

Oakdale Resources Limited

(ACN 009 118 861)

REPLACEMENT PROSPECTUS

This Prospectus is a Replacement Prospectus and replaces the Prospectus lodged by the Company on 25 September 2014

This Prospectus for Oakdale Resources Limited ("**Company**") (**ASX: OAR**) (formerly Teys Limited) invites investors to apply for a total of 30,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$6,000,000 ("**Offer**")

This Prospectus is a compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for the re-listing of the Company following a change to the nature and scale of the Company's activities and a change in the name of the Company approved by shareholders on 21 July 2014.

IMPORTANT NOTICE

Applicants should read this Prospectus in its entirety before deciding to apply for Shares. If, after reading this Prospectus, you have any questions about the Offer, you should contact your professional advisers.

There are risks associated with an investment in the Company and the Shares offered under this Prospectus are to be regarded as a speculative investment. Please refer to Section 5 for investment risks.

CHANGE IN NATURE AND SCALE OF ACTIVITIES AND RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE ASX LISTING RULES

At the General Meeting held on 21 July 2014 the Company obtained Shareholder approval for a change in nature and scale of its activities.

The ASX requires that the Company re-comply with Chapters 1 and 2 of the ASX Listing Rules. The Company is currently suspended from official quotation on the ASX and will remain suspended until it has successfully re-complied with Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the ASX's requirements for re-listing. In the event that the conditions to the Offer or completion of the acquisition of Lymex Tenements are not satisfied, or the Company does not receive conditional approval for re-quotation on the ASX (where any conditions imposed by ASX are customary and capable of being satisfied by the Company within a reasonable timeframe) then the Company will not proceed with the Offer and will repay all Application monies received.

IMPORTANT INFORMATION

This Prospectus is dated 9 October 2014 and has been lodged with the Australian Securities and Investments Commission (ASIC). This is a Replacement Prospectus, which replaces the Prospectus dated 25 September 2014 lodged with ASIC on that date (Original Prospectus). Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus.

A summary of the material differences between the Original Prospectus and this Replacement Prospectus is as follows:

- rewording of the Investment Highlights Section and Chairman's Letter to simplify some of the technical language used to make it more readily understandable to prospective investors
- inclusion of additional information in the Investment Highlights Section setting out the steps that will be taken by the Company if it does identify commercially viable reserves of minerals on the tenements covered by the Exploration Licences
- additional disclosure in Section 1.6 Application of Funds clarifying how monies will be applied by the Company for evaluation activities if only the Minimum Subscription funds are achieved
- additional information in Section 2.10 Share Capital Structure after the Offer to detail the percentage dilution effect to existing Shareholders of the various components of the consideration to be issued to Lymex Shareholders
- additional more detailed disclosure in Section 3.2 in relation to the Company's initial exploration targets
- additional disclosure in Section 3.7 as to the current status and condition of the Tenements

- additional disclosure in Section 3.5 and 3.6 to clarify that the Company intends to focus its attention and the funds raised in this Prospectus on the Oakdale Graphite Project and not to expend the funds raised on its other mineral prospects

No securities will be issued or sold on the basis of this Prospectus later than thirteen (13) months after the date of issue of this Prospectus.

The Company will apply to ASX within seven (7) days following the date of issue of this Prospectus for official quotation by ASX of the Shares offered by this Prospectus.

Electronic Prospectus

This Prospectus (excluding the Application Form during the Exposure Period) may be viewed in electronic form online at the Company's website www.oakdaleresources.com.au

The information on the Company's website does not form part of this Prospectus. Additional copies of this Prospectus are available at the registered office of the Company.

This Offer is available to persons receiving an electronic version of this Prospectus in Australia.

Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company via email at info@oakdaleresources.com.au

Restrictions on Offer

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Application Form

Applications for Shares can only be made pursuant to an Application Form attached to and forming part of this Prospectus.

The Corporations Act prohibits any person from passing Application Forms to any other person unless it is attached to, or accompanied by, a complete and unaltered version of the Prospectus.

The Application Form contained in this Prospectus contains a declaration that the Applicant has personally received the complete and unaltered Prospectus prior to completing the Application Form.

Exposure Period

In accordance with Chapter 6D of the Corporations Act, the Original Prospectus is subject to an Exposure Period of seven (7) days from the date of the Original Prospectus. This period may be extended by a further seven (7) days by ASIC. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with

in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period and receive no preference.

Privacy

If you apply for Shares you will provide personal information to the Company and the Share Registry. This enables your Application to be assessed, you to be registered as the holder of Shares, to enter you in the Company's register of members and to enable the Company to contact you. The Company may from time to time be required to disclose your personal information to the Australian Taxation Office, other government agencies or as required by law. The Company and the Share Registry may disclose your personal information to its agents and service providers as authorised by the *Privacy Act (1988)* (Cth) or for purposes required by the Listing Rules or Corporations Act. You may access your personal information by contacting the Share Registry and may request corrections to such personal information.

Forward Looking Statements

Various statements in this Prospectus constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way implicitly portrayed within this Prospectus. These risks, uncertainties and other factors include, but are not limited to, the matters described in Section 5 and in the Independent Geologists Report in Section 6 of this Prospectus. The Company gives no assurance that the anticipated results, performance or achievements expressed or implied in those forward looking statements will be achieved.

Consolidation

This Prospectus Offer and inter alia the acquisition of Lymex Tenements and Consolidation of the Company's Shares were approved by the Company's Shareholders at the General Meeting of the Company held on 21 July 2014. All references to securities of the Company as set out in this Prospectus are on a post-Consolidation basis.

Definitions

Please refer to the Glossary in Section 13 of this Prospectus for terms and abbreviations used in parts of this Prospectus.

Miscellaneous

The financial amounts in this Prospectus are expressed in Australian dollars unless stated otherwise. Items and undertakings displayed in photographs in this Prospectus are not necessarily assets owned by the Company. The inclusion of photographs supplied by persons or entities other than the Company does not constitute an endorsement or recommendation by those persons or entities of Shares offered under this Prospectus.



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KEY OFFER INFORMATION

KEY DATES

Lodgement of the Replacement Prospectus with ASIC	9 October 2014
Opening Date	9 October 2014
Offer Closing Date	23 October 2014
Allotment of Shares pursuant to Offer	24 October 2014
Dispatch of holding statements	27 October 2014
Expected date that suspension is lifted and the Company's shares recommence trading on ASX (subject to satisfaction of Chapters 1 and 2 of the ASX Listing Rules)	30 October 2014

These dates are indicative only and subject to change. The Company reserves the right to vary the dates without prior notice.

INVESTMENT HIGHLIGHTS

COMPANY ACQUISITION OF OAKDALE GRAPHITE PROJECT:

The Company entered into a Share Sale Agreement on 25 February 2014 to acquire all of the issued capital in Lymex Tenements Pty Ltd (ACN 146 438 431) ('**Lymex Tenements**').

Lymex Tenements is the holder of eight (8) exploration licences over tenements located in the Central Eyre Peninsula in South Australia, which are considered highly prospective for graphite, iron ore and base metals.

Following completion of the Acquisition, the Company will further evaluate the potential of the tenements covered by the exploration licences, which contain graphite mineralization. In the event that the Company does identify commercially viable reserves of minerals it will apply to the Department for Manufacturing, Innovation, Trade and Energy and undertake all necessary and appropriate steps required to ensure that mining leases are granted to enable the Company to mine the tenements.

The current and planned future infrastructure in this part of the Eyre Peninsula in South Australia appears favourable for the development of a viable graphite mine.

OAKDALE GRAPHITE PROJECT

- The project area comprises 8 tenements over approximately 2,008 square kilometres located on the Central Eyre Peninsula in South Australia, a region with a history of graphite production.
- Exploration conducted to date on the "Oakdale Graphite Project" has identified graphite in an area over 200 metres wide. This graphite has been intersected in drill holes over several kilometres.
- The graphite is approximately 40 metres thick and is only 20 metres below the surface.
- Initial metallurgical results have shown that the graphite extracted has a high component of flake graphite.
- Jumbo flake graphite has been recovered in the metallurgical test work carried out to date.
- More than 60% of the recovered graphite is flake graphite.
- The tenements are located close to existing accessible infrastructure.
- The positive outlook for the graphite market is being driven by new technologies (including lithium-ion batteries) and the potential replacement of petroleum coke with graphite in the aluminium smelting industry.
- Incoming Managing Director, John Lynch and his team have extensive backgrounds in exploration and mining over the past 40 years.

OUR PEOPLE

As part of the acquisition of Lymex Tenements, four (4) new directors will join the board of the Company; John Lynch, Graham White, Phillip Staveley and Andrew Harrington.

The new Board and management team of the Company have the experience and skills required to successfully develop and exploit the Oakdale Graphite Project and pursue additional mineral exploration and project acquisition opportunities for the Company in order to create further shareholder value.

Profiles of the Directors of the Company are outlined in Section 4 of this Prospectus.

RISK FACTORS

In addition to the general risks associated with any investment in the stock market, there are certain additional risks in investing in companies, which are involved in exploration or mining ventures generally. The income able to be achieved by the Company, the value of its assets and the market price of its securities on ASX may be affected by a number of factors, including risks outside the control of management.

These risks include:

- (a) there is no certainty that the Company will be re-admitted to the Official List of the ASX;
- (b) there are no JORC Code compliant resources currently defined on the Tenements;
- (c) further funding may be required by the Company to undertake subsequent more detailed exploration activities, however there is no guarantee that the Company will be able to raise the additional required funds;
- (d) exploration may be hampered by adverse geological conditions, mining, heritage and environmental legislation, weather conditions, technical failures, accidents, labour disputes, environmental hazards and other unforeseen circumstances;
- (e) there is no guarantee the Company will find mineral resources that are economically recoverable or viable;
- (f) even if the Company does discover commercial quantities of minerals there is no assurance that it will achieve a commercial return;
- (g) the future development of a mining project, if commercial reserves of minerals are located, is also subject to a number of risks, including geological and weather conditions, approvals from authorities and other parties, technical issues and other unforeseen circumstances;
- (h) the price of minerals will fluctuate, which may impact the commercial viability of the mining project; and
- (i) mining exploration and investment in companies focused on mining exploration and evaluation is inherently risky and constitutes an extremely speculative investment.

A more detailed description of these risks is outlined in Section 5 of this Prospectus.

LETTER FROM THE CHAIRMAN

DEAR PROSPECTIVE SHAREHOLDER

It is my pleasure to invite you to become a shareholder in Oakdale Resources Limited (formerly Teys Limited) ("**Company**").

The Company intends to change the nature of its business and become a mining exploration company having agreed to acquire the Oakdale Graphite Project. By acquiring the Oakdale Graphite Project, the Company will control a graphite project located on Central Eyre Peninsula in South Australia.

To pursue this opportunity, the Company has entered into a Share Sale Agreement pursuant to which it will acquire 100% of the issued share capital in Lymex Tenements, a privately owned Australian company, which holds the titles to eight (8) exploration tenements in the Central Eyre Peninsula, containing both the prospective graphite project and also iron ore and base metal targets.

The Company has conducted extensive due diligence on the graphite prospects to be acquired and is seeking to raise up to \$6,000,000 through the issue of 30,000,000 Shares at an issue price of \$0.20 per Share. The capital raising is being undertaken to enable further evaluation of the Oakdale Graphite Project, to provide working capital for the Company and to meet the costs of this capital raising.

On successful completion of this Offer, the Company will immediately commence further more detailed evaluation of the Oakdale Graphite Project. The proposed future exploration programme will begin with a ground electromagnetic survey to outline the exact distribution of the graphite units. This will be followed by a 30,000-metre air core drilling programme to define the initial resource target.

The Company's priority will then be to conduct detailed metallurgical test work on the recovered graphite from the proposed drill programme. Samples from this metallurgical test work will then be sent to potential end users to demonstrate the purity and crystallinity of the Oakdale Graphite Project graphite.

The Oakdale Graphite Project prospects are analysed in greater detail in the Project Overview in Section 3 of this Prospectus and the Independent Geologist's Report in Section 6 of this Prospectus. I encourage you to read the analysis of the various projects in detail.

The proposed Board, Officers and Consultants of Oakdale Resources Limited combines an appropriate mixture of professions and knowledge. A number of the Company's consultants have worked with incoming Managing Director, John Lynch, for many years and have been involved in the discovery, evaluation and development of numerous projects and mines, including the Mt Leyshon, Camel Creek and Big Rush Gold Mines in North Queensland and the discovery and evaluation of the huge Weda Bay nickel deposit in Indonesia.

The same team was also involved in the discovery of gold and copper at Portia and North Portia on the Benagerie Ridge, South Australia and the Mt Terrible Gold Project in New South Wales.

Prospective shareholders should however be aware, notwithstanding the above, that mining exploration and investment in companies focused on mining exploration and evaluation is inherently risky and accordingly constitutes an extremely speculative investment.

This Prospectus contains detailed information about the Company, the Oakdale Graphite Project and the various risks, (as set out under the heading Risk Factors on page 3 of the Prospectus), of participating in a speculative mining investment of this nature.

I recommend that potential investors read this Prospectus carefully in its entirety and consider the investment opportunity presented in this Prospectus in light of their individual circumstances and particular investment objectives.

On behalf of the Board, I look forward to welcoming you as a shareholder of the Company.

Yours faithfully,



Mr Constantine Scrinis
Chairman and Managing Director

01. INVESTMENT SUMMARY

1.1 TRANSACTION SUMMARY

The following is a summary only and is not intended to be a comprehensive analysis of the investment opportunity. Potential investors should read the entire Prospectus in detail and if you are uncertain about any aspect of it you should consult your investment adviser before making any investment decision.

The Company is currently listed on the ASX (**ASX Code: OAR**) but suspended from trading.

The Company's past business activities were in property and strata management but as at the date of this Prospectus the Company has no effective operating business and is essentially a corporate shell with its only asset being its ASX listing.

The Company entered into a Share Sale Agreement on 25 February 2014 pursuant to which it agreed to acquire 100% of the issued capital of Lymex Tenements Pty Ltd ("**Lymex Tenements**").

The key terms of the Share Sale Agreement include:

- (a) That the Company consolidate its securities on the basis of one (1) new Share for every seventy two (72) Shares held;
- (b) That the Company change the nature and scale of its activities to become a mining exploration company;
- (c) That the Company conduct a Prospectus capital raising to raise a minimum of \$3.75 million by the issue of 18,750,000 ordinary shares at an issue price of \$0.20 and up to \$6 million by the issue of 30,000,000 ordinary shares at an issue price of \$0.20;
- (d) That the Company issue 30,000,000 fully paid Shares to the Lymex Shareholders at a deemed issue price of \$0.20 per Share ("**Initial Consideration Shares**");
- (e) That the Company issue 7,500,000 fully paid Shares at a deemed issue price of \$0.20 per share (on a post consolidation basis) to the Lymex Shareholders. The Shares to be issued upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant inferred graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content ("**Deferred Consideration Tranche 1 Shares**");
- (f) That the Company issue 7,500,000 fully paid Shares at a deemed issue price of \$0.20 per share (on a post consolidation basis) to the Lymex Shareholders. The Shares to be issued upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant indicated graphite resources plus JORC Code compliant measured graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content ("**Deferred Consideration Tranche 2 Shares**");
- (g) That the Company issue 7,500,000 fully paid Shares at a deemed issue price of \$0.20 per share (on a post consolidation basis) to the Lymex Shareholders. The Shares to be issued upon the Company announcing to the ASX that the Company has sold 50% of its iron ore rights for at least \$10,000,000 (excluding GST) provided such sale and receipt of the sale proceeds occurs within 36 months of the date of the Company's listing on ASX. The Deferred Consideration Tranche 3 Shares are to be issued by the Company only after receipt (without deduction) of the sum of \$10,000,000 by the Company. ("**Deferred Consideration Tranche 3 Shares**").

1.2 CHANGE IN NATURE AND SCALE OF ACTIVITIES

The Company previously operated a property and strata management business in Australia.

Following the Company's acquisition of the Oakdale Graphite Project pursuant to the acquisition of Lymex Tenements, the Directors intend to focus the Company's operations on the exploration and evaluation of graphite, iron ore and base metals at the Tenements.

As the Company has no prior involvement in the exploration of graphite, iron ore and base metals, the acquisition of the rights to the Oakdale Graphite Project will result in a significant change in the nature and scale of the Company's activities. Accordingly, the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of the ASX for the first time.

Shares in the Company are currently suspended from trading on the ASX and will remain suspended until the Company has satisfied all of its obligations under the ASX Listing Rules, including re-complying with Chapters 1 and 2 of the ASX Listing Rules.

1.3 PURPOSE OF THE PROSPECTUS

The purpose of the Prospectus is to:

- (a) assist the Company to meet the requirements of Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-admission to the official list of the ASX; and
- (b) to raise up to \$6,000,000 pursuant to the Offer, in order to enable the Company to:
 - Fund the planned evaluation activities on the Oakdale Graphite Project as set out in this Prospectus;
 - Facilitate the re-listing of the Company's Shares on the ASX and the listing of the Shares offered under this Prospectus;
 - Provide funds for general working capital purposes; and
 - Pay the costs and expenses associated with this Offer.

1.4 SHARES OFFERED FOR SUBSCRIPTION

This Prospectus offers investors the opportunity to apply for a total of up to 30,000,000 Shares at an issue price of \$0.20 per Share to raise up to \$6,000,000.

All Shares issued pursuant to this Prospectus will be issued as fully paid and will rank equally in all respects with the Shares already on issue in the Company.

Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.

The details of how to apply for Shares are set out below.

1.5 OFFER

The Offer will be for a minimum of 18,750,000 Shares (to raise \$3,750,000) and up to a maximum of 30,000,000 Shares (to raise \$6,000,000), which are being offered to investors with registered addresses in Australia at \$0.20 cents per share.

1.6 APPLICATION OF FUNDS

Under the Offer, the Company plans to raise up to \$6,000,000. The Company intends to apply the funds raised from the Offer as follows:

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION*
Total funds raised in this Offer	\$3,750,000	\$6,000,000
Costs associated with the evaluation activities to be conducted over a twenty four (24) month period	\$1,698,833	\$3,071,333
Anglo American Royalty Payment ¹	\$250,000	\$250,000
Expenses of the Offer	\$585,000	\$725,000
Working Capital	\$1,216,167	\$1,953,667
Total Funds applied	\$3,750,000	\$6,000,000

1. This sum represents the agreed settlement under the variation to the Royalty Agreement with Anglo-American dated 20 August 2014 (Refer Section 10).

The use of the funds allocated to meet ongoing evaluation activities and working capital requirements will depend on the results achieved and on future opportunities that may arise.

As set out in the Independent Geologists Report in Section 6 of the Prospectus under the heading "Future Programs and budget" the Company has planned for an "optimal budget" of ~\$5.2 million (comprising evaluation activities and working capital as set out in the Application of Funds table above) in the next two years if the Maximum Subscription level under the Prospectus is achieved.

The Directors consider however that, on completion of the Offer (even if only the Minimum Subscription level is achieved comprising \$1,698,833 for evaluation activities and \$1,216,167 for working capital), the Company will have sufficient funds to satisfactorily achieve its evaluation activities so as to achieve a JORC defined graphite resource and working capital requirements as set out in this Prospectus.

As set out in the Independent Geologists Report in Section 6 of the Prospectus under the heading "Programs and budgets" "Allowance has been made for successful first year programs and high expenditures on follow up activities in the second years". The funds to be allocated by the Company in the Application of Funds table above reflect the "high expenditure" contemplated by the Company in the second year if the first year program is successful.

However, investors should be aware that the Company may spend its cash reserves on its activities more quickly than currently anticipated. The Directors may consider further equity funding where it considers that the raising of such further capital is necessary to meet the Company's objectives and requirements.

1.7 PROFESSIONAL ADVICE

The Directors recommend that potential investors, when making an assessment of what will be the assets and liabilities, financial position, profits and losses and prospects of the Company, should read this Prospectus in its entirety. Potential investors who have any questions about investing in the Company, or are in any doubt about any matter relating to the Offer, should seek the advice of their professional advisers.

1.8 ENQUIRIES

Questions relating to this Prospectus should be directed to the Company. Additional copies of the Prospectus or advice on how to complete the Application Forms can be obtained from the Company by telephone on 03 9845 8300 or by email at info@oakdaleresources.com.au

02. DETAILS OF THE OFFER

2.1. THE OFFER

Under this Prospectus, the Company offers for subscription 30,000,000 Shares each at \$0.20 to raise up to \$6,000,000.

All of the Shares offered under this Prospectus will rank equally with all existing Shares of the Company currently on issue.

2.2 RE-COMPLIANCE WITH CHAPTERS 1 AND 2 OF THE ASX LISTING RULES

The Company has obtained Shareholder approval for a change in the nature and scale of its activities given its intention to focus its future activities on graphite, iron ore and base metals exploration.

The Company will not be reinstated on the ASX until the ASX is satisfied that the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules.

If the Company does not receive approval for re-quotation of its Shares on the ASX, it will not proceed with the Offer, or completion of the acquisition of Lymex Tenements, and will repay all Application monies received.

2.3 MINIMUM APPLICATION

Applications must be for a minimum of 10,000 Shares, being \$2,000 in Application monies. Applications to acquire Shares will only be accepted on submission of the Application Form attached to this Prospectus.

The Directors may reject any application or allocate any Applicant fewer Shares than applied for by that Applicant.

2.4 MINIMUM SUBSCRIPTION

The Minimum Subscription for this Offer is 18,750,000 shares to raise \$3,750,000. If the Minimum Subscription is not achieved within three (3) months after the date of this Prospectus, the Directors will not allot any new Shares and all Application monies will be returned without interest.

2.5 MAXIMUM SUBSCRIPTION

The Maximum Subscription available under this Offer is 30,000,000 Shares to raise \$6,000,000.

2.6 OVER-SUBSCRIPTIONS

The Company will not accept over-subscriptions above the Maximum Subscription level.

2.7 OPENING AND CLOSING DATES

Subscriptions for the Offer Shares will open at 9.00am AEDT on the Offer Opening Date and remain open until 5.00pm AEDT on the Offer Closing Date.

The Offer Opening Date and Offer Closing Date are subject to the right of the Directors to either close the Offer at an earlier time and date or to extend the closing time and date without prior notice.

Applicants are encouraged to submit their Applications as soon as possible after the Offer Opening Date.

2.8 APPLICATIONS FOR SHARES – HOW TO APPLY

Applications for Shares offered by this Prospectus may only be made on the Offer Application Form attached to and forming part of this Prospectus. Please read the instructions on the Application Form carefully before completing it.

Completed Application Forms must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to 'Oakdale Resources Limited Share Subscription A/C' and may be lodged at any time after the issue of the Prospectus and on or before the applicable closing date as follows:

By post or delivered to:

Oakdale Resources Limited
24 Palmerston Road West
RINGWOOD VIC 3134

Security Transfer Registrars Pty Ltd
770 Canning Highway or PO Box 535
APPLECROSS WA 6153 APPLECROSS WA 6953
Telephone: +61 8 9315 2333

No brokerage or stamp duty is payable by Applicants.

2.9 ACCEPTANCE OF APPLICATIONS

An Application for Shares may be accepted in full, for any lesser number, or rejected by the Directors in their absolute discretion. If any Application is rejected, in whole or in part, the relevant Application monies will be returned without deduction. No interest will be earned on any Application monies held by the Company.

The final allocation of Shares under the Offer will depend on the overall demand for the Company's Shares. In the event that Applications are received for more than 30,000,000 Shares under the Offer, it is currently intended that Applications will be treated on a first-come, first-served basis. To the extent that subscriptions exceed 30,000,000 Shares, the Company may scale back the Share allocation to some or all of the Applicants to the Offer.

2.10 SHARE CAPITAL STRUCTURE AFTER THE OFFER

The effect of the Offer and the acquisition of the Lymex Tenements on the Company's capital structure is set out below. The table below assumes the Offer is fully subscribed.

Prospective investors are referred to the Notice of Meeting, a copy of which was posted on ASX on 19 June 2014 and is available from the Company upon request.

SHARES		Tranche 1 %	Tranche 2 %	Tranche 3 %
Shares on Issue prior to the Share Consolidation	397,346,991			
Shares on issue as at the date of this Prospectus (after Share Consolidation on a 1:72 basis)	5,519,185	8.42%	7.55%	6.85%
Shares to be issued under the Offer @ \$0.20 (20 cents) per Share	30,000,000	45.79%	41.09%	37.26%
Initial Consideration Shares to be issued to Lymex Shareholders in consideration for the acquisition of Lymex Tenements	30,000,000	45.79%	41.09%	37.26%
Total Shares on issue if all Shares are subscribed for under the Offer	65,519,185			
Deferred Consideration Tranche 1 Shares ¹	7,500,000	10.27%	9.31%	8.52%
Deferred Consideration Tranche 2 Shares ²	7,500,000		9.31%	8.52%
Deferred Consideration Tranche 3 Shares ³	7,500,000			8.52%
Total Shares on issue if all Shares are subscribed for and all Deferred Consideration Share tranches are issued	88,019,185	100%	100%	100%

1. Deferred Consideration Tranche 1 Shares are to be issued to the Lymex Shareholders upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant inferred graphite resources has been delineated and defined at the Tenements grading at no less than 8% total graphitic content.

2. Deferred Consideration Tranche 2 Shares are to be issued to the Lymex Shareholders upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant indicated graphite resources plus JORC Code compliant measured graphite resources has been delineated and defined at the Tenements grading at no less than 8% total graphitic content.

3. Deferred Consideration Tranche 3 Shares are to be issued to the Lymex Shareholders upon the Company announcing to the ASX that the Company has sold 50% of the Company's iron ore rights for at least \$10,000,000 (excluding GST) provided such sale and receipt of the sale proceeds occurs within 36 months of the date of the Company's listing on ASX. The Shares are to be issued by the Company only after receipt (without deduction) of the sum of \$10,000,000 by the Company.

2.11 ALLOTMENT

Acceptance of an Application by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares for which the Application is accepted.

The Company will allot and issue the Shares offered by this Prospectus as soon as possible after the grant of quotation of the Shares offered under this Prospectus.

Following the allotment and issue of the Shares, Holder Statements detailing the Applicants' Shareholdings in the Company will be despatched.

It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their Holding Statements do so at their own risk.

2.12 APPLICATION MONIES HELD ON TRUST

All application monies received for the Shares offered under this Prospectus will be held in trust in a bank account established solely for the purpose of depositing application monies received pursuant to this Prospectus until the Shares are allotted. Application monies will be returned (without interest) if the Shares are not allotted.

2.13 PLACEMENT FEES

The Offer is not underwritten.

In addition to the arrangement with the Lead Manager referred to in Sections 10 and 11 of this Prospectus, the Company reserves the right to pay a fee of up to 6% of the total amount subscribed (and accepted by the Company) for an Application for Shares bearing the stamp of a licensed securities dealer or holder of an Australian Financial Services licence ("AFSL") (other than the lead manager) subject to any such fees being permissible at law. Payment will be subject to the receipt of a proper tax invoice from the licensed securities dealer or AFSL holder.

The other estimated expenses of the Offer are referred to in Section 11 of this Prospectus.

2.14 FOREIGN SELLING RESTRICTIONS AND OVERSEAS APPLICANTS

This Prospectus does not, and is not intended to constitute an offer of securities in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company has not taken any action to register or qualify the Shares the subject of the Offer, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia.

It is the responsibility of any applicant for Shares that is based in a foreign jurisdiction (outside Australia) to ensure compliance with all laws of any foreign jurisdiction that are relevant and applicable to their Application. The return of a properly completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that there has been no breach of any applicable foreign jurisdiction laws and that all necessary approvals and consents have been obtained.

2.15 ASX QUOTATION

The Company's Shares are currently suspended from quotation on the ASX and will remain suspended until the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules.

The Company will apply to ASX no later than seven (7) days from the date of this Prospectus for ASX to grant official quotation to the Shares issued pursuant to this Prospectus.

If the Shares are not admitted to quotation within three (3) months after the date of this Prospectus, no Shares will be issued. The Company will refund application monies at the earliest practicable time (without interest).

The ASX takes no responsibility for the contents of this Prospectus.

2.16 ESCROW

Certain of the Shares issued to the Lymex Shareholders in connection with the transaction are subject to escrow. However, certain of the Shares issued to minority shareholders in Lymex that are not associated with incoming directors of Lymex are not to be subject to ASX imposed escrow.

Restriction agreements have been entered into in relation to those Shares to which escrow restrictions apply in accordance with the ASX Listing Rules. ASX may determine further escrow restrictions once the Company lodges its application for quotation of the Shares.

2.17 CHESS

The Company will apply to CHESS, the Clearing House Electronic Sub-Register System (CHESS) operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC), a wholly owned subsidiary of ASX. This is regulated by the Listing Rules and Security Clearing House Business Rules.

Under this system, the Company will not issue certificates to investors. Instead, shareholders will receive a statement of their holdings in the Company.

If an investor is broker sponsored, ASTC will send the broker a CHESS statement. The CHESS statement will set out the number of securities allotted to each investor under the Prospectus, give details of the investor's Holder Identification Number and give the Participant Identification Number of the sponsor.

If an investor is registered on the issuer sponsored sub register, their statement will be dispatched by the Share Registry and will contain the number of securities allotted under the Prospectus and the investor's Security holder Reference Number and their Sponsor Issuer Number.

A CHESS statement or Issuer Sponsored Statement will routinely be sent to investors at the end of any calendar month during which the balance of their holding changes. An investor may request a statement at any other time however, a charge may be made for additional statements.

2.18 DIVIDEND POLICY

The Company does not have any current intention to declare dividends. The payment of dividends in the future will depend upon the future profitability and financial position of the Company.

2.19 WITHDRAWAL

The Company may at any time decide to withdraw this Prospectus and the Offer in which case the Company will return all application monies received without deduction or interest at the earliest practicable time.

03. OVERVIEW

COMPANY

As announced on the ASX on 25 February 2014, the Company has entered into a Share Sale Agreement with Lymex Ltd (ACN 145 384 961) ("**Lymex Limited**"), pursuant to which the Company will acquire all of the issued capital in Lymex Tenements Pty Ltd (ACN 146 438 431) ("**Lymex Tenements**"), a private Australian company, which holds the mining tenements noted below ("**Acquisition**").

Under the terms of the Share Sale Agreement, Lymex Limited will procure that the Lymex Shareholders transfer all of their shares in Lymex Tenements to the Company. On completion of the Acquisition, the Company will own 100% of Lymex Tenements.

Lymex Tenements is the holder of the following eight (8) exploration licences over tenements located in South Australia ("**Tenements**" – refer Figure 1), which are considered prospective for graphite, iron ore and base metals.

TENEMENT NAME	EXPLORATION LICENCE NUMBER
Sheringa	EL 5455
Kapinnie	EL 5454
Lock	EL 5456
Brimpton Park	EL 4537
Tungketta Hill	EL 4895
Mt Hope	EL 4442
Brooker	EL 5378
Hillside	EL 4768

3.1 OVERVIEW OF THE TENEMENTS

Lymex Tenements holds eight (8) exploration licences in the Eyre Peninsula in South Australia. Following completion of the Acquisition, the Company will further evaluate the potential of the tenements covered by the exploration licences, which contain graphite mineralization, iron, zinc, lead, copper and nickel. The Company will apply to the Department for Manufacturing, Innovation, Trade and Energy (DMITRE) and undertake all necessary and appropriate steps required by DMITRE to ensure that mining leases are granted to enable the Company to mine the tenements.

The Tenements on the Eyre Peninsula, prior to 1995, were considered to have prohibitive surficial and sedimentary cover and interpreted to be of a geological age that was not prospective for mineral deposits. As a result, negligible exploration had been carried out.

Exploration carried out by Lynch Mining Pty Ltd and subsequently Lymex Tenements discovered magnetite iron mineralisation at Bramfield, zinc, lead, copper, germanium, gallium, indium and molybdenum mineralisation at Malache and graphite at Oakdale (refer Figure 1).

Approximately \$6,000,000 of work has been carried out by Lynch Mining Pty Ltd and subsequently Lymex Limited/ Lymex Tenements and other related parties within the Tenements. This includes:

- 1640 calcrete geochemical samples and 694 gravity stations;
- 7,855 line kilometres of ground and aeromagnetic surveys;
- 27 line kilometres of ground Electromagnetic ("**EM**") surveys;
- 428 aircore and Reverse Circulation ("**RC**") drill holes totaling 29,147 metres;
- 40 diamond drill holes totalling an additional 10,623 metres; and
- metallurgical studies.

The current focus is on the graphite mineralization, which was discovered in two diamond drill holes, drilled to test an electromagnetic anomaly through over 200 metres of interbedded massive graphite horizons.

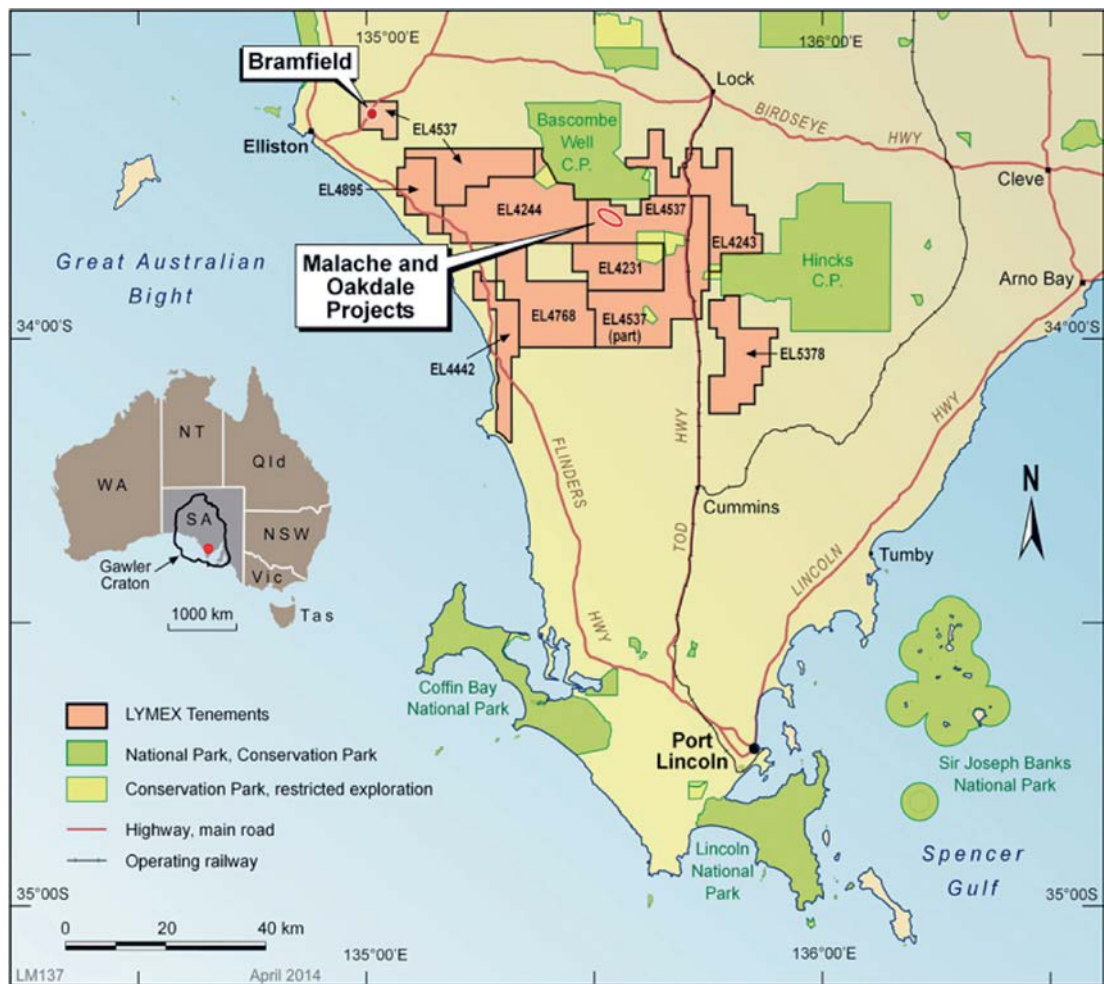


Figure 1 – Exploration Tenements on Eyre Peninsula

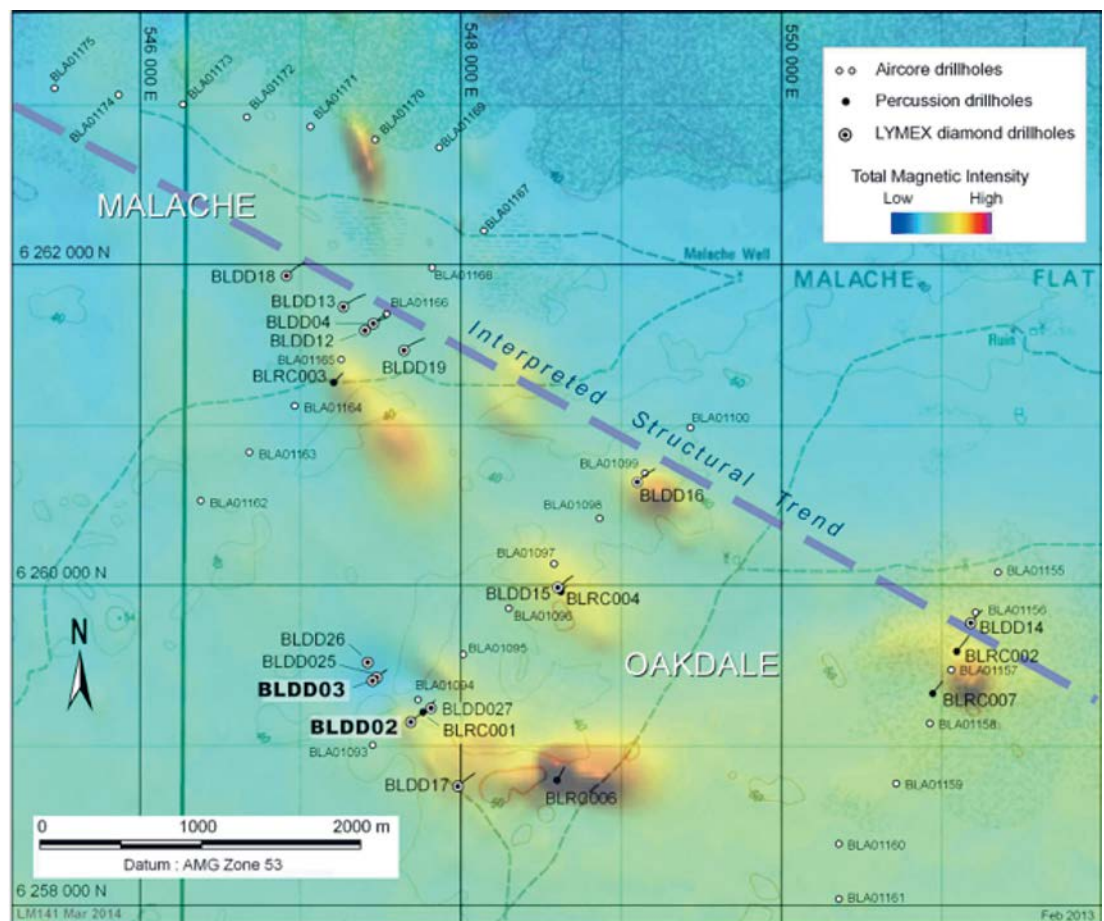


Figure 2 – Location of Oakdale Graphite Project

3.2 OAKDALE GRAPHITE PROJECT

Lymex Limited has discovered high-grade graphite horizons at Oakdale. This graphite discovery (known as the Oakdale Graphite Project, refer Figure 2) is to be further evaluated to determine if a mineable deposit of graphite can be proved to be viable and enable the Company to become a viable graphite producer.

The reference in the Independent Geologists Report in Section 6 to the Company having “an opportunity to become a graphite producer in a relatively short time frame” means within a 2-3 year period from the completion of the capital raising the subject of this Prospectus.

The Oakdale Graphite Project will be further explored following completion of the proposed capital raising and ASX re-listing. Initially the graphite beds will be defined by an electromagnetic survey as they are extremely conductive, containing both graphite and pyrrhotite. This will be followed by approximately 30,000 metres of closely spaced air-core evaluation drilling with the objective of defining a JORC Code compliant graphite resource. Detailed metallurgical test work, preliminary scoping studies and market research will be carried out concurrently with the fieldwork.

The graphite at Oakdale is approximately 40 metres thick, under approximately 20 metres of cover and lies within a graphite bearing zone which is greater than 200 metres wide (See figure 3). This graphite can be traced in numerous drill holes for many kilometres. The Company will focus on evaluating the oxide zone, in particular the area between and along the strike from diamond drill holes BLD02 and BLD03 (refer Figure 2).

The Company has an initial exploration target for the oxidised zone of 10 million tonnes to 15 million tonnes grading 5% to 10% total graphitic carbon. This estimate is based upon assays of two diamond drill holes spaced 400 meters apart and the geological nature of the graphite mineralisation which can be correlated between the drill holes. (See figure 3). It should be noted that this potential quantity and grade is conceptual in nature, as there has been insufficient exploration carried out to date to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a mineral resource in accordance with the JORC Code 2012.

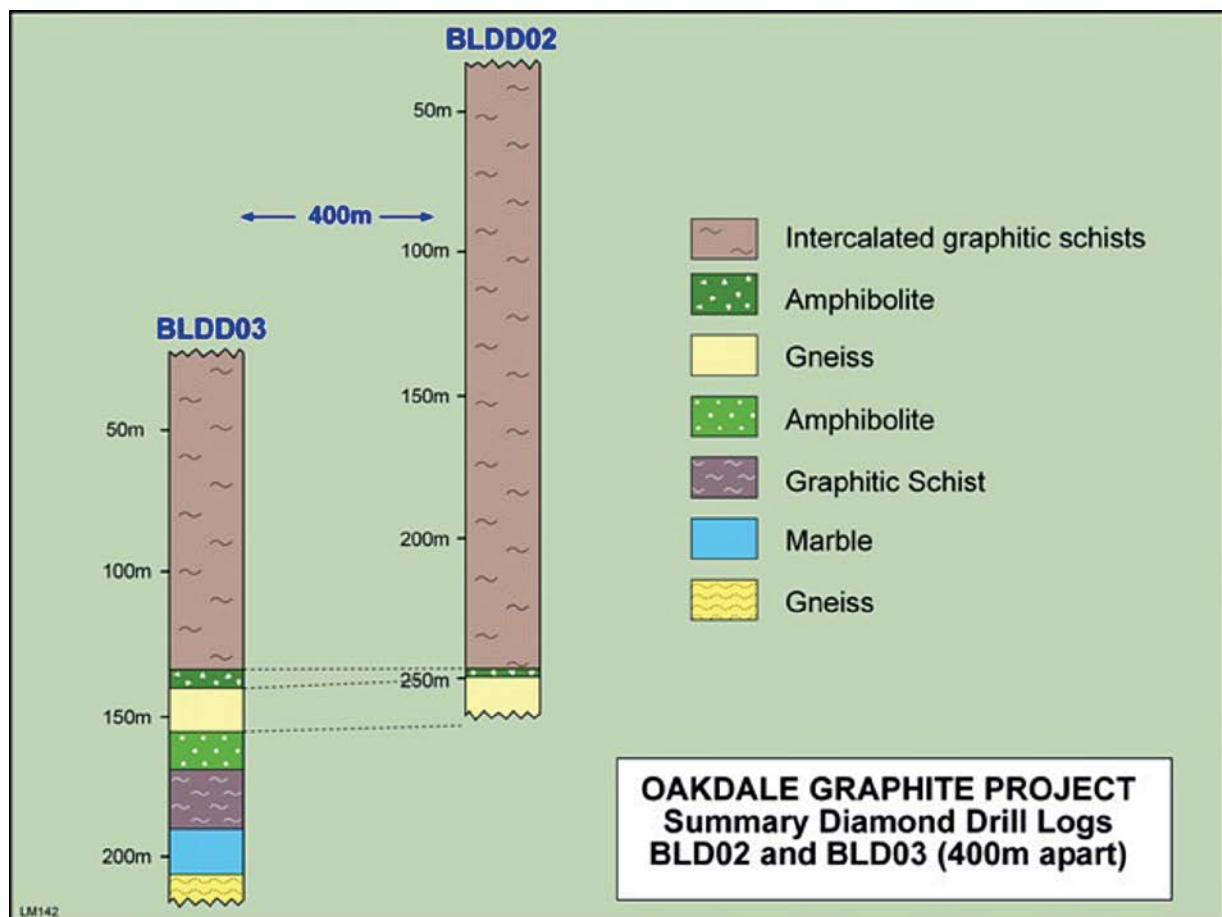


Figure 3 – Correlation of drilled Graphite Units

3.3 PRELIMINARY METALLURGICAL TESTING

Preliminary metallurgical tests have demonstrated that the weathered oxidized graphite zone at Oakdale does not need to be heavily crushed and ground to liberate the graphite, as weathering has altered the feldspar, pyrrhotite and other gangue minerals in the primary zone to soft clay minerals and oxides.

Graphite, being pure carbon, does not break down in the oxidized zone so it can be readily recovered with minimal crushing and subsequent flotation. Preservation of flake crystalline graphite is positive for the economic potential of the project, as this product commands a higher premium price in the market.

Metallurgical test work on the Oakdale oxidized zone recovered jumbo, coarse and fine flake graphite in excess of 37 microns and greater than 1000 microns (refer Table 1).

OXIDE ZONE

- ~2% to 10% Jumbo flake graphite >425 µm
- ~30% Large and medium flake graphite <425 µm >75 µm
- ~30% Fine flake graphite <75 µm >38 µm
- ~30% Amorphous (crystalline) graphite <38 µm

PRIMARY ZONE

- ~30% Fine flake graphite <106 µm >38 µm
- ~70% Amorphous (crystalline) graphite <38 µm

Table 1 – Initial Metallurgical Results (extracted from Consultant Metallurgist Nick Mooney Summary Report on ALS/AMMTEC metallurgical results)

The above table highlights the fact that in excess of 60% of the recovered graphite in the initial metallurgical test work on the Oakdale oxidised zone consists of saleable flake graphite, with microns (µm) being the particle size of the flake (1 millimetre = 1000 microns).

Graphite, similar to many other minor metals such as antimony and tungsten, is sold directly to an end user by means of negotiated contracts. Price is negotiated directly between the producer and customer and is based on a function of purity (% carbon) and flake size with high purity being 90% carbon and above. The higher the purity and the higher the flake size the higher graphite price. Refer to Section 3 of the Prospectus for a further discussion on the graphite market.



Figure 4 – Available Infrastructure

3.4 REGIONAL INFRASTRUCTURE

On the basis of its work carried out to date, the Company believes that the existing and planned infrastructure in this part of the Eyre Peninsula is very favourable for the development of a viable mining operation.

In addition as the graphite is located on poor arable land the environmental conditions (subject to further studies), are not expected to hinder the potential development of a viable graphite project on the Tenements.

The Eyre Peninsula is well serviced by criss-crossing access roads and an all-weather airstrip at Port Lincoln which is serviced by six flights a day from Adelaide.

Labour is expected to be available locally with the overall population of the Eyre Peninsula being approximately 58,000 people. Services and supplies should be able to be sourced locally with any complicated repairs and maintenance being carried out in Adelaide which is 45 minutes by air and 6 hours by road.

A port exists at Port Lincoln and a new port is proposed at Port Spencer on eastern Eyre Peninsula for the export of iron ore.

An electrical power transmission line already exists from Port Augusta to Port Lincoln. Sea water can be used for plant process water, with potable water sourced from bores or a small desalination plant.

3.5 BASE METAL AND IRON PROSPECTIVITY

During the investigation of its Eyre Peninsula tenements, Lymex Tenements has established an Archean (2540 Ma) age within its tenements. This geological age hosts deposits of volcanogenic massive sulphide (VHMS) deposits similar to those of the Canadian Shield and the Yilgarn and Pilbara cratons of Western Australia. Widespread anomalism in base metals within the tenements constitutes the target for massive sulphur (VHMS) deposits containing zinc-copper (+ lead).

Other base metal targets within the Tenements on Eyre Peninsula include an interpreted shear zone containing at least 30 kilometres of base-metal anomalous target area, which includes wide intersections of low grade zinc mineralisation. Drill testing of this shear zone has been widely spaced and the Company is hopeful of discovering base metal deposits of zinc with contained lead and copper, by-product silver and gold and trace indium, gallium, germanium and molybdenum.

Drill hole BLDD04 in the Malache Prospect, the discovery diamond drill hole, averaged 0.45% zinc over 144.80 metres, which includes 92.27 metres grading 0.67% zinc from 83.4 metres to 175.67 metres. There are parallel shear zones with similar geology and anomalism which have been tested with even fewer drill holes.

Komatiites have also been identified on the tenements. These ultramafic intrusive igneous rock units can host massive nickel-copper sulphide deposits similar to those in Western Australia. Anomalous nickel sulphide mineralisation, associated with Komatiites, has been discovered north of the Oakdale Graphite Project.

It should be noted that this potential quantity and grade is conceptual in nature only as there has been insufficient exploration carried out to date to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a mineral resource in accordance with the JORC Code 2012

Notwithstanding the potential for iron and base metals on the tenements, the Company intends to focus its attention in the first two (2) years following the re-quotation of the Company's shares on ASX on the Oakdale Graphite Project and accordingly does not intend to expend any of the funds raised on the basis of this Prospectus on its prospective iron and base metal assets.

3.6 IRON POTENTIAL

The Bramfield Project is still in the early stages of evaluation, however it has a number of positive attributes that stand out when compared to the other deposits in South Australia, including:

- A folded banded iron formation with a magnetic signature 2,700 metres long
- Metallurgical testing has demonstrated a concentrated grade with trace phosphorous, sulphur and aluminium and with acceptable silica content.
- Drilling has shown the magnetite has virtually no internal dilution.
- Coarse grained magnetite with relatively low processing costs is indicated.
- The iron grade of the Bramfield Project is higher than the grade of most of the other magnetite iron ore deposits in the region.
- The project is 9 kilometres from the township of Elliston where approximately 300 people reside and additional housing could be built if required using the existing infrastructure.
- The project is 160 kilometres north east of the regional port city of Port Lincoln along a sealed highway and 150-180 kilometres from the planned new ports

It should be noted that this potential quantity and grade is conceptual in nature only as there has been insufficient exploration carried out to date to estimate a mineral resource and it is uncertain if further exploration will result in the estimation of a mineral resource in accordance with the JORC Code 2012.

Notwithstanding the potential for iron on the tenements, the Company intends to focus its attention in the first two (2) years following the re-quotations of the Company's shares on ASX on the Oakdale Graphite Project and accordingly does not intend to expend any of the funds raised on the basis of this Prospectus on its prospective iron assets.

3.7 STATUS AND CONDITION OF THE TENEMENTS

As at the date of this Prospectus all of the below eight (8) tenements are in good standing.

The Company will, on the successful completion of the capital raising being conducted under this Prospectus (even if only the Minimum Subscription amount is raised) be in position to satisfy all of its expenditure commitments in respect of the tenements. The terms of the exploration licences enable the expenditure commitments in relation to all of the Company's tenements to be consolidated so that the Company's proposed expenditure on the tenement that contains the Oakdale Graphite Project will satisfy the Company's minimum expenditure commitments in relation to all of the tenements.

The Company and its predecessor companies have had exploration licences in relation to the areas covered by the tenements in the table below on substantially the same terms since 2005 and there is no reason for the Company to believe that, subject to its continuing to meet its minimum expenditure commitments, its exploration licences will not be renewed on substantially the same terms in the future.

TENEMENT NAME	EXPLORATION LICENCE NUMBER
Sheringa	EL 5455
Kapinnie	EL 5454
Lock	EL 5456
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Tungketta Hill	EL 4895
Mt Hope	EL 4442
Brooker	EL 5378
Hillside	EL 4768

COMPETENT PERSON'S STATEMENT

The information in Section 3 of this Prospectus was compiled by Mr John Lynch who is a member of the Australian Institute of Geoscientists and Fellow of the Australasian Institute of Mining and Metallurgy.

John Lynch has sufficient experience, which is relevant to the styles of mineralisation and types of deposits under consideration and to the activity to which he is undertaking to qualify as a 'Competent Person' as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.'

John Lynch is also the Managing Director of Lymex Ltd and the beneficial owner of 100% of the shares in Matamin Pty Ltd, which will acquire up to 57.7% of the issued Share capital of the Company pursuant to this transaction. Pursuant to the terms of the Share Sale Agreement, Matamin Pty Ltd will be entitled to receive 25,302,224 Initial Consideration Shares, 6,325,500 Deferred Consideration Tranche 1 Shares, 6,325,500 Deferred Consideration Tranche 2 Shares and 6,325,500 Deferred Consideration Tranche 3 Shares. Following completion of the Acquisition, John Lynch is to become Managing Director of the Company.

John Lynch consents to the inclusion in this Prospectus of the matters set out in Section 3 of the Prospectus based on the information in the form and context in which it appears.

GRAPHITE MARKET

Graphite is a natural form of carbon and is recognised for its high electrical conductivity, lubrication and resistance to heat. Graphite's high thermal stability, along with its conductive qualities, allows it to be used in many heat intensive applications.

Graphite retains its strength in temperatures exceeding 3,600 degrees Celsius and has the greatest natural strength of any known material. As a result of its unique crystal structure, it is also one of the lightest of all reinforcing agents and has extremely high self lubricity.

Graphite has traditionally been used in steel refractory's (for metal production, ceramics and the cement industry) and as a lubricant. More recently, the unique properties of graphite have been more widely recognised resulting in a significant increase in graphite usage. This is particularly true of flake graphite, which is used in the production of lithium-ion batteries.

The demand and production of lithium-ion batteries has increased dramatically in recent years as a result of their use in a range of applications including electric cars and a wide range of consumer electronics. Car manufacturer Tesla has announced that they will build a new USD \$5 Billion lithium-ion battery facility in the USA. Other new uses for graphite include the replacing of petroleum coke for the manufacture of aluminium and in pebble bed nuclear reactors.

The new 'wonder' mineral is considered to be graphene. Graphene is a thin flake of ordinary carbon formed from graphite, the discovery of which is only a relatively recent one.

Graphene is estimated to be 200x stronger than steel, can be as thin as one atom, as electrically conductive as copper and a better heat conductor than all other known materials. As a result of it being practically transparent and a conductor, graphene is believed to be suitable for producing transparent touch screens, light panels and solar cells.

It is also believed that when mixed with plastics graphene can turn them into conductors of electricity while at the same time making them more heat resistant and mechanically robust.

The global investment in graphene research and development has increased significantly in the past decade. Companies including Apple, Samsung and Panasonic have patented a variety of graphene applications and are carrying out a wide range of developments in the area. Globally there have been over 7,500 patents lodged in relation to graphene with 30% of those originating in China.

04. BOARD AND CORPORATE GOVERNANCE

4.1 PROPOSED DIRECTORS' PROFILES

Mr John Lynch B.Sc (Sydney) M.Sc. (James Cook) FAICD and FAIMM

John Lynch is to be appointed Managing Director of the Company following completion of the acquisition of Lymex Tenements.

He has significant exploration and development experience including the discovery and development of the Mt Leyshon, Camel Creek and Big Rush gold mines in North Queensland and the discovery and evaluation of the Weda Bay nickel cobalt deposit in Indonesia.

He has successfully delivered a number of mining projects into production. John Lynch has previously held the following positions: Founding Director, President and CEO of Weda Bay Minerals Inc; Founder and Managing Director of Werrie Gold Limited; General Manager, Director and Co-founder of Pan Australian Mining Limited; Exploration Manager of Marathon Petroleum Australia Ltd; Exploration Manager and Chief Geologist of Metals Exploration Limited; and Assistant Exploration Manager of North Broken Hill Limited.

Mr Graham White B.A.

Graham White is to be appointed as a Non-Executive Director of the Company.

He has extensive experience in investor and media relations with companies and organisations in the mining sector over more than 25 years. He has consulted to industry groups including the Minerals Council, The Aus IMM and AMIRA International on communications issues, handled investor and media relations for a range of minerals companies and developed and managed community relations programmes for mining projects and for other sensitive industries.

Mr Phillip Staveley CPA. B.A. (Hons) Dipl Btr

Phillip Staveley is to be appointed as a Non-Executive Director of the Company.

He is a qualified accountant with over 30 years experience in the resources sector. He started his career in the oil and gas sector working for Schlumberger in London, followed by a number of years with SAGASCO and SAOG (South Australian Oil and Gas Company).

After a number of years in that sector he moved to the mining sector, spending almost ten years with Normandy Mining Limited. Whilst with Normandy, Phillip fulfilled a number of planning, finance, M&A and commercial roles, including the establishment of a Group Supply Function and spending three years based in Rio de Janeiro as the CFO of TVX Normandy Americas.

In recent years he has been involved in mining and contracting companies in CFO and, more latterly, CEO roles with an emphasis on strategy and corporate finance. He is currently engaged in the acquisition, funding and development of several resource projects in Australia and Brazil.

Mr Andrew Harrington B.Econ, M.Bus.

Andrew Harrington is to be appointed as a Non-Executive Director of the Company.

He has worked in the mining and energy industries for 17 years in consulting, project finance, institutional banking, and stockbroking roles. He was a top rated mining and energy equities analyst at Patersons Securities for six years where he covered the coal, rare earths, lithium, and other specialty products like graphite. In that time Reuters Starmine awarded him the #1 Stock picker in the Energy Sector for 2011.

Andrew has previously worked at ANZ, Wood Mackenzie, and ABN Amro in various analytical and client-facing roles. He is an expert in mining evaluation and has conducted due diligence, market supply and demand analysis, management interrogation, and financial modeling on many projects. He is often quoted in the print and television media commenting on the mining industry. Currently, he is the director and founder of his own advisory firm, Indexys, which assists miners and investors with valuation, analysis, presentations, capital allocation and sourcing.

Mr Constantine Scrinis (Existing Director)

Constantine (Con) Scrinis was the founder and Managing Director of commercial and industrial lighting manufacturer Moonlighting Pty Ltd which was acquired by Gerard Lighting Pty Ltd in 2004. He then established and was joint Managing Director of publically listed Traffic Technologies Limited from 2005 to 2007 and was instrumental in the Company becoming Australia's largest traffic products company with approximately \$100 million in annual revenues. Con Scrinis will resign as a Director of the Company on completion of the acquisition of Lymex and capital raising and the relisting of the Company on ASX.

Mr Gregory Wood (Existing Director)

Gregory Wood has an extensive background in advisory, merchant banking and financial services industries. He is currently Managing Director of K S Capital Pty Ltd, a licensed dealer in securities and specialises in capital raisings, mergers and acquisition advice, public company takeovers and financial reconstructions. He was previously a Chartered Accountant. Gregory Wood will resign as a Director of the Company on completion of the acquisition of Lymex and capital raising and the relisting of the Company on ASX.

Mr Hemant Amin (Existing Director)

Hemant Amin is a certified practicing accountant. He has over 25 years of accounting and business experience and has worked for both large multinational and public companies as well as smaller family owned enterprises. He now works as a management consultant. His most recent roles were as CFO of the Traffic Group and before that as Group Treasurer at Primelife. Hemant Amin will resign as a Director of the Company on completion of the acquisition of Lymex and capital raising and the relisting of the Company on ASX.

4.2 COMPANY SECRETARY

Mr Hemant Amin

Hemant Amin will resign as a Director of the Company on completion of the acquisition of Lymex and the relisting of the Company on ASX but will remain as Company Secretary.

4.3 CORPORATE GOVERNANCE

Role of the Board

The Board is responsible for the following principal matters:

- the strategic direction of the Company;
- the negotiating and implementation of the significant capital investments and material transactions entered into by the Company;
- development of management goals and implementation of the Company's policies;
- monitoring and reviewing the financial and operational performance of the Company;
- overseeing risk management, strategy and operations of the Company;
- expansion of the Company's operations.

Without limiting this general role of the Board, the principal functions and responsibilities of the Board include the following:

- Leadership of the organisation including overseeing the Company and establishing policies that reflect the values of the Company and guide the conduct of the Board;
- Strategy Formulation including setting and reviewing the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company;
- Overseeing Planning Activities including development of the Company's strategic plan;
- Shareholder Liaison including ensuring effective communications with shareholders and promoting participation at general meetings of the Company;
- Monitoring, Compliance and Risk Management including the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company; and
- Overseeing Company Finances including approving expenses and monitoring acquisitions, divestitures and financial and other reporting.

The Board has adopted a Board Charter, which sets out its responsibilities, processes and duties in greater detail.

ASX Corporate Governance Principles and Guidelines

The Board is committed to the principles of best practice in corporate governance.

The Board will conduct itself in accordance with the ASX Corporate Governance Principles and *Recommendations, 2nd Edition (2007)* with 2010 Amendments as issued by the ASX Corporate Governance Council, to the extent that such principles and recommendations are applicable to an entity the size and structure of the Company.

The Company has formulated its own Corporate Governance policies and practices using the ASX Principles and Recommendations as a guide.

The Board will review on an ongoing basis the corporate governance policies and structures that the Company has in place to ensure that these are appropriate for the size of the Company and the nature of its activities and that these policies and structures continue to meet the corporate governance standards that the Board is committed to.

SUMMARY OF COMPANY'S POSITION IN RELATION TO ASX PRINCIPLES AND RECOMMENDATIONS

ASX PRINCIPLE AND RECOMMENDATION	COMPANY'S POSITION
Principle 1 Lay solid foundations for management and oversight	The Role of the Board The Board is responsible for and has the authority to determine, all matters relating to strategic direction, policies, practices, management goals and the operations of the Company. The Role of Management It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and it is the responsibility of the Board to oversee the activities of management in carrying out these delegated duties. The Company's officers and management have all entered into service contracts, which outline the responsibilities of each of the company's officers and of management personnel when performing their roles for the Company.
Principle 2 Structure the Board to add value	Structure of the Board At the date of this Prospectus, the Company has three non-executive directors, being Constantine Scrinis, Gregory Wood and Hemant Amin. Four further directors, John Lynch, Graham White, Phillip Staveley and Andrew Harrington are to be appointed on completion of the acquisition of Lymex Tenements. It is intended that Constantine Scrinis, Gregory Wood and Hemant Amin will then retire as directors, leaving the Company with a Board comprising four (4) members. The Board is an appropriate size to effectively and efficiently oversee the management and operations of the Company, based on the present size of the Company's activities. The Board has a majority of independent directors. The Board considers that the presence of a majority of independent non-executive directors is appropriate given the size of the Company and the nature of its operations. The Board is responsible for the nomination and selection of directors. Given the size of the Company and the nature of its operations, the Board does not believe it to be appropriate to establish a nomination committee at this time. The composition of the Board, its performance and the appointment of new Directors will be reviewed periodically by the Board, taking advice from external advisers where appropriate.

**ASX PRINCIPLE AND
RECOMMENDATION****COMPANY'S POSITION****Principle 3**

Promote ethical and responsible decision making

Code of Conduct

The Board has established a *Code of Conduct* for the Board and Management.

The Board is committed to meeting their responsibilities under the Constitution and *Corporations Act 2001* (Cth) when carrying out their functions as company officers.

Diversity Policy

The Board has established a *Diversity Policy* in accordance with the *2010 Amendments to the ASX Corporate Governance Principles and Recommendations*, and will endeavour to provide for appointments to the Board and Company in accordance with this Policy as the Company develops and grows.

Securities Trading Policy

The Company has adopted a *Securities Trading Policy* for directors, officers and employees.

The purpose of the *Securities Trading Policy* is to reduce the risk of insider trading and ensure that the Company's directors, officers and employees are aware of the legal restrictions on trading shares in the Company whilst in possession of undisclosed information concerning the Company.

The *Securities Trading Policy* sets out when trading in the Company's shares by directors, officers and employees is not permitted. Restrictions on trading are imposed by the Company to reduce the risk of insider trading and to minimise the chance that misunderstandings or suspicions arise that the Company's directors, officers, or employees are trading while in possession of undisclosed information concerning the Company.

Reporting Unethical or Illegal Practices

Company policy requires employees who are aware of any unethical or illegal practices to report these practices to the Board and management.

Any reports of unethical or illegal practices will be investigated by management and the Board. Employees who report unethical practices will be able to remain anonymous.

Principle 4

Safeguard integrity in financial reporting

Maintaining the Integrity of the Company's Financial Reporting

The Company has established an *Audit and Risk Management Committee*, which will be responsible for monitoring and reviewing the financial reporting by the Company. Initially the *Audit and Risk Management Committee* will be made up of all members of the Board of the Company.

The Company has adopted a Charter for the *Audit and Risk Management Committee* which sets out the committee's responsibilities, procedures, guidelines and composition.

Principle 5

Make timely and balanced disclosure

Timely and Balanced Disclosure

The Company has adopted a *Communication and Disclosure Policy* to ensure compliance with the ASX Listing Rules disclosure requirements.

To comply with the ASX Listing Rules, the Company intends to immediately notify the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities.

The *Communication and Disclosure Policy* includes processes designed to ensure that Company information:

- is disclosed in a timely manner;
- is factual;
- does not omit material information; and
- is expressed in a clear and objective manner that allows the making of informed investment decisions

The Company is committed to ensuring all investors have equal and timely access to material information concerning the Company.

**ASX PRINCIPLE AND
RECOMMENDATION****COMPANY'S POSITION****Principle 6**

Respect the rights
of Shareholders

Respecting the Rights of Shareholders

The Board is committed to ensuring that the Company's shareholders receive information relating to the Company on a timely basis and will endeavour to keep shareholders appropriately informed of all material developments to the Company.

The Board has adopted a *Communications and Disclosure Policy*, and as part of this policy, will ensure that all relevant announcements and documents are published on the Company's website in a prompt fashion.

The Company will respect the rights and entitlements of the Company's shareholders under the Constitution and the *Corporations Act 2001* (Cth).

Principle 7

Recognise and manage risk

Recognise and Manage Risk

The Company has established an *Audit and Risk Management Committee*, which will be responsible for monitoring, identifying and managing risks, and ensuring that these risk identification and management procedures are implemented and followed.

The Audit and Risk Management Committee has adopted a Charter.

The Company has also adopted a *Risk Management Policy* designed to ensure:

- all major sources of potential opportunity for harm to the company (both existing and potential) are identified, analysed and treated appropriately;
- business decisions throughout the Company appropriately balance the risk and reward trade off;
- regulatory compliance and integrity in reporting is achieved; and
- the Company's good reputation with its stakeholders is maintained.

The Company intends to establish a *Technical Committee* in the future that shall be responsible for oversight of, and reporting to the Board on, the status of the Company's exploration and mining activities from a technical perspective.

Principle 8

Remunerate fairly
and responsibly

Nomination and Remuneration Policy

The Board is responsible for the Company's remuneration policy and has adopted a *Nomination and Remuneration Policy*, which outlines the processes by which the Board will review management remuneration. The Company has provided disclosure of a summary of its remuneration policies for the Company's officers in this Prospectus.

The Company is committed to remunerating its executives and management fairly and to a level which is commensurate with their skills and experience and which is reflective of their performance.

Further disclosure of officer and executive remuneration will be made in accordance with the ASX Listing Rules and the *Corporations Act 2001* (Cth).

05. RISK FACTORS

The exploration and development of natural resources is a speculative activity that involves a high degree of risk. While the Company has sought to acquire an interest in a project, which has identified prospective mineral targets, there is no guarantee that the project will generate commercial returns for the Company and its investors. Therefore, the Shares to be issued pursuant to this Prospectus are to be considered a highly speculative investment.

The following summary explains some of the risks associated with an investment in the Company which may impact upon the financial performance of the Company. Potential investors should read this Prospectus in its entirety and consult their professional advisers before applying for Shares under this Prospectus. The list of risk factors outlined in this Prospectus is not exhaustive.

Neither the Company, nor its Directors nor any of its professional advisers give any form of guarantee on the future prospects of the Company, future dividends, the return on capital or the price at which the Company's Shares might trade on ASX.

Investors should consider the following non-exhaustive list of risks associated with investing in the Company set out below and consult with their professional advisors before making an investment in the Company.

5.1 RISKS ASSOCIATED WITH THE ACQUISITION OF LYMEX TENEMENTS

Shareholders should be aware that if the capital raising is successfully completed, the Company will be changing the nature and scale of its activities to a graphite, iron ore and base metals exploration company, which is subject to various risk factors. Based on currently available information, a non-exhaustive list of risk factors is set out below.

Re-quotation of Shares on ASX

The acquisition of Lymex Tenements constitutes a significant change in the nature and scale of the Company's activities. Accordingly, the Company needs to re-comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of the ASX for the first time.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its shares. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can or have been met.

This is a risk for existing Shareholders who will continue to be prevented from trading their Shares on ASX until such time as the Company is able to re-comply with the ASX Listing Rules.

Contractual Risks

The ability of the Company to complete the acquisition of Lymex Tenements and achieve its objectives is dependent on the performance of Lymex Limited of its obligations under the Share Sale Agreement and is dependent on each shareholder of Lymex Tenements agreeing to formally transfer their shares in Lymex Tenements to the Company. If Lymex Limited defaults in the performance of its obligations, the Share Sale Agreement may be terminated and it may be necessary for the Company to undertake legal proceedings to seek a legal remedy. Legal proceedings can be costly and there can be no guarantee that a suitable legal remedy will ultimately be granted (and enforceable) on appropriate terms.

Dilution Risk

On a post Consolidation basis, the Company has 5,519,185 Shares on issue (based on holdings of current Shareholders) prior to completion of the capital raising.

On completion of the acquisition of Lymex Tenements, the Company will issue a further 30,000,000 Initial Consideration Shares to the Lymex Shareholders, with the potential for the issue of further Deferred Consideration Shares to the Lymex Shareholders on the achievement of certain key milestones as follows:

- 7,500,000 Shares in the Company to be issued to Lymex Shareholders at a deemed issue price of \$0.20 per share (on a post Consolidation basis) to be issued upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant inferred graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content and

- 7,500,000 Shares in the Company to be issued to the Lymex Shareholders at a deemed issue price of \$0.20 per share (on a post Consolidation basis) to be issued upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant indicated graphite resources plus JORC Code compliant measured graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content
- 7,500,000 Shares in the Company to be issued to the Lymex Shareholders at a deemed issue price of \$0.20 per share (on a post Consolidation basis) to be issued upon the Company announcing to the ASX that the Company has sold 50% of the Company's iron ore rights for at least \$10,000,000 (excluding GST) provided such sale and receipt of the sale proceeds occurs within 36 months of the date of the Company's listing on ASX. The Shares are to be issued by the Company only after receipt (without deduction) of the sum of \$10,000,000 by the Company

For further details on the dilution effect on existing and new Shareholders in various scenarios refer to the table headed Share Capital Structure after the Offer in Section 2.10 of the Prospectus.

In addition, the holdings of existing Shareholders may be further diluted as a result of any future equity capital raisings required in order to fund future exploration.

5.2 GENERAL INVESTMENT RISKS

Some of the general risks of investment which are considered beyond the control of the Company are as follows:

(a) The State of Australian and International Economies

A downturn in the Australian and/or the International economy may negatively impact the performance of the Company, which in turn may have a negative impact on the value of the Company's securities.

(b) Changes to Government Policies and Legislative Changes

Changes in Government policy and legislative changes which are outside the control of the Company may also have a negative impact on the financial performance of the Company.

(c) Economic Risk and Price of Commodities

The Company's Share price will be influenced by the prevailing market prices from time to time of the resources that the Company is targeting in its exploration programmes.

The price of minerals is influenced by physical and investment demand for, and supply of, those resources.

Fluctuations in these prices may influence individual projects in which the Company has an interest and the price of the Company's Shares.

Further, commodities are principally sold throughout the world in US dollars so any fluctuations in the exchange rate between the Australian and US dollars could adversely affect the Company's financial position, performance and prospects.

These factors may have an adverse effect on the Company's activities as well as its ability to finance future projects and activities.

(d) Movements in Local and International Stock Markets

The price of stocks in a publicly listed company can be highly volatile and the value of a company's securities can be expected to fluctuate depending on various factors, including commodity price changes, stock market sentiment, government policies, investor perceptions, economic conditions and market conditions which affect the exploration industry. It is therefore possible that the Company's securities will trade at below the offer price.

(e) The Company's On-going Funding Requirements

Further funding may be required by the Company to undertake its exploration activities. If commercial quantities of minerals are discovered and the Company commences mining activities then further funding is likely to be required. There is no guarantee that the Company will be able to raise the additional required funding on a timely basis, on favourable terms or that such further funding will be sufficient to enable the Company to implement its planned commercial strategy. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or scale back its exploration programmes as the case may be, which may adversely affect the business and financial condition of the Company and its performance.

(f) Resource Estimates and Targets

There are no JORC Code compliant resources currently defined on the Tenements.

If a resource is defined in the future, that resource estimate will be an expression of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. Resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment.

(g) Investment Speculative

Mining exploration and investment in companies that are focused on mining exploration and evaluation is inherently risky and constitutes a speculative investment.

(h) Potential Acquisitions

As part of its business development strategy, the Company may make acquisitions or significant investments in other companies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies or resource projects.

(i) Insurance Risk

The Company may, where economically practicable and available, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover. While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers there will remain the risk that an insurer defaults in a legitimate claim by the Company under an insurance policy. Insurance against all risks associated with mining exploration and production is not always available and where available the cost may be prohibitive.

(j) Unforeseen Expenses

The Company is not aware of any expenses that it will be required to incur in the two years after listing and which it hasn't already taken into account. However, if the Company is required to incur any such unforeseen expenses then this may adversely affect the currently proposed expenditure plan and existing budgets for the Company's activities.

(k) Competition Risk

The industry in which the Company will be involved is subject to global and domestic competition. The Company will undertake all reasonable due diligence, however, the Company is unable to influence or control the conduct of its competitors and such conduct may detrimentally affect the Company's financial or operating performance.

(l) Regulatory Risk

The Company's proposed evaluation and exploration activities will be subject to numerous laws and regulations. Such regulations include license consent conditions relating to native vegetation, heritage agreements, environmental protection and rehabilitation, native title and heritage, protection of endangered and protected species, groundwater use and mining operations for radioactive minerals, among other matters. The Company will regularly require permits from regulatory authorities to authorize its operations. There is a risk that these permits may not be obtained or acquired on acceptable terms or in a timely fashion. Any costs or delays associated with obtaining or complying with permits or complying with applicable laws and regulations may restrict or prevent the Company from undertaking mining exploration or evaluation. If the Company fails to comply with applicable laws, permits or regulations, penalties, fines or other liabilities may accrue, the Company's activities may be suspended or the Tenement licenses revoked.

(m) Reliance on Key Personnel

Directors, senior management and key personnel of the Company will direct the Company's operations and provide strategic direction and management. However, if key employees cease to be employed by the Company or suitable replacement personnel can not be identified and employed there may be a detrimental impact on the Company.

5.3 EXPLORATION AND DEVELOPMENT RISK FACTORS

The business of mineral exploration, project development and production involves inherent risks. Success depends on successful exploration appraisal, design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution and marketing services. Exploration is a speculative endeavor and production operations can be hampered by engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events. The outcome of the Company's exploration, project development and production programmes will affect the future performance of the Company and the price of its Shares.

If and when the Company commences production, the production may be adversely effected or shut down for considerable periods of time owing to a range of factors such as disruptions to transport infrastructure, lack of market demand, government regulation, production allocations or force majeure events. These restrictions may continue for a considerable period of time which may have a materially adverse effect on the operations and/or financial condition of the Company.

The exploration for and production of minerals involves certain operating hazards, such as:

- failure and/or breakdown of equipment;
- adverse geological, seismic and geotechnical conditions;
- industrial accidents;
- labour disputes;
- pollution; and
- other environmental hazards and risks.

The Company may also be liable for environmental damage caused as a result of its exploration and/or mining activities. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could reduce or eliminate funds available for acquisitions, exploration and development or cause the Company to suffer losses.

Exploration, development and environmental factors, which may affect the Company's financial position, prospects and the price of its Shares are set out below.

(a) Exploration Risks

There are a number of risks associated with the mineral exploration activities to be conducted by the Company, including:

- The discovery and/or acquisition of economically recoverable resources or reserves. Exploration on the existing prospecting and exploration tenements of the Company may be unsuccessful, resulting in a reduction of the value of those tenements, diminution in the cash reserves of the Company and the possible relinquishing of certain of the prospecting and exploration tenements;
- There can be no assurance that the Company will discover significant resources or reserves of commodities nor can there be any assurance that any particular level of recovery from such resources or reserves will be economically viable;
- Access to adequate capital on reasonable terms for project development;
- Design and construction of efficient development and production infrastructure within capital expenditure budgets;
- Securing and maintaining title to company interests;
- Obtaining consents and approvals necessary for the conduct of mineral exploration, development and production; and
- Access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

(b) Development Risks

If the Company does locate commercially viable reserves of minerals, then the future development of a mining operation at any of the Company's projects will be subject to a number of risks, including:

- Geological and weather conditions causing delays and interference to operations;
- Obtaining all necessary and requisite approvals from relevant authorities and third parties;
- Technical and operational difficulties associated with mining of minerals and production activities;
- Access to necessary funding;
- Mechanical failure of plant and equipment;
- Shortages or increases in price of consumables, and plant and equipment;
- Environmental hazards, fires, explosions and other accidents;
- Transportation facilities;
- Costs overruns;
- The costs of extraction being higher than expected.

There is no guarantee that the Company will achieve commercial viability through the development of its projects.

If the Company locates commercial reserves of minerals, it may seek to apply for a mining lease over the area. The lease is subject to approval being obtained from the Minister and may be subject to any terms and conditions imposed by the Minister or other parties deemed necessary to protect the environment, activities affected by the lease and any Aboriginal heritage issues.

(c) Environmental Risks

The activities being undertaken by the Company are subject to environmental laws and regulations. The Company will endeavour to comply at all times with all applicable laws and intends to conduct its activities in an environmentally responsible manner.

However, the existence of environmental legislation means that the Company may potentially face a liability risk relating to its activities and/or be restricted from engaging in certain exploration activity due to environmental legislation.

A number of the Tenements have conditions attached relating to native vegetation agreement areas.

- (d)** The licence conditions for Tenement EL 4172 provide that prior to conducting exploration activity in a Native Vegetation Heritage Agreement Area, the Hincks Wilderness Protection Area, Peachna Conservation Park, Hincks Conservation Park, Bascombe Well Conservation Park, National Heritage Area or Investigator Marine Park and Wetlands involving the off-road use of vehicles, the use of declared equipment or drilling equipment, a Declaration of Environmental Factors must be approved by the Director of Mines. There is no guarantee that the Director of Mines will approve any Declaration of Environmental Factors made by the Company.

The Company will be relying upon the expertise, experience and equipment of various consultants and contractors who will be engaged to conduct the different aspects of exploration and mining activity. In the event of a failure of, or by, one of these contractors, or the failure of any equipment used by these consultants or contractors, the Company's business, activities and operating results may be adversely affected.

5.4 NATIVE TITLE RISKS

Native title or Aboriginal heritage sites or objects may exist in the areas covered by the Tenements. Searches of the Register of Native Title Claims has revealed that there were three (3) native title claims affecting the Tenements, being the Barngarla, Wirangu No 2 and Nauo native title claims. These claims have not yet been determined.

If native title has been claimed, the Company may seek a native title determination from the ERD Court authorising entry onto land where native title has been claimed. If the title grants exclusive possession, the landowner may object to a notice of entry. Entry may only be granted on specific terms and conditions, and the Company may have to pay compensation to the landowner.

If there is a determination of native title over an area the subject of the prospecting and exploration tenements held by the Company, the native title holder's consent may be required for exploration and mining to occur.

Native title could potentially impact the status, renewal and conversion of existing tenements held by the Company and may impact the future grant of new tenements. Compensation may be required to be provided by the Company to native titleholders in the form of money, transfer of property or provision of goods and services.

5.5 RISKS RELATING TO EXPLORATION LICENCES

(a) Licence Terms

The Tenements have been granted for 2 to 5 year terms with renewal dates being in the second half of 2014 and first half of 2015. All tenements are current and reporting requirements have been met.

The Tenement licences mandate that failure to meet expenditure commitments may result in the licence area being reduced by 25% or more at the end of the current term.

(b) Compensation

The Minister may require the licensee to pay compensation to persons who suffer loss or damage as a result of the operations conducted under the licence.

(c) Exempt Land

If the licence applications for the Tenements have been made over exempt land, being land that is exempt from mining operations under the *Mining Act 1971* (SA), the Company may be required to enter into an agreement with the owner of the exempt land. Any agreement may specify that compensation may be paid to the landowner or impose conditions of entry.

06. INDEPENDENT GEOLOGIST'S REPORT

VERONICA WEBSTER PTY. LIMITED
(Incorporated in Queensland; ACN 010 299 224)
Consultants to the Mining Industry
Les W Davis - Minerals Exploration Consultant

Brisbane Office
7 O'Quinn Street
Nudgee Beach QLD. 4014
Telephone & Fax: 07 3267 3355
L Davis 0411 484 295
V Davis 0407 596 301

Email lesdavis@ozemail.com.au

POSTAL ADDRESS: P O Box 619, Hamilton QLD 4007

5th August 2014

Directors,
Tey's Limited,
24 Palmerston Road West,
RINGWOOD, VICTORIA 3134.

Dear Directors

RE: INDEPENDENT GEOLOGIST'S REPORT ON THE MINERAL PROPERTIES OF LYMEX LIMITED, EYRE PENINSULA, SOUTH AUSTRALIA

1.0 INTRODUCTION

Tey's Limited (ASX code "TYS") commissioned Veronica Webster Pty. Limited ("VWPL") to provide an Independent Geologist's Report ("IGR") on the Mineral Properties of Lymex Limited ("Lymex"), held by its wholly owned subsidiary Lymex Tenements Pty Limited, in the Eyre Peninsula, South Australia. These consist of graphite and base metal projects located in Exploration Licences ("ELs"), acquired or to be acquired by TYS, with either granted or applied for tenements.

VWPL understands that TYS has entered into a share sale agreement to acquire all of the shares in Lymex, which owns the Oakdale Graphite Project. The Company then proposes, subject to obtaining the necessary shareholder approvals at a meeting of shareholders to be called shortly, to conduct a capital raising through Patersons Securities Limited to raise between \$3.75 and \$6 million and then, subject to having satisfied Chapter 1 and 2 of the Listing Rules, to seek the re quotation of the Company's shares on the Australian Securities Exchange ("ASX"). The IGR will be used to assist TYS in the execution of these endeavours.

The shareholders of Lymex Limited are to be issued with 30 million fully paid ordinary shares in TYS (on a post consolidation basis) at a deemed price of \$0.20 per share.

The shareholders of Lymex are to receive three further tranches of fully paid ordinary shares in TYS on the achievement of certain key specific milestones, at a deemed issue price of \$0.20 per share (on a post consolidation basis). The details of which are as follows:

- 7,500,000 ordinary fully paid shares in TYS to be issued to the Lymex shareholders at a deemed issue price of \$0.20 per share (on a post Consolidation basis) to be issued upon TYS announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant Inferred graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content.

- A further 7,500,000 ordinary fully paid shares in TYS to be issued to the Lymex shareholders at a deemed issue price of \$0.20 per share (on a post Consolidation basis) to be issued upon TYS announcing to the ASX at least 10 million tonnes in total of JORC Code compliant indicated graphite resources plus JORC Code compliant measured graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content.
- A third tranche of 7,500,000 fully paid ordinary shares in TYS to be issued to the Lymex shareholders at a deemed issue price of \$0.20 per share (on a post Consolidation basis) upon the Company announcing to the ASX that the Company has sold 50% of the Company's iron ore rights for at least \$10,000,000 (excluding GST) provided such sale and receipt of the sale proceeds occurs within 36 months of the date of the Company's listing on ASX. The Deferred Consideration Tranche 3 Shares are to be issued by the Company only after receipt (without deduction) of the sum of \$10,000,000 by the Company.

The proposed ASX-listed company is to be renamed Oakdale Resources Limited.

Mr. L W Davis, who is a duly authorised representative and director of VWPL, has supervised the preparation of the Report. Mr Davis has had over 40 years' experience in the minerals industry, is a registered Chartered Professional (Geology) and is affiliated with The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. He specialises in mineral resource/reserve estimations, advanced project assessment and exploration management.

The exploration projects of Lymex are situated in the Eyre Peninsula, South Australia and are principally for base-metals of zinc, lead, copper and nickel, graphite, iron, manganese, uranium and lignite. TYS/Oakdale Resources Limited will be entitled to all the mineralisation within the Lymex ELs.

In January to February 2013 and in March 2014, Mr Davis was supplied exploration information by Lymex, which warrants that the supplied information is accurate and complete. He visited the Oakdale Project area in February 2013 and inspected core samples for both the base metals and graphite prospects.

Mr Davis has at his own discretion relied on the observations and interpretations of previous explorers, exploration consultants and Lymex geological staff. Independent checking at other organisations which may have been previously involved in exploration and mining activities in the area of the Lymex tenements was not carried out. Lymex has indemnified both L Davis and VWPL for liability arising from reliance on information provided or from available information not provided and for any further activities relating to enquiries from the Australian Securities Exchange and the Australian Securities and Investment Commission ("ASIC") with regard to the Report.

The views and conclusions expressed in this Report are solely those of VWPL and L W Davis. Generally these views concur with the views of Lymex and there are no material differences.

An appraisal of all the above-mentioned information forms the basis of this Report.

VWPL affirms that L Davis is both a Fellow of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, with a minimum of five years' experience in the estimation, assessment and evaluation of mineral resources and ore reserves that is relevant to the styles of mineralisation and the types of deposits under consideration. Previous geological

reports are publicly available from an open-file register, or website of a department of mines of a state or territory, or an open register or website of the Australian Securities Exchange or publications in the public domain. All references to previous geological sources of information fairly represent the contents of the previous geological reports. Reports and publications attributed to organisations and persons are referenced only to support the technical (scientific) aspects within the Independent Geologist's Report and are not used for promotional reasons. Consent for the use of any public domain information has not been sought.

All references to mineral resources are consistent with the most recent Australasian Code (and Guidelines to the Code) for Reporting of Identified Mineral Resources and Ore Reserves: Reports prepared by the Joint Committee of The Australasian Institute of Mining and Metallurgy, ("AusIMM") the Australian Institute of Geoscientists and the Minerals Council of Australia (JORC). The VALMIN Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports, 2005 Edition, is binding on AusIMM members and so observed.

L Davis observes Section 947B of the Corporations Act 2001. In accordance with Corporations Regulation 7.6.01 (1) (u) and Corporations Amendment Regulations 2003 (No. 7) 2003 No. 202, the independent report is not financial product advice but is intended to provide investors with expert opinion on matters relevant to an investment in Lymex. L Davis and VWPL are not operating under an Australian financial services licence and the advice in the independent report is an opinion on matters other than financial products and does not include advice on a financial product.

2.0 SUMMARY

Oakdale Resources Limited is a proposed relisting on the Australian Securities Exchange principally for the evaluation of a graphite deposit, development of a mine to produce graphite and the exploration for world-class base metal deposits.

Lymex Limited holds title to eight exploration licences ("ELs") in the Eyre Peninsula. Oakdale Resources Limited will be entitled to all minerals, principally base-metals of iron, zinc, lead, copper and nickel, plus any minor or trace minerals associated with the base metals and graphite mineralisation within the Lymex ELs. Manganese, coal and uranium are also known to be present in the EL areas.

The Eyre Peninsula contains a basement of the Gawler Craton, which in the tenement holding is completely overlain by extensive surficial and sedimentary basin cover that is on average 35 m thick.

Lymex Limited has established an Archaean (2540 Ma) age for this area and that the geology is favourable for hosting deposits of Archaean age: VHMS ("volcanogenic massive sulphide") deposits similar to those of the Canadian Shield and the Yilgarn and Pilbara cratons of Western Australia. Drilling has intersected a volcanic terrane ranging from basaltic to felsic in composition. These are intercalated with fine grained meta-sediments. Widespread anomalism in base metals now constitutes the target for VMS containing zinc-copper (\pm lead) and nickel-copper sulphide deposits.

During the prospecting for these exploration targets, high-grade graphitic horizons have been drilled. This graphite (the Oakdale Graphite Project) has become an evaluation project rather than an exploration project, which presents Oakdale Resources Limited with an opportunity to become a graphite producer in a relatively short time frame.

At the Malache and Tooligie prospects, an interpreted shear zone contains at least 30 km of base-metal anomalous target area, which includes wide intersections, but has received drill testing at only wide spacing. Drill hole BLDD04, the Malache Prospect discovery diamond drill hole, averages 0.45% zinc over 144.80 m, which includes 92.27 m grading 0.67% zinc from 83.4 m to 175.67 m.

There are parallel zones with similar geology and anomalism which have been tested with even fewer drill holes. The usefulness of electromagnetic and electrical geophysical methods has been substantiated and will be crucial in generating targets.

Lymex has outlined by geophysics and drilling a substantial zone, extending for 2.7 km, of Banded Iron Formation ("BIF") at the Bramfield Iron Prospect. This contains magnetite and hematite below the weathered zone with iron grades ranging from 31.8% to 42.4%. Although a resource cannot be estimated at the stage, Lymex has an aspirational exploration target of between 250 million and 300 million tonnes. Drilling to estimate resources is the next step.

At the Oakdale graphite project, early drilling has intersected several zones of graphitic carbon, such as:

- 39.3 m of 3.87% graphitic carbon
- 33.9 m of 8.39% graphitic carbon.

The Oakdale Graphite Project has been scheduled for a program of evaluation drilling. The graphite beds will first be defined with electromagnetic surveying, because they are extremely

conductive, containing both graphite and pyrrhotite. Concurrent with the field work, metallurgical test work, preliminary scoping studies and market research will be carried out.

The oxidised, weathered graphitic units are ~40 m thick, under ~20 m of cover and lie within a graphite-bearing zone which is greater than 200 m wide. This graphite-bearing zone with its contained graphite-rich units can be traced for many kilometres.

Although the graphite beds may be quite extensive, especially if the primary rocks are considered and might constitute a large resource from which considerable amorphous graphite might be produced, Lymex will focus only on the oxide zone at this stage. A nominal exploration target of between 10 and 15 million oxide tonnes grading between 5% and 10% graphitic carbon has been selected.

It has been demonstrated in preliminary metallurgical tests that the weathered oxidised graphite zone does not need to be heavily crushed and ground to liberate the graphite, as weathering has altered the feldspar, pyrrhotite and other gangue minerals to soft clay minerals and oxides. Graphite, being pure carbon, does not break down in the oxidised zone so it can be readily recovered with minimum crushing and subsequent flotation. Preservation of coarse crystalline graphite is desirable as this product commands a higher price in the market. However, there is no set producer price but this is subject to negotiation between the supplier and the consumer. Metallurgical test work on the oxidised zone recovered both coarse flake and flake graphite in excess of 75 microns and up to 1000 microns.

AMMTEC's Metallurgical Report in the Prospectus states that the recoveries and the carbon grade can be improved to 90% or better by removing the carried over silica by gravity techniques and washing the recovered graphite to remove the clays contained in the concentrate. If necessary, recoveries and carbon grade could further be improved by chemical treatment of the recovered graphite concentrates.

Lymex Resources Limited is confident at this early stage that the existing and planned infrastructure in this part of the Eyre Peninsula is favourable and environmental conditions are satisfactory.

2.1 Programs and budgets

Currently, the Oakdale Graphite Project is considered the most likely to be developed quickly and will receive priority.

Lymex has a satisfactory and clearly defined exploration and expenditure program, which is reasonable having regard to its stated objectives. Allowance has been made for successful first-year programs and high expenditures on follow-up activity in the second year.

Lymex have planned for an optimal budget of ~\$5.2 million in the next two years. In the first year, ~\$2.4 million has been allocated to drilling around 30 000 m of air core, all which will be applied at Oakdale graphite prospect. Following the drill campaign, resource studies, then metallurgical, environmental and scoping studies will be carried out mainly in the second year of operations. Full details are given in the Directors review of operations in the Prospectus.

Graphite intersections and richly anomalous base-metal intersections form meritorious targets for further exploration. Even though encouraging intersections and some continuity of mineralised zones are established, the proposed programs carry the fundamental risks for this style of speculative activity. In the view of VWPL the programs are fully justified.

3.0 TENEMENTS, LOCATION AND INFRASTRUCTURE

Lymex, through its wholly owned subsidiary Lymex Tenements Pty Ltd holds eight ELs in the Eyre Peninsula. See Figure 1 and Table 1..

TENURE ID EL No	EL Name	Date GRANTED	Renewal Date	km ²	Annual \$ Commitment
5378	Brooker	25-Aug-08	24-Jul-14	190	100 000
5454	Kapinnie	05-Mar-09	04-Feb-15	160	90 000
5455	Sheringa	01-Apr-09	28-Feb-15	337	120 000
5456	Lock	01-Apr-09	28-Feb-15	247	110 000
4442	Mt Hope Brimpton	15-Mar-10	14 Dec-14	121	80 000
4537	Lake Tungketta	09-Aug-10	8-Jul-2014	683	400 000
4895	Hill	07-Mar-12	6-Feb-15	91	80 000
4768	Hillside	26-Jul-11	25-Jun-15	191	55 000
TOTALS				2020	1 035 000

Table 1. Lymex tenements in Eyre Peninsula, South Australia (May 2013)

Anglo American Exploration (Australia) Pty Limited in a previous Joint Venture with Lymex negotiated a 1.5% net-smelter-return royalty, applicable to expired EL 4172 and ELs 5454 and 4537. This agreement has subsequently been re-negotiated. The royalty will be cancelled with the payment of \$250,000 from the proceeds of a successful capital raising.

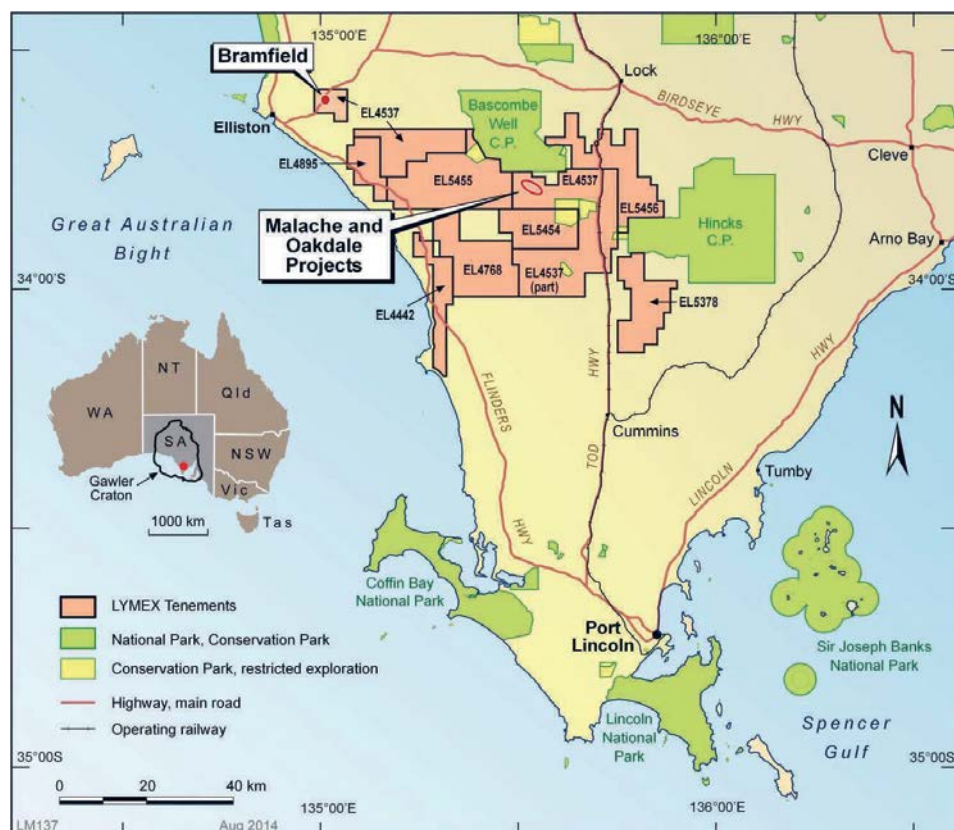


Figure 1. Lymex Tenements in Eyre Peninsula, South Australia

Lymex believes the ELs will proceed through to grant or renewal in the normal course of time frames set by the Department for Manufacturing, Innovation, Trade, Resources and Energy ("DMITRE") formerly Department of Primary Industries and Regions South Australia, the department that administers exploration and mining tenements in South Australia. The Table 1 above lists the tenement details and indicates the statutory levels of expenditure necessary to ensure that the tenements are maintained in good standing. All the tenements are in the name of Lymex Tenements Pty Ltd and they are for "all minerals".

Note that the granted tenements allow Lymex to carry out many of their planned drilling programs under relevant access procedures applying to each tenement. However, drilling programs cannot be undertaken on those tenements which are in the application stage.

All the granted EPMS are subject to the Native Title Protection Conditions with respect to Native Title and in this area there are no current Native Title claims.

Conservation areas and other land classifications can restrict exploration activity. These are not affecting Lymex's main prospects but will have impact on regional programs in places. None of Lymex's current prospects are affected by restrictions or are close to restrictions.

Details of these tenements are set out in the Tenement Report in the Prospectus.

3.3 Project location, infrastructure and access (refer Figure 2)

The tenements are situated from 120 km to 160 km north-west of Port Lincoln (population 14,500) via the Flinders or Tod Highways, which are all weather bitumen roads. Numerous all weather minor roads and farm tracks provide further access to prospects.

Port Lincoln has an all-weather airstrip and is serviced by four to six flights a day from Adelaide. Adelaide is 45 minutes by air and six hours by road from Port Lincoln.

Export ports exist at Port Lincoln and Whyalla. Whyalla is operated by Arrium Limited (previously One Steel Limited) and may not be available to other organisations. A new port is proposed at Port Spencer (Sheep Hill) on the eastern Eyre Peninsula to export iron ore.

The Lymex current prospects are mainly on farming and grazing land that is mostly freehold title. Current prospects are in calcrete regolith, which forms poor quality grazing land in which there are relatively few beasts, mainly sheep, to unit area.



Figure 2. Infrastructure of the Eyre Peninsula

4.0 REGIONAL GEOLOGY, MINERALISATION, EXPLORATION AND RESOURCES

The Eyre Peninsula contains a basement of the Gawler Craton, which has been defined by Geoscience Australia as that region of South Australia where Archaean to Mesoproterozoic crystalline basement has undergone no substantial deformation (except minor brittle faulting) since 1450 Ma.

As a consequence of the extensive surficial and sedimentary basin cover, the level of understanding of the craton's geology and prospectivity are limited in comparison with most other Australian Archaean and Proterozoic cratons. This is especially true for the Eyre Peninsula where Lymex's tenements are completely under cover and contain abundant calcrete cropping out in the top of the calcareous regolith. Previous exploration drilling has shown that the cover sequences generally have thicknesses ranging from 5 m to 100 m with thicknesses controlled in parts by incision of Tertiary palaeo-channels into a weathered basement terrain. Careful plotting of water bores demonstrated that the average thickness of the Recent and Tertiary overburden within the Lymex EL area is approximately 35 m.

The central, western Eyre Peninsula consists of an Archaean supracrustal sequence with possible Palaeoproterozoic sub-basins.

From drilling we know that basement rock types in the region include felsic to mafic volcanics, mafic sills, magnetite rich pelites, dolomites, marbles, calcsilicates, oxide, BIFs – magnetite, hematite, sulfide and silicate iron formations, graphitic schists, komatiitic basalts, iron sulfide horizons, tourmalinite, pegmatites and other intrusives. However, post-tectonic granitoids do not appear to be present.

Metamorphic grade in the region increases from lower amphibolite facies in the Mount Hope region on the Flinders Highway to upper amphibolite, transitional granulite facies, inland in the Brimpton Lake -Oakdale area, a distance of ~40 km.

The tenements are traversed by two major north-west trending structural fault zones interpreted from magnetic survey information.

4.4 Mineralisation

Geoscience Australia reports several styles of base-metal mineralisation in the Gawler Craton, some of which can form world-class ore deposits. They include:

- VHMS (volcanic hosted massive sulphide) zinc-copper (\pm lead) deposits of Archaean age.
- Proterozoic copper-gold (Cu-Au) seen in the eastern and central Gawler Craton; iron oxide Cu-Au (IOCG) systems in the Olympic Cu-Au province
- Gold systems in the Archaean rocks in the north-western part of the craton
- Nickel-copper \pm platinum group metals in the Archaean Harris Greenstone Belt in the central Gawler Craton. The Lake Harris Komatiite in the central Gawler Craton of South Australia is the first documented komatiite outside the West Australian craton and the easternmost occurrence of such primitive ultramafic rocks in Australia. A uranium-lead

zircon radiometric age of ca. 2540 Ma for the komatiitic sequence suggests a previously unknown period of mantle-plume activity in the Late Archaean.

Lymex have independently discovered komatiite facies and have confirmed an Archaean age in the Malache base metal project in the south Gawler Craton. At Mount Hope, on the northern part of the Coffin Bay Magnetic Anomaly, drilling by Werrie Gold Ltd intersected a sequence of iron rich metasediments and felsic and mafic volcanic which yielded an age of 2540 ± 7 Ma. This age is considered to be very encouraging as it equates with the timing of important massive sulphide - gold mineralisation in the Archaean of Canada and with much of the volcanism in the Yilgarn Craton of Western Australia.

The southern Gawler Craton could host VHMS and any of the above mentioned deposit types.

4.4 Mining, exploration and resources

In the 19th century there was sporadic mining of base metals and gold. Only minor occurrences have been discovered and there are no resources.

As there is no basement outcrop within the area of the tenements, all modern exploration has been strongly controlled by geophysics. However, only limited drilling of geophysical basement targets under cover has been completed in the area of the tenements.

The project area has been subject to sporadic and limited exploration by various companies over the past few decades. The most significant previous exploration was undertaken by Stockdale Prospecting Limited ("Stockdale"), circa 1999, which drilled numerous magnetic features for diamonds and located six kimberlites. Stockdale reported anomalous nickel, lead and zinc in some of the basement rocks.

Werrie Gold Limited (of which Lynch Mining was the dominant shareholder) prospected gold mineralisation at Mount Hope. Others investigated coal, uranium, base metals and gold without success. Consequently, Lynch Mining's early 1990s investigations were the first substantial modern exploration initiatives after Stockdale. By this time, better geochemical techniques for sampling in calcrete cover terranes had been developed. Previous estimates for a young Proterozoic age, largely assumed, for the Gawler Craton were being challenged.

4.4.1 Iron resources

The region has been an iron ore producer since the early 1900s and the Middleback Ranges deposits in the north-east of the Eyre Peninsula were very important to Australia, up to the time of production from the Pilbara commencing in 1966. It was not until 1985 that the search for iron ore recommenced in earnest and potential was realised during the global mineral resources boom of 2004 to 2008

Currently there is only one producer (South Australia has another producer of iron ore in the northern Gawler Craton) in the north-east of the Eyre Peninsula; Arrium Limited, which produces hematite and magnetite iron ore from several iron ore deposits in the Middleback Ranges. There are half a dozen iron projects being investigated, mainly on the eastern side of the peninsula. A hematite mine is under construction at Wilgerup, which is not far north of the Lymex EL holding. Advanced and important exploration is taking place for magnetite deposits in the Eyre Peninsula which is similar to the mineralisation identified by Lymex at the Bramfield Prospect.

Drilling and geophysical interpretation of the Bramfield anomaly suggests several hundred million tonnes of magnetite iron formation might be available. Other identified targets in the immediate vicinity have not been tested.

4.4.2 Graphite resources.

Graphite has been prospected for in South Australia where it has been located in outcrops but it has only been mined in two places: the Uley graphite mine ("Uley"), some 23 km by road south-west of Port Lincoln and the Koppio graphite mine, about 45 km by road north of Port Lincoln where graphitic schist can be traced discontinuously for 8 km.

Uley was discovered in the early 1900s and has been worked intermittently since the late 1920s. When in operation, the plant was capable of producing up to 14,000 tonnes of graphite concentrate per year.

The Uley mine was closed in 1993 due to low graphite prices but had a processing plant and infrastructure. Valence Industries Limited (ASX : "VXL"), through subsidiary company Strategic Graphite Limited acquired the Uley project and in December 2013 raised \$6.73 million to restart the project and process existing mine stockpiles.

In the Replacement Prospectus of 15th November 2013, the following resources were announced, estimated by Coffey Mining Pty Ltd:

- 1.9 million tonnes of Indicated Resource with an average grade of graphitic carbon of 10.7% (at a lower cut-off grade of 3.5% graphitic carbon)
- 4.5 million tonne Inferred Resource with an average grade of graphitic carbon of 5.5% (at a lower cut-off grade of 3.5% graphitic carbon); and
- 74,454 tonne Inferred Resource comprised of mined stockpile material with an average grade of graphitic carbon of 11.42%.

In April 2014 VXL announced initial production and a sales agreement with a Japanese customer. VXL intends to expand the project by increasing plant capacity and primary production from open-pit mining from late 2014 through 2015.

Lincoln Minerals Limited ("LML") is an explorer, primarily focused on graphite, iron ore and base metals exploration. In July 2012, LML announced that the Koppio Mine and the nearby Kookaburra Gully graphite deposits contain small Inferred Mineral Resources: Koppio Graphite Mine, 57 000 tonnes grading 13.1% graphitic carbon and Kookaburra Gully, 2.2 million tonnes grading 15.1% graphitic carbon.

Archer Exploration Limited (ASX listed; "AXE") holds the Campoona, Carappee Hill and Sugarloaf graphite deposits in the northern Eyre Peninsula. Sugarloaf is described as a 250 m long by 10 to 50 m thick bed of quartz-graphite schist.

AXE reports that the Campoona deposit has a JORC Code compliant combined Measured, Indicated but mainly Inferred Resource of 5.27 million tonnes grading 7.6% graphitic carbon (based on 2% cut off). According to ASX, Carappee Hill has an exploration target of 37 to 70 million tonnes grading 10-12% graphitic carbon.

5.0 MALACHE BASE METAL DEPOSIT

5.1 Geology and Mineralisation

Lymex have interpreted that the geology is favourable for hosting deposits of Archaean age: VHMS (“volcanogenic massive sulphide”) deposits containing zinc-copper (\pm lead) and nickel-copper sulphide deposits. Drilling has intersected a volcanic terrane ranging from komatiitic-basaltic-felsic composition interbedded with fine grained meta-sediments. The age of these rocks has been verified by Lymex with lead isotope radioactive dating. This is independent from the work of Geoscience Australia on the Lake Harris Komatiite in the central Gawler Craton of South Australia is the first documented komatiite outside the West Australian craton of Archaean (2540 Ma) age.

The exploration target deposits are thus similar to those in the Yilgarn and Pilbara Shields of Western Australia and the Canadian Shield. VHMS deposits containing zinc-copper (\pm lead) characteristically contain silver, gold and other metals occasionally recoverable as bi-products. Mineralisation at Malache contains gallium, germanium and indium as well as the principal metals.

5.2 Previous investigations and results

The Lymex tenements were initially acquired by Lynch Mining Pty Ltd (“Lynch Mining”) in 1991.

Alphadale Pty Ltd, (“Alphadale”) a wholly-owned subsidiary of Lynch Mining carried out an assessment of the previous work and available geophysical datasets, basement geological interpretation and production of a basement geology map. Calcrete orientation sampling was applied.

In the 1980s, Stockdale Prospecting Limited (“Stockdale”) had explored exclusively for diamonds contained within kimberlitic pipes in this area. One of their drill holes (MH108 anomaly) intersected 13 m grading 0.26% nickel, which Alphadale confirmed with petrological examination to be sulphide nickel.

5.2.1 BHP Joint Venture

Alphadale entered into a joint venture agreement with BHP Billiton Limited (“BHP”) and during the period July 2000 to August 2001, BHP carried out aeromagnetic survey interpretation and compiled an interpretative geological map. Follow-up included two ground magnetic traverses and 175 aircore drill holes for a total of 11 922 m, drilled in two phases. The drilling density was 2000 m traverses and 400 m spaced vertical holes, along the traverse (see Figure 3).

The area and ELs concerned were EL2662, Brimpton Lake, EL 3096 and EL 3126. The target zone based on magnetic survey interpretation covered several prospects: Malache, Oakdale and Tooligie prospects are the main prospects and Hopping Jack Well Prospect is a less advanced prospect. Subsequent interpretation after several phases of work showed Malache and Tooligie to lie in the same structural lineament or trend but the Oakdale Prospect is located on a different magnetic feature, some 3 km to the south-west of the principal lineament. All the prospects are considered to host similar stratigraphy which Lymex has informally named the “Oakdale Sequence”.

Oakdale Prospect has now proved to be a graphite-rich prospect and will be subject to a separate program (an evaluation program) from the other prospects. Tooligie Prospect, (for the purposes of this IGR) will be combined with Malache Prospect.

The Oakdale sequence is a package of meta- mafic volcanics, altered felsic volcanics, komatiites, graphitic schist, graphite-bearing feldspathic gneiss, sillimanite gneiss and various calc-silicates metamorphosed to the lower granulite facies.

It is known that the Oakdale Sequence is also present ~10km to the south-south-west where Stockdale intersected anomalous base metals in iron-rich meta-pelites/felsic volcanics (anomaly MH36; 14 m grading 0.25% zinc and 0.1% lead) near the Hopping Jack Well Prospect.

Air core drilling by Lymex in 2011 located the Hopping Jack Well Prospect base metal mineralisation in a parallel major north-west trending shear system. Base metal values of up to 1.6% combined lead and zinc were assayed at the base of the air core holes. The system is open in all directions. Diamond drill hole (KADD02) at Hopping Jack Well, designed to test the base metal target also intersected 10 m of uranium mineralisation in thin veins associated with an oxidised hematite breccias, with uranium values of up to 700 ppm. The uranium mineralisation is not available to Oakdale Resources Limited. The base-metal mineralisation is available.

5.2.1.1 Malache and Tooligie prospects

At the Malache Prospect itself several BHP aircore holes produced anomalous results, mainly zinc, Table 2 and Figure 3.

Hole ID	Intercept width m	Zn %	Pb %
BLA 1099	11	0.14	Anomalous<0.1
BLA 1150	6	0.10	Anomalous<0.05
BLA 1156	32	0.18	Anomalous<0.1
BLA 1165	6	0.11	Anomalous<0.05
BLA 1166	17	0.21	0.15
BLA 1172	6	0.11	Anomalous<0.05
BLA 1174	12	0.21	Anomalous<0.1

Table 2. Malache Prospect - Anomalous intersections in BHP's air core drill program.

Most of the vertical air core drill hole sample material was contaminated due to flowing sands from partially consolidated Cainozoic sands. Furthermore the sample length was up to 6.0 m which could reduce an anomalous response. There is scope to discover more mineralisation with better drilling.

The air core drilling extended to the Tooligie prospect 17 km to the south-east, Figure 3. Here, a manganese-lead-zinc anomaly has been intersected in air core traverses over a strike length of 6 km (open at both ends). Drill-hole BLA1090 intersected 14 m grading 0.12% zinc, 6 m grading 0.19% lead and 15 m grading 8.4% manganese, see Table 3. The area is covered by 40 m to 60 m of Cainozoic cover and is generally flat.

Hole ID	Intercept width m	Zn %	Pb %	Mn %
BLA 1090	15	0.12	0.19 (6 m only)	8.4
BLA 1115	6	Anomalous<0.01	Anomalous<0.01	2.71
BLA 1126	2	0.14	Anomalous<0.05	3.04
BLA 1130	12	Anomalous<0.1	Anomalous<0.05	6.55
BLA 1137	6	Anomalous<0.05	Anomalous<0.01	8.35

Table 3. Tooligie Prospect - Anomalous intersections in BHP's aircore drill program.

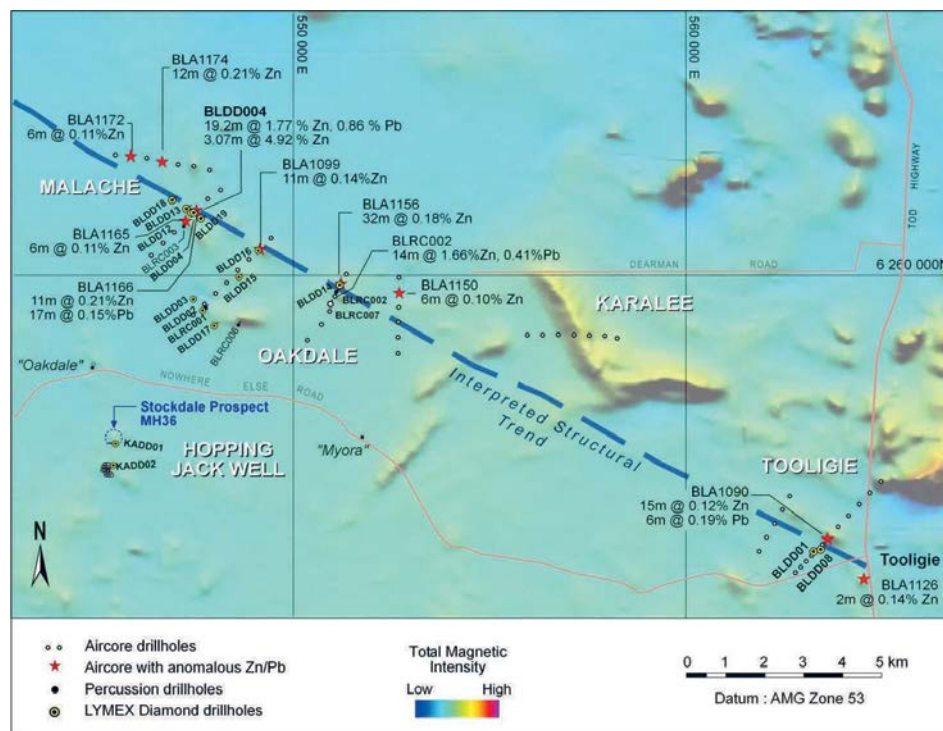


Figure 3. Malache base metal prospect, magnetic survey image and drilling.

BHP carried out lead-isotope dating of the mineralisation and nine electromagnetic survey ('EM') vertical soundings to establish the effectiveness of EM as a future exploration tool. Some sampling was carried out for diamond indicator-minerals in gravels at the unconformity between the basement and cover rocks.

5.2.2 Anglo American Exploration (Australia) Pty Limited Joint Venture

BHP withdrew from the joint-venture in August 2001. Anglo American Exploration (Australia) Pty Limited ('AAEA') in Joint Venture with Alphadale tested the anomalism encountered in the BHP air core traverses, during the period April 2003 to October 2004:

AAEA applied geophysical EM to search for conductive VHMS; a well-known technique for this purpose, especially under cover rocks. The method chosen was Transient or Time domain EM ('TEM'). The SIROTEM method was used: a ground EM method usually with a large fixed rectangular loop transmitter and a coincident rectangular receiving loop, but these can be separated. A survey of 26.6 line km of SIROTEM utilising both 200 m and 100 m transmitting loops was applied over the prospective magnetic and metal anomalous areas. Sixty-seven line km of ground magnetic surveying was completed as well.

AAEA's program culminated in drilling six RC ("reverse circulation") percussion drill holes for 1130 m. All these were drilled at EM conductive features. The holes were drilled to the north-east at -60°dip. About 300 drill samples were assayed, at 3.0 m generally reducing to 1.0 m down-hole when mineralisation was recorded, see Table 4 for results.

RC Hole ID	From m	To m	Intercept m	Grade	Prospect
BIRC001	200	209 m	9	0.31%Zn.	Oakdale
BIRC002	201	222 m	21 [*]	1.21% Zn, 0.32% Pb, 3.6ppm Ag.	Malache
BLRC003	82	97 m.	15	0.15% Zn	Malache
BLRC04 did not reach basement because of poor ground conditions					Oakdale
BLRC006	152	170 m	18 15	0.22% Zn 0.12% Ni and 0.39% Cr ₂ O ₃	Oakdale
BLRC007	74	95 m	21	0.17% Zn.	Malache

Table 4. Anomalous intersections in AAEA's RC drill program.

^{*}Reported also as 14 m of 1.66% zinc, 0.41% lead and 3.4g/t silver.

AAEA analysed for a large suite of elements which included total carbon. Widespread carbon was thus identified in several RC holes, with the highest in:

BLRC01 (Oakdale) 176 to 179; 3 m grading 6.24% Cg

and 185 to 190; 5 m grading 8.02% Cg

BLRC02 (Malache) 201 to 207; 6 m grading 9.28% Cg

and 212 to 215; 3 m grading 5.22% Cg

BLRC03 (Malache) 97 to 103; 6 m grading 18.7% Cg

BLRC07 (Malache) 62-77; 13 m grading 10.16% Cg

In each case the intersections of carbon are directly associated with and/or close to elevated sulphur, zinc, lead, copper and other metals and this can be seen in Table 4; however the correlation is not linear. Lymex geologists do not interpret the graphite to lie within the Malache shear zone but adjacent to it.

AAEA carried out petrological examination of drill chip samples and geochronology on several samples using SHRIMP (Sensitive High Resolution Ion Microprobe).

After the drilling of the RC holes, SQUID TEM reconnaissance, at that time a proprietary EM method of AAEA¹, was trialled. SQUID is an acronym for "superconducting quantum interference device" and has been developed as the TEM sensor or receiver magnetometer.

¹SQUID High temperature (SQUID) magnetometers have been developed in a collaborative project between BHP and CSIRO specifically for application in airborne time domain electromagnetic (TEM) surveying.

AAEA chose for the test SQUID TEM to follow up previously recorded SIROTEM conductors and BHP TEM soundings. This was near BLRC001, which tested a geophysical model created by Adelaide Mining Geophysics Pty Limited interpreting relatively flat lying conductors (Figure 4).

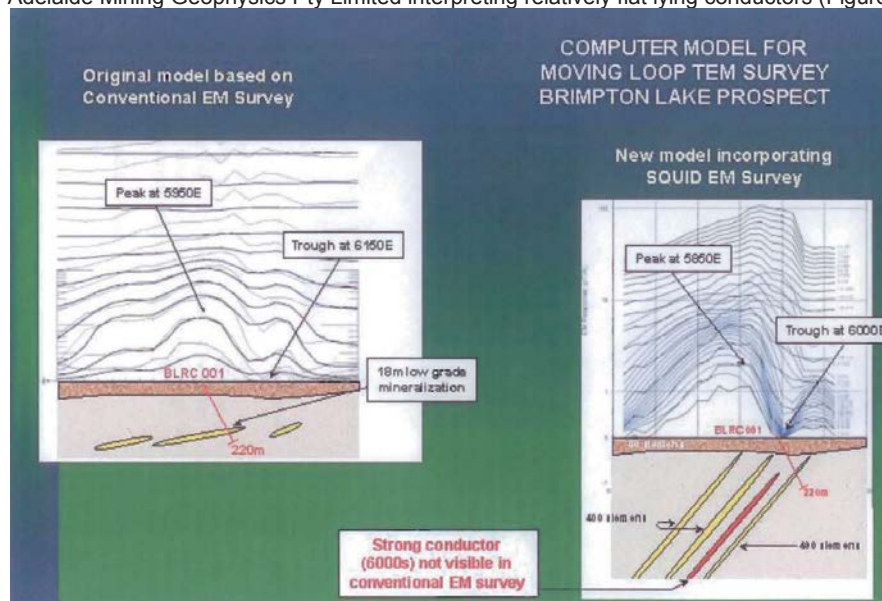


Figure 4. Comparison of SIROTEM and SQUID EM methods in the Malache/Oakdale area (after AAEA).

Modelling of the SQUID data by AAEA interpreted that there is likely to be a separate and much stronger conductor with a dip of around 50° to the south-west of the conductor intersected in BLRC01. This conductor is likely to have been missed with BLRC01. Remodelling of the SIROTEM data showed that it is possible to get an acceptable model using a series of plates dipping at 50° to the south-west as an alternative to the flat dip of the original model. Modelling of the strong ground magnetic anomaly to the south-east also supports a steep dip.

AAEA recommended to drill test the strong SQUID anomaly with a second cored hole collared 80 m to the south-west of BLRC01. The division responsible for the Oakdale exploration was advised that finding base metals of zinc and lead was no longer in the company's corporate objectives and the hole was not approved.

AAEA withdrew from the Joint Venture in 2005; the ELs were transferred to Alphadale and Lynch Mining but AAEA retains a 1.5% net-smelter-return royalty.

5.2.3 Lymex exploration

The wide spaced drilling of the BHP and AAEA prospecting has exposed anomalism on an interpreted shear or lineament about 45 km long. Calcrete sampling and structural interpretation indicate that this structure could be mineralised for ~30 km. VWPL considers that the zone is under-drilled and more work is desirable. The Lynch Group began this work.

EL 2662 expired and Alphadale resumed exploration on grant of the follow-on title of EL 3301, Brimpton Lake. (EL 3301, Brimpton Lake in turn expired and another EL was applied for, EL 4537, Brimpton Lake, which is current).

The Lynch Group spent ~\$4 million from 2005 to 2010. Lymex Limited acquired the tenements from Lynch Mining and Alphadale in 2010 and has spent a further \$2.5 million. These funds have been applied to iron, uranium and lignite as well as the Malache, Oakdale and other prospects.

Since the withdrawal of AAEA, 40 diamond drill holes have been completed for 10623m on several prospects in the area and the Bramfield Iron Deposit was discovered. At Malache, Oakdale and Hopping Jack Well prospects, sixteen diamond drill holes have been completed.

Regional exploration work has included:

- Flying of 2600 line kilometres of low-level helicopter aeromagnetic survey.
- Completion of 694 new gravity stations on the Bramfield iron and Malache-Oakdale prospects.
- Completion of 21 line km of ground magnetic surveying over the Bramfield, Kappawanta and Malache-Oakdale prospect areas.
- Collection and assaying of 1640 calcrete geochemical samples.

Petrological work, assaying and metallurgical studies have been integrated with this exploration.

The Lynch Group and its previous joint-venture partners have drilled 422 air core holes for 28 017 m, six RC drill holes for 1130 m, carried out 6551 line km of aeromagnetic surveying, 1304 line km of ground magnetic surveying and 27 line km of ground EM surveys.

5.2.3.1 Diamond drilling results at Malache Prospect

Drillhole BLDD04, (see Figure 5), the Malache Prospect discovery diamond drill hole, averages 0.45% zinc over 144.80 m, which includes the following:

92.27 m grading 0.67% zinc from 83.4 m to 175.67 m, which includes:

19.2 m grading 1.77% zinc, 0.86% lead and 3.5ppm silver from 141.0 m to 160.2 m and 3.07 m grading 4.92% zinc, 3.3 ppm silver and 0.12 ppm gold from 172.6 m to 175.67 m

The “breccia hosted zinc” mineralisation is present in low temperature milled breccias, adjacent crackle breccias and fractures which cut across a high metamorphic grade meta-sedimentary and volcanic sequence. Sphalerite in the mineralisation is iron-poor and hosts high concentrations of indium, germanium, gallium and molybdenum.

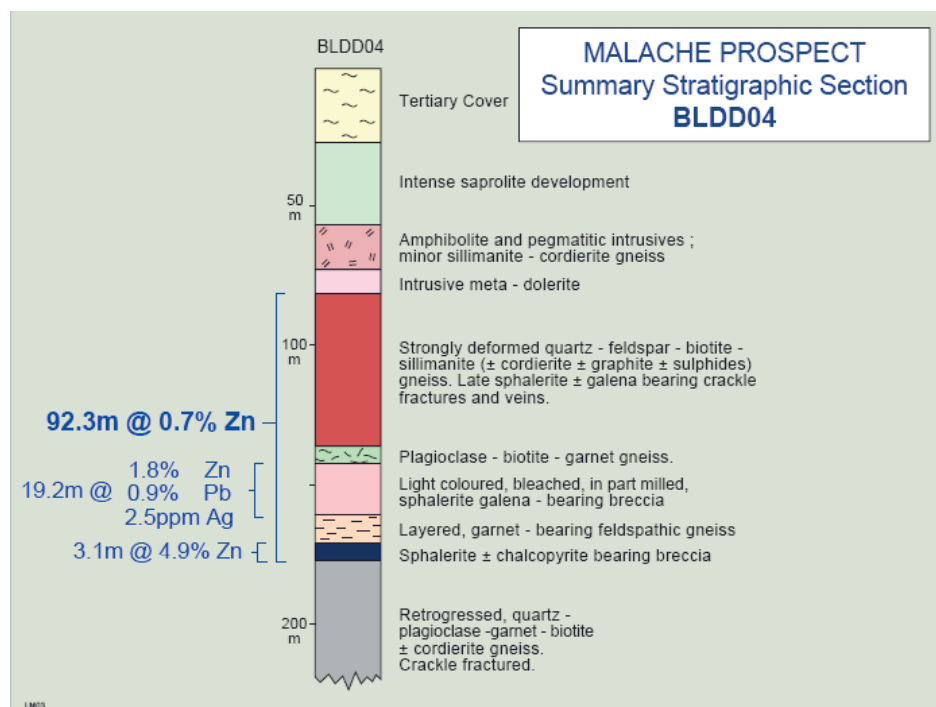


Figure 5. BLDD04 intersection and stratigraphy.

Drill-hole BLDD12 averages 0.36% zinc over 90.4 m, which includes the following:

- 7.00 m grading 0.38% zinc, 0.13% lead from 169.6 m to 176.6 m,
- 36.40 m grading 0.65% zinc, 0.19% lead from 191.6 m to 228.0 m.
- 5.50 m grading 0.36% zinc, 0.13% lead from 23.5 m to 241.0 m.
- 7.10 m grading 0.75% zinc and 0.36% lead from 308.3 m to 315.4 m.

Several other 1.0 m intersections of <0.4% zinc are present.

The relationship between drill holes BLDD04 and BLDD12, which intersected a mineralised zone of similar thickness is shown on Figure 6.

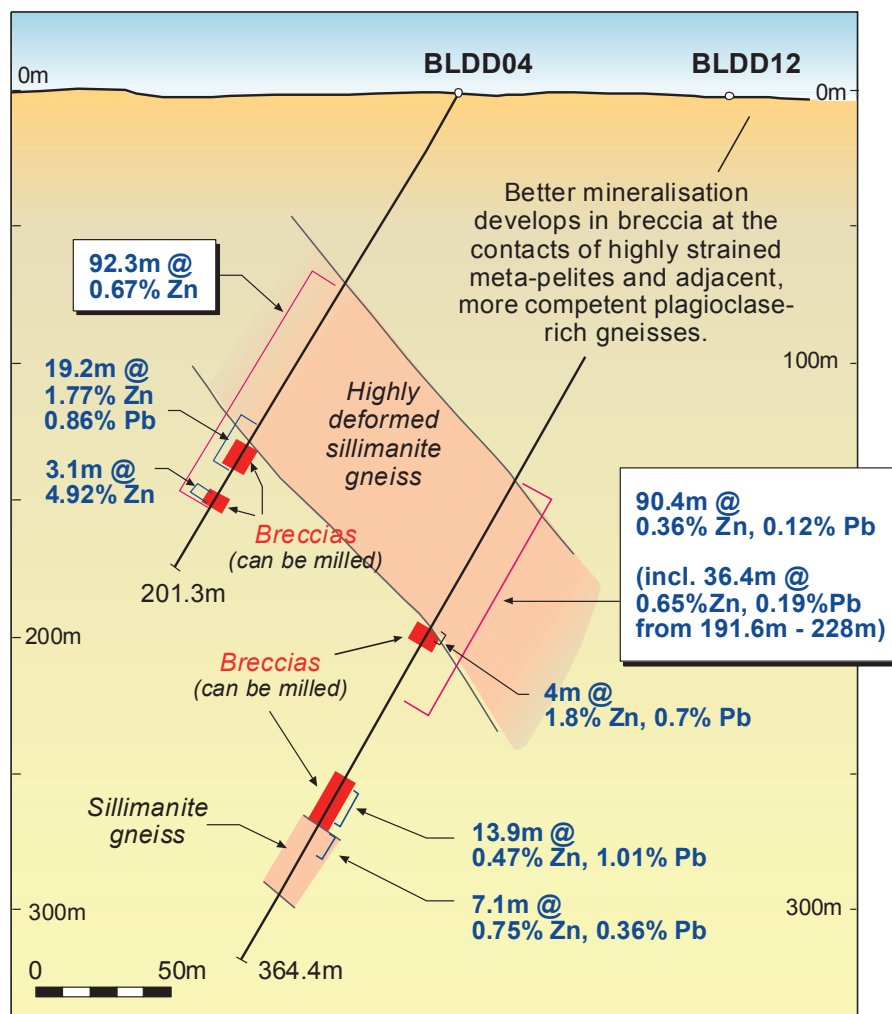


Figure 6. Cross section through BLDD04 and BLDD12 - intersections and correlation.

The cordierite-sillimanite bearing gneisses, possibly altered and metamorphosed felsic volcanics, can contain up to 25% pyrrhotite, secondary pyrite and trace chalcopyrite.

Drill hole BLDD13 also averages 0.29% zinc over 99 m, which includes the following:

11.00 m grading 0.36% zinc, 0.11% lead from 58.0 m to 69.0 m
 2.00 m grading 0.42% zinc, 0.09% lead from 133.0 m to 135.0 m
 22.5 m grading 0.40% zinc, 0.12% lead from 139.0 m to 161.5 m
 14.00 m grading 0.34% zinc, 0.11% lead from 174.0 m to 188.0 m
 1.00 m grading 0.46% zinc, 0.13% lead from 192.0 m to 193.0 m
 2.00 m grading 0.41% zinc, 0.10% lead from 208.0 m to 210.0 m

16.00 m grading 0.53% zinc, 0.20% lead from 214.0 m to 230.0 m.

BLDD14 intersected minor anomalous base metals with 10.2 m grading 0.22% zinc from 139.8 m to 150.0 m, 2 m grading 0.48% zinc and 0.1% lead from 163 m to 165 m and 6 m grading 0.3% zinc from 173.5 m to 179.5 m. Trace iron-rich sphalerite can be observed in thin section and poorly developed, iron-poor vein sphalerite (+ galena) can be observed in the drill core.

Drill Hole BLDD15 contains eight narrow intersections (1.0 m to 3.8 m) grading from 0.39 to 2.5 % zinc between 125.7 m and 247.9 m.

BLDD16 contains the following intersections:

- 3.00 m grading 0.42% zinc, 0.12% lead from 97.5 m to 100.5 m
- 8.65 m grading 0.30% zinc and 0.12% lead from 208.35 m to 217.0 m
- 3.70 m grading 0.21% copper from 240.9 m to 244.6 m

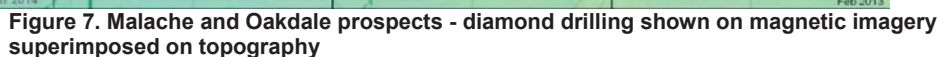
BLDD18 better intersections include:

- 7.20 m grading 0.68% zinc, 0.23% lead from 148.3 m to 155.5 m
- 4.30 m grading 0.59% zinc, 0.44% lead from 169.7 m to 174.0 m
- 1.60 m grading 1.31% zinc and 0.07% lead from 199.4 m to 201.0 m
- 23.00 m grading 0.40% zinc, 0.10% lead from 214.0 m to 237.0 m
- 4.00 m grading 0.67% zinc, 0.22% lead from 283.3 m to 287.3 m

BLDD19 better intersections include:

- 6.00 m grading 0.21% zinc and 0.02% lead from 125.0 m to 131.0 m
- 4.00 m grading 0.56% zinc and 0.08% lead from 143.0 m to 147.0 m
- 1.20 m grading 0.78% zinc, 0.02% lead from 226.6 m to 227.8 m
- 3.90 m grading 0.50% zinc and 0.13% lead from 279.0 m to 283.1 m.

The Malache Prospect (and Oakdale Prospect) diamond drill collars are shown on magnetic imagery, Figure 7.



At Malache/Tooligie, Lymex is hopeful of discovering rich structurally controlled base-metal deposits, and has decided that IP (induced polarisation) might be the most suitable technique to outline mineralised domains containing disseminated sulphides.

EM may or may not be a suitable tool depending on the amount of sulphide in the target and whether it contains enough pyrite, pyrrhotite and galena to form a conductor. Sphalerite, the zinc sulphide is not very conductive, especially when pure or iron-poor. The sphalerite at Malache has been shown to be mainly iron-poor

Aircore drilling along the known Malache structural zone, at least ~30km in length will be used extensively.

Continued calcrete sampling and air core drilling of anomalous zones will be carried out at extensions of the Malache/Tooligie shear zone and parallel structures.

RC percussion and/or diamond drilling of zones of interest generated from the above will be necessary.

In VWPL's opinion Lymex has a satisfactory and clearly defined exploration and expenditure program, which is reasonable having regard to its stated objectives. Allowance has been made for successful first-year programs and high expenditures on follow-up activity in the second year. However, there will be greater emphasis on the Oakdale graphite prospect than Malache/Tooligie in the next two years, see below.

Even though encouraging intersections and some continuity of mineralised zones are established, the proposed programs carry the fundamental risks for this style of speculative activity (see Section xx of the Prospectus). In the view of VWPL the programs are fully justified.

6.0 BRAMFIELD IRON PROJECT

The Bramfield Project is located 9 km from Elliston on Eyre Peninsula, approximately 170 km from Port Lincoln (via a sealed highway), see Figures 1 and 2.

6.1 Geology and Mineralisation

A large magnetic anomaly measuring ~2700 m in length and ~500 m in width was initially considered to represent a mafic-ultramafic intrusive complex but it has been shown to be more diverse than this with BIFs and calc-silicate horizons.

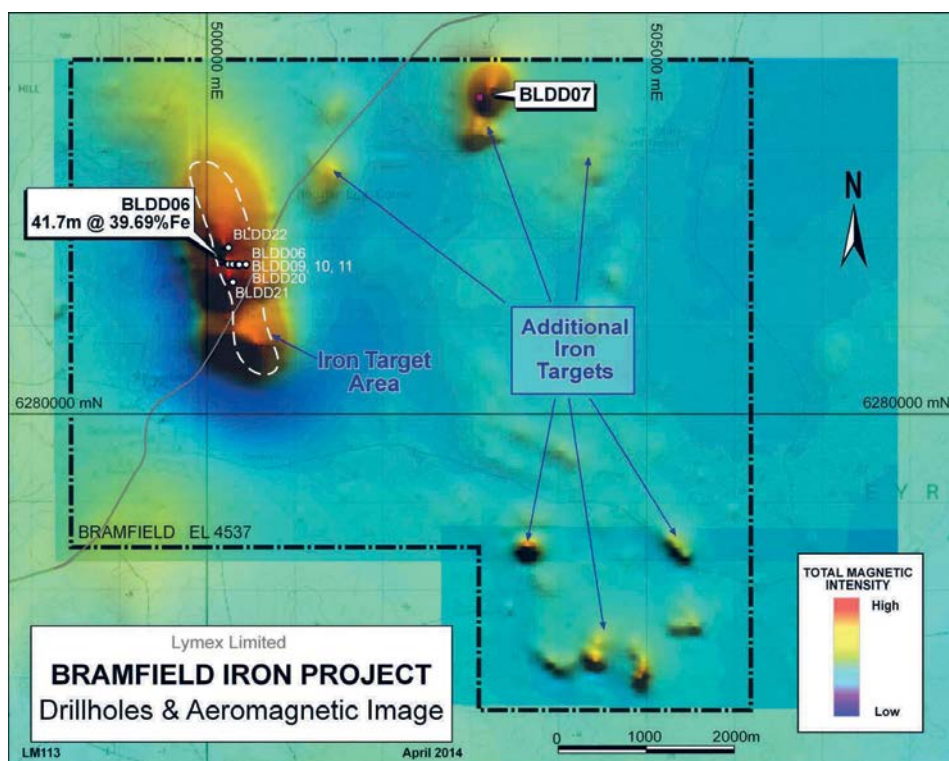


Figure 8. The Bramfield Prospect – aeromagnetic image and drill sites

6.3 Previous investigations and results

The previous nearest drilling was carried out by Stockdale 10 km to the south-east of the magnetic anomaly where a kimberlite was intersected.

The iron formation was discovered in 2006 by Drill hole BLDD06, which intersected an east dipping (60-80°) sequence: iron-rich skarn and associated forsterite-magnetite marbles and calc-silicates. The hole commenced in weathered iron formation which gives way down hole to magnetite-hematite rock. The zone from 87.3 m to 125.1m assayed 37.8 m @ 40.40% iron. Lymex drilled six diamond drill holes into a section of the structure and the intersections include:

BLDD09 1.90 m grading 34.94% Fe from 186.30 – 188.20 m
 BLDD10 22.4 m grading 34.15% Fe from 178.60 – 201.04 m
 7.70 m grading 32.71% Fe from 252.40 – 260.10 m
 1.10 m grading 38.25% Fe from 268.70 – 269.80 m
 1.00 m grading 37.57% Fe from 273.90 – 274.90 m
 62.51 m grading 32.99% Fe from 282.82 – 345.33 m
 3.32 m grading 31.81% Fe from 355.18 – 358.50 m

BLDD20 36.20 m grading 42.39% Fe from 75.00 – 111.20 m
 BLDD21 53.00 m grading 39.77% Fe from 82.00 – 135.00 m
 BLDD22 29.45 m grading 36.92% Fe from 152.65 – 182.10 m
 3.95 m grading 35.04% Fe from 187.30 – 191.25 m

Silica, sulphur, alumina and phosphorus in the concentrate are acceptably low.

This drilling explores only a limited area of the magnetic anomaly, Figure 9.

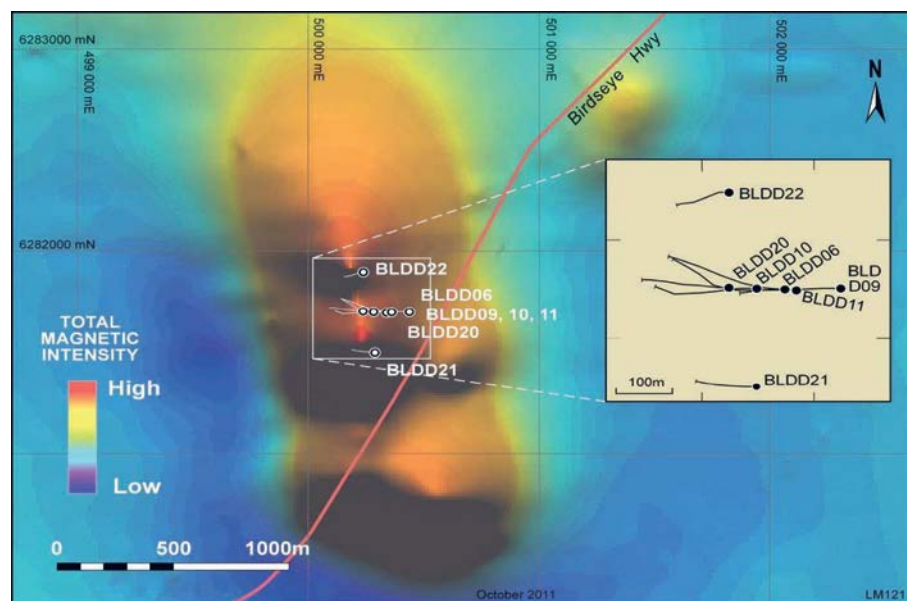


Figure 9. Bramfield drilling pattern

The traverse of drill holes has revealed the complexity and folding in the strata with repetition of magnetite horizons, Figure 10.

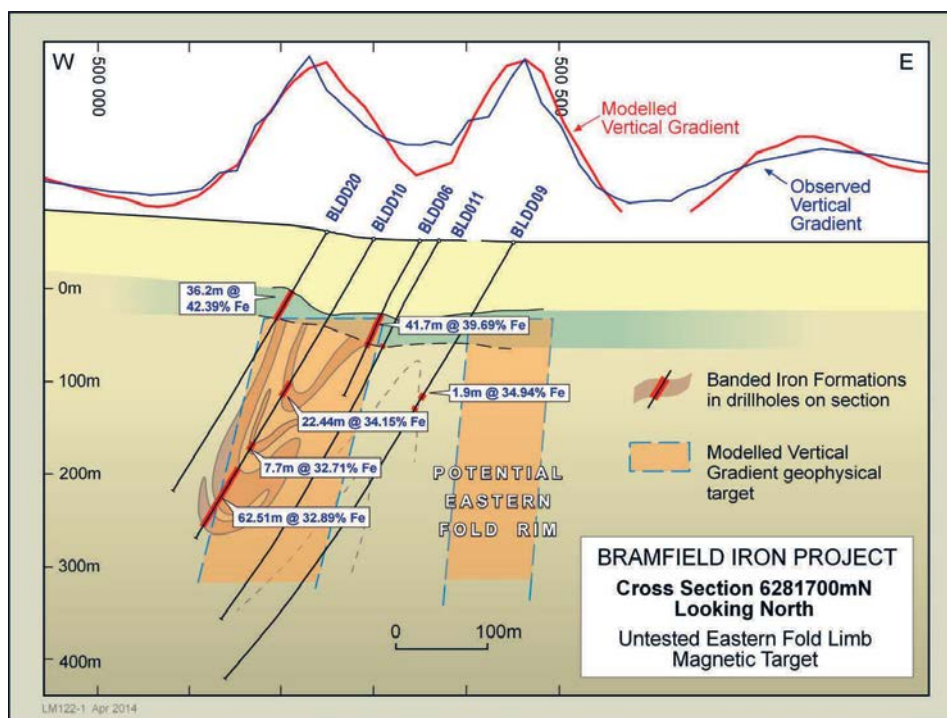


Figure 10. Bramfield drill traverse - geology and intersections, geophysical magnetic traverse and interpretation

Magnetic surveys are one of the most reliable of geophysical methods and on the traverse presented on Figure 10 there is a clear interpreted second strong magnetic feature to the east of that which has been drilled. This feature is expected to be caused by more magnetic rich strata.

6.4 Metallurgical Studies

At AMDEL Limited, Mineral Services Laboratory (Amdel) in Adelaide, South Australia, Initial DAVIS TUBE Recovery (DTR) tests on the Bramfield drill core were carried out. Summary of the results below demonstrate that the Bramfield deposit produces a high grade (+68% Fe) concentrate with no damaging deleterious impurities present.

SAMPLE ID	Calculated Fe % Recovery	CONC Fe%	CONC Fe ²⁺ %	CONC SiO ₂ %	CONC P%	CONC S%	CONC Al ₂ O ₃ %
		Detection limit 0.010%	Detection limit 0.010%	Detection limit 0.010%	Detection limit 0.001%	Detection limit 0.001%	Detection limit 0.010%
298-300	74.13	67.400	22.700	4.700	0.002	0.002	<0.010

SAMPLE ID	Calculated Fe % Recovery	CONC Fe%	CONC Fe ²⁺ %	CONC SiO ₂ %	CONC P%	CONC S%	CONC Al ₂ O ₃ %
318-319	82.50	68.700	23.200	3.500	0.001	0.006	0.060
293-294	70.75	65.800	21.800	6.000	0.003	0.003	<0.010
326-327	72.30	67.000	22.900	4.700	0.003	0.003	0.030
288-289	67.65	68.700	23.400	3.100	<0.001	0.003	<0.010

6.5 Conclusions and Future work

Lymex has outlined by geophysics and drilling a substantial zone of BIF at the Bramfield Iron Prospect. This contains magnetite and hematite below the weathered zone with iron grades ranging from 31.8% to 42.4%. Although a resource cannot be estimated at the stage, Lymex has an aspirational exploration target of between 250 million tonnes and 300 million tonnes based on the extent of magnetic anomalism.

Drilling to estimate resources is the next step to define the potential over the full strike extent.

Overburden to the iron mineralization relatively soft sandy material and about 50 m thick, so open pitting would appear to be a suitable mining method.

The Bramfield Project is situated within an emerging iron ore province. The surrounding region of the Eyre Peninsula on three sides of the Bramfield tenement is being investigated by listed iron ore companies for magnetite-rich mineralisation: Iron Road Limited (ASX Code: "IRD"), (~37 billion tonnes, see below), Lincoln Minerals (99.3 million tonnes grading 24.4% iron), IMX Resources NL (14.3 million tonnes grading 50.6% iron plus copper credits), South Australian Iron Ore Group (extensive exploration in five ELs) and Centrex Metals Limited ("Centrex") in several joint ventures, (Inferred 368.4 million tonnes grading 25.2% iron, Indicated 24.9 million tonnes grading 24.9% iron and Measured 10.8 million tonnes grading 22.7% iron. Combined resources are ~680 million tonnes grading 25.1% iron).

In a Definitive feasibility study announced on 28th February 2014, IRD plans an initial 17 years of mine life based on Proven and Probable Mining Reserves of 2,071 million tonnes grading 15.5% iron. A further eight years of mine life is forecast based on 28% Measured, 24% Indicated and 48% Inferred Resources of 1,303 million tonnes grading 15.0% iron. The project capital cost and construction time is estimated to be ~\$4 billion and four years

The Bramfield Iron Project clearly holds potential for the discovery of resources with attractive tonnes and grade characteristics.

Centrex has advanced magnetite resource joint ventures, plus a port joint venture, Port Spencer, with Chinese steel majors. Magnetite projects are estimated to take five or more years to get into production. Centrex expects to eventually become a small but significant shareholder in a series of magnetite joint venture companies producing >10 million tonnes per annum of iron ore concentrates, shipping out of owned Port Spencer port facilities.

IRD is proposing a significant new export facility on the east coast of the Eyre Peninsula. The company has now secured sufficient land for a proposed deep water, 30 million tonne per annum bulk export facility, capable of loading various size bulk carriers, including Cape-size vessels. This would be the first port in South Australia to support Cape-size vessels.

7.0 OAKDALE GRAPHITE PROJECT

7.1 Discovery and geology

Lymex has extensive graphite-rich units within its tenements, which were discovered serendipitously during the course of base-metal exploration.

The Oakdale Prospect, Figures 3 and 7, is part of the original Malache base-metal exploration area and is a product of AAEA's work; the company spent approximately \$300,000 looking for copper zinc VHMS using, EM and RC drilling. When testing an EM method called SQUID EM, a very strong conductor was discovered, which was subsequently drilled by Lynch Mining and found to be massive pyrrhotite-graphite mineralisation containing anomalous copper and zinc values.

Diamond drill-holes BLDD02 and BLDD03 which are approximately 400 metres apart, Figure 7 are the discovery holes and they proved the strong SQUID EM conductor to be caused by strong graphite mineralisation. Graphite is an extremely conductive mineral, more so than sulphide. The units hosting the graphite also occur in BLDD15 and BLDD16 which are approximately 900 metres and 1,500 metres respectively from BLDD02 (see Figure 5).

Assaying and preliminary metallurgy has been undertaken on the fresh, primary unoxidised graphitic diamond drill core from BLDD02 and BLDD03. The oxidised graphitic material was not cored in the original drill holes which were drill testing for interpreted copper/zinc rich VHMS deposits. Three holes were drilled specifically to sample graphite within the oxidised zone in a second program. The oxidised graphite is 42 m thick (down hole) and the cover rocks are about 20 m thick, vertically.

Petrographic studies of the fresh, primary unoxidised graphite unit show graphite flakes averaging in excess of 200 micron (0.2 mm) and up to 1 mm as in Figure 11 below and as per the attached photomicrographs in the Directors review of operations.

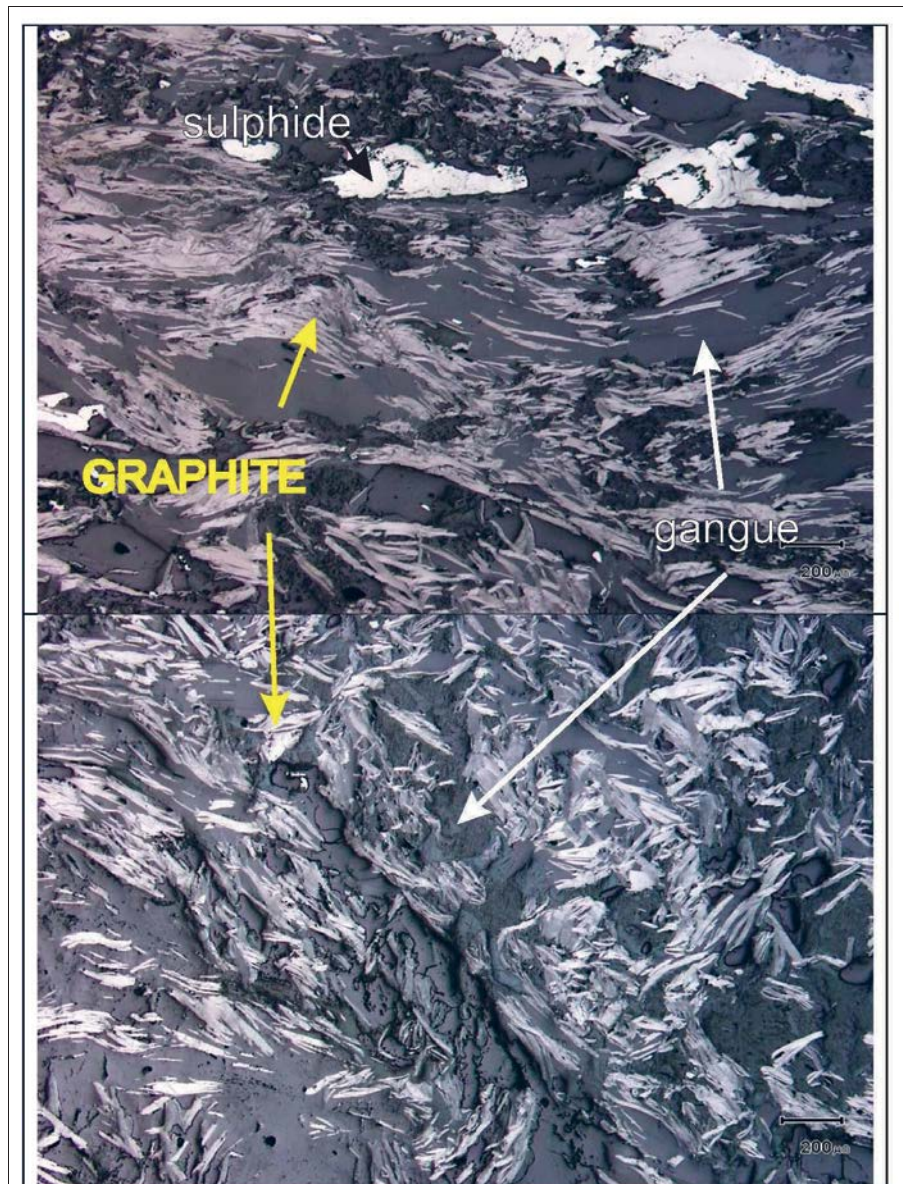


Figure 11. Graphite-rich meta-sediment with coarse flakes of graphite –silver white to light grey, gangue is even mid-grey. The top microphotograph shows sulphide –prominent white. (note scale bar in right-hand lower corner of each microphotograph – 200 microns).

Assays of the primary zone are as follows:

- BLDD02 intersected 39.3 m of 3.87% graphitic carbon ("Cg") between 166.4 and 205.9 m. Within this zone there exists 30.6 m of graphitic schist averaging 4.75% Cg after eliminating internal waste in excess of 2 m and using a cut-off of a nominal 2%Cg.

A further zone from 222.6 m to 241.5 m assayed 5.38% Cg and within this zone, after eliminating internal waste in excess of 2.0 m and using a nominal cut-off of 2% Cg, there exists 16.4 m of graphitic schists averaging 6.2% Cg within this zone. (The zone from 205.9 m to 222.6 m was not assayed).

- BLDD03 - Within the zone assayed between 63 m and 122.7 m, there is 57 m of 4.9% Cg and after eliminating internal waste greater than 2 m using a nominal cut-off grade of 2% carbon, there exists 33.9 m of graphitic schists averaging 8.39% Cg within this zone.

These graphitic schist units can be projected up dip into the oxidised zone.

It should be noted that these assays are weight percentage assays and the primary fresh rock contains considerable pyrrhotite with a specific gravity of ~4, which will increase the average density of the rock. The graphite content, expressed as a volume percentage, is much higher than the weight percentage. The weathered oxidised graphitic material has higher weight percentage assays, because the pyrrhotite and much of the other associated gangue minerals with higher specific gravities than graphite have been removed by the weathering and oxidation processes.

The graphitic schist units in BLDD02 are in excess of 200 m thick (down hole). The correlation between BLDD02 and BLDD03 interprets a thickness of approximately 240 m in BLDD03, see Figure 12. BLDD02 and BLDD03 intersected graphite from the start of the hole, so the thickness of the graphitic units could be greater.

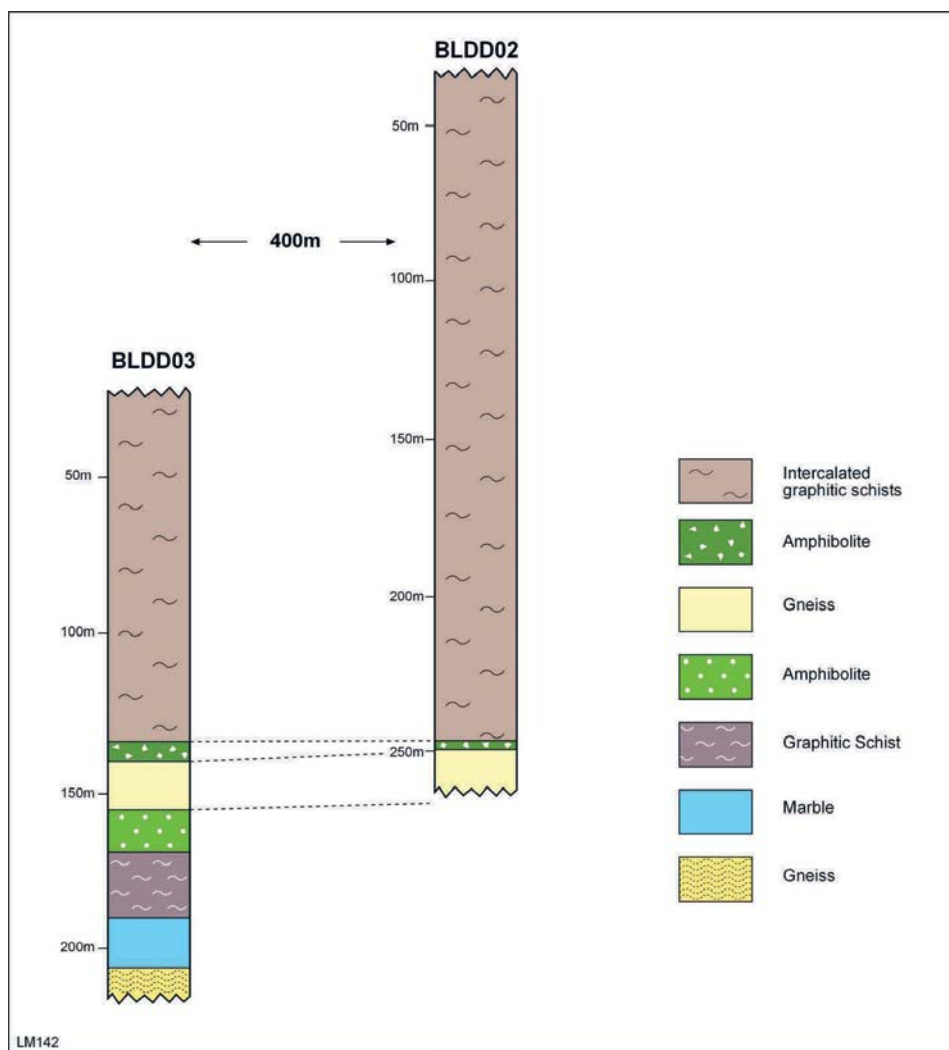


Figure 12. Correlation of graphitic rich units (24 m to 240 m BLDD02 and 24 m to 130 m BLDD03).

Figure 13 shows graphite bearing schist, core from BLDD15.



Figure 13. BLDD15 –Photograph of part of the primary graphite bearing units (from ~125 m to ~138 m)

7.2 Assays and metallurgical studies

IntertekGenalysis Laboratory Services analysed for graphitic carbon by and metallurgical studies were carried out by ALS AMMTEC Metallurgy of Burnie.

The graphite is contained within high-grade metamorphic granulite facies rocks and consequently is coarsely crystallised, pure with minimal inclusions and has a high component of “flake”. Recovery of flake concentrates is desirable as flake is a more valuable product than finely crystalline or amorphous graphite, refer Table 5.

Natural graphite concentrates		
99% to 99.9% Cg, +50 mesh	\$4,500	\$6,000
94% to 97% Cg, +80 mesh	\$2,500	\$3,000
90% Cg, +80 mesh	\$2,000	\$2,500
94% to 97% Cg, +100-80 mesh	\$2,200	\$2,500
90% Cg, +100-80 mesh	\$1,500	\$2,000
85% to 87% Cg, +100-80 mesh	\$1,500	\$1,900
94% to 97% Cg, -100 mesh	\$2,000	\$2,400
90% Cg, -100 mesh	\$1,400	\$1,800
Amorphous powder 80% to 85 Cg	\$600	\$800

Synthetic 99.95% C2	\$7,000	\$20,000
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Table 5. Industrial Minerals Graphite Prices per tonne after MEGA Graphite Incorporated, 2012. (note 50 mesh = ~ 0.3 mm; 80 mesh = ~ 0.2 mm and 100 mesh = ~ 0.15 mm). The prices are not current to April 2014 but show the relative difference between products.

The initial metallurgical work on the Oakdale graphite beds was performed on the graphitic material in primary, competent, unoxidised rocks. The recoveries and grades were high, however the crushing and grinding degraded the bulk of the soft coarse graphite flakes to 30% fine flake graphite with the rest less than 38 microns and this is caused by the hard minerals: plagioclase, amphiboles, garnet, siliceous metamorphic minerals and quartz auto-grinding the softer components like graphite.

Lymex carried out a program of drilling to sample the graphite horizons in the oxide zone immediately beneath the cover rocks: holes BLDD025, BLDD026 and BLDD027. The graphite is associated with variable rock types but commonly clay derived from mafic meta-volcanics (amphibolites) of andesitic to basaltic composition.

Lymex geologists predicted that those rocks with low free silica, particularly sulphide-rich amphibolites would weather into much softer secondary minerals that would have a much lesser abrasive effect on the large graphite flakes. Also quartz and other hard granulite minerals would liberate with much less crushing and grinding. To substantiate this, three diamond holes were drilled to recover oxidised graphite samples. This was successful but only some of the graphite could be cored; some sections of high-grade graphite were ground and washed away and noted in the drill sludge/water return (see Figure 14).



Figure 14. BLDD025: Top – high-grade oxide graphite at 26.9 m. Bottom – graphite beds from 26.9 m to 32.2 m; some removed for assay and metallurgical work (Sample). Note that from 30.2 m to 31.2 m there was zero recovery of a graphite bed.

It was concluded that the weathered oxidised graphite zone does not need to be heavily crushed and ground to liberate the graphite, as weathering has altered the feldspar, pyrrhotite and other gangue minerals to soft clay minerals and oxides. Graphite, being pure carbon, does not break down in the oxidised zone so it can be readily recovered with minimum crushing and subsequent flotation.

Metallurgical test-work on the oxidised zone recovered both coarse flake and flake graphite in excess of 75 microns (μm) and up to 1000 microns.

Consultant metallurgist Mr N Moony, (refer to the Metallurgical Report in the Prospectus) believes that the recoveries and the carbon grade can be improved to 90% or better by removing the carried-over silica by gravity techniques and washing the recovered graphite to remove the clays contained in the concentrate. If necessary, recoveries and carbon grade could further be improved by chemical treatment of the recovered graphite concentrates.

Moony's summary of the results of the preliminary metallurgical investigations is as follows:

Oxide Zone

- ~ 2% to 10% Jumbo flake graphite > 425 μm
- ~ 30% Large and medium flake graphite <425 μm > 75 μm
- ~ 30% Fine flake graphite <75 μm > 38 μm
- ~ 30% Amorphous (crystalline) graphite <38 μm

Primary Zone

- ~ 30% Fine flake graphite <106 μm > 38 μm
- ~ 70% Amorphous (crystalline) graphite <38 μm

7.3 Exploration target

The weathered oxidised graphite resource is potentially large, the total graphite resource much larger.

The oxidised, weathered graphitic units are ~40 metres thick, under ~20 m of cover and sit within a graphite-bearing zone which is greater than 200 m wide. This graphite-bearing zone with its contained graphite-rich units can be traced for kilometres.

Although the graphite beds may be quite extensive, especially if the primary rocks are considered and could constitute a large resource from which considerable amorphous and fine flake graphite might be produced, Lymex will focus only on the oxide zone at this stage. A nominal exploration target of between 10 and 15 million oxide tonnes grading between 5% and 10% graphitic carbon has been selected, which could be open cut with a favourable stripping ratio of ore to waste.

7.4 Future Programs and budget

Lymex intend to further test the oxide graphitic zone and build a resource inventory, undertaking definition and correlation of high-grade graphite zones within the ~200 m-wide graphitic zone and collecting many samples for assay and metallurgy.

The overburden depth will be measured accurately and the unconformity between the cover rocks and the graphitic zone and the oxide/primary transition contact will be carefully assessed.

Concurrent with this field activity, Oakdale intend to investigate thoroughly the global graphite market, end-user requirements, competition and costs of extraction and processing in this part of the Eyre Peninsula.

A nominal exploration target of between 10 and 15 million tonnes grading between 5% and 10% graphic carbon has been selected but this will be refined as resource studies and market research progress.

The Oakdale Graphite Project has become an evaluation project rather than an exploration project, which presents Oakdale Resources Limited with an opportunity to become a graphite producer in a relatively short time frame.

The units hosting the graphite are folded and can be readily traced by an EM survey. There is graphite in other parts of the Malache prospect area but Lymex will concentrate on those identified at Oakdale Prospect at this stage. Drilling will be carried out to evaluate the Oakdale prospect prior to bulk testing the graphite.

Lymex have planned for an optimal budget of ~\$5.2 million in the next two years. In the first year, ~\$2.4 million has been allocated to drilling around 30 000 m of air core, all of which will be applied at Oakdale graphite prospect. Following the drill campaign, resource studies, then metallurgical, environmental and scoping studies will be carried out mainly in the second year of operations. Full details are given in the Directors review of operations in the Prospectus.

VWPL considers that the exploration program is well planned and that there are sufficient funds to achieve the objectives. Early discussions with consumers about quantities and product types of graphite required are considered a vital component of the planning and exploration process.

In VWPL's opinion Lymex has a satisfactory and clearly defined exploration and expenditure program, which is reasonable having regard to its stated objectives. Allowance has been made for successful first-year programs and high expenditures on follow-up activity in the second year.

The proposed programs carry the fundamental risks for this style of speculative activity (see Section xx of the Prospectus). In the view of VWPL the programs are fully justified.

8.0 SOURCES OF INFORMATION

Lymex holds an extensive dataset which was made available to VWPL. A comprehensive list of reports, publications and other materials relating to the mineral properties is available in the public domain and at the offices of Lymex. VWPL considered the following sources of information were most relevant.

8.1 Geological Reports, mainly published

8.1.1 General

Coffey Mining Pty Ltd, 2012. Uley Main Road Graphite Deposit, Eyre Peninsula, South Australia - N143-101 Report. July 2012.
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Geoscience Australia, 2005. Gawler Craton Mineral Promotion Project Plan, 2000-2004
Global Industry Analysts, 2010. Carbon & Graphite: A Global Strategic Business Report, Global Industry Analysts Inc.
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8

8.2 Websites May 2014

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minerals.usgs.gov/minerals/pubs.../graphite/mcs-2011-graph.pdf

9.0 GLOSSARY OF TECHNICAL TERMS

Terms not included in the glossary are used in accordance with their definition in the Concise Oxford Dictionary.

Air core drilling and related methods use hardened steel or tungsten blades to bore a hole into unconsolidated ground. The rods are hollow and contain an inner tube which sits inside the hollow outer rod barrel. The drill cuttings are sampled via the inner tube. Air core drilling can occasionally produce small chunks of cored rock. This method of drilling is used to drill the weathered regolith, as the drill rig and steel or tungsten blades cannot penetrate fresh rock. Where possible, air core drilling is preferred over RAB drilling as it provides a more representative sample. As the cuttings are removed inside the rods and are less prone to contamination compared to conventional drilling where the cuttings pass to the surface via outside return between the outside of the drill rod and the walls of the hole.

aeromagnetic survey a survey made from the air for the purpose of recording magnetic characteristics of rocks.

alteration change in the physical or chemical composition of a rock commonly brought about by reactions with hydrothermal solutions.

Archaean, Archean (Amer.) The earlier part of Precambrian time, corresponding to *Archean* rocks in Australia older than 2500 Ma. Said of the rocks of the *Archeozoic*.

basement the igneous and metamorphic crust of the earth, underlying sedimentary deposits.

basic an igneous rock having a relatively low silica content.

breccia rock fragmented into angular pieces; often rock consisting of angular fragments in a finer-grained matrix; distinct from conglomerate.

calcareous said of a rock which contains calcium carbonate.

calcrete (cal-crete')

(a) A term suggested by Lamplugh (1902) for a conglomerate consisting of surficial sand and gravel cemented into a hard mass by calcium carbonate precipitated from solution and redeposited through the agency of infiltrating waters, or deposited by the escape of carbon dioxide from vadose water. (b) A

carbonate a rock, generally a sedimentary rock, comprised largely of minerals containing CO_3 .

Cordierite a mineral; common constituent in metamorphic rocks formed under low pressure.

diamond drilling rotary drilling using diamond-impregnated bits, to produce a solid continuous core sample of rock.

dip the angle at which any planar feature is inclined from the horizontal.

disseminated descriptive of mineral grains which are scattered throughout the host rock.

EM survey an electromagnetic geophysical exploration technique based on measuring magnetic fields from currents usually artificially induced into the ground.

Electromagnetic Survey or EM Survey an electromagnetic geophysical exploration technique based on measuring resultant magnetic fields from currents usually artificially induced into the ground.

SIROTEM a ground EM method either with a large fixed rectangular loop transmitter or a smaller moving rectangular loop; time domain method.

.....**TEM Time domain EM**

Ga for gigaannum), is a unit of time equal to 10^9 years. It is commonly used in scientific disciplines such as cosmology and geology to signify extremely long time periods in the past. For example, the formation of the Earth occurred approximately 4.57 Ga (4.57 billion years) ago. **Ma** (for megaannum), is a unit of time equal to one million (10^6) years.

gangue mineral contained or associated with ores, which has no value.

kimberlite a basic igneous intrusive rock-type which may contain diamonds.

komatiite an igneous suite distinguished by the presence of ultramafic lavas.

intercept, intersection the length of eg. mineralisation traversed by a drill hole.

intrusion the process of formation of a rock mass emplaced within surrounding rock

intrusive a rock mass emplaced within surrounding rock, usually a plutonic rock formed by intrusion of molten magma into a high level, below the surface, of the Earth's crust where it cooled and crystallised to form a solid rock.

IP (Induced Polarisation) a geophysical exploration method which measures changes in magnetic and electrical fields induced in the earth by the application of an electrical current to the ground.

lineament a linear feature of regional extent that is believed to reflect the Earth's crustal structure.

lower cut-off grade the grade of mineralised material that qualifies as potential ore in a given deposit.

Ma (see Ga)

magnetic 'low' an area of low magnetic expression relative to the surrounding area.

magnetic survey systematic collection of readings of the Earth's magnetic field at a series of different locations, in order to define the distribution of values which may be indicative of different rock types, formations, etc.

Mesozoic an era of geologic time, from the end of the Palaeozoic to the beginning of the Cainozoic, or from about 250 to about 65 million years ago.

meta a prefix denoting a metamorphosed rock.

metamorphic descriptive of a rock which has changed its structure and properties due to the effects of heat and/or increased pressure over time.

percussion a type of drilling method whereby the rock is broken by a hammering action into small chips.

petrography study of rock texture on a macro and microscopic scale.

petrology study of formation of rock.

ppb parts per billion (1000 million).

ppm parts per million (the same as grams per tonne g/t).

RC(Reverse Circulation) a drilling method in which the sample is brought to the surface inside the drill rods, thereby reducing contamination. Conventional percussion drilling retrieves the sample exterior to the rods between the rods and the wall of the drill hole

regolith general term for the layer or mantle of fragmental and unconsolidated rock material, whether residual or transported and of highly varied character, that nearly everywhere forms the surface of the land and overlies or covers the bedrock.

resistivity a method of geophysical exploration which measures the electrical resistance of rocks in the ground.

schist a metamorphic rock with platy to foliated texture.

shear (zone) (to move as to create) a planar zone of deformed rock.

SHRIMP (Sensitive High Resolution Ion Microprobe) is a large-diameter, double-focusing secondary ion mass spectrometer sector instrument produced by Australian Scientific Instruments in [Canberra, Australia](#)

Sillimanite a mineral in schists and gneisses; it forms at the highest temperatures and pressures of a regionally metamorphosed sequence and is characteristic of the innermost zone of contact-metamorphosed sediments.

SQUID High temperature superconducting quantum interference device (SQUID) magnetometers developed for airborne time domain electromagnetic (TEM) surveying.

strike horizontal direction or trend of a geologic structure.

strike length the long dimension of a geological feature such as a bed, vein or fault where it intersects a horizontal plane, especially the ground surface

sulphide a general term to cover minerals containing sulphur and commonly associated with mineralisation.

terrane a rock or group of rocks together occurring as a discrete structural block.
Tertiary first period of the Cenozoic era covering the time span from 2 to 65 million years ago.
ultrabasic said of rocks with less than 35% silica, which are dense, composed of calcic feldspars and ferro-magnesian silicate minerals.
unconformity a substantial break or gap in the geologic record where a rock unit is overlain by another that is not next in stratigraphic succession.
VHMS volcanic hosted massive sulphides
VMS volcanic massive sulphides

10.0 DECLARATION

10.1 Qualifications and Experience

This report has been prepared for Veronica Webster Pty Limited through its duly authorised and qualified representative, Mr. Leslie William Davis, Minerals Exploration Consultant and Director of the company. Veronica Webster Pty Limited has operated in Australia serving the mining industry since 1980.

Mr. Davis has had more than 40 years experience in the Australian minerals industry, particularly exploration for precious metals and base metals, mining geology, ore resource/reserve estimation and property evaluation. He held senior positions with Electrolytic Zinc Co of Australasia Limited, Freeport Minerals Corporation of Australia, Tenneco Oil & Minerals and Amad NL before joining Veronica Webster Pty Limited in 1985.

His principle qualification is Bachelor of Science (Special Geology) Leics., UK. His professional affiliations are as follows:-

Ruby Fellow - The Australasian Institute of Mining & Metallurgy.

Chartered Professional Geology (CP Geo).

Fellow - Australian Institute of Geoscientists.

Member - Geological Society of Australia.

10.2 Independence

Veronica Webster Pty Limited and L W Davis have no conflict of interest in preparing this Independent Report. The Independent Report has been commissioned by TYS with payment to be made for services rendered solely on a standard time-fee basis. The companies and consultants preparing this Independent Report have no association with TYS or Lymex nor have they any financial interest in or entitlement to TYS or Lymex or associates of Lymex.

10.3 Limitations

The views expressed in this Independent Report are solely those of Veronica Webster Pty Limited, and L W Davis. When conclusions and interpretations credited specifically to other parties are discussed within the Report, then these are not necessarily the views of Veronica Webster Pty Limited or L W Davis.

10.4 Consents

Veronica Webster Pty Limited hereby consents to the inclusion of the Independent Report in a Prospectus prepared by TYS for the purpose of raising exploration capital.

Veronica Webster Pty Limited hereby consents to the inclusion of the Independent Report, in both electronic and paper form, in the form and context in which it appears and advise that we have not, at the date of the Independent Report, withdrawn such consent. Veronica Webster Pty Limited was only commissioned to prepare, and has only authorised issue of this Independent Report on Lymex's exploration tenements specified in the Independent Report. It has not been involved in the preparation of, or authorised issue of, any other part of the Prospectus in which this Independent Report is included.

For and on behalf of VERONICA WEBSTER PTY LIMITED

A handwritten signature in black ink, appearing to read 'L W DAVIS'.

L W DAVIS
BSc (Special Geology), Leics.UK, FAusIMM, FAIG, CP Geo

07. FINANCIAL INFORMATION

7.1 BASIS AND METHOD OF PREPARATION

The purpose of this section is to provide a pro forma financial perspective of the Company following completion of the acquisition of Lymex and completion of this Offer (subscribed to a minimum of \$3,750,000 and maximum of \$6,000,000).

The Company is to acquire 100% of the issued capital of Lymex, the owner of eight exploration licences or 'Tenements' prospective for flake graphite, located on the Eyre Peninsula in South Australia. The tenements of Lymex are referred to as the 'Oakdale Graphite Project'. In acquiring Lymex, the Company shall have the right to explore for graphite, iron ore and base metal deposits from the Tenements.

Pro forma Consolidated Historical Financial Information presented in this section comprises the pro forma consolidated Statement of Financial Position of the Company including:

- (i) Lymex as if the acquisition had occurred at the balance date;
- (ii) the raising under the Prospectus; and
- (iii) the conversion of Convertible Notes and payables into shares in the Company;

based on the historical consolidated Statements of Financial Position as at 30 June 2014 of the Company and Lymex.

The Company currently has no business and is in the process of completing the acquisition of Lymex. Lymex assets are not yet producing any revenue. Historical Statements of Comprehensive Income have therefore not been disclosed for the Company or Lymex.

The Pro forma Consolidated Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Pro forma Consolidated Historical Financial Information and the transactions to which the pro forma adjustments relate, as if those transactions had occurred as at 30 June 2014, or prior to that date. Due to its nature, the Pro forma Consolidated Historical Financial Information does not represent the Company's prospective financial position.

The Pro forma Consolidated Historical Financial Information has been extracted from the financial accounts of the Company and Lymex.

The General Purpose Financial Reports for the Company have been subject to an annual audit and half year review by BDO East Coast Partnership. The auditor's reports have contained an Emphasis of Matter in relation to the going concern of the Company, stating that "the ability of the disclosing entity to continue as a going concern is dependent on the successful completion of the proposed Capital Raising."

The General Purpose Financial Reports for Lymex Limited, the parent entity of Lymex prior to its acquisition by the Company, have been subject to an annual audit (on a consolidated basis) for the financial year ended 30 June 2014 by KPMG. The auditor's report contained an Emphasis of Matter in relation to the going concern of Lymex Limited, stating that there exists a material uncertainty about the Company's and Group's ability to continue as a going concern and therefore realise its assets, in particular the exploration and evaluation assets, and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Pro forma Consolidated Historical Financial Information should be read in conjunction with the Investigating Accountant's Report.

7.2 CONSOLIDATED HISTORICAL AND PRO FORMA CONSOLIDATED HISTORICAL STATEMENTS OF FINANCIAL POSITION

Set out in the table below are summarised historical consolidated statements of financial position for the Company and Lymex as at 30 June 2014, and a summarised pro forma consolidated statement of financial position assuming the acquisition of Lymex and completion of the Offer as detailed in the notes below.

	Historical Consolidated Statements of Financial Position as at 30 June 2014		Pro-Forma Consolidated Statement of Financial Position	
	Company ¹	Lymex ²	Minimum Subscription ³	Maximum Subscription ³
CURRENT ASSETS				
Cash assets ⁴	274	6,553	3,171,827	5,281,827
Trade and Other Receivables	–	792	792	792
TOTAL CURRENT ASSETS	274	7,345	3,172,619	5,282,619
NON CURRENT ASSETS				
Mineral assets ⁵	–	5,684,664	5,684,664	5,684,664
TOTAL NON CURRENT ASSETS	–	5,684,664	5,684,664	5,684,664
TOTAL ASSETS	274	5,692,009	8,857,283	10,967,283
CURRENT LIABILITIES				
Trade and other payables	113,348	13,025	13,025	13,025
Financial liabilities	100,000	–	–	–
TOTAL CURRENT LIABILITIES	213,348	13,025	13,025	13,025
TOTAL LIABILITIES	213,348	13,025	13,025	13,025
NET ASSETS	(213,074)	5,678,984	8,844,258	10,954,258
EQUITY				
Issued capital ⁶	26,596,792	100	4,422,043	6,494,296
Accumulated losses	(26,809,866)	5,678,884	4,422,215	4,459,962
TOTAL EQUITY	(213,074)	5,678,984	8,844,258	10,954,258

Notes

- Column 1 represents the historical consolidated statement of financial position of the Company as at 30 June 2014.
- Column 2 represents the historical consolidated statement of financial position of Lymex as at 30 June 2014.
- Column 3 and 4 represent the pro forma consolidated statement of financial position of the Company assuming:
 - the acquisition of 100% of Lymex on 30 June 2014. Under the reverse acquisition accounting standard requirements, the consolidated financial statements of the legal parent (the Company) are presented as a continuation of the financial statements of the main private operating entity (Lymex);

- (b) the Minimum Subscription of \$3,750,000 (column 3) and the Maximum Subscription of \$6,000,000 (column 4) respectively less estimated associated costs to be satisfied in cash for the minimum/maximum raise of \$585,000/\$725,000. Cash costs of the Minimum/Maximum Offer have been allocated as \$349,380/\$527,127 to contributed equity relating to the issue of Shares and \$235,620/\$197,873 to accumulated losses.
- (c) The conversion of the Company Convertible Notes totalling \$100,000 and payables totalling \$192,361 (\$113,348 of which were recorded as at 30 June 2014) into 1,750,947 (post consolidation) shares in the Company subsequent to 30 June 2014.

4. Cash assets comprise the following:

	Minimum Subscription	Maximum Subscription
Cash balance from the Company, 30 June 2014	274	274
Cash balance from Lymex, 30 June 2014	6,553	6,553
Offer proceeds	3,750,000	6,000,000
Offer costs	(585,000)	(725,000)
Cash as per pro forma statements of financial position	3,171,827	5,281,827

5. Mineral assets in Lymex comprise the capitalised costs associated with the exploration and development of the Lymex tenements.

6. Issued capital is calculated as follows:

	Minimum Subscription		Maximum Subscription	
	Number of Shares	\$	Number of Shares	\$
Number of shares on issue as at 30 June 2014 (pre-consolidation)	271,278,809	26,596,792	271,278,809	26,596,792
Capital structure following share consolidation (1:72)	3,768,238	26,596,792	3,768,238	26,596,792
Convertible Notes conversion	789,141	100,000	789,141	100,000
Other debt to equity conversion	961,806	192,361	961,806	192,361
Shares currently on issue	5,519,185	26,889,153	5,519,185	26,889,153
Lymex Acquisition				
Shares issued to Lymex shareholders	30,000,000	6,000,000	30,000,000	6,000,000
Reverse acquisition accounting entry		(31,867,730)		(31,867,730)
Total Shares on issue post Lymex acquisition	35,519,185	1,021,423	35,519,185	1,021,423
The Offer				
Capital Raising	18,750,000	3,750,000	30,000,000	6,000,000
Offer costs to equity from cash		(349,380)		(527,127)
Total Shares issued post Lymex acquisition and Offer	54,269,185	4,422,043	65,519,185	6,494,296

7.3 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The above financial information of the Company has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. The financial information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Principles of Consolidation

The pro forma consolidated historical financial information incorporates the assets and liabilities of all subsidiaries of the Company ('company' or 'parent entity') and Lymex Tenements Pty Limited as at 30 June 2014 and the results of all subsidiaries and special purpose entities for the period then ended. The Company, its subsidiaries and special purpose entities together are referred to in this financial information as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability.

Reverse Acquisition

The consolidated financial information has been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary, Lymex (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, the Company (the acquired for accounting purposes). Any difference arising between the fair value of the net assets of the Company at the date of acquisition and the fair value of the portion of Lymex shares deemed to be issued to the Company shareholders to complete the acquisition has been recorded against accumulated losses on consolidation.

08. INVESTIGATING ACCOUNTANT'S REPORT



INVESTIGATING ACCOUNTANT'S REPORT

7 October 2014

The Directors
Oakdale Resources Limited
24 Palmerston Road West
RINGWOOD VIC 3134

Dear Sirs,

Investigating Accountant's Report and Financial Services Guide

We have prepared this Investigating Accountant's Report (report) at the request of the Directors of Oakdale Resources Limited ("the Company") for inclusion in a Prospectus relating to the proposed issue by the Company of up to 30,000,000 shares at an issue price of \$0.20 each to raise up to \$6,000,000 before the costs of the issue ("the Prospectus"). The minimum amount of the Offer under the Prospectus is \$3,750,000 which would comprise the issue of 18,750,000 shares at an issue price of \$0.20 each.

Expressions and capitalised terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License (No. 227902) under the *Corporations Act 2001*. Hall Chadwick Corporate (NSW) Limited holds the appropriate Australian Financial Services License.

Background

The Company, formerly known as Teys Limited, currently has no business and its shares are suspended from trading on the Australian Securities Exchange ("ASX").

The Company is to acquire 100% of the issued capital of Lymex Tenements Pty Ltd ("Lymex"). Lymex holds eight (8) exploration licences in the Eyre Peninsula in South Australia referred to as the "Oakdale Graphite Project". Following completion of the Acquisition, the Company will further evaluate the potential of the tenements covered by the exploration licences which contain graphite mineralization. The Company will apply to the Department for Manufacturing, Innovation, Trade and Energy (DMITRE) and undertake all necessary and appropriate steps required by DMITRE to ensure that mining leases are granted to enable the Company to mine the tenements.

Proceeds of the Prospectus will be used to undertake drilling at the Oakdale Graphite Project with the objective of delineating a JORC compliant resource, to meet the costs of the acquisition of Lymex and for general working capital purposes.

Potential investors should read the Prospectus in full. We make no comments as to the value of the current and proposed activities of the Company.

HALL CHADWICK CORPORATE
(NSW) LIMITED

ACN 080 462 488

SYDNEY

Level 40, 2 Park Street
Sydney NSW 2000 Australia

GPO Box 3555 Sydney NSW
2001

Ph: (612) 9263 2600

Fx: (612) 9263 2800

E: hcsydinfo@hallchadwick.com.au

com.au

www.hallchadwick.com.au

A member of AGN
International Ltd, a worldwide
association of separate and
independent accounting and
consulting firms

Scope

You have requested Hall Chadwick Corporate (NSW) Ltd. to prepare an Investigating Accountant's Report covering the following:

Pro forma Consolidated Historical Financial Information

- a) The pro forma consolidated Statement of Financial Position of the Company including:

- Lymex as if the acquisition had occurred at the balance date;
- the raising under the Prospectus; and
- the conversion of Convertible Notes and trade payables into shares in the Company;

based on the audited historical consolidated Statements of Financial Position as at 30 June 2014 of the Company and Lymex.

The above is known as the "Pro forma Consolidated Historical Financial Information".

The Company currently has no business and is in the process of completing the acquisition of Lymex. Lymex assets are not yet producing any revenue. For this reason Historical Statements of Comprehensive Income have not been disclosed for the Company or Lymex.

The Pro forma Consolidated Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Pro forma Consolidated Historical Financial Information and the transactions to which the pro forma adjustments relate, as if those transactions had occurred as at 30 June 2014, or prior to that date. Due to its nature, the Pro forma Consolidated Historical Financial Information does not represent the Company's prospective financial position.

Scope of review of Pro forma Consolidated Historical Financial Information

The Pro forma Consolidated Historical Financial Information has been extracted from the financial accounts of the Company and Lymex.

The General Purpose Financial Reports for the Company have been subject to an annual audit and half year review by BDO East Coast Partnership. The auditor's reports have contained an Emphasis of Matter in relation to the going concern of the Company, stating that "the ability of the disclosing entity to continue as a going concern is dependent on the successful completion of the proposed Capital Raising."

The General Purpose Financial Reports for Lymex Limited, the parent entity of Lymex prior to its acquisition by the Company, have been subject to an annual audit (on a consolidated basis) for the financial year ended 30 June 2014 by KPMG. The auditor's report contained an Emphasis of Matter in relation to the going concern of Lymex Limited, stating that there exists a material uncertainty about the company's and group's ability to continue as a going concern and therefore realise its assets, in particular the exploration and evaluation assets, and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The pro forma consolidated Statement of Financial Position at 30 June 2014 incorporates:

- a) the historical consolidated Statement of Financial Position of the Company as at 30 June 2014;
- b) the historical consolidated Statement of Financial Position of Lymex as at 30 June 2014;
- c) the effect of the capital raising as disclosed in the Prospectus; and
- d) the conversion of Convertible Notes and trade payables into shares in the Company that occurred subsequent to 30 June 2014.

Directors' responsibility

The directors of the Company and Lymex are responsible for the preparation of the Pro forma Consolidated Historical Financial Information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the Pro forma Consolidated Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Pro forma Consolidated Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Consolidated Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Consent

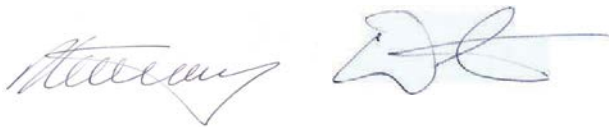
Hall Chadwick Corporate (NSW) Limited has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Hall Chadwick Corporate (NSW) Limited does not have any interest in the outcome of the Prospectus other than the issue of this report for which normal professional fees will be received. Hall Chadwick Corporate (NSW) Limited does not hold nor have any interest in the ordinary shares of the Company.

Hall Chadwick Corporate (NSW) Limited was not involved in the preparation of any part of the Prospectus, and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Yours faithfully



David Kenney **Drew Townsend**
Directors, Hall Chadwick Corporate (NSW) Limited

FINANCIAL SERVICES GUIDE

Dated 7 October 2014

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 ("HCC").

This FSG includes information about:

- HCC and how they can be contacted;
- the services HCC is authorised to provide;
- how HCC are paid;
- any relevant associations or relationships of HCC;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Investigating Accountant's Report ("Report") which has been prepared for inclusion in the Prospectus. The purpose of the Prospectus is to help you make an informed decision in relation to a financial product. The contents of the Prospectus, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the Directors of Oakdale Resources Limited to prepare this Report for inclusion in a Prospectus in relation to the public offering of shares in Oakdale Resources Limited on the ASX ("Offer").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. HCC nor the employees of HCC are acting for any person other than Oakdale Resources Limited. HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As HCC has been engaged by Oakdale Resources Limited, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Oakdale Resources Limited. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Oakdale Resources Limited has agreed to pay HCC \$10,000 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive a salary or a partnership distribution from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership) and dividends from

associated companies. Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr David Kenney and Mr Drew Townsend, directors of HCC and partners in the Hall Chadwick Sydney Partnership, have prepared this Report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities (HC entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, Oakdale Resources Limited or has any other material financial interest in the Offer.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:

The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Drew Townsend, on (02) 9263 2600 and he will assist you in documenting your complaint. Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If HCC cannot resolve the complaint to your satisfaction within 45 days, you can 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 www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited

GPO Box 3, Melbourne Victoria 3001

Telephone: 1300 78 08 06

Facsimile

(03) 9613 6399

Email:

info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact details

You may contact HCC at:

Hall Chadwick Corporate (NSW) Limited

GPO Box 3555

Sydney NSW 2001

Telephone: (02) 9263 2600

Facsimile: (02) 9263 2800

09. SOLICITORS REPORT ON TENEMENTS

Watsons Lawyers

Ground Floor
60 Hindmarsh Square
Adelaide 5000
South Australia
Telephone +61 8 8418 8580
Facsimile +61 8 8215 0337
ABN 28 591 976 571
www.watsonlaw.com.au

6 August 2014

The Directors
Teys Limited
24 Palmeton Road West
Ringwood
VIC 3134



Partners in your business



Boutique – Mining
& Resources Law
Firm of the Year

Dear Directors,

This is a solicitors' report on tenements (**Report**) prepared for Teys Limited (ACN 009 118 861) (the **Company**) for inclusion in a prospectus. The prospectus is in connection with the satisfaction of the requirements of Chapters 1 and 2 of the Australian Securities Exchange Listing Rules following the acquisition by the Company of all of the shares in the capital of Lymex Tenements Pty Ltd (ACN 146 438 431) (**Lymex** and **Prospectus** respectively).

1. SCOPE AND CONTENT OF REPORT

1.1 Scope of Instructions

We have been asked to:

- (a) advise on the status of the following eight (8) mineral exploration licences granted pursuant to Part 5 of the Mining Act:

EL 5378 – Brooker
EL 5454 – Kapinnie
EL 5456 – Lock Project
EL 5455 – Sheringa
EL 4442 – Mt Hope
EL 4537 – Brimpton Park
EL 4768 – Hillside
EL 4895 – Tungketta Hill

which are located in the mid-west of the Eyre Peninsula, South Australia and of which Lymex is the sole registered holder (the **Tenements**); and

- (b) conduct searches and summarise the effect upon the **Tenements** of registered native title claims over the subject land.

1.2 Searches

We have reviewed the results of searches of the **Tenements** conducted by:

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under professional standards legislation*



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- (a) the Mineral Resources Division of the Department on 31 July 2014 of the register of mining tenements and register of instruments maintained by the Department pursuant to the Mining Act;
- (b) the Mineral Resources Division of the Department on 6 August 2014 of the register of mining tenements maintained by the Department pursuant to the Mining Act in relation to EL 4442;
- (c) the Mineral Resources Division of the Department on 6 August 2014 of the register of instruments maintained by the Department pursuant to the Mining Act in relation to EL 5378 and EL 5454;
- (d) the Mineral Resources Division of the Department on 31 July 2014 of the exploration licence documents for all of the Tenements except EL 5454, EL 5455 and EL 5456 which are not yet available as they have not been signed by Lymex and the Minister's delegate; and
- (e) the Tribunal on 30 July 2014 and 6 August 2014 of the following Tribunal databases maintained pursuant to the Native Title Act: Schedule of Applications (unregistered claimant applications), National Native Title Register, Register of Native Title Claims, Notified ILUAs and Register of ILUAs.

1.3 Information contained in this Report

We have relied upon information provided to us by the Department, the Tribunal and Lymex. This Report should be read subject to the assumptions and qualifications set out in Section 2.

This Report is set out in Sections which deal with the provisions of the Mining Act, native title, Aboriginal heritage and sites of significance, environmental requirements for locations within and around the Tenements, and the special requirements for uranium exploration and mining.

The discussion in this Report that relates to laws of the Commonwealth and of South Australia is in respect of those laws as they are in force as at the date of this Report.

This Report is supported by the following Schedules:

Schedule 1 – Tenements – This Schedule is an accurate statement of the following matters:

- (a) at 31 July 2014:
 - (i) key terms for each of the Tenements, including the status, area, holder and commitments and any non-standard conditions (with the key terms for EL 5454, EL 5455 and EL

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under professional standards legislation*



Partners in your business

5456 being those that are shown on the tenement printouts and the Department's offer documents for these Tenements given the exploration licence documents for these Tenements are not yet available); and

- (ii) relevant dealings registered with the Department in respect of each of the Tenements except EL 5378 and EL 5454;
- (b) at 6 August 2014, relevant dealings registered with the Department in respect of EL 5378 and EL 5454;
- (c) at 30 July 2014 registered native title claims that may affect the Tenements except EL 5454, EL 5455 and EL 5456; and
- (d) at 6 August 2014, registered native title claims that may affect EL 5454, EL 5455 and EL 5456.

Schedule 2 – Terminology – This Schedule lists and defines words and expressions used in this Report which have an uppercase initial letter or letters, unless defined elsewhere in this Report.

2. ASSUMPTIONS AND QUALIFICATIONS

This Report is based on, and is subject to, the following assumptions and qualifications and those specified elsewhere in this Report:

- (a) we have relied on the accuracy of information, which information we have not sought to independently verify, provided to us by the Department, Lymex and the Tribunal and obtained by us by online inspection of various maps available on the SARIG website and online examination of the list of vulnerable species of flora and fauna available on the South Australian Department of Environment, Water and Natural Resources website;
- (b) we have relied on that information being accurate, complete and up to date as at the date of its receipt by us or online inspection or examination by us;
- (c) we have not undertaken surveys of the land the subject of the Tenements and we cannot verify the accuracy of those areas;
- (d) we have not requested official searches of any other publicly available registers;
- (e) we were instructed that it would not be necessary for us to examine or review any material agreements relating to the Tenements and that any material agreements affecting the Tenements would be summarised elsewhere in the Prospectus. We have not reviewed any of those summaries;

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- (f) where compliance with the terms and conditions of the Tenements and the provisions of the Mining Act, including the requirements to keep the licence in good standing or a possible claim in relation to a Tenement by a third party, is not disclosed on the face of the searches referred to in this Report or Schedule 1, we express no opinion as to such compliance or claim;
- (g) the Mining Act provides that certain dealings in relation to mineral exploration licences are of no force prior to such dealings being approved by the Minister;
- (h) notwithstanding that the parties to a registered dealing may have performed all of their obligations so that the relevant agreement has come to an end, it is not the practice to withdraw the agreement from the register maintained by the Department. Accordingly, in the cases where there are dealings registered against the Tenements, some of them may be purely historical;
- (i) native title or Aboriginal heritage sites or objects may exist in the areas covered by the Tenements. Whilst we have conducted searches to ascertain what native title claims, if any, have been registered over these areas, we have not conducted any independent investigations regarding the likely existence or non-existence of native title or Aboriginal heritage sites or objects; and
- (j) there are no material matters or events that have come to our attention during the course of our enquiries, and subsequent to the searches being conducted, which would cause the information included in this Report to be materially misleading.

3. PROVISIONS OF MINING ACT

3.1 Authorisation

An exploration licence authorises the licensee to explore for minerals of a kind described in the licence in respect of the land described, or referred to, in the licence. Explore means to carry out operations of any kind in the course of exploring for minerals or establishing the extent of a mineral deposit.

EL 5378, EL 4442, EL 4537, EL 4768 and EL 4895 authorise Lymex to explore for all minerals except extractive minerals or precious stones within the area of the Tenements, excluding any part of the land comprised in a precious stones field, the subject of another mining tenement, or comprised in a private mine. The searches from the Department in relation to these Tenements do not disclose any precious stones fields, other mining tenements or private mines within the area of any of the Tenements, except for a reference to petroleum tenements in relation to EL 4895 (see Schedule 1).

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The tenement printouts for EL 5454, EL 5455 and EL 5456 show that the principal minerals sought will be iron, base metals, gold and nickel in relation to all three of these Tenements and also uranium in relation to EL 5455 and EL 5456. We therefore expect that EL 5454, EL 5455 and EL 5456 will authorise Lymex to explore for all minerals except extractive minerals or precious stones within the area of the Tenements, excluding any part of the land comprised in a precious stones field, the subject of another mining tenement, or comprised in a private mine. The tenement searches in relation to these Tenements do not disclose any precious stones fields, other mining tenements or private mines within the area of any of the Tenements, except for a reference to petroleum tenements in relation to EL 5455 and EL 5456 (see Schedule 1). A private mine for limestone (numbered PM 185), which is partially within EL 5456, is disclosed on SARIG and located approximately half a kilometre to the south east of Tooligie Hill.

3.2 Term

An exploration licence is granted for a term decided by the Minister of up to 5 years. It may include a right of renewal, or may be renewed at the discretion of the Minister. The aggregate term of a licence (including renewals) may not exceed 5 years. An application for renewal must be made to the Minister, in a manner and form determined by the Minister, at least one month before the date of expiry of the licence. Upon renewal, the terms and conditions of the licence may be varied, revoked or added to and the licence area may be reduced by the Minister.

On the expiration of an exploration licence the Minister may grant the licensee a subsequent exploration licence. An application for a subsequent exploration licence must be made to the Minister, in a manner and form determined by the Minister, at least 3 months before the expiration of the exploration licence term, or aggregate term, of which was 5 years.

If an application for the renewal of an exploration licence, or for a subsequent exploration licence, is not decided before the date on which the licence is due to expire, the licence continues in operation until the application is decided.

The Tenements have been granted for terms that vary from between 1 year and 5 years. EL 4442 is in the fifth year of its 5 year term and Lymex is entitled to apply for a subsequent exploration licence to replace this Tenement provided Lymex makes the application at least 3 months before the expiry date of the existing Tenement which occurs on 14 March 2015. EL 5378 has a 1 year term and expires on 24 August 2014. Lymex is entitled to make an application for renewal to the Minister, in a manner and form determined by the Minister, at least one month before the date of expiry of the licence. A renewal application has been received by the Department and the decision is pending. We are unable to say whether EL 5378 will be renewed.

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EL 5454, EL 5455 and EL 5456 all have a 1 year term. EL 5454 expires on 4 March 2015, and EL 5455 and EL 5456 expire on 31 March 2015. Lymex is entitled to make an application for renewal to the Minister, in a manner and form determined by the Minister, in relation to each of these Tenements at least one month before the expiry date of the existing Tenement.

3.3 Area

The area of an exploration licence must not exceed 1,000 square kilometres, unless the Minister considers that a greater area is justified in the circumstances. The area of each of the Tenements is less than 1,000 square kilometres.

3.4 Conditions

An exploration licence may be granted subject to such conditions as the Minister thinks fit and specifies in the licence. An exploration licence will also be subject to standard exclusions and conditions prescribed under the Mining Act and pursuant to the Mining Regulations and may be subject to additional conditions. All of the Tenements except EL 5454, EL 5455 and EL 5456 contain exclusions and conditions in terms similar to the following. Based on our discussions with the Department and the Department's offer documents for EL 5454, EL 5455 and EL 5456 provided to us by Lymex, we expect EL 5454, EL 5455 and EL 5456 will also contain exclusions and conditions in terms similar to the following:

- (a) the licensee must at all times perform and comply with the provisions of the Mining Act and the Mining Regulations, all directions given under them, the expenditure conditions applicable to the licence, any prescribed conditions and additional conditions determined by the Minister;
- (b) the Minister may at any time require the licensee of an exploration licence to pay compensation to any person if the Minister considers that person is entitled to compensation for loss or damage caused by the operations conducted in pursuance of the licence;
- (c) the licensee must, as soon as reasonably practicable, report to the Director the discovery of minerals potentially capable of economic production;
- (d) the licensee must give written notice to the Director of any proposal to carry out an airborne survey or a proposal for a groundwater investigation survey and, prior to commencement of an airborne survey, provide the Director with the type of survey, the area, flight-lines and height;
- (e) within 60 days after making a request to the Minister for a reduction in the licence area, the licensee must submit to the Minister a

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technical exploration report on the area to be excluded from the licence;

- (f) the licence confers no rights to carry out operations on native title land other than in accordance with Part 9B of the Mining Act;
- (g) the licensee must comply with all other applicable legislation including but not limited to the Heritage Act;
- (h) low impact exploration activities must be conducted in accordance with a generic program for environmental protection and rehabilitation determined by the Minister pursuant to the Mining Regulations;
- (i) the prior approval of the Minister is required for operations involving the upgrading of existing tracks, the use of Declared Equipment, or any other activity outside of the scope of the generic program for environmental protection and rehabilitation;
- (j) where there is a code of practice, guidelines or a management plan for mineral exploration in a given area, the licensee must adopt them or provide alternative documentation for the Director's approval;
- (k) a Declaration of Environmental Factors or Program for Environmental Protection and Rehabilitation must be submitted to the Minister (or delegate) and approved before constructing major campsites, intensive track networks, airstrips or other major support facilities;
- (l) exploratory operations must be conducted in a manner that will prevent contamination and wastage of groundwater and discovery of significant groundwater during drilling operations must be notified to the Director;
- (m) reports must be submitted to the Director six-monthly, annually and on relinquishment and in a manner and form acceptable to the Director; and
- (n) failure to meet expenditure commitments may result in the licence area being reduced by at least 25% at the end of its current term.

Other conditions, which are specific to particular Tenements, are set out in Schedule 1.

3.5 Land Access

Although we have not undertaken any underlying land tenure investigations in relation to the land over which the Tenements have been granted, the searches obtained from the Department indicate two waivers of exemption in respect of a cultivated field have been granted in relation to two of the Tenements (refer to Section 3.6 Dealings and to the Tenement details in Schedule 1). Five of the Tenements also have conditions relating to native

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vegetation agreement areas. These waivers of exemption and native vegetation agreement areas evidence that the Tenements involved are over freehold or leasehold land. In Section 4.5 we have noted that there are three native title claims affecting the Tenements which can impact on Lymex's access to the Tenements.

Where mining tenements are granted over land which is considered to have an owner, the mining operator (in this case Lymex) requires certain authorisations before entering that land. An owner of land under the Mining Act is a person who holds a registered estate or interest in the land conferring a right to immediate possession of the land, holds native title in the land, is lawfully in occupation of the land or has, by statute, the care, control or management of the land. Where native title has not yet been determined, the native title claimant is treated as an owner of land.

The authorisation required for the mining operator to enter the land may be obtained by making an agreement with the owner of the land or serving a notice of entry on that owner at least 21 days before entering on to the land. A mining operator can also seek a native title mining determination from the ERD Court to authorise its entry on land where native title has been claimed. If title to the land confers exclusive possession then the owner of the land can object to a notice of entry (up to 3 months after it is served). The objection can be heard in the Warden's Court or the ERD Court and the court will decide if entry will be granted and on what terms and conditions, which may include the payment of compensation to the landholder.

A mining operator shall not use Declared Equipment except upon land subject to a lease or licence granted under the Mining Act or in pursuance of an authorisation granted by the Minister or Director. The conditions of the Tenements provide that the prior approval of the Minister is required for operations involving the use of Declared Equipment (See Section 3.4 Conditions). Subject to certain exceptions (including there being an agreement with the owner of the land in relation to the use of Declared Equipment, the terms of which the mining operator complies with), before using Declared Equipment upon land that is not comprised in a mining lease a mining operator must serve a notice of intention to use of Declared Equipment on the owner at least 21 days before commencing the use of Declared Equipment. The owner of the land has a right to object to the notice of use of Declared Equipment. If there is an objection (which can be made up to 3 months after a notice is served) the objection can be heard in the Warden's Court and a Warden will decide if the Declared Equipment can be used, and on what terms and conditions, which may include the payment of compensation to the owner of the land.

The Mining Act declares certain land as land that is exempt from mining operations unless the benefit of the exemption is waived. Exempt land includes:

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- (a) land genuinely used as a yard, garden, cultivated field, plantation, orchard or vineyard, or as an airfield;
- (b) land within 400 metres of a building or structure used as a residence; and
- (c) land within 150 metres of industrial or commercial buildings or structures worth \$200 or more, or a spring, well, reservoir or dam.

The Mining Act stipulates that no lease or licence will authorise exploring or mining upon exempt land but it does not prevent applications for a lease or licence over such land. To obtain a waiver of the exemption, a mining operator must enter into an agreement with the owner of the exempt land to waive the benefit of the exemption and provide for compensation and conditions of entry. If a mining operator is unable to reach agreement with an owner of land, the mining operator may apply to the ERD Court for an order to waive the benefit of the exemption.

3.6 Dealings

An exploration licence or an interest in an exploration licence must not be assigned, transferred, mortgaged, sub-let or be made the subject of any trust or any other dealing, either directly or indirectly, without the written consent of the Minister. Any transaction or instrument entered into without Ministerial consent will be void.

We note the following dealings, registered against some of the Tenements, indicate the possibility of third party interests in the Tenements themselves or the land the subject of the Tenements. We have not been instructed to obtain copies of or examine the relevant documentation:

- (a) a tenement sale and option agreement between Alphadale Pty Ltd (the former Tenement holder) and Anglo American Exploration (Australia) Pty Ltd is registered against EL 5378 and EL 5454. This agreement was first registered against the predecessor tenements to EL 5378 and EL 5454 in May 2005 before the tenements were transferred from Alphadale Pty Ltd to Lymex in January 2011;
- (b) a caveat was lodged by Anglo American Exploration (Australia) Pty Ltd and registered in February 2011 against EL 4537 by virtue of a charge granted in its favour by Lymex in an agreement dated 21 October 2010; and
- (c) two waivers of exemption in relation to a cultivated field were registered in November 2011 from KT & JL Pearce and Brett Pearce for Section 44 Hd Peachna and from CJ Kay for Sections 10 and 38 Hd Cowan against EL 4442 and EL 4537.

The approval of the Minister is not required for the Company's acquisition of all of the shares in the capital of Lymex.

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3.7 Mining Leases

If, during the conduct of exploration activities within the Tenements, Lymex identifies a commercial mineral deposit, then it may apply for a mining lease pursuant to the Mining Act over the relevant area. An application for a mining lease must be accompanied by a detailed mining proposal and the Minister must not grant a mining lease without first inviting public submissions, landowner and council representations about the application and having regard to those submissions and representations.

Key aspects of the legislation are that:

- (a) the grant of a mining lease by the Minister is subject to Part 9B of the Mining Act (please refer to Section 4 dealing with native title);
- (b) a mining lease will be subject to prescribed terms and conditions and any additional terms and conditions that the Minister thinks fit having given proper consideration to the protection of the environment, other lawful activities that may be affected by operations under the lease and any Aboriginal heritage or sites of significance;
- (c) if the application for a mining lease is over land within or adjacent to a specially protected area, the Minister must refer the application to and consult with the relevant other minister(s) before making a decision about the application;
- (d) the Minister must not grant a mining lease unless the Minister is satisfied that there is a reasonable prospect that the land contained in the mining lease application can be effectively and efficiently mined;
- (e) a mining lease is granted for a term not exceeding 21 years;
- (f) if the holder of the mining lease has complied with the terms and conditions of the mining lease the holder will be entitled, at the expiration of the mining lease, to a renewal of the lease for a further term and must make an application for renewal not less than 3 months before the lease expiry date;
- (g) the holder of a mining lease has the exclusive right to conduct mining operations, subject to the terms of the Mining Act and the terms and conditions of the mining lease, for the recovery of minerals from the land within the lease;
- (h) the holder of a mining lease is authorised to sell, or dispose of, minerals recovered in the course of mining operations conducted in pursuance of the lease or to utilise any such minerals for commercial or industrial purposes;

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- (i) the holder must pay the required annual rental payments, as specified in the lease, and must pay royalties on all minerals recovered from the mining lease (see Section 3.9 below); and
- (j) the Minister may suspend or cancel a mining lease if the lessee contravenes or fails to comply with a term or condition of the lease or a provision of the Mining Act.

3.8 Retention Leases

The holder of an exploration licence, who is not ready to commence mining operations under a mining lease, may apply for a retention lease pursuant to the Mining Act which may be granted in the following cases:

- (a) where the Minister considers the applicant is justified in not proceeding immediately to mine the land for economic or other reasons; or
- (b) where the Minister considers insufficient investigation has been carried out to enable him to determine the terms and conditions upon which a mining lease should be granted; or
- (c) where the applicant seeks to carry out mining operations to recover radioactive mineral and the Minister thinks it desirable to defer the granting of a mining lease.

The Minister must not grant a retention lease without first inviting and considering public submissions and landowner and council representations about the application. If granted, the term of a retention lease must not exceed 5 years. The holder of a retention lease may, not later than 3 months before the expiry of the lease, apply for a renewal of the retention lease which the Minister may grant for a further term, not exceeding 5 years.

The rights conferred by a retention lease are an exclusive right to prospect for minerals, an exclusive right to apply for a mining lease, and such other rights to conduct mining operations as may be stipulated in the lease. The retention lease will be subject to prescribed conditions and such other conditions as the Minister thinks fit.

3.9 Royalty payments

In South Australia, property in all minerals is vested in the Crown and a royalty is payable to the Minister on all minerals recovered from a mining lease. The royalty payable is specified in the Mining Act and varies according to the type of minerals recovered.

The searches conducted by us disclosed the registration of one agreement in relation to EL 5378 and EL 5454 and one caveat in respect of a charge in relation to EL 4537. As we have not reviewed this agreement or this caveat we are unable to say whether or not they relate to a commercial royalty

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arrangement affecting EL 5378, EL 5454 and/or EL 4537. The absence of registration does not mean that Lymex is not bound by a commercial agreement to pay a royalty in respect of minerals recovered from any of the Tenements. Material agreements are summarised elsewhere in the Prospectus.

4. NATIVE TITLE

Native title impacts mining tenements granted in South Australia and is governed by both Commonwealth and State legislation.

4.1 Commonwealth Native Title Act

The decision of the High Court of Australia in *Mabo and Others v The State of Queensland (No. 2)* (1992) recognised a form of native title which, in the cases where it has not been extinguished, reflected an entitlement of the indigenous inhabitants, in accordance with their laws or customs, to their traditional lands. As a result of that decision the Commonwealth enacted the Native Title Act, which commenced on 1 January 1994, as a means of regulating dealings with native title lands, establishing where native title exists and where it has been extinguished. The Native Title Act validated categories of past acts (those which occurred before 1 January 1994) and made provisions for dealing with future acts (those which occurred after 1 July 1993 and on or after 1 January 1994).

The Native Title Act was substantially amended in 1998 following another High Court of Australia decision in *Wik Peoples v Queensland* (1996) which found that native title was preserved where a leaseholder did not have exclusive possession and the respective rights of the leaseholder and the native title party could co-exist. As part of the amendments to the Native Title Act, pastoral leases and certain other leasehold interests, including mining tenements, which may have been invalidly granted during the period 1 January 1994 to 23 December 1996 (known as "intermediate period acts") were validated. The amendments confirmed the extinguishment of native title by the grant of "exclusive possession" pastoral leases and certain other leasehold interests.

In summary, the Native Title Act provides for the:

- (a) recognition and protection of native title;
- (b) procedures by which native title can be claimed and, if determined to exist, the procedures by which native title can be registered and for compensation to be claimed for the extinguishment or impairment of native title;
- (c) validation of past acts and intermediate period acts that might otherwise have been invalid because of the existence of native title (including the grant of pastoral leases, mining tenements and ancillary titles granted before 1 January 1994 and between 1 January 1994 and 23 December 1996);

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- (d) authorisation of valid acts known as “future acts” in relation to native title lands occurring after the introduction of the Native Title Act on 1 January 1994.

The High Court decision in *Western Australia v Ward and Others* delivered in August 2002, held that the rights of a lessee under a validly granted mining lease and the rights of native title parties can co-exist but where these rights conflict, the rights of native title parties must yield to the rights granted to the mining lease holder. This means that the mining lease holder may exercise all the statutory conferred rights without the native title claimants having the right to control the land, restrict access or otherwise require permission for acts to be done.

4.2 South Australian Native Title Act

Since the Native Title Act only provides for extinguishment and validation of native title by the Commonwealth, it provides for States and Territories to make laws for the validation of past acts and intermediate period acts which are attributable to the State or Territory as well as validate future acts by them. Each State and Territory Government has enacted complementary native title legislation adopting the provisions of the Commonwealth legislation.

In South Australia in relation to mining tenements, the Native Title (SA) Act provides for the validity of mining tenements granted by the South Australian Government at any time before 1 January 1994 (past acts) and of mining tenements granted between 1 January 1994 and 23 December 1996 (intermediate period acts). It also provides that any future acts are valid if:

- (a) those future acts are conducted on land where native title has been extinguished; or
- (b) a mining tenement holder acquires the right to carry out mining operations (the future act) by agreement with the native title holder or claimants under Part 9B of the Mining Act; or
- (c) there is a determination by a State court (either the ERD Court or the Supreme Court) authorising the mining operations; or
- (d) an ILUA to which the State is a party validates the future acts, the ILUA is registered on the Register of ILUAs, and any person liable to pay compensation in relation to the future acts is also a party to the ILUA.

The grant of the Tenements is valid. The conduct of mining operations on the Tenements by Lymex will be valid if native title within the Tenements has been extinguished or if other procedures are followed where native title rights have not been extinguished.

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4.3 Extinguishment of Native Title

The Native Title Act provides that 'previous exclusive possession acts' (including grants of freehold or leasehold interests that conferred exclusive possession on the holder) will have completely extinguished native title. By contrast, 'previous non-exclusive possession acts' (including grants of leasehold interests that conferred non-exclusive possession on the holder, such as many pastoral leases and mining tenements) will only have extinguished native title to the extent of any inconsistency between the native title rights and the rights conferred under the grant.

We have not been instructed to conduct the extensive historical land tenure, anthropological and ethnographic research which would be necessary in order to form an opinion as to whether any native title over the land the subject of the Tenements is, or is likely to have been, extinguished.

Searches of the National Native Title Register did not disclose any court determinations that any native title over the land the subject of the Tenements had been extinguished. Searches of the Register of Native Title Claims revealed three native title claims affecting the Tenements (discussed in Section 4.5) but these claims have not yet been determined.

4.4 Future Acts and the Right to Negotiate

The grant of a mining tenement that may affect native title will be a future act for the purposes of the Native Title Act and the Native Title (SA) Act. This future act triggers a right of native title parties to negotiate with the mining operator about the impact of mining operations on the native title rights that are claimed. A State law can operate in lieu of the right to negotiate process under the Native Title Act. In South Australia Part 9B of the Mining Act operates in place of the right to negotiate process in the Native Title Act.

Part 9B of the Mining Act provides that a mining tenement granted on or after 23 December 1996 (which includes all of the Tenements) confers no right to carry out mining operations, which includes prospecting, exploring for or mining minerals, on native title land, unless:

- (a) the operations do not affect native title (that is, they are not wholly or partially inconsistent with the continued existence, enjoyment or exercise of any native title rights existing or claimed over the land), or
- (b) an agreement is reached with the native title holders or claimants, or
- (c) the operations have been authorised by a determination by the ERD Court.

Before undertaking exploration, a mining operator must be satisfied that it has considered whether its activities will affect native title (including whether native title has been extinguished) or whether it can rely on a

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Court declaration made under a State or Commonwealth law that the relevant land is not subject to native title.

A mining operator who is unable to satisfy itself about either of the above two considerations with a view to commencing exploration operations, may acquire the right to carry out the operations on the land from either an agreement negotiated with the native title parties or a Court determination authorising the operations under Part 9B of the Mining Act.

As reported in Section 4.3 we do not know if any claimed native title rights in the area of the Tenements have been extinguished. The searches from the Department did not reveal any agreements with native title claimants registered against the Tenements (see Section 3.6 Dealings) but the Tribunal searches revealed three native title claims (see Section 4.5 Native title claims). We are unable to say how Lymex has dealt with its obligations under Part 9B of the Mining Act or if it has entered into any agreements with native title claimants. Material agreements are summarised elsewhere in the Prospectus.

4.5 Native title claims

A person can claim native title if they can show they have enjoyed certain customary rights and privileges in respect of the land in question and they have maintained their traditional connection with the land.

Anyone who claims to hold native title, either alone or with others, may lodge a claim with the Federal Court. The Tribunal will subject the claim to a registration test, and if the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the Native Title Act it will be entered on the Register of Native Title Claims maintained by the Tribunal.

Searches conducted by the Tribunal of the publicly available information appearing on its registers revealed that there were three native title claims affecting the Tenements. The claims and their Tribunal numbers are:

- (a) the Barngarla native title claim, SC1996/004;
- (b) the Wirangu No. 2 native title claim, SC1997/006; and
- (c) the Naou native title claim, SC1997/008 (also referred to as the Naou-Barngarla native title claim by the Department).

Details of these claims and their registration status are set out in Schedule 1.

We are unable to form an opinion as to the likelihood for success of any of these native title claims, or the effect they may have on the proposed mining operations on the Tenements.

The fact that a claim has not been entered on the Register does not necessarily mean that native title does not exist over that area. Similarly,

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the fact that a claim has been lodged does not necessarily mean that native title exists in the area, and a claim will not be recognised if native title has been extinguished.

5. ABORIGINAL HERITAGE & SITES OF SIGNIFICANCE

Commonwealth and State Aboriginal heritage protection legislation applies in South Australia.

5.1 Commonwealth legislation

The Heritage Protection Act provides for the preservation and protection from injury or desecration of areas and objects in Australia and in Australian waters that are of particular significance to Aboriginal people in accordance with Aboriginal tradition. An important feature of the Heritage Protection Act is the capacity of the relevant Commonwealth Minister to make declarations for the protection and preservation of an area which may have the potential to halt exploration or mining activities.

5.2 South Australian legislation

The Heritage Act provides for the protection and preservation of Aboriginal heritage in South Australia. All discoveries of Aboriginal sites, objects or remains must be reported to the relevant Minister, who then determines whether or not to enter it on the Register of Aboriginal Sites and Objects. It is an offence not to carry out the reporting procedure if Aboriginal sites, objects or remains are discovered.

All mining operators must observe the provisions of the Heritage Act in relation to operations on their tenements. It is an offence to:

- (a) damage, disturb or interfere with any Aboriginal site; or
- (b) damage any Aboriginal object (whether registered or not); or
- (c) disturb, interfere with or remove any Aboriginal object or remains,

without the authority of the relevant Minister. The relevant Minister may, with the approval of the Governor, give directions prohibiting or restricting access to a site or an area surrounding a site or in relation to an object or Aboriginal remains. He or she may also give directions prohibiting or restricting activities on such a site.

5.3 Aboriginal sites, objects or remains

We have not undertaken any searches to ascertain whether any Aboriginal heritage sites or sites of significance have been registered over, or are located on, the land the subject of the Tenements but note that they do have the potential to restrict or prohibit exploration activities within the area of such a site.



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Lymex may need to conduct searches and undertake heritage surveys prior to undertaking future exploration or mining operations on the Tenements to ensure that the provisions of the Heritage Protection Act and the Heritage Act are not breached. It is the usual practice of mining operators in South Australia to reach agreement with relevant Aboriginal groups to conduct heritage surveys of mining tenements for the identification and protection or preservation of Aboriginal sites, objects and remains. An Aboriginal heritage survey agreement may form part of, or be in addition to, an agreement negotiated pursuant to Part 9B of the Mining Act.

6. ENVIRONMENT AND SPECIAL LOCATIONS

6.1 Environment Protection Generally

Protection of the environment is regulated by both Commonwealth and State legislation.

The Commonwealth Environment and Biodiversity Act regulates mining operations (which includes exploration for minerals) in a Commonwealth reserve (the searches we have conducted do not reveal a Commonwealth reserve within the land the subject of the Tenements) or where matters of national environmental significance, such as the protection of native species, may be affected by mining operations. One of the objects of this Act is to promote a partnership approach to environmental protection and biodiversity conservation that, among other things, includes bilateral agreements with States and Territories.

In South Australia the Environment Act and the Mining Act interact to regulate the impact of mining operations on the environment in that State. The Mining Act places a general duty on mining operators to avoid undue environmental damage and to rehabilitate land. The Environment Act provides for the protection of the environment and promotes principles of ecologically sustainable development. It is in addition to, and does not derogate from, the Mining Act but does not apply in relation to waste produced in the course of an activity authorised by a lease or licence under the Mining Act when produced and disposed of to land contained within the area of the lease or licence.

6.2 Rehabilitation

An exploration licence will contain certain prescribed conditions in relation to the protection of the environment. A summary of the conditions, including environmental conditions, which apply to the Tenements, is set out in Section 3.4.

Under the Mining Act, the mining operator may have to enter into a bond to ensure that they meet their present and future obligations in relation to the rehabilitation of the land disturbed by mining operations. The searches from the Department did not disclose any bonds registered against the Tenements.

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6.3 Conservation Parks and Wilderness Protection Areas

Some of the Tenements are on the border of a conservation park, Bascombe Well Conservation Park, and a wilderness protection area, Hincks Wilderness Area, declared pursuant to the Parks and Wildlife Act and Wilderness Protection Act respectively. Some of the Tenements also contain parts of conservation parks as set out in Schedule 1.

Under the Wilderness Protection Act and the Parks and Wildlife Act, rights of entry, prospecting, exploration or mining cannot be acquired or exercised in respect of the wilderness protection area or conservation park respectively unless the Governor, by proclamation, declares otherwise.

There are restrictions imposed in the conditions of the Tenements on exploration activities within 100 metres of conservation parks and wilderness protection areas which require that a Declaration of Environmental Factors or Program for Environmental Protection and Rehabilitation must be submitted to the Department for approval before any exploration activity involving the intensive use of vehicles or the use of Declared Equipment or Other Drilling Equipment within 100 metres of these locations. There is a part of the Bascombe Well Conservation Park within EL 5455, parts of the Hincks Conservation Park (as distinct from the Hincks Wilderness Area) within EL 5456 and EL 4537, the whole of Peachna Conservation Park lies partly within EL 5454 and partly within EL 4537 and the whole of Shannon Conservation Park lies within EL 4537. By proclamation, within these conservation park areas, existing rights of entry, prospecting, exploration or mining have been preserved and new rights may be acquired with the approval of the Minister and the minister administering the Parks and Wildlife Act. Special conditions apply to the exercise of such rights under the Tenements and these are set out in Schedule 1.

6.4 Native Vegetation under Heritage Agreement Area

Five of the Tenements contain native vegetation under heritage agreement areas which result from the minister administering the Native Vegetation Act entering into agreements with landowners for the preservation or enhancement of native vegetation or for the re-vegetation of land with indigenous plant species.

Although the Native Vegetation Regulations exempts mining operations from the requirement to seek approval pursuant to the Native Vegetation Act to clear native vegetation, the exemption is subject to certain requirements. All mining operations (other than exploration) that involve the clearance of native vegetation must be undertaken in accordance with a management plan that the Native Vegetation Council is confident will result in a significant environmental benefit. The approval of the significant environmental benefit management plan has been delegated to the Department, and the plan should be included in a mining proposal, known

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as a mining and rehabilitation program. Following the amendments to the Mining Act, from 1 July 2011, all existing mining and rehabilitation programs are deemed to be programs for environment protection and rehabilitation. The approvals process for exploration licence applications and work approvals under the Mining Act requires explorers to comply with a requirement for minimum possible clearance of native vegetation.

6.5 Species of Conservation Significance

Within the conservation parks and wilderness protection area referred to in Section 6.3 there are species of flora and fauna of conservation significance which have been identified and are listed as vulnerable under the Parks and Wildlife Act and the Environment and Biodiversity Act.

Exploratory activity that may be detrimental to local populations of flora and fauna, in particular destruction of vegetation including large trees that provide important refuges for fauna, should be avoided. Work proposals for exploration and any future mining and rehabilitation programs over the Tenements may require the development and implementation of management practices to avoid impacts to any listed species.

6.6 Marine Parks and Wetlands

One of the Tenements, EL 4442, borders parts of the coastline where the Investigator Marine Park has been established from the median high water mark to seaward and includes in its boundary the median high water mark of any estuaries. Along part of the coastline there are a sanctuary zone, habitat protection zones and general managed use zones for marine species. Physical and chemical surveys are permitted in the habitat protection zones and general managed use zones but not in the sanctuary zone. Drilling is only permitted in the general managed use zones. Therefore, any mining activities along the coastline may be subject to restrictions.

Within this Tenement there is a wetland of national importance, Lake Hamilton, located 10 kilometres north west of Mount Hope. Mining in a wetland area of national importance is not precluded unless the Federal Minister for the Environment is of the opinion that the proposed mining operations constitute a 'controlled action', being operations that will have a significant impact on the heritage values of the land, in which case approval for the carrying out of the proposed mining operations must be obtained from the Federal Minister. Approval from the Federal Minister is subject to any conditions that minister believes necessary or convenient.

7. URANIUM

In South Australia, exploration licences generally authorise the licensee to explore for all minerals within the area of the licence, except for extractive minerals and precious stones. The Mining Act defines 'minerals' to include any naturally occurring deposit of metal or metalliferous ore, precious

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stones or any other mineral. Accordingly, a licence issued under the Mining Act which authorises exploration for minerals also authorises exploration for uranium (referred to as a "radioactive mineral"). When applying for exploration licences, applicants are required to indicate the major minerals to be sought and uranium has been listed as one of the minerals sought in respect of four of the Tenements. Special provisions, in section 10A of the Mining Act, apply to mining operations for any radioactive mineral.

Pursuant to section 10A:

- (a) Mining operations (other than exploratory operations) for the recovery of any radioactive mineral are prohibited, unless the responsible Minister has endorsed upon the relevant mining lease or retention lease an authorisation to carry out mining operations for that purpose.
- (b) An authorisation to carry out mining operations for recovery of a radioactive mineral may be granted upon such conditions as the Minister thinks fit, and may be revoked upon breach of any condition.
- (c) The recovery of any radioactive mineral is not prohibited in the course of mining operations carried out for the recovery of other minerals provided that the radioactive mineral is stockpiled in accordance with the conditions stipulated by the Minister or is of such low concentration that, in the Minister's opinion, it may be (and is) safely discarded as waste.
- (d) The property in any radioactive mineral recovered in pursuance of paragraphs (b) or (c) does not pass from the Crown unless and until the Minister authorises the relevant party to sell and dispose of the radioactive mineral.

The Radiation Protection Act provides for the control of activities related to radioactive substances and radiation apparatus, and for protecting the environment and the health and safety of people against the harmful effects of radiation. The general objective of the Radiation Protection Act is expressed to include the requirement that persons shall, in carrying on any activity related to radioactive substances or ionising radiation apparatus, endeavour to ensure that exposure of persons to ionising radiation is kept as low as reasonably achievable, taking into account social and economic factors.

The Radiation Protection Act provides that a person is prohibited from carrying out operations for mining or mineral processing (which expression includes *in situ* leaching) of uranium unless the operations are authorised by a licence granted by the responsible Minister who must be satisfied that the proposed operations would comply with the regulations which relate to persons who are subject to radiation exposure and to the transport of uranium.

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The *Atomic Energy Act 1953* (Cth) provides that a person who discovers uranium must report the discovery to the responsible Minister within one month after the date of discovery. The Minister may require a person to furnish written statements or returns at the specified times and in respect of specified periods, containing particulars relating to (among other things) uranium in that person's possession or control.

The Environment and Biodiversity Act prohibits a person from taking a nuclear action that has, will have or is likely to have a significant impact on the environment unless the responsible Minister has approved the taking of the nuclear action. For the purpose of this Act a 'nuclear action' includes mining or milling of uranium ore or the de-commissioning or rehabilitating of any facility for such mining or milling. The approval must specify the period for which it has effect and set out the conditions attached to the approval.

Under the *Customs Act 1901* (Cth), via regulation 9 of the *Customs (Prohibited Exports) Regulations 1958* (Cth), the export from Australia of uranium is prohibited unless the responsible Minister has granted permission in writing to export it. A permission granted may specify conditions or requirements to be complied with by the holder of the permission and may, in respect of any such condition or requirement, specify the time (being a time before or after the exportation of the uranium to which the permission relates) at or before which the condition or requirement must be complied with by the holder. The grant of export permission is based on Australia's uranium export policy which is administered by the Commonwealth Department of Foreign Affairs and Trade to give effect to Australia's obligations as a signatory to the Nuclear Non-Proliferation Treaty. The policy provides assurances that exported uranium and its derivatives cannot benefit the development of nuclear weapons or be used in other military programs. This is done by precisely accounting for amounts of Australian nuclear material as it moves through the nuclear fuel cycle.

8. DISCLOSURE AND CONSENT

8.1 Disclosure of Interest

Other than a time based fee (plus GST) and the costs of disbursements required for the preparation of this Report, no pecuniary or other benefit has been received by Watsons Lawyers in connection with the making of this Report.

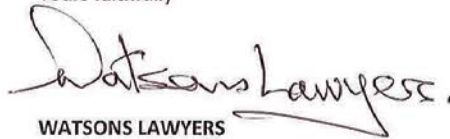
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8.2 Consent

Watsons Lawyers has given and has not, before the lodgement of the Prospectus, withdrawn its consent to the issue of the Prospectus with this Report included in it in the form and context in which it appears.



Yours faithfully


WATSONS LAWYERS

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SCHEDULE 1 - TENEMENTS

Table of Tenement Details

Tenement	Registered Holder, Interest & Operator	Grant Date	Expiry Date	Term, Status & Renewal	Expenditure Commitment	Area, Location & Former EL No.	Major Minerals Sought	Special Locations & Conditions	Native Title Claims	Instruments (other than partial surrenders & renewals)
EL 5378	<u>Holder & Interest:</u> Lymex Tenements Pty Ltd 100% <u>Operator:</u> Lymex Tenements Pty Ltd	25/08/2013	24/08/2014	<u>Term:</u> 1 year <u>Status:</u> Active <u>Renewal:</u> Note 1	\$200,000 over one year commencing 25 August 2013	<u>Area:</u> 190 km ² <u>Location:</u> Brooker area - Approx. 80 km north of Port Lincoln <u>Formerly:</u> EL 4172	Iron Base Metals Gold Nickel	Native Vegetation, Note 2 Hincks WA, Note 3	SC1996/004, Note 10	Agreement, Note 13
EL 5454	<u>Holder & Interest:</u> Lymex Tenements Pty Ltd 100% <u>Operator:</u> Lymex Tenements Pty Ltd	5/03/2014	4/03/2015	<u>Term:</u> 1 year <u>Status:</u> Active <u>Renewal:</u> Note 1	\$180,000 over one year commencing 5 March 2014	<u>Area:</u> 160 km ² <u>Location:</u> Kapinnie area - Approx. 80 km NW of Port Lincoln <u>Formerly:</u> EL 4231	Iron Base Metals Gold Nickel	Peachna CP, Note 4	SC1997/008, Note 11	Agreement, Note 13
EL 5456	<u>Holder & Interest:</u> Lymex Tenements Pty Ltd 100% <u>Operator:</u> Lymex Tenements Pty Ltd	1/04/2014	31/03/2015	<u>Term:</u> 1 year <u>Status:</u> Active <u>Renewal:</u> Note 1	\$220,000 over one year commencing 1 April 2014	<u>Area:</u> 247 km ² <u>Location:</u> Lock Area - Approx. 110 km north of Port Lincoln <u>Formerly:</u> EL 4243	Uranium Iron Base Metals Gold Nickel	Native Vegetation, Note 2 Hincks WA, Note 3 Hincks CP, Note 5 Bascombe Well CP, Note 6 Petroleum Tenements, Note 9	SC1996/004, Note 10 SC1997/008, Note 11	None
EL 5455	<u>Holder & Interest:</u> Lymex Tenements Pty Ltd 100% <u>Operator:</u> Lymex Tenements Pty Ltd	1/04/2014	31/03/2015	<u>Term:</u> 1 year <u>Status:</u> Active <u>Renewal:</u> Note 1	\$240,000 over one year commencing 1 April 2014	<u>Area:</u> 337 km ² <u>Location:</u> Sheringa Area - Approx. 110 km NW of Port Lincoln <u>Formerly:</u> EL 4244	Uranium Iron Base Metals Gold Nickel	Bascombe Well CP, Note 6, Petroleum Tenements, Note 9	SC1997/008, Note 11	None

EL 4442	Holder & Interest: Lymex Tenements Pty Ltd 100% Operator: Lymex Tenements Pty Ltd	15/03/2010	14/03/2015	Term: 5 years Status: Active Renewal: Replacement, Note 1	\$160,000 over two years commencing 15 March 2013	Area: 121 km ² Location: Mt Hope area - approx. 80km NW of Port Lincoln Formerly: EL 3290	Uranium Iron Base Metals Gold	Native Vegetation, Note 2 Investigator MP & Wetlands, Note 8	SC1997/008, Note 11	Transfer, Note 18 Waiver of Exemption, Note 16 Waiver of Exemption, Note 17
EL 4537	Holder & Interest: Lymex Tenements Pty Ltd 100% Operator: Lymex Tenements Pty Ltd	9/08/2010	8/08/2015	Term: 5 years Status: Active	\$800,000 over two years commencing 9 August 2013	Area: 683 km ² Location: Brimpton Lake area - approx. 120km NW of Port Lincoln Formerly: EL 3301	Iron Base Metals Gold Coal	Native Vegetation, Note 2 Hincks CP, Note 5 Peachina CP, Note 4 Shannon CP, Note 7 Bascombe Well CP, Note 6	SC1996/004, Note 10 SC1997/008, Note 11 SC1997/006, Note 12	Transfer, Note 14 Caveat, Note 15 Waiver of Exemption, Note 16 Waiver of Exemption, Note 17
EL 4768	Holder & Interest: Lymex Tenements Pty Ltd 100% Operator: Lymex Tenements Pty Ltd	26/07/2011	25/07/2015	Term: 4 years Status: Active	\$110,000 over two years commencing 26 July 2013	Area: 191 km ² Location: Hillside area - approx. 90km NW of Port Lincoln	Uranium Gold Hematite	Native Vegetation, Note 2	SC1997/008, Note 11	None
EL 4895	Holder & Interest: Lymex Tenements Pty Ltd 100% Operator: Lymex Tenements Pty Ltd	7/03/2012	6/03/2016	Term: 4 years Status: Active	\$160,000 over two years commencing 7 March 2014	Area: 91 km ² Location: Tungketta Hill area - approx. 25 km southeast of Elliston Formerly: EL 3720	Gold Nickel Zinc	Petroleum Tenements, Note 9	SC1997/008, Note 11	None

Notes to Table of Tenement Details

Note 1 Renewal and Replacement

EL 5378 has a one year term and expires on 24 August 2014. A renewal application has been received by the Department and the decision is pending.

EL 4442 is in the fifth year of its 5 year term and Lymex is entitled to apply for a subsequent exploration licence to replace this Tenement provided Lymex makes the application at least three months before the expiry date of the existing Tenement which occurs on 14 March 2015.

EL 5454, EL 5455 and EL 5456 all have a 1 year term. EL 5454 expires on 4 March 2015, and EL 5455 and EL 5456 expire on 31 March 2015. Lymex is entitled to make an application for renewal to the Minister, in a manner and form determined by the Minister, in relation to each of these Tenements at least one month before the expiry date of the existing Tenement.

Note 2 Native Vegetation

EL 4537 and EL 4768 note a location described as "Native Vegetation under Heritage Agreement area" and their conditions provide that, prior to commencing any exploration activity involving the use of vehicles off existing roads/tracks or the use of Declared Equipment or Other Drilling Equipment within a Native Vegetation Heritage Agreement area, a Declaration of Environmental Factors must be submitted to and approved in writing by the Director. EL 4442 also contains this condition.

EL 5378 notes a location described as "Native Vegetation under Heritage Agreement area" and its conditions provide that, prior to commencing any exploration activity involving the use of vehicles off existing roads/tracks or the use of Declared Equipment or Other Drilling Equipment within a Native Vegetation Heritage Agreement area, a Declaration of Environmental Factors or Program for Environmental Protection and Rehabilitation must be submitted to and approved in writing by the Minister (or delegate). Failure to comply with an approved program, Declaration of Environmental Factors or Program for Environmental Protection and Rehabilitation will constitute a failure to comply with the conditions of EL 5378.

EL 5456 notes a location described as "Native Vegetation under Heritage Agreement area". Based on the Department's offer documents for this Tenement, we expect that EL 5456 will contain the same condition as EL 5378 in relation to the Native Vegetation Heritage Agreement Area.

Note 3 Hincks Wilderness Area

EL 5378 borders the Hincks Wilderness Area and it contains the condition that, prior to commencing any exploration activity involving the intensive use of vehicles or the use of Declared Equipment or Other Drilling Equipment within 100 metres of the Hincks Wilderness Area, a Declaration of Environmental Factors or Program for Environmental Protection and Rehabilitation must be submitted to and approved in writing by the Minister (or delegate). Failure to comply with an approved program, Declaration of Environmental Factors or Program for Environmental Protection and Rehabilitation will constitute a failure to comply with the conditions of EL 5378.

EL 5456 also borders the Hincks Wilderness Area. Based on the Department's offer documents for EL 5456, we expect that EL 5456 will contain a similar condition to EL 5378 in relation to the Hincks Wilderness Area.

Note 4 Peachna Conservation Park

Parts of Peachna Conservation Park lie within EL 5454 and EL 4537. EL 4537 contains conditions providing that:

- (a) the landholder for the Peachna Conservation Park is the minister responsible for the Parks and Wildlife Act and must be served with notices of entry;
- (b) the mining operator must liaise with the district ranger to ensure that the particular concerns and regulations for the park are met;
- (c) prior to entering the Peachna Conservation Park to explore, an application supported by a Declaration of Environmental Factors must be submitted to the Department for approval by the Minister and the minister responsible for the Parks and Wildlife Act;
- (d) the Declaration of Environmental Factors must meet the conditions of the Proclamation of Peachna Conservation Park under section 43(2) of the Parks and Wildlife Act and management plan under section 38 of the Parks and Wildlife Act;
- (e) prior to commencing any exploration activity involving the use of vehicles off existing roads/tracks or the use of Declared Equipment or Other Drilling Equipment within 100 metres of the Peachna Conservation Park, a Declaration of Environmental Factors must be submitted to and approved in writing by the Director.

Based on the Department's offer documents for EL 5454, we expect that EL 5454 will contain similar conditions, with the minor differences that the application in paragraph (c) above must be supported by a Declaration of Environmental Factors or a Program for Environmental Protection and Rehabilitation and in relation to paragraph (e) above either a Declaration of Environmental Factors or a Program for Environmental Protection and Rehabilitation must be submitted to and approved in writing by the Minister (or delegate).

Note 5 Hincks Conservation Park

Parts of the Hincks Conservation Park (as distinct from the Hincks Wilderness Area) lie within EL 5456 and 4537. EL 5456 also borders the Hincks Wilderness Area. EL 4537 contains conditions providing that:

- (a) the landholder for the Hincks Conservation Park is the minister responsible for the Parks and Wildlife Act and must be served with notices of entry;
- (b) the mining operator must liaise with the district ranger to ensure that the particular concerns and regulations for the park are met;
- (c) prior to entering the Hincks Conservation Park to explore, an application supported by a Declaration of Environmental Factors must be submitted to the Department for approval by the Minister and the minister responsible for the Parks and Wildlife Act;
- (d) the Declaration of Environmental Factors must meet the conditions of the Proclamation of Hincks Conservation Park under section 43(2) of the Parks and Wildlife Act and management plan under section 38 of the Parks and Wildlife Act;
- (e) prior to commencing any exploration activity involving the use of vehicles off existing roads/tracks or the use of Declared Equipment or Other Drilling Equipment within 100 metres of the Hincks Conservation Park, a Declaration of Environmental Factors must be submitted to and approved in writing by the Director.

Based on the Department's offer documents for EL 5456, we expect that EL 5456 will contain similar conditions to EL 4537 in relation to the Hincks Conservation Park, with the minor differences that the application in paragraph (c) above must be supported by a Declaration of Environmental Factors or a Program for Environmental Protection and Rehabilitation and in relation to paragraph (e)

above either a Declaration of Environmental Factors or a Program for Environmental Protection and Rehabilitation must be submitted to and approved in writing by the Minister (or delegate).

Note 6 Bascombe Well Conservation Park

Part of the Bascombe Well Conservation Park lies within EL 5455 and based on the Department's offer document for this Tenement, we expect that the Tenement will contain conditions providing that:

- (a) the landholder for the Bascombe Well Conservation Park is the minister responsible for the Parks and Wildlife Act and must be served with notices of entry;
- (b) the mining operator must liaise with the district ranger to ensure that the particular concerns and regulations for the park are met;
- (c) prior to entering the Bascombe Well Conservation Park to explore, an application supported by a Declaration of Environmental Factors or Program for Environmental Protection and Rehabilitation must be submitted to the Department for approval by the Minister and the minister responsible for the Parks and Wildlife Act;
- (d) in developing the Declaration of Environmental Factors or Program for Environmental Protection and Rehabilitation the licensee must have regard to the provisions of any management plan in operation under section 38 of the Parks and Wildlife Act;
- (e) prior to commencing any exploration activity involving the use of vehicles off existing roads/tracks or the use of Declared Equipment or Other Drilling Equipment within 100 metres of the Bascombe Well Conservation Park, a Declaration of Environmental Factors or Program for Environmental Protection and Rehabilitation must be submitted to and approved in writing by the Minister (or delegate).

EL 5456 and EL 4537 both border the Bascombe Well Conversation Park and EL 4537 contains a condition providing that prior to commencing any exploration activity involving the use of vehicles off existing roads/tracks or the use of Declared Equipment or Other Drilling Equipment within 100 metres of the Bascombe Well Conservation Park, a Declaration of Environmental Factors must be submitted to and approved in writing by the Director. Based on the Department's offer documents for EL 5456 we expect that it will contain a similar condition requiring a Declaration of Environmental Factors or a Program for Environmental Protection and Rehabilitation to be submitted to and approved in writing by the Minister (or delegate).

Note 7 Shannon Conservation Park

All of the Shannon Conservation Park lies within EL 4537. This Tenement contains conditions providing that:

- (a) the landholder for the Shannon Conservation Park is the minister responsible for the Parks and Wildlife Act and must be served with notices of entry;
- (b) the mining operator must liaise with the district ranger to ensure that the particular concerns and regulations for the park are met;
- (c) prior to entering the Shannon Conservation Park to explore, an application supported by a Declaration of Environmental Factors must be submitted to the Department for approval by the Minister and the minister responsible for the Parks and Wildlife Act;
- (d) the Declaration of Environmental Factors must meet the conditions of the Proclamation of Shannon Conversation Park under section 43(2) of the Parks and Wildlife Act and management plan in section 38 of the Parks and Wildlife Act;
- (e) prior to commencing any exploration activity involving the use of vehicles off existing roads/tracks or the use of Declared Equipment or Other

Drilling Equipment within 100 metres of the Shannon Conservation Park, a Declaration of Environmental Factors must be submitted to and approved in writing by the Director.

Note 8 Investigator Marine Park & Wetlands

This Tenement borders the coastline and comes into contact along the coastline and any estuaries with the Investigator Marine Park. Mining activities along the coastland may be restricted with surveys and drilling only permitted within certain parts of the Marine Park. The Tenement also has Lake Hamilton within its boundaries, which is a wetland of national importance. The Tenement contains a condition that prior to commencing any exploration activity involving the intensive use of vehicles off track or the use of Declared Equipment or Other Drilling Equipment within these wetlands, a Declaration of Environmental Factors must be submitted to and approved by the Director.

Note 9 Petroleum Tenements

EL 4895 contains a condition stating that the mining operator is not licenced to undertake any activities which may significantly deleteriously affect the potential for coal seam methane drainage or in-situ gasification of coal within any overlapping exploration licence under the Energy Act, the application for which predates the application for this Tenement and any former Tenement, without the agreement of the relevant licensee under the Energy Act unless otherwise agreed by the Minister after consulting with the parties concerned.

Based on the Department's offer documents for EL 5455 and EL 5456, we expect that EL 5455 and EL 5456 will also contain this condition.

The searches from the Department did not indicate any application or granted tenement under the Energy Act that overlapped EL 4895, EL 5455 or EL 5456 nor were we able to identify one on SARIG.

Note 10 SC1996/004

This is the Tribunal number for the Barngarla Native Title Claim registered on the National Native Title Register on 4/04/1996. Its Federal Court number is SAD6011/1998 and its registration test status is that it has been accepted for registration. This claim affects the following tenements:

EL 5378	100%
EL 5456	72%
EL 4537	11%

There is no overlap with any determination of native title as per the National Native Title Register which contains determinations of native title where native title does or does not exist in a particular area of land or waters. There is no overlap with any registered ILUAs as per the Register of ILUAs which contains ILUAs that have been accepted for registration. There is no overlap with any ILUAs notified (but not registered) by the Tribunal.

Note 11 SC1997/008

This is the Tribunal number for the Nauo Native Title Claim registered on the National Native Title Register on 18/11/1997. It is also referred to as the Nauo-Barngarla Native Title Claim. Its Federal Court number is SAD6021/1998 and its registration test status is that it has been accepted for registration. This claim affects the following tenements:

EL 5454	100%
EL 5456	28%
EL 5455	100%
EL 4442	100%
EL 4537	88%
EL 4768	100%
EL 4895	100%

There is no overlap with any determination of native title as per the National Native Title Register which contains determinations of native title where native title does or does not exist in a particular area of land or waters. There is no overlap with any registered ILUAs as per the Register of ILUAs which contains ILUAs that have been accepted for registration. There is no overlap with any ILUAs notified (but not registered) by the Tribunal.

Note 12 SC1997/006

This is the Tribunal number for the Wirangu No. 2 Native Title Claim registered on the National Native Title Register on 28/08/1997. Its Federal Court number is SAD6019/1998 and its registration test status is that it has been accepted for registration. This claim affects the following Tenement:

EL 4537	2%
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There is no overlap with any determination of native title as per the National Native Title Register which contains determinations of native title where native title does or does not exist in a particular area of land or waters. There is no overlap with any registered ILUAs as per the Register of ILUAs which contains ILUAs that have been accepted for registration. There is no overlap with any ILUAs notified (but not registered) by the Tribunal.

Note 13 Agreement

This dealing was registered on 06/05/2005 as No. 30358 and is noted as a tenement sale and option agreement between Alphadale Pty Ltd (the former Tenement holder) and Anglo American Exploration (Australia) Pty Ltd. This agreement was registered before the Tenement concerned was transferred from Alphadale Pty Ltd to Lymex on 5 January 2011.

Note 14 Transfer

This dealing was registered on 05/01/2011 as No. 35981 and is noted as a transfer of the Tenement from Alphadale Pty Ltd to Lymex.

Note 15 Caveat

On 10/02/2011 a caveat was registered as No. 36081 for EL 4537. The caveat was lodged by Anglo American Exploration (Australia) Pty Ltd by virtue of a charge granted in favour of Anglo American by Lymex in an agreement dated 21 October 2010.

Note 16 Waiver of Exemption

This dealing was registered on 10/11/2011 as No. 36713 as a waiver of exemption from KT & JL Pearce and Brett Pearce in respect of a cultivated field located at Section 44 Hd Peachna. Based on the searches by the Department the waiver of exemption appears to have expired on 30 April 2012.

Note 17 Waiver of Exemption

This dealing was registered on 10/11/2011 as No. 36714 as a waiver of exemption from CJ Kay in respect of a cultivated field located at Section 10 & 38 Hd Cowan. Based on the searches by the Department the waiver of exemption appears to have expired on 30 April 2012.

Note 18 Transfer

This dealing was registered on 05/01/2011 as No. 35979 and is noted as a transfer of the Tenement from Lynch Mining Pty Ltd to Lymex.

SCHEDULE 2 - TERMINOLOGY

Glossary

The following definitions apply to this Report in addition to the definitions contained elsewhere in this Report:

Declaration of Environmental Factors means a program for mining operations that is required to identify elements of the environment which may be at risk from the proposed exploration activities and the ways in which potential impacts can be prevented or managed.

Declared Equipment is defined in the Mining Act to mean:

- (a) a trench digger or excavator; or
- (b) drilling equipment within a class prescribed by the Mining Regulations; or
- (c) mechanically driven equipment, equipped with a blade or bucket of a width exceeding 750 mm, capable of ripping, gouging, scooping or digging earth or rock material; or
- (d) equipment that is capable of digging, boring or tunnelling underground, generally in a horizontal plane, with a cross sectional dimension greater than 750 mm;

Director means the Director of Mines appointed pursuant to the Mining Act to exercise powers and discharge duties pursuant to that Act;

Department means the South Australian Government Department of State Development, the department responsible for administering the Mining Act;

Energy Act means the *Petroleum and Geothermal Energy Act 2000* (SA);

Environment Act means the *Environment Protection Act 1993* (SA);

Environment and Biodiversity Act means the *Environmental Protection and Biodiversity Conservation Act 1999* (Cth);

ERD Court means the Environment, Resources and Development Court of South Australia;

Heritage Act means the *Aboriginal Heritage Act, 1988* (SA);

Heritage Protection Act means the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984* (Cth);

ILUAs means indigenous land use agreements and **ILUA** means one of them;

Mining Act means the *Mining Act 1971* (SA);

Mining Regulations means the *Mining Regulations 2011* (SA);

Minister means the Minister of the Crown responsible for the administration of the Mining Act;

National Native Title Register means the register maintained by the Native Title Registrar pursuant to Part 8 of the Native Title Act;

Native Title Act means the *Native Title Act 1993* (Cth);

Native Title (SA) Act means the *Native Title (South Australia) Act 1994* (SA);

Native Title Registrar means the registrar appointed under Part 5 of the Native Title Act;

Native Vegetation Act means the *Native Vegetation Act 1991* (SA);

Native Vegetation Regulations means the *Native Vegetation Regulations 2003* (SA);

Other Drilling Equipment means all drilling equipment which is not Declared Equipment;

Parks and Wildlife Act means the *National Parks and Wildlife Act, 1972* (SA);

Program for Environmental Protection and Rehabilitation means a program that complies with the requirements of Part 10A of the Mining Act and Regulation 114 (Transitional Provisions) of the Mining Regulations;

Radiation Protection Act means the *Radiation Protection and Control Act 1982* (SA);

Register of ILUAs means the register maintained by the Native Title Registrar pursuant to Part 8A of the Native Title Act;

Register of Native Title Claims means the register maintained by the Native Title Register pursuant to Part 7 of the Native Title Act;

SARIG means the Department's spacial database of that name;

Schedule means a schedule to this Report;

Tribunal means the National Native Title Tribunal constituted under Part 6 of the Native Title Act; and

Wilderness Protection Act means the *Wilderness Protection Act 1992* (SA).

A reference in this Report to any statute or regulation includes that statute or regulation as amended to the date of this Report.

10. MATERIAL CONTRACTS

The Company or Lymex Tenements have entered into various agreements, which the Board consider to be material and relevant to potential investors in the Company. Set out below is a summary of these material contracts.

List of Material Contracts:

1. Share Sale Agreement between the Company, Lymex Limited and Lymex Tenements Pty Ltd dated 25 February 2014.
2. Corporate Advisory Mandate Letter between Teys Limited (now Oakdale Resources Limited and Patersons dated 22 January 2014.
3. Settlement Agreement with Anglo-American dated 3 August 2014.

Employment, Consultant and Service Agreements:

4. Bourse Securities Pty Ltd (John Lynch) – Managing Directors Consulting Agreement
5. Graham White – Director's Service Agreement
6. Phillip Staveley – Director's Service Agreement
7. Andrew Harrington – Director's Service Agreement

Other Agreements:

8. Escrow Agreement

The entire agreements are not reproduced in this Prospectus.

10.1 SHARE SALE AGREEMENT BETWEEN TEYS LIMITED, LYMEX LIMITED AND LYMEX TENEMENTS PTY LTD DATED 25 FEBRUARY 2014

The Company entered into a Share Sale Agreement with Lymex Limited and Lymex Tenements Pty Ltd on 25 February 2014 ("**Share Sale Agreement**").

Pursuant to the terms of the Agreement, the Company agreed to purchase all 100% of the issued share capital of Lymex Tenements Pty Ltd. Lymex Ltd has agreed to procure the Lymex Shareholders sell their shares in Lymex Tenements to the Company in accordance with the terms of the Share Sale Agreement.

The material terms of the Share Sale Agreement are as follows:

- The consideration to be provided to Lymex is as follows:
- 30,000,000 Shares at a deemed issue price of \$0.20 per share;
- 7,500,000 Shares in the Company to be issued to Lymex Shareholders in the Lymex Shareholders Proportions at a deemed issue price of \$0.20 per share (on a post Consolidation basis) to be issued upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant inferred graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content; and
- 7,500,000 Shares in the Company to be issued to the Lymex Shareholders in the Lymex Shareholder's Proportions at a deemed issue price of \$0.20 per share (on a post Consolidation basis) to be issued upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant indicated graphite resources plus JORC Code compliant measured graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content.
- 7,500,000 Shares in the Company to be issued to the Lymex Shareholders in the Lymex Shareholder's proportions at a deemed issue price of \$0.20 per share (on a post Consolidation basis) to be issued upon the Company announcing to the ASX that the Company has sold 50% of the Company's iron ore rights for at least \$10,000,000 (excluding GST) provided such sale and receipt of the sale proceeds occurs within 36 months of the date of the Company's listing on ASX. The Shares are to be issued by the Company only after receipt (without deduction) of the sum of \$10,000,000 by the Company.

- Completion of the Share Sale Agreement was conditional on inter alia the following:
 - The requisite Shareholder approvals being obtained in respect to the Company for the transaction; (obtained)
 - Completion of consolidation of the Company's share capital on a 1:72 basis; (completed)
 - The Company receiving approval from the ASX for re-admission;
 - The South Australian Mines Department approving the change in control of Lymex Tenements; (no longer required)
 - The Tenements being or becoming unencumbered other than any rights granted to Anglo pursuant to the Anglo Royalty Agreement;
 - Lymex having no liabilities at the date of completion of the acquisition of Lymex Tenements; and

As at completion of the acquisition of the Tenements by the Company, the Board of Directors of the Company will comprise four (4) persons, including two (2) directors nominated by Lymex Limited and two (2) independent directors. Refer to Section 4 for further information on the Directors.

The Company will assume all royalty obligations to Anglo insofar as they relate to the graphite, iron ore and base metal resources on the Tenements.

10.2 MANDATE AGREEMENT BETWEEN THE COMPANY AND PATERSONS SECURITIES LIMITED

The Company has entered into an agreement with Patersons Securities Limited ("**Patersons**") whereupon Patersons will act as Corporate Advisor to the Company in respect to the Oakdale Graphite Project and Lead Manager to the capital raising. Patersons will assist the Company with the introduction and arrangement of the acquisition of Lymex Tenements and to raise the required equity to satisfy applicable ASX Listing Rules.

The following fees are payable to Patersons:

- A corporate advisory fee of \$60,000 (excluding GST);
- A success fee, calculated at 2.5% of the value of the initial consideration paid by the Company for the acquisition of the Lymex Tenements; and
- A selling fee of 6.0% of the gross amount raised by the Capital Raising from all sources.

10.3 ROYALTY AGREEMENT WITH ANGLO-AMERICAN, INCLUDING SALE DOCUMENTS AND DEEDS OF VARIATION

The key terms of the original Termination of Tenement Sale and Option Agreement and creation of revised royalty dated 30 November 2009 ("**Royalty Agreement**") between Anglo American Exploration (Australia) Pty Ltd ("**Anglo**") and Lynch Mining Pty Ltd ("**Lynch Mining**") were as follows:

- Lynch Mining would pay Anglo a royalty on all minerals or other commodities other than uranium derived from the Tenements which are the subject of exploration licences EL 2662, EL 3096 or EL 3126 ("**Royalty Tenements**");
- If a capital raising was undertaken for purposes which include exploration or mining on one or more of the Royalty Tenements, Lynch Mining would pay Anglo \$280,000 plus GST upon completion of the capital raising;
- As security for the performance of the Royalty Agreement, Lynch Mining would provide a charge in favour of Anglo.

The key terms of the Deed of Variation and Assumption between Anglo, Lynch Mining, Alphadale Pty Ltd ("**Alphadale**") and Lymex Tenements dated 21 October 2010 ("**Deed of Variation**") were as follows:

- Lynch Mining assigned its beneficial interests in the Royalty Tenements and Alphadale assigned its legal interest in the Royalty Tenements to Lymex Tenements;
- Lymex Tenements and Alphadale assumed all obligations of Lynch Mining under the Royalty Agreement;
- Alphadale and Lymex Tenements provided a charge in favour of Anglo as security for the due performance of Alphadale and Lymex Tenement's performance under the Royalty Agreement and Deed of Variation;
- If a capital raising was undertaken for purposes which included exploration or mining on one or more of the Royalty Tenements, Alphadale and/or Lymex Tenements would pay Anglo \$280,000 plus GST upon completion of the capital raising.

On 20 August 2014 Lymex entered into a further Deed of Variation with Anglo that requires the Company to make a one off payment of \$250,000 plus GST ("**Anglo Royalty Payment**") in full and final settlement of all of its obligations to Anglo provided that the Company raises a minimum of \$3,750,000 in the capital raising being conducted pursuant to this Prospectus and has its Shares re-quoted on ASX.

10.4 BOURSE SECURITIES PTY LTD (JOHN LYNCH) – EXECUTIVE SERVICES AGREEMENT

The Executive Chairman Employment Agreement is for the engagement of John Lynch as the Executive Chairman and Managing Director of the Company.

The remuneration to be paid by the Company to John Lynch under the terms of the Agreement is the sum of \$180,000 per annum plus statutory superannuation.

10.5 GRAHAM WHITE – NON-EXECUTIVE DIRECTOR'S SERVICE AGREEMENT

The Director's Service Agreement is for the engagement of Graham White as a non-executive director of the Company.

The remuneration to be paid by the Company to Graham White under the terms of the Agreement is the sum of \$40,000 per annum plus statutory superannuation.

10.6 PHILLIP STAVELEY – NON-EXECUTIVE DIRECTOR'S SERVICE AGREEMENT

The Director's Service Agreement is for the engagement of Phillip Staveley as a non-executive director of the Company.

The remuneration to be paid by the Company to Phillip Staveley under the terms of the Agreement is the sum of \$40,000 per annum plus statutory superannuation.

10.7 ANDREW HARRINGTON – NON-EXECUTIVE DIRECTOR'S SERVICE AGREEMENT

The Director's Service Agreement is for the engagement of Andrew Harrington as a non-executive director of the Company.

The remuneration to be paid by the Company to Andrew Harrington under the terms of the Agreement is the sum of \$40,000 per annum plus statutory superannuation.

10.8 ESCROW AGREEMENTS

The Company has entered into Restriction Agreements with certain holders of restricted securities for the purposes of complying with Chapter 9 of the ASX Listing Rules.

The Agreements are in the approved form as set out in Appendix 9A of the ASX Listing Rules.

The Initial Consideration Shares issued to Matamin Pty Ltd a company associated with Mr John Lynch an incoming director of the Company will be subject to an escrow period of 24 months.

11. ADDITIONAL INFORMATION

11.1 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection during normal office hours, free of charge, at the registered office of the Company and will be for a period of at least 12 months from the date of lodgement of this Prospectus with the ASIC:

- (1) the current Constitution of the Company;
- (2) the material contracts referred to in Section 10 of this Prospectus.
- (3) the consents referred to in Section 12 of this Prospectus;

11.2 RIGHTS ATTACHING TO SHARES

The Shares to be issued pursuant to this Prospectus will rank equally in all respects with the existing Shares of the Company. Full details of the rights attaching to the Shares are set out in the Constitution.

The Constitution contains the internal rules of the Company and defines matters such as the rights, duties and powers of its shareholders and Directors and includes provisions to the following effect:

Issue of Shares

The issue of Shares by the Company is under the control of the Directors, subject to the Corporations Act, ASX Listing Rules and any rights attached to any special class of Shares.

Transfer of Shares

The Company may participate in the electronic share registration and transfer system known as CHESS operated by ASX under the Security Clearing House Business Rules. For the purposes of the participation in CHESS, the Company may issue holding statements in lieu of share certificates. The Company will not charge any fee for registering a transfer of Shares. The Directors may refuse to register a transfer of Shares in the circumstances permitted or required under the Corporations Act and Listing Rules.

Meetings of Members

Directors may call a meeting of members whenever they think fit. Members may call a meeting as provided by the Corporations Act. The Constitution contains provisions prescribing the content requirements of notices of meetings of members and all members are entitled to a notice of meeting. A quorum for a meeting of members is two (2) eligible voters. The Company will hold annual general meetings in accordance with the Corporations Act and the Listing Rules.

Voting

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each shareholder is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. On a poll each eligible member has one vote for each fully paid share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share.

Directors

Under the provisions of the Constitution, the minimum number of Directors is 3 and the maximum is 9. The Board may appoint a new Director to fill a casual vacancy or as an addition to the board. Any such Director must retire at the next Annual General Meeting (at which meeting he or she may be eligible for election as director).

The Company in general meeting may appoint a new Director to fill a casual vacancy or as an addition to the board.

No Director, other than the Managing Director may hold office for longer than 3 years without submitting himself or herself for re-election.

The business of the Company is to be managed by or under the direction of the Directors.

Dividends

The Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend, subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend. Such dividend will be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares. The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend will carry interest as against the Company.

Subject to the ASX Listing Rules and the Corporations Act and upon resolution of the Directors, the Company may introduce a dividend reinvestment plan on any terms and conditions, which the Directors think fit. Such plan may provide for any dividend declared to be payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company will be entitled or obliged to retain, whether pursuant to law or the Constitution, to be applied by the Company to the payment of the subscription price of Shares.

Officers: Indemnities and Insurance

The Constitution provides the Company with the ability to indemnify an officer (including Directors) against liabilities incurred by the officer in that capacity in relation to costs and expenses incurred by that officer in successfully defending legal proceedings.

Under the Constitution, to the extent permitted by law, the Company indemnifies every person who is or has been a Director or Secretary of the Company against a liability incurred by that person in his or her capacity as a Director or Secretary provided that the liability does not arise out of conduct involving a lack of good faith. The Company may also pay the premiums on Directors' and officers liability insurance.

Winding Up

Subject to any rights attaching to shares, which may in the future be issued with special or preferred rights under the Constitution, on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the amounts paid on those shares.

11.3 OPTIONS

As at the date of this Prospectus, the Company has no Options on issue.

11.4 DIRECTORS' INTERESTS

Other than as set out below or elsewhere in this Prospectus, no Director and no firm in which a Director is a partner, has an interest in the promotion or in property proposed to be acquired by the Company in connection with its formation or promotion. Other than as set out below or elsewhere in this Prospectus no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any Director or any firm in which any Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in which he is a partner in connection with the formation or promotion of the Company.

Constantine Scrinis

Mr Scrinis has a relevant interest in 750,343 Shares in the Company. Mr Scrinis received no remuneration from the Company during the period from 30 June 2013 to 31 December 2013 or since, up to the date of this Prospectus.

Gregory Wood

Mr Wood has a relevant interest in 454,092 Shares in the Company. Mr Wood received no remuneration from the Company during the period from 30 June 2013 to 31 December 2013 or since, up to the date of this Prospectus.

Hemant Amin

Mr Amin has no a relevant interest in any Shares in the Company. Mr Amin received no remuneration from the Company during the period from 30 June 2013 to 31 December 2013 or since, up to the date of this Prospectus.

John Lynch

Mr Lynch does not have a relevant interest in any securities held by the Company and has not received any remuneration from the Company.

Matamin Pty Ltd is a private company owned and controlled by John Lynch. Following the completion of the transaction to acquire Lymex Tenements, Matamin will hold 25,302,224 Shares in the Company and a right to 6,325,556 Deferred Consideration Tranche 1 Shares, 6,325,556 Deferred Consideration Tranche 2 Shares and 6,325,556 Deferred Consideration Tranche 3 Shares.

Graham White

Mr White does not have a relevant interest in any securities held by the Company and has not received any remuneration from the Company.

Following the completion of the transaction to acquire Lymex Tenements, Graham White will hold 46,387 shares in the Company and a right to 11,597 Deferred Consideration Tranche 1 Shares and 11,597 Deferred Consideration Tranche 2 Shares and 11,597 Deferred Consideration Tranche 3 Shares.

Phillip Staveley

Mr Staveley does not have a relevant interest in any securities held by the Company and has not received any remuneration from the Company.

Andrew Harrington

Mr Harrington does not have a relevant interest in any securities held by the Company and has not received any remuneration from the Company.

11.5 INTERESTS OF EXPERTS AND ADVISERS

Except as disclosed below or elsewhere in this Prospectus, no expert nor any firm of which such expert is a partner, has or has had any interest in the formation or promotion of, or in any property proposed to be acquired by, the Company in connection with its formation or promotion, and no amounts have been paid (in cash or shares or otherwise), or agreed to be paid, to any expert or to any firm in which such expert is a partner for services rendered by him or the firm in connection with the promotion or formation of the Company.

- (a) Hall Chadwick Corporate (NSW) Limited has provided an Investigating Accountant's Report to the Company in relation to the Offer. Professional fees paid or payable to Hall Chadwick for preparation of the Investigating Accountant's Report is approximately \$10,000
- (b) Veronica Webster Pty Ltd has provided an Independent Geologist's Report in relation to the Australian Project. Professional fees paid or payable to Veronica Webster Pty Ltd for preparation of the Independent Geologist's Report is \$1,750
- (c) Watsons Lawyers has provided an Independent Solicitor's Report in relation to the Australian Tenements. Professional fees paid or payable to Watsons Lawyers for preparation of the Independent Solicitor's Report are \$4,000 (ex. GST).
- (d) Cary Stynes acted as a consultant to the Company. Professional fees payable to Mr Stynes for work done in relation to this Prospectus are \$50,000 (ex. GST).
- (e) Patersons Securities Limited has acted as Corporate Advisor to the Company in relation to the Oakdale Graphite Project and Lead Manager to the capital raising. Professional fees payable to Patersons are disclosed in Section 10.2.

11.6 CONSENTS

The following consents have been given in accordance with the Corporations Act:

- (a) Hall Chadwick Corporate (NSW) Limited has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Investigating Accountant and to the inclusion in this Prospectus of its Investigating Accountant's Report of this Prospectus in the form and context in which it is included. Notwithstanding that it may be referred to elsewhere in this Prospectus, Hall Chadwick Corporate (NSW) Limited has only been involved in the preparation of the Investigating Accountant's Report and was not involved in the preparation of any other part of this Prospectus. Hall Chadwick Corporate (NSW) Limited did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus other than in respect of the Investigating Accountant's Report.
- (b) BDO East Coast Partnership has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the auditor of the Company. BDO East Coast Partnership did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus.
- (c) Veronica Webster Pty Ltd has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Independent Geologist and to the inclusion in this Prospectus of its Independent Geologist's Report of this Prospectus in the form and context in which it is included. Notwithstanding that it may be referred to elsewhere in this Prospectus, Veronica Webster Pty Ltd has only been involved in the preparation of the Independent Geologist's Report and was not involved in the preparation of any other part of this Prospectus. Veronica Webster Pty Ltd did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus other than in respect of the Independent Geologist's Report.
- (d) Watsons Lawyers has given and has not before lodgement of this Prospectus withdrawn its written consent to be named in this Prospectus as the Independent Solicitor Reporting on the Tenements and to the inclusion in this Prospectus of its Independent Solicitor's Report of this Prospectus in the form and context in which it is included. Notwithstanding that it may be referred to elsewhere in this Prospectus, Watsons Lawyers has only been involved in the preparation of the Independent Solicitor's Report reporting on the Tenements and was not involved in the preparation of any other part of this Prospectus. Watsons Lawyers did not authorise or cause the issue of this Prospectus and does not accept any liability to any person in respect of any false or misleading statement in, or omission from, any part of this Prospectus other than in respect of the Independent Solicitor's Report.
- (e) Security Transfer Registrars Pty Ltd has given and, as at the date hereof, has not withdrawn, its written consent to be named as Share Registrar in the form and context in which it is named. Security Transfer Registrars has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registrar to the Company. Security Transfer Registrars has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.
- (f) Patersons Securities Limited has given and, as at the date hereof, has not withdrawn, its written consent to be named as Corporate Advisor and Lead Manager to the Offer in the form and context in which it is named. Patersons Securities Limited has had no involvement in the preparation of any part of the Prospectus other than being named as Corporate Advisor to the Company and Lead Manager to the Offer. Patersons Securities Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

11.7 EXPENSES OF THE OFFER

The estimated expenses of the Offer are as follows:

EXPENSE	AMOUNT (A\$)
Investigating Accountant's Fees	\$10,000
Independent Geologist's Report	\$1,750
Independent Solicitor's Report	\$4,000
Corporate Advisory Fees/Success Fee	\$210,000
Prospectus Preparation	\$100,000
Brokerage Fees (if \$6,000,000 is raised)	\$360,000
Other expenses	\$39,250
Total	\$725,000

The above amounts are exclusive of GST.

11.8 LITIGATION

The Company is not involved in any litigation, arbitration or other legal proceedings and the Directors are not aware of any threatened or pending litigation or arbitration against the Company.

11.9 FORECASTS

The Company is a mining exploration company with the intention of becoming a producer of minerals in the medium term. Given the speculative nature of exploration, mineral production and development there are considerable uncertainties associated with forecasting future revenue of the Company. On this basis, the Directors consider that reliable forecasts cannot be prepared and therefore no forecasts have been included in this Prospectus.

11.10 TAXATION

The acquisition and disposal of Shares in the Company will have taxation consequences for investors which will differ depending on the individual financial affairs of each investor.

It is the responsibility of the investors to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer by consulting their professional advisors.

To the maximum extent permitted by law, the Company, any of the Directors, officers and each of their respective advisors, accept no liability and responsibility in respect of any of the taxation consequences arising from the Offer.

11.11 DIRECTORS' STATEMENT

The Directors state that they have made all reasonable enquiries and have reasonable grounds to believe that any statements by the Directors in this Prospectus are true and not misleading and that in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiry and have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given the consent required by Section 716 of the Corporations Act to the issue of this Prospectus and have not withdrawn that consent, before lodgement of this Prospectus with the ASIC.

This Prospectus is prepared on the basis that:

- (a) certain matters may be reasonably expected to be known to professional advisers of any kind with whom Applicants may reasonably be expected to consult; and
- (b) Information is known to Applicants or their professional advisers by virtue of any Acts or laws of the Commonwealth of Australia or any State of Australia.

12. DIRECTORS' AUTHORISATION

In accordance with s.720 of the Corporations Act, the lodgement and issue of this Prospectus has been consented to and authorised by each of the Directors.

Signed for and on behalf of the Company

A handwritten signature in black ink, appearing to be 'C. Scrinis', written over a horizontal line.

Mr Constantine Scrinis
Chairman and Managing Director

9 October 2014

13. GLOSSARY OF TERMS

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

DEFINED TERM	DEFINITION
\$	Australian dollars
AEDT	Australian Eastern Daylight Time
Agreement	The Share Sale Agreement between Teys Limited (ACN 009 118 861), Lymex Limited (ACN 145 384 961) and Lymex Tenements Pty Ltd (ACN 146 438 431) dated 25 February 2014
Applicant	A person who submits an Application
Application	A valid application to subscribe for Shares under this Prospectus
Application Form or Application Forms	The application forms that are attached to and forming part of this Prospectus and includes the Public Offer Application Form
ASIC	Australian Securities and Investments Commission
ASTC	ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532)
ASX	Australian Stock Exchange Limited (ACN 008 624 691)
Auditor	BDO East Coast Partnership
Board	The Board of Directors of the Company unless the context indicates otherwise
CHESS	ASX Clearing House Electronic Sub registry System
Company	Oakdale Resources Limited (ACN 009 118 861) formerly Teys Limited
Constitution	The Constitution of the Company as at the date of issue of this Prospectus
Consolidation	The consolidation of the Company's existing Shares (prior to the issue of Shares under this Prospectus), on a ratio of one (1) new share for each seventy two (72) shares held (rounded up to nearest whole number)
Corporations Act	<i>Corporations Act (2001)</i>
Deferred Consideration Tranche 1 Shares	Shares to be issued to the Lymex Shareholders upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant inferred graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content
Deferred Consideration Tranche 2 Shares	Shares to be issued to the Lymex Shareholders upon the Company announcing to the ASX that at least 10 million tonnes in total of JORC Code compliant indicated graphite resources plus JORC Code compliance measured graphite resources have been delineated and defined at the Tenements grading at no less than 8% total graphitic content
Deferred Consolidation Tranche 3 Shares	Shares to be issued to the Lymex Shareholders upon the Company announcing to the ASX that the Company has sold 50% of the Company's iron ore rights for at least \$10,000,000 (excluding GST) provided such sale and receipt of the sale proceeds occurs within 36 months of the date of the Company's listing on ASX. The Shares are to be issued by the Company only after receipt (without deduction) of the sum of \$10,000,000 by the Company

DEFINED TERM	DEFINITION
Declaration of Environmental Factors	A program for mining operations that is required to identify elements of the environment which may be at risk from the proposed exploration activities and the ways in which potential impacts can be prevented or managed
Declared Equipment	Defined in the Mining Act to mean: (a) a trench digger or excavator; or (b) drilling equipment within a class prescribed by the Mining Regulations; or (c) mechanically driven equipment, equipped with a blade or bucket of a width exceeding 750 mm, capable of ripping, gouging, scooping or digging earth or rock material; or (d) equipment that is capable of digging, boring or tunnelling underground, generally in a horizontal plane, with a cross sectional dimension greater than 750 mm
Department	The South Australian Government Department for Manufacturing, Innovation, Trade, Resources and Energy, the department responsible for administering the Mining Act
Director of Mines	The Director of Mines appointed pursuant to the Mining Act to exercise powers and discharge duties pursuant to that Act
Directors	The board of directors of the Company as it is constituted from time to time
Eligible Shareholders	The Company's existing Shareholders with registered addresses in Australia, and who are eligible to participate in the Offer
Energy Act	<i>Petroleum and Geothermal Energy Act 2000</i> (SA)
Environment Act	<i>Environment Protection Act 1993</i> (SA)
Environment and Biodiversity Act	<i>Environmental Protection and Biodiversity Conservation Act 1999</i> (Cth)
ERD Court	Environment, Resources and Development Court of South Australia
EST	Eastern Standard Time
Exposure Period	The period of 7 days after the date of lodgement of this Prospectus, which period may be extended by ASIC by not more than 7 days pursuant to s. 727(3) of the Corporations Act
General Meeting	The Company's General Meeting of shareholders held on 21 July 2014
Heritage Act	<i>Aboriginal Heritage Act, 1988</i> (SA)
Heritage Protection Act	<i>Aboriginal and Torres Strait Islander Heritage Protection Act 1984</i> (Cth)
ILUAs	Indigenous land use agreements and ILUA means one of them
Issuer Sponsored	Securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Reserves and Ore Reserves 2012
Listing Rules	The listing rules of ASX
Lymex Tenements	Lymex Tenements Pty Ltd (ACN: 146 438 431)
Lymex Shareholders	Shareholders of Lymex Tenements Pty Ltd (ACN 146 438 431) who are selling their shares in Lymex Tenements Pty Ltd to the Company under the Share Sale Agreement
Minimum Application	The minimum application for Shares that can be made by an Applicant under this Offer, being valid subscriptions for at least 10,000 Shares
Mining Act	<i>Mining Act 1971</i> (SA)
Mining Regulations	<i>Mining Regulations, 2011</i> (SA)
Minister	Minister of the Crown responsible for the administration of the Mining Act

DEFINED TERM	DEFINITION
National Native Title Register	The register maintained by the Native Title Registrar pursuant to Part 8 of the Native Title Act
Native Title Act	<i>Native Title Act 1993</i> (Cth)
Native Title (SA) Act	<i>Native Title (South Australia) Act 1994</i> (SA)
Native Title Registrar	The registrar appointed under Part 5 of the Native Title Act
Native Vegetation Act	<i>Native Vegetation Act 1991</i> (SA)
Native Vegetation Regulations	<i>Native Vegetation Regulations 2003</i> (SA)
Oakdale Graphite Project	The graphite and base metal exploration project Tenements located on the Eyre Peninsula, comprising of the Tungketta Hill, Brimpton Lakem Sheringa, Mt Hope, Lock, Kalpinnie, Brokker, Hillside and Lake Malata tenements and covering an area of approximately 2,008 square kilometres
Offer	The offer made to the public during the Offer Period to subscribe for up to 30,000,000 Shares at an issue price of \$0.20
Offer Application Form	The Application Form attached to or accompanying this Prospectus and which relates to the Offer
Offer Closing Date	23 October 2014 or such earlier or later date as the Directors may determine
Offer Period	The period commencing on the Opening Date and ending on the Public Offer Closing Date
Opening Date	9 October 2014 or such earlier or later date as the Directors may determine
Other Drilling Equipment	All drilling equipment which is not Declared Equipment
Parks and Wildlife Act	<i>National Parks and Wildlife Act, 1972</i> (SA)
Prospectus	This Replacement Prospectus dated 9 October 2014 and which was lodged with ASIC on 9 October 2014
Radiation Protection Act	<i>Radiation Protection and Control Act 1982</i> (SA)
Register of ILUAs	The register maintained by the Native Title Registrar pursuant to Part 8A of the Native Title Act
Register of Native Title Claims	The register maintained by the Native Title Register pursuant to Part 7 of the Native Title Act
Resolutions	The resolutions as set out in the Notice of General Meeting of the Company held on 21 July 2014
SARIG	The Department's spacial database of that name
Share	A fully paid ordinary share in the capital of the Company
Shareholder	A holder of shares in the Company
Share Registry	Security Transfer Registrars Pty Ltd
Share Sale Agreement	The agreement entered into between Oakdale Resources Limited, Lymex Limited and Lymex Tenements on 25 February 2014 pursuant to which the Company agreed to purchase all of the shares in Lymex Tenements in consideration for Lymex Shareholders being issued securities in Oakdale Resources
Tenements	The exploration licence tenements held by Lymex Tenements Pty Ltd that the Company will acquire following completion of the Share Sale Agreement as described in Section 3 of this Prospectus
Tribunal	The National Native Title Tribunal constituted under Part 6 of the Native Title Act
Wilderness Protection Act	<i>Wilderness Protection Act 1992</i> (SA)

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This Application Form relates to the Offer of Fully Paid Shares in OAKDALE RESOURCES LIMITED pursuant to the Prospectus dated 9 October 2014.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESSE participants should complete their name and address in the same format as they are presently registered in the CHESSE system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

All cheques should be made payable to **OAKDALE RESOURCES LIMITED** and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:

OAKDALE RESOURCES LIMITED
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

OR

Delivered to:

OAKDALE RESOURCES LIMITED
C/- Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Applications must be received by no later than 5.00pm (AEDT) on the Closing Date 23 October 2014 which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHESSE HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESSE System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESSE participant (or are sponsored by a CHESSE participant) and you wish to hold shares allotted to you under this Application on the CHESSE subregister, enter your CHESSE HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to OAKDALE RESOURCES LIMITED. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR

Individual

Use given names in full, not initials.

CORRECT

Mr John Alfred Smith

INCORRECT

J A Smith

Company

Use the company's full title, not abbreviations.

ABC Pty Ltd

ABC P/L or ABC Co

Joint Holdings

Use full and complete names.

Mr Peter Robert Williams &
Ms Louise Susan Williams

Peter Robert &
Louise S Williams

Trusts

Use trustee(s) personal name(s). Do not use the name of the trust.

Mrs Susan Jane Smith
<Sue Smith Family A/C>

Sue Smith Family Trust

Deceased Estates

Use the executor(s) personal name(s).

Ms Jane Mary Smith &
Mr Frank William Smith
<Estate John Smith A/C>

Estate of Late John Smith
or
John Smith Deceased

Minor (a person under the age of 18)

Use the name of a responsible adult with an appropriate designation.

Mr John Alfred Smith
<Peter Smith A/C>

Master Peter Smith

Partnerships

Use the partners' personal names. Do not use the name of the partnership.

Mr John Robert Smith &
Mr Michael John Smith
<John Smith and Son A/C>

John Smith and Son

Superannuation Funds

Use the name of the trustee(s) of the super fund.

Jane Smith Pty Ltd
<JSuper Fund A/C>

Jane Smith Pty Ltd Superannuation Fund

This Application Form relates to the Offer of Fully Paid Shares in OAKDALE RESOURCES LIMITED pursuant to the Prospectus dated 9 October 2014.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESSE participants should complete their name and address in the same format as they are presently registered in the CHESSE system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

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Peter Robert &
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John Smith and Son

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<JSuper Fund A/C>

Jane Smith Pty Ltd Superannuation Fund

CORPORATE DIRECTORY

DIRECTORS OF THE COMPANY

Mr Constantine Scrinis
Mr Gregory Wood
Mr Hemant Amin
Mr John Lynch*
Mr Graham White*
Mr Phillip Staveley*
Mr Andrew Harrington*

COMPANY SECRETARY

Mr Hemant Amin

PRINCIPAL OFFICE

24 Palmerston Road West
RINGWOOD VICTORIA 3134
Telephone: +61 3 9845 8300
Email: info@oakdaleresources.com.au
Web page: www.oakdaleresources.com.au

POSTAL ADDRESS

24 Palmerston Road West
RINGWOOD VICTORIA 3134
ASX Code: OAR (formerly TYS)

SHARE REGISTRY

Security Transfer Registrars Pty Ltd

770 Canning Highway
APPLECROSS WA 6009
Telephone: + 61 8 9315 2333
Facsimile: + 61 8 9315 2233

AUDITORS

BDO East Coast Partnership

Level 11
1 Margaret Street
SYDNEY NSW 2000

INVESTIGATING ACCOUNTANTS

Hall Chadwick Corporate (NSW) Limited

Level 29
St. Martins Tower
31 Market Street
SYDNEY NSW 2000

INDEPENDENT GEOLOGIST REPORTING ON OAKDALE GRAPHITE PROJECT

Veronica Webster Pty Ltd

7 O'Quinn Street
NUDGE BEACH QLD 4014

SOLICITOR REPORTING ON THE TENEMENTS

Watsons Lawyers

Ground Floor
60 Hindmarsh Square
ADELAIDE SA 5000

LEAD MANAGER TO THE OFFER AND CORPORATE ADVISER

Patersons Securities Limited

Level 15
333 Collins Street
MELBOURNE VIC 3000

*Note: John Lynch, Graham White, Phillip Staveley and Andrew Harrington are to be appointed directors of the Company on completion of the acquisition of Lymex Tenements. As at the date of this Prospectus, Constantine Scrinis, Gregory Wood and Hemant Amin are the directors of the Company. They intend to resign as Directors of the Company on the Company's relisting on ASX.

