliffe Shareholders to vote on the Scheme (**First Court Date**), the variation is agreed to by Redcliffe; or
- (b) if on or after the First Court Date, the variation is agreed to by Redcliffe and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Northern will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of Northern and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to Northern and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Northern.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Further action

Northern must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

Attachment 1

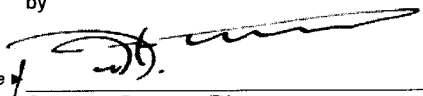
Scheme

Signing page

Executed as a deed poll


Northern

Signed sealed and delivered by
Northern Manganese Limited (ACN 119 494 772)
by

sign here 

Company Secretary/Director

print name Robert Marusco

sign here ► 

Director

print name Lloyd Jones

Signing page

Executed as an agreement

Redcliffe

Signed by
Redcliffe Resources Limited
(ARBN 010 856 014)
by

sign here ► _____
Company Secretary/Director

print name _____

sign here ► _____
Director

print name _____

Signing page

Executed as an agreement

Redcliffe

Signed by
Redcliffe Resources Limited
(ARBN 010 856 014)
by

sign here ► 
Company Secretary/Director

print name RODNEY DAVID FOSTER

sign here ► 
Director

print name BRUCE JOHN MCFARLANE

Northern

Signed by
Northern Manganese Limited
(ACN 119 494 772)
by

sign here ► _____
Company Secretary/Director

print name _____

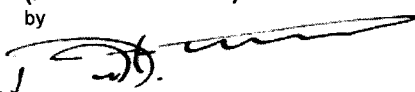
sign here ► _____
Director

print name _____

Northern


Signed by
Northern Manganese Limited
(ACN 119 494 772)

by

sign here 

Company Secretary

print name Robert Marusco

sign here ► 

Director

print name Lloyd Jones

Annexure C – Scheme

Scheme

This scheme of arrangement is made under section 411 of the *Corporations Act 2001* (Cth)

Between the parties

Redcliffe Resources Limited (ARBN 010 856 014) of 523 Ligar Street,
Ballarat, Victoria 3355

(Redcliffe)

Each person registered as a holder of Redcliffe Shares in the Share
Register as at the Record Date (other than the Excluded
Shareholders)

(Scheme Shareholders)

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this Scheme are set out below.

Term	Meaning
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day that is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.
CHESS	the Clearing House Electronic Sub-register System operated by ASX Settlement Pty Ltd and ASX Clear Pty Limited.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).

Term	Meaning
Court	the Supreme Court of Western Australia, the Federal Court of Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Northern and Redcliffe.
Deed Poll	the deed poll substantially in the form of Attachment 1 under which Northern covenants in favour of the Scheme Shareholders to perform its obligations under this Scheme.
Effective	when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act, of the Court order made under section 411(4)(b) of the Corporations Act in relation to this Scheme.
Effective Date	the date on which this Scheme becomes Effective.
End Date	31 March 2016.
Excluded Shareholder	Northern.
Government Agency	any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state, or any other federal, state, provincial, local or other government, whether foreign or Australian.
Implementation Date	the fifth Business Day after the Record Date, or such other day as Redcliffe and Northern agree.
Implementation Deed	the scheme implementation deed dated 18 August 2015 between Redcliffe and Northern relating to the implementation of this Scheme.
Ineligible Foreign Shareholder	a Scheme Shareholder whose address shown in the Share Register is a place outside Australia and its external territories, Papua New Guinea or New Zealand and other places agreed in writing between Redcliffe and Northern.
New Northern Share	a fully paid ordinary share in Northern to be issued to Scheme Shareholders under this Scheme.
Northern	Northern Mining Limited (ACN 119 494 772) of Level 2, South Mill Centre, 9 Bowman Street, South Perth Western Australia 6151.
Northern Register	the register of shareholders maintained by Northern or its agent.

Term	Meaning
Record Date	5.00pm on the fifth Business Day after the Effective Date.
Redcliffe	Redcliffe Resources Limited (ARBN 010 856 014).
Redcliffe Fully Paid Share	a fully paid ordinary share in the capital of Redcliffe.
Redcliffe Partly Paid Share	a partly paid ordinary share in the capital of Redcliffe issued at an issue price of \$2.525 each and convertible to a Redcliffe Fully Paid Share upon a further payment of \$2.50 (figures adjusted for post-issue consolidation of the partly paid ordinary shares)..
Redcliffe Registry	Link Market Services Pty Ltd
Redcliffe Share	the Redcliffe Fully Paid Shares and the Redcliffe Partly Paid Shares (each of which is a Redcliffe Share).
Redcliffe Shareholder	a person who is registered as the holder of a Redcliffe Share.
Registered Address	in relation to a Redcliffe Shareholder, the address shown in the Share Register as at the Record Date.
Sale Agent	a person appointed by Northern after consultation with Redcliffe to sell the New Northern Shares that are to be issued under clause 5.4(a)(1) of this Scheme.
Scheme	this scheme of arrangement subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to by Redcliffe and Northern.
Scheme Consideration	<ul style="list-style-type: none"> • for each 2.75 Redcliffe Fully Paid Shares held by a Scheme Shareholder at the Record Date – 1 Northern Shares; and • for every 275 Partly Paid Redcliffe Shares held by a Scheme Shareholder at the Record Date – 1 Northern Share, subject to rounding in accordance with the Scheme.
Scheme Meeting	the meeting of Redcliffe Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act.
Scheme Shares	all Redcliffe Shares held by the Scheme Shareholders as at the Record Date.
Scheme Shareholder	a holder of Redcliffe Shares recorded in the Share Register as at the

Term	Meaning
	Record Date (other than an Excluded Shareholder).
Scheme Transfer	a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Northern, which may be a master transfer of all or part of the Scheme Shares.
Second Court Date	the first day on which an application made to the Court for an order under section 411(4)(b) of the Corporations Act approving the Scheme is heard.
Share Register	the register of members of Redcliffe maintained in accordance with the Corporations Act.
subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.

1.2 Interpretation

In this Scheme:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Scheme;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this Scheme have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, part, schedule, attachment or exhibit is a reference to a clause or part of, and a party, schedule, attachment or exhibit to, this Scheme;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re enactments of any of them;
- (h) a reference to a document (including this Scheme) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to '\$', 'A\$' or 'dollar' is to Australian currency unless denominated otherwise;
- (j) a reference to any time is a reference to that time in Perth, Western Australia;
- (k) a term defined in or for the purposes of the Corporations Act has the same meaning when used in this Scheme;
- (l) a reference to a party to a document includes that party's successors and permitted assignees;
- (m) no provision of this Scheme will be construed adversely to a party because that party was responsible for the preparation of this Scheme or that provision;

- (n) any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally;
- (o) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally; and
- (p) a reference to a body, other than a party to this Scheme (including an institute, association or authority), whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,

is a reference to the body which replaces it or which substantially succeeds to its powers or functions.

1.3 Interpretation of inclusive expressions

Specifying anything in this Scheme after the words 'include' or 'for example' or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

2 Preliminary matters

- (a) ~~Redcliffe is a public company limited by shares, registered in Papua New Guinea Registered Number 1-13756, and is admitted to the official list of the ASX. Redcliffe Shares are quoted for trading on the ASX.~~
- (b) As at 18 August 2015, 213,652,381 Redcliffe Fully Paid Shares and 400,000 Redcliffe Partly Paid Shares were on issue.
- (c) Northern is a public company limited by shares incorporated in Western Australia.
- (d) If this Scheme becomes Effective:
 - (1) Northern will provide or procure the provision of the Scheme Consideration to Scheme Shareholders in accordance with this Scheme and the Deed Poll; and
 - (2) all the Shares, and all the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Northern and Redcliffe will enter the name of Northern in the Share Register in respect of the Scheme Shares.
- (e) Redcliffe and Northern have agreed, by executing the Implementation Deed, to implement this Scheme.
- (f) This Scheme attributes actions to Northern but does not itself impose an obligation on it to perform those actions. Northern has agreed, by executing the Deed Poll, to perform the actions attributed to it under this Scheme, including the providing or procuring the provision of the Scheme Consideration to the Scheme Shareholders.

3 Conditions

3.1 Conditions precedent

This Scheme is conditional on and will have no force or effect until, the satisfaction of each of the following conditions precedent:

- (a) all the conditions in clause 3.1 of the Implementation Deed (other than the condition in the Implementation Deed relating to Court approval of this Scheme) having been satisfied or waived in accordance with the terms of the Implementation Deed by 8.00am on the Second Court Date;
- (b) neither the Implementation Deed nor the Deed Poll having been terminated in accordance with their terms before 8.00am on the Second Court Date;
- (c) approval of this Scheme by the Court under section 411(4)(b) of the Corporations Act, including with any alterations made or required by the Court under section 411(6) of the Corporations Act as are acceptable to Redcliffe and Northern;
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Redcliffe and Northern;
- (e) any consent or approval determined to be required under clause 3.3 of the Implementation Deed; and
- (f) the orders of the Court made under section 411(4)(b) (and, if applicable, section 411(6)) of the Corporations Act approving the Scheme coming into effect, pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date Redcliffe and Northern agree in writing).

3.2 Certificate

- (a) Redcliffe and Northern will provide to the Court on the Second Court Date a certificate, or such other evidence as the Court requests, confirming (in respect of matters within their knowledge) whether or not all of the conditions precedent in clauses 3.1(a) and 3.1(b) have been satisfied or waived.
- (b) The certificate referred to in clause 3.2(a) constitutes conclusive evidence that such conditions precedent are satisfied, waived or taken to be waived.

4 Implementation of the Scheme

4.1 Lodgement of Court orders with ASIC

Redcliffe will lodge with ASIC, in accordance with section 411(10) of the Corporations Act, an office copy of the Court order approving the Scheme as soon as possible and in any event by 5.00pm on the day Redcliffe receives the office copy of the Court order (or such later date as agreed between Redcliffe and Northern).

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 5, the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Northern, without the need for any further act by any Scheme Shareholder (other than acts performed by Redcliffe as attorney and agent for Scheme Shareholders under clause 8.5), by:

- (1) Redcliffe delivering to Northern a duly completed Scheme Transfer, executed on behalf of the Scheme Shareholders by Redcliffe, for registration; and
 - (2) Northern duly executing the Scheme Transfer, attending to the stamping of the Scheme Transfer (if required) and delivering it to Redcliffe for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 4.2(a)(2), Redcliffe must enter, or procure the entry of, the name of Northern in the Share Register in respect of all the Scheme Shares transferred to Northern in accordance with this Scheme.

5 Scheme Consideration

5.1 Amount of Scheme

Each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder.

5.2 Provision of Scheme Consideration

Northern must, subject to clauses 5.3, 5.4 and 5.5:

- (a) on the Implementation Date, issue the New Northern Shares to which each Scheme Shareholder is entitled under this clause 5 and procure that the name and address of each Scheme Shareholder is entered in the Northern Register in respect of those New Northern Shares; and
- (b) procure that on or before the date that is two Business Days after the Implementation Date, a share certificate or holding statement (or equivalent document) is sent to the Registered Address of each Scheme Shareholder representing the number of New Northern Shares issued to the Scheme Shareholder pursuant to this Scheme.

5.3 Joint holders

In the case of Scheme Shares held in joint names:

- (a) the New Northern Shares to be issued under this Scheme must be issued to and registered in the names of the joint holders;
- (b) any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to the holder whose name appears first in the Share Register as at the Record Date; and
- (c) any other document required to be sent under this Scheme, will be forwarded to the holder whose name appears first in the Share Register as at the Record Date.

5.4 Ineligible Foreign Shareholders

- (a) Northern will be under no obligation to issue any New Northern Shares under this Scheme to any Ineligible Foreign Shareholder and instead:
 - (1) subject to clause 5.5, Northern must, on or before the Implementation Date, issue the New Northern Shares which would otherwise be required to be issued to the Ineligible Foreign Shareholders under this Scheme to the Sale Agent;
 - (2) Northern must procure that as soon as reasonably practicable after the Implementation Date, the Sale Agent, in consultation with Northern sells or procures the sale of all the New Northern Shares issued to the Sale Agent and remits to Redcliffe the proceeds of the sale (after deduction of any applicable brokerage, stamp duty and other costs, taxes and charges) (**Proceeds**);

- (3) promptly after receiving the Proceeds in respect of the sale of all of the New Northern Shares referred to in clause 5.4(a)(1), Redcliffe must pay, or procure the payment, to each Ineligible Foreign Shareholder, of the amount 'A' calculated in accordance with the following formula and rounded down to the nearest cent:

$$A = (B \div C) \times D$$

where

B = the number of New Northern Shares that would otherwise have been issued to that Ineligible Foreign Shareholder had it not been an Ineligible Foreign Shareholder and which are issued to the Sale Agent;

C = the total number of New Northern Shares which would otherwise have been issued to all Ineligible Foreign Shareholders and which are issued to the Sale Agent; and

D = the Proceeds (as defined in clause 5.4(a)(2)).

- (b) None of Northern, Redcliffe or the Sale Agent gives any assurance as to the price that will be achieved for the sale of New Northern Shares described in clause 5.4(a). The sale of the New Northern Shares under this clause 5.4 will be at the risk of the Ineligible Foreign Shareholders.
- (c) Redcliffe must make payments to Ineligible Foreign Shareholders under clause 5.4(a) by dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Ineligible Foreign Shareholder by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Ineligible Foreign Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 5.3).
- (d) If Redcliffe receives professional advice that any withholding or other tax is required by law to be withheld from a payment to an Ineligible Foreign Shareholder, Redcliffe is entitled to withhold the relevant amount before making the payment to the Ineligible Foreign Shareholder (and payment of the reduced amount shall be taken to be full payment of the relevant amount for the purposes of this Scheme including clause 5.4(a)(3)). Redcliffe must pay any amount so withheld to the relevant taxation authorities within the time permitted by law, and, if requested in writing by the relevant Ineligible Foreign Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Ineligible Foreign Shareholder.
- (e) Each Ineligible Foreign Shareholder appoints Redcliffe as its agent to receive on its behalf any financial services guide or other notices (including any updates of those documents) that the Sale Agent is required to provide to Ineligible Foreign Shareholders under the Corporations Act.
- (f) Payment of the amount calculated in accordance with clause 5.4(a) to an Ineligible Foreign Shareholder in accordance with this clause 5.4 satisfies in full the Ineligible Foreign Shareholder's right to Scheme Consideration.
- (g) Where the issue of New Northern Shares to which a Scheme Shareholder would otherwise be entitled under this Scheme would result in a breach of law:
- (1) Northern will issue the maximum possible number of New Northern Shares to the Scheme Shareholder without giving rise to such a breach; and
 - (2) any further New Northern Shares to which that Scheme Shareholder is entitled, but the issue of which to the Scheme Shareholder would give rise to such a breach, will instead be issued to the Sale Agent and dealt with under the preceding provisions in this clause 5.4, as if a reference to Ineligible Foreign Shareholders also included that Scheme Shareholder and references to that person's New Northern Shares in that clause were limited to the New Northern Shares issued to the Sale Agent under this clause.

5.5 Fractional entitlements and splitting

- (a) Where the calculation of the number of New Northern Shares to be issued to a particular Scheme Shareholder would result in the issue of a fraction of a New Northern Share any fractional entitlement will be rounded down to the nearest whole number of New Northern Shares.

5.6 Unclaimed monies

- (a) Redcliffe may cancel a cheque issued under this clause 5 if the cheque:
- (1) is returned to Redcliffe; or
 - (2) has not been presented for payment within six months after the date on which the cheque was sent.
- (b) During the period of one year commencing on the Implementation Date, on request from a Scheme Shareholder, Redcliffe must reissue a cheque that was previously cancelled under this clause.

5.7 Orders of a court

If:

- (a) written notice is given to Redcliffe (or the Redcliffe Registry) of an order made by a court of competent jurisdiction that requires payment to a third party of a sum in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable to that Scheme Shareholder by Redcliffe in accordance with this clause 5, then Redcliffe shall be entitled to procure that payment is made in accordance with that order; or
- (b) written notice is given to Redcliffe (or the Redcliffe Registry) of an order made by a court of competent jurisdiction that prevents Redcliffe from making a payment by Redcliffe to any particular Scheme Shareholder in accordance with this Scheme or such payment is otherwise prohibited by applicable law, Redcliffe shall be entitled to retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Scheme Consideration until such time as payment in accordance with this clause 5 is permitted by that order or otherwise by law.

5.8 Status of New Northern Shares

Subject to this Scheme becoming Effective, Northern must:

- (a) issue the New Northern Shares required to be issued by it under this Scheme on terms such that each such New Northern Share will rank equally in all respects with each existing Northern Share;
- (b) ensure that each such New Northern Share is duly and validly issued in accordance with all applicable laws and Northern's constitution, fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under Northern's constitution); and
- (c) use all reasonable endeavours to ensure that such New Northern Shares are, from the Business Day following the date the Scheme becomes Effective (or such later date as ASX requires), quoted for trading on the ASX initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

6 Dealings in Redcliffe Shares

6.1 Determination of Scheme Shareholders

To establish the identity of the Scheme Shareholders, dealings in Redcliffe Shares or other alterations to the Share Register will only be recognised if:

- (a) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Share Register as the holder of the relevant Redcliffe Shares on or before the Record Date; and
- (b) in all other cases, registrable transfer or transmission applications in respect of those dealings, or valid requests in respect of other alterations, are received on or before the Record Date at the place where the Share Register is kept,

and Redcliffe will not accept for registration, nor recognise for any purpose (except a transfer to Northern pursuant to the Scheme and any subsequent transfer by Northern or its successors in title), any transfer or transmission application or other request received after such times, or received prior to such times but not in registrable or actionable form, as appropriate.

6.2 Register

- (a) Redcliffe must register registrable transmission applications or transfers of the Scheme Shares in accordance with clause 6.1(b) on or before the Record Date provided that, for the avoidance of doubt, nothing in this clause 6.2(a) requires Redcliffe to register a transfer that would result in an Redcliffe Shareholder holding a parcel of Redcliffe Shares that is less than a 'marketable parcel' (as defined in the Operating Rules of the ASX).
- (b) If the Scheme becomes Effective, a holder of Scheme Shares (and any person claiming through that holder) must not dispose of or purport or agree to dispose of, any Scheme Shares or any interest in them after the Record Date otherwise than pursuant to this Scheme, and any attempt to do so will have no effect and Redcliffe shall be entitled to disregard any such disposal.
- (c) For the purpose of determining entitlements to the Scheme Consideration, Redcliffe must maintain the Share Register in accordance with the provisions of this clause 6.2 until the Scheme Consideration has been paid to the Scheme Shareholders. The Share Register in this form will solely determine entitlements to the Scheme Consideration.
- (d) All statements of holding for Redcliffe Shares (other than statements of holding in favour of any Excluded Shareholders) will cease to have effect after the Record Date as documents of title in respect of those shares and, as from that date, each entry current at that date on the Share Register (other than entries on the Share Register in respect of any Excluded Shareholder) will cease to have effect except as evidence of entitlement to the Scheme Consideration in respect of the Redcliffe Shares relating to that entry.
- (e) As soon as possible on or after the Record Date, and in any event within one Business Day after the Record Date, Redcliffe will ensure that details of the names, Registered Addresses and holdings of Redcliffe Shares for each Scheme Shareholder as shown in the Share Register are available to Northern in the form Northern reasonably requires.

7 Quotation of Redcliffe Shares

- (a) Redcliffe will apply to ASX to suspend trading on the ASX in Redcliffe Shares with effect from the close of trading on the Effective Date.
- (b) On a date after the Implementation Date to be determined by Northern, Redcliffe will apply:
 - (1) for termination of the official quotation of Redcliffe Shares on the ASX; and
 - (2) to have itself removed from the official list of the ASX.

8 General Scheme provisions

8.1 Consent to amendments to the Scheme

If the Court proposes to approve the Scheme subject to any alterations or conditions:

- (a) Redcliffe may by its counsel consent on behalf of all persons concerned to those alterations or conditions to which Northern has consented; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Redcliffe has consented to.

8.2 Scheme Shareholders' agreements and warranties

- (a) Each Scheme Shareholder:
 - (1) agrees to the transfer of their Redcliffe Shares together with all rights and entitlements attaching to those Redcliffe Shares in accordance with the Scheme;
 - (2) agrees to become a shareholder in Northern and to be bound by the constitution of Northern; and
 - (3) acknowledges that the Scheme binds Redcliffe and all Scheme Shareholders (including those who do not attend the Scheme Meeting or those who do not vote, or vote against the Scheme, at the Scheme Meeting).
- (b) Each Scheme Shareholder is taken to have warranted to Redcliffe and Northern, and appointed and authorised Redcliffe as its attorney and agent to warrant to Northern, that all their Redcliffe Shares (including any rights and entitlements attaching to those shares) which are transferred under the Scheme will, at the date of transfer, be fully paid (to the extent they are Redcliffe Fully Paid Shares) and free from all mortgages, charges, liens, encumbrances, pledges, security interests and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that they have full power and capacity to transfer their Redcliffe Shares to Northern together with any rights attaching to those shares. Redcliffe undertakes that it will provide such warranty to Northern as agent and attorney of each Scheme Shareholder.

8.3 Title to and rights in Scheme Shares

- (a) To the extent permitted by law, the Scheme Shares transferred under the Scheme will be transferred free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise.
- (b) On and from the Effective Date, Northern will be beneficially entitled to the Scheme Shares to be transferred to it under the Scheme pending registration by Redcliffe of Northern in the Share Register as the holder of the Scheme Shares.

8.4 Appointment of sole proxy

On the Implementation Date, and until Redcliffe registers Northern as the holder of all Scheme Shares in the Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Northern as attorney and agent (and directed Northern in each such capacity) to appoint any director, officer, secretary or agent nominated by Northern as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution;

- (b) no Scheme Shareholder may itself attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to this clause 8.4(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Northern reasonably directs; and
- (d) acknowledges and agrees that in exercising the powers referred to in clause 8.4(a), Northern and any director, officer, secretary or agent nominated by Northern under clause 8.4(a) may act in the best interests of Northern as the intended registered holder of the Scheme Shares.

8.5 Authority given to Redcliffe

Each Scheme Shareholder, without the need for any further act:

- (a) on the Effective Date, irrevocably appoints Redcliffe and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of enforcing the Deed Poll against Northern, and Redcliffe undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Northern on behalf of and as agent and attorney for Scheme Shareholders; and
- (b) on the Implementation Date, irrevocably appoints Redcliffe and each of its directors, officers and secretaries (jointly and each of them severally) as its attorney and agent for the purpose of executing any document or doing or taking any other act, necessary, desirable or expedient to give effect to this Scheme and the transactions contemplated by it, including (without limitation) executing the Scheme Transfer,

and Redcliffe accepts each such appointment. Redcliffe as attorney and agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 8.5 to all or any of its directors, officers or employees (jointly, severally or jointly and severally).

8.6 Instructions and elections

If not prohibited by law (and including where permitted or facilitated by relief granted by a Government Agency), all instructions, notifications or elections by a Scheme Shareholder to Redcliffe binding or deemed binding between the Scheme Shareholder and Redcliffe relating to Redcliffe or Redcliffe Shares (including any email addresses, instructions relating to communications from Redcliffe, whether dividends are to be paid by cheque or into a specific bank account, notices of meetings or other communications from Redcliffe) will be deemed from the Implementation Date (except to the extent determined otherwise by Northern in its sole discretion), by reason of this Scheme, to be made by the Scheme Shareholder to Northern and to be a binding instruction, notification or election to, and accepted by, Northern in respect of the New Northern Shares issued to that Scheme Shareholder until that instruction, notification or election is revoked or amended in writing addressed to Northern at its registry.

8.7 Binding effect of Scheme

This Scheme binds Redcliffe and all of the Scheme Shareholders (including those who did not attend the meeting of Redcliffe Shareholders to vote on this Scheme, did not vote at that meeting, or voted against this Scheme at that meeting) and, to the extent of any inconsistency, overrides the constitution of Redcliffe.

9 General

9.1 Stamp duty

Northern will:

- (a) pay all stamp duty and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 9.1.

9.2 Consent

Each of the Scheme Shareholders consents to Redcliffe doing all things necessary or incidental to the implementation of this Scheme.

9.3 Notices

- (a) If a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Redcliffe, it will not be taken to be received in the ordinary course of post or on a date and time other than the date and time (if any) on which it is actually received at Redcliffe's registered office or at the office of the Redcliffe Registry.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Redcliffe Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

9.4 Governing law

- (a) The Scheme is governed by the laws in force in Western Australia.
- (b) The parties irrevocably submit to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this Scheme. The parties irrevocably waive any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

9.5 Further action

Redcliffe must do all things and execute all documents necessary to give full effect to this Scheme and the transactions contemplated by it.

9.6 No liability when acting in good faith

Neither Redcliffe nor Northern, nor any director, officer or secretary of any of those companies, will be liable for anything done or omitted to be done in the performance of this Scheme or the Deed Poll in good faith.

Annexure D – Deed poll in favour of Redcliffe Shareholders

Share Deed Poll

Northern Manganese Limited

Share Deed Poll

Date ► 9 September 2015

This deed poll is made

By Northern Manganese Limited
ACN 119 494 772 of Level 3, South Mill Centre, 9 Bowman Street,
South Perth, Western Australia 6151
(Northern)

in favour of each person registered as a holder of Redcliffe Shares in the Share Register as at the Record Date (other than the Excluded Shareholders).

Recitals

- 1 Redcliffe and Northern entered into the Implementation Deed.
- 2 In the Implementation Deed, Northern agreed to enter into this deed poll.
- 3 Northern is entering into this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform its obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
Implementation Deed	the scheme implementation deed entered into between Redcliffe and Northern dated 18 August 2015.
Scheme	the proposed scheme of arrangement under Part 5.1 of the Corporations Act between Redcliffe and the Scheme Shareholders, the form of which is set out in Attachment 1.

(b) Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Section 2 of Schedule 1 of the Scheme applies to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Northern acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Redcliffe and each of its directors and officers (jointly and severally) as its agent and attorney to enforce this deed poll against Northern.

2 Conditions to obligations

2.1 Conditions

The obligations of Northern under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Northern under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective by the End Date.

2.3 Consequences of termination

If this deed poll is terminated under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Northern is released from its obligations to further perform this deed poll; and
- (b) each Scheme Shareholder retains the rights they have against Northern in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme obligations

3.1 Undertaking to issue Scheme Consideration

Subject to clause 2, Northern undertakes in favour of each Scheme Shareholder to:

- (a) provide or procure the provision of the Scheme Consideration to each Scheme Shareholder in accordance with the terms of the Scheme; and
 - (b) undertake all other actions attributed to it under the Scheme,
- subject to and in accordance with the provisions of the Scheme.

3.2 Shares to rank equally

Northern covenants in favour of each Scheme Shareholder that the New Northern Shares that are issued to each Scheme Shareholder in accordance with the Scheme will:

- (a) rank equally with all existing Northern Shares; and
- (b) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest (except for any lien arising under the constitution of Redcliffe).

4 Warranties

Northern represents and warrants that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll; and
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and
- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of the constitution of Northern, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Northern has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to Northern in accordance with the details set out below (or any alternative details nominated by Northern by Notice).

Attention	Lloyd Jones Managing Director
<hr/>	
Address	Level 3, South Mill Centre, 9 Bowman Street, South Perth, WA 6005
<hr/>	
Fax no	+61 8 9368 6441
<hr/>	

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.

6.3 Notice must not be given by email or other electronic communication

A Notice must not be given by email or other electronic means of communication (other than fax as permitted in clause 6.2).

7 General

7.1 Stamp duty

Northern:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in Western Australia.
- (b) Northern irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Western Australia and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll. Northern irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

7.3 Waiver

- (a) Northern may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) No Scheme Shareholder may rely on words or conduct of Northern as a waiver of any right unless the waiver is in writing and signed by Northern.
- (c) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless:

- (a) if before the first day on which an application is made to the Court for an order under section 411(4)(a) of the Corporations Act convening a meeting of Redcliffe Shareholders to vote on the Scheme (**First Court Date**), the variation is agreed to by Redcliffe; or
- (b) if on or after the First Court Date, the variation is agreed to by Redcliffe and the Court indicates that the variation would not of itself preclude approval of the Scheme,

in which event Northern will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of Northern and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to Northern and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Northern.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Further action

Northern must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.

Scheme

Signing page

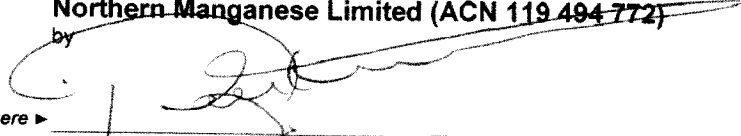
Executed as a deed poll

Northern

Signed sealed and delivered by
Northern Manganese Limited (ACN 119 494 772)

by

sign here ▶


Company Secretary/Director

print name ROBERT MARUSCO

sign here ▶


Director

print name LLOYD JONES

Annexure E – Notice of Scheme Meeting

REDCLIFFE RESOURCES LIMITED

ABN 63 010 856 014

NOTICE OF SCHEME MEETING AND PROXY FORM

TIME 11.30AM (AEST)

DATE: 21 MARCH 2016

**523 LIGAR STREET
BALLARAT, VICTORIA**

**This Notice of Scheme Meeting and Scheme Booklet should be read in its entirety.
If Shareholders are in doubt as to how to vote, they should seek advice from their
accountant, solicitor or other professional adviser without delay.**

REDCLIFFE RESOURCES LIMITED

ABN 63 010 856 014

Redcliffe Resources Limited (ABN 63 010 856 014) (**Company or Redcliffe**) gives notice that by an order of the Federal Court of Australia made on 16 February 2016 pursuant to section 411(1) of the Corporations Act 2001 (Cwth) (**Corporations Act**) a meeting of the holders of ordinary shares in Redcliffe Resources Limited will be held at 11.30 am AEST on 21 March 2016 at 523 Ligar Street, Ballarat Victoria.

RESOLUTION – APPROVAL OF SCHEME

To consider and, if thought fit, to pass the following resolution in accordance with section 411(4)(a)(ii) of the Corporations Act:

That, pursuant to and in accordance with section 411 of the Corporations Act, the Scheme that sets out the particulars of the proposed Merger with Northern Manganese Ltd, the terms of which are contained in and more particularly described in the Scheme Booklet (which accompanies the notice convening this meeting) is approved (with or without modification as approved by the Federal Court of Australia).

By Order of the Board

Rodney Foster
Executive Chairman
REDCLIFFE RESOURCES LIMITED

DATED: 16 February 2016

SCHEME BOOKLET

The Scheme Booklet should be read in conjunction with this Notice of Scheme Meeting.

TERMINOLOGY

Capitalised terms which are defined in the Scheme Booklet which accompany this Notice of Scheme Meeting have the same meaning when used in this notice (including these notes) unless the context requires otherwise.

QUORUM

The constitution of Redcliffe provides that the quorum for a meeting of Redcliffe is two members (in person or by proxy).

CHAIRMAN

The Court has directed that Mr Rodney Foster act as Chairman of the Scheme Meeting or, failing him, Mr Shane Turner.

MAJORITY REQUIRED

In accordance with section 411(4)(a)(ii) of the Corporations Act, the Resolution contained in this Notice of Scheme Meeting must be passed by:

- a majority in number of the shareholders in the company present and voting (either in person or by proxy) at the Scheme Meeting; and

- at least 75% of the votes cast on the Resolution contained in this Notice of Scheme Meeting.

ENTITLEMENT TO VOTE

The Court has ordered that, for the purposes of the Scheme Meeting, Redcliffe Shares will be taken to be held by the persons who are registered as members at 11.30 am (AEST) on 19 March 2016. Accordingly, registrable transmission applications or transfers registered after this time will be disregarded in determining entitlements to vote at the Scheme Meeting.

VOTING AT THE MEETING

You may vote in person at the meeting or appoint a proxy to attend and vote for you.

- Jointly held securities

If the shares are jointly held, only one of the joint shareholders is entitled to vote. If more than one shareholder votes in respect of jointly held shares, only the vote of the shareholder whose name appears first in the register will be counted.

- Voting in person

To vote in person at the Scheme Meeting, you must attend the Scheme Meeting to be held on 21 March 2016 at 523 Ligar Street, Ballarat. The meeting will commence at 11.30am (AEST).

A Redcliffe Shareholder who wishes to attend and vote at the Scheme Meeting in person will be admitted to the Scheme Meeting and given a voting card upon disclosure at the point of entry to the Scheme Meeting of their name and address.

- Voting by proxy

A shareholder entitled to attend and vote at the meeting is also entitled to vote by proxy. The proxy form is enclosed with this document. You may appoint not more than 2 proxies to attend and act for you at the meeting. A proxy need not be a shareholder of Redcliffe. If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of your votes. If no such number or proportion is specified, each proxy may exercise half your votes.

If you do not instruct your proxy on how to vote, your proxy may vote as he or she sees fit at the Scheme Meeting.

A proxy will be admitted to the Scheme Meeting and given a voting card upon providing at the point of entry to the Scheme Meeting written evidence of their name and address.

Please refer to the enclosed proxy form for instructions on completion and lodgement. Please note that proxy forms must be received by no later than 11.30am AEST on 19 March 2016 to the Company's Principal Office:

by mail to PO Box 63, Wendouree, Victoria 3355, Australia; or
by hand at 523 Ligar Street, Ballarat, Victoria, Australia.

- Voting by attorney

Powers of attorney must be received by Redcliffe at its principal office, by no later than 11:30 am (AEST) on 19 March 2016 (or if the meeting is adjourned, at least 48 hours before the resumption of the meeting in relation to the resumed part of the meeting).

An attorney will be admitted to the Scheme Meeting and given a voting card upon providing at the point of entry to the Scheme Meeting written evidence of their appointment, their name and address and the identity of their appointer.

The sending of a power of attorney will not preclude a Redcliffe member from attending in person and voting at the Scheme Meeting if the Redcliffe member is entitled to attend and vote.

- Voting by corporate representative

To vote at the meeting (other than by proxy or attorney), a corporation that is a shareholder must appoint a person to act as its representative.

The appointment must comply with the constitution of Redcliffe.

An authorised corporate representative will be admitted to the Scheme Meeting and given a voting card upon providing at the point of entry to the Scheme Meeting written evidence of their appointment including any authority under which it is signed, their name and address and the identity of their appointer.

Proxy forms, powers of attorney and authorities should be sent to the principal office of Redcliffe, or as indicated in the proxy form.

If you have any questions or require further information, you can call Director Rodney Foster on (03) 5333 3200.

COURT APPROVAL

If the Resolution contained in this Notice of Scheme Meeting is approved at the Scheme Meeting by the requisite majorities, the implementation of the Scheme (with or without modification) is subject to (among other things) the subsequent approval of the Court.

GLOSSARY

In the Notice of Meeting unless the context otherwise requires:

AEST means Australian Eastern Summer Time as observed in Melbourne, VIC.

Company means Redcliffe Resources Limited (ARBN 63 010 856 014).

Constitution means the Company's constitution.

Scheme Meeting means the meeting convened by the order of the Federal Court..

Notice of Meeting means this notice of scheme meeting.

Proxy Form means the form accompanying this Notice of Meeting.

Resolution means a resolution set out in the Notice of Meeting.

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

Shareholder means a holder of a Share.

Annexure F – Notice of General Meeting

REDCLIFFE RESOURCES LIMITED

ABN 63 010 856 014

**NOTICE OF
GENERAL MEETING
AND
EXPLANATORY STATEMENT
AND
PROXY FORM**

TIME 11.00AM (AEST)

DATE: 21 MARCH 2016

**523 LIGAR STREET
BALLARAT, VICTORIA**

This Notice of General Meeting and Explanatory Statement should be read in its entirety.

If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

REDCLIFFE RESOURCES LIMITED

ABN 63 010 856 014

Redcliffe Resources Limited (ABN 63 010 856 014) (**Company**) gives notice that a General Meeting of Shareholders will be held at 11.00 am AEST on 21 March 2016 at 523 Ligar Street, Ballarat Victoria.

AGENDA

RESOLUTION 1 – ISSUE OF SHARES TO ARMADALE CAPITAL PLC

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

Ordinary resolution:

That approval is given pursuant to ASX Listing Rules 6.23.2 and for all other purposes for the issue of 1,000,000 ordinary shares at a notional issue price of \$0.005 to Armadale Capital Plc as consideration for the cancellation of 5,000,000 options in accordance with the terms summarised in the Explanatory Statement accompanying the Notice of General Meeting.

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Armadale Capital Plc (and/or their nominee) and any of its associates, being a person who is to receive securities in the Company. However, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 2 – ISSUE OF SHARES TO MINICO PTY LTD

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

Ordinary resolution:

That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for issue of 11,333,334 ordinary shares at a notional issue price of \$0.006 to Minico Pty Ltd (a company controlled by Mr Rodney Foster who is a director of the Company), in lieu of unpaid director's fees to 30 June 2015 in accordance with the terms summarised in the Explanatory Statement accompanying the Notice of General Meeting.

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Minico Pty Ltd (and/or its nominee) and any of its associates, being a person who is to receive securities in the Company. However, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 3 – ISSUE OF SHARES TO CALATOS PTY LTD

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

Ordinary resolution:

That, for the purpose of ASX Listing Rules 10.11 and for all other purposes, approval is given for issue of 5,666,667 ordinary shares at a notional issue price of \$0.006 to Calatos Pty Ltd (a company controlled by Mr Bruce McFarlane who is a director of the Company), in lieu of unpaid

director's fees to 30 June 2015 in accordance with the terms summarised in the Explanatory Statement accompanying the Notice of General Meeting.

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Calatos Pty Ltd (and/or its nominee) and any of its associates, being a person who is to receive securities in the Company. However, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

RESOLUTION 4 – ISSUE OF SHARES TO ON SITE LABORATORY SERVICES PTY LTD

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

Ordinary resolution:

That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, approval is given for issue of 5,666,667 ordinary shares at a notional issue price of \$0.006 to On Site Laboratory Services Pty Ltd (a company controlled by Mr Garry Goyne who is a director of the Company), in lieu of unpaid director's fees to 30 June 2015 in accordance with the terms summarised in the Explanatory Statement accompanying the Notice of General Meeting.

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by On Site Laboratory Services Pty Ltd (and/or its nominee) and any of its associates, being a person who is to receive securities in the Company. However, the Company need not disregard a vote if it is cast by such a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form, or, if it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To consider any other business that may be brought forward in accordance with the constitution of the Company or the law.

Explanatory Statement

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it. Shareholders are specifically referred to the Glossary of the Explanatory Statement which contains definitions of capitalised terms used in this Notice of General Meeting and the Explanatory Statement.

Voting

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

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

Voting by Proxy

A Shareholder entitled to attend and vote at the Meeting is entitled to appoint a proxy. A proxy need not be a member of the Company. A Shareholder may appoint a body corporate or an individual as its proxy. A body corporate appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as the Shareholder's proxy. Shareholders entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy forms (as attached) must be returned by no later than 48 hours before the Meeting so that it is received not later than 11.00am AEST on 19 March 2016 to the Company's Principal Office:

- by mail to PO Box 63, Wendouree, Victoria 3355, Australia; or
- by hand at 523 Ligar Street, Ballarat, Victoria, Australia.

The proxy form accompanying this Notice of General Meeting provides further details on appointing proxies and lodging proxy forms. If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed by the body corporate in accordance with its constitution or the relevant Companies Act or Corporations Act authorising him or her to act as that body corporate representative. The authority may be sent to the Company in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

Voting Entitlements

In accordance with clause 1.4 of the Constitution the Board has determined that a person's entitlement to vote at the Meeting will be the entitlement of that person set out in the register of Shareholders as at 11.00 am (AEST) on 19 March 2016. Transactions registered after that time will be disregarded in determining a person's entitlement to attend and vote at the Meeting.

ENQUIRIES

Please contact Director Rodney Foster by telephone on (03) 5333 3200 if you have any queries in relation to this Notice of General Meeting or the Explanatory Statement.

By Order of the Board

Rodney Foster
Executive Chairman
REDCLIFFE RESOURCES LIMITED
DATED 16 February 2016

EXPLANATORY STATEMENT

1. Introduction

The Explanatory Statement is intended to provide Shareholders with all information known to the Directors of Redcliffe Resources Limited (ABN 63 010 856 014) (**Company**) which is material to a decision on how to vote on the Resolutions to be considered at the Company's General Meeting to be held at 523 Ligar Street, Ballarat Victoria.

As announced on 18 August 2015 the Company is to undertake a proposed Merger by Scheme of Arrangement with Northern Manganese Limited (ASX: NTM). A Scheme Implementation Agreement was also announced on that date.

There are unlisted Options with an expiry date of 31 December 2016. The Scheme Implementation Agreement requires these Options to be cancelled on terms acceptable to Northern Manganese to eliminate this class of security to simplify the merger. It has been agreed with one option holder to issue shares in lieu as set out at resolution 1.

It has been agreed with Calatos Pty Ltd (a company controlled by a director of Redcliffe, Mr Bruce McFarlane) to cancel 10,000,000 options to acquire Ordinary Shares in the Company for no consideration.

Additionally, pursuant to the Scheme Implementation Agreement, the Company's directors have agreed, (subject to shareholder approval) to the satisfaction of amounts owed to them by the Company by the issue of shares in the Company at a notional issue price of 0.6 cents (\$0.006).

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

Please refer to the Glossary of terms contained in this Explanatory Statement that contains definitions of capitalised terms used in this Explanatory Statement.

RESOLUTION 1 – ISSUE OF SHARES TO ARMADALE CAPITAL PLC

Armadale Capital Plc was issued unlisted Options as an incentive in connection with a previous capital raising.

The Options outstanding are:

- 1,000,000 Exercise price 1.5c
- 1,000,000 Exercise price 2.0c
- 1,000,000 Exercise price 3.0c
- 1,000,000 Exercise price 4.0c
- 1,000,000 Exercise price 5.0c

(Expiry dates for all are 31 December 2016)

Pursuant to the Scheme Implementation Agreement between the Company and Northern Manganese Ltd, these Options are required to be cancelled on terms acceptable to Northern Manganese Ltd. It has been agreed to issue Armadale Capital Plc, subject to Shareholder approval, 1,000,000 Ordinary Shares in the Company at a notional price of 0.5c (\$0.005) in full consideration for the cancellation of these Options.

The issue of shares is made under ASX Listing Rule 7.1. Information required for this issue is:

- Maximum securities to be issued is 1,000,000 ordinary shares
- Issue is to be completed no later than 3 months after date of meeting

- Issue price of shares is nil
- Shares are to be issued to Armadale Capital Plc
- Securities issued are ordinary shares
- Nil funds will be raised
- Issue will occur on one date within 3 months of meeting date

DIRECTORS' RECOMMENDATION

The Directors recommend that Shareholders vote in favour of Resolution 1 and have each notified the Company that they intend to vote all Shares controlled by them in favour of Resolution 1.

RESOLUTIONS 2 TO 4 – ISSUE OF SHARES TO DIRECTOR AND DIRECTOR RELATED ENTITIES

Shareholder approval is sought in accordance with ASX Listing Rule 10.11 to issue shares to related parties of the Company to convert the outstanding directors' fees to June 30 2015 to equity.

ASX Listing Rule 10.11 provides that unless one of the exceptions in Rule 10.12 applies an entity must not issue or agree to issue equity securities to a related party without the approval of holders of ordinary securities.

The Company is seeking shareholder approval to issue a maximum of 22,666,668 fully paid ordinary shares to convert outstanding Directors fees to 30 June 2015 of \$136,000 to equity on the notional basis of \$0.006 per share. The shares have predominantly traded in the range of \$0.004 to \$0.006 over the three months prior to entering into the Scheme Implementation Agreement with Northern Manganese Limited.

A requirement under the Scheme Implementation Agreement is to have those Directors fees converted to equity on the notional basis of \$0.006 per share.

Director - Entity	Fees Owing (to be discharged by issue of equity)	No. of Shares
Rodney Foster – Minico Pty Ltd	\$68,000	11,333,334
Bruce McFarlane – Calatos Pty Ltd	\$34,000	5,666,667
Garry Goyne – On Site Laboratories Pty Ltd	\$34,000	5,666,667
Total	\$136,000	22,666,668

The allotment and issue of the shares is to take place at one time within one month from the date of the General Meeting.

The shares will be issued subject to the terms and conditions of the Company's Constitution. Application may be made by the Company for these shares to be listed on ASX Limited. The shares will rank equally with all other fully paid shares on issue from the date of allotment.

It should be noted that if approval is given pursuant to Listing Rule 10.11 then approval is not required under listing rule 7.1.

In the event that the issue of shares under Resolution 1 is passed, then with the issue of 22,666,668 shares pursuant to Resolutions 2 to 4, the total issued capital of the Company will increase to 237,719,049 fully paid ordinary shares. The additional shares when issued would represent approximately 9.5% of the enlarged issued capital.

INFORMATION REQUIRED BY LISTING RULE 10.13

For the purposes of ASX Listing Rule 10.13, the following information is provided to allow Shareholders to assess the proposed allotment and issue under Resolutions 3 to 5:

- (a) *The related parties are Mr Rodney Foster (Minico Pty Ltd), Mr Bruce McFarlane (Calatos Pty Ltd) and Mr Garry Goyne On Site Laboratory Services Pty Ltd).*
- (b) *A total of 11,333,334 shares will be issued to Minico Pty Ltd, a total of 5,666,667 shares will be issued to Calatos Pty Ltd and a total of 5,666,667 shares will be issued to On Site Laboratory Services Pty Ltd as ordinary fully paid shares.*

Assuming these shares are issued the dilutionary effect of the issue of these Shares on the Share capital of the Company will be as follows:

<i>Related Party</i>	<i>Notional Issue price</i>	<i>Shares on Issue Prior to resolutions 2 to 4</i>	<i>Shares issued</i>	<i>Dilutionary effect</i>
<i>Foster</i>	<i>\$0.006</i>	<i>215,052,381</i>	<i>11,333,334</i>	<i>5.3%</i>
<i>McFarlane</i>	<i>\$0.006</i>	<i>215,052,381</i>	<i>5,666,667</i>	<i>2.6%</i>
<i>Goyne</i>	<i>\$0.006</i>	<i>215,052,381</i>	<i>5,666,667</i>	<i>2.6%</i>

Notes:

- (i) The dilutionary effect is based on the number of Shares on issue on the date of this Notice, being 215,052,381 which includes shares referred to in Resolution 1 but excluding the issue of shares contemplated under Resolutions 2 to 4 in this Notice of Meeting.*
- (ii) This table assumes that no further Shares are issued after the date of this Notice (including any Shares to be issued under Resolution 2 to 4 or upon the conversion of any options on issue).*
- (c) Additional shares will be issued to parties related to Mr Rodney Foster, Mr Bruce McFarlane and Mr Garry Goyne in the event that Resolutions 2 to 4 are approved by shareholders.*
- (d) Mr Rodney Foster, Mr Bruce McFarlane and Mr Garry Goyne are directors of the Company.*
- (e) The issue price of the shares is notionally \$0.006 each and will raise \$nil.*
- (f) Issue is in lieu of directors fees not paid for the period to 30 June 2015.*
- (g) Shares will be issued as soon as practicable after approval by Shareholders and not more than one month after the date of meeting.*

DIRECTORS' RECOMMENDATION

The Directors recommend that Shareholders vote in favour of Resolutions 2 to 4, except that each Director or a closely related party will abstain from voting for the Resolution that involves them, and have each notified the Company that they intend to vote all Shares controlled by them in favour of the Resolutions they are entitled to vote for.

GLOSSARY

In the Notice of Meeting and Explanatory Statement, unless the context otherwise requires:

\$ means Australian dollars.

AEST means Australian Eastern Summer Time as observed in Melbourne, VIC.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Business Day means a day that is not a Saturday, Sunday, public holiday or bank holiday in Melbourne, Australia;

Board means the current board of Directors.

Closely Related Party means a closely related party of a member of Key Management Personnel as defined in Section 9 of the Corporations Act, being:

- (a) a spouse or child of the member;
- (b) a child that member's spouse;
- (c) a dependant of that member or of that member's spouse;
- (d) anyone else who is one of that member's family and may be expected to influence that member, or be influenced by that member, in that member's dealings with the Company;
- (e) a company that is controlled by that member; or
- (f) any other person prescribed by the regulations.

Companies Act means the *Companies Act 1997* of Papua New Guinea.

Company means Redcliffe Resources Limited (ARBN 63 010 856 014).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* of Australia.

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of General Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Meeting means the meeting convened by the Notice of Meeting.

Notice of Meeting means this notice of general meeting including the Explanatory Statement.

Proxy Form means the form accompanying this Notice of Meeting.

Resolution means a resolution set out in the Notice of Meeting.

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

Shareholder means a holder of a Share.

Annexure G – Amending Deed

2016

Redcliffe Resources Limited (**Redcliffe**)
Northern Manganese Limited (**NTM**)

DEED OF AMENDMENT

Lyons Babington
L a w y e r s

7 Ventnor Avenue, West Perth
Western Australia 6005

Telephone +61 8 9 481 1111

www.lblegal.com.au

Reference: EB: 15339

Table of Contents

Clause	Heading	Page
1.	DEFINITIONS	1
2.	SUPPLEMENTAL DEED	2
3.	AMENDMENTS TO PRINCIPAL AGREEMENT	2
4.	CONFIRMATION OF PRINCIPAL AGREEMENT	2
5.	PRESERVATION OF RIGHTS	2
6.	GST	2
7.	STAMP DUTY AND COSTS	2
8.	GOVERNING LAW AND JURISDICTION	2
9.	CUMULATIVE RIGHTS	3
10.	FURTHER ASSURANCE	3
11.	SEVERABILITY	3
12.	EXECUTION BY COUNTERPARTS	3
13.	ENTIRE UNDERSTANDING	3

DEED OF AMENDMENT

DATED:

BETWEEN

1. **Redcliffe Resources Limited** (ARBN 010 856 014) of 523 Ligar Street, Ballarat, Victoria 3355 (**Redcliffe**)
2. **Northern Manganese Limited** (ACN 119 494 772) of Level 3, South Mill Centre, 9 Bowman Street, South Perth, Western Australia 6151 (**NTM**)

BACKGROUND

- A. Redcliffe and NTM entered into the Principal Agreement.
- B. Redcliffe and NTM wish to amend the Principal Agreement.

OPERATIVE PROVISIONS

1. DEFINITIONS

In this Document words and phrases defined in the Principal Agreement have the same meaning in this Document and:

Document means this supplemental deed as varied, or amended, from time to time.

Principal Agreement means the document specified in **Item 1**.

Operative Date means the date of execution of this Document.

1.1 Interpretation

In this Document:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include every gender;
- (c) references to any document (including this Document) are references to that document as amended, consolidated, supplemented, novated or replaced from time to time;
- (d) references to this Document are references to this Document and the Schedules;
- (e) references to clauses, paragraphs and Schedules are references to clauses, paragraphs of, and schedules to, this Document;
- (f) headings are for convenience only and will be ignored in construing this Document;
- (g) references to any Party include references to its respective successors and permitted assigns;
- (h) references to any person include references to any individual, company, body corporate, association, partnership, firm, joint venture, trust and Government Agency;
- (i) the word "include" in any form is not a word of limitation; and

- (j) reference to an **Item** is to an item in the schedule.

2. SUPPLEMENTAL DEED

This Deed is supplemental to the Principal Agreement.

3. AMENDMENTS TO PRINCIPAL AGREEMENT

The Principal Agreement is amended with effect from the Operative Date as provided in **Item 2**.

4. CONFIRMATION OF PRINCIPAL AGREEMENT

From the Operative Date the Principal Agreement is read and construed as amended by this Deed and in all other respects the provisions of the Principal Agreement are confirmed by this Deed.

5. PRESERVATION OF RIGHTS

Except as expressly provided nothing contained in this Deed diminishes or otherwise affects any rights, remedies, obligations or liabilities of any of the parties arising with respect to any act, matter or thing done or effected or otherwise arising under or by reason of the Principal Agreement prior to the Operative Date.

6. GST

- (a) In this clause, the expressions "consideration", "GST", "input tax credit", "supply", "tax invoice", "recipient" and "taxable supply" have the meanings given to those expressions in the A New Tax System (Goods and Services Tax) Act 1999.
- (b) Unless otherwise expressly stated, all prices or other sums payable or consideration to be provided under or in accordance with this Document are exclusive of GST.
- (c) If GST is imposed on any supply made under or in connection with this Document, the recipient of the taxable supply must pay to the supplier an additional amount equal to the GST payable on or for the taxable supply subject to the recipient receiving a valid tax invoice in respect of the supply at or before the time of payment. Payment of the additional amount will be made at the same time as payment for the taxable supply is required to be made in accordance with this document.

7. STAMP DUTY AND COSTS

- (a) Redcliffe must pay all stamp duty on or arising in connection with this Document and any other related documentation.
- (b) The Parties must bear their own legal and other costs and expenses, arising directly or indirectly with respect to the preparation, execution, completion and performance of this Document or any other related documentation.

8. GOVERNING LAW AND JURISDICTION

This Document is governed by and must be construed in accordance with the laws of Western Australia for the time being in force, and the parties agree to submit to the non-exclusive jurisdiction of the courts of that jurisdiction.

9. CUMULATIVE RIGHTS

The rights or remedies conferred on any party by this Document are in addition to all rights and remedies of that party at law or in equity.

10. FURTHER ASSURANCE

Each party must sign, execute and complete all such further documents as may be necessary to effect, perfect or complete the provisions of this Document and the transactions to which it relates.

11. SEVERABILITY

If any part of this Document is or becomes illegal, invalid or unenforceable in any relevant jurisdiction, the legality, validity or enforceability of the remainder of this Document is not affected and this Document must be read as if that part had been deleted.

12. EXECUTION BY COUNTERPARTS

- (a) This Document may consist of one or more counterpart copies.
- (b) All counterparts of this Document, when taken together, constitute the one document.

13. ENTIRE UNDERSTANDING

- (a) This Document contains the entire understanding and agreement between the parties as to the subject matter of this Document.
- (b) All previous negotiations, understandings, representations, warranties (other than warranties set out in this Document), memoranda or commitments in relation to, or in any way affecting, the subject matter of this Document are merged in and superseded by this Document and is of no force or effect whatsoever and no party is liable to any Company in respect of such matters.
- (c) No oral explanation or information provided by any party to another affects the meaning or interpretation of this Document or constitute any collateral agreement, warranty or understanding between any of the parties.

EXECUTED as a deed

SCHEDULE

1. PRINCIPAL AGREEMENT

Scheme Implementation Agreement made between Redcliffe and NTM dated 18 August 2015 a true copy of which is attached at Annexure A

2. AMENDMENTS TO PRINCIPAL AGREEMENT

- 2.1 At clause 1.2 the definition of End Date is amended by deleting "28 February 2016" and substituting "31 March 2016" in its place.
- 2.2 At clause 1.2 the definition of Prescribed Occurrence is amended at paragraph 16 by adding the words "Companies Act or the" immediately before the words "Corporations Act".
- 2.3 At clause 1.2 the definition of Prescribed Occurrence is amended at paragraph 25 by deleting the words "any related party of Redcliffe as defined in section 228 of the Corporations Act" and substituting the words "any related company (as defined in the Companies Act) or any director of Redcliffe" in its place.
- 2.4 Clause 3.5(b) is deleted.
- 2.5 At clause 5.1:
- (a) clause 5.1(b) is amended by deleting the full stop and substituting the following in its place"; or"; and
- (b) the following new clause 5.1(c) is added:
- "any event listed in the Timetable is not completed by the date specified in the Timetable, or it is not possible to complete any event listed in the Timetable by the date specified in the Timetable."
- 2.6 Schedule 1 is amended by deleting the Timetable and substituting the following in its place:

Event	Date
First Court hearing to convene the Scheme Meeting	16 February 2016
Issue scheme booklet to RCF shareholders	18 February 2016
Last Date for determining eligibility to vote at the Scheme Meeting	19 March 2016
Last date and time for lodgement of proxy form for the Scheme Meeting	19 March 2016
General Meeting of Redcliffe Shareholders	21 March 2016
Scheme Meeting of Redcliffe Shareholders	21 March 2016
Second Court hearing for approval of the Scheme	23 March 2016
Suspension of trading in Redcliffe	24 March 2016
Effective Date - lodge Court Order with ASIC and announce to ASX	24 March 2016
Record Date for determining entitlements to Scheme Consideration	29 March 2016
Date of issue of NTM Shares to Scheme Participants	31 March 2016

Annexure A

Executed for **Redcliffe Resources**)
Limited (ARBN 010 856 014) by:)

Rodney D Foster)

(Signature of Secretary/other Director)

RODNEY DAVID FOSTER

(Name of Secretary/other Director in full)

Garry Heiser

(Signature of Director)

GARRY HEISER ERNEST GEYNE

(Name of Director in full)

Executed for **Northern Manganese**)
Limited (ACN 119 494 772) in accordance)
with section 127 of the Corporations Act by:)

(Signature of Secretary/other Director)

(Name of Secretary/other Director in full)

(Signature of Director)

(Name of Director in full)

Executed for **Redcliffe Resources Limited** (ARBN 010 856 014) by:)
)
)
)

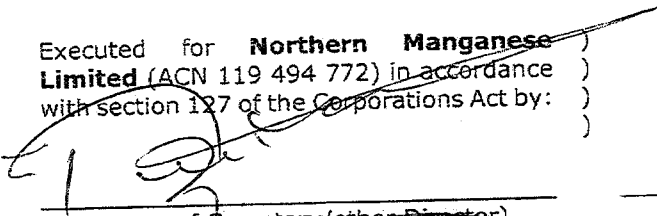
(Signature of Secretary/other Director)

(Name of Secretary/other Director in full)

(Signature of Director)

(Name of Director in full)


Executed for **Northern Manganese Limited** (ACN 119 494 772) in accordance with section 127 of the Corporations Act by:)
)
)
)



(Signature of Secretary/other Director)

ROBERT MARUSCO

(Name of Secretary/other Director in full)



(Signature of Director)

LLOYD FRANCIS JONES

(Name of Director in full)