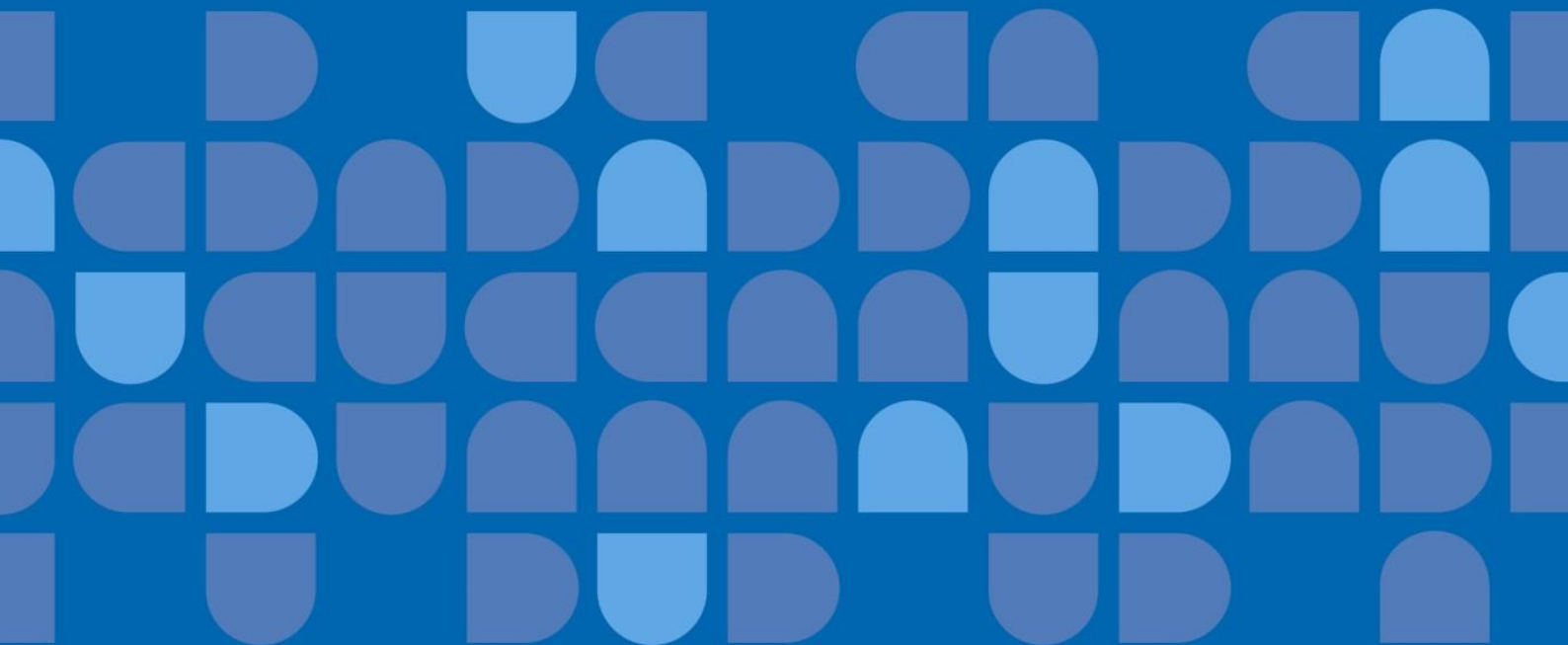


Australia United Mining Limited

Independent Expert's Report and Financial Services Guide

17 October 2016



17 October 2016

The Directors
Australia United Mining Limited
Suite 6, Level 14, 97-99 Bathurst Street
SYDNEY NSW 2000

Dear Sirs,

Australia United Mining Limited - Independent Expert Report

1. Introduction

On 11 July 2016, Australia United Mining Limited ("**AUML**" or the "**Company**") entered into a debt conversion agreement term sheet ("**Debt Conversion Agreement**") in relation to the conversion of \$1.6 million of amounts owing to related parties to new ordinary shares in AUML (the "**Proposed Transaction**").

AUML (ASX:AYM) is a public company listed on the Australian Securities Exchange ("**ASX**") engaged in the exploration and development of mineral properties in New South Wales and Queensland. The Company primarily explores for gold, copper, silver and nickel ores.

AUML and its wholly owned subsidiaries, Fortius Mines Pty Ltd and Icarus Mines Pty Ltd hold a 100% registered interest in granted tenements and granted exploration licences in New South Wales ("**NSW**") and Queensland ("**QLD**"). The Company is currently focused on its three main NSW projects Sofala, Karangi and Honeybugle and the Forsayth Project in QLD.

The current directors of AUML are Xiao Jing Wang ("**Mr Wang**"), Jia Yu ("**Mrs Yu**") and Jian Bing Zhang ("**Mr Zhang**"). As at 30 June 2016, AUML owed loans and unpaid director fees of \$668,362 and \$451,366 to Mr Wang and Mr Zhang, respectively. AUML also owed \$509,858 to WY Australia Investment Pty Ltd ("**WAI**"). WAI is an Australian private company wholly owned by Mr Wang.

Subject to shareholder approval, AUML proposes to convert \$1.6 million of related party debts to 543,195,088 new ordinary shares in AUML at an issue price of \$0.003 per share. Mr Wang (through his direct holdings and holdings through related parties, including Mrs Yu, WAI and Ever Resources Pty Ltd) currently holds an 18.88% interest in the issued share capital of AUML. Mr Zhang currently holds a 17.84% interest in the issued share capital of AUML.

Completion of the Proposed Transaction will result in Mr Wang increasing his interest in AUML from 18.88% to 41.74%. Mr Zhang's interest in AUML will increase from 17.84% to 22.06%. Elements of the Proposed Transaction require the approval of Non-Associated Shareholders pursuant to Section 611 item 7 of the Corporations Act 2001 Cth ("**Corporations Act**" or "**the Act**"), Chapter 2E of the Act and the Chapter 10 of the ASX Listing Rules.

CHARTERED ACCOUNTANTS & ADVISORS

Sydney Office
Level 29, 66 Goulburn Street
Sydney NSW 2000
Telephone: +61 2 8263 4000

Parramatta Office
Level 7, 3 Horwood Place
Parramatta NSW 2150
PO Box 19
Parramatta NSW 2124
Telephone: +61 2 8836 1500
williambuck.com

Further details of the Proposed Transaction are set out in Section 5 of this report.

The Directors of AUML (“**Directors**”) have engaged William Buck Corporate Advisory Services (NSW) Pty Limited (“**William Buck**” or “**we**” or “**us**” or “**our**” as appropriate) to prepare an Independent Expert Report (“**Report**”). The purpose of our Report is to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of AUML. In making this assessment we have considered the collective effects of each element of the Proposed Transaction.

This Report is to accompany the Notice of Annual General Meeting and Explanatory Memorandum (“**Explanatory Memorandum**”) being provided to the shareholders of AUML (“**Shareholders**”) and has been prepared to assist the Directors in fulfilling their obligation to provide Shareholders with full and proper disclosure so as to enable them to assess the merits of the Proposed Transaction and to assist them in their consideration of whether or not to approve Resolution 4, 5, and 6 relating to the Proposed Transaction.

Mr Daniel Coote of William Buck was responsible for the preparation of this Report. Details of his experience and qualifications are set out in Section 12.

2. Opinion

We have considered the terms of the Proposed Transaction and conclude that the Proposed Transaction is **fair** and **reasonable** to the Non-Associated Shareholders of AUML.

Basis of the Evaluation of the Proposed Transaction

In our opinion, the Proposed Transaction will be fair and reasonable if:

- the value of a share in AUML prior to the Proposed Transaction on a controlling interest basis is not greater than the value of a share in AUML subsequent to the Proposed Transaction on a minority interest basis;
- on balance, the advantages to the Non-Associated Shareholders of approving the Proposed Transaction outweigh the disadvantages; and,
- on balance, the disadvantages to the Non-Associated Shareholders of not approving the Proposed Transaction outweigh the advantages.

Where applicable, we have considered whether or not appropriate premiums (for control or significant influence) have been reflected in our valuation calculations.

2.1 Assessment of Fairness of the Proposed Transaction

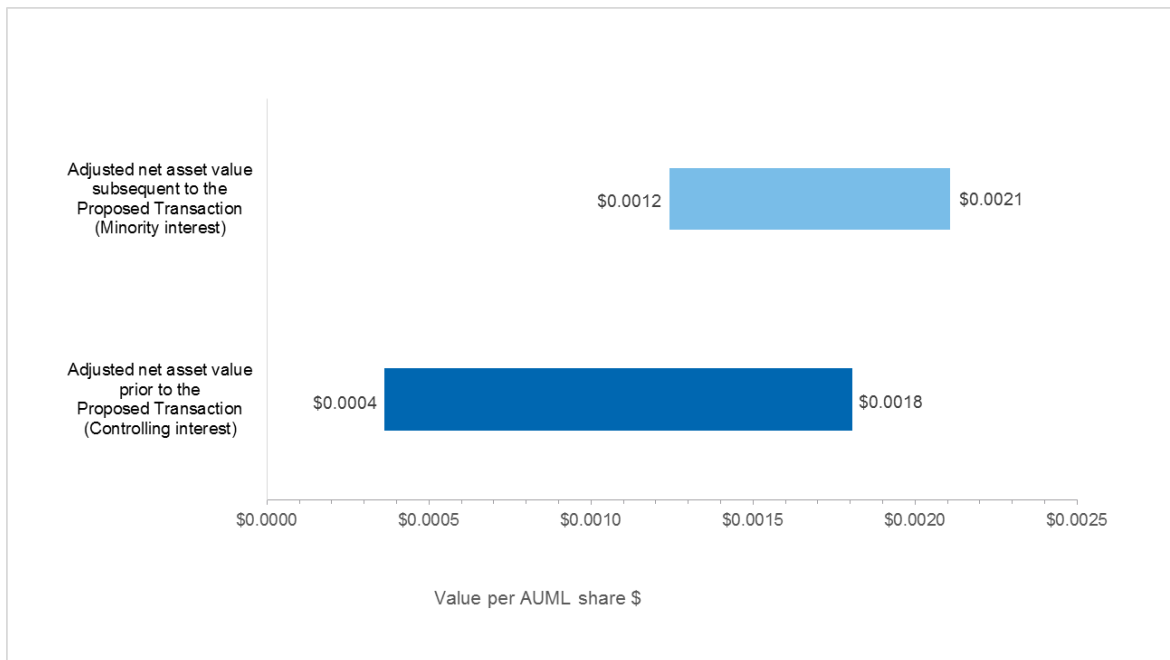
The table below sets out our comparison of the fair value of AUML shares prior to completion of the Proposed Transaction on a controlling interest basis with our assessment of the fair value of AUML shares subsequent to completion of the Proposed Transaction on a minority basis (incorporating the financial effects of the Proposed Transaction and expected dilution of the Non-Associated Shareholders resulting from the Proposed Transaction (refer Section 5 for further details).

Table 1 – Proposed Transaction fairness assessment

	Ref	Low Range Value Per Share (\$)	High Range Value Per Share (\$)
Adjusted net asset value prior to the Proposed Transaction (Controlling interest)	10.1	0.0004	0.0018
Adjusted net asset value subsequent to the Proposed Transaction (Minority interest)	11	0.0012	0.0021

Source: William Buck analysis

Our analysis shows the value of an AUML share on a minority interest basis subsequent to the Proposed Transaction (incorporating the financial effects of the Proposed Transaction) to be in the range of \$0.0012 to \$0.0021 per share. This compares to our assessment of the fair value of AUML shares on a controlling interest basis prior to the Proposed Transaction in the range of \$0.0004 to \$0.0018 per share.

Figure 1 – Valuation Summary


Source: William Buck analysis

Fairness Conclusion

Based on our respective valuations of AUML prior to the Proposed Transaction (on a controlling interest basis) and subsequent to the Proposed Transaction (on a minority interest basis), in our opinion we consider the Proposed Transaction to be fair from the perspective of the Non-Associated Shareholders of AUML.

2.2 Assessment of Reasonableness of the Proposed Transaction

We have considered the following factors in determining whether or not the Proposed Transaction is reasonable to the Non-Associated Shareholders of AUML.

Advantages of approving the Proposed Transaction

We consider the following to be advantages of approving the Proposed Transaction:

- **The Proposed Transaction is fair:** We have assessed the Proposed Transaction to be “fair”;
- **Strengthening of the Company’s balance sheet:** A reduction in debts from the conversion of the Mr Wang, WY and Mr Zhang loans will improve the net assets of AUML.
- **Major shareholder support:** Following the completion of the Proposed Transaction, Mr Wang (through his direct and related party holdings) will hold 41.74% of AUML’s issued shares. Mr Zhang will hold an interest of 22.06% in AUML. Management has advised us that Mr Wang has proposed to invest capital of \$500,000 to support AUML’s continued exploration of its current mineral assets following completion of the Proposed Transaction.

Disadvantages of approving the Proposed Transaction

We consider the following to be disadvantages of approving the Proposed Transaction:

- **Non-Associated Shareholders’ interests in the Company will be significantly diluted:** By approving the Proposed Transaction the interests of the Non-Associated Shareholders will be diluted from 63.28% to 36.2%.
- **Potential lower liquidity of shares:** the Proposed Transaction will result in Mr Wang and Mr Zhang holding a combined interest of 63.8% in AUML. The presence of such significant shareholdings generally reduces the liquidity of a Company’s share trading and reduces the likelihood that the Company will be the target of any potential takeover activity.

Reasonableness conclusion

In our opinion, based on a consideration of the above, the Proposed Transaction is considered reasonable from the perspective of the Non-Associated Shareholders of AUML as:

- on balance, the advantages of approving the Proposed Transaction outweigh the disadvantages of approving it to the Non-Associated Shareholders; and
- on balance, the disadvantages of rejecting the Proposed Transaction outweigh any advantages of rejecting it to the Non-Associated Shareholders.

AUML appears to have very little access to funding at this point in time. Capital raising for early stage gold exploration projects, such as AUML, is very challenging in the current economic environment. This view is corroborated by the findings of Geos Mining’s valuation of AUML’s exploration and evaluation assets.

The conversion of related party debts to equity will strengthen AUML's balance sheet and one of the current directors has indicated further support will be available for AUML to continue to develop its exploration and evaluation assets.

3. General Advice and Other

General advice

In forming our opinion, we have considered the interests of the Non-Associated Shareholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of the individual Non-Associated Shareholders. It is neither practical nor possible to assess the implication of the Proposed Transaction on individual Non-Associated Shareholders as their individual financial circumstances are not known.

Some Non-Associated Shareholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in our Report. Accordingly, individual Non-Associated Shareholders may reach different conclusions on whether or not the Proposed Transaction is fair and reasonable to them and each individual shareholder must take into account his or her own circumstances when deciding whether or not to vote in favour or against the resolutions relating to the Proposed Transaction. Shareholders should seek their own independent professional advice to assist them in their decision, taking into account their preferences and expectations.

Other

William Buck is an Authorised Representative under an appropriate Australian Financial Services Licence. Accordingly, we are required to provide a Financial Services Guide in situations where we may be taken as providing financial product advice. A copy of William Buck's Financial Services Guide is set out in Section 4 of this Report.

Our Report has been prepared solely for use of the Directors of AUML, and for the purpose set out herein. William Buck does not accept any responsibility for the use of our report outside this purpose. Except in accordance with the stated purpose, no extract, quote, or copy of our Report, in whole or in part, should be reproduced without the written consent of William Buck, as to the form and context in which it may appear.

Our opinion is based solely on information available as at the date of this Report as set out in Appendix A. We have not undertaken to update our report for events of circumstances arising after the date of this Report other than those of a material nature which would impact on our opinion. We refer readers to the limitations and reliance on information sections as set out in Section 6 of our Report.

The above opinion should be considered in conjunction with, and not independently of, the information set out in the remainder of this Report including the appendices.

Yours faithfully,



Daniel Coote

Director

William Buck Corporate Advisory Services (NSW) Pty Limited

ABN 50 133 845 637

Authorised Representative No. 333393

AFSL 240769

4. Financial Services Guide

Dated: 17 October 2016

William Buck Corporate Advisory Services (NSW) Pty Ltd ABN 50 133 845 637 ("William Buck" or "we" or "us" or "our" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

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

The FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide as an Authorised Representative of William Buck Wealth Advisors (NSW) Pty Ltd (Licence No: 240769);
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

Financial Services we are Licensed to Provide

We are an authorised representative of William Buck Wealth Advisors (NSW) Pty Ltd who holds an Australian Financial Services Licence. We are authorised to provide financial product advice in relation to various financial products such as securities, derivatives, interests in managed fund investment schemes, stocks or bonds to retail and wholesale clients.

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

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

General Financial Product Advice

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

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

Benefits that we may Receive

We are entitled to receive a fee of \$21,000, excluding GST, for preparation of this Report. These fees were agreed with, and paid by, the person who engaged us to provide the Report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither William Buck, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other Benefits Received by our Employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are authorised to provide.

Associations and Relationships

William Buck Corporate Advisory Services (NSW) Pty Ltd is a wholly owned subsidiary of William Buck (NSW) Pty Ltd.

Complaints Resolution

Internal Complaints Resolution Process

As an authorised representative of a holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Compliance Manager, William Buck, Level 29, 66 Goulburn Street, Sydney NSW 2000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service. The Financial Ombudsman Service 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 service industry.

Further details about the Financial Ombudsman Service are available at the website www.fos.org.au or by contacting them directly at: the Financial Ombudsman Service, GPO Box 3, Melbourne VIC 3001, or by telephone on 1300 780 808.

Professional Indemnity Insurance

William Buck has professional indemnity insurance in place which covers any work done by us, as an authorised representative of William Buck Wealth Advisors (NSW) Pty Ltd and by representatives/employees after they cease to work for us. The compensation arrangements we have in place comply with sec.912B of the Corporations Act.

Contact Details

You may contact us at William Buck, Level 29, 66 Goulburn Street, Sydney, NSW 2000 or by telephone on (02) 8263 4000

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5. The Proposed Transaction

5.1 Overview of the Proposed Transaction

On 11 July 2016, AUML entered into the Debt Conversion Agreement with Mr Wang, WAI and Mr Zhang. Mr Wang and Mr Zhang are directors of AUML. WAI is wholly owned by Mr Wang and is AUML's second largest shareholder. AUML will issue new ordinary shares at \$0.003 per share as follows:

- 222,787,329 shares upon conversion of loans amounting to \$668,362 between the Company and Mr Wang;
- 169,952,507 shares to WAI upon conversion of loans of \$509,858; and
- 150,455,252 shares to Mr Zhang upon conversion of loans of \$451,366

as consideration for debt conversion of related party debts ("**Conversion Shares**").

5.2 AUML Capital Structure prior to the Proposed Transaction

Prior to completion of the Proposed Transaction, AUML had on issue 726,337,594 shares, as set out in the table below:

Table 2 – AUML's capital structure as at 5 October 2016

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Jianbing Zhang ("Mr Zhang")	129,591,500	17.84%
WY Australia Investment Pty Ltd ("WAI")	80,000,000	11.01%
Chao Ma	66,666,600	9.18%
Shandong Gold Pty Ltd	61,072,709	8.41%
Xinhua Geng	33,333,300	4.59%
Xiaojing Wang ("Mr Wang")	23,783,302	3.27%
Jia Yu ("Mrs Yu")	6,666,667	0.92%
Ever Resources Pty Ltd	26,666,667	3.67%
Subtotal	427,780,745	58.90%
Others	298,556,849	41.10%
Total ordinary shares on issue	726,337,594	100.00%

Source: AUML's share register as at 5 October 2016

As the date of this Report, Mr Wang and Mr Zhang held relevant interests of 18.88% and 17.84%, respectively in the issued shares of AUML, as set out in the table below:

Table 3 – Relevant interests – Mr Wang and Mr Zhang

Registered holder	Number of shares held
Mr Wang relevant interests:	
- Mr Wang	23,783,302
- Mrs Yu	6,666,667
- WAI	80,000,000
- Ever Resources Pty Ltd	26,666,667
Mr Wang's total relevant interest	137,116,636
% interest in AUML	18.88%
Mr Zhang	129,591,500
% interest in AUML	17.84%

Source: AUML's share register as at 5 October 2016

5.3 Potential Post-Transaction AUML Capital Structure

The following table sets out AUML's current and potential issued share capital assuming completion of the Proposed Transaction.

Table 4 – Current and Potential Issued AUML Shares

	Current		Issue of Conversion Shares	Post	
	# of shares	%	# of shares	# of shares	%
Mr Wang	23,783,302	3.27%	222,787,329	246,570,631	19.42%
Mrs Yu	6,666,667	0.92%	-	6,666,667	0.53%
WAI	80,000,000	11.01%	169,952,507	249,952,507	19.69%
Ever Resources Pty Ltd	26,666,667	3.67%	-	26,666,667	2.10%
Mr Wang and his related parties	137,116,636	18.88%	392,739,836	529,856,472	41.74%
Mr Zhang	129,591,500	17.84%	150,455,252	280,046,752	22.06%
Non-Associated Shareholders	459,629,458	63.28%	-	459,629,458	36.20%
Total shares on issue	726,337,594	100.00%	543,195,088	1,269,532,682	100.00%

Source: AUML share register as at 5 October 2016 and William Buck analysis

The above table shows the potential dilution to existing Shareholders following the conversion of related party debts to new ordinary shares.

Following the completion of the Proposed Transaction, Mr Wang's interests will increase to 41.74% (through his direct and related party holdings), while Mr Zhang's interests will increase to 22.06%.

6. Scope and Limitations

6.1 Regulatory Background

ASX Listing Rule 10.11

The Proposed Transaction is subject to the provisions of the ASX Listing Rules.

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

As members of the AUML Board, Mr Wang and Mr Zhang are related parties of the Company within the definition set out in ASX Listing Rule 19.12. Mrs Yu, WAI and Ever Resource Pty Limited are also considered related parties of the Company as Mr Wang has the power to control the votes of the shares held by these parties.

Regulatory guidance issued by the Australian Securities and Investments Commission ("**ASIC**") states that it is the Directors' obligation to provide shareholders with full and proper disclosure to enable them to assess the merit of the Proposed Transaction and to decide whether to agree by resolution to the Proposed Transaction. This obligation may be satisfied by commissioning an independent expert report on whether the proposed transaction is "fair and reasonable" to the non-associated shareholders.

Corporations Act 2001

Chapter 2E of the Act regulates the provision of 'financial benefits' by a public company and entities controlled by the public company to related parties of the public company. By section 208(1) of the Act, the public company can only give a 'financial benefit' to a 'related party' if it obtains the approval of its shareholders in accordance with the procedures set out in Chapter 2E.1 of the Act.

In the cases of AUML, the financial benefit is the issue of new ordinary shares of the Company to Mr Wang, Mr Zhang and WAI. As discussed above, they meet the definition of related parties.

The Corporate Act generally does not require an independent expert report in relation to a related party transaction unless it is required by the ASX Listing Rules or as a matter of good practice. ASIC aims to regularise good practice through requiring a report if the financial benefit is difficult to value or the transaction is a component of a control transaction. ASIC states that it is the Directors' obligation to provide shareholders with full and proper disclosure to enable them to assess the merits of a proposed transaction for the purpose of assisting them to decide whether to approve any resolutions relating to the transaction. This obligation may be satisfied by commissioning an independent expert's report on whether the proposed transaction is "fair and reasonable" to non-associated shareholders

Section 606 of the Act does not allow a person to acquire a relevant interest in the issued voting shares of a listed company if, by entering into the transaction, their (or someone else's) voting power in the company increases:

- From 20% or below to more than 20%; or
- From a starting point above 20% and below 90%.

Section 611 of the Act provides an exemption to Section 606 if the relevant transaction is approved by a resolution of the shareholders at a general meeting called for that purpose. Section 611 requires shareholders to be given all relevant information known to the person making the acquisition, their associates or the company, which is material to the proposal.

As discussed in Section 5.4, the Proposed Transaction will result in Mr Wang and Mr Zhang holding interests in AUML of 41.74% and 22.06%, respectively.

While Section 611 does not explicitly state that an expert's opinion is required in relation to the Proposed Transaction, regulatory guidance issued by ASIC states that it is the Directors' obligation to provide shareholders with full and proper disclosure to enable them to assess the merits of a proposed transaction for the purpose of assisting them to decide whether to approve any resolutions relating to the transaction. This obligation may be satisfied by commissioning an independent expert's report on whether the proposed transaction is "fair and reasonable" to non-associated shareholders.

The non-associated shareholders are those shareholders in AUML whose votes are not to be disregarded in voting on the resolutions relating to the Proposed Transaction ("**Non-Associated Shareholders**").

6.2 Purpose and Scope

Purpose

William Buck has been appointed by the Directors of AUML to prepare an independent expert report expressing our opinion as to whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of AUML. In making this assessment we have considered the collective effects of each element of the Proposed Transaction.

This Report is to accompany the Explanatory Statement being provided to Shareholders and has been prepared to assist the Directors in fulfilling their obligation to provide Shareholders with full and proper disclosure to enable them to assess the merits of the Proposed Transaction and to assist them in their consideration of whether or not to approve Resolution 4, 5 and 6 relating to the Proposed Transaction.

This Report should not be used for any other purpose and we do not accept any responsibility for use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our report, in whole or in part, should be reproduced without the written consent of William Buck, as to the form and context in which it may appear.

Scope

The scope of our procedures undertaken have been limited to those procedures we believed are required in order to form our opinion. Our procedures, in the preparation of this Report, may have involved an analysis of financial information and accounting records. However, the procedures did not include verification work nor did they constitute:

- an audit in accordance with AUS;
- an assurance engagement in accordance with ASAE; or
- a review in accordance with ASRE.

The assessment of whether or not the Proposed Transaction is fair and reasonable will necessarily involve determining the “fair market value” of various securities, assets and interests. For the purposes of our opinion, the term “fair market value” will be defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious vendor, acting at arm’s length.

By their very nature, any valuation assessments are necessarily the subject of uncertainty and volatility and the conclusions arrived at will include considerations that are dependent on the exercise of individual judgement. Accordingly, there is unlikely to be an “indisputable value”, and we have expressed our opinion as to values as falling within a likely range.

We have not considered the effect of the Proposed Transaction on the particular circumstances of individual shareholders. Some individual shareholders may place a different emphasis on various aspects of the Proposed Transaction from the one adopted in this Report. Accordingly, individuals may reach different conclusions on whether or not the Proposed Transaction is fair and reasonable to them.

An individual shareholder’s decision in relation to the Proposed Transaction may be influenced by their particular circumstances and, therefore, shareholders should seek independent financial advice.

6.3 Basis of Evaluation

As there is no legal definition of the expression fair and reasonable in the Act, we have therefore considered guidance provided by ASIC in its Regulatory Guides in assessing whether the Proposed Transaction is fair and reasonable from the perspective of the Non-Associated Shareholders. Specifically, we will have regard to the provisions of the following:

- RG 74: Acquisitions approved by members;
- RG 76: Related party transactions;
- RG 111: Content of Expert Reports; and
- RG 112: Independence of Experts.

RG 111 treats “fair” and “reasonable” as two distinct criteria. The transaction is “fair” if the value of the consideration offered is equal to or less than the value of the securities or assets acquired and which are the subject to the transaction. The transaction will be “reasonable” if it is fair, or, despite being not fair, after considering other significant factors, there are sufficient reasons for the shareholders to accept the transaction.

In our opinion, the most appropriate basis on which to evaluate the Proposed Transaction is to assess its likely overall impact on the Non-Associated Shareholders and to form a judgement as to whether the expected benefits outweigh any disadvantages that might result from approving the transaction.

In forming our opinion as to whether or not the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, we have considered and compared the following:

- the value of a share in AUML prior to the Proposed Transaction on a controlling interest basis with the value of a share in AUML subsequent to the Proposed Transaction on a minority interest basis; and
- the advantages and disadvantages to the Non-Associated Shareholders if the Proposed Transaction is approved.

Where applicable, we have considered whether or not appropriate premiums (for control or significant influence) have been reflected in our valuation calculations.

In our opinion, the Proposed Transaction is to be judged in terms of its overall effect. It is not meaningful to assess the individual elements of the Proposed Transaction separately.

6.4 Sources of Information

Appendix A to this report sets out details of information referred to and relied upon by us during the course of preparing this Report and forming our opinion.

As the assets of AUML primarily comprise exploration and evaluation assets, in accordance with ASIC Regulatory Guide 112 we have utilised the services of the mineral valuation firm Geos Mining Minerals Consultants (“**Geos Mining**”) for the purpose of valuing the exploration and evaluation assets held by AUML. Further detail in respect of the valuation prepared by Geos Mining are set out in Section 10 of this Report.

AUML has agreed to indemnify William Buck, and its owner practice, their partners, directors, employees, officers and agents (as applicable) against any claim arising out of misstatements or omissions in any material supplied by the Company, its subsidiaries, directors or employees, on which we have relied.

6.5 Reliance on Information

This Report is based upon financial and other information provided by AUML, as detailed in Appendix A of this Report. We have considered and relied upon this information. We believe the information provided to be reliable, complete and not misleading, and have no reason to believe that any material facts have been withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable.

We do not warrant that our inquiries have identified or verified all of the matters which an audit, extensive examination or due diligence investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

Where we have relied on the views, opinions and judgement of management, the information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

6.6 Disclosure of Information

In preparing this Report, William Buck has had access to all financial information considered necessary in order to provide the required opinion.

6.7 Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this Report. Such conditions can change significantly over relatively short periods of time. Accordingly, changes in those conditions may result in any valuation opinions becoming quickly outdated and in need of revision. We reserve the right to revise any valuation, or other opinion, in the light of any additional material information that subsequently becomes known to us.

6.8 Assumptions

In forming our opinion, the following has been assumed:

- all relevant parties have complied, and will continue to comply, with all applicable laws and regulations and existing contracts and there are no alleged or actual material breaches of the same or disputes (including, but not limited to, legal proceedings), other than as publicly disclosed and that there has been no formal or informal indication that any relevant party wishes to terminate or materially renegotiate any aspect of any existing contract, agreement or material understanding, other than as publicly disclosed;
- that matters relating to title and ownership of assets (both tangible and intangible) are in good standing, and will remain so, and that there are no material legal proceedings, or disputes, other than as publicly disclosed;
- information in relation to the Proposed Transaction provided to the AUML shareholders or any statutory authority by the parties is complete, accurate and fairly presented in all material respects;
- if the resolutions relating to the Proposed Transaction are approved, they will be implemented in accordance with its disclosed terms; and
- the legal mechanisms to implement the Proposed Transaction are correct and effective.

7. Profile of AUML

7.1 Overview

AUML (ASX: AYM) is a public company listed on ASX and engages in the exploration and development of mineral properties in New South Wales and Queensland, Australia. The company primarily explores for gold, copper, silver, and nickel ores.

The principal activity of AUML is exploration and development activity on its tenements in NSW and QLD. The Company is currently focused on its three main NSW projects Sofala, Karangi and Honeybugle and the Forsayth Project in QLD.

AUML and its wholly owned subsidiaries hold a 100% registered interest in three granted mineral tenements in QLD and four granted exploration licenses in NSW.

During 2016, AUML continued with progressing permitting at its NSW projects while at the same time significantly reducing the company's ongoing exploration and administration expenses. The results of the drilling program conducted at the Forsayth Project in QLD are currently being reviewed with the aim to design a further drilling program to define a JORC compliant resource. Actual expenditure on exploration and evaluation for the year ended 30 June 2016 amounted to \$173,644 (2015: \$2,073,348).

On 16 March 2016, ASX announced that AUML was suspended from Official Quotation following its failure to lodge half year accounts for the period ended 31 December 2015 in accordance with ASX Listing Rules. The last available share price is \$0.003 per share on 3 March 2016.

The Company's current board of directors and senior management are:

- Xiao Jing Wang, Executive Chairman;
- Jian Bing Zhang, Non-Executive Director;
- Jia Yu, Non-Executive Director;
- Jing Yuan, Company Secretary.

7.1.1 Exploration activities

As at the Report Date, AUML holds a 100% registered interest in three granted mineral tenements and four granted exploration licences in Australia, being NSW and QLD. In NSW, the Company holds four exploration licences with an area under exploration of 357 square kilometres. In QLD, AUML holds one exploration and two mining licences with an area under exploration of 59 square kilometres.

Table 5 – AUML exploration assets licenses

Tenement	Location	License No
Forsayth	QLD	EPM 14498
		ML 3417
		ML 3418
Sofala	NSW	EL7423
Puggoon	NSW	EL7155
Honeybugle	NSW	EL7041
Karangi	NSW	EL8402

Source: Information provided by Management

The Honeybugle, Puggoon and Karangi Projects are early stage exploration projects with little on ground exploration completed.

Forsayth Project

The Forsayth Project comprises granted exploration permit (EPM 14498) and includes mining leases ML 3417 and ML 3418.

The project is centred around and to the southeast of the small mining/grazing community of Forsayth on the Georgetown-Forsayth road in Far-North Queensland.

Table 6 – Details of Forsayth Project

Tenement	ML 3417	ML 3418	EPM 14498
Permit Name	Ropewalk 1	Ropewalk 2	Forsayth EPM
Status	Granted	Granted	Granted
Application Date	05/11/1984	05/11/1984	28/01/2004
Grant date	01/04/1987	01/04/1987	16/01/2006
Last renewal	11/09/2010	11/09/2010	10/02/2016
Expiry Date	31/03/2018	31/03/2018	15/01/2021
Area	130 ha	110 ha	18 sub blocks (~ 59 km ²)
Mineral sought	Copper, lead, silver, zinc, gold	Copper, lead, silver, zinc, gold	All except coal
Purpose	Mining	Infrastructure	Exploration

Source: Geos Mining's Independent Valuation Report dated 4 August 2016

Sofala Project (EL 7423)

The Sofala Project is located, approximately 30 kilometres north of Bathurst in Central NSW. The exploration licence was granted on 30 November 2009 and expires on 30 November 2017.

Honeybugle Project (EL 7041)

The Honeybugle Project is located approximately 40 kilometres south-southwest of Nynan in the Central Western region of NSW. The exploration licence was granted on 24 January 2008 and expired on 24 January 2016. Renewal of the licence is pending as at the Report Date.

Karangie Project (EL 8402)

The Karangie Project is located approximately eight kilometres north-east of the town of Coffs Harbor in the North-Eastern region of NSW. The exploration licence was granted on 29 October 2015 and expires on 29 October 2018.

Puggon Project (EL 7155)

The Puggon Project is located approximately 10 kilometres north of Gulgong in the Central Western region of NSW. The exploration licence was granted on 23 June 2008 with a term of 8 years. Renewal of the licence is pending as at the Report Date.

7.2 Historical Statement of Financial position

AUML's historical statement of financial position as at 30 June 2014, 30 June 2015 and 30 June 2016 ("Review Period") is set out below.

Further information and analysis regarding significant account balances is set out in the sections that follow.

Table 7 – AUML's historical statement of financial position

\$	As at		
	30-Jun-14	30-Jun-15	30-Jun-16
Other receivables	40,840	35,071	6,450
Other assets	150	150	20,328
Trade and other payables	(566,685)	(579,273)	(324,185)
Net working capital	(525,695)	(544,052)	(297,407)
Cash and cash equivalents	1,757,581	89,903	175,535
Net cash	1,757,581	89,903	175,535
Property, plant and equipment	363,173	256,244	208,711
Exploration and evaluation assets	18,410,740	17,595,801	1,940,000
Other assets including cash backed environmental bonds	340,461	341,815	334,588
Provisions	(66,260)	(9,886)	(8,955)
Net funds employed	19,048,114	18,183,974	2,474,344
Related party debts	-	(417,660)	(1,629,585)
Surplus liabilities	-	(417,660)	(1,629,585)
Net assets	20,280,000	17,312,165	722,887
Ordinary shares	36,576,567	37,588,669	37,588,814
Accumulated losses	(16,296,567)	(20,276,504)	(36,865,927)
Total equity	20,280,000	17,312,165	722,887

Source: AUML's audited 2014, 2015 and 2016 Annual Reports

We note the following in relation to AUML's historical statements of financial position:

- Trade and other payables consist of trade creditors and accrued expenses at the end of each period. The increase in trade creditors in FY15 was primarily due to payables to Drill North Pty Ltd (\$132,441) and Shandong Province Geology & Mineral Exploration (\$218,000). The table below summarises the details of trade and other creditors for the Review Period.

Table 8 – Trade and other creditors

\$	Note	As at		
		30-Jun-14	30-Jun-15	30-Jun-16
Trade creditors		75,301	445,917	250,494
Accrued expenses				
- Directors' fees	1	-	98,000	-
- Matthew Bull accrued wages	2	-	24,202	32,799
- PAYG TAX deducted		14,523	1,088	442
- Superannuation accrual		14,921	6,285	950
- Redunancy payment		-	3,782	-
- Share application monies	3	453,749	-	-
- Others	4	8,191	-	39,500
Trade and other creditors		566,685	579,273	324,185

Source: Information provided by Management

Notes to trade and other creditors:

1. Directors' fees payable to Mr Wang and Mr Zhang as at 30 June 2015 were included in other creditors. The amounts were recorded as related party debts as at 30 June 2016. Under the Conversion Share Agreement, these unpaid directors' fees are treated as related party debts and are subject to conversion to new ordinary shares at an issue price of \$0.003.
2. Accrued wages paid to Matthew Bull for April and June 2015. Matthew Bull was the Chief Executive Officer of AUML, and resigned on 21 August 2015.
3. Share application monies refer to monies received for ordinary shares issued on 29 August 2014.
4. Others primarily comprise professional fees payable in relation to the Proposed Transaction.

- Cash and cash equivalents decreased from \$1.76 million at 30 June 2014 to \$175,535 at 30 June 2016, primarily due to payments for exploration expenditure of approximately \$2 million.
- Exploration and evaluation assets decreased from \$18.4 million at 30 June 2014 to \$1.94 million at 30 June 2016 as a result of assets revaluation. For the purpose of this IER, we engaged Geos Mining to assess the fair market value of AUML's exploration and evaluation assets. Based on Geos Mining's analysis and valuation, the fair value of these assets falls into a range of \$1.48 million to \$2.53 million, with a preferred value of \$1.94 million. During the year-ended 30 June 2016, AUML wrote down the book value of exploration and evaluation assets from \$17.6 million to the preferred value of \$1.94 million noted in the Geos Mining's valuation. Further detailed discussions of the revaluation of exploration and evaluation assets are set out in Section 10.1.2. The carrying amount of the tenements as at 30 June 2016 are summarised below:

Table 9 – Summary of Tenements carrying value as at 30 June 2016

Tenement \$	30-Jun-16
Forsayth	750,000
Sofala	480,000
Puggoon	100,000
Honeybugle	270,000
Karangi	340,000
Total	1,940,000

Source: Information provided by Management and Geos Mining's Independent Valuation Report

- Other assets are primarily comprised of environmental bonds of approximately \$0.33 million as at 30 June 2014, 30 June 2015 and 30 June 2016. The deposits paid are in relation to the granted exploration licences for tenement Sofala (EL 7423), Karangi (EL 7332) and Forsayth (3427 & 3418).
- Related party debts are loans from directors used for working capital in the business and unpaid director fees. The loan from Matthew Bull was repaid in July 2015. A summary of related party debts is set out below:

Table 10 – Summary of Related party debts

\$	As at		
	30-Jun-14	30-Jun-15	30-Jun-16
Mr Wang's loans @ interest rate of 7% per annum	-	-	668,362
WAI loans @ interest rate of 12% per annum	-	262,858	287,858
Mr Zhang's loans @ interest rate of 7% per annum	-	100,825	379,366
Loan from Matthew Bull	-	53,978	-
Related party debts	-	417,660	1,335,585
Mr Wang's unpaid director fees ¹	-	74,000	222,000
Mr Zhang's unpaid director fees ¹	-	24,000	72,000
Related party debts	-	515,660	1,629,585

Source: Information provided by Management

Note 1: Unpaid director fees to Mr Wang of \$74,000 and Mr Zhang of \$24,000 as at 30 June 2015 were included in other payables disclosed in the audited FY15 Annual Report.

7.3 Historical Statement of Profit or Loss and Other Comprehensive Income

Details of AUML's historical financial performance for the years ended 30 June 2014 ("FY14"), 30 June 2015 ("FY15") and 30 June 2016 ("FY16") are set out below.

Table 11 – AUML statements of financial performance

	FY14 (\$)	FY15 (\$)	FY16 (\$)
Other income	931,840	35,755	-
Directors' fees	(360,129)	(279,548)	(196,000)
Other overheads	(283,724)	(374,508)	(294,301)
Rent and rates	(45,819)	(81,982)	(93,297)
Employee benefits expense	(489,363)	(249,429)	(32,122)
Legal fees	(104,999)	(44,337)	(34,010)
Insurance	(53,885)	(67,349)	(32,619)
EBITDA	(406,079)	(1,061,398)	(682,349)
Impairment of exploration assets	(1,788,380)	(2,888,287)	(15,829,445)
Depreciation & amortisation	(13,109)	(18,188)	(8,927)
Interest income	51,122	12,979	6,685
Interest expense	(7,275)	(25,043)	(75,387)
Net loss before income tax	(2,163,721)	(3,979,937)	(16,589,423)
Income tax (expense)/benefit	-	-	-
Net loss after tax	(2,163,721)	(3,979,937)	(16,589,423)

Source: AUML 2015 Annual Report and draft 2016 Annual Report

We note the following in relation to AUML's historical income statements:

- Other income decreased from \$931,840 in FY14 to \$35,755 in FY15. FY14 other income primarily related to a once-off financial gain on a lump sum settlement of a royalty agreement with Ropewalk Mining Pty Ltd (\$930,617);
- Employee benefits expenses declined from \$489,363 in FY14 to \$32,122 in FY16 primarily due to a reduction in headcount from 14 to 2 over the period;
- Exploration expenditure written off in FY14 relates to the exploration asset of EL7036 Gunners Gowulma, and impairment loss recognised for FY15 relates to the exploration asset of EL7195 Bullamalilto. FY16 impairment of exploration assets of \$15.8 million related to NSW and QLD tenements, based on the findings of the Geos Mining's Independent Valuation Report;
- Rent and rates increased between FY14 and FY16 as a result of AUML moving its office from Melbourne to Sydney and accordingly an increase in monthly rent; and
- Director fees represent benefits/compensation paid to directors. An analysis of director fees for each of the period is set out below:

Table 12 – Directors’ fees

	FY14 (\$)	FY15 (\$)	FY16 (\$)
Mr Wang	100,000	100,000	100,000
Mrs Yu	48,000	48,000	48,000
Mr Zhang	48,129	48,000	48,000
John Zee	120,000	50,000	-
Edward McCormack	44,000	33,548	-
Total directors’ fees	360,129	279,548	196,000

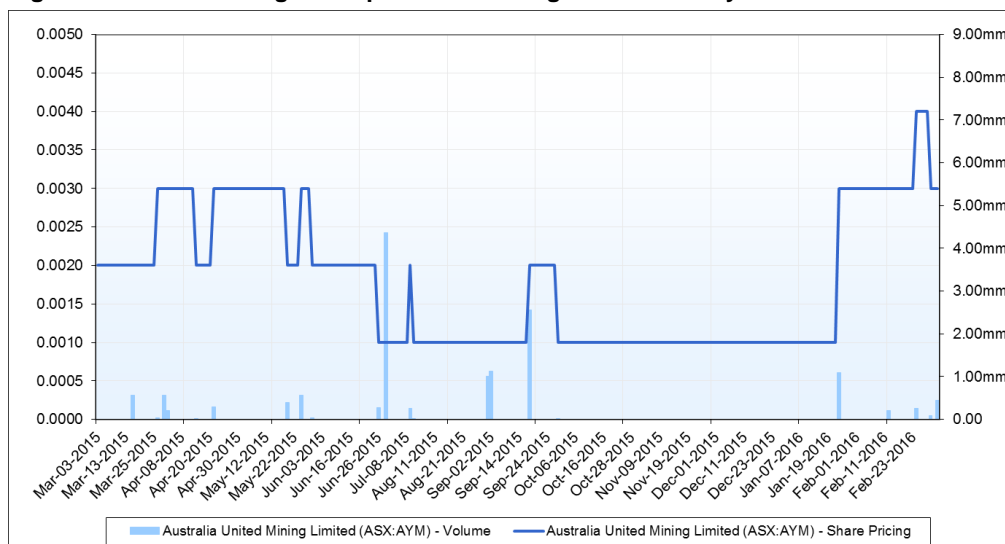
Source: Information provided by Management

- Other overhead expenses are primarily comprised of accounting & auditing fee, share registry, travel and other office expenses, and increased between FY14 and FY15 due to:
 - Accounting & audit fees: the amount increased from \$29,761 for FY14 to \$87,307 for FY15, as a result of AUML changing its accounting function from internal to external. The fees were charged by BDO;
 - Company secretariat fee: it was included in other overheads for FY15, whilst included in legal costs for FY14 and employee costs for FY16.
- Other overheads declined in FY16 due to a reduction in mining & exploration activities, as well as lower office expenses.

7.4 Historical share price analysis

As noted in the Section 7.1, AUML was suspended from Official Quotation from 16 March 2016, and the last available share price was \$0.003 per share on 3 March 2016. The following chart provides a summary of the share price movement over the 12 months to the 3 March 2016.

Figure 2 – AUML closing share price and trading volume history



Source: S&P Capital IQ and William Buck analysis

The daily price of AUML share in the year before suspension ranged from \$0.001 to \$0.004.

During February 2016, the share price of AUML experienced a significant increase from \$0.001 per share to \$0.004 per share. The most significant trading volumes were experienced between end of June 2015 and September 2015 with the highest single day of trading on 30 June 2015, where 4,356,250 shares were traded.

An analysis of the volume of trading in AUML shares for the twelve months to 3 March 2016 is set out below:

Table 13 – AUML historical share price analysis

Period	Volume Traded (mm)	Value (\$)	Low \$	High \$	VWAP (\$)	Turnover
As at 03 Mar 2016	440,000	1,320	-	0.003	0.003	N/A
10 days to 03 Mar 2016	520,000	1,560	0.003	0.004	0.003	0.07%
1 month to 03 Mar 2016	770,000	2,560,000	0.003	0.004	0.003	0.11%
2 month to 03 Mar 2016	970,000	3,160,000	0.003	0.004	0.003	0.13%
3 month to 03 Mar 2016	970,000	3,160,000	0.003	0.004	0.003	0.13%
6 month to 03 Mar 2016	2,068,000	6,434,000	0.001	0.004	0.003	0.28%
12 month to 03 Mar 2016	13,761,722	24,706,666	0.001	0.004	0.002	1.93%

Source: S&P Capital IQ and William Buck analysis

The table above shows that AUML's shares demonstrated a very low level of liquidity, with 1.93% of the Company's current issued capital being traded in a twelve month period.

Given the extremely low liquidity in AUML's shares, its historical quoted share prices cannot be used as a reliable indicator of value for the purposes of this Report. For the quoted market price methodology to be reliable there needs to be a deep market in the shares.

8. Industry analysis – Gold

Gold is both a commodity and an international store of monetary value. During periods of weak economic growth and political turbulence, the demand for gold increases as it is seen to be a safe haven investment. This is particularly evident in financial markets since gold is viewed as more resilient and less risky than world currencies. Demand for gold has an inverse relationship with global economic performance, as when the global economy improves, demand for gold and its value decreases. As a result, the onset of the global financial crisis and the recessionary environment that provided a boost for the Australian gold industry ("Industry").

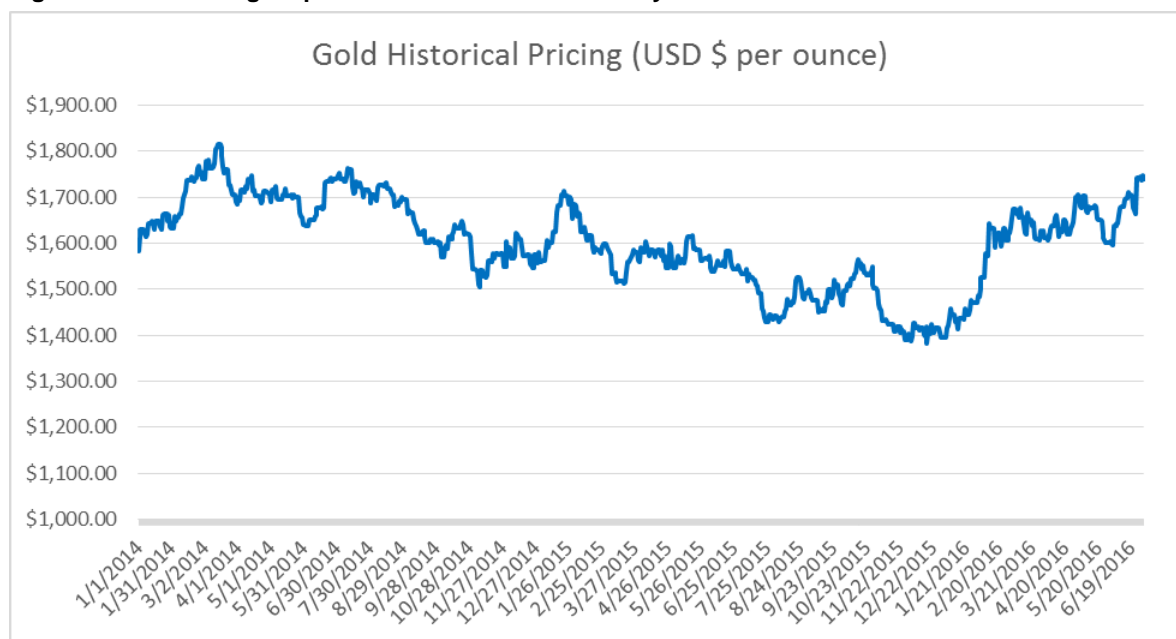
Although world gold prices declined significantly from 2012 to 2014, the weak Australian dollar limited the Industry's decline. As gold is traded in US dollars, the low dollar also benefitted the Industry in 2015 and will contribute to price increase in Australian dollars in 2016. Overall, industry revenue is expected to increase at an annualised 2.3% over the five years through 2016.

The Industry will continue to be heavily influenced by changes in world gold prices and the value of the Australian dollar over the five years through 2021. However, gold prices are expected to decrease over the next five years, due to moderate supply growth, a stronger local currency and reduced global demand. As a result, lower prices are projected to offset higher gold production. Overall, Industry revenue is forecast to decline at an annualised 0.3% over the five years through 2020-2024, to \$13.7 billion. Furthermore, rising production costs due to lower ore quality and higher transportation costs are expected to cause profit shrink in the next five years.

The Industry is in a mature phase of its life cycle, and it has undergone a period of growth over the past decade. This is shown as higher production volumes, an easing in gold prices and small increases in the number of mining companies operating in industry. The Industry has a medium concentration level with the four largest companies estimated to account for 47.7% of industry revenue in 2016.

Gold prices are forecast to decline a further 13 per cent in 2016 to average US\$1,011 per ounce, reflecting expectations of further US interest rate increases in 2016.

Figure 3 – Historical gold price movement from 1 January 2014 to 30 June 2016



Source: S&P Capital IQ

9. Valuation Methodologies

9.1 Selection of Valuation Methodologies

ASIC Regulatory Guide 111 outlines the appropriate methodologies which an expert should generally consider when valuing assets or securities for the purposes of, amongst other things, takeovers, schemes of arrangement, selective capital reductions, related-party transactions and share buybacks.

These include:

- the discounted cash flow (“DCF”) methodology and the estimated realisable value of any surplus assets;
- the application of earnings multiples appropriate for the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets;
- the amount that would be available for distribution to security holders on an orderly realisation of assets;
- the quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price might not reflect their value, should 100% of the securities be available for sale; and
- any recent genuine offers received by the company for any business units or assets as a basis for valuation of those business units or assets.

For the purposes of this Report, fair market value is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor acting on an arm’s length basis.

Appendix C provides further detail in relation to the various valuation methods that are commonly used to assess the fair value of businesses and shares in companies. The selection of which methods are the most appropriate in any situation rests with the circumstances of the particular case.

Appropriate valuation methodologies in respect of AUML are discussed below.

9.2 Valuation Methodology adopted - AUML

Based on our understanding of its operations and its assets, we have adopted the net assets value ("**NAV**") approach as our primary valuation method in the case of AUML.

As AUML is an exploration company, its core value is in the exploration assets that it holds. We have engaged Geos Mining to act as independent specialist and to provide an independent technical valuation of the Company's exploration assets in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2015 (the "**Valmin Code**"). Geos Mining's full report may be found in Appendix E. We have considered this in the context of AUML's other assets and liabilities on a NAV basis.

AUML hasn't generated any regular trading income. Therefore, there are no historical profit that could be used to foresee future maintainable earnings. The future maintainable earning ("**FME**") valuation methodology is not appropriate to apply in AUML's case.

AUML has no foreseeable future positive net cash inflows and as such the application of the DCF valuation methodology is not appropriate.

10. Valuation of AUML Prior to the Proposed Transaction

10.1 Net Assets Valuation

As discussed in Section 9.2, in determining the fair market value of the issued shares in AUML prior to completion of the Proposed Transaction, we have given primary consideration to its net asset backing on a going concern basis at the valuation date. Under the going concern basis, an asset based valuation will estimate the value of net assets at its fair market value and will not account for realisation costs. This method involves making necessary adjustments required to reflect the fair market value of the net assets of the business.

10.1.1 Adjusted net assets of AUML

As set out in Section 7.2, AUML's audited annual accounts reported net assets of \$722,887 at 30 June 2016.

We have been advised that there has not been a significant change in the net assets of AUML since 30 June 2016. Other than the item discussed below, we have assumed that the fair market value of the assets and liabilities as at 30 June 2016 are equal to the carrying values as set out in Table 7. We note that net assets based valuations result in a value of the relevant shares on a controlling interest basis. We therefore do not consider it necessary to add an additional control premium to the adjusted net assets value for the purposes of this Report.

We have made adjustments to AUML's reported 30 June 2016 net assets value as follows:

Table 14 – Net Asset Value of AUML

	Ref	Low value (\$)	High value (\$)
Reported net assets	7.2	722,887	722,887
Adjustments:			
- Market value of exploration tenements	Table 16	(460,000)	590,000
Adjusted net assets		262,887	1,312,887
Shares on issue as at 30 June 2016	5.2	726,337,594	726,337,594
Adjusted net asset value per share		0.0004	0.0018

Source: William Buck analysis

The table above indicates the value of an AUML share, based on adjusted net assets, is in the range of \$0.0004 to \$0.0018 on a controlling interest basis, taking into account Geos Mining valuation of AUML's exploration and evaluation assets.

The following adjustment was made to the net assets of AUML as at 30 June 2016 in arriving at our valuation.

10.1.2 Exploration and evaluation assets

We engaged Geos Mining to provide an independent technical valuation ("**Independent Valuation Report**") of the exploration assets held by AUML in accordance with the Valmin Code and the Australasian Code for Reporting of Exploration Results, Mineral Resources ("**JORC Code**").

The premise of value employed by Geos Mining is "Market Values" as defined in the Valmin Code. The Valmin Code defines "Market Value" as "the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of valuation between willing buyer and a willing seller in an arm's length transaction after appropriate marketing where the parties had each acted knowledgeable, prudently and without compulsion." This definition of "Market Values" equates to "fair values" as defined in AASB 13 and ASIC RG111. Geos Mining has assessed each project's "technical value", using the methods described below, in terms of each asset's reasonable potential to generate income in its highest and best use, which is as future operating mines.

Geos Mining considered a number of different valuation methods when valuing the tenements of AUML. Geos Mining was of the opinion that the NSW projects are all early/mid stage exploration projects, in valuing AUML's 100% interest in the NSW projects, Geos Mining considered the past attributable exploration expenditure methodology to be appropriate.

In addition, Geos Mining has utilised a modified version of comparable transaction method for both QLD and NSW projects, based on identifying projects with similar mineralisation styles in Eastern Australia. The comparable transaction method requires allocating a dollar value to the mineral resource in the ground and applying appropriate discounts for JORC category, operating factors and average acquisition cost for mineral projects.

In forming its conclusion regarding AUML's project values, Geos Mining has applied a weighting factor to the project values assigned using the comparable transaction method and project values assigned using the attributable exploration expenditure method, being 70% and 30%, respectively.

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

The accompanying table indicates a value for AUML's exploration assets in the range of \$1.49 million and \$2.53 million, with a preferred value of \$1.94 million.

Table 15 – Exploration assets valuation

Tenement Valuation \$	Comparable Transaction (unweighted)			Attributable Exploration Expenditure (unweighted)			Weighted Project Values		
	Low value	High value	Preferred value	Low value	High value	Preferred value	Low value	High value	Preferred value
Forsyth QLD	500,000	1,000,000	750,000	-	-	-	500,000	1,000,000	750,000
Sofala	250,000	500,000	300,000	890,000	1,030,000	890,000	440,000	660,000	480,000
Honeybugle	100,000	250,000	150,000	440,000	560,000	560,000	200,000	340,000	270,000
Karang	100,000	250,000	150,000	560,000	790,000	790,000	240,000	410,000	340,000
Puggoon	50,000	75,000	50,000	210,000	300,000	210,000	100,000	120,000	100,000
Total	1,000,000	2,075,000	1,400,000	2,100,000	2,680,000	2,450,000	1,480,000	2,530,000	1,940,000

Source: Geos Mining's Independent Valuation Report

Geos Mining's Independent Valuation Report can be found in Appendix E.

Geos Mining's assessment of the value of AUML's exploration and evaluation assets is materially different to the original book values of these assets of \$17.6 million reported by the Company prior to Geos Mining issuing its Independent Valuation Report. Geos Mining has been constrained by the requirements of the JORC Code 2012 in terms of classifying mineral deposits as a Mineral Resources. The lack of compliance with these requirements, in the cases of the Sofala and Forsyth projects, has resulted in a significant reduction in project value. However, Geos Mining considers that the value of these projects could be upgraded with ongoing targeted exploration. For the year ended 30 June 2016, AUML has updated the carrying value of these assets to the preferred value of \$1.94 million assessed by Geos Mining for the purpose of this Report.

The difference between AUML's reported book value of exploration and evaluation assets and Geos Mining's assessment of the value of these assets is set out in the following table:

Table 16 – Difference between AUML's reported value and Geos Mining's assessment

Tenement \$	Book Value	Low Value	High Value
Forsyth	750,000	500,000	1,000,000
Sofala	480,000	440,000	660,000
Honeybugle	270,000	200,000	340,000
Karang	340,000	240,000	410,000
Puggoon	100,000	100,000	120,000
Total	1,940,000	1,480,000	2,530,000
Net assets adjustment		(460,000)	590,000

Source: Geos Mining's Independent Valuation Report and William Buck analysis

Regarding valuation of the Forsyth Project, Geos Mining notes the following:

- In regard to the Forsyth Project located in QLD, Geos Mining has sighted and reviewed the valuation report prepared by Minnelex Pty Ltd in 2009 ("**Minnelex Valuation**"). Geos Mining notes that it used the report prepared by MU Geological Consulting prepared in 2008 as the basis for valuing the estimated tonnage-

grade of the Forsayth Project. However, Geos Mining does not support the definition of these tonnage-grade values as Mineral Resources and Geos Mining views them as Exploration Targets at best.

- The Minnelex Valuation concluded that the Forsayth Project has a value range of between \$15.7 million and \$19.9 million, based on a weighting factor applied to the four valuation methods. In Geos Mining's opinion, this value is not soundly based and grossly overstated.

10.2 Valuation summary and conclusion

As discussed in Section 7.4, there is insufficient liquidity in the trading of AUML's shares for the Company's historical quoted share prices to be a reliable indicator of value. Consequently, we have assessed the adjusted net asset value per share, incorporating Geos Mining's assessment of the value of AUML's exploration and evaluation assets.

As discussed in Section 10.1, we have determined the value of AUML shares prior to the Proposed Transaction to be in the range of \$0.0004 to \$0.0018 per share, on a controlling interest basis.

11. Valuation of AUML subsequent to the Proposed Transaction

Our valuation of an AUML share subsequent to the Proposed Transaction on a going concern basis is set out below:

Table 17 – Assessed value of AUML subsequent to the Proposed Transaction

	Ref	Low Value (\$)	High Value (\$)
Adjusted net assets of AUML prior to the Proposed Transaction	Table 14	262,887	1,312,887
Add: Conversion of related party debt	Note 1	1,629,585	1,629,585
Net assets of AUML subsequent to the Proposed Transaction (controlling interest basis)		1,892,472	2,942,472
Minority interest discount	Note 2	-17%	-9%
Net assets of AUML subsequent to the Proposed Transaction (minority interest basis)		1,577,060	2,674,975
Shares on issue (number)	Note 3	1,269,532,682	1,269,532,682
AUML value per share subsequent to the Proposed Transaction (minority interest basis)		0.0012	0.0021

Source: William Buck analysis

Notes

1. Conversion of related party debts of \$1.6 million per the terms of the Debt Conversion Agreement. Related party debts will be converted to 543,195,088 new ordinary AUML shares.
2. Minority interest discount reflecting an appropriate control premium for AUML in the range of 10% to 20%, calculated as $[1 - (1 / (1 + \text{control premium}))]$.
3. Issued shares subsequent to the Proposed Transaction equal to 726,337,594 plus 543,195,088 per terms of Debt Conversion Agreement.

As shown in the table above, the value of an AUML share following the Proposed Transaction on a minority interest basis is between \$0.0012 and \$0.0021.

12. Qualifications and independence

12.1 Qualifications

William Buck has extensive experience in the provision of corporate finance advice including with respect to mergers and acquisitions.

William Buck is an authorised representative of William Buck Wealth Advisors (NSW) Pty Ltd which holds an Australian Financial Services Licence issued by ASIC for giving expert reports pursuant to the Listing Rules of the ASX and the Act.

Mr Daniel Coote of William Buck was responsible for the preparation of this Report.

Mr Daniel Coote is a Director of William Buck, is a Chartered Accountant, and holds Bachelor of Commerce and Master of Applied Finance degrees from Macquarie University. Mr Coote has over 15 years' experience in Chartered Accounting and regularly advises clients on corporate transactions and is experienced in the provision of valuations of shares and businesses for a variety of applications. Accordingly, Mr Coote has the appropriate experience and professional qualifications to provide the advice offered.

12.2 Independence and Declarations

William Buck is not aware of any matter or circumstance that would preclude it from preparing this report on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

William Buck considers itself to be independent in terms of RG 112: Independence of Experts, issued by ASIC.

William Buck, nor any of its related entities, has not acted for AUML with regard to any other matter in the past and we are not aware of any matters or relationship that could be regarded as capable of affecting our ability to provide an unbiased opinion in relation to the Proposed Transaction.

William Buck is entitled to receive a fee for the preparation of this Report of approximately \$21,000 plus GST and disbursements. This fee is not contingent on the outcome of the Proposed Transaction. Except for this fee, William Buck has not received and will not receive any pecuniary or other benefit, whether direct or indirect, for or in connection with the preparation of this Report and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

A draft of this Report was provided to the Directors of AUML for review of factual accuracy, as opposed to opinions, which are the responsibility of William Buck alone. Certain changes were made to the report as a result of the circulation of the draft report. However, no changes were made to the methodology, conclusions or recommendations made to the Non-Associated Shareholders as a result of issuing the draft reports.

The statements contained in this Report are given in good faith and have been derived from information believed to be reliable and accurate. We have examined this information and have no reason to believe that any material factors have been withheld from us.

13. Appendices

13.1 Appendix A – Sources of Information

- a) AUML announcements in relation to the terms of the Proposed Transaction;
- b) Notice of General Meeting to be issued in relation to the Proposed Transaction;
- c) Share Conversion Agreement Term Sheet;
- d) Copy of AUML share register as at 5 October 2016;
- e) Discussions and correspondence with management of AUML;
- f) Audited AUML Annual Reports for 2015;
- g) Audited AUML Annual Report for 2016;
- h) www.asx.com.au for historical AUML ASX announcements;
- i) IBIS World Report: *Gold Ore Mining in Australia Industry Report*; and
- j) Independent Valuation Report prepared by Geos Mining Consultants Pty Ltd.

13.2 Appendix B – Abbreviations and Definitions

Term	Definition
Act	Corporations Act 2001 Cth
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASXLR	ASX Listing Rule
Company or AUML	Australia United Mining Limited
DCF	Discounted cash flow
Debt Conversion Agreement	Debt conversion agreement term sheet entered between AUML, Mr Wang, WAI and Mr Zhang on 11 July 2016
Directors	The Directors of AUML
FME	Future maintainable earnings
FSG	Financial Services Guide
FYXX	Financial year ended 30 June 20xx
Geos Mining	GEOS Mining Minerals Consultants Pty Ltd
Independent Valuation Report	Independent Valuation Report prepared by Geos Mining in relation to tenements for AUML
JORC Code	Code for Reporting of Exploration Results, Mineral Resources
Minnelex Valuation	An valuation report of Forsayth Project prepared by Minnelex Pty Ltd in 2009
Mr Wang	Xiao Jing Wang, director of AUML
Mr Zhang	Jian Bing Zhang, director of AUML
Mrs Yu	Jia Yu, director of AUML
NAV	Net assets value
Non-Associated Shareholders	The non-associated shareholders are those shareholders in AUML whose votes are not to be disregarded in voting on the resolutions relating to the Proposed Transaction
NSW	New South Wales
Proposed Transaction	Conversion related party loans to new ordinary shares in AUML
QLD	Queensland
QMP	Quoted market prices
Report	This Independent Expert's Report, dated 17 October 2016
Review Period	The years ended 30 June 2014, 30 June 2015 and 30 June 2016
Shareholders	Shareholders of AUML
WAI	WY Australia Investment Pty Ltd
William Buck , we, us, our	William Buck Corporate Advisory Services (NSW) Pty Ltd ACN 133 845 637
Valmin Code	Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports 2005

13.3 Appendix D – Valuation Methodologies for Businesses and Shares

Discounted Cash Flow (“DCF”) Method

The DCF approach is a technically superior methodology since it allows for fluctuations in future performance to be recognised. This methodology derives the enterprise value of an entity by discounting its expected future cash flows.

In applying the DCF valuation methodology consideration must be given to the following factors:

- The estimated future cash flows of the business for a reasonable period including an assessment of the underlying assumptions;
- An estimate of the terminal value of the business at the end of the forecast period; and
- The assessment of an appropriate discount rate that quantifies the risk inherent in the business and reflects the expected return which investors can obtain from investments having equivalent risks.

Capitalisation of Estimated FME

The capitalisation of estimated FME method is useful as a primary valuation technique where the DCF methodology cannot be used. This method derives the enterprise value of the entity and requires consideration of the following factors:

- Selection of an appropriate level of estimated FME, having regard to historical and forecast operating results and adjusting for non-recurring or non-business items of income and expenditure in addition to any known factors likely to affect the future operating performance of the business;
- Profits arising from assets which are surplus to the operations of the sustainable business are eliminated and the assets, net of any liabilities relating thereto, treated incrementally; and
- Determination of an appropriate capitalisation multiple having regard to the market rating of comparable companies or businesses, the extent and nature of competition in the industry, quality of earnings, future growth opportunities, asset backing and relative investment risk.

Net Asset Backing Approach

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- Separating the business or entity into components which can be readily sold, such as individual business units or collection of individual items of plant and equipment and other net assets; and
- Ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- Orderly realisation: this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money, assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;

- Liquidation: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or
- Going concern: the net assets on a going concern basis estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding company. Adjustments may need to be made to the book value of assets and liabilities to reflect their going concern value.

The net asset backing value of a trading company's assets will generally provide the lowest possible value for the business. The difference between the value of the company's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The application of the net asset backing methodology is appropriate where a company:

- Is not trading, or
- Is making sustained losses or profits but at a level less than the required rate of return, or
- Is close to liquidation, or
- Is a holding company, or
- Holds assets which are liquid.

It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets.

Share Market Trading History

The application of the price that a company's shares trade on an organised exchange is an appropriate basis for valuation where:

- The shares trade in an efficient market place where 'willing' buyers and sellers readily trade the company's shares, and
- The market for the company's shares is active and liquid.

In such circumstances, the prices at which shares have traded are regarded as reflective of the elements included in the definition of "fair market value".

Recent Share Subscription Prices

The price at which unrelated parties have recently subscribed for shares in a company can be an appropriate methodology to apply in valuing the issued equity in the company, if those prices were paid in freely negotiated transactions in an open and unrestricted market between knowledgeable, willing, but not anxious, parties acting at arm's length.

In applying this methodology it is relevant to consider the following factors:

- The timing of any shares issues;
- Any pre-existing relationship (if any) between the subscribers to the shares and the company;

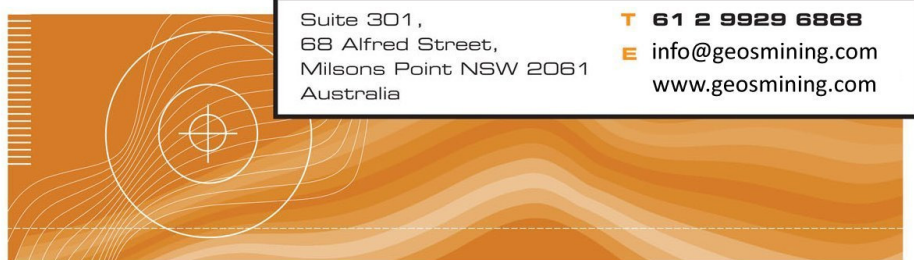
- The level of knowledge that the parties subscribing to the shares could reasonably be assumed to possess; and
- The extent of any material changes in circumstances that have occurred between the date on which the shares were issued and the valuation date.

Capitalisation of Estimated Future Maintainable Dividends

The mechanics of the capitalisation of estimated future maintainable dividends valuation method is similar to that of the capitalisation of estimated future maintainable earnings method. The methodology is most commonly applied to minority holdings in private companies and unlisted public companies. It requires the estimation of future maintainable earnings, the likely distribution of such earnings as dividends and the application of an appropriate dividend yield or discount rate.

The capitalisation of estimated future maintainable dividends methodology is generally applicable only where the equity interest subject to valuation has no effective control in the determination of dividend policy.

13.4 Appendix E – Independent Valuation Report – Geos Mining



EXPLORATION MANAGEMENT | MINING DATA MANAGEMENT | MINING TENEMENT MANAGEMENT
INDEPENDENT TECHNICAL REPORTS & VALUATIONS | RESOURCES ESTIMATION | DUE DILIGENCE

Valuation of AYM Mineral Assets

Queensland and NSW Projects

Australia United Mining Limited

Job No. 2708-01

Report Date: 04 August 2016

Prepared for:

Daniel Coote, Director

**William Buck Corporate Advisory
Services (NSW) Pty Ltd**

Prepared by:

Jeff Randell

BSc (Hons), MAIG, RPGeo

Senior Consultant

Reviewed by:

Murray Hutton

BA (Hons, Geology), MAIG

Principal Consultant

Executive Summary

Geos Mining was commissioned by William Buck Corporate Advisory Services (NSW) Pty Ltd (William Buck) to prepare a VALMIN-compliant Valuation Report of the mineral assets of Australia United Mining (AYM). This report will assist William Buck to prepare an Independent Expert's Report in relation to the proposed conversion of the related party loans to new ordinary shares in AYM.

This report has been prepared in accordance with the principles of the VALMIN Code 2015. Mineral Resources quoted in this report are reported in accordance with the JORC Code 2012. Where tonnage/grade estimates are not considered to meet the requirements of the JORC Code 2012, then they are not referred to as Mineral Resources. A draft of this report has been presented to AYM and William Buck for comment and correction of any errors of fact.

This report was prepared by Jeff Randell (primary author) and peer reviewed by Murray Hutton. Both have the required qualifications and relevant recent experience to be regarded as Specialists under the VALMIN Code 2015 for the styles of deposits and stages of development of the AYM Mineral Assets.

AYM MINERAL ASSETS

AYM and its wholly owned subsidiaries, Fortius Mines Pty Ltd and Icarus Mines Pty Ltd, hold a 100% registered interest in three granted mineral tenements in Queensland and four granted exploration licences in New South Wales. A site inspection was carried out at the Forsayth Project on 12 July 2016, but site inspections were not carried at any of the NSW projects.

FORSAYTH PROJECT, QLD

The project is located within the Forsayth Province of the Georgetown Inlier. The Etheridge gold field produced about 600,000 oz gold, but of the two largest mines at Forsayth, the Caledonian produced 10,900 oz and the Ropewalk 1,931 oz. Over 50 historic gold workings, prospects and significant past producing mines occur within the project area.

In Geos Mining's opinion, none of the tonnage/grade estimates within the project area can be classified as Mineral Resources, in accordance with the JORC Code 2012. However, we believe that this could be achieved through a careful scientific approach and targeted exploration. Based on information provided, an Exploration Target of 110,000 - 170,000 tonnes @ 5-10 g/t Au for ~20,000 - 50,000 oz Au is estimated for the Ropewalk, Flying Cow and Queenslander deposits. There has been insufficient data made available to consider the Lady Franklin, New Gossan, Nil Desperandum or other workings.

NSW PROJECTS

The Honeybugle Project is centred over a large mafic intrusive complex and, although mainly concealed, is well defined by aeromagnetic survey images. This area is deeply weathered and contains metalliferous lateritic soil profiles enriched in platinum, nickel, cobalt and scandium.

The Puggoon Project covers the Gulgong Granite surrounded by older sediments and volcanics. Within the licence area are several polymetallic and iron skarn mineral occurrences on or near the contact zone of the granite. The large Gulgong alluvial goldfield, as well as industrial-grade kaolin deposits, is located in the region.

The Sofala Project covers a portion of Sofala Volcanics and younger sediments on the eastern side of the Hill End Trough. The area is host to a large number of vein style gold occurrences especially within the central portion of the project and these are likely to be the source area for much of the alluvial gold historically mined about the villages of Sofala and Wattle Flat and along the Turon River. Hard-rock gold workings occur at Surface Hill, the Queenslander mine, Solitary Reef and other locations.

The Karangi Project is considered to have potential for epigenetic vein, stratabound massive sulphide and exhalative-hosted gold and base metals deposits. There are a very large number of gold, copper, mercury and manganese occurrences within the project area. The Illabo mine and the Beacon Group are the largest past gold producers. At the Mount Brown mine, copper is the predominant metal, while native mercury occurs at the Woolgoola prospect.

There are no Mineral Resources identified within any the NSW projects. In Geos Mining's opinion a tonnage/grade estimate for the Wattle Flat deposit within the Sofala Project does not meet the requirements of the JORC Code 2012 and cannot be considered as a Mineral Resource. In our opinion the issue of most significance relates to the low grade of the deposit and whether it could in fact be economically mined.

VALUATION OF THE QLD AND NSW PROJECTS

The Valuation Date is 21 July 2016.

Geos Mining has utilised two methods to value the AYM assets: Attributable Exploration Expenditure (AEE) method (applied to the NSW projects only) and the Comparable Transaction (CT) method (applied to all projects).

The range of values ascribed to the NSW Projects by the AEE method is between \$2.1 million to \$2.7 million with a preferred value of \$2.4 million. However, we consider that this range reflects a Technical Value range only and is not in line with the current market expectations.

For the CT method, we have compared a total of 15 transactions involving Eastern Australian gold projects with similar mineralisation styles. We note that most of these transactions involve lower grade deposits and, in our opinion, this may have lowered the price paid per resource ounce gold. Geos Mining has also observed that the transaction price paid even a year ago was significantly higher than more recent transactions. For the Forsayth and Sofala Projects, we have assigned a nominal premium to the expected price paid, assuming a range of possible deposit sizes, to arrive at an expected project value. For the early

stage NSW projects we have assigned project values based upon recent transactions where no Mineral Resources are defined.

Our Valuation of the AYM projects, as at the Valuation Date, is summarised in the table below.

Project	Low Value A\$'000	High Value A\$'000	Preferred Value A\$'000
Forsayth	500	1000	750
Sofala	440	660	480
Honeybugle	200	340	270
Karangi	240	410	340
Puggoon	100	120	100
TOTAL	1480	2530	1940

In summary, we consider that the value of the AYM projects is **between A\$1.5 million and A\$2.5 million with a preferred value of A\$1.9 million**. We re-iterate that this valuation does not include any value placed on plant, equipment or infrastructure associated with any of AYM's tenements.

Our valuation of the AYM projects has been constrained by the stringent requirements of the JORC Code 2012 in terms of classifying mineral deposits as a Mineral Resource. The lack of compliance with these requirements, in the cases of the Sofala and Forsayth Projects, has resulted in a significant reduction in project value. However, we consider that, with careful data analysis and ongoing targeted exploration, those projects values could be upgraded, notwithstanding that the current market conditions do not indicate that a premium price could be paid for smaller deposits.

Declarations

PRINCIPLES

The Valuation Report (VR) has been prepared in accordance with the principles and requirements of the VALMIN Code 2015. No opinion has been expressed on matters that require legal or other specialized expertise or knowledge. The conclusions assume continuation of prudent management over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

LIMITATIONS, INDEMNITIES & CONSENT

The opinions expressed herein are given in good faith and Geos Mining believes that any assumptions or interpretations are reasonable. The opinion expressed in the VR is based on information provided to Geos Mining by William Buck and AYM throughout the course of the investigations that reflect the various technical and economic conditions as at the time of writing.

As far as can be determined, Geos Mining believes that the information provided by William Buck and AYM is complete and not incorrect, misleading or irrelevant in any material aspect. While every effort has been made to ensure the accuracy of this Valuation Report, we take no responsibility if the conclusions of this Valuation Report are based on incomplete or misleading data provided by William Buck and AYM, subject to applicable law and the VALMIN Code 2015.

With respect to this report and its use by William Buck, William Buck agrees to indemnify and hold harmless Geos Mining, its shareholders, directors, officers and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law, except in respect to fraudulent conduct, negligence or wilful misconduct, and will reimburse them on a current basis for any legal or other expenses incurred by them in connection with investigating any claims or defending any actions, except where they or any of them are found liable for, or guilty of fraudulent conduct, negligence or wilful misconduct.

This report is provided to William Buck solely for the purpose of assisting William Buck to prepare a report in regard to the proposed conversion of the related party loans to new ordinary shares in AYM.

This report does not constitute a full technical audit, but rather it seeks to provide an independent overview and technical appreciation of the AYM mineral assets. This report may be reproduced only in its entirety and then only with Geos Mining's prior written consent. Draft reports must not be released to the general public without the prior written consent of Geos Mining.

STATEMENT OF COMPETENCE

This report has been prepared by Geos Mining, a Sydney-based geological consultancy that has been operating since 1998, and has been compiled and edited by:

- Jeff Randell, BSc (Hons), MAIG, RPGeo - Senior Consultant
- Murray Hutton, BA (Hons Geology), MAIG – Principal Consultant

Each author has the requisite experience and expertise to be considered a Specialist under the VALMIN Code 2015 for the respective sections that they have compiled.

Jeff Randell is a Specialist, as defined by the VALMIN Code 2015, and is responsible for the preparation and contents of this report. Murray Hutton is a Specialist, as defined by the VALMIN Code 2015, and is responsible for the peer review of this report.

Jeff Randell:

- graduated from Flinders University in 1974 with Bachelor of Science Degree with Honours;
- has 41 years' experience in exploration, mining and evaluation of nickel, gold, copper, lead, zinc, and bauxite projects
- has had at least ten years of relevant and recent experience in Technical Assessment and at least an additional five years of recent and relevant experience in the valuation of Mineral Assets
- is a Member of Australian Institute of Geoscientists (AIG) (membership number 3944) and is a Registered Professional Geoscientist (membership number 10,113).

Murray Hutton:

- graduated from Macquarie University in 1976 with Bachelor of Arts Degree in Geology with Honours,
- has 39 years' experience in exploration, mining and evaluation of gold, copper, lead, zinc and tin projects
- has had at least five years of relevant and recent experience in the assessment and valuation of Mineral Assets;
- is a Member of Australian Institute of Geoscientists (AIG) (membership number 3732).

STATEMENT OF INDEPENDENCE

Geos Mining and its Directors, the authors and immediate families are independent of William Buck Corporate Advisory Services (NSW) Pty Ltd and have no financial interests in:

- William Buck Corporate Advisory Services (NSW) Pty Ltd,
- Australia United Mining Limited,
- any associated companies,
- any joint venture partners involved in the mineral assets
- any of the mineral assets that are the subject of the valuation.

Neither Geos Mining nor the authors of this report have prepared previous reports relating to the Mineral Assets being valued.



Signature:

Name:	Jeff Randell	Position:	Senior Consultant
Qualifications:	BSc (Hons), MAIG, RPGeo	Date:	21/07/2016



Signature:

Name:	Murray Hutton	Position:	Principal Consultant
Qualifications:	BA (Hons, Geology), MAIG	Date:	21/07/2016

COSTS

Geos Mining is being remunerated for this report on a standard fee for time basis, with no remuneration or provision of further work dependent on the outcome of the valuation or the success or failure of the transaction for which the Independent Expert Report was required. The cost of the report is approximately \$20,000.

REASONABLENESS STATEMENT

In undertaking this valuation, Geos Mining has assessed the Technical and Financial inputs pertaining to the AYM projects in an impartial, rational, realistic and logical manner. We believe that the inputs, assumptions, overall Technical Assessment, Valuation Approach and Valuation Method are in line with industry standards and meet the Reasonable Grounds Requirement of the VALMIN Code 2015.

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Introduction

COMMISSIONING ENTITY

This Valuation Report was commissioned by William Buck Corporate Advisory Services (NSW) Pty Limited ("William Buck").

SCOPE & PURPOSE OF REPORT

On 28 June 2016, William Buck commissioned Geos Mining to prepare a VALMIN-compliant Independent Valuation Report of Australia United Mining (AYM)'s mineral assets in Queensland and New South Wales. This report will assist William Buck to prepare an Independent Expert's Report ("IER") in relation to the proposed conversion of the related party loans to new ordinary shares.

PRINCIPLES

The appropriate professional standards for the preparation of valuation and independent expert reports relating to mineral assets are encompassed in the provisions of the VALMIN Code 2015¹. This report² has been prepared in accordance with the principles and relevant sections of that Code. Mineral Resources quoted in this report are reported in accordance with the JORC Code 2012³. Where tonnage/grade estimates are not considered to meet the requirements of the JORC Code then they are not referred to as mineral resources.

A draft of this report has been presented to AYM and William Buck for comment and correction of any errors of fact.

Geos Mining's assessment of the projects and proposed exploration programs and budgets is based on technical reviews of relevant data, including data provided by the company. Geos Mining has accepted this data as being provided in good faith and we have no reason to believe that any technical information obtained or provided is erroneous or misleading.

Geos Mining has conducted limited checks on the status of the various tenements concerned, but we have not undertaken a full legal due diligence of the tenements.

DATE OF VALUATION

The Valuation Date is 21 July 2016.

¹ Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports, 2015 (the "VALMIN Code 2015") published by AusIMM (<http://www.ausimm.com/codes/valmin.asp>)

² For the purposes of the VALMIN Code 2015, the present report is a Valuation Report, which deals with the Valuation of Mineral Assets

³ Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 published by the Joint Ore Reserves Committee

DISCLOSURE BY GEOS MINING

Geos Mining was appointed as tenement agent for AYM's NSW projects on 20 October 2015 and for the Queensland project on 22 June 2016. Geos Mining's responsibilities are to:

- Act as authorised tenement agent, including the signing of documents, on behalf of the Company
- Administer the Company's tenements as required under all prescribed governing bodies
- Lodge statutory reports, dealings and assignments as requested by the Company
- Obtain copies of the Company's technical reports and tenement documents, as requested
- Make applications on behalf of the Company, including renewals, partial and full relinquishments and variations

Geos Mining is recompensed for this work on an hourly rate basis with no success fee.

AYM MINERAL ASSETS

AYM and its wholly owned subsidiaries, Fortius Mines Pty Ltd and Icarus Mines Pty Ltd, hold a 100% registered interest in three granted mineral tenements in Queensland and four granted exploration licences in New South Wales (Figure 1 and Table 1).

Tenement	Name	Location	Registered Holder	Area	Grant Date	Expiry Date	Status
EL7041	Honeybugle	NSW	Icarus Mines P/L	32 km ²	24/01/2008	23/01/2016	Renewal lodged
EL7155	Puggoon	NSW	Icarus Mines P/L	23 km ²	23/06/2008	22/06/2016	Renewal lodged
EL7423	Sofala	NSW	Fortius Mines P/L	77 km ²	30/11/2009	29/11/2017	Granted
EL8402	Karangi	NSW	Fortius Mines P/L	225 km ²	29/10/2015	28/10/2018	Granted
EPM14498	Forsayth - EPM	Qld	Australia United Mining Ltd	59 km ²	16/01/2006	15/01/2021	Granted
ML3417	Forsayth - Ropewalk 1	Qld	Australia United Mining Ltd	130 ha	01/04/1987	31/03/2018	Granted
ML3418	Forsayth - Ropewalk 2	Qld	Australia United Mining Ltd	110 ha	01/04/1987	31/03/2018	Granted

Table 1: AYM Tenements (as at 21 July 2016)

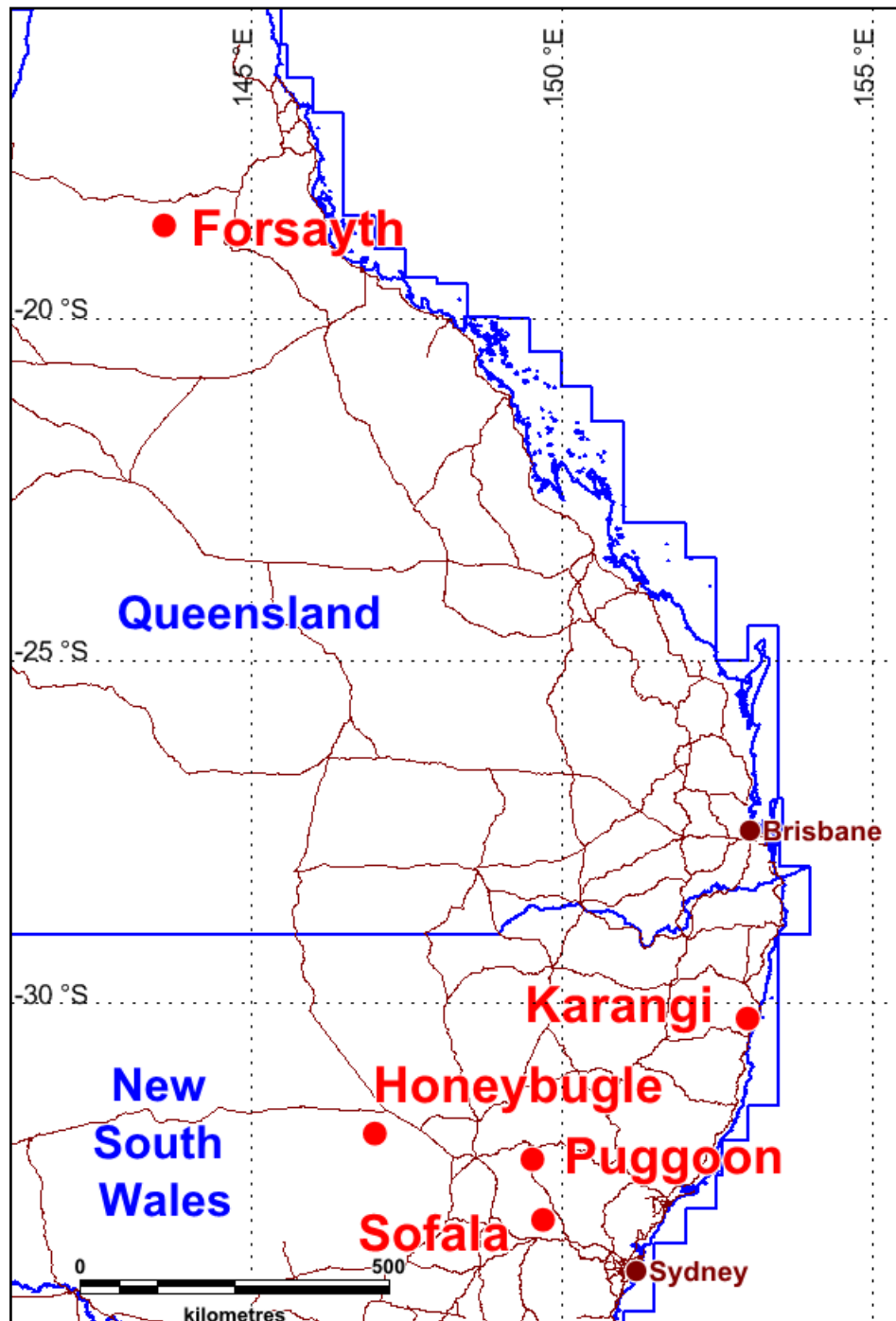


Figure 1: Location of AYM's Queensland and New South Wales Projects

DUE DILIGENCE OF AYM'S MINERAL ASSETS

Geos Mining has not undertaken a full legal due diligence of the AYM tenements or agreements pertaining to those tenements. However, we have conducted independent searches of AYM's tenements by accessing the various Government databases. Tenement information has been collected from the Queensland Department of Natural Resources and Mines (DNRM) mapping website at <https://minesonlinemaps.business.qld.gov.au/SilverlightViewer/Viewer.html?Viewer=momapspublic> and the NSW Department of Industry – Resources and Energy titles (DTIRE) website at <http://minview.minerals.nsw.gov.au/mv2web/mv2?cmd=MainMap&topic=ttl>.

We have also sighted each tenement 'Resource authority public report' downloaded from the Queensland DNRm and a 'full report' from the NSW DTIRE Titles Administration System.

Australia United Mining (AYM) is an Australian company that listed on the Australian Stock Exchange on 19 September 2011 with 726.3 million shares currently on issue. Share price at 21 July 2016 was \$0.003, giving the company a market capitalisation of \$2.2 million. AYM formerly traded as Altius Mining Limited until 29 September 2014.

Fortius Mines Pty Ltd and Icarus Mines Pty Ltd are unlisted companies registered with the Australian Securities and Investments Commission (ASIC). Both companies are stated as 100% subsidiaries of AYM (Australia United Mining Limited, 2016).

Data Sources

SOURCES OF INFORMATION

This report has been based on data, reports and other information provided by AYM, supplemented by data obtained through publicly available sources. We have met with the Company Secretary of AYM and obtained data from her.

AYM provided digital copies of their project data from the server in the AYM Sydney office. In addition, the tenement agent for the Forsyth project provided relevant data relating to the administrative management of the Queensland tenements. Data made available for this Valuation Report include:

FORSYTH PROJECT

- Numerous historical exploration reports, including plans, pre AYM for the area covering EPM14498
- Various prospect geological maps
- Large number of GIS files in Mapinfo format, including tenement, geology, geophysical and topographic data
- Landholder 'notice of entry' forms and deceased access agreements
- Various mining related documents, including plant assessments and scoping study proposals from several independent consultants
- Annual technical reports for EPM14498 from 2009-2016 (2015 report missing)
- Compilation maps, notes from consultant C. Green
- Geophysical interpretation report on aeromagnetic survey
- Tenement data, including licence documents, renewal applications, variations to conditions
- Valuation report dated 2009 (Minnelex Pty Ltd, 2009)
- Mineral resource estimation report dated 2008 (MU Geological Consulting, 2008)

Data not provided or sighted include:

- Validated drilling database
- Evidence of recent mineral resource estimation documentation
- Inventory of infrastructure on site

SOFALA PROJECT

- Numerous historical exploration reports, including plans, pre-AYM for the area covering EL7423
- Large number of GIS files in Mapinfo format including tenement, geology, geophysical and topographic data
- Landholder lot/DP title searches
- Drillhole data in Micromine format
- Geophysical data files from aeromagnetic survey
- Annual technical reports for EL7423 from 2010-2015
- Tenement data including licence documents, renewal applications, variations to conditions
- Draft resource estimation report

PUGGOON PROJECT

- Large number of GIS files in Mapinfo format including tenement, geology, geophysical and topographic data
- Annual technical reports for EL7155 from 2009-2015
- Tenement data including licence documents, renewal applications, variations to conditions
- Geophysical data files from aeromagnetic survey
- Ground magnetics survey interpretation

HONEYBUGLE PROJECT

- Large number of GIS files in Mapinfo format including tenement, geology, geophysical and topographic data
- Numerous historical exploration reports, including plans, pre AYM for the area covering EL7041
- Various prospect geological and field maps
- Annual technical reports for EL7041 from 2009-2016
- Tenement data including licence documents, renewal applications, variations to conditions

KARANGI PROJECT

- Annual technical reports for former EL7332

PROJECT SITE INSPECTIONS

The VALMIN Code 2015, Clause 11.1, requires that site inspections be carried out where such inspection is likely to reveal information that is material to a report. For the purposes of this report, a site inspection was carried out at the Forsayth Project on 12 July 2016.

Recent site inspections were not carried at any of the NSW projects for the following reasons:

- The Honeybugle, Puggoon and Karangi Projects are early stage exploration projects with little on ground exploration completed. There are no Mineral Resources identified.
- The Sofala Project has considerable previous exploration, including drilling, completed and a tonnage/grade estimate was prepared (draft only). The author visited the project in late 2015 for the purpose

of landholder relations at the two main prospects, Wattle Flat and Queenslander. Planned drilling sites were inspected and some previous drilling collars located.

Forsayth Project

TENEMENTS

The Forsayth Project comprises granted exploration permit EPM14498 (area 59km²) and included mining leases ML3417 and ML3418 (Figure 2). We note that Restricted Area 408 covers the northern half of the northern block of EPM14498; the grant of any mining tenure is prohibited in this area, excluding EPM14498 and its successor mining titles.

Tenement	ML3417	ML3418	EPM14498
Permit Name	Ropewalk 1	Ropewalk 2	Forsayth EPM
Status	Granted	Granted	Granted
Application Date	05/11/1984	05/11/1984	28/01/2004
Grant date	01/04/1987	01/04/1987	16/01/2006
Last renewal	11/09/2010	11/09/2010	10/02/2016
Expiry Date	31/03/2018	31/03/2018	15/01/2021
Holder	AYM	AYM	AYM
Area	130 ha	110 ha	18 sub blocks (~59 km ²)
Minerals Sought	Copper, lead, silver, zinc, gold	Copper, lead, silver, zinc, gold	All except coal
Purpose	Mining	Infrastructure	Exploration

Table 2: Tenement Details, Forsayth Project

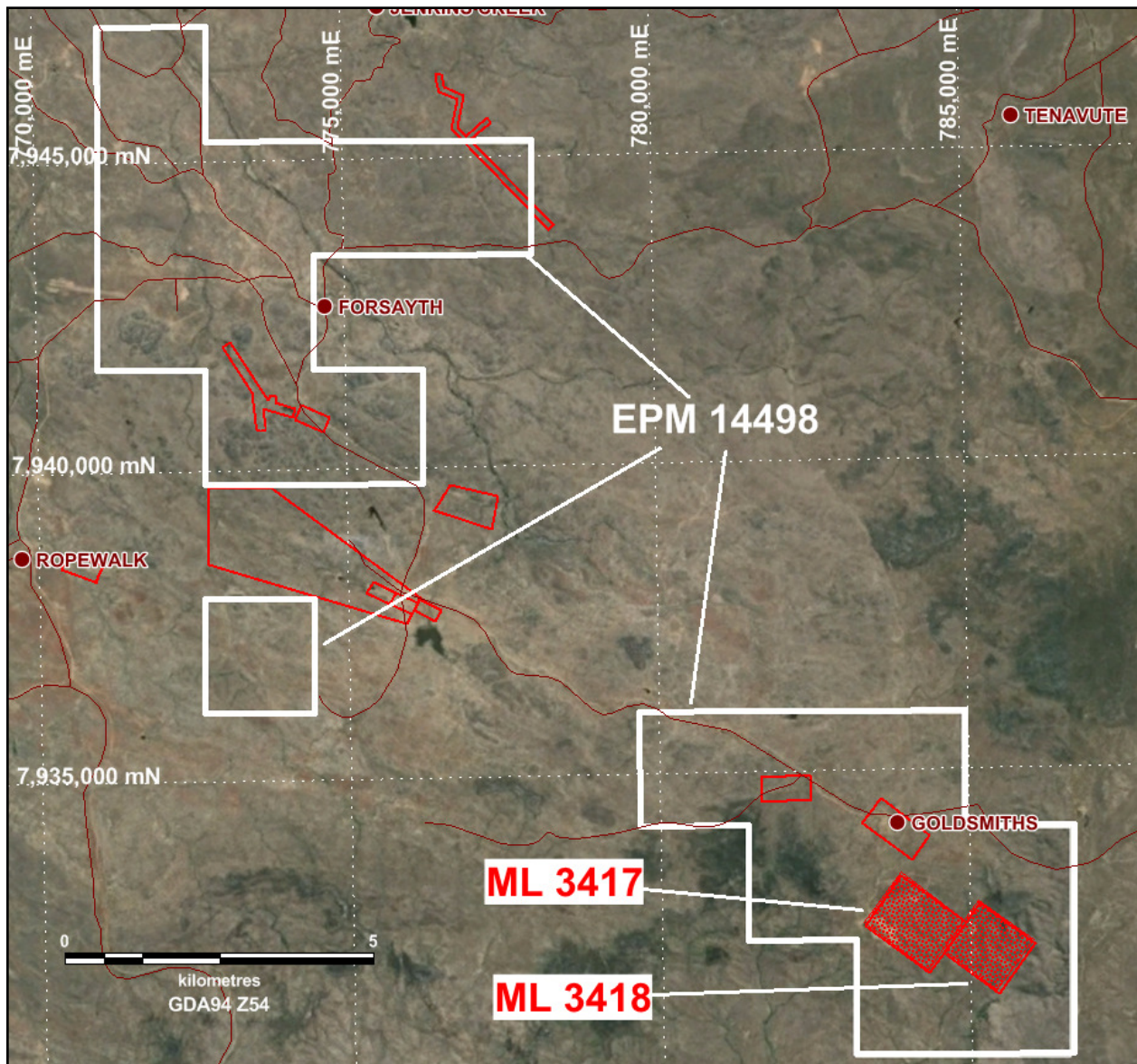


Figure 2: Forsyth tenements with Google Earth image underlay

There are five Mining Leases held by other parties either within or adjacent to EPM14498 (unfilled red boxes on Figure 2). These tenements are not included as part of this valuation report.

LOCATION, ACCESS & TOPOGRAPHY

The project is centred around and to the southeast of the small mining/grazing community of Forsyth on the Georgetown-Forsyth road in Far-North Queensland (Figure 3). Access to the licence area is very good, via the above road and various council-controlled gravel roads and locally, farm tracks.

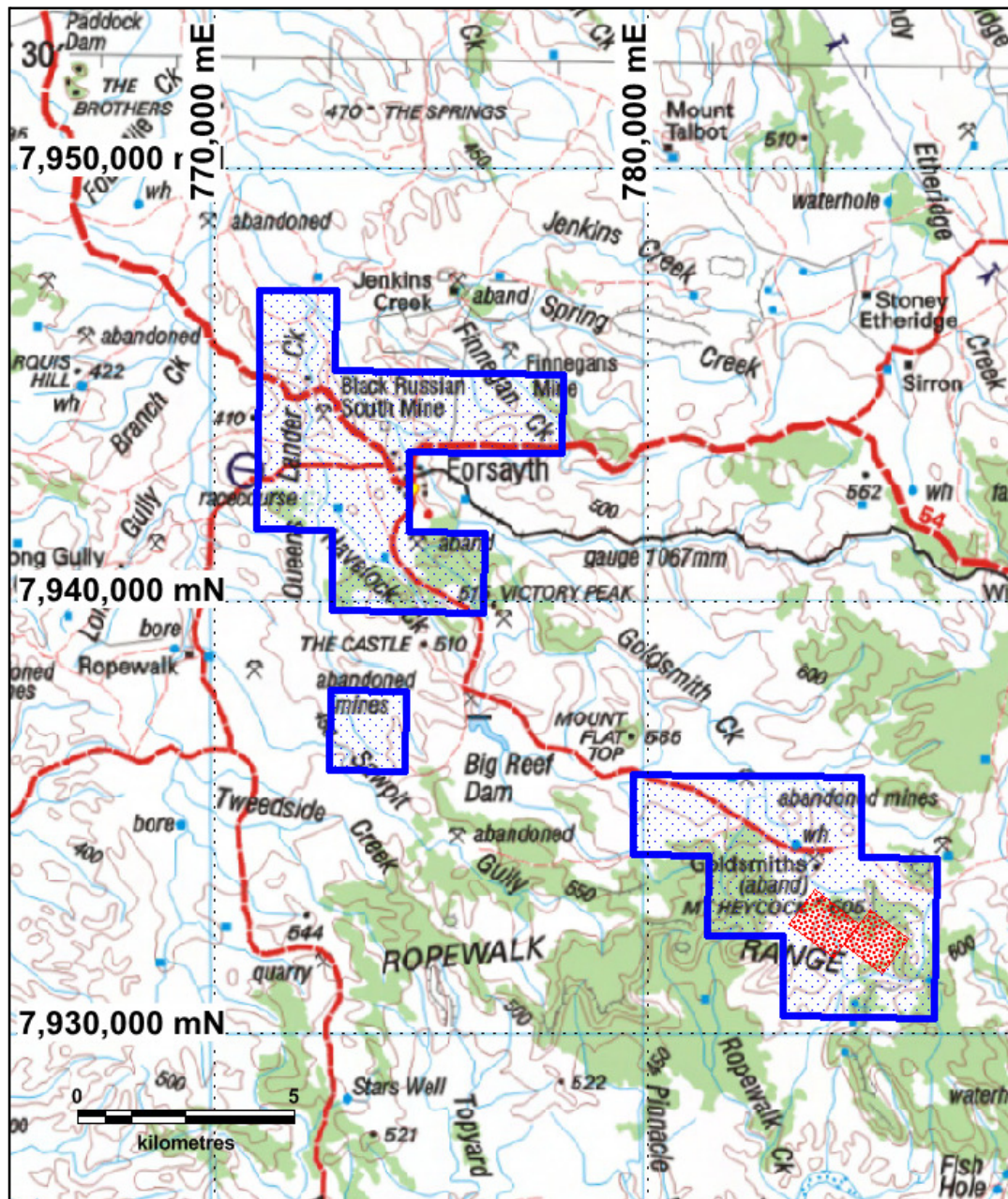


Figure 3: Topography within Forsyth Project region (MGA94 Zone 54 co-ordinates)

SITE VISIT

A site visit was undertaken by Jeff Randell on 12 July 2016. The visit included the inspection of (Figure 4):

- the Ropewalk open cut, main lode and infrastructure within the mine environs
- selected drill core from AYM drilling campaigns available on site within ML3417
- the Lady Franklin, Flying Cow and New Gossan prospect areas within ML3417 & ML3418
- selected drill collar sites from AYM drilling campaigns
- the Nil Desperandum workings within EPM14498
- general layout of other prospects areas within EPM14498, including Caledonian (Canadian West) and Goldsmiths (Canadian East)

Other small prospects were not visited due to lack of landholder permission and time constraints. However, it is our opinion that, based upon the information provided, the majority of the project value is contained within ML3417 and to a lesser extent ML3418. This does not imply that future exploration should avoid the other prospect areas.

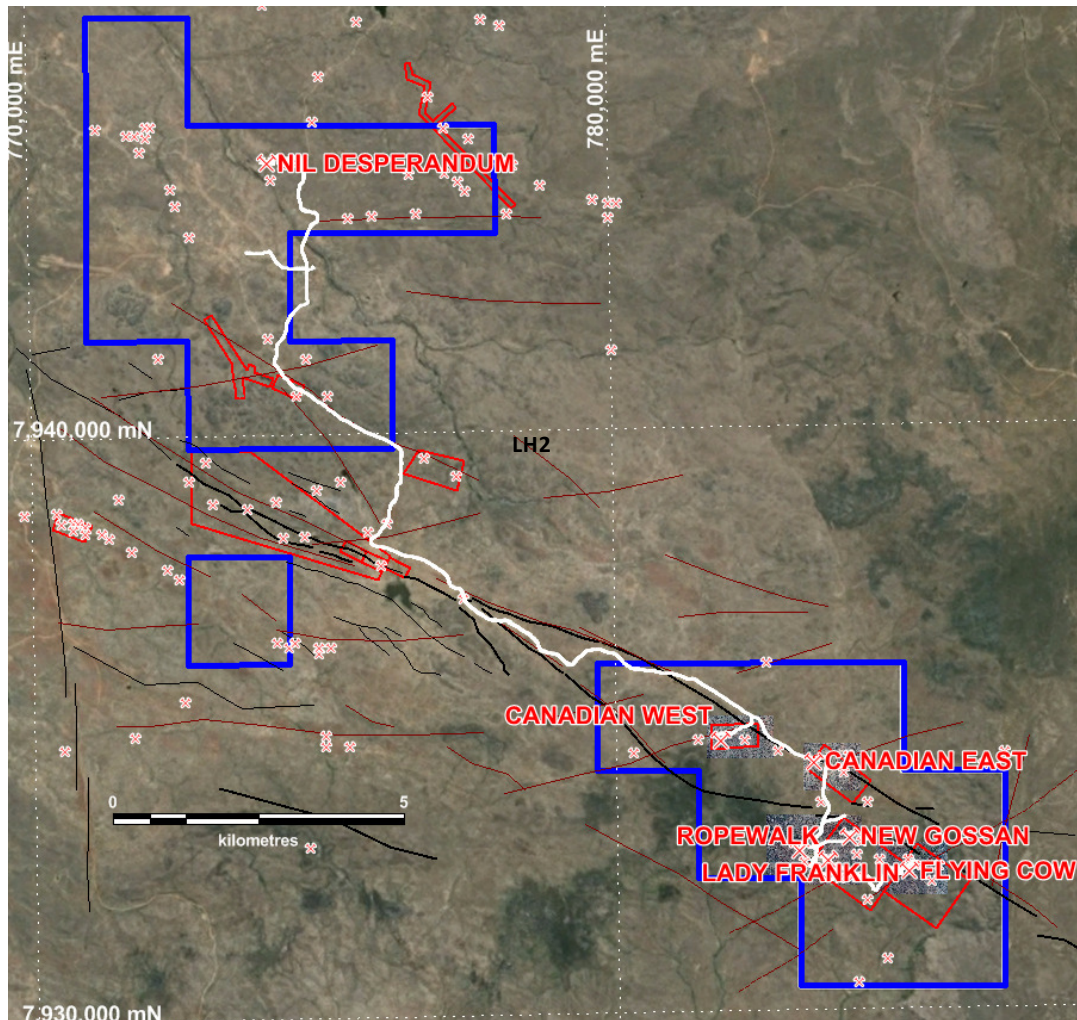


Figure 4: Site visit prospect areas (MGA94 Z54 co-ordinates)

NATIVE TITLE

A search of the National Native Title Tribunal Register indicates that the Forsayth Project tenements overlap two determined Native Title claims (Table 3 and Figure 5). QCD2013/006 covers the immediate area around the township of Forsayth while QCD2013/007 covers the entire region shown on the map outside of QCD2013/006.

Tribunal No	Name	Status	Date registered	Applicant
QCD2013/006	Ewamian People No.2	Determined	03/12/2013	Barry Fisher & Others on behalf of the Ewamian People No.2 vs State of QLD
QCD2013/007	Ewamian People No.3	Determined	03/12/2013	Barry Fisher & Others on behalf of the Ewamian People No.2 vs State of QLD

Table 3: Forsayth Project - Native Title Status

Geos Mining has not sighted any evidence that AYM has commenced negotiations with the Native Title claimants.

A search of the cultural heritage register makes no mention of any significant cultural objects within the project area.

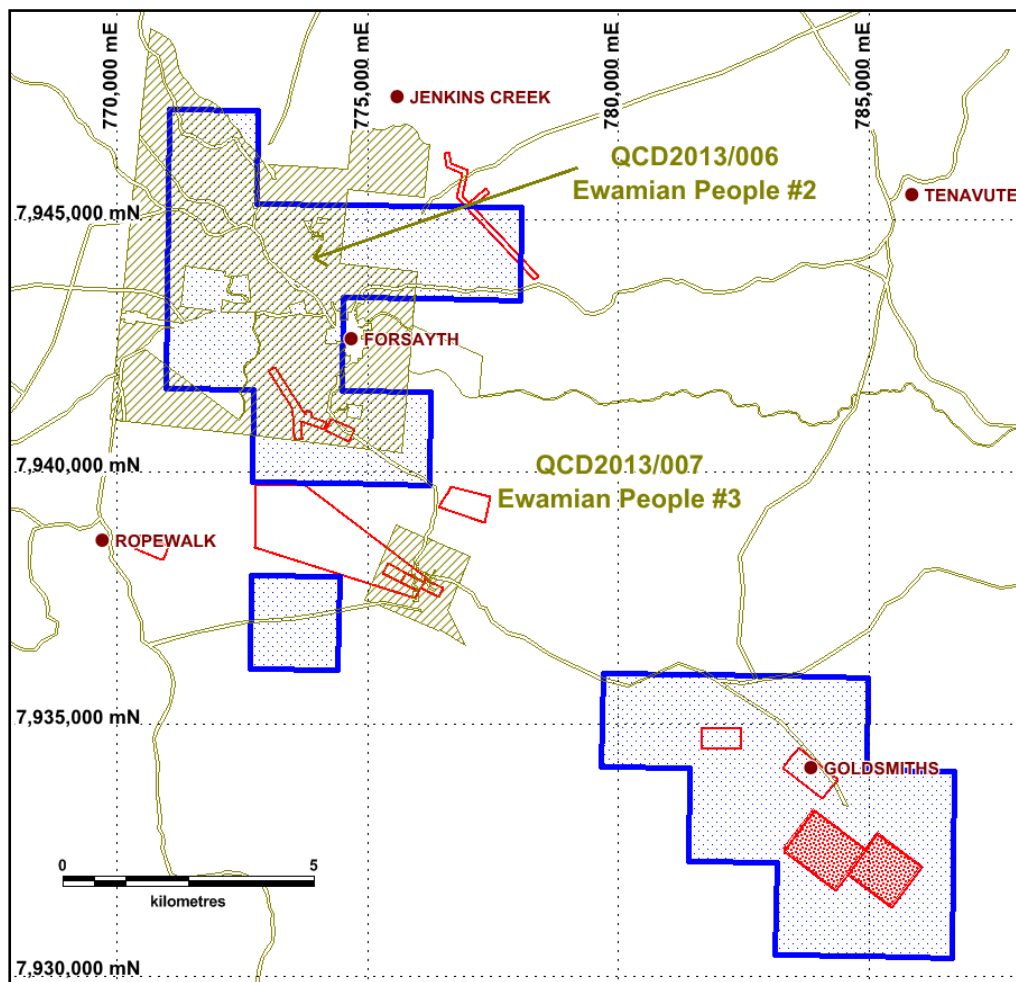


Figure 5: Location of NT Claims

ENVIRONMENTAL CONSIDERATIONS

There are no environmental constraints noted within the Forsayth Project in terms of Environmentally Sensitive Areas. The environmental authorities of both granted tenements include a condition of

compliance with the Code of Environmental Compliance for Exploration, Mineral Development and Mining Lease projects.

EPM14498 has been granted a Level 2 Code Compliant Environmental Authority (MIC200692808).

ML3417 and ML3418 have been granted a Level 2 Non-Code Compliant Environmental Authority (MIN201876810). We have not sighted the Environmental Authority instrument but surface disturbance on a 2012 Annual Return was stated as 8.715 ha. A document dated April 2009 and titled “Transitional Environment Program – Ropewalk Project” “describes the actions proposed by ReMine Limited to commence rectification of the environmental issues neglected by previous mine operators.” Geos Mining has sighted follow up correspondence from the Department of Environment and Heritage Protection dated 19 May 2016 indicating that the site is now compliant with the Environmental Protection Order.

PROJECT HISTORY

Information on the history of exploration within the Forsayth Project area has been sourced from (MU Geological Consulting, 2008) and (Minnelex Pty Ltd, 2009), but has not been reviewed in detail. At least 18 companies, as well as a number of individuals, have explored in the area with the most notable in terms of AYM’s tenement being summarised below.

HOWARD-SMITH EXPLORATION/ QUEENSLAND METALS CORPORATION (1982-1985)

- comprehensive stream sediment program
- detailed soil sampling, IP/Resistivity surveys, aeromagnetics
- percussion drilling (120 holes) and diamond drilling (6 holes)

AUSTRALIAN MAGNESIUM CORPORATION (1980-1984)

- stream and soil sampling and grid mapping
- percussion and diamond drilled giving encouraging results at a number of prospects. No mineral resource estimations were carried out.

CASTLEGOLD PTY LTD/ SEDIMENTARY HOLDINGS LTD (1990s)

- shallow drilling on the old workings and deeper drilling at the Queenslander mine
- examined a number of historic veins in the Forsayth area
- completed diamond drilling at the Queenslander mine.

UNION MINING NL

- built a small gold treatment mill close to Georgetown and developed a number of satellite mines from within the Altius tenements and elsewhere to feed the mill

- mapping, dump sampling, trenching, RAB drilling
- mining was generally limited to a depth of 20m depth. No deep drilling was undertaken
- carried out some limited open slot mining on an extension of the Queenslander line of lode.

JOHN SAINSBURY CONSULTANTS PTY LTD (2003)

- purchased the two MLs in 2003 and took out two EPMs to cover the historic gold reefs in the area
- started gold mining from the MLs and 30,000t of reef material was dug and stockpiled. Through the latter half of 2006, the stockpiled rock was taken from site and trucked to Charters Towers for treatment through the gold mill owned by BMA Gold. Approximately 4000t of rock were trucked and treated.

ALTUS MINING

- constructed a small treatment plant incorporating crushing and grinding, shaking tables and cyclones and mined an unknown tonnage of the Ropewalk oxide mineralisation. This mineralisation was stockpiled but none was treated.

Work completed by AYM has included:

- land access, literature search, geophysical data interpretation
- airborne magnetics/ radiometrics survey and interpretation
- lode sampling/ geological mapping
- IP surveying
- Soil sampling
- Diamond drilling

GEOLOGICAL SETTING & MINERALISATION

The discussion of the regional setting and mineralisation style is comprehensively reported in (Minnelex Pty Ltd, 2009).

GEOLOGICAL SETTING

The tenements lie within the Forsayth Province of the Georgetown Inlier. The inlier has a complex structural history involving six deformation episodes of the Archean to Proterozoic Etheridge Group. Basement rocks are affected by regional brittle faults, some of tens of kilometres in length, that are of at least early to mid Paleozoic age. Within the project area, the northwest trend of the Big Reef Fault is the predominant control, south of Forsayth. North of Forsayth, predominant fault control appears to be east-west. The low to high grade metamorphic Proterozoic metasediments are of generally shallow water terrestrial origin with an increase in metamorphic grade from west to east up to granulite facies (Figure 6).

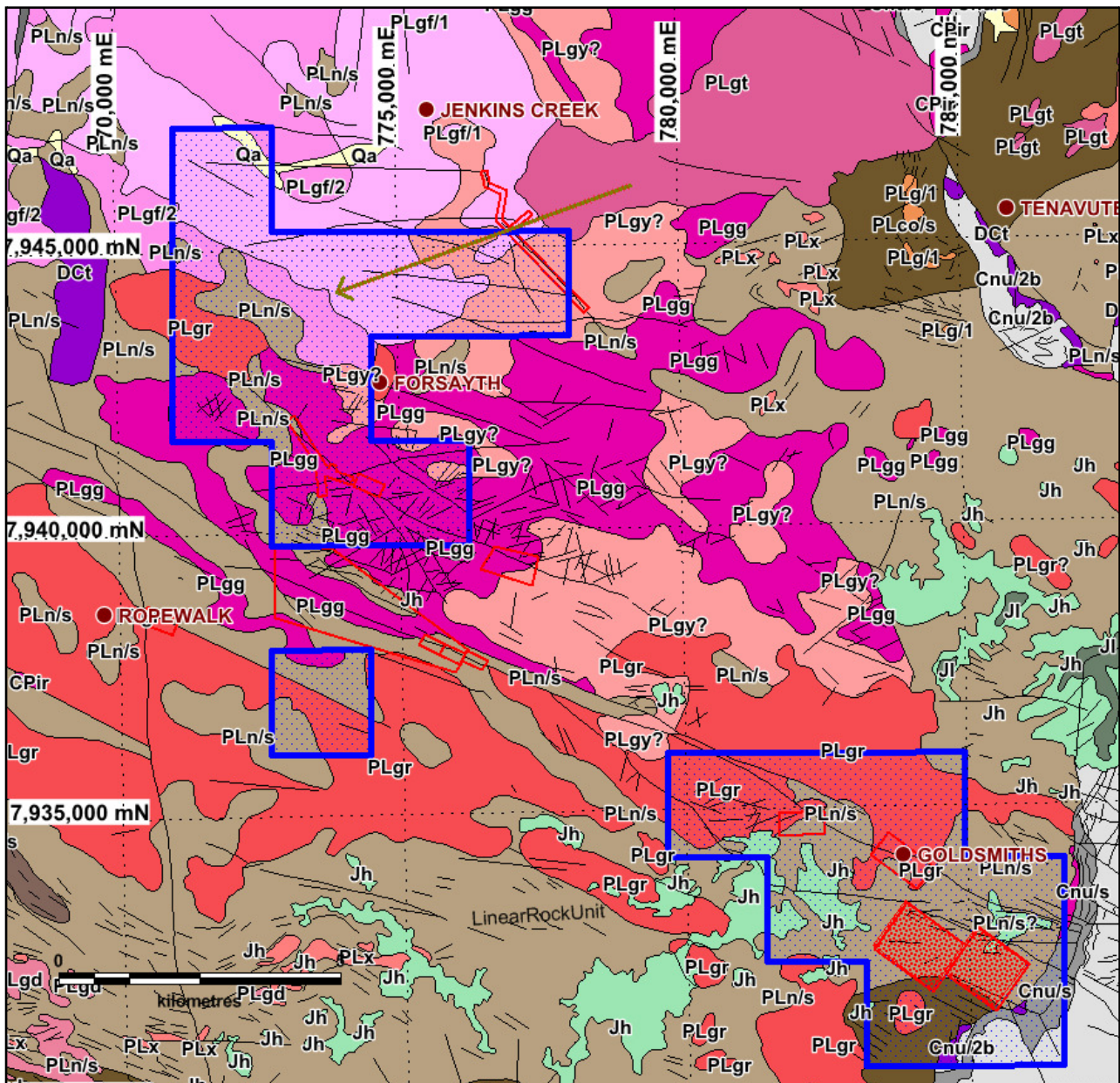


Figure 6: Local Regional Setting

Geologically the Georgetown Province has excellent potential for bulk tonnage low grade gold mineralisation and for smaller tonnage but much higher gold grades, possibly exceeding 30 g/t. Altius expects to outline a number of deposits of 100,000t — 250,000t with a grade of 8 g/t or better (Minnex Pty Ltd, 2009).

The mineralisation is classified as being part of the intrusion related gold deposit style ("IRGD") that is related to pluton sourced mineral rich volatiles. This model includes diverse mineral deposit types and, for the Georgetown region, they vary from epithermal quartz Au-Ag in veins and breccias to carbonate base-metal Au-Cu veins. Brittle faulting and fracturing related to the emplacement of regional scale granite batholiths during the Siluro-Devonian provided the means for the gold mineralisation of the Etheridge Goldfield. The gold is generally hosted by 1m-3m wide quartz veins with low sulphide content. South of Forsyth, the tenements cover a 15 km length of the Big Reef Fault. Gold reefs occur in faults of all orientations. This fault zone is the locus for several historic gold occurrences in the region and probably

includes the Ropewalk Mining Leases 3417 and 3418. A broader corridor of shear-hosted mineralisation occurs sub-parallel to the Big Reef Fault and hosts all the main gold occurrences in EPM14498. The gold mineralisation is usually accompanied by significant silver and lesser base metal mineralisation.

Sulphide and gold-bearing quartz veins typically infill the major fracture faults and zones of sub parallel faults. Commonly the quartz veins occur in well-defined zones bounded by steeply dipping faults, fractures and silicified cataclasites. Most mineralised prospects occur along a single well-defined fault zone that is traceable through the exposure for several metres. The Just in Time and Ropewalk workings each consist of at least two sub-parallel fault zones several metres apart.

Most of the mineralised prospects are hosted in either NE- or WNW-striking fault zones. The two most notable exceptions are Flying Cow, which is hosted in a N-S structure, and the Lead Prospect, which is hosted in an E-W-striking fault zone. The dominant structural trend of the Forsayth area is defined by a set of regional scale WNW-striking faults and lineaments. An additional set of N and NE-striking faults cuts the region and is interpreted as part of the same conjugate set as the WNW-striking faults.

The origin of gold deposits in the Georgetown Inlier is thought to be allied to late stage derivatives of the Forsayth Granite, probably remobilised by subsequent events and concentrated in structural traps.

GOLD PRODUCTION AND PROSPECTS

Information discussed below has been summarised from (MU Geological Consulting, 2008), (Minnelex Pty Ltd, 2009) and (Leu, 2010).

The Etheridge Goldfield, discovered in 1867, produced about 600,000 oz gold, although recorded production in the Forsayth area is apparently at least 50% incomplete. Of the two largest mines, the Caledonian produced 10,900 oz from 9,200t of ore and the Ropewalk, 1,931 oz from 2,263t of ore.

Over 50 historic gold workings, prospects and significant past producing mines occur within EPM14498 and the surrounding region. Most modern exploration concentrated on a vein, subsequently called the Ropewalk, that was first worked from 1890-1910.

Lady Franklin – Ropewalk - Electron

Howard Smith located a number of high grade gold occurrences (gossanous quartz-carbonate-pyrite-galena-chalcopyrite veins about 200m in length and 1-2m wide. Only two veins were developed, despite high outcrop values, the best being the Ropewalk mine, which had a recorded production history of 1,352t @ 24.9 g/t Au. Ropewalk is a well-defined lode or shear zone structure (Photo 1, Photo 2, Figure 7) at least 360m in length and between 2m and 3.5m in width, as exposed in trenches, the open cut and old pits. The Electron workings were not located during the site inspection and appear to have been destroyed during road works.

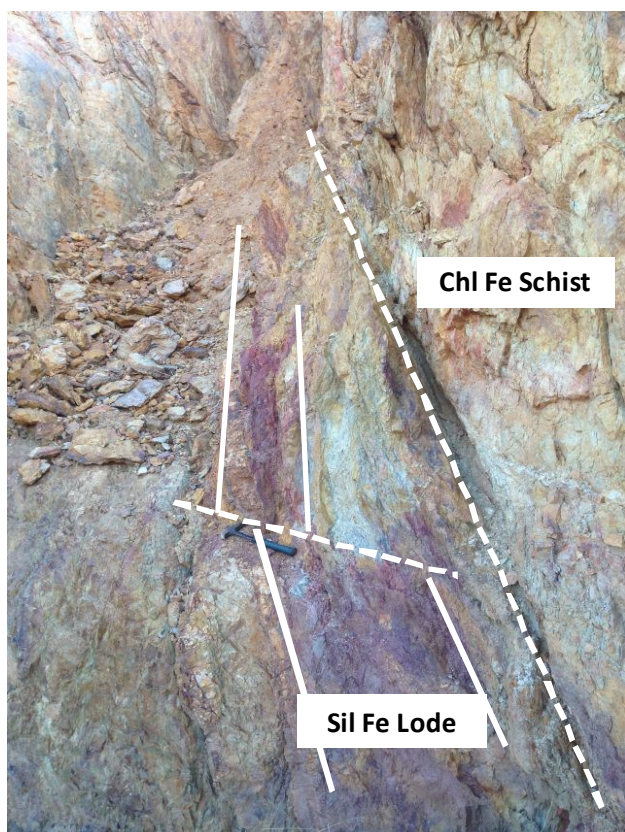


Photo 1: Ropewalk Lode in upper slot of open cut (hammer for scale)



Photo 2: Detail of Photo 1

AYM established a small mining operation at Ropewalk in 2010-2012 and setup considerable infrastructure on site including crushing and treatment facilities and accommodation (Photo 3).



Photo 3: Ropewalk, part of infrastructure setup

Details of actual production have not been located, but we note that (Laing, 2012) estimated 232,500t of material was removed from the Ropewalk Pit and an 'ore stockpile' of ~3,000t remains near the open pit. (Laing, 2012) recorded a scathing summary on the outcome of the mining operation at Ropewalk and, for this discussion, suggested a notional grade of only 2.1 g/t Au for this material (Photo 4, Photo 5). Reliable

details of grades have not been located by AYM and, without supporting tonnage or grade data, we have not included this material in the valuation.



Photo 4: Crushed Ropewalk 'ore'



Photo 5: Detail of Photo 3

AYM reported that the lode in the bottom of the pit was sampled and returned high grade gold values. Geos Mining inspected this site and observed three mineralised lodes as follows:

- Main lode 0.75m to 1.0m wide (Photo 6)
- Second lode, 7m to the east of Main lode 0.4m wide
- Third lode, 5m to the east of Second lode, 0.4m wide

We have sighted the original laboratory certificates that reported values of 5.41 g/t Au and 15.65 g/t Au from two rock samples taken from this lode position.



Photo 6: Ropewalk Main Lode, bottom slot in open pit

QMC drilled at least 80 shallow holes in the Ropewalk area and reported significant intersections such as:

- 2m @ 33.75g/t Au from hole RWP43
- 1m @ 24.0g/t Au from hole RWP29
- 2m @ 12.75g/t Au from RWP17.

The Lady Franklin mine produced 911t @ 29.0 g/t Au and is a westerly extension of the Ropewalk lode. Workings comprise a shaft and pits that extend over a strike of 250m (Photo 7, **Error! Reference source not found.**) and may connect with or intersect the Ropewalk lode, or be fault offset. Between the Ropewalk and Lady Franklin workings, the lodes may form a localised intersection-breccia zone. QMC drilled 6 percussion holes for 229m into the prospect.



Photo 7: Lady Franklin shaft



Photo 8: Lady Franklin dump showing mineralised quartz

QMC drill tested 160 metres of strike along the main line of old workings. The best results were 1.2 metres @ 5.96 g/t Au and 2 metres @ 3.03 g/t Au, although other lower grade intersections included 4 metres @ 1.96 g/t Au and 7.3 metres @ 1.61 g/t Au. It was concluded that the higher grades define a possible west-north-west pitch to the main auriferous zone. QMC noted that considerable potential along strike had not been tested. In 2014, AYM carried out diamond drilling along strike from the Lady Franklin workings (Figure 7). Core from one hole, L27ZK1, was inspected to compare the reported assays against the lithological visual description.



Figure 7: AYM drilling completed at Lady Franklin

The assayed intersections were recorded as:

- 80.0m to 80.7m - 0.53 g/t Au: silicified carbonate veined quartz eye schist (Photo 8)
- 80.7m to 81.2m – 20.0 g/t Au: quartz vein with stockwork of ferruginous veinlets (Photo 9)
- 81.2m to 82.2m – 15.0 g/t Au: strongly ferruginous silicified chloritic schist (Photo 10)

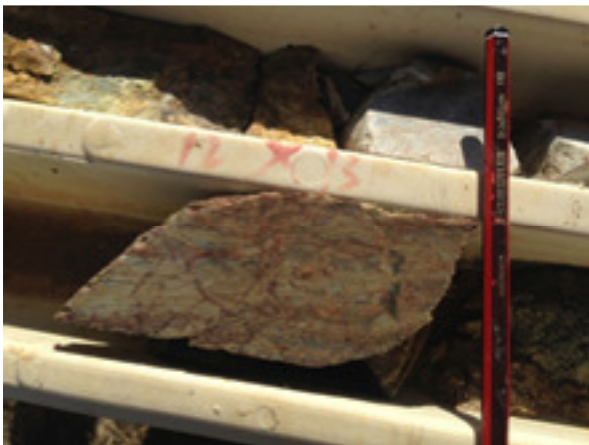


Photo 8: Drill hole L27ZK1, 80.1m



Photo 9: Drill hole L27ZK1, 81.3m



Photo 10: Drill hole L27ZK1, 83.2m

In Geos Mining's opinion, the observations of core mineralogical characteristics are consistent with the reported zones of mineralisation. Without independent sampling and assaying, however, we cannot verify the grades of mineralisation reported.

Flying Cow

Exploration carried out since 1980 located a number of outcropping high-grade gold-bearing veins that apparently had never been mined. QMC dug seven trenches (390m) on the Flying Cow prospect and drilled 18 percussion holes for 748m and one 10m diamond drill hole. Drillhole and trench locations were reported relative to a local grid. However, there is a lack of grid reference points and so the locations are not accurately known.

Four holes produced intercepts with grades greater than 1 g/t Au:

- FCP 6: 6.0 m true width @ 5.9 g/t Au and 17 g/t Ag from 8m
- FCP 7: 2.0 m true width @ 2.1 g/t Au and 12 g/t Ag from 10m
- FCP 13: 2.0 m true width @ 24.9 g/t Au and 84 g/t Ag from 34m
- FCP 15: 1.5 m true width @ 6.9 g/t Au and 18 g/t Ag from 35m

AYM attempted to access some workings in the vicinity through an old adit. It is unclear what work was actually done; there appears to have been no production but it was noted that air compressor facilities are still located on site (Photo 11). A document dated 16 August 2012 noted that the objective was to "re-furbish the Flying Cow Underground mine and re-commence underground operations to mine and stockpile sulphide ore one [sic] the relevant regulatory approvals are in place." We have sighted several documents that attempt to estimate mineralisation grade and tonnes and from which mine plans were designed. These appear to be based on grab sample assay results together with some underground surveying/mapping to determine mineable panels. There appears to have been no validated geological or geochemical evidence to support a mining proposition in terms of identifying mineral resources, determining metallurgical characteristics of the mineralisation or other modifying factors necessary to commit to a viable mining operation.



Photo 11: Flying Cow prospect showing adit and compressed air line

New Gossan Prospect

This occurs about 500m north of the Ropewalk mine and was examined briefly by the QMC group from 1982-83. The prospect originally consisted of a line of historic prospecting pits along some 250m to 300m of a shear zone structure. QMC collected nineteen rock chip samples of gossanous lode material that averaged 9.3 g/t Au and 10.0 g/t Ag. The presence of multiple lodes and quartz stockworks is evidence for a potentially wider zone of gold mineralisation. The prospect does not appear to have been the target of previous exploration drilling.

Some minor production appears to have been completed here by AYM in line with the observed surface disturbance and the comment made in a note dated 14 August 2012: "The plan now is to still pull out the small amount of exposed ore in the upper bench, and to pull out a small pod of high grade ore from the surface at Flying Cow, plus treat some ore stockpiles at New Gossan." We have not sighted any production records or evidence of grades obtained from these 'ore stockpiles'.

Nil Desperandum

This was mined intermittently between 1878 and 1942 by means of open cut and underground workings over a length of about 600m and maximum depth of 152.5m. The average mine width was 2m and the lode shear, which can be traced for 2 km east of the Delaney River, is marked by limonitic gossanous quartz

outcrop, pits and shafts (Photo 12). The reef is reported to be heavily mineralised with galena, pyrite, chalcopyrite and sphalerite.



Photo 12: Nil Desperandum main shaft showing probable winder foundations

Production figures suggest an average recovered grade of 50.37 g/t Au; above 85m depth it was reported to average 53.7 g/t Au while between the 85m and 116m levels the average grade dropped to 30.4 g/t Au. During 1993 Union Mining constructed 11 trenches and completed 5 drillholes, two of which returned significant assays:

- ND1: 6m @ 9.14 g/t Au from 7m, including 2m @ 18.87 g/t Au from 7m
- ND2: 2m @ 1.84 g/t Au from 9 m.

Queenslander

Mining was conducted from a series of shafts on several levels to a depth of 110m and for a length of 460m. Two converging lodes occur, the Queenslander and Little Queenslander. The Little Queenslander line appears to have been worked over a strike length of 200m. The individual lodes consisted of mineralized quartz veins within a shear zone, and were 0.3 to 0.75m in width. Production figures suggest an average recovered grade of around 44-47 g/t Au from the oxide ore (up to 20m depth), while the sulphide ores yielded some 45 g/t Au by crushing and amalgamation and considerably more when

concentrates were smelted. Grades are believed to have become more variable with depth in the sulphide zone.

Castlegold mapped the area and sampled the dumps with a view to processing the available material. They also drilled seven diamond holes into the mine deeps below 110m level and established continuity of the ore zone to depth. The drilling suggests there is considerable potential at depth and along strike. Some of the more interesting intersections include:

- DH1: 0.25m @ 14.2g/t Au
- DH4: 0.33m @ 15.9g/t Au
- DH5: 1.7m @ 19.9g/t Au

The Queenslander group of workings was thought to offer significant potential for further high grade mineralisation along strike from the historic workings on both lines of lode. A total combined strike length in excess of 600m was evident to depths in excess of 100m.

Pinnacles Workings

The Pinnacles workings occur along strike from the Nil Desperandum workings some 3 km to the east. Production was 787.9t at an average grade of 70.0 g/t Au. The reef was 1.0 to 2.0m in width and mined to a depth of 43m over less than 30m of strike. Two reefs, consisting of massive quartz veins some 10-12m apart were worked.

Other Prospects

Within the northern blocks of EPM14498 are the Melba-Mountaineer-Struggle line of workings and the Forget-Me-Not-Settler line of workings. The former extend over a 600m strike length of a fault/shear structure. Production by Union Mining was recorded as:

- Melba: 53.3t @ 26.84 g/t
- Mountaineer: 364.7t @ 29 g/t
- Struggle: 166.7t @ 23 g/t
- Forget-Me-Not: 664.6t @ 25 to 30 g/t.

Numerous other workings have been identified, including:

- Lightning 1, 2 and Flash
- Hilltop
- Lead Prospect
- Just in Time
- Alex' Folly
- Caravan Park

The Big Reef Fault Zone may possibly be a zone of deformation flanked by two or more parallel to sub parallel generally low-angle faults or thrust faults. The Big Reef Fault Zone, while quite narrow (200m-300m) in the northwestern portion, becomes wider (1.0 km to 1.5 km) and more complex towards the southeast where the Ropewalk mining leases occur. The zone is prospective for new gold-bearing zones especially where oblique cross-cutting faults provide structural settings potentially favourable for bulk mining deposits as well as high grade lodes.

MINERAL RESOURCES

The only tonnage/ grade estimation report made available to Geos Mining was that of (MU Geological Consulting, 2008). The report summarises field observations, previous mineral exploration and presents 'resource estimates'. In Geos Mining's opinion, these estimates do not meet the requirements of the current JORC Code 2012 (Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, 2012) for the following reasons:

- There is no written methodology of how these estimates were arrived at except as "long section plot of drill hole intercepts"
- Drillhole data has apparently been used from which to base the estimates; however, there is no commentary on reliability of drilling methods, assay techniques or quality control
- Broad-brush polygonal estimates appear to have been used from historical production records and reference to some historical drilling intersections. However, no plans have been provided in the data supplied to determine if these estimates are anything more than educated guesses
- No bulk density is given, no discussion of modifying factors such as recoveries, likely mining methods
- No resource envelope constraints are discussed apart from 'ball park' estimates of mineralisation dimensions on surface or from some historic plans.

We have concluded that these estimates can be used only in the sense of Exploration Targets with no assumptions made as to whether these will be converted to Mineral Resources or Ore Reserves. As such, these estimates have not been used to value the Forsayth Project, but are reproduced below merely as an historical snapshot of the identified mineralisation. Geos Mining does not necessarily agree with these estimates and recommends AYM constructs a validated database of drilling information, surface and underground sampling from which an assessment of Mineral Resources can be made.

ROPEWALK

Historic estimates from the 1980s drilling campaigns suggested mineralisation tonnages of ~70,000t at a grade of ~4g/t Au (at a 1g/t Au cut-off) or ~11,000t at a grade of ~14g/t Au (at a 5g/t Au cut-off). According to (Minnelex Pty Ltd, 2009), (MU Geological Consulting, 2008) "confirmed the low grade mineralisation as an Inferred Resource and calculated an Indicated Resource of 10,000t @ 10.17 g/t gold". Points to note in regard to the mineralisation are:

- QMC had difficulty in establishing any continuity of high grade mineralisation

- Mineralisation may be expressed as shallowly west-pitching ore shoots, some of which had already been partly mined and there is potential for further shoots at depth
- The presence of coarse gold (400 to 500 microns) suggests that the sampling and assaying procedures followed in the past may have underestimated the grade in the drilling. (MU Geological Consulting, 2008) considered that screen fire assaying was necessary
- (MU Geological Consulting, 2008) recommended “a series of drill holes... to validate or upgrade the mineralised zones” and that samples should be “assayed by a reliable economical method” and “screen fire assayed to estimate the true grade.” Geos Mining agrees with these recommendations.

LADY FRANKLIN

A tonnage/ grade estimation was not provided by (MU Geological Consulting, 2008), although the Ropewalk/ Lady Franklin/ Electron group is described as having potential for a “bulk mining target”. Geos Mining has not sighted any mineral resource documentation from AYM related to the recent diamond drilling completed at Lady Franklin.

FLYING COW

(MU Geological Consulting, 2008) reported a tonnage/ grade estimate of 16,300t at “approximately 1.0 oz/t Au for 16,300 oz” with good potential to increase this. However, they do note that the mineralisation comprises a narrow lode (Minnelex Pty Ltd, 2009). (Laing & Oosen, 2012) assigned a notional grade of 50 g/t Au and 2-3% Cu to the available material but tonnages are not even guesstimated. Figure 8 shows a simplistic plan of development, reproduced from an internal AYM document.

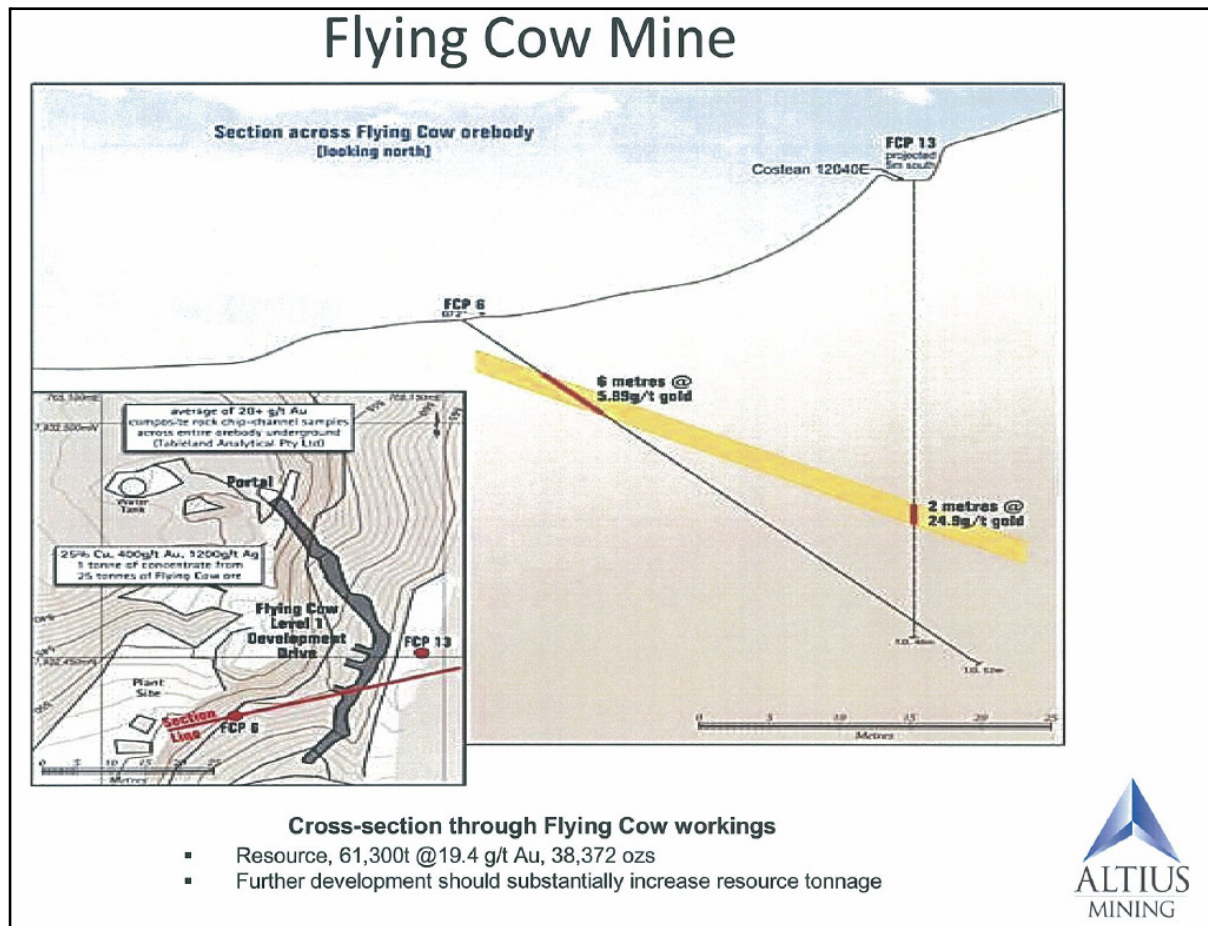


Figure 8: Development Plan Flying Cow Mine, Altius Mining 2012

NEW GOSSAN

(MU Geological Consulting, 2008) considered that the resource potential for the prospect may be limited to narrow higher grade lodes, such as historically mined in the area. It is noted that exposure is quite limited and therefore tonnage/ grade estimates are speculative. We do note that reference is made to 'ore stockpiles' at this prospect, as referred to above.

QUEENSLANDER

Castlegold reported intersecting the Queenlander vein below historic mined depth of 60m and outlined mineralisation grading 14g/t Au within an envelope of ~30,000t. A second smaller deposit of 11,000t @ 18.9 g/t Au was also estimated. These estimates were reviewed by (MU Geological Consulting, 2008) who commented that "mineralisation is open at depth and along strike from their drilling".

NIL DESPERANDUM, PINNACLES, MELBA, MOUNTAINEER, STRUGGLE AND OTHERS

(MU Geological Consulting, 2008) commented on these workings in terms of historic production but did not quantify any potential in terms of Mineral Resources.

CANADIAN, GOLDSMITHS, HAVELOCK, BIG REEF AND OTHERS

These mines are located in tenements held by other parties and commentary is included in (MU Geological Consulting, 2008). Geos Mining has not considered these further, except to note that AYM has reported tonnage/grade estimates from Canadian and Goldsmiths using Chinese resource estimation methodology:

- Canadian - 1.15Mt @ 4.84 g/t Au
- Goldsmiths – 2.99Mt @ 3.49 g/t Au

Geos Mining cannot comment on whether these estimates would meet the requirements of the JORC Code 2012.

SUMMARY

There have been a number of comments made by previous workers in regard to the quality of previous exploration, including drilling procedures, sample and assay reliability. Some of these more relevant comments are outlined below:

- Despite the extensive exploration including drilling, there is no validated database that includes an assessment of data reliability or even collar location. We note, however, that “A total of 90 holes have been fully coded for the Ropewalk Prospect (RWD01-03 & RWP01-87)” according to AYM (C. Green, email note). Geos Mining fully supports the recommendation to establish a comprehensive, validated database.
- Drilling and sampling methods used by early explorers may be suspect, due to the prevalence of open hole drilling, sample contamination at the water table and non-fire assay analytical methods for measuring gold content. Geos Mining agrees that these criteria should be carefully assessed to determine the reliability of historical data.
- The presence of coarse gold dictates screen fire assay methods should be used to reliably estimate intersection grades. Geos Mining agrees with this recommendation and that this analytical method should be used on selected samples from the AYM recent drilling campaign.
- Some data is located by local grid reference and it is uncertain whether this information has been geo-referenced correctly
- There appears to have been very little historical information retained in regard to mining depletion.

Geos Mining’s opinion is that there have been missed opportunities in identifying Mineral Resources within the Forsyth Project. A careful and scientific approach to historical data could yield a valuable base from which carefully planned exploration could result in the definition of gold deposits as either high grade, low tonnage lode style and/or lower grade, higher tonnage stockwork/ sheeted vein/ lode styles.

The approach taken by AYM during the 2010-2012 campaign was flawed, due to a lack of basic scientific understanding and preparation that led to a ‘cart before the horse’ approach, as succinctly reported by Laing (2012).

While Geos Mining does not endorse any of the tonnage/grade estimates presented to date, it is our opinion that these estimates could be upgraded in accordance with the JORC Code 2012 guidelines, subject to meeting criteria as discussed above. Based on information provided by previous workers and already discussed, an Exploration Target of 110,000 - 170,000 tonnes @ 5-10 g/t Au for ~20,000 - 50,000 oz Au is estimated for the Ropewalk, Flying Cow, Queenslander, Lady Franklin, New Gossan and Nil Desperandum deposits.

As a comparison, Figure 9 has been reproduced from an internal AYM document dated 13 February 2012 and demonstrates the optimistic (and fully unrealistic) 'Mineral Resource' inventory that precipitated the decision to commence mining. Geos Mining has not sighted any information to support these estimates, which appear to be no more valid than 'back of envelope' unconstrained numbers.

Resource Summary		
RESOURCES WITHIN THE MLs		
Underground Inferred Resource	61,300t @19.4 g/t Au	38,372 oz
Opencut Inferred Resource	69,000 t @ 4.2 g/t Au	9,300 oz
Gold targets* within the MLs		
High grade underground mineralisation	350,000t @23-27 g/t Au	275,806 oz
Bulk opencut tonnes	625,000t @4-6 g/t Au	101,000 oz
GOLD EXTENSIONS WITHIN THE EPM		
Underground	90,000t @23-27 g/t Au	72,000 oz
Opencut	10M @ 3-4 g/t Au	987,000 oz
QUEENSLANDER MINE RESOURCES WITHIN EPM		
Inferred Resource	34,000t @14 g/t Au	15,300 oz
Inferred Resource	11,000t @18.9 g/t Au	6,700 oz
QUEENSLANDER EXTENSIONS		
Underground	500,000t @23-27 g/t Au	445,000 oz
Opencut	600,000t @4-6 g/t Au	101,000 oz
TOTAL INDICATED, INFERRED AND TARGETED: 2.26M OZS AU		



Figure 9: Resource Summary for Forsayth Project, 2011

PLANT AND EQUIPMENT

We have already noted that considerable plant and infrastructure have been retained on site (Photo 3), but have not considered this aspect further in our valuation of the project as it is outside of our area of expertise.

(Minnelex Pty Ltd, 2009) noted that "a freshwater dam currently has a capacity of about 40 megalitres of water. The company intends to triple this capacity by building a new wall further down the valley. Another large dam located 4 km away is available for use. The intention is to drill one or more bores to supplement the supply. Initial engineering work has been completed on the tailings dam and the design has been submitted to the EPA for approval."

ORE PROCESSING

Geos Mining has not verified any of the text below but has presented this from internal documents of AYM.

The treatment plant was planned to include a gravity circuit designed to recover 40% of the coarse gold present in the oxide ore. The flotation circuit would produce a concentrate from the sulphide ore containing Cu, Au, Ag, Pb, Zn to be bagged in 1 ton bags and shipped to a smelter. The oxide ore CIL plant was designed to receive a 212 micron feed at 100-250 tons per day with the gold recovered through carbon columns and then electrowinning.

The CIL gold treatment mill was intended to run at 60 tonnes per day (21,000 tpa) of sulphide ore. Treatment of open cut oxide ore (Photo 13) would commence at 100 tonnes per day building up to 200 tonnes per day (70,000 tpa). The feed grade of the sulphide was expected to be 15-18 g/t Au, depending on the ability to sort out waste from the lodes, some of which are quite narrow. Recovery was estimated to be 90% but was not determined accurately.

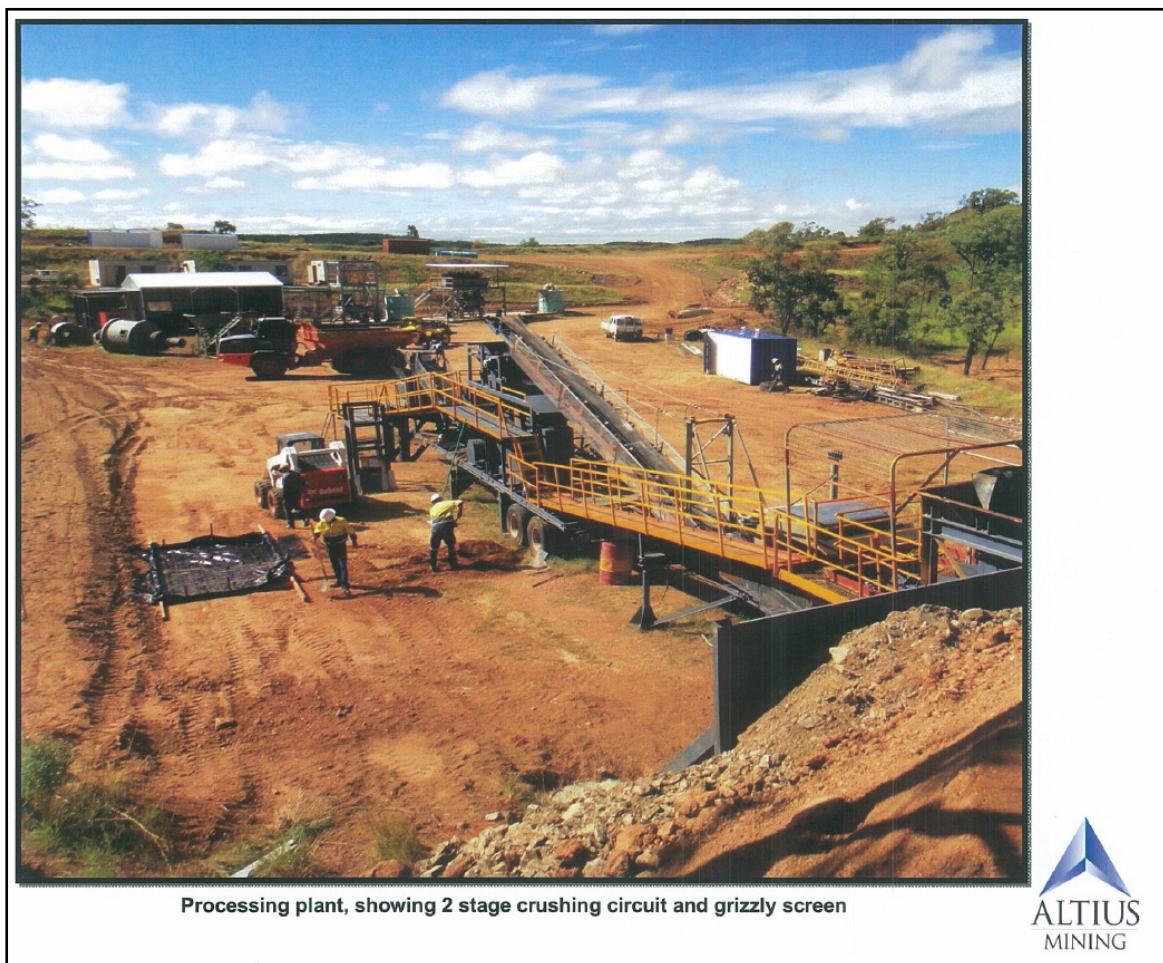


Photo 13: View of Processing Plant, 2012

TRIAL MINING

AYM engaged a number of consultants to advise on various mining, processing and environmental aspects:

- Ecological assessment (Ecosure, 2012)
- Geological assessment - 15 reports by Laing (2012)
- Mining implementation - Mahoud Mining
- Environmental assessment (Northern Resource Consultants, 2012)
- Process plant construction (Jackson, 2011)

Unfortunately, there was very little attention paid to the fundamental geological aspects of the mineralisation in terms of continuity and grade/ form characteristics as reported in (Laing, 2012), Green (2012) and (Runge Pincock Minarco, 2014).

Mining was carried out at Ropewalk (Photo 14: Ropewalk open pit, 2012), Flying Cow (Figure 10) and New Gossan. Plans showing face or bench sampling have not been sighted nor have details of material produced.



Photo 14: Ropewalk open pit, 2012

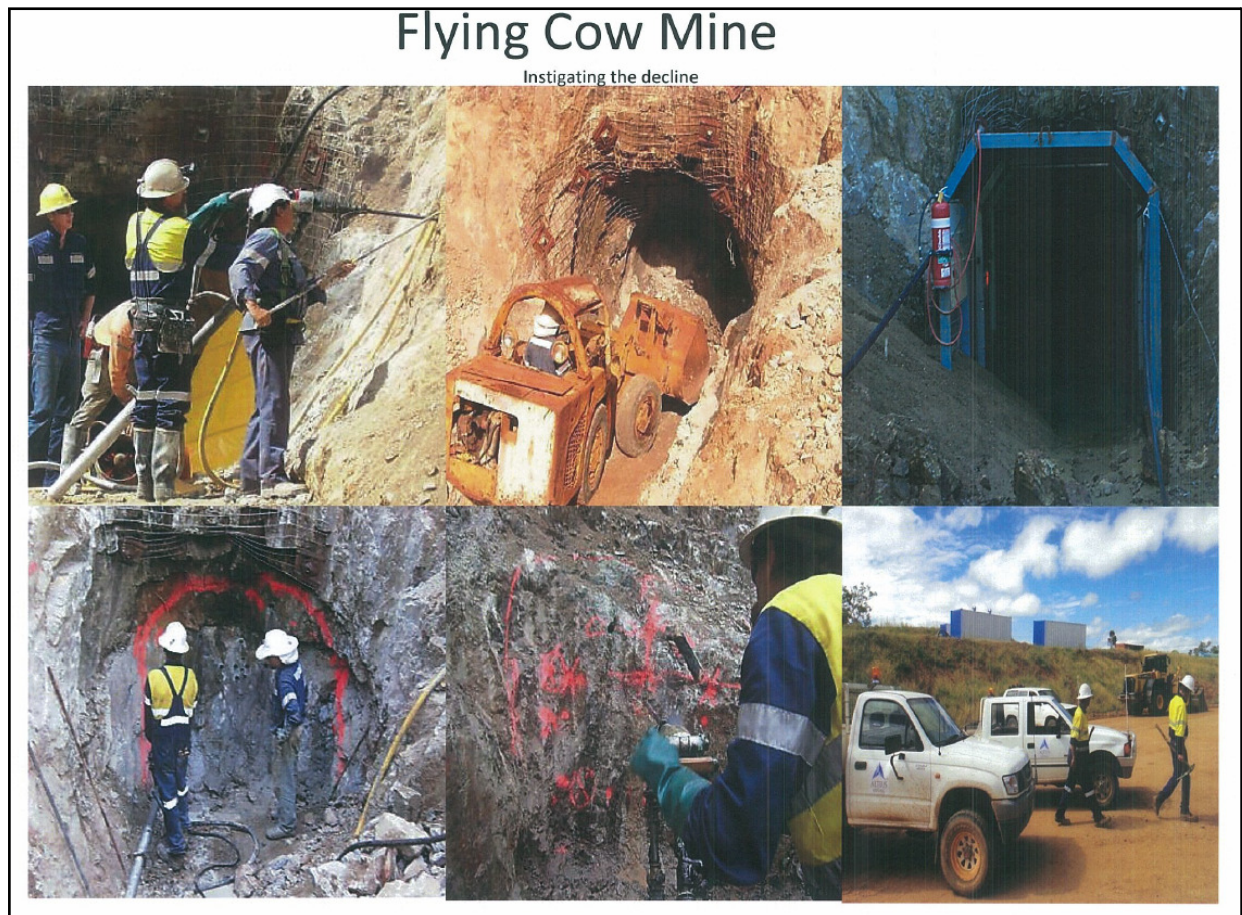


Figure 10: Flying Cow development, from Altius (AYM) internal document, 2012

EXPLORATION PROGRAM AND BUDGET

Geos Mining recommends the following initial program within the Forsayth Project:

- Compilation of all historic drilling data, initially within ML3417, 3418 and subsequently other deposits within EPM14498
- Construction of a comprehensive and validated drilling, rock chip sampling database to include the major deposits at least
- Mineralogical and petrological studies to determine nature and form of gold mineralisation, together with copper-silver associations
- Interpretation of a geological model based on validated drilling data, surface/ underground sampling data and historical records
- Mineral Resource estimation using recognised modelling software and according to the requirements of the JORC Code 2012
- Reverse Circulation drilling at selected deposits based on a gaps analysis from modelling
- Diamond drilling for metallurgical sampling

The budget for this initial exploration is shown in Table 4.

Program	Details	Timing/ Manpower	Budget
Database establishment	Data compilation, analysis and validation	3 months/ 60 man days	\$60,000
	Database construction	3 months/ 60 man days	\$60,000
Mineralogy	Mineralogical/ petrological investigations	1 month/ 20 man days	\$25,000
Geological modelling	Wireframing, mineralisation constraints	2 months/ 40 man days	\$40,000
	Structural/ mineralogical domaining	1 month/ 20 man days	\$25,000
Mineral Resource estimation	Estimation methodology, modelling, reporting	1.5 months/ 30 man days	\$45,000
RC drilling	Program planning	1 month/ 20 man days	\$25,000
	50 x 150m holes (7500m)	2 months/ 80 man days	\$200,000
Diamond drilling	Program planning	1 month/ 20 man days	\$25,000
	10 x 150m holes (1500m)	2 months/ 80 man days	\$300,000
	TOTAL	17.5 months/ 430 man days	\$805,000

Table 4: Recommended Exploration Program, Forsayth Project

New South Wales Projects

TENEMENTS

AYM, through its wholly owned subsidiaries Fortius Mines Pty Ltd and Icarus Mines Pty Ltd, holds a 100% beneficial interest in four exploration licences in NSW (Table 5).

Tenement	EL7041	EL7155	EL7423	EL8402
Permit Name	Honeybugle	Puggoon	Sofala	Karangi
Status	Renewal Offered	Renewal Pending	Granted	Granted
Grant date	24/01/2008	23/06/2008	30/11/2009	29/10/2015
Expiry Date	24/01/2016	23/06/2016	30/11/2017	29/10/2018
Registered Holder	Icarus Mines Pty Ltd	Icarus Mines Pty Ltd	Fortius Mines Pty Ltd	Fortius Mines Pty Ltd
Area	15 units (44 km ²)	8 units (23 km ²)	28 units (81 km ²)	76 units (220 km ²)
Minerals Sought	Group One	Group One	Group One	Group One

Table 5: Tenement Details, AYM NSW Projects

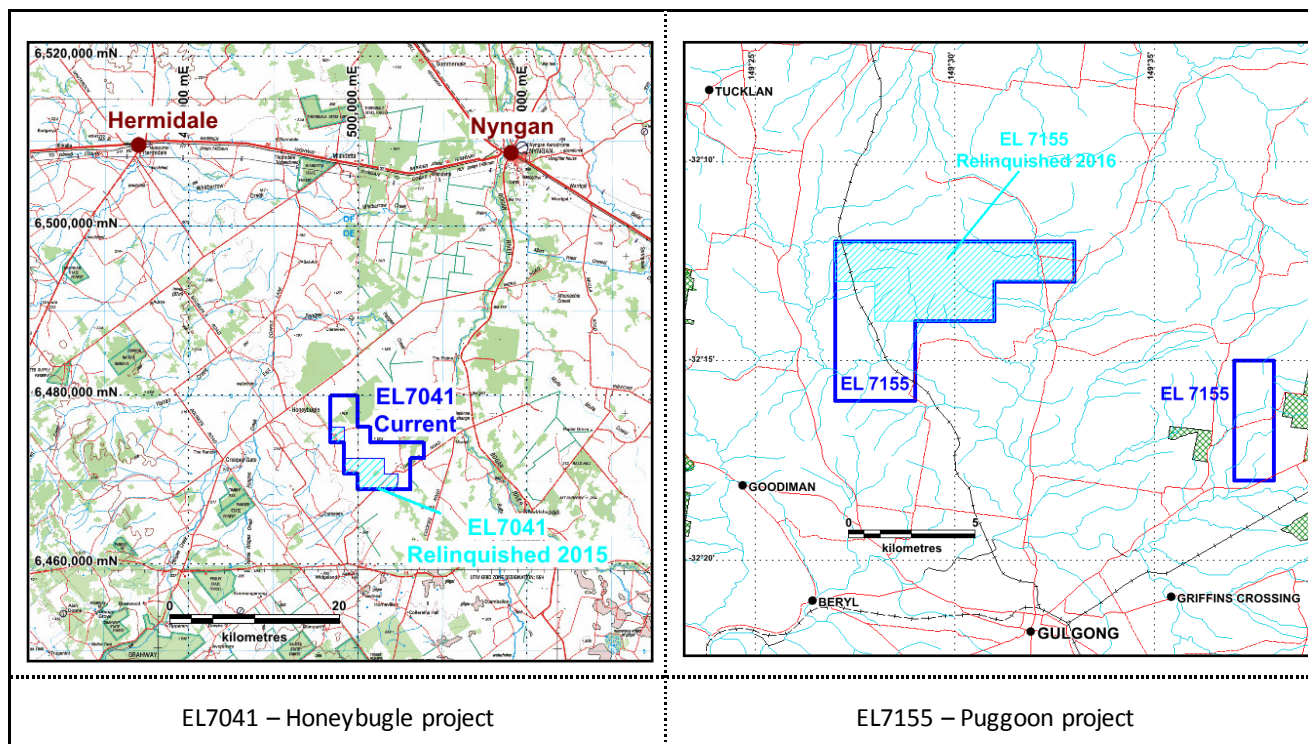
LOCATION, ACCESS & TOPOGRAPHY

The Honeybugle Project (EL7041) is located approximately 40 kilometres south-southwest of the town of Nyngan in the central western region of New South Wales (Figure 11). The area is flat, and is dominantly used for agricultural purposes, mainly wheat cropping. Access into the area is by the sealed main road between Tottenham and Nyngan, then by unsealed roads and graded farm tracks.

The Puggoon Project (EL7155) is located approximately 10km north of the town of Gulgong in the central western region of New South Wales (Figure 11), approximately 220km northwest of Sydney. The tenement is split into an eastern area and a western area, both of which are accessed by sealed roads.

The Sofala Project (EL7423) is located over the villages of Sofala and Wattle Flat, approximately 30km north of Bathurst in Central NSW (Figure 11). Access to the tenement is via the two lane sealed Sofala Road from Bathurst.

The Karangi Project (EL8402) is located approximately eight kilometres north-west of the town of Coffs Harbor in the north-eastern region of New South Wales (Figure 11). Access is by various council controlled roads and locally, forest tracks. Much of the licence area is covered by plantation timber (State Forest).



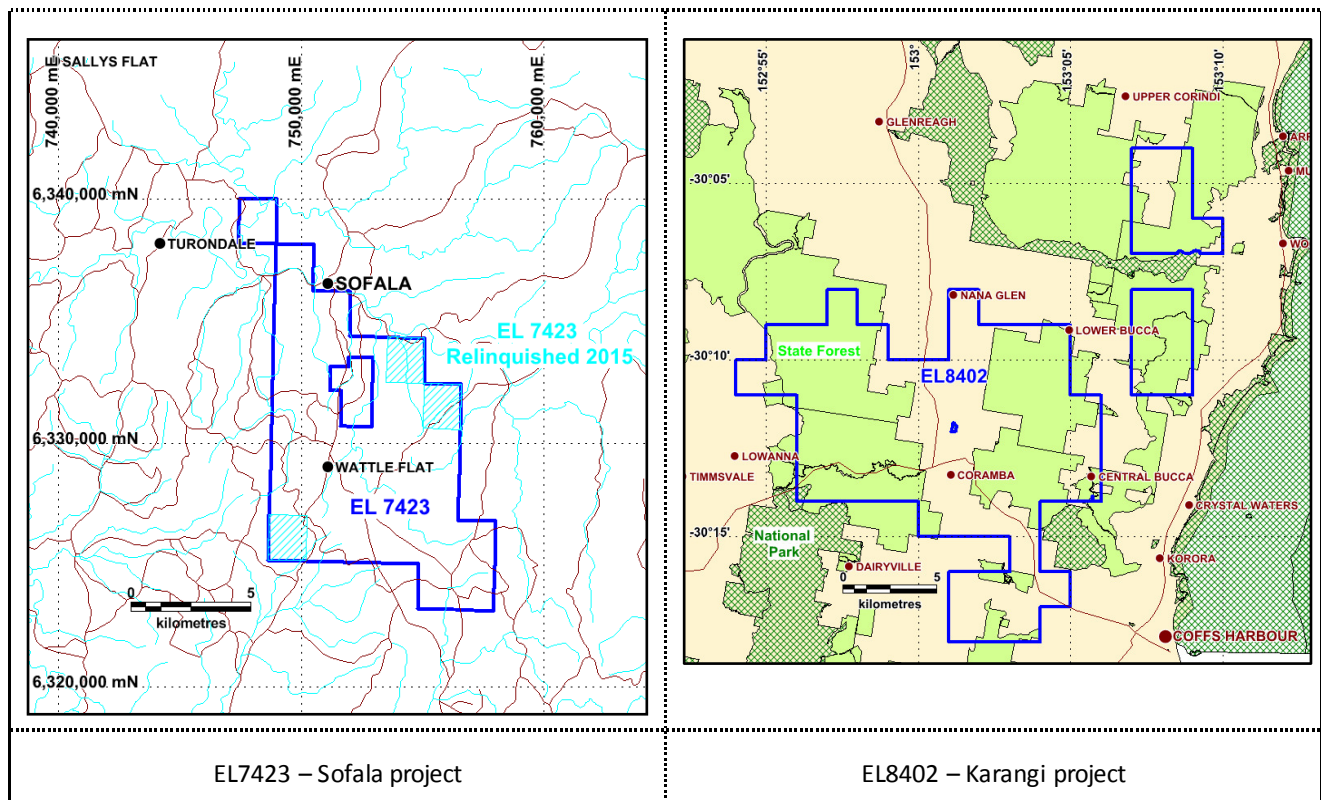


Figure 11: Location of AYM's NSW Projects (GDA94 Datum)

SITE VISIT

No recent site visits were carried out to any of AYM's NSW projects for the purpose of this valuation for the following reasons:

- EL7041 – the project area is mainly cropping land with little outcrop. AYM has only completed geophysical surveys with anomalies under cover and the main mineralised area held by other companies. Geos Mining considers that a site visit would not materially change our opinion of the project or affect the value placed on it.
- EL7155 – the project is at a very early stage of exploration and target strategy is evolving. The current focus on small base metal occurrences has not proceeded past some field mapping and no recent drilling has been completed. While it would be of interest to view mineralisation styles on other explorers' tenements and compare these to opportunities within EL7155, Geos Mining considers that a site visit would not materially change our opinion of the project or affect the value placed on it.
- EL7423 – there has been considerable previous exploration completed within the Sofala-Wattle Flat region and Geos Mining visited the project in late 2015 for the purpose of landholder relations at the two main prospects, Wattle Flat and Queenslander. Planned drilling sites were inspected and some previous drilling collars located. AYM has not completed any exploration since that earlier site visit and Geos Mining does not consider that a further site visit would materially change our opinion of the project or affect the value placed on it.
- EL8402 – despite abundant historical workings, there has been little on-ground exploration. Access is difficult and evidence of mineralisation concealed by forest understorey. Geos Mining considers that a site visit would not materially change our opinion of the project or affect the value placed on it.

In addition, the author has eight years mineral exploration experience in NSW and is familiar with the geological models discussed in regard to AYM's mineral assets.

NATIVE TITLE

There are no native title claims within the area covered by the Puggoon, Sofala or Karangi Projects. Native Title Claim NC2012/001 is under application and overlies the Honeybugle Project.

ENVIRONMENTAL CONSIDERATIONS

There are no material environmental considerations that would materially affect the valuation of the Honeybugle, Puggoon projects in NSW.

The Sofala project is located in thickly wooded and hilly country with a preponderance of small lots and hobby farmers. There are numerous ephemeral streams with thick understorey that will create a considerable hindrance to on ground exploration.

The Karangi project is located in a very heavily timbered rain forest type region and is surrounded by National Park. Topography is quite steep, yet forestry operations have been ongoing from the 1980s.

PROJECT HISTORY

HONEYBUGLE PROJECT EL7041

Previous exploration was mainly by prospectors in the period 1880 to 1929. Modern exploration has been recorded since 1967 by Anaconda, North Broken Hill 1979–1983, Australian Hanna 1969, Helix 1986-1991, Lachlan Resources 1976–1990 and LFB Resources NL 2001.

Within the Honeybugle complex, costeaning reportedly gave results of 194m at 0.34g/t Pt, including 2m at 17.6g/t Pt. RAB drilling returned best assays of 8m at 0.5g/t Pt. Grabsampling produced values up to 2.6% Cu, 1200ppm Cr, 1750ppm Co, 2.0g/t Pt, 3150ppm Ni.

Exploration carried out by AYM since 2008 has included geophysical interpretation, completion of a high-resolution aeromagnetic and radiometric survey and follow up ground magnetic surveying.

PUGGOON PROJECT EL7155

There is a long history of gold mining at Gulgong, with an estimated 550,000oz of gold mined, mainly from high-grade deep leads but also from quartz reefs. Mining began in the 1850s and continued until the 1920s. Diamonds were also mined from the deep leads but the source of the diamonds has not been identified. The kaolin deposits of the Gulgong-Home Rule area were recognised and partially extracted in the early 1900s and clay continues to be extracted just south of EL7155. Magnetite is being mined at a high-grade magnetite skarn at Tallawang, west of the EL7155 western boundary. Several polymetallic mineral occurrences are present in the eastern side of the licence area.

Recent precious and base metal exploration in the area used porphyry copper, VHMS, Mississippi Valley-Type and skarn models and, recently, the North Parkes porphyry-style copper and gold deposit was targeted.

Exploration carried out by AYM since 2010 has included geophysical interpretation, completion of a high-resolution aeromagnetic and radiometric survey and project assessment for ongoing exploration. AYM concluded that there was little scope to warrant exploration for North Parkes type deposit and moved their focus to the known base metal occurrences.

SOFALA PROJECT EL7423

Gold was first discovered in the Sofala area in 1851 and prospecting/ mining continued until the 1920s. Modern exploration commenced in the early 1970s with Metals Exploration, Noranda (soil/ rock geochemistry, 3 diamond drill holes), Compass Resources, Homestake (stream geochemistry), RGC (geochemical sampling, aeromagnetic survey, RC/ diamond drilling) and Mineral Ventures.

Exploration carried out by AYM since 2009 has included geophysical interpretation, completion of a high-resolution aeromagnetic and radiometric survey, interpretation of geophysical results, mapping and rock chip sampling, IP surveying and surveying.

KARANGI PROJECT EL8402

The area has been intensely prospected since the late 1800s and considerable gold production has been recorded (>16000 oz). Mineralisation style is narrow vein 0.1-1m thick, short to moderate strike length (<100m) but very high grade (up to 300 g/t gold). Data related to modern exploration has not been provided by AYM and we have not researched this aspect of the project.

Exploration carried out by AYM since 2009 has included geophysical interpretation, completion of a high-resolution aeromagnetic and radiometric survey, interpretation of geophysical results, geological mapping and rock chip sampling, characterisation of historical workings and extensive geological modelling.

GEOLOGICAL SETTING & MINERALISATION

HONEYBUGLE PROJECT EL7041

The licence is centred over a large mafic intrusive complex known as the Honeybugle Intrusive Complex (HIC), which is Ordovician in age, about 26 km long x 6 km wide and has a NW/SE orientation. Although mainly concealed beneath a surface layer of Quaternary alluvium, the feature is well defined by aeromagnetic survey images (Figure 12). Importantly from an economic mineralisation point of view, this area was deeply weathered during the Tertiary period and produced metalliferous lateritic soil profiles. Elements concentrated in the profile, and which are known to be of economic interest in the region, include platinum, nickel, cobalt and scandium. AYM has recently focussed on three main prospects named Mayo, Woodlong North and Woodlong South.

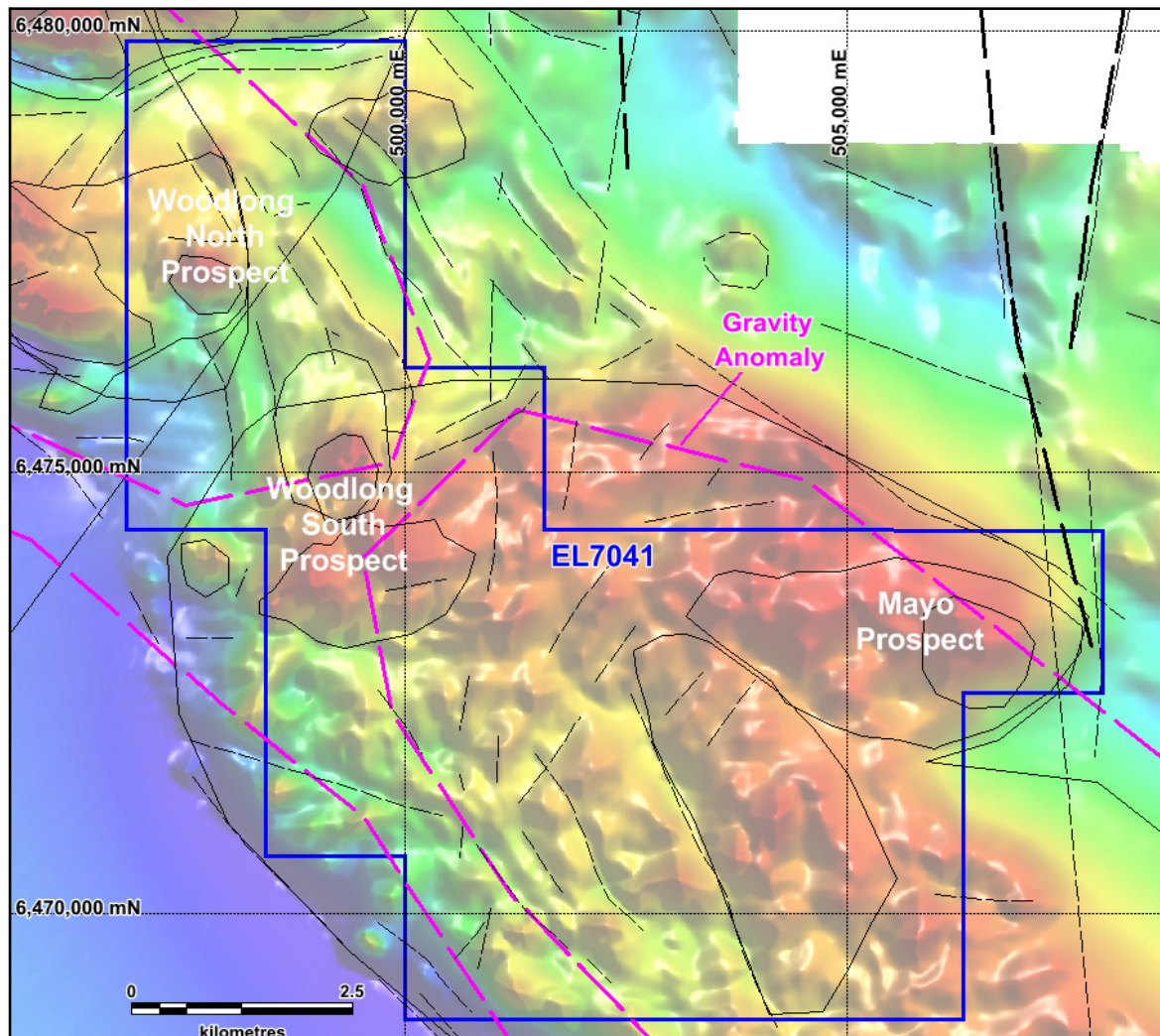


Figure 12: Honeybugle Project Regional Magnetics Setting

PUGGOON PROJECT EL7155

The licence covers the southern part of the Carboniferous Gulgong Granite that is marked by a large circular positive magnetic anomaly approximately 20 kilometres in diameter and with a coincident gravity low. Ordovician sediments and volcanics are spatially associated with the intrusive outside of the licence area. Within the licence area, there are several polymetallic and iron skarn mineral occurrences on or near the contact zone of the Gulgong Granite. The large Gulgong alluvial gold field is immediately to the south of the licence area. Mineral occurrences recorded on or near the tenement are industrial-grade kaolin deposits and four base metal occurrences known as North Cope, Lead Shaft, Road Shaft and Tallawang South (Figure 13).

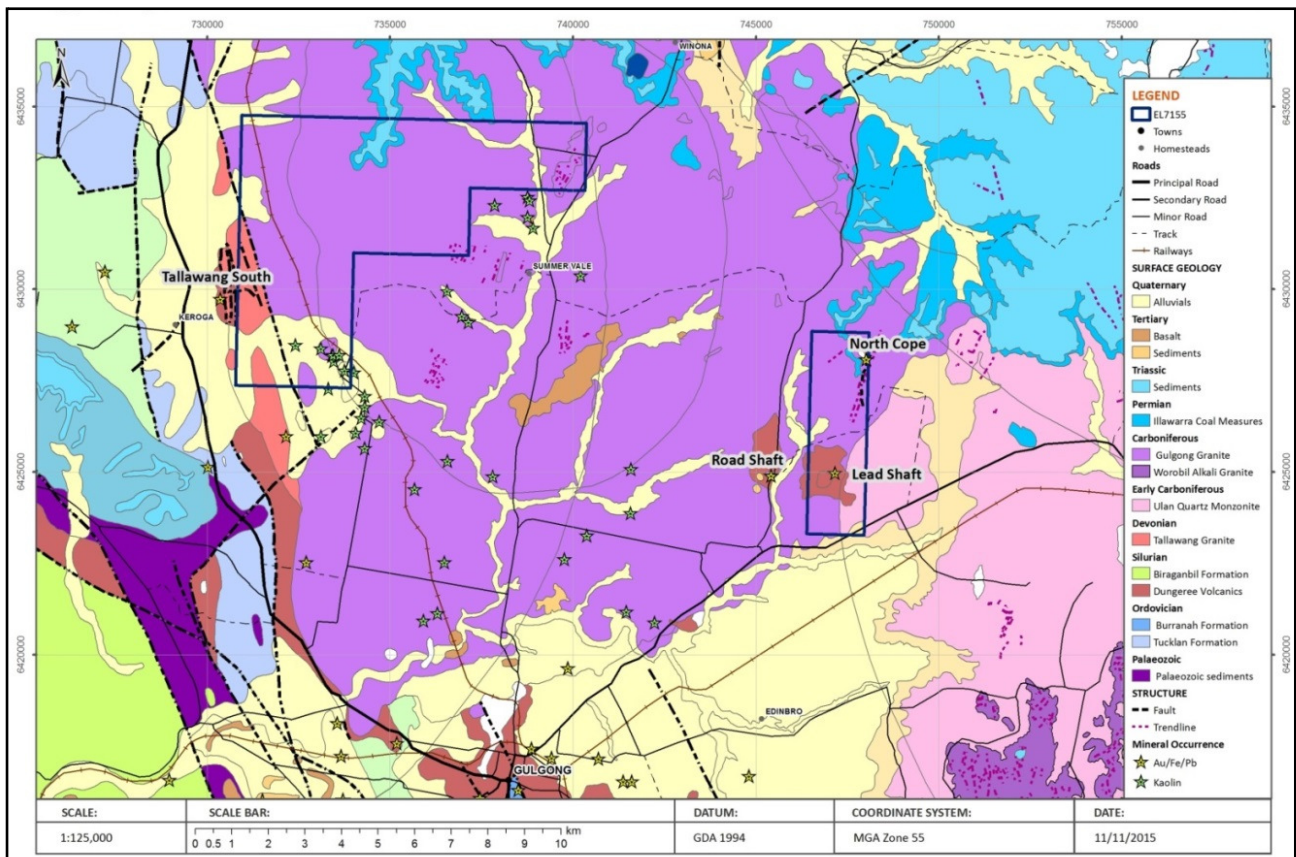


Figure 13: Puggoon Project Regional Setting

SOFALA PROJECT EL7423

EL7423 covers a significant portion of exposed Ordovician Sofala Volcanics on the eastern side of the Hill End Trough. Silurian sediments and volcanics overlie Sofala Volcanics to the west and deformation of this stratigraphy, involving a major antiform and west dipping Wiagdon Thrust fault, has resulted in the Ordovician Sofala Volcanics overlying Silurian sediments in the central portion of EL7423. The tenement is flanked in the west by Devonian feldspathic and/or lithic sandstones and Silurian sediments that host a large number of gold occurrences, primarily of orogenic gold contained within hydrothermal veining. Through the western central portion of the tenement older Silurian rhyolitic volcanoclastics and lavas with quartz feldspar porphyries occur.

There are numerous occurrences of auriferous quartz veins within the central portion of EL7423, and these are likely to be the source area for much of the alluvial gold historically mined about the villages of Sofala and Wattle Flat and along the Turon River (Figure 14). There are old hard-rock gold workings at Surface Hill, the Queenslander mine, Solitary Reef and other locations and extensive alluvial gold workings along the Turon River and its tributaries.

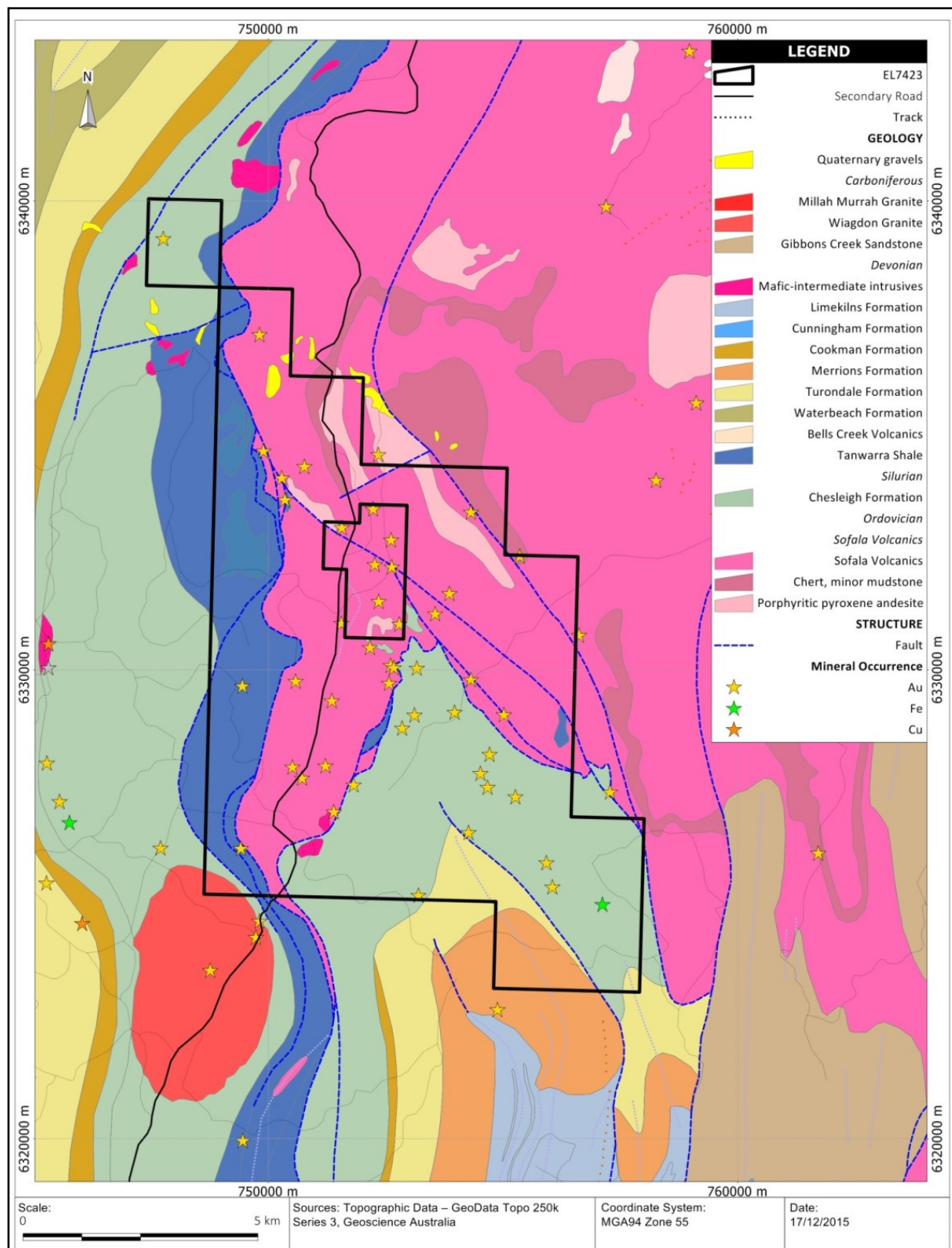


Figure 14: EL7423 Local Geology

KARANGI PROJECT EL8402

In the south, the licence area covers east-trending Carboniferous sediments while in the centre and the north these are conformably overlain by east-trending Permo- Carboniferous sediments. The licence area

is considered to have potential for epigenetic vein, stratabound massive sulphide and exhalative-hosted gold and base metals deposits.

There are approximately 155 mineral occurrences within the licence area, predominantly gold and several copper, mercury and manganese (Figure 15). The gold occurs either in narrow quartz veins or quartz-magnetite rocks that have limited strike and depth extents. The Illabo mine and the Beacon Group are the largest past gold producers. At the Mount Brown mine, copper is the predominant metal and it is associated with quartz-magnetite rock. Native mercury occurs at the Woolgoola prospect.

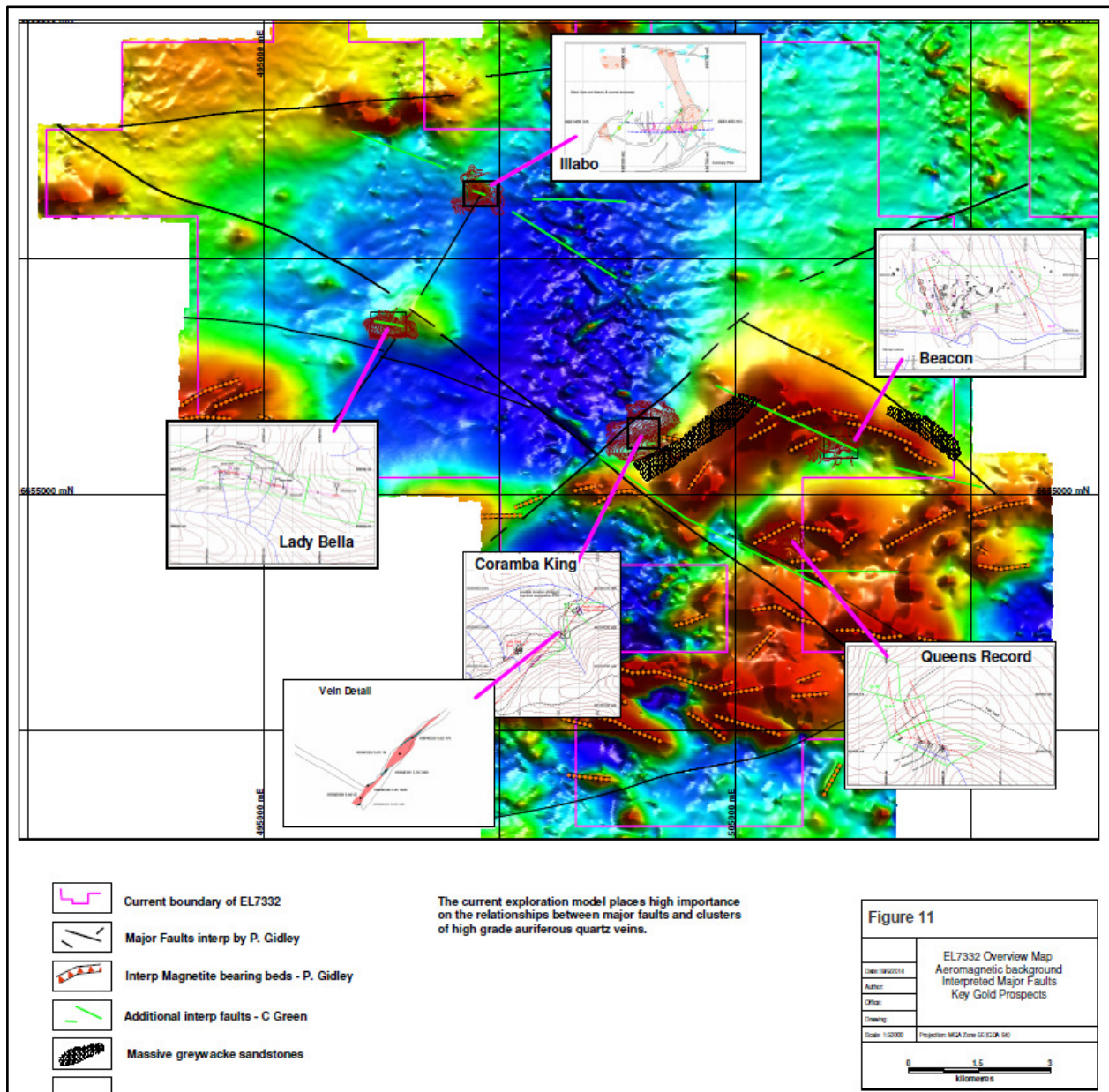


Figure 15: Karangi Project mineral occurrences

MINERAL RESOURCES

No Mineral Resources have been estimated for the Honeybugle, Puggoon or Karangi projects.

SOBALA PROJECT EL7423

There have been several tonnage/ grade estimates made for both the Queenslander and Spring Gully prospects (McIlwraith, 2009):

- RGC Exploration - Queenslander mine: 1.0 Mt @ 4.3 g/t Au and Spring Gully: 3.55 Mt @ 1.0 g/t Au (c.o.g. 0.5g/t Au) or 0.9 Mt @ 1.75 g/t gold (c.o.g. 1.0g/t Au)
- Mineral Ventures (2002) – Spring Gully: 3.0 Mt @ 1.42 g/t Au (c.o.g. 0.5g/t Au)
- AYM (2009) – Spring Gully: 4.6 Mt @ 1.0 g/t gold (c.o.g. 0.5g/t Au) or 1.8 Mt @ 1.4 g/t gold (c.o.g. 1.0g/t Au)

Geos Mining has reviewed the (McIlwraith, 2009) report and makes the following comments:

- The author has made no comment in regard to compliance with the JORC Code
- Data (63 RC holes and 6 DDHs) has not been validated but scanned from hardcopy. There is no QA/QC data and core/ samples have not been viewed. There is no downhole survey data available and collar positions were not verified.
- Geostatistical modelling completed using Vulcan software to create wireframes with 3 mineralised envelopes (585 samples)
- Grade topcut of 2.76 g/t Au applied
- Bulk densities have been assumed
- Poor quality variograms indicate the drillhole spacing of 25m-50m is too large, according to the author
- The tonnage/ grade outline is extrapolated to ~170m below surface (stripping ratio 7:1)
- There is no discussion of modifying factors, such as metallurgical characteristics, environmental constraints, likelihood of eventual economic extraction.

Geos Mining's opinion is that this tonnage/ grade estimate, in its current form, would not meet the requirements of the JORC Code 2012 and cannot be considered as a Mineral Resource. In our opinion, the issue of most significance relates to the low grade of the deposit and whether it could in fact be economically mined. We have not sighted any evidence supporting the likelihood of economic extraction. We note also that the report was not signed by the author nor does it state compliance with the JORC Code, suggesting that it may have been for internal purposes only.

EXPLORATION PROGRAM AND BUDGET

HONEYBUGLE PROJECT EL7041

It is recommended that the exploration program be based upon results of an airborne magnetic/ radiometric survey flown in 2012 that was followed up with a ground magnetic survey in 2014. Three intense magnetic anomalies were defined as drilling targets and, although the source of the anomalies is

not known, they may possibly represent ultramafic pipes enriched in platinum group elements. Modelling of the anomalies is required prior to drill testing.

Geos Mining recommends the following initial program:

- Woodlong North: modelling and interpretation of two intense magnetic anomalies
- Woodlong South: modelling and interpretation of three intense magnetic anomalies
- Mayo: modelling and interpretation of two intense magnetic anomalies and one ovoid magnetic complex.
- RC drilling at selected magnetic targets

The budget for this initial exploration is shown in Table 6.

PUGGOON PROJECT EL7155

Further exploration is recommended to follow up on known prospects at Tallawang South, Cope and Lead Shaft to determine the potential of this mineralisation to host an economic base metal deposit. In addition the kaolin potential of the licence area should be investigated with a view to adding Group 5 minerals to the licence authority.

Geos Mining recommends the following initial program:

- Tallawang South: field mapping, ground magnetics surveying and modelling, soil sampling and RC drilling to test the bullseye magnetic anomaly
- Cope/ Lead Shaft: reconnaissance mapping and rock chip sampling, soil sampling and RC drilling
- Kaolin prospectivity: field reconnaissance to determine kaolin potential, application for Group 5 minerals

The budget for this initial exploration is shown in Table 6.

SOFALA PROJECT EL7423

Detailed geological and geophysical data compilation has identified three prospects (Spring Gully, Queenslander and Swedes Hill) that are aligned along a regional scale hinge zone. At Spring Gully a moderate tonnage but low grade gold deposit has been previously outlined but additional drilling is required to validate and verify historical data to enable a resource estimate compliant with the JORC Code to be estimated. The Queenslander Mine is part of a line of reef and a small but high grade gold deposit has been outlined. This target requires further drill testing to determine its classification as a Mineral Resource.

Geos Mining recommends the following initial program:

- Spring Gully: validation of historical drillhole data, inspection of core, bulk density measurements, metallurgical testwork, gaps analysis for JORC Code compliance, preliminary economic analysis, diamond drill twinning of selected historical holes, RC/DD drilling of untested lodes, resource estimation

- Queenslander: validation of historical drillhole data, bulk density measurements, gaps analysis for JORC Code compliance, diamond drill twinning of selected historical holes, metallurgical testwork, RC/DD infill drilling, resource estimation,
- Swedes Hill: data compilation and target assessment

The budget for this initial exploration is shown in Table 6.

KARANGI PROJECT EL8402

There has been considerable on-ground reconnaissance, detailed mapping and sampling completed by AYM with a view to testing concepts by diamond drilling. The nature of the topography, environmental constraints and likely social concerns will provide significant challenges and can be expected to add considerably to any exploration budget. AYM have suggested drilling at five prospects with targets at Illabo and Coramba King likely to be 'drill ready'. Geos Mining agrees with this approach but suggests AYM considers the likelihood of development of any potential deposit prior to completing an extensive drilling program. Stakeholder consultation will be vital in the assessment of this project.

The budget for this initial exploration is shown in Table 6.

Project	Programme	Details	Budget
Honeybugle	Geophysics	Modelling of ground magnetic anomalies	\$50,000
	RC drilling	5 targets for 750m	\$80,000
Sub-total			\$130,000
Puggoon	Geophysics	Ground magnetic surveying/ modelling	\$20,000
	Geochemistry	Soil and rock chip sampling	\$20,000
	RC drilling	2 targets for 500m	\$40,000
Sub-total			\$80,000
Sofala	Data compilation	Database setup, data recording	\$20,000
	JORC Code gaps	Data validation, bulk densities, QA/QC, modelling	\$60,000
	Modifying factors	Metallurgical testwork, prelim economic analysis	\$40,000
	Diamond drilling	Twinning of old holes (1000m)	\$200,000
	RC/ DD drilling	Infill drilling (3,000m RC, 1000m DD)	\$300,000
	Resource estimation	Wattle Flat and Queenslander	\$50,000
	Sub-total		\$670,000
Karangi	Drilling preparation	Logistics, landholder liaison, access preparation, government approvals	\$50,000
	Diamond drilling	2 targets for 1000m total	\$200,000
Sub-total			\$250,000
TOTAL			\$1,130,000

Table 6: AYM NSW Projects - Recommended Exploration Programs

Valuation

VALUATION METHODOLOGIES USED TO VALUE AYM'S MINERAL ASSETS

The valuation of the assets is as at 21 July 2016.

Descriptions of Valuation Methodologies are presented in Appendix 1 – Valuation Principles and Methodologies.

Our final values are “Market Values” as defined in the VALMIN Code (see below), which equate to “fair values” as defined in AASB 13 and ASIC RG111. We have assessed each project’s “technical value”, using the methods described below, in terms of each asset’s reasonable potential to generate income in its highest and best use, which is as future operating mines.

The VALMIN Code defines “Market Value” as:

“the estimated amount (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing where the parties had each acted knowledgeably, prudently and without compulsion.”

Unless otherwise indicated all financial figures quoted in this report refer to Australian Dollars (“\$A”). Values in this report do **not** include any allowance for the costs of negotiating any sale.

In undertaking this valuation of the tenements, the following methods have been considered, in compliance with ASIC regulatory guide RG111.69:

- Income Approach - Future income method (discounted cash flow analysis)
- Cost Approach - Calculation of attributable exploration expenditure
- Market Approach - Comparable transactions on similar projects
- Market Approach – Joint Venture terms
- Market Approach – Market Capitalisation of similar companies

FUTURE INCOME METHOD (DCF ANALYSIS)

We have considered ASIC regulatory guide RG111.98 and RG111.99 and note that it is generally accepted by industry, for example see (Roscoe, 2001), that, for operating mines or where exploration has advanced to the stage where there is a defined project with quantified resources, the best approach to valuation is usually to estimate the ‘**present value of future income**’ - also known as the ‘discounted cash flow method’ (DCF).

For mineral projects that are not at the Feasibility Study stage, i.e. they do not have Ore Reserves defined, the low confidence in the forward-looking information makes the DCF method unreliable for valuing mineral assets. Because of these restrictions, we have chosen not to use the DCF method as a valuation tool for any of the AYM properties.

MODIFIED REPLACEMENT VALUE / ATTRIBUTABLE EXPLORATION EXPENDITURE

The Modified Replacement Value (MRV) method examines the cost that would be incurred by an explorer in acquiring and exploring a similarly prospective tenement up to the same stage of development as the subject tenement. Past Attributable Exploration Expenditure (AEE), or the amount spent on effective exploration on a tenement, is commonly used as a guide in determining the value of exploration tenements, and “deemed expenditure” is frequently the basis of joint venture agreements. On top of the past expenditure, an Acquisition Cost (AC) is added to reflect costs in acquiring the tenement. Two modifying factors, the Market Factor and Prospectivity Enhancement Multiple (PEM, see Appendix 1), are then applied to the past expenditure, taking into account the availability of prospective ground and the success or otherwise of the exploration programs.

The AEE method has not been used to determine a value for the Forsayth Project due to the lack of readily identifiable exploration expenditure data available. Financial data supplied by AYM includes substantial expenditure related to the mining operations.

The NSW Projects are all early/ mid stage exploration projects and we consider that an assessment of previous exploration expenditure is a valid method to use for these projects.

COMPARABLE TRANSACTIONS

We have utilised a modified version of Comparable Transactions for both Qld and NSW Projects, based on identifying projects with similar mineralisation styles in Eastern Australia. We consider that the Archaean style of gold deposits in Western Australia are a separate subset for the purpose of comparing transactions due to unique market conditions evident within the Eastern Goldfields/ Murchison Regions and have not included these in our evaluation. Similarly, we have not compared transactions outside of Australia.

Data has been obtained by searching the SNL Metals & Mining Database (<https://www.snl.com>), a subscription service that provides financial and industry data, research, news and analytics.

JOINT VENTURE TERMS

For those projects subject to a Joint Venture Agreement (JVA) with other companies, the terms of the JVA could be used as a basis for valuing the AYM projects. This method has not been used as a basis for assessing the value of either project, except where such projects have been recorded and interpreted by the SNL database.

MARKET CAPITALISATION METHOD

The Market Capitalisation Method can be used when there are companies with one main project similar in size, jurisdiction and stage of development as the target company/project. However, finding such similar companies can be difficult and the method is usually only used if other methods are not appropriate. This method has not been used for the AYM projects.

QLD PROJECT AND NSW PROJECTS VALUATION

In regard to the Forsayth Project, Qld, Geos Mining has sighted and reviewed the Valuation report by (Minnelex Pty Ltd, 2009). We note that they have used the report by (MU Geological Consulting, 2008) as the basis for valuing the estimated tonnage/grades of the Forsayth Project. As previously stated Geos Mining does not support the definition of these tonnage-grade values as Mineral Resources and we view them as Exploration Targets at best.

(Minnelex Pty Ltd, 2009) used four methods to value the Forsayth Project:

- Comparable transaction in the same region –based on a 2008 sale and purchase agreement of mining tenements and a de-commissioned CIP gold processing plant.
- In-situ valuation of mineral resources –based on a 1986-1988 ‘feasibility study’ of Castlegold, modified by using ‘rule of thumb’ factors to the gross metal value in ground. Geos Mining does not consider this to be a valid valuation technique as it does not meet the requirements of the JORC or VALMIN Codes.
- Attributable exploration expenditure –based on the quality of exploration and expenditure incurred using a Prospectivity Enhancement Multiplier (PEM). This method is in current practice although in Geos Mining’s opinion, it is useful in providing a broad range only.
- Discounted cash flow –based on a study by Altius Mining with input from Coffey Mining. Geos Mining does not consider that this method is valid given the lack of reliable mineral resources, ore reserves or mine planning details.

(Minnelex Pty Ltd, 2009) concluded that the Forsayth Project has a value range of between \$15.7m and \$19.9m, based on a weighting factor applied to the four valuation methods. In Geos Mining’s opinion, this value is not soundly based and grossly overstated, as demonstrated below.

MODIFIED REPLACEMENT VALUE / ATTRIBUTABLE EXPLORATION EXPENDITURE

Geos Mining considered this method for both the NSW and Qld projects but concluded that this method is not appropriate for the Forsayth Project in Qld, for the following reasons:

- AYM was not able to provide detailed annual exploration expenditure summaries except for the 2012-2014 financial years
- AYM did provide an impairment summary that included a single statement of capitalised expenditure viz. up to 31/12/2015 \$10,848,091. However, this figure includes a significant but unknown amount of expenditure incurred in the start up to mining
- The report by (Runge Pincock Minarco, 2014) stated that “Altius constructed a small treatment plant incorporating crushing and grinding, shaking tables and cyclones and mined an unknown tonnage of the Ropewalk oxide mineralisation. This mineralisation was stockpiled and none was treated.”

We do, however, consider that this method is applicable to the NSW projects and have compiled the exploration expenditure incurred within these projects then modified the values according to our assessment of exploration effectiveness and PEM range (Table 7 and Appendix 2 – Attributable Exploration Expenditure for NSW Projects).

The range of values ascribed to the NSW Projects by this method is between \$2.1 million to \$2.7 million with a preferred value of \$2.4 million.

Tenement Name/ Number	AYM Expenditure (\$'000)	AYM Equity (%)	Effective Expenditure (\$'000) ⁴	PEM Range	PEM Preferred	Valuation Range, AYM Equity (\$'000)	Preferred Value, AYM Equity (\$'000)	Commentary
EL7041	432	100	293	1.5-1.9	1.9	440-557	560	Well defined magnetic targets (Ni-PGE)
EL7155	317	100	211	1.0-1.4	1.0	211-295	210	Original concept not valid (Cu-Au)
EL7423	458	100	355	2.5-2.9	2.5	888-1,030	890	High grade historical intersections (Au)
EL8402 ⁵	786	100	561	1.0-1.4	1.4	561-785	785	High grade epigenetic veins (Au)
TOTAL	1993		1420			2,100-2,667	2,445	

Table 7 : AYM's NSW Projects Attributable Exploration Expenditure and Valuation Range

COMPARABLE TRANSACTIONS OR PROJECTS

We have searched the SNL database, company websites and ASX announcements for publicly available data on transactions involving gold projects in Eastern Australia between unrelated companies during 2015-2016 to determine likely market values for the Forsayth project and the NSW projects (Table 8).

We have included transactions up to 140,000 oz gold to provide a guide as to prices paid per ounce gold, despite the fact that there are no identified Mineral Resources at any of the AYM projects. Geos Mining's opinion is that further exploration at the Forsayth and Sofala Projects is likely to result in the estimation of at least modest Mineral Resources.

Where transactions have occurred with identified Mineral Resources, the price paid per ounce gold is generally in the range of \$2/oz to \$5/oz, although one transaction was valued at \$10/oz. We note that these transactions involve projects with very low grades and consider that prices paid per ounce gold may not reflect prices paid for higher-grade deposits, such as would be likely at both Forsayth and Sofala. In valuations of other projects, Geos Mining has recorded that transaction values in 2015 ranged from \$9 to \$16 per ounce gold, so we have concluded that either the market has softened considerably and/or these current prices paid reflect poorer grade deposits. Geos Mining considers that both these factors are at play in this case.

Of interest in this regard is the value placed on the Four Eagles project near Bendigo, Victoria. This style of mineralisation is more akin to that observed at both Forsayth and possibly Sofala (i.e. high grade, coarse gold vein or lode style) and we would expect that the premium value applied to Four Eagles may well apply to these AYM projects. However, there is no published Mineral Resource at Four Eagles, making it difficult to assign a value per ounce gold to this deposit and, by corollary, to Forsayth and Sofala. Geos Mining is

⁴ Administration costs have been excluded in addition to ineffective exploration

⁵ EL8402 was formerly EL7332 also held by AYM

also aware of another transaction⁶ in which the price paid for a small lode/vein style gold deposit in NSW amounted to a price of \$17 per ounce gold.

We have elected to use a nominal value of \$10/oz Au, representing a 100% premium on top of the maximum price per ounce paid for current transactions as recorded in Table 8. We consider that this is more representative for the high-grade style of deposit likely to be defined at Forsayth and Sofala and the current depressed market conditions.

In addition, Table 8 indicates that projects with no identified mineral resources can attract a price of up to \$250,000. We have concluded that project values estimated by the Comparable Transaction method are likely to be:

- Forsayth – \$500,000 to \$1,000,000, assuming a deposit⁷ of 50,000oz Au to 100,000oz Au could reasonably be identified
- Sofala - \$250,000 to \$500,000, assuming a deposit of 25,000oz Au to 50,000oz Au could reasonably be identified
- Honeybugle, Puggoon, Karangi – all are early stage exploration projects and, based on geological attributes in comparison to other Comparable Transactions (Saxby, Wandoo, Wagga Tank, Mt Ringwood, Aurora Tank; Table 8: Comparable Transactions – Forsayth Project and NSW Projects), we value the Honeybugle and Karangi projects between \$100,000 and \$250,000 each, while the Puggoon project is valued at between \$50,000 and \$75,000.

⁶ For reasons of confidentiality, details cannot be released

⁷ While Geos Mining does not consider that the tonnage/ grade estimates provided in data from AYM meet the requirements of the JORC Code 2012, it is our opinion that these could be upgraded to Mineral Resources if data was compiled, validated and some check exploration carried out. On that basis and given the style of mineralisation, Exploration Targets already identified and likelihood of further discovery, we believe that a deposit of 50-100,000 oz and 25-50,000 oz could reasonably be identified at Forsayth and Sofala, respectively.

Deposit (Buyer)	Location	Mineral Resources (100% equity)	Transaction Date	Equity Acquired	Transaction Value (A\$)	Transaction Value (A\$) on 100% basis	Value A\$/ oz Au	Comments
Wynberg (CopperChem Ltd)	Cloncurry, Qld	Inf 3.1Mt @ 1.4g/t Au (140,000oz Au)	10/05/2016	100%	\$400,000	\$400,000	\$2.85	JORC 2004
Mt Boppy ()	Cobar region, NSW	101,000oz Au	22/02/2016		\$200,000			GCR sold its royalty interest
Mt Porter (Ark Mines Aust.)	Pine Creek region, NT	878,000t @ 1.9g/t Au (52,100oz Au)	23/06/2016	100%	\$275,000	\$275,000	\$5.27	2ELs, 1ML
Glencoe (Ark Mines Aust.)	Pine Creek region, NT	42,900oz Au	25/02/2016	100%	\$175,000	\$175,000	\$4.08	1% NSR also to be paid
Cowarra (Gold Mountain Limited)	Canberra region, NSW	0.5Mt @ 2.3g/t Au (37,000oz Au)	06/01/2015	35%	\$41,000	\$117,000	\$3.17	Currently 50% interest, can earn 85% by expenditure \$850,000
Barambah (ActivEX Ltd)	Bundaberg region, Qld	363,000t @ 1.5g/t Au, 62g/t Ag (17,200oz Au, 722,000oz Ag)	22/06/2015	25%	\$75,000	\$300,000	\$10.70 ⁸	EPM 14937
Four Eagles (Gold Exploration Vic Pty Ltd)	Bendigo region, Vic	Advanced new project, many high grade intersections. No mineral resource.	13/05/2016	50%	\$4,200,000	\$8,400,000		Only recently drilled, expect resource announcement
Saxby (Strategic Energy Resources)	Mt Isa, Qld	Some high grade Au intersections, also Ni-Cu prospects	23/12/2015	100%	\$55,000	\$55,000		Falcon Minerals (seller) retains 1.5% NSR
Gooligoomba (private buyer)	Georgetown region, Qld	No data, likely epithermal deposit, no mineral resources	30/09/2015	100%	\$40,000	\$40,000		ML2720

⁸ Assumes 1oz Ag equiv to 0.015oz Au , based on current spot prices

Deposit (Buyer)	Location	Mineral Resources (100% equity)	Transaction Date	Equity Acquired	Transaction Value (A\$)	Transaction Value (A\$) on 100% basis	Value A\$/ oz Au	Comments
Wandoo (Wandoo Tenements Pty Ltd)	Chillagoe region, Qld	No data, likely polymetallic skarn deposit, no mineral resources	16/02/2015	100%	\$250,000	\$250,000		3 MLs
Moonmera (GBM Resources)	Mt Morgan, Qld	Cu-Au porphyry, no mineral resources	15/02/2016	100%	\$37,000	\$37,000		1% NSR to be paid to RioTinto
Wagga Tank (undisclosed buyer)	Cobar region, NSW	Polymetallic Cobar style deposit	22/02/2016	20%	\$40,000	\$200,000		
Hayes Creek (PNX Metals)	Pine Creek region, NT	No mineral resources, historical production mod grade Au	02/03/2016	100%	\$17,000	\$17,000		3 MLs, 1m PNX shares + 2% NSR, part of larger project
Mt Ringwood (Monax Mining)	Pine Creek region, NT	Previously prospectors leases, panned Au	21/10/2015	100%	\$125,000	\$125,000		12 MLs, 1% NSR to be paid to Newmarket Gold
Aurora Tank (Marmota Energy)	Gawler Craton, SA	IOCG target, no mineral resources	04/07/2016	25%	\$50,000	\$200,000		

Table 8: Comparable Transactions – Forsayth Project and NSW Projects

EXPECTED AYM PROJECT VALUE

From an analysis of currently available data, we have arrived at an expected project value based upon a consideration of the following factors:

- High grade gold mineralisation in short strike lodes and veins recognised at both Forsayth and Sofala
- Extensive mineralisation evident at Forsayth with many opportunities for development
- No identified Mineral Resources, although Exploration Targets estimated at both Forsayth and Sofala
- Project limitations: drilling data not validated, no comprehensive drilling database, no Mineral Resources compliant with the JORC Code 2012, gold mineralisation coarse grained and erratic in distribution

Geos Mining's opinion is that there is very good opportunity for AYM to upgrade the quality of its project portfolio by the application of sound geological methods to enable estimation of Mineral Resources that are compliant with the JORC Code 2012. Mineral Resources will attract a premium in terms of project value, whereas currently projects can only be assessed on the basis of much lower confidence.

The assessment of project value for the early stage NSW projects based on exploration expenditure has resulted in values between \$2.1 million to \$2.7 million with a preferred value of \$2.4 million (Table 7). Geos Mining regards this as a Technical Value range that does not reflect the current market, as evidenced by numerous comparable transactions (Table 8). We further consider that the technical advancement of the projects has suffered as a result of staff changes within AYM resulting in successive project geologists having to gain familiarity with the projects. Continuity of exploration, in particular on ground exploration has also been lacking. These factors have not been considered in the assessment of attributable exploration expenditure but in Geos Mining's opinion, an additional factor should be introduced to account for this observation. Accordingly we have assigned a significant discount of 50% to the NSW project values.

We further consider that prices paid per ounce gold have softened considerably in 2016 compared to 2015 when a range of \$9 to \$16 per ounce gold was being paid. The current analysis suggests that the higher price per ounce gold expected to be paid is equivalent to the lower price per ounce of 2015 i.e. a range of \$3 to \$10 per ounce gold appears to be what the market will bear. This represents a very significant reduction in the range of values paid for comparable gold projects of 40% to 70%.

For these reasons we have applied a higher weighting to project value assigned using the Comparable Transaction method (70%) compared to project value assigned using the Attributable Exploration Expenditure method (30%). The valuation conclusions are presented in Table 9.

Project	Comparable Transactions (unweighted)			Attributable Exploration Expenditure (unweighted)			Weighted Project Values		
	Low Value A\$'000	High Value A\$'000	Preferred Value A\$'000	Low Value A\$'000	High Value A\$'000	Preferred Value A\$'000	Low Value A\$'000	High Value A\$'000	Preferred Value A\$'000
Forsyth	500	1000	750	-	-	-	500	1000	750
Sofala	250	500	300	890	1030	890	440	660	480
Honeybugle	100	250	150	440	560	560	200	340	270
Karangi	100	250	150	560	790	790	240	410	340
Puggoon	50	75	50	210	300	210	100	120	100
							1480	2530	1940

Table 9: Summary Table showing Weighted Preferred Project Values

The preferred value using the Comparable Transaction method is based on our assessment of the technical attributes of the AYM projects in comparison to those identified in Table 8. Where the AYM project is considered to have less technical merit than the projects in Table 8 then the preferred value is assigned at the lower end of the range. Similarly, if the AYM project is considered to have a higher technical merit than the projects in Table 8 then the preferred value is assigned at the higher end of the range. The preferred value using the AEE method relates to our opinion as to the quality of exploration carried out in terms of the expenditure. Where it is considered that there has been a high proportion of office costs as compared to effective on ground exploration then the preferred value is assigned in the lower part of the range, and vice versa.

In regards to the weighting factor applied in Table 9, Geos Mining's opinion is that the Comparable Transaction method is a more reliable indicator of market value compared to historical expenditure, especially in this economic mining downturn. If exploration was carried out in today's market then we believe that expenditure would be much more tightly constrained and more effective. Accordingly, we have given a much higher weighting to the Comparable Transaction method results than the AEE method results. The actual allocation of 70:30 is a subjective opinion but in our view, these ratios fit our perception of the current market.

In summary, we consider that the value of the AYM projects is **between A\$1.5 million and A\$2.5 million with a preferred value of A\$1.9 million**. We re-iterate that this valuation does not include any value placed on plant, equipment or infrastructure associated with any of AYM's tenements.

Valuation and Risk

VALUATION SUMMARY

The preferred values and valuation ranges derived for the AYM assets are summarised in Table 10.

Project	Low Value A\$'000	High Value A\$'000	Preferred Value A\$'000
Forsayth	500	1000	750
Sofala	440	660	480
Honeybugle	200	340	270
Karangi	240	410	340
Puggoon	100	120	100
	1480	2530	1940

Table 10: Summary of valuation of AYM mineral assets

RISKS

Geos Mining has limited the scope of this risk assessment to major factors relevant to this valuation. There has been no consideration of political stability, or of the financial risk arising from any lack of liquidity. We make no guarantee that all material risks have been included in this assessment.

Risk is based on the product of two factors: probability and consequence. For the purposes of this risk assessment Geos Mining has adopted the matrix below as a measure of project risk (Table 11).

CONSEQUENCE	PROBABILITY					RISK	Probability		Consequence	
	A	B	C	D	E		A	Common	1	Catastrophic loss, over 40% of project value
	1	2	4	7	11	HIGH 1-6	B	Has happened	2	Major disruption/impediment, 10% - 40% of project value
	2	3	5	8	12	MEDIUM 7-15	C	Could happen	3	Moderate disruption/impediment, over \$5m value
	3	6	9	13	17	LOW 16-25	D	Not likely	4	Minor disruption/impediment, less than \$5m
	4	10	14	18	21		E	Practically impossible	5	No lasting effect
	5	15	19	22	24	25				

Table 11: Risk rating table

GOVERNMENT APPROVALS AND TENURE

Permitting for development of the Sofala and Karangi Projects is a high risk due to environmental and social concerns. In our opinion, both projects could be expected to receive strong opposition from stakeholders, which may place considerable political pressure on the Government to revoke tenure.

Moderate consequence, could happen – 3C - Medium risk

SOCIAL IMPACT RISK

The Sofala Project is located in an area of small hobby farms with picturesque forested hills and ephemeral to perennial streams. AYM has reportedly already experienced vocal opposition to exploration. The Karangi Project is located within State Forest mainly and adjacent to National Park. The steep rugged and forested hills in a high rainfall area will attract strong opposition from the nearby town of Coffs Harbour and surrounding settlements.

Major consequence, could happen – 2C - Medium risk

ENVIRONMENTAL RISK

Both Sofala and Karangi Projects are located in areas with high environmental values. NSW government standards are high and it is our opinion that exploration costs initially, and development costs ultimately, will be high due to possible ecological and ground water impacts.

Major consequence, could happen – 2C - Medium risk

GEOLOGY AND RESOURCES

Mineral exploration is a high risk endeavour with no guarantee of success. Poor results from exploration programs may lead to a project being assessed as having little or no value and the tenements being dropped.

At the more advanced projects of Forsayth and Sofala, geological evidence to date suggests that the deposits likely to be developed will be small to moderate in tonnage but possibly moderate to high grade. In our opinion they are more likely to be multiple lode/vein style rather than bulk tonnage targets, suggesting constraints related to mineralisation continuity. As demonstrated already by AYM at Forsayth, these deposits must be assessed scientifically with a strong emphasis on the understanding of geological and mineralogical style.

Major consequence, has happened – 2B - High risk

We have also considered the following risk factors and believe that, at the current stage of development of the AYM projects, they each constitute low risk:

- Reliance on third parties / contractors
- Limited operating history
- Mining methods and costs
- Technology / equipment / processing
- Infrastructure
- Commodity prices
- Exchange rates
- Financing risks

We have also considered potential opportunities that could enhance the future values of the projects, especially definition of Mineral Resources above and beyond the current Exploration Targets. Furthermore, world spot gold prices have been increasing since a five-year low in late 2015 (Figure 16) and the market perception towards gold projects appears to be becoming more favourable. At this stage, however, we believe that these opportunities cannot be validly quantified and, therefore, we have not factored them into our assessment of the current Valuation.



Figure 16: Gold spot price in US\$/ounce since 1 January 2013

Conclusions

Our valuation of the AYM projects, as at the Valuation Date, has been constrained by the stringent requirements of the JORC Code 2012 in terms of classifying mineralisation as a Mineral Resource. The lack

of compliance with these requirements in the case of the Sofala and Forsayth Projects has resulted in a significant constraint to the project value. However, we consider that with careful data analysis and ongoing targeted exploration that project value could be upgraded, notwithstanding that the current market conditions do not allow a premium price to be paid for smaller deposits.

Geos Mining has valued the AYM projects (equity accounted) from a low of **\$1,500,000** to a high of **\$2,500,000**, with a preferred value of **\$1,900,000**.

Glossary of Technical Terms and Abbreviations

Aeromagnetic Data: Geophysical data indicating the variation in magnetic intensity captured from an aircraft.

Aircore drilling: A combination of reverse circulation and diamond drilling techniques in which a small diameter core is air-lifted up the inside of the drill string. Suited to sticky clays and unconsolidated rock.

Alluvium/ Alluvial: Sediment deposited by a stream or river.

Base Metal: Any metal at the lower end of the electrochemical series that oxidizes readily

Basement: the rocks below a sedimentary platform or cover, or more generally any rock below sedimentary rocks or sedimentary basins that are metamorphic or igneous in origin

Basin: A depressed segment of rock in which sediments accumulate and where hydrocarbons may be located.

Beneficiation: variety of process whereby extracted ore from mining is reduced to particles that can be separated into mineral and waste, the former suitable for further processing or direct use

Bulk Density: A measure of the relative weight of a geological material as it is found in the ground before excavation, expressed in tonnes per cubic metre (t/m³).

Deposit: A mineral occurrence of sufficient size and grade that it might, under favourable circumstances, be considered to have economic potential

Disseminated: Said of a mineral deposit in which the desired minerals occur as scattered particles in the rock.

Epigenetic: formed later than the surrounding or underlying rock formation

Exploration Licence: A granted title over an area of land entitling the holder to explore for one or more mineral commodities for a set period of time

Exploration Target: Information relating to exploration targets must be expressed so that it cannot be misrepresented or misconstrued as an estimate of Mineral Resources or Ore Reserves. The terms Resource(s) or Reserve(s) must not be used in this context. Any statement referring to potential quantity and grade of the target must be expressed as ranges and must include (1) a detailed explanation of the basis for the statement, and (2) a proximate statement that the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Fault: A geological fracture along which rocks on one side of the fault are dislocated relative to those on the other side.

Feasibility Study: A study of the economic viability of the mining and production of base or precious metals or other minerals

Grade: Average quantity of ore or metal in a specified quantity of rock.

Granite/Granitic: Coarse-grained acid igneous rock containing quartz and feldspar.

Granitoid: A granitic rock.

Gravity Separation: Gravity separation is an industrial method of separating two components from a suspension or any other homogeneous mixture where separating the components with gravity is sufficiently practical

Greisen: A form of alteration restricted to the outer edges of some granite intrusions

Head Grade: the grade of the ore as delivered to the metallurgical plant

In Situ: In its original position, said of rock or soil when it has not moved from whence it was deposited and or lithified.

Indicated Resource: that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Inferred Resource: that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

JORC Code: A code prepared by the Joint Ore Reserves Committee which sets out minimum standards, recommendations and guidelines for public reporting in Australasia of exploration results, mineral resources and ore reserves.

JV: Joint venture

Laterite: Highly weathered material rich in secondary oxides of iron, aluminium or both.

Lode: a deposit of valuable ore occurring within definite boundaries separating it from surrounding rocks

Magnetic Susceptibility: the degree of magnetization of a material in response to an applied magnetic field

Mineralisation: Term describing the hydrothermal deposition of economically important minerals in the formation of ore bodies.

Ordovician: The second earliest period of the Palaeozoic Era between 500 and 440 million years ago.

Palaeochannels: Deposits of unconsolidated or semi-consolidated sediments deposited in ancient, presently inactive river and stream channel systems.

PEM: Prospectivity enhancement multiplier. It commonly ranges from 0.5-3.0 and is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement but is highly subjective.

Polymetallic: refers to a substance composed of a combination of different metals

Porphyry/Porphyritic: An igneous rock in which larger crystals (“phenocrysts”) are scattered through a matrix of smaller crystals (“groundmass”)/descriptive of rocks displaying such textures.

Quartz: second most abundant mineral in the Earth's continental crust, after feldspar. It is made up of a continuous framework of SiO₄ silicon–oxygen tetrahedra, with each oxygen being shared between two tetrahedra, giving an overall formula SiO₂.

Recoverable Resources: Recoverable resource refers to the amount of resource that can be removed.

Reserves: The economically mineable part of a measured or indicated resource at the time of reporting, as defined in the JORC Code.

Resource: The part of a deposit for which there is a reasonable prospect for eventual economic extraction, as defined in the JORC Code. Not all of a resource may be economically minable.

Sediment: Material such as mud and sand that has been moved and deposited by water, ice or wind.

Shear: A deformation resulting from stresses that cause parts of a body to slide relative to each other in a direction parallel to their plane of contact

Smelting: Smelting is a form of extractive metallurgy; its main use is to produce a metal from its ore. This includes iron extraction (for the production of steel) from iron ore

Silicates: A silicate is a compound containing an ion in which one or more central silicon atoms are surrounded by electronegative ligands

Siliceous: Name used to describe silicon dioxide compounds.

Silurian: A period within the Palaeozoic era between 440 and 400 million years ago

Source Rocks: rocks reflecting high productivity; most common source rocks: shales and mudstones; basalts; and quartz sandstones and limestones.

Stockwork Veins: three dimensional network of irregular veinlets

Strata: Layers of sedimentary rock, visually separable from other layers above and below.

Stratigraphy: The science of rock strata, concerned with all characteristics and attributes of rocks as strata, and their interpretation in terms of mode of origin and geologic history.

Surficial: pertaining to or occurring on or near the earth's surface

Tenement: An area granted for exploration or mining purposes.

Tertiary: Thought to have covered the time between 65 and 2 million years ago.

Turbidite: Sediments which are transported and deposited by density flows

Valmin Code: Code for the Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports. A code prepared to assist those involved in the preparation of public Independent Expert Reports that are required for the assessment and/or valuation of mineral and petroleum assets and securities so that the resulting reports will be reliable, thorough, understandable and

include all the material information required by investors and their advisers when making investment decisions.

Variogram: A graph of the function of the spatial dependence of variance

Vein: A fracture in rock which has been filled with mineral, often quartz.

Workings: The entire system of openings in a mine for the purpose of operation

XRF: X-ray fluorescence. X-rays are diffracted when directed at a crystalline material according to its lattice structure. The generation of an x-ray diffraction pattern that is characteristic for the crystalline phases contained within the sample is the result of the data collection process.

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Appendix 1 – Valuation Principles and Methodologies

STANDARDS & PROCEDURES

This report has been prepared in keeping with the VALMIN Code 2015, the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code 2012).

The VALMIN Code was developed by a joint committee of The Australasian Institute of Mining and Metallurgy (“AusIMM”), the Australian Institute of Geoscientists (“AIG”) and the Mineral Industry Consultants Association (“MICA”, now known as the Consultants Society of The AusIMM), in consultation with the Australian Securities and Investment Commission (“ASIC”), the Australian Stock Exchange Limited (“ASX”), the Minerals Council of Australia, the Petroleum Exploration Society of Australia, the Securities Association of Australia and representatives from the Australian finance sector. The Code is binding on all members of the AusIMM and AIG.

The JORC Code 2012 was developed by the Australasian Joint Ore Reserves Committee, formed from members of The AusIMM, the AIG and MICA, with representation from ASX and the Financial Services Institute of Australasia. It is a professional code of practice that sets minimum standards for Public Reporting of minerals Exploration Results, Mineral Resources and Ore Reserves. The JORC Code 2012 provides a mandatory system for the classification of minerals Exploration Results, Mineral Resources and Ore Reserves according to the levels of confidence in geological knowledge and technical and economic considerations in Public Reports.

The VALMIN Code and the JORC Code 2012 have been adopted by and included in the listing rules of the Australian Stock Exchange and are internationally regarded as best practice for the technical assessment and valuation of mineral assets. Where tonnage and grade estimates of mineralisation are referred to that either pre-date or, for other reasons in Geos Mining’s opinion, do not comply with the JORC Code 2012, this is clearly stated.

VALUATION GENERAL PRINCIPLES

The Market Value of a Mineral Asset, as defined in the VALMIN Code 2015, is *“the estimated amount of money (or cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm’s length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion”*.

According to the VALMIN Code 2015 (Section 8.3), selection of an appropriate valuation method will depend on such factors as the:

- nature of the Valuation;
- development status of the Mineral Assets, and
- extent and reliability of available information.

VALUATION METHODOLOGIES

GENERAL PRINCIPLES

There is no single method of valuation that is appropriate for all situations. Rather, there are a variety of valuation methods, all of which have some merit and are more or less applicable depending on the circumstances.

- Market Approach
- Income Approach
- Cost Approach

Each of these approaches has its own strengths and weaknesses and the selection of the most appropriate method depends upon the stage of development of the project and the information available to the Valuer.

The VALMIN Code 2015 provides a general guide to the applicability of each Valuation Approach (Table 12).

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Table 12: Applicability of Valuation Approaches to Projects at different stages of development

MARKET APPROACH

This approach is also known as Comparison Approach. It can utilise two market-related methods: Comparable Transactions, being the price paid in recent transactions for similar projects under similar market and geo-political situations, and Market Capitalisation, being the number of shares in the company on offer multiplied by the share price as at the Valuation Date.

The difficulty in utilising the Comparable Transactions method is in determining to what extent the property or transaction is indeed comparable, unless the transactions involve the specific parties, projects or tenements under review. There can also be substantial change in value over time, depending especially upon market conditions and commodity prices.

If discussions have been held with other parties and offers have been made on the project or tenements under review, then these values are certainly relevant and worthy of consideration and can be used in establishing a value of the project. Similarly, joint venture terms, where one party pays to acquire an interest in a project and/or spends exploration funds in order to earn an interest, provide an indication of the project's value.

The Market Capitalisation method can be used in the case of a similar single project company or a company with one major asset; the market capitalisation of that company clearly gives some guide to the value that

the market places on that asset at that point in time. Commonly, however, companies usually have several projects at various stages of development, together with a range of assets and liabilities, and in such cases it is difficult to define the value of individual projects in terms of the share price and market capitalisation.

COST APPROACH

This approach is also known as the Modified Replacement Value (“MRV”) method and examines the cost that would be incurred by an explorer in acquiring and exploring a similarly prospective tenement up to the same stage of development as the subject tenement. Although this method can be applied to projects at all stages of development, it is usually restricted to projects at the early stages of exploration that have not had costs of production identified.

The nominal replacement cost is modified by a Market Factor (MF) allowing for the ease or difficulty of acquiring a similar replacement tenement, and the Prospectivity Enhancement Multiplier (PEM), which quantifies the prospectivity shown by the exploration results to date. The assumption is that well directed exploration has added value to the property. This is not always the case as exploration can also downgrade a property and, therefore, the PEM, which commonly ranges from 0.5 to 3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement but is obviously highly subjective.

The method is related to other cost approaches, such as appraised value or multiples of exploration expenditures (Lawrence, 2001), but avoids some potential pitfalls that arise in the application of those methods to Australian conditions.

The value derived using this method is:

$$\text{MRV} = (\text{AC} + \text{EE}) \times \text{MF} \times \text{PEM}$$

When using this method, Geos Mining recommends using the following parameters:

- Acquisition Cost (AC) - where similarly prospective vacant ground is available, this may be the cost of background research and application for tenure.
 - Where similar ground is limited, or there are significant difficulties in applying for new tenure, then this may be based on the actual acquisition cost, or the nominal purchase price of a similar greenfields exploration area, where necessary modified to allow for any change in the market since the acquisition.
 - Exploration expenditure (EE) – the actual expenditure that has usefully advanced the project.
 - Where necessary, discounting for any wasteful expenditure and discounting or ignoring any expenditure that has been directed towards a target that has since been downgraded or proved to be sub-economic.
- Market Factor (MF) – Geos’ practice is usually to use a factor between 1 (where additional similar ground is readily available) and 2 (if such ground is scarce).
 - Although a higher Market Factor could be valid, this would be limited to special cases.
- Prospect Enhancement multiplier (PEM) - This factor would normally vary between 0.5 (where exploration results have been disappointing) and 3. To eliminate some of the subjectivity with respect to this method, Geos Mining commonly utilises the PEM ranges as detailed in Table 13, although values outside this range may be justified in particular situations.

Band	PF	Applicability
1	0.5 – 0.9	Previous exploration indicates the area has limited potential and its prospectivity may have been downgraded by the prior exploration.
2	1.0 – 1.4	The existing (historical and/or current) data consists of pre-drilling exploration and the results are sufficiently encouraging to warrant further exploration.
3	1.5 – 1.9	The prospect contains one or more defined significant targets warranting additional exploration.
4	2.0 – 2.4	The prospect has one or more targets with significant drillhole intersections; similarly prospective ground is not commonly available for application in this area.
5	2.5 – 2.9	Exploration is well advanced and infill drilling is required to define or up-grade a resource such that a reserve can be estimated.
6	3.0	Resource has been defined but a pre-feasibility study has not been recently completed.

Table 13: Prospect Enhancement Multipliers

INCOME APPROACH

This approach is also known as the Discounted Cash Flow (“DCF”) method. If a project is in operation, under development, or at an advanced feasibility study stage (which includes detailed pre-feasibility studies) and reserves, mining and processing recoveries, and capital and operating costs are well defined, it is generally accepted that the DCF is generally the most relevant and appropriate valuation tool.

If a project is at the scoping study or pre-feasibility study stage, additional weight has to be given to the risks, due to uncertainties in capital and operating costs, operational performance and potentially a lower degree of confidence in the reserves.

The DCF method approximates the technical value of the project. In order to determine the Fair Market Value, a premium or discount can be applied to the technical value in accordance with general market dynamics, strategic or other considerations at the time of the valuation.

RISKS & SPECIAL CIRCUMSTANCES

Special circumstances of relevance to mining projects or properties can have a significant impact (both positive and negative) on value and need to be taken into account to modify valuations that might otherwise apply. Examples could include:

- environmental risks that can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals;
- indigenous peoples / land rights issues - projects in areas subject to claims from indigenous peoples can experience prolonged delays, extended negotiations or veto;
- country issues - the location of a project can significantly impact on the cost of development and operating costs and has a major impact on perceived risk and sovereign risk;
- technical issues peculiar to an area or deposit, such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

Appendix 2 – Attributable Exploration Expenditure for NSW Projects

Tenement	2009	Attributed	2010	Attributed	2011	Attributed	2012	Attributed	2013	Attributed	2014	Attributed	2015	Attributed	2016	Attributed	TOTAL	TOTAL ATTRIBUTED
EL 7041	\$13,983	50%	\$ 97,500	80%	\$ 46,350	50%	\$ 60,249	70%	\$ 71,431	70%	\$ 57,099	50%	\$ 79,970	80%	\$ 4,925	0%	\$ 431,507	\$ 292,868
EL 7155	\$41,540	70%	\$ 72,480	80%	\$ 64,396	70%	\$ 77,148	60%	\$ 16,891	80%	\$ 24,438	60%	\$ 19,814	20%			\$ 316,707	\$ 210,566
EL 7423	\$ -		\$ 35,027	60%	\$ 84,094	80%	\$230,515	80%	\$ -	0%	\$ 85,810	80%	\$ 22,235	60%			\$ 457,681	\$ 354,692
EL 7332 8402	\$ -		\$ 47,150	80%	\$ 67,511	80%	\$154,405	70%	\$ 92,211	70%	\$ 72,264	70%	\$ 352,127	70%			\$ 785,668	\$ 561,434
																	\$ 1,991,563	\$ 1,419,561



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