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**ABM RESOURCES NL**

**ACN 009 127 020**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 2:00 pm (WST)

**DATE:** 23 November 2009

**PLACE:** BDO Kendalls Audit & Assurance (WA) Pty Ltd  
Level 8, 256 St Georges Terrace  
Perth, Western Australia

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

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9423 9777.***

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**TIME AND PLACE OF MEETING AND HOW TO VOTE**

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**VENUE**

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The Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 2:00 pm (WST) on 23 November 2009 at:

BDO Kendalls Audit & Assurance (WA) Pty Ltd  
Level 8, 256 St Georges Terrace  
Perth, Western Australia

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to ABM Resources NL, Level 1, 141 Broadway, Nedlands, Western Australia 6009; or
- (b) facsimile to the Company on facsimile number (+61 8) 9423 9733,

so that it is received not later than 2:00pm (WST) on 21 November 2009.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders will be held at 2:00 pm (WST) on 23 November 2009 at BDO Kendalls Audit & Assurance (WA) Pty Ltd, Level 8, 256 St Georges Terrace, Perth, Western Australia.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at the close of business (WST) on 21 November 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

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## AGENDA

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### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the remuneration report as contained in the Company’s annual financial report for the financial year ended 30 June 2009.”*

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### 2. RESOLUTION 2 – APPROVAL FOR ISSUE OF SECURITIES TO OCHRE HOLDINGS PTY LTD (OR NOMINEE)

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

*“That, subject to Resolution 4 being passed, for the purpose of Sections 208 and 611 (Item 7) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue the following securities to Ochre Holdings Pty Ltd (an entity associated with proposed director Dr Nicholas Archibald) (or its nominee) on the terms and conditions set out in the Explanatory Statement:*

- (a) 50,000,000 Shares;*
- (b) 15,000,000 unlisted options exercisable at \$0.01;*
- (c) 500,000,000 unlisted options exercisable at \$0.015; and*
- (d) up to 515,000,000 Shares upon exercise of the options referred to in paragraphs (b) and (c) above.”*

**Expert’s Report:** Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert’s Report comments on the fairness and reasonableness of the transactions the subject of Resolutions 2 and 3 to the non-associated Shareholders in the Company.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Ochre Holdings Pty Ltd (or its nominee) and any of its associates (including any associates of the nominee if appropriate) or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 3. RESOLUTION 3 – APPROVAL FOR ISSUE OF SECURITIES TO TANAMI EXPLORATION NL

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

*"That, subject to Resolutions 2, 4 and 10 being passed, for the purpose of Section 611 (Item 7) of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue the following securities to Tanami Exploration NL (or its nominee) as part consideration of the acquisition of the Tanami Tenements and otherwise on the terms and conditions set out in the Explanatory Statement :*

(a) 265,000,000 Shares;

(b) 300,000,000 unlisted options exercisable at \$0.015; and

(c) up to 300,000,000 Shares upon the exercise of the options referred to in paragraph (b) above."

**Expert's Report:** Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of Resolutions 2 and 3 to the non-associated Shareholders in the Company.

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Tanami Exploration NL (or its nominee) and any of its associates (including any associates of the nominee if appropriate) or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### 4. RESOLUTION 4 – ELECTION OF DR NICHOLAS ARCHIBALD AS A DIRECTOR

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

*"That, subject to Resolutions 2, 3 and 10 being passed, Dr Nicholas Archibald, being eligible and having consented to act, be elected a director of the Company effective immediately."*

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### 5. RESOLUTION 5 – ELECTION OF DR MIKE ETHERIDGE AS A DIRECTOR

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

*"That, subject Resolutions 2, 3, 4 and 10 being passed, Dr Mike Etheridge, being eligible and having consented to act, be elected a director of the Company effective immediately."*

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**6. RESOLUTION 6 – ELECTION OF MR DARREN HOLDEN AS A DIRECTOR**

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

*"That, subject to Resolutions 2, 3, 4 and 10 being passed, Mr Darren Holden, being eligible and having consented to act, be elected a director of the Company effective immediately."*

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**7. RESOLUTION 7 – RE-ELECTION OF MR ANDREW SIMPSON AS A DIRECTOR**

NOTE: This Resolution 7 will not be proposed if any of Resolutions 4, 5 or 6 are passed.

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

*"That, for the purpose of clause 14.3 of the Constitution and for all other purposes, Mr Andrew Simpson, a Director who retires by rotation, and being eligible, is re-elected as a Director."*

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**8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES – SHARE PLACEMENT**

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 48,536,206 Shares at an issue price of \$0.01 per Share, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SHARES – CAPITAL RAISING**

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

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 49,450,000 Shares at an issue price of \$0.03 per Share, on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 10. RESOLUTION 10 – ISSUE OF SHARES - CAPITAL RAISING

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 158,883,333 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 11. RESOLUTION 11 – PARTICIPATION BY RELATED PARTIES IN CAPITAL RAISING

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, subject to Resolution 10 being passed, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue up to a total of 2,000,000 Shares to Dr Nicholas Archibald, Dr Mike Etheridge and Mr Darren Holden (or their nominees) on the same terms as the Shares to be issued pursuant to the capital raising the subject of Resolutions 9 and 10, and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Dr Nicholas Archibald, Dr Mike Etheridge and Mr Darren Holden or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 12. RESOLUTION 12 – ISSUE OF OPTIONS TO BLACKWOOD CAPITAL LIMITED

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue 20,000,000 unlisted options to Blackwood Capital Limited on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Blackwood Capital Limited and any of its associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**13. RESOLUTION 13 – SELECTIVE REDUCTION OF CAPITAL**

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

*“That, for the purpose of Section 256C(2) of the Corporations Act and for all other purposes, approval is given for the Company to make a selective reduction of capital of 1,200,000 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or any of their associates.

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**DATED: 6 OCTOBER 2009**

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to be 'Jutta Zimmermann', written over a horizontal line.

**JUTTA ZIMMERMANN  
ABM RESOURCES NL  
COMPANY SECRETARY**



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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 2:00 pm (WST) on 23 November 2009 at BDO Kendalls Audit & Assurance (WA) Pty Ltd, Level 8, 256 St Georges Terrace, Perth, Western Australia.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. OVERVIEW

#### 1.1 Background

On 26 May 2009, the Company announced that it had executed a memorandum of understanding with Ochre Holdings Pty Ltd (**Ochre**), a project finance and advisory group. A formal agreement comprising the terms of the memorandum of understanding was executed by the parties on 10 June 2009 (**Ochre Agreement**).

The key role of Ochre pursuant to the Ochre Agreement is to identify and source, on behalf of the Company, at least one suitable mining exploration project of major significance, together with associated funding for those project(s), for investment by the Company.

A summary of the terms of the Ochre Agreement is set out in Section 1.3 of this Explanatory Statement.

Subsequently, on 12 August 2009, the Company announced that it had entered into an agreement (**Tanami Agreement**) with Tanami Exploration NL (**Tanami Exploration**) (a wholly owned subsidiary of ASX listed Tanami Gold NL (**Tanami**)) to acquire Tanami Exploration's interest in all its tenements located in the Northern Territory (**Tanami Assets**). Completion of the Tanami Agreement is subject to the satisfaction of a number of conditions, including Shareholder approval.

The key elements of the above transactions are:

- (a) the Company will acquire the Tanami Assets;
- (b) the Company will carry out a capital raising of a minimum of \$5,000,000;
- (c) the Board will be restructured with the following appointments to take effect following the Annual General Meeting, subject to the passing of Resolutions 2, 3, 4, 5, 6 and 10:
  - (i) Dr Mike Etheridge – Non-Executive Chairman;
  - (ii) Mr Darren Holden - Managing Director; and
  - (iii) Dr Nicholas Archibald – Non-Executive Director.

Upon these appointments, each of the existing Directors will retire except for Mr Imants Kins, who will remain on the Board as an Executive Director; and

- (d) the Company will be able to access Tanami's significant technical and administrative expertise to support the Company.

The Tanami Agreement is conditional upon the satisfaction of various conditions precedent including completion of the Capital Raising, and Tanami Exploration and the Company obtaining all necessary regulatory and shareholder approvals to complete the transactions contemplated by the Agreement.

## 1.2 The Tanami Assets

The Tanami Assets consist of granted exploration licences covering approximately 2,210 sq km and exploration licence applications covering approximately 21,334 sq km in the Northern Territory.

The Company considers that the Tanami Assets are prospective for gold, copper and other minerals, and intends to conduct an extensive work program over the Tanami Assets including a minimum spending of \$10,000,000 on exploration throughout the Tanami-Arunta region over an initial two year period. In the event this expenditure is not met and in the circumstance that all work programs have been approved by the relevant regulatory authorities, Tanami Exploration will retain the option to repurchase the Tanami Assets for the return of the consideration paid to it pursuant to the Tanami Agreement.

An independent technical valuation of the Tanami Assets has been prepared by CJS Consulting Pty Ltd which contains information about each of the tenements comprised in the Tanami Assets. The independent technical valuation forms part of the Independent Expert's Report which is Annexure A to this Notice of Meeting.

## 1.3 Details of the Ochre Agreement

Pursuant to the Ochre Agreement, the Company has engaged Ochre to identify, secure and facilitate financing of natural resources opportunities of major significance on behalf of the Company on the following terms and conditions:

- (a) **(Conditions precedent):** the Ochre Agreement (and the issue of the Ochre Securities) is subject to the satisfaction of the following conditions:
  - (i) the Company obtaining the relevant Shareholder and regulatory approvals;
  - (ii) the Company acquiring, by 31 December 2009, at least one project of major significance identified by Ochre on terms that are acceptable to the Company in its absolute discretion. Shareholders should note that completion of the Tanami Agreement will result in the satisfaction of this condition, provided such completion occurs by 31 December 2009. Shareholder Approval for the Tanami Agreement is being sought pursuant to Resolution 3. In the event that Shareholders do not approve the Tanami Agreement, or the Tanami Agreement does not complete by 31 December 2009, it may still be possible for this condition to be satisfied in the event that Ochre identifies an alternative project of major significance, and the Company acquires that project by 31 December 2009 (or such later date as agreed in writing by the parties);
  - (iii) Ochre successfully securing funding for the project(s) referred to in paragraph (ii) and any other projects arising under the Ochre Agreement, on terms acceptable to the Company in its absolute discretion. Shareholders should note that approval for the Capital Raising, the proceeds of which will be used to fund the Tanami

Agreement (subject to the passing of Resolution 3), is being sought pursuant to Resolution 10; and

- (iv) the implementation of an experienced management team, acceptable to the Company in its absolute discretion, led by Dr Nicholas Archibald and which is highly experienced in the natural resources industry. This team will include internationally proven leaders within exploration, mining, industry and banking/finance; and
- (b) **(Obligations of the Company):** the Company agrees to:
- (i) continue to rationalise its portfolio of African assets. If the consideration offered to the Company upon the sale of these non-core assets is primarily shares, the Company shall, subject to the receipt of all relevant Shareholder and regulatory approvals, distribute these shares in specie to Shareholders; and
  - (ii) as soon as practicable, upon the satisfaction or waiver of the conditions set out in paragraph (a) above, appoint Dr Nicholas Archibald and two other proposed directors nominated by him to the Board;
- (c) **(Consideration):** in consideration for performing the services under the Ochre Agreement, and subject to the satisfaction of the conditions set out in paragraph (a) above, the Company shall issue the following securities to Ochre (or its nominee) :
- (i) 50,000,000 Shares (**Ochre Shares**);
  - (ii) 15,000,000 unlisted options exercisable at \$0.01 within 4 years after the issue date (**First Tranche Options**);
  - (iii) 125,000,000 unlisted options exercisable at \$0.015 each within 5 years after the issue date (**Second Tranche Options**);
  - (iv) 125,000,000 unlisted options exercisable at \$0.015 each within 5 years after the issue date (**Third Tranche Options**);
  - (v) up to 125,000,000 unlisted options exercisable at \$0.015 each within 5 years after the issue date of the Second Tranche Options (**Fourth Tranche Options**); and
  - (vi) up to 125,000,000 unlisted options exercisable at \$0.015 each within 5 years after the issue date of the Third Tranche Options (**Fifth Tranche Options**),
- (together, the **Ochre Securities**);
- (d) **(Issue and vesting of Ochre Securities):** subject to the satisfaction of the conditions precedent set out in paragraph (a) above, the Ochre Securities shall be issued after the Annual General Meeting, subject to the following:
- (i) the Ochre Shares shall be issued within five Business Days after the Company's Shares have traded at a minimum volume weighted average price on ASX (**VWAP**) of \$0.02 over 20 consecutive trading days;

- (ii) the First Tranche Options shall be issued within five Business Days of the Company's Shares trading at a minimum VWAP of \$0.02 over 20 consecutive trading days;
  - (iii) the Second Tranche Options shall be issued within five Business Days of the satisfaction of the conditions precedent set out in paragraph (a) above, and may only be exercised after the Company's Shares have traded at a minimum VWAP of \$0.02 over 20 consecutive trading days;
  - (iv) the Third Tranche Options shall be issued within five Business Days of the satisfaction of the conditions precedent set out in paragraph (a) above, and may only be exercised after the Company's Shares have traded at a minimum VWAP of \$0.025 over 20 consecutive trading days;
  - (v) the Fourth Tranche Options are to be issued on a one-for-one basis upon Ochre exercising any of the Second Tranche Options, and may only be exercised after the Company's Shares have traded at a minimum VWAP of \$0.03 over 20 consecutive trading days; and
  - (vi) the Fifth Tranche Options are to be issued, on a one-for-one basis, upon Ochre exercising any of the Third Tranche Options, and may only be exercised after the Company's Shares have traded at a minimum VWAP of \$0.035 over 20 consecutive trading days; and
- (e) **(Escrow of Ochre Shares)**: the Ochre Shares shall be subject to a voluntary escrow period of 12 months from the date of issue of the Ochre Shares.

Pursuant to a letter agreement dated 14 September 2009, Ochre has nominated Yuriy Limited (**Yuriy**) as the entity which is to receive the Ochre Securities on behalf of Ochre. Further details on Yuriy are set out in Section 4.1 of this Explanatory Statement.

#### 1.4 Details of the Tanami Agreement

Pursuant to the Tanami Agreement, the Company has agreed to acquire the Tanami Assets from Tanami Exploration on the following material terms and conditions:

- (a) **(Conditions Precedent)**: the Tanami Agreement is conditional upon a number of conditions precedent, including the following key conditions:
  - (i) the Company obtaining all necessary approvals and consents, including Shareholder approval for the purpose of Item 7 of Section 611 of the Corporations Act, which is being sought pursuant to Resolution 3; and
  - (ii) the Company raising a minimum of \$5,000,000 on terms satisfactory to the Company;
- (b) **(Consideration)**: the consideration payable to Tanami Exploration for the Tanami Assets is:
  - (i) \$1,500,000 cash (plus GST if applicable);
  - (ii) 265,000,000 Shares; and

- (iii) a total of 300,000,000 unlisted options (**Tanami Options**) exercisable as follows:
  - (A) 150,000,000 Tanami Options exercisable at \$0.015 each within 5 years after the issue date, which may only be exercised when the average price of Shares on ASX is at least \$0.03 for 20 consecutive trading days; and
  - (B) 150,000,000 Tanami Options exercisable at \$0.015 each within 5 years after the issue date, which may only be exercised when the average price of Shares on ASX is at least \$0.035 for 20 consecutive trading days;
- (c) (**Escrow of Tanami Shares**): the Tanami Shares shall be subject to a voluntary escrow period of 12 months (concurrent with any escrow period imposed by ASX);
- (d) (**Completion**): completion of the Tanami Agreement shall occur seven Business Days after the date the last of the conditions precedent has been satisfied or waived, or such other date as the Company and Tanami Exploration agree;
- (e) (**Board appointment**): upon completion of the Tanami Agreement, Tanami Exploration shall have the right to nominate one additional director to the board of the Company;
- (f) (**Right to participate in future capital raisings**): subject to all necessary regulatory and Shareholder approvals, Tanami Exploration (or its nominee) shall have the right to participate in all future capital raisings of the Company (other than the Capital Raising) on a pro rata basis while its shareholding in ABM remains above 15%;
- (g) (**Representations and warranties**): the Tanami Agreement contains representations and warranties given by Tanami Exploration to the Company in respect of the Tanami Assets which are standard for an agreement of this nature, including that, other than as disclosed to the Company, the Tanami Assets are in good standing, free from encumbrances and there is no litigation proceeding or pending in respect of the Tanami Assets;
- (h) (**Exploration Expenditure**): ABM must use its best endeavours to:
  - (i) spend a minimum of \$10,000,000 on exploration expenditure in relation to the Tanami Assets within the two year period following completion of the Tanami Agreement. For this purpose, 'exploration expenditure' includes:
    - (A) expenditure permitted to be included in exploration expenditure as defined in the *Mining Act NT*;
    - (B) the costs of all geological activity relating to the Tanami Assets;
    - (C) reasonable administration costs associated with the Tanami Assets deemed to be 12% of the expenditure referred to in paragraph (A);
    - (D) rates and rents relating to the Tanami Assets; and

- (E) all legal costs associated with the Tanami Assets; and
- (ii) determine, and obtain regulatory and native title approval for, work programs which would result in the Company incurring exploration expenditure of \$10,000,000 during the two year period following completion of the Tanami Agreement;
- (i) **(Option to repurchase Tanami Assets):** if:
  - (i) the Company does not spend a minimum of \$10,000,000 on exploration expenditure on the Tanami Assets over the two-year period commencing upon the completion of the Tanami Agreement; and
  - (ii) all work programs (as determined by the Company) have been approved by the relevant regulatory authorities within a timeframe that enables completion of the work programs within two years of completion of the Tanami Agreement,

Tanami Exploration will have the option to repurchase the Tanami Assets for the following consideration:

- (iii) reimbursement to the Company of the initial \$1,500,000; and
- (iv) subject to the receipt of all relevant approvals, the cancellation of:
  - (A) the Tanami Shares;
  - (B) the Tanami Options; and
  - (C) any Shares which have been issued upon the exercise of the Tanami Options.

## 1.5 Capital Raising and use of funds

Completion of the Tanami Agreement is conditional upon the Company completing a capital raising of a minimum of \$5,000,000.

The Company is proposing to offer for subscription up to 208,333,333 Shares at an issue price of \$0.03 per Share to raise up to \$6,250,000 (**Capital Raising**). The Company has engaged Blackwood Capital Limited (AFSL 224221) (**Blackwood Capital**) to assist with completing the Capital Raising. The Shares will be issued to sophisticated and professional investor clients of Blackwood Capital that do not need disclosure by a prospectus under Section 708 of the Corporations Act. The Company has also agreed to issue 20,000,000 unlisted options to Blackwood Capital upon the successful completion of the Capital Raising, and subject to the Shareholder approval being sought pursuant to Resolution 12.

Tranche 1 of the Capital Raising was completed on 17 September 2009. Pursuant to Tranche 1, the Company issued 49,450,000 Shares to sophisticated and institutional investors under its annual 15% placement capacity to raise \$1,483,500. Shareholder ratification of the issue of these Shares is being sought pursuant to Resolution 9. The Company has also received funds for a further 550,000 Shares to be held in trust until Shareholder approval for the issue of these Shares to related parties of the Company has been obtained. This approval is being sought pursuant to Resolution 11.

The Company will complete Tranche 2 of the Capital Raising after the Annual General Meeting, subject to the passing of Resolution 10. Pursuant to Tranche 2, the Company will issue up to an additional 158,883,333 Shares to raise a further \$4,766,500.

The Company intends to use the funds raised from the Capital Raising as follows:

<b>Use of funds</b>	<b>Minimum subscription</b>	<b>Maximum subscription</b>
Payment to Tanami Exploration pursuant to the Tanami Agreement	\$1,500,000	\$1,500,000
Exploration and evaluation of the Tanami Assets	1,565,000	2,750,000
Costs relating to the Capital Raising and the Tanami Agreement and exploration of existing projects	935,000	1,000,000
General working capital	1,000,000	1,000,000
<b>Total</b>	<b>\$5,000,000</b>	<b>\$6,250,000</b>

The costs of the Capital Raising include a placement fee payable to Blackwood Capital if 6.5% of the proceeds raised by Blackwood Capital.

The costs of the Tanami Agreement include:

- (a) projected stamp duty payable in relation to the acquisition of the Tanami Assets;
- (b) the costs of legal and technical due diligence on the Tanami Assets; and
- (c) the costs of obtaining the Independent Expert Report and preparation of this Notice of Meeting.

The actual use of funds may vary from the above estimates and the Board reserves the right to vary the use of funds dependent on circumstances and other opportunities. If the minimum of \$5,000,000 is not raised pursuant to the Capital Raising then the Company will not satisfy one of the conditions necessary to complete the Tanami Agreement.

## 1.6 Proposed timetable

<b>Event</b>	<b>Proposed Date</b>
Annual General Meeting	23 November 2009
Appointment of new Directors to the Board	23 November 2009
Allotment of Shares under Tranche 2 of Capital Raising	24 December 2009

Completion of the Tanami Agreement	December 2009
Issue of Shares and Options pursuant to the Tanami Agreement	December 2009
Issue of Shares and Options pursuant to the Ochre Agreement	January 2010

These dates are indicative only and may change without notice.

## 1.7 Pro forma capital structure

The pro forma capital structure of the Company by reason of the completion of the Ochre Agreement, the Tanami Agreement and the Resolutions under this Notice of Meeting is as follows:

<b>SHARES</b>		
<b>Description</b>	<b>Assuming minimum subscription under the Capital Raising</b>	<b>Assuming maximum subscription under the Capital Raising</b>
Current Shares on issue (including Tranche 1 of Capital Raising)	755,144,246	755,144,246
Tranche 2 of Capital Raising – to be issued to related parties	550,000	550,000
Tranche 2 of Capital Raising - to be issued to non-related parties	116,666,667	158,333,333
Shares issued pursuant to the Ochre Agreement	50,000,000	50,000,000
Shares issued pursuant to the Tanami Agreement	265,000,000	265,000,000
Cancellation of Consultant Shares	(1,200,000)	(1,200,000)
<b>Total</b>	<b>1,186,160,913</b>	<b>1,227,827,579</b>

<b>OPTIONS</b>		
<b>Description</b>	<b>Assuming minimum subscription under the Capital Raising</b>	<b>Assuming maximum subscription under the Capital Raising</b>
Current Options on issue	46,617,340	46,617,340



Options issued pursuant to the Ochre Agreement	515,000,000	515,000,000
Options issued pursuant to the Tanami Agreement	300,000,000	300,000,000
Options issued to Blackwood Capital	20,000,000	20,000,000
<b>Total</b>	<b>881,617,340</b>	<b>881,617,340</b>

## 1.8 Pro forma balance sheet

The pro forma balance sheet, as set out in the Independent Experts Report, of the Company assuming that all of the Resolutions have been passed is set out below:

	<b>Audited 30 June 2009 \$000's</b>	<b>Pro-forma A Un-audited 30 June 2009 \$000's</b>	<b>Pro-forma B Un-audited 30 June 2009 \$000's</b>
<b>Current Assets</b>			
Cash assets	448	1,273	2,533
Receivables	24	24	24
Prepayments	44	44	44
	516	1,341	2,601
<b>Non Current Assets</b>			
Receivables and bonds	432	432	432
Other Financial Assets	10	10	10
Fixed Assets	198	198	198
Capitalised exploration costs	4,824	4,824	13,924
	5,464	5,464	14,564
Total Assets	5,980	6,805	17,165
<b>Current Liabilities</b>			
Payables	306	306	306
Provisions- employees	12	12	12
	318	318	318
<b>Non Current Liabilities</b>			
Provision- rehabilitation	206	206	206
Provisions- employees	21	21	21
	227	227	227
Total Liabilities	545	545	545
Net Assets	5,435	6,260	16,620
<b>Equity</b>			
Contributed equity (share capital)	59,638	61,088	69,903
Option reserve	128	762	3,342
Accumulated losses	(54,331)	(55,590)	(56,625)
Net Equity	5,435	6,260	16,620

### **Assumptions and adjustments:**

The audited consolidated balance sheet of the Company as at 30 June 2009 and a pro-forma consolidated balance sheet "A" as at 30 June 2009 set out above assume the following:

- (a) the issue of 50,000,000 Shares to Ochre at an assumed price of 1 cent per Share and expensed (\$50,000);
- (b) the issue of 50,000,000 Shares at 3 cents each to raise a gross \$1,500,000 and a net \$1,400,000 after Tranche 1 Capital Raising costs of \$100,000;
- (c) the issue of the First Tranche Options and the Second and Third Tranche Options (no cost payable by Ochre for such Options but for A-IFRS purposes a value may need to be attributable to such share options and an amount of \$634,250 has been attributed). The fair value would result in an increase in losses and an increase in reserves (Option Reserve) but no affect on the net assets of the Company and its subsidiaries (**ABM Group**);
- (d) costs of preparation of this Notice of Meeting are approximately \$75,000; and
- (e) the incurring of further administration costs estimated at \$500,000 to 30 September 2009.

In addition, the consolidated balance sheet "B" incorporates the above assumptions as well as the following additional assumptions:

- (f) the payment of \$1,500,000 to Tanami Exploration as part consideration for the acquisition of the Tanami Assets;
- (g) the issue of 265,000,000 Shares to Tanami Exploration pursuant to the Tanami Agreement at a deemed issue price of 2.1 cents (\$5,565,000) and the issue of 300,000,000 Tanami Options with a deemed fair value of 0.8 cents each (\$2,400,000) as part consideration for the acquisition of the Tanami Assets and writing down the total consideration to the preferred value of \$9,100,000;
- (h) the issue of a further minimum 116,666,667 Shares pursuant to Tranche 2 of the Capital Raising at an issue price of 3 cents each to raise a gross \$3,500,000 and a net \$3,250,000 after costs of Tranche 2 of the Capital Raising estimated at \$210,000;
- (i) the payment of statutory costs (including stamp duty) estimated at \$500,000 relating to the Tanami Agreement and expensed to the income statement; and
- (j) the issue of 20,000,000 Options to Blackwood Capital (the subject of Resolution 12) with a deemed fair value of \$180,000 and expensed against share equity as capital raising costs.

### **1.9 Change to Board of Directors**

The Board of Directors currently comprises:

- (a) Mr Imants Kins – Executive Chairman and Managing Director;
- (b) Mr Simon Rigby – Non-Executive Director; and

- (c) Mr Andrew Simpson – Non-Executive Director.

After the Annual General Meeting, subject to the passing of Resolutions 2, 3, 4, 5, 6 and 10 it is intended that the Board will be restructured as set out below.

It is intended that Mr Darren Holden, Dr Mike Etheridge and Dr Nicholas Archibald will be elected as Directors at the Annual General Meeting. Messrs Simon Rigby and Andrew Simpson will then resign as Directors. Mr Imants Kins will remain on the Board.

The new board of Directors is intended to comprise:

- (a) Dr Mike Etheridge – Non-Executive Chairman;
- (b) Mr Darren Holden - Managing Director;
- (c) Dr Nicholas Archibald – Non-Executive Director; and
- (d) Mr Imants Kins – Executive Director.

***Dr Mike Etheridge - PhD, FTSE, FAIG, FAICD***

Dr Mike Etheridge is a geologist with over 35 years' experience in exploration, mining, consulting and research.

Until 2004 he was chairman of the consulting firm SRK Consulting (Australia), having co-founded its predecessor, Etheridge Henley Williams in 1990. Dr Etheridge is an Adjunct Professor at Macquarie University, where he led an industry collaborative research project into improving the management of risk and value in mineral exploration.

He is currently a Non-executive Director of Lihir Gold Ltd (ASX, POMSoX, NASDAQ, TSX), and has been an NED at Consolidated Minerals Ltd (ASX, AIM), Ariana Resources Ltd (AIM), Ballarat Goldfields NL (ASX) and Geoinformatics Exploration Inc (TSX-V), among others, during the last three years. He also chaired the boards of the Predictive Mineral Discovery Cooperative Research Centre and AuScope Ltd, two major government and industry-funded research bodies.

***Mr Darren Holden - BSc Hons, MAusIMM***

Mr Holden is a graduate of the University of Otago (NZ) and The University of Western Australia and is a Member of the Australasian Institute of Mining and Metallurgy.

Mr Holden has worked as both a mine geologist and exploration geologist for several companies. In 1997, Mr Holden joined Fractal Geoscience as a senior consultant and was involved in 3D modelling and targeting on a wide variety of ore deposits and deposit styles. Mr Holden was a leading member of the team that won the GoldCorp Challenge in 2001.

Mr Holden joined Geoinformatics in 2001 and was initially based in Perth. Geoinformatics listed on the Toronto Stock Exchange- Venture Exchange in 2005. In 2007, Mr Holden moved to Vancouver, British Columbia, Canada and became the Chief Operating Officer for the company. Darren led the exploration teams from Project Generation through to discovery and resource definition.

Mr Holden has relocated to Western Australia to take up this position with the Company (subject to Shareholder approval).

**Dr Nicholas Archibald** BSc(Hons), PhD, FTSE, FAIG, FGSA, FSEG, FAusIMM(CP)

Dr Archibald, a geologist, is best known for his work with the Australian and North American explorations industries. Dr Archibald and his team at Fractal Graphics won the Goldcorp Challenge in 2001, a global internet-based competition aimed at identifying a further 6M Oz of gold at Goldcorp's Red Lake Mine in NW Ontario, Canada. The success with Goldcorp, now a CN\$23 billion major global gold company, gave the team at Fractal Graphics instant credibility in North America and led to the formation of Geoinformatics Explorations Inc, an exploration company that forged strategic alliances with mining majors across the globe, including Kennecott Exploration, a subsidiary of Rio Tinto, Anglo American, Goldfields and Goldcorp.

The Board believes that the appointment of Dr Archibald as a Director adds significantly to the value of the Company. Dr Archibald's appointment will bring to the Company highly successful intellectual property in exploration, corporate experience and a high-level global network within the mining and financing sector.

### 1.10 Risk factors

Shareholders should be aware that the Company will be subject to a number of risks if the Tanami Agreement is completed. As the Company is a mineral resource exploration company, a number of these risks are not new to the Company.

If the Tanami Agreement is completed, some of the material risk factors include:

- (a) **(exploration and development)**: by its nature, the exploration and development of a resource project is a high risk undertaking with no assurance of the economic exploitation of mineral resources;
- (b) **(resource estimation)**: resource estimations are expressions of judgment which are imprecise;
- (c) **(commodity price volatility)**: an adverse fall in the prices of commodities including gold or copper may adversely affect the development of the Tanami Assets;
- (d) **(future funding requirements)**: there is no assurance that future funding will be available to the Company to continue exploration of the Tanami Assets or develop the Tanami Assets. In particular, pursuant to the Tanami Agreement, the Company must spend, subject to force majeure exceptions and approval of all work programs submitted by all relevant regulatory and native title authorities within a timeframe that enables completion of the Work Programs within two years of Settlement, a minimum of \$10,000,000 in exploring the Tanami Assets during the two year period commencing upon the completion of the Tanami Agreement. There is a risk that the Company may be unable to secure funding to meet this obligation, and in that event Tanami Exploration shall have the option to repurchase the Tanami Assets for the return of the consideration paid to Tanami Exploration pursuant to the Tanami Agreement; and
- (e) **(reliance on key personnel)**: the loss of any of the key personnel having the experience and expertise necessary to manage the Tanami Assets may adversely affect the prospects of the Company.

## **1.11 Directors' Recommendations**

The Tanami Agreement presents an opportunity for the Company to acquire the prospective and strategic gold and gold/copper Tanami Assets and progress the transformation of the Company to an Australian exploration company of global importance.

The proposed restructure is the first step in the Company's strategy designed at targeting world class discoveries within large strategic landholdings covering entire mineral fields and implementing intensive, targeted exploration programs. The funds raised via the Capital Raising will allow the Company to conduct the initial phase of this exploration.

The Tanami Assets consist of large and strategic ground holdings in the Proterozoic Tanami and Arunta provinces. These provinces have been identified as gold and copper/gold terrains that remain underexplored, and the Independent Technical Valuation supports the Company's view that the Tanami Assets are prospective for gold and gold/copper.

The proposed new board has a combination of technical, commercial and financial expertise that will enable the Company to fully exploit the potential of the Tanami Assets and take advantage of other corporate opportunities that may arise in the future.

For the above reasons, the current Directors of the Company consider that the transactions the subject of the Resolutions are in the best interests of the Company and recommend that Shareholders vote in favour of all Resolutions. The current Directors have agreed to put the Resolutions to Shareholders and have approved the information contained in this Explanatory Statement.

Each of the current Directors intends to vote their Shares in favour of each of the Resolutions.

Shareholders are also referred to the Independent Expert's Report in Annexure A which concludes that, while the transaction is not fair, it is, on balance, considered reasonable for the non-associated Shareholders of the Company.

## **1.12 Conditionality of Resolutions**

Resolution 2 is conditional upon Resolution 4 being passed, so that it will not have effect unless and until Resolution 4 is passed.

Resolution 3 is conditional upon the passing of Resolutions 2, 4 and 10 so that it will not have effect unless Resolutions 2, 4 and 10 are passed.

Resolution 4 is conditional upon the passing of Resolutions 2, 3 and 10, so that it will not have effect unless and until Resolutions 2, 3 and 10 are passed.

Resolutions 5 and 6 are each conditional upon the passing of Resolutions 2, 3, 4 and 10, so that each will not have effect unless and until Resolutions 2, 3 and 10 are passed.

## **1.13 Future of the Company if Resolutions 2 and 3 are not passed**

If Resolutions 2 and 3 are not passed and the Tanami Agreement is not completed, the Company will continue to focus on:

- (a) the exploration at the Erayinya base metals and the Broads Dam gold joint ventures in Western Australia, and
- (b) seeking alternative suitable projects for investment.

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## **2. FINANCIAL STATEMENTS AND REPORTS**

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2009 together with the declaration of the Directors, the Directors' report, the remuneration report and the auditor's report.

There is no requirement for Shareholders to approve these reports. However, the Chairman will allow a reasonable opportunity for Shareholders to ask questions or make comments about those reports and the management of the Company. Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and content of the auditor's report.

In addition to taking questions at the Annual General Meeting, written questions to the Chairman about the management of the Company, or to the Company's auditor about:

- (a) the preparation and content of the auditor's report;
- (b) the conduct of the audit;
- (c) accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the auditor in relation to the conduct of the audit,

may be submitted no later than 5 Business Days before the meeting date to Jutta Zimmermann by:

- (e) post at ABM Resources NL, Level 1, 141 Broadway, Nedlands, Western Australia 6009; or
- (f) facsimile on facsimile number (+61 8) 9423 9733.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments have resulted in a significant reduction of the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company's annual financial report on its website at [www.abmresources.com.au](http://www.abmresources.com.au).

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## **3. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT**

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

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2009.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

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## **4. RESOLUTION 2 – ISSUE OF SECURITIES TO OCHRE HOLDINGS PTY LTD**

### **4.1 General**

Resolution 2 seeks Shareholder approval for the allotment and issue of the Ochre Securities to Ochre (or its nominee) for all purposes, including for the purpose of:

- (a) Chapter 2E of the Corporations Act;
- (b) ASX Listing Rule 10.11; and
- (c) Item 7 of Section 611 of the Corporations Act.

Ochre has nominated Yuriy Limited (a company incorporated in the British Virgin Islands) (**Yuriy**) as the nominee to which the Ochre Securities are to be issued. Yuriy is a company incorporated in the British Virgin Islands, and is controlled by Mr Nathan Featherby (who is also a controller of Ochre).

### **4.2 Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Ochre is an entity associated with proposed director, Dr Nicholas Archibald. Accordingly, Ochre is deemed to be a related party of the Company. The issue of the Ochre Securities to Ochre therefore requires the Company to obtain Shareholder approval.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 may not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of the Ochre Securities to Ochre.

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Ochre Securities:

- (a) the related party is Ochre and it will be a related party by virtue of being an entity associated with proposed director, Dr Nicholas Archibald (Dr Archibald will be a Director if Resolutions 2, 3, 4 and 10 are passed);
- (b) the maximum number of Ochre Securities (being the nature of the financial benefit being provided) to be issued is:
- (i) 50,000,000 Shares;
  - (ii) 15,000,000 unlisted options with an exercise price of \$0.01; and
  - (iii) 500,000,000 unlisted options with an exercise price of \$0.015,  
(the options together being the **Ochre Options**);
- (c) the Ochre Securities will be issued no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Ochre Securities will be issued for nil cash consideration, as they will be issued as consideration for services provided by Ochre to the Company pursuant to Ochre Agreement;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) the terms and conditions of the Ochre Options are set out in Schedule 1;
- (g) the value of the Ochre Options and the pricing methodology is set out in Schedule 2;
- (h) the relevant interests of Ochre, Yuriy and Dr Archibald in securities of the Company as at the date of this Notice of Meeting is set out below:

Related Party	Shares	Options
Ochre	Nil	Nil
Yuriy	Nil	Nil
Dr Nicholas Archibald*	Nil	Nil

\* Shareholder approval is being sought pursuant to Resolution 11 to permit Dr Archibald to acquire up to 833,333 Shares pursuant to the Capital Raising. Refer to Section 11 of this Explanatory Statement for further details.

- (i) the remuneration and emoluments from the Company to Ochre, Yuriy and Dr Archibald for both the current financial year and previous financial year are set out below:

Related Party	Current Financial Year	Previous Financial Year
Ochre	Nil	Nil
Yuriy	Nil	Nil
Nicholas Archibald	\$50,000	Nil



- (j) if all of the Ochre Shares and Ochre Options are issued, and the Ochre Options are exercised, a total of 565,000,000 Shares would be allotted and issued to Ochre (or Yuriy, as its nominee). This will increase the number of Shares on issue from 871,160,913 to 1,436,160,913 (assuming that no other Options are exercised and that the minimum Capital Raising Shares have been issued pursuant to Resolution 10, and the Consultant Shares cancelled pursuant to Resolution 13). The dilutionary effect of this issue on the shareholding of existing Shareholders would be as follows:

Issued Shares as at the date of this Notice of Meeting	Shares to be issued to Ochre (assuming exercise of all Ochre Options)	Issued Shares after issue of Ochre Shares and exercise of all Ochre Options	Dilutionary effect upon issue of Ochre Shares and exercise of Ochre Options
871,160,913	565,000,000	1,436,160,913	39.34%

- (k) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Annual General Meeting is set out below:

	Price	Date
Highest	\$0.07	17 September 2009
Lowest	\$0.006	21 November 2008, 8 December 2008, 30 March 2009 & 27 April 2009
Last	\$0.036	5 October 2009

- (l) the primary purpose of the grant of Ochre Securities is to provide consideration to Ochre for the provision of services in identifying and financing natural resources opportunities of major significance for the Company pursuant to the Ochre Agreement; and
- (m) the Directors recommend that Shareholders vote in favour of Resolution 2. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Ochre Securities as approval is being obtained under ASX Listing Rule 10.11 and Item 7 of Section 611 of the Corporations Act. Accordingly, the issue of Ochre Securities will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

#### 4.3 Item 7 of Section 611 of the Corporations Act

##### **Section 606 of the Corporations Act – Statutory Prohibition**

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or

on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

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

### **Voting Power**

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person (second person) will be an "associate" of the other person (first person) if:

- (a) the first person is a body corporate and the second person is:
  - (i) a body corporate the first person controls;
  - (ii) a body corporate that controls the first person; or
  - (iii) a body corporate that is controlled by an entity that controls the person;
- (b) the second person has entered or proposed to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the company's board or the conduct of the company's affairs; or
- (c) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the company's affairs.

### **Relevant Interests**

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

## **4.4 Reason Why Section 611 Approval Required**

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition described in Section 4.3 above, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

For the purposes of the Corporations Act, the following persons are deemed to be associates of Ochre and Yuriy:

- (a) Dr Nick Archibald;
  - (b) Mr Todd Bennett;
  - (c) Mr Nathan Featherby;
  - (d) Mancora Capital Pty Ltd (**Mancora**) (an entity controlled by Mr Nathan Featherby); and
  - (e) Geocrust Pty Ltd (an entity controlled by Dr Nick Archibald),
- (together, the **Ochre Associates**).

As a result of the Ochre Agreement, Ochre (and Yuriy, as its nominee) will acquire a relevant interest in 50,000,000 Shares and 515,000,000 Options.

Assuming that:

- (a) the minimum subscription of 166,666,667 Shares have been issued pursuant to the Capital Raising;
- (b) 1,200,000 Shares have been cancelled pursuant to Resolution 13; and
- (c) no Options on issue as at the date of this Notice of Meeting have been exercised,

then this relevant interest will represent 5.43% of the issued ordinary capital of the Company.

This will result in the voting power of Ochre and the Ochre Associates being 8.09% immediately following the issue of the Ochre Shares, on the basis of the above assumptions, and the relevant interests of the Ochre Associates following the completion of the Capital Raising as set out below.

Further, if the Ochre Options are exercised, Ochre (and Yuriy, as its nominee) will acquire a relevant interest in up to 515,000,000 Shares issued upon the exercise of the Ochre Options.

This will result in Ochre/Yuriy holding 39.36% of the issued ordinary capital of the Company, and the voting power of Ochre and the Ochre Associates increasing to 41.05% (on the basis of the above assumptions).

Accordingly, Resolution 2 seeks Shareholder approval for the purpose of Section 611 Item 7 and for all other purposes to enable the Company to issue the Ochre Securities to Ochre (or its nominee, Yuriy), and to enable Ochre (or Yuriy) to exercise the Ochre Options.

In addition, the following parties will have a relevant interest in any securities held by Ochre or Yuriy:

- (a) Mr Nathan Featherby (as he holds more than 20% of the issued capital of Ochre and 100% of the issued capital of Yuriy);
- (b) Mr Todd Bennett (as he holds more than 20% of the issued capital of Ochre); and
- (c) Dr Nicholas Archibald (as is a director of, and has effective control of, Ochre, in accordance with section 50AA of the Corporations Act).

Mr Bennett intends to subscribe for 583,333 Shares in Tranche 2 of the Capital Raising and, subject to Shareholder approval being sought pursuant to Resolution 11, Dr Nicholas Archibald intends to subscribe for 833,333 Shares in the Capital Raising.

Shareholder approval is required to enable these parties to acquire a relevant interest in the Ochre Securities (through their interest in Ochre and Yuriy) as their voting power in the Company could also increase above 20%.

#### 4.5 **Specific Information Required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74**

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to in the Independent Expert's Report prepared by Stantons International Securities annexed to this Explanatory Statement.

##### **Relevant Interests and Voting Power**

As at the date of this Notice, the following parties have a relevant interest in Shares as follows:

<b>Party</b>	<b>Relevant Interest</b>	<b>Capacity</b>
Ochre	Nil	N/A
Yuriy	Nil	N/A
Nicholas Archibald <sup>(1)</sup>	Nil	N/A
Geocrust Pty Ltd <sup>(1)</sup>	Nil	N/A
Nathan Featherby	7,582,321 13,988,247	Direct holder Section 608(3)
Mancora	13,988,247	Direct holder
Mr Todd Bennett <sup>(2)</sup>	1,650,000	Direct holder

(1) Dr Archibald intends to subscribe for 833,333 Shares in Tranche 2 of the Capital Raising (through his entity, Geocrust Pty Ltd (**Geocrust**)), subject to Shareholder approval being sought pursuant to Resolution 11.

(2) Mr Bennett intends to subscribe for 583,333 Shares in Tranche 2 of the Capital Raising.

The figures in columns 3, 4 and 5 in the following tables assume that:

- (a) Dr Nick Archibald subscribes for 833,333 Shares in Tranche 2 of the Capital Raising;
- (b) Mr Todd Bennett subscribes for 583,333 Shares in Tranche 2 of the Capital Raising;
- (c) the minimum subscription of 166,666,667 Shares have been issued pursuant to the Capital Raising;
- (d) 1,200,000 Shares have been cancelled pursuant to Resolution 13;
- (e) no Options on issue as at the date of this Notice of Meeting have been exercised.

The relevant interests of Ochre and the Ochre Associates (both current, and following the issue of Securities as contemplated by this Notice) are set out in the table below:

<b>Party</b>	<b>As at the date of this Notice of Meeting</b>	<b>After completion of the Capital Raising and subscription of Shares by Ochre Associates in the Capital Raising</b>	<b>After issue of Ochre Shares and assuming subscription by Ochre Associates of Shares in the Capital Raising</b>	<b>After issue of Ochre Shares, subscription by Ochre Associates of Shares in the Capital Raising, and issue and exercise of 515,000,000 Ochre Options</b>
<b>Ochre</b>	Nil	Nil	50,000,000	565,000,000
<b>Yuriy</b>	Nil	Nil	50,000,000	565,000,000
<b>Nicholas Archibald</b>	Nil	833,333	50,833,333	565,833,333
<b>Geocrust</b>	Nil	833,333	50,833,333	565,833,333
<b>Nathan Featherby</b>	21,570,568	21,570,568	71,570,568	586,570,568
<b>Mancora</b>	13,988,247	13,988,247	63,988,247	578,988,247
<b>Todd Bennett</b>	1,650,000	2,233,333	52,233,333	567,233,333

The voting power of Ochre and the Ochre Associates (both current, and following the issue of Securities as contemplated by this Notice) are set out in the table below:

<b>Party</b>	<b>As at the date of this Notice of Meeting</b>	<b>After completion of the Capital Raising and subscription of Shares by Ochre Associates in the Capital Raising</b>	<b>After issue of Ochre Shares and assuming subscription by Ochre Associates of Shares in the Capital Raising</b>	<b>After issue of Ochre Shares, subscription by Ochre Associates of Shares in the Capital Raising, and issue and exercise of 515,000,000 Ochre Options</b>
<b>Ochre</b>	3.08%	2.83%	8.10%	41.06%
<b>Yuriy</b>	3.08%	2.83%	8.10%	41.06%
<b>Nicholas Archibald</b>	3.08%	2.83%	8.10%	41.06%
<b>Geocrust</b>	3.08%	2.83%	8.10%	41.06%
<b>Nathan Featherby</b>	3.08%	2.83%	8.10%	41.06%
<b>Mancora</b>	3.08%	2.83%	8.10%	41.06%
<b>Todd Bennett</b>	3.08%	2.83%	8.10%	41.06%

The maximum relevant interest that Ochre/Yuriy will hold after completion of the Ochre Agreement (and after the exercise of all of the Ochre Options) is 565,000,000 Shares, and the maximum voting power that Ochre/Yuriy will hold is 41.06%. This represents an increase from 3.08% to 41.06%.

The maximum relevant interest that Dr Archibald and Geocrust will hold after completion of the Ochre Agreement (and after the exercise of all of the Ochre Options and participation by Dr Archibald/Geocrust in the Capital Raising) is 565,833,333 Shares, and the maximum voting power that Dr Archibald will hold is 41.06%. This represents an increase from 3.08% to 41.06%.

The maximum relevant interest that Mr Featherby will hold after completion of the Ochre Agreement (and after the exercise of all of the Ochre Options) is 586,413,650 Shares, and the maximum voting power that Mr Featherby will hold is 41.06%. This represents an increase from 3.08% to 41.06%.

The maximum relevant interest that Mancora will hold after completion of the Ochre Agreement (and after the exercise of all of the Ochre Options) is 578,913,397 Shares, and the maximum voting power that Mancora will hold is 41.06%. This represents an increase from 3.08% to 41.06%.

The maximum relevant interest that Mr Bennett will hold after completion of the Ochre Agreement (and after the exercise of all of the Ochre Options and participation by Mr Bennett in the Capital Raising) is 567,233,333 Shares, and the maximum voting power that Mr Bennett will hold is 41.06%. This represents an increase from 3.08% to 41.06%.

Neither Ochre nor Yuriy have any associates with relevant interests in the Company's Shares other than as set out herein.

Further details on the voting power of Ochre and the Ochre Associates are set out in the Independent Expert's Report prepared by Stantons International Securities.

### ***Ochre's Intentions***

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that Ochre and the Ochre Associates:

- (a) have no intention of making any significant changes to the business of the Company other than as set out in this Notice of Meeting, however it is intended the Company will consider new opportunities and the funding of these opportunities as and when they may arise, pursuant to the Ochre Agreement, by identifying and financing natural resources opportunities of major significance for the Company;
- (b) have no intention of making changes regarding the future employment of the present employees of the Company;
- (c) do not intend to redeploy any fixed assets of the Company;
- (f) will arrange for debt or equity finance to adequately capitalise the Company to meet its objectives including commitment to finance any required infrastructure facilities in co-operation with operating Company partners; do not intend to transfer any property between the Company or any person associated with it; and
- (g) have no current intention to change the Company's existing policies in relation to financial matters.

Please refer to Section 1 of this Explanatory Statement for details of the proposed changes to the Board upon the approval of Ochre Agreement, the Tanami Agreement and the Capital Raising.

### **Capital Structure**

The proposed capital structure of the Company following completion of all the transactions the subject of the Resolutions is set out in Section 1.7 of this Explanatory Statement.

### **Identity, Associations and qualifications of proposed Directors**

It is proposed that Dr Nicholas Archibald, Dr Mike Etheridge and Mr Darren Holden will be appointed as Directors of the Company.

The experience and qualifications of these proposed Directors is set out in Section 1 of this Explanatory Statement.

None of these proposed directors currently hold, or have a relevant interest in, any Shares or Options in the Company. Shareholder approval is being sought pursuant to Resolution 11 to permit the proposed directors to acquire up to a total of 2,000,000 Shares under the Capital Raising.

### **Interests and Recommendations of Directors**

None of the current Directors have any personal interests in the outcome of Resolution 2. All of the current Directors are of the opinion that the Ochre Agreement is in the best interests of Shareholders and accordingly, the Directors unanimously recommend Shareholders to vote in favour of Resolution 2. The Directors have approved the proposal to put Resolution 2 to Shareholders.

The Directors' recommendations are based on the following reasons:

- (a) the Ochre Agreement provides the Company with the platform from which to complete the proposed restructuring and recapitalisation of the Company. Ochre will assist in transforming the Company by providing a experienced and highly proven management team (including an experienced new board of directors), new projects and appropriate levels of funding with the core objective to increase Shareholder value;
- (b) the new management team's focus on acquiring strategic ground in under explored highly prospective areas with potential for major discoveries in primarily gold and gold/copper mineralisation is consistent with the Company's long term positive outlook for these minerals; and
- (c) the Independent Expert's Report concludes that the issue of the Ochre Securities is both fair and reasonable to the non-associated Shareholders of the Company.

Shareholders should note that if Resolution 2 is not passed, the Tanami Agreement will not proceed as the passing of Resolution 3 is subject to the passing of Resolution 2. The Directors' recommendations as to the passing of Resolution 3 are based on the reasons set out in Section 1.11 of this Explanatory Statement.

### **Independent Expert's Report**

The Independent Expert's Report prepared by Stantons International Securities assesses whether the issue of the Ochre Securities to Ochre (or its nominee) is fair

and reasonable to the non-associated Shareholders of the Company. The advantages and disadvantages of the Ochre Agreement are outlined in section 7 of the Independent Expert's Report.

The Independent Expert's Report concludes that the issue of the Ochre Securities, on balance, is **fair and reasonable** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

### **Pro-forma balance sheet**

A pro-forma balance sheet of the Company post the completion of the Ochre Agreement (and other transactions the subject of the Resolutions) is set out in Section 1.8 of this Explanatory Statement.

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## **5. RESOLUTION 3 – ISSUE OF SECURITIES TO TANAMI EXPLORATION NL**

### **5.1 General**

Resolution 3 seeks Shareholder approval, for the purpose of Item 7 of Section 611 of the Corporations Act and for all other purposes, for the allotment and issue of the Tanami Shares and Tanami Options to Tanami Exploration pursuant to the Tanami Agreement.

A summary of Item 7 of Section 611 of the Corporations Act is set out in Section 4.3 of this Explanatory Statement.

### **5.2 Reason why Section 611 approval is required**

Item 7 of Section 611 of the Corporations Act provides an exception to the prohibition described in Section 5.1 above, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

For the purposes of the Corporations Act, the following persons are deemed to be associates of Tanami Exploration:

- (a) Tanami Gold NL (**Tanami**); and
- (b) Allied Properties Resources Limited (**Allied**) and its associated entities (the **Allied Group**), being the following entities:
  - (i) Eurogold Limited;
  - (ii) Allied Properties Overseas Limited;
  - (iii) Allied Properties (H.K.) Limited;
  - (iv) Sunhill Investments Limited;
  - (v) Capscore Limited;
  - (vi) Citiwealth Investment Limited;
  - (vii) Allied Group Limited;
  - (viii) Minty Hong Kong Limited;



- (ix) Zealous Developments Limited;
- (x) Cashplus Management Limited; and
- (xi) Mr Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang as trustees of the Lee & Lee Trust,

(together, the **Tanami Associates**).

As a result of the Tanami Agreement, Tanami Exploration will acquire a relevant interest in 265,000,000 Shares and 300,000,000 unlisted options.

Assuming that:

- (a) the Ochre Shares have been issued pursuant to the Ochre Agreement;
- (b) the minimum subscription of 166,666,667 Shares have been issued pursuant to the Capital Raising;
- (c) 1,200,000 Shares have been cancelled pursuant to Resolution 13; and
- (d) no Options on issue as at the date of this Notice of Meeting have been exercised,

then this relevant interest will represent 22.34% of the issued ordinary capital of the Company, and Tanami Exploration and the Tanami Associates having a voting power of 22.34%.

If the Tanami Options are exercised, Tanami Exploration will acquire a relevant interest in up to 300,000,000 Shares issued upon the exercise of the Tanami Options.

This will result in Tanami Exploration holding 38.02% of the issued ordinary capital of the Company, and the voting power of Tanami Exploration and the Tanami Associates further increasing to 38.02% (on the basis of the assumptions set out in paragraphs (a) to (d) above).

Further, Allied intends to subscribe for 41,666,667 Shares in Tranche 2 of the Capital Raising. This subscription for Shares, of itself, would not require Shareholder approval as it would only result in Allied and the Tanami Associates having a voting power of 4.52%. However, following the issue of the Tanami Shares and the issue and exercise of the Tanami Options, Allied would have a relevant interest in 606,666,667 Shares, resulting in Tanami Exploration and the Tanami Associates having voting power of 40.82%.

Accordingly, Resolution 3 seeks Shareholder approval for the purpose of Section 611 Item 7 and for all other purposes to enable the Company to issue the Tanami Shares and Tanami Options (together, the **Tanami Securities**) to Tanami Exploration, and to enable Tanami Exploration to exercise the Tanami Options.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Tanami Securities to Tanami Exploration if approval is obtained under Section 611 Item 7 of the Corporations Act. Accordingly, the issue of the Tanami Securities to Tanami Exploration will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

### 5.3 Specific information required by Item 7 of Section 611 of the Corporations Act and Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to in the Independent Expert's Report prepared by Stantons International Securities annexed to this Explanatory Statement.

#### **Relevant Interests and Voting Power**

As at the date of this Notice, the following parties have a relevant interest in Shares as follows:

Party	Relevant Interest	Capacity
Tanami Exploration	Nil	N/A
Tanami	Nil	N/A
The Allied Group	Nil	N/A

The figures in columns 3, 4 and 5 in the following section assume that:

- (a) Allied has subscribed for 41,666,667 Shares pursuant to Tranche 2 of the Capital Raising;
- (b) the minimum subscription of 166,666,667 Shares have been issued pursuant to the Capital Raising;
- (c) the Ochre Shares have been issued pursuant to the Ochre Agreement;
- (d) 1,200,000 Shares have been cancelled pursuant to Resolution 13; and
- (e) no Options on issue as at the date of this Notice of Meeting have been exercised.

The relevant interests of Tanami Exploration and the Tanami Associates (both current, and following the issue of Securities as contemplated by this Notice) are set out in the table below:

Party	Current	After completion of Capital Raising (including subscription by Allied for Shares in the Capital Raising)	After the issue of the 265,000,000 Tanami Shares and assuming Allied subscribes for Shares in the Capital Raising	After the issue of the 265,000,000 Tanami Shares, and the issue and exercise of 300,000,000 Tanami Options, and assuming Allied subscribes for Shares in the Capital Raising
Tanami Exploration	Nil	Nil	265,000,000	565,000,000
Tanami	Nil	Nil	265,000,000	565,000,000
The Allied Group	Nil	41,666,667	306,666,667	606,666,667

The voting power of Tanami Exploration and the Tanami Associates (both current, and following the issue of Securities as contemplated by this Notice) are set out in the table below:

Party	Current	After completion of Capital Raising (including subscription by Allied for Shares in the Capital Raising)	After the issue of the 265,000,000 Tanami Shares and assuming Allied subscribes for Shares in the Capital Raising	After the issue of the 265,000,000 Tanami Shares, and the issue and exercise of 300,000,000 Tanami Options, and assuming Allied subscribes for Shares in the Capital Raising
Tanami Exploration	Nil	4.52%	25.85%	40.82%
Tanami	Nil	4.52%	25.85%	40.82%
The Allied Group	Nil	4.52%	25.85%	40.82%

The maximum relevant interest that Tanami Exploration and Tanami will hold after completion of the Tanami Agreement (and after the exercise of all of the Tanami Options) is 565,000,000 Shares, and the maximum voting power that Tanami Exploration and Tanami will hold is 40.82%. This represents an increase from 0% to 40.82%.

The maximum relevant interest that the Allied Group will hold after subscribing for 41,666,667 Shares in the Capital Raising, and completion of the Tanami Agreement (and after the exercise of all of the Tanami Options) is 606,666,667 Shares, and the maximum voting power that the Allied Group will hold is 40.82%. This represents an increase from 0% to 40.82%.

Tanami Exploration does not have any associates with relevant interests in the Company's Shares other than as set out herein.

Further details on the voting power of Tanami Exploration and the Tanami Associates are set out in Section 6.5 of the Independent Expert's Report prepared by Stantons International Securities.

### **Intentions of Tanami in relation to the Company**

Other than as disclosed elsewhere in this Explanatory Statement or as contemplated pursuant to or in accordance with the Tanami Agreement, the Company understands that Tanami Exploration and Tanami:

- (f) have no intention of making any significant changes to the business of the Company;
- (g) do not propose to change the employment arrangements of the present employees of the Company;
- (h) do not intend to redeploy any fixed assets of the Company;
- (i) do not have any present intention to inject capital into the Company (other than upon the potential exercise of the Tanami Options);
- (j) do not intend to transfer any property between the Company and the Tanami Group or any person associated with any of them (other than pursuant to the Tanami Agreement); and

- (k) have no current intention to change the Company's existing policies in relation to financial matters or dividends.

These statements are based on the present intentions of Tanami Exploration and Tanami on the basis of facts and information concerning the Company and the existing circumstances that affect the Company that are known to Tanami Exploration at the date of this Explanatory Statement. These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

### ***Capital structure***

The proposed capital structure of the Company following completion of the Tanami Agreement and all the transactions the subject of the Resolutions is set out in Section 1.7 of this Explanatory Statement.

### ***Identity, associations and qualifications of proposed directors***

Tanami Exploration has the right to nominate one additional director to the board of the Company upon completion of the Tanami Agreement.

As at the date of this Notice of Meeting, Tanami Exploration has not determined whom it will nominate to the board of the Company. Further details will be released to the market in due course.

### ***Interests and recommendations of Directors***

None of the current Directors have any personal interests in the outcome of Resolution 3. All of the current Directors are of the opinion that the Tanami Agreement is in the best interests of Shareholders and accordingly, the Directors unanimously recommend Shareholders to vote in favour of Resolution 3. The Directors have approved the proposal to put Resolution 3 to Shareholders.

Shareholders should note that if Resolutions 2 and 10 are not passed, the Tanami Agreement will not proceed as the passing of Resolution 3 is subject to the passing of Resolutions 2 and 10.

The Director's recommendations are based on the reasons set out in Section 1.11 of this Explanatory Statement.

### ***Independent Expert's Report***

The Independent Expert's Report prepared by Stantons International Securities assesses whether the issue of the Tanami Securities is fair and reasonable to the non-associated Shareholders of the Company. The advantages and disadvantages of the Tanami Agreement are outlined in section 12 of the Independent Expert's Report.

The Independent Expert's Report concludes that the issue of the Tanami Securities is, on balance, is **not fair but reasonable** to the non-associated Shareholders of the Company.

Shareholders are urged to carefully read the Independent Expert's Report to understand the scope of the report, the methodology of the valuation and the sources of information and assumptions made.

### ***Pro-forma balance sheet***

A pro-forma balance sheet of the Company post the completion of the Tanami Agreement (and other transactions the subject of the Resolutions) is set out in Section 1.8 of this Explanatory Statement.

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## **6. RESOLUTIONS 4, 5 AND 6 – ELECTION OF DIRECTORS**

Pursuant to Resolutions 4, 5 and 6, the Company seeks Shareholder approval for the election of Dr Nicholas Archibald, Dr Mike Etheridge and Mr Darren Holden as directors of the Company pursuant to the Constitution of the Company, the terms of the Subscription Agreement and Section 201E of the Corporations Act.

Further information on each proposed director is set out in Section 1 of this Explanatory Statement.

Resolutions 4, 5 and 6 are each conditional upon the passing of Resolutions 2, 3 and 10, so that each will not have effect unless and until Resolutions 2, 3 and 10 are passed.

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## **7. RESOLUTION 7 – RE-ELECTION OF MR ANDREW SIMPSON AS A DIRECTOR**

Clause 14.3 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual Annual General Meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual Annual General Meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Company currently has three Directors. It is proposed that two of these Directors, Mr Andrew Simpson and Mr Simon Rigby, will stand down from the Board in the event that Resolutions 2, 3 and 10 are passed, and at least two of Dr Nicholas Archibald, Dr Mike Etheridge and Mr Darren Holden are appointed to the Board pursuant to Resolutions 4, 5 and 6.

However, in the event that any of Resolutions 2, 3 and 10 are not passed, or none of Dr Nicholas Archibald, Dr Mike Etheridge and Mr Darren Holden are appointed to the Board pursuant to Resolutions 4, 5 and 6, then Mr Andrew Simpson will stand for re-election pursuant to this Resolution.

A Director who retires by rotation under clause 14.3 of the Constitution is eligible for re-election.

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## **8. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF SHARES – SHARE PLACEMENT**

### **8.1 General**

On 27 May 2009, the Company issued 48,536,206 Shares at an issue price of \$0.01 per Share to raise a total of \$485,362.06 (**Share Placement**).

None of the subscribers pursuant to the Share Placement were related parties of the Company.

Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Share Ratification**).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the

number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **8.2 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Ratification:

- (a) 48,536,206 Shares were allotted and issued pursuant to the Share Placement;
- (b) the issue price was \$0.01 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to Australian broking firms and existing Shareholders of the Company, none of whom were related parties of the Company; and
- (e) the funds raised from the Share Placement will be used for working capital purposes.

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## **9. RESOLUTION 9 – RATIFICATION OF PRIOR ISSUE OF SHARES – CAPITAL RAISING**

### **9.1 General**

Resolution 9 seeks Shareholder ratification of the 49,450,000 Shares issued to institutional and sophisticated investor clients of Blackwood Capital Limited on 17 September 2009, which is Tranche 1 of the Capital Raising.

None of the subscribers pursuant to this issue were related parties of the Company.

A summary of Listing Rule 7.4 is set out in Section 8.1 of this Explanatory Statement.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **9.2 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Share Placement:

- (a) 49,450,000 Shares were allotted and issued;
- (b) the issue price was \$0.03 per Share;

- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to institutional and sophisticated investor clients of Blackwood Capital Limited and none of these parties were related parties of the Company; and
- (a) subject to the passing of Resolutions 2, 3, and 10 and the completion of the Tanami Agreement, the funds raised from this issue will be used for the purposes set out in Section 1.5 of this Explanatory Statement. If these Resolutions are not passed, the funds will be used for the purposes set out in Section 1.13 of this Explanatory Statement.

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## **10. RESOLUTION 10 – ISSUE OF SHARES – CAPITAL RAISING**

### **10.1 General**

Resolution 10 seeks Shareholder approval for the issue of up to 158,883,333 Shares at an issue price of \$0.03 per Share to raise a further \$4,516,500 pursuant to Tranche 2 of the Capital Raising.

A summary of ASX Listing Rule 7.1 is set out in Section 8.1 of this Explanatory Statement.

The effect of Resolution 10 will be to allow the Directors to issue the Shares pursuant to Tranche 2 of the Capital Raising without using the Company's 15% annual placement capacity.

### **10.2 Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of Shares pursuant to Resolution 10:

- (a) the maximum number of securities to be issued is 158,883,333 Shares;
- (b) the Shares will be issued no later than 3 months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the issue price per Share will be \$0.03 per Share;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (e) the Shares will be allotted and issued to sophisticated and professional investor clients of Blackwood Capital and, subject to the passing of Resolution 11, to certain related parties of the Company. Other than as set out in Resolution 11, none of the subscribers for Capital Raising Shares will be related parties of the Company; and
- (f) subject to the passing of Resolutions 2, 3, and 10 and the completion of the Tanami Agreement, the funds raised from this issue will be used for the purposes set out in Section 1.5 of this Explanatory Statement. If these Resolutions are not passed, the funds will be used for the purposes set out in Section 1.13 of this Explanatory Statement.

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## 11. RESOLUTION 11 – PARTICIPATION BY RELATED PARTIES IN CAPITAL RAISING

### 11.1 General

The proposed directors of the Company, Dr Nicholas Archibald, Dr Mike Etheridge and Mr Darren Holden (**Related Parties**), wish to participate in the Capital Raising.

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Accordingly, the proposed issue of Shares to the Related Parties (or their nominees) requires the Company to obtain Shareholder approval because, as proposed directors of the Company, Dr Nicholas Archibald, Dr Mike Etheridge and Mr Darren Holden are deemed to be related parties of the Company.

### 11.2 Technical information required by Listing Rule 10.13

Pursuant to ASX Listing Rule 10.13, the following information is provided in relation to the proposed participation by the Related Parties (or their nominees) in the Capital Raising:

- (a) the related parties are:
  - (i) Geocrust Pty Ltd (which is a related party by virtue of Dr Archibald, a proposed director of the company, being a director and shareholder of the entity and beneficiary of the trust controlled by the entity);
  - (ii) Tectonex Geoconsultants Pty Ltd (which is a related party by virtue of Dr Etheridge, a proposed director, being a director and shareholder of the entity, and beneficiary of the trust controlled by the entity); and
  - (iii) Mr Darren Holden, a proposed director;
- (b) the maximum number of securities to be issued and allotted to the Related Parties is:
  - (i) 833,333 Shares to Geocrust Pty Ltd;
  - (ii) 1,000,000 Shares to Tectonex Geoconsultants Pty Ltd; and
  - (iii) 166,667 Shares to Mr Holden.

These 2,000,000 Shares form part of the total 200,000,000 Shares proposed to be issued pursuant to the Capital raising set out in Section 1.5 of this Explanatory Statement;
- (c) the securities will be issued to the Related Parties no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the securities will be issued on one date;
- (d) the issue price of the Shares will be \$0.03 per Share;



- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (f) subject to the passing of Resolutions 2, 3, and 10 and the completion of the Tanami Agreement, the funds raised from this issue will be used for the purposes set out in Section 1.5 of this Explanatory Statement. If these Resolutions are not passed, the funds will be used for the purposes set out in Section 1.13 of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **12. RESOLUTION 12 – ISSUE OF OPTIONS TO BLACKWOOD CAPITAL LIMITED**

### **12.1 General**

Resolution 12 seeks Shareholder approval for the allotment and issue of 20,000,000 unlisted Options (**Blackwood Options**) to Blackwood Capital.

The Blackwood Options are being issued to Blackwood Capital in consideration for services provided by Blackwood Capital to the Company in relation to the Capital Raising.

A summary of ASX Listing Rule 7.1 is set out in Section 8.1 of this Explanatory Statement.

The effect of Resolution 12 will be to allow the Directors to issue the Blackwood Options during the period of 3 months after the Annual General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

### **12.2 Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Blackwood Options:

- (a) the maximum number of Blackwood Options to be granted is 20,000,000;
- (b) the Blackwood Options will be issued no later than 3 months after the date of the Annual General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- (c) the Blackwood Options will be issued for nil cash consideration;
- (d) the Blackwood Options will be allotted and issued to Blackwood Capital;
- (e) the Blackwood Options will be issued on the terms and conditions set out in Schedule 4; and
- (f) no funds will be raised from the issue of the Blackwood Options as the Blackwood Options are being issued in consideration for services provided by Blackwood Capital to the Company.

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## 13. RESOLUTION 13 – APPROVAL FOR SELECTIVE REDUCTION OF CAPITAL

### 13.1 General

On 12 June 2006, the Company entered into an agreement with Mr Barry Rees pursuant to which the Company agreed to employ Mr Rees as a consultant geologist (**Consultancy Agreement**).

Pursuant to the Consultancy Agreement, Mr Rees was issued a total of 2,000,000 Shares (**Consultant Shares**). 1,200,000 of these Consultant Shares are still subject to performance and services conditions, and remain subject to escrow.

The Consultancy Agreement was terminated upon Mr Rees' retirement. Mr Rees and the Company have mutually agreed (subject to Shareholder approval), to cancel the Consultant Shares.

Accordingly, this Resolution 13 seeks Shareholder approval for the reduction of capital by way of a cancellation of all of the Consultant Shares in the Company held by Mr Rees.

### 13.2 Corporations Act

Pursuant to Section 256C of the Corporations Act, a company may make a selective capital reduction if it is approved by a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced. If the reduction of capital involves the cancellation of shares, the reduction must also be approved by a special resolution passed at a meeting of the shareholders whose shares are to be cancelled.

The Corporations Act provides that the rules relating to a reduction of share capital are designed to protect the interests of shareholders and creditors by:

- (a) addressing the risk of the transaction leading to the company's solvency;
- (b) seeking to ensure fairness between the shareholders of the company; and
- (c) requiring the company to disclose all material information.

In particular, Section 256B of the Corporations Act requires that a company may only reduce its capital if:

- (a) it is fair and reasonable to the shareholders as a whole;
- (b) it does not materially prejudice the company's ability to pay its creditors; and
- (c) it is approved by shareholders in accordance with Section 256C of the Corporations Act.

Section 256C(4) of the Corporations Act requires that a company must include with the notice a statement setting out all information known to the company that is material to the decision on how to vote on the resolution. However, the company does not have to disclose information if it would be unreasonable to require the company to do so because the company had previously disclosed the information to shareholders.

The Directors believe that the capital reduction as proposed is fair and reasonable to Shareholders for the reasons set out in this Explanatory Statement and that the capital reduction will not prejudice the Company's ability to pay its creditors. Further, the Directors believe that it is appropriate that the Consultant Shares be cancelled in the circumstances.

Pursuant to Section 256C(2) of the Corporations Act, a selective reduction of capital must be approved by either:

- (a) a special resolution passed at a meeting of the Company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction or whose liability to pay amounts unpaid on shares is to be reduced, or by their associates; or
- (b) a resolution agreed to, at a meeting by all ordinary shareholders.

The phrase "no votes being cast" is intended to operate in a similar way to the way in which voting exclusion statements operate in the context of the ASX Listing Rules.

In addition, the capital reduction must be approved by a special resolution passed at a separate meeting attended by Mr Barry Rees, the Shareholder whose Shares are to be cancelled. The capital reduction will proceed only if both resolutions are passed by the Shareholders and Mr Rees. If one or both resolutions are not passed, Mr Rees will remain a Shareholder. Mr Rees has requested the cancellation of the Consultant Shares and advised that he will be supporting this resolution.

### 13.3 Summary of the Effect of the Proposed Share Capital Reduction

The overall effect of the cancellation of the Consultant Shares, assuming that the issue of all other Shares the subject of the other Resolutions of the Notice of Meeting are approved, is as follows:

	<b>Shares</b>
Current issued capital	755,144,246
Issued capital assuming all other Resolutions are passed and assuming the minimum subscription of \$5,000,000 is raised pursuant to the Capital Raising	1,187,360,912
Less Consultant Shares	(1,200,000)
<b>Total</b>	<b>1,186,160,912</b>

The primary effect of the proposed share capital reduction will be to decrease Mr Barry Rees' shareholding in the Company by 1,200,000 Shares.

### 13.4 Directors' Recommendation

The Board recommends Shareholders vote in favour of Resolution 13.

### 13.5 Other Material Information

There is no information material to the making of a decision by a Shareholder whether or not to approve the Resolution being information that is known to any of

the Directors and which has not been previously disclosed to shareholders in the Company, other than as disclosed in this Explanatory Statement.

Once the resolutions are passed by Shareholders and Mr Rees, the Company will not make the reduction of capital until at least 14 days after lodgement of the Resolution with the ASIC.

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**14. ENQUIRIES**

Shareholders may contact Jutta Zimmermann on (+ 61 8) 9423 9777 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

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

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means ABM Resources NL (ACN 009 127 020).

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**Independent Expert** means Stantons International Pty Ltd, trading as Stantons International Securities.

**Independent Expert's Report** means the report by the Independent Expert annexed to this Notice of Meeting as Annexure A.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of Annual General Meeting including the Explanatory Statement.

**Ochre Agreement** means the agreement between Ochre and the Company dated 10 June 2009 and summarised in Section 1.3 of the Explanatory Statement.

**Ochre Option** means an Option the subject of Resolution 2 with the terms and conditions set out in Schedule 1.

**Ochre Securities** means the Securities described in Section 1.3 of the Explanatory Statement.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Resolutions** means the resolutions set out in the Notice of Meeting, and **Resolution** means any one of them, as the context requires.

**Securities** means Shares and Options.

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

**Shareholder** means a holder of a Share.

**Tanami Agreement** means the agreement between Tanami Exploration and the Company dated 12 August 2009 and summarised in Section 1.4 of the Explanatory Statement.

**Tanami** means Tanami Gold NL (ACN 000 617 176).

**Tanami Exploration** means Tanami Exploration NL (ACN 063 213 598) (a wholly owned subsidiary of Tanami).

**Tanami Group** means Tanami and each of its subsidiaries.

**Tanami Option** means an Option the subject of Resolution 3 with the terms and conditions set out in Schedule 3.

**Tanami Securities** means the securities to be issued to Tanami pursuant to the Tanami Agreement as described in Section 1.4 of the Explanatory Statement.

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

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**SCHEDULE 1 – TERMS AND CONDITIONS OF OCHRE OPTIONS**

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The Ochre Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Option, the Optionholder must exercise the Ochre Options in accordance with the terms and conditions of the Ochre Options.
- (b) The Expiry Date of the Ochre Options (**Expiry Date**) will be
  - (i) in relation to the First Tranche Options - 5:00 pm (WST) on that date which is four (4) years from the date of issue of the First Tranche Options;
  - (ii) in relation to the Second and Third Tranche Options - 5:00 pm (WST) on that date which is five (5) years from the date of issue of those Ochre Options;
  - (iii) in relation to the Fourth Tranche Options - 5:00 pm (WST) on that date which is five (5) years from the date of issue of the Second Tranche Options; and
  - (iv) in relation to the Fifth Tranche Options – 5:00pm (WST) on that date which is five (5) years from the date of issue of the Third Tranche Options.
- (c) Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) The amount payable upon exercise of each Option will be:

Type of Option	Exercise Price
First Tranche Option	\$0.01
Second Tranche Option	\$0.015
Third Tranche Option	\$0.015
Fourth Tranche Option	\$0.015
Fifth Tranche Option	\$0.015

**(Exercise Price).**

- (e) The Ochre Options shall only be exercisable upon the satisfaction of the relevant vesting conditions as follows:

Type of Option	Vesting Condition
First Tranche Option	When the Company's shares trade at or above a minimum VWAP on the ASX of \$0.02 over 20 consecutive trading days
Second Tranche Option	When the Company's shares trade at or above a minimum VWAP on the ASX of \$0.02 over 20 consecutive trading days.
Third Tranche Option	When the Company's shares trade at or above a minimum VWAP on ASX of \$0.025

	over 20 consecutive trading days.
Fourth Tranche Option	When the Company's shares trade at or above a minimum VWAP on ASX of \$0.03 over 20 consecutive trading days
Fifth Tranche Option	When the Company's shares trade at or above a minimum VWAP on ASX of \$0.035 over 20 consecutive trading days

- (f) The Ochre Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 62,500,000 must be exercised on each occasion.
- (g) An Optionholder may exercise their Ochre Options by lodging with the Company, before the Expiry Date:
- (i) a written notice of exercise of Ochre Options specifying the number of Ochre Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Ochre Options being exercised,
- (Exercise Notice).**
- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price:
- (i) in the case of First, Fourth and Fifth Tranche Options, the Company will allot the number of Shares required under these terms and conditions in respect of the number of First, Fourth and Fifth Tranche Options specified in the Exercise Notice; and
  - (ii) in the case of Second and Third Tranche Options:
    - (A) the Company will allot the number of Shares required under these terms and conditions in respect of the number of Second and Third Tranche Options specified in the Exercise Notice; and
    - (B) the Company will allot, on a one-for-one basis, the Fourth and Fifth Tranche Options respectively.
- (j) The Ochre Options are not transferable.
- (k) All Shares allotted upon the exercise of Ochre Options will upon allotment rank pari passu in all respects with other Shares.
- (l) The Company will not apply for quotation of the Ochre Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Ochre Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (m) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.



- (n) There are no participating rights or entitlements inherent in the Ochre Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Ochre Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Ochre Options prior to the date for determining entitlements to participate in any such issue.
- (o) An Ochre Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Ochre Option can be exercised.

## SCHEDULE 2 – VALUATION OF OCHRE OPTIONS

The Ochre Options to be issued pursuant to the Ochre Agreement the subject of Resolution 2 have been independently valued by Stantons International Securities. Using the theoretical Black & Scholes option model and based on the assumptions set out below the total value of the Ochre Options is \$16,264,000, which is ascribed to each tranche of the Ochre Options as follows:

### First Tranche Options:

<b>Assumptions:</b>	
Valuation date	24 September 2009
Market price of Shares	4.6 cents
Exercise price	1 cent
Vesting condition (20 day VWAP)	2.0 cents
Expiry date	4 years from date of issue
Risk free interest rate	4.975%
Volatility	150%
<b>Indicative value per First Tranche Option</b>	3.93 cents
<b>Total Value of First Tranche Options</b>	\$589,000

### Second Tranche Options:

<b>Assumptions:</b>	
Valuation date	24 September 2009
Market price of Shares	4.6 cents
Exercise price	1.5 cents
Vesting condition (20 day VWAP)	2.0 cents
Expiry date	5 years from date of issue
Risk free interest rate	4.975%
Volatility	150%
<b>Indicative value per Second Tranche Option</b>	3.80 cents
<b>Total Value of Second Tranche Options</b>	\$4,750,000

**Third Tranche Options:**

<b>Assumptions:</b>	
Valuation date	24 September 2009
Market price of Shares	4.6 cents
Exercise price	1.5 cents
Vesting condition (20 day VWAP)	2.5 cents
Expiry date	5 years from date of issue
Risk free interest rate	4.975%
Volatility	150%
<b>Indicative value per Third Tranche Option</b>	3.80 cents
<b>Total Value of Third Tranche Options</b>	\$4,750,000

**Fourth Tranche Options:**

<b>Assumptions:</b>	
Valuation date	24 September 2009
Market price of Shares	4.6 cents
Exercise price	1.5 cents
Vesting condition (20 day VWAP)	3.0 cents
Expiry date	5 years from date of issue of Tranche 2 Options
Risk free interest rate	4.975%
Volatility	150%
<b>Indicative value per Fourth Tranche Option</b>	2.66 cents
<b>Total Value of Fourth Tranche Options</b>	\$3,325,000

**Fifth Tranche Options:**

<b>Assumptions:</b>	
Valuation date	24 September 2009
Market price of Shares	4.6 cents
Exercise price	1.5 cents
Vesting condition (20 day VWAP)	3.5 cents
Expiry date	5 years from date of issue of Tranche 3 Options
Risk free interest rate	4.975%
Volatility	150%
<b>Indicative value per Fifth Tranche Option</b>	2.28 cents
<b>Total Value of Fifth Tranche Options</b>	\$2,850,000

Note: The valuation ranges noted above are not necessarily the market prices that the Ochre Options could be traded at and they are not automatically the market prices for taxation purposes.

### **SCHEDULE 3 – TERMS AND CONDITIONS OF TANAMI OPTIONS**

The Tanami Options entitle the holder to subscribe for fully paid ordinary shares in the capital of the Company (**Shares**) on the following terms and conditions:

- (a) Each Tanami Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Tanami Option, the Optionholder must exercise the Tanami Options in accordance with the terms and conditions of the Tanami Options.
- (b) The Tanami Options will expire at 5:00 pm (WST) 5 years after their issue date (**Expiry Date**). Any Tanami Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (c) The amount payable upon exercise of each Tanami Option will be \$0.015 (**Exercise Price**).
- (d) The Tanami Options may only be exercised upon the satisfaction of the relevant vesting conditions as follows:

<b>Tranche of Option</b>	<b>Number</b>	<b>Vesting Condition</b>
First Tranche Option	150,000,000 Options	When the Company's Shares trade at or above a minimum VWAP on ASX of \$0.03 over 20 consecutive trading days
Second Tranche Option	150,000,000 Options	When the Company's Shares trade at or above a minimum VWAP on ASX of \$0.035 over 20 consecutive trading days

- (e) The Tanami Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 75,000,000 must be exercised on each occasion.
- (f) An Optionholder may exercise their Tanami Options at any time after they have vested by lodging with the Company, before the Expiry Date:
  - (i) a written notice of exercise of Tanami Options specifying the number of Tanami Options being exercised; and
  - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Tanami Options being exercised,

**(Exercise Notice)**.
- (g) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (h) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Tanami Options specified in the Exercise Notice.
- (i) The Tanami Options are not transferable.

- (j) All Shares allotted upon the exercise of Tanami Options will upon allotment rank pari passu in all respects with other Shares.
- (k) The Company will not apply for quotation of the Tanami Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Tanami Options on ASX within 10 Business Days after the date of allotment of those Shares.
- (l) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (m) There are no participating rights or entitlements inherent in the Tanami Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Tanami Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Tanami Options prior to the date for determining entitlements to participate in any such issue.
- (n) A Tanami Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Tanami Option can be exercised.

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## SCHEDULE 4 – TERMS AND CONDITIONS OF BLACKWOOD OPTIONS

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The Blackwood Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Blackwood Option gives the Optionholder the right to subscribe for one Share. To obtain the right given by each Blackwood Option, the Optionholder must exercise the Blackwood Options in accordance with the terms and conditions of the Blackwood Options.
  - (b) The Blackwood Options will expire at 5:00 pm (WST) on that date which is three (3) years from the date of issue (**Expiry Date**). Any Blackwood Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) The amount payable upon exercise of each Blackwood Option will be \$0.05 (**Exercise Price**).
  - (d) The Blackwood Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
  - (e) An Optionholder may exercise their Blackwood Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Blackwood Options specifying the number of Blackwood Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Blackwood Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Blackwood Options specified in the Exercise Notice.
  - (h) The Blackwood Options are not transferable.
  - (i) All Shares allotted upon the exercise of Blackwood Options will upon allotment rank *pari passu* in all respects with other Shares.
  - (j) The Company will not apply for quotation of the Blackwood Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Blackwood Options on ASX within 10 Business Days after the date of allotment of those Shares.
  - (k) If at any time the issued capital of the Company is reconstructed, all rights attaching to the Blackwood Options are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (l) There are no participating rights or entitlements inherent in the Blackwood Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Blackwood Options. However, the Company will ensure that for the purposes of determining entitlements to any such

issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Blackwood Options prior to the date for determining entitlements to participate in any such issue.

- (m) A Blackwood Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Blackwood Option can be exercised.



**PROXY FORM**

**APPOINTMENT OF PROXY  
ABM RESOURCES NL  
ACN 009 127 020**

**ANNUAL GENERAL MEETING**

I/We   
of

being a member of ABM Resources NL entitled to attend and vote at the Annual General Meeting, hereby

Appoint   
Name(s) of proxy and if two proxies are appointed, the proportion of voting rights the proxies represent

OR  the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 2:00pm (WST), on 23 November 2009 at BDO Kendalls Audit & Assurance (WA) Pty Ltd, Level 8, 256 St Georges Terrace, Perth, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 1 to 13** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 13 and that votes cast by the Chair of the Annual General Meeting for Resolutions 1 to 13 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 to 13 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 13.

**OR  
Voting on Business of the Annual General Meeting**

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Issue of Securities to Ochre Holdings Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Securities to Tanami Exploration NL	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Election of Dr Nicholas Archibald as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Election of Dr Mike Etheridge as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Election of Mr Darren Holden as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Re-election of Mr Andrew Simpson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Ratification of Prior Issue of Shares – Share Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Ratification of Prior Issue of Shares – Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Issue of Shares – Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 – Participation by related parties in Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 – Issue of Options to Blackwood Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 – Approval for selective reduction of capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**Signature of Member(s):** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**




**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**ABM RESOURCES NL**  
**ACN 009 127 020**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A member entitled to attend and vote at a Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the member must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to ABM Resources NL, Level 1, 141 Broadway, Nedlands WA 6009; or
  - (b) facsimile to the Company on facsimile number +61 8 9423 9733,so that it is received not later than 2:00 pm (WST) on 21 November 2009.

**Proxy forms received later than this time will be invalid.**

## CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

### Shareholder Details

This is to certify that by a resolution of the Directors of:

.....  
(Company),  
Insert name of shareholder company

the Company has appointed:

.....  
.....  
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that company at the meeting of the members of ABM Resources NL to be held on 23 November 2009 and at any adjournments of that meeting/all meetings of the members of ABM Resources NL.

DATED ..... 2009

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#### Please sign here

Executed by the Company )  
in accordance with its constituent documents )

.....  
Director Director/Secretary

.....  
Name of authorised representative (print) Position of authorised representative (print)

.....  
Signature of authorised representative

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#### Instructions for Completion

1. Insert name of appointor company and the name or position of the appointee (eg "John Smith" or "each director of the company").
  2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
  3. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
  4. Insert the date of execution where indicated.
  5. Send or deliver the Certificate to ABM Resources NL's registered office at Level 1, 141 Broadway Nedlands WA 6009 or fax the Certificate to the registered office at 08 9423 9733.
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# **ANNEXURE A**

## **INDEPENDENT EXPERT'S REPORT**

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30 September 2009

The Directors  
ABM Resources NL  
Level 1, 141 Broadway  
NEDLANDS WA 6009

Dear Sirs

**Re: ABM Resources NL (“ABM” or “the Company”) (ACN 58 009 127 020) Meeting of Shareholders Pursuant to Section 611 (Item 7) of the Corporations Act (“TCA”) and ASX Listing Rule 10.11 on the proposal to issue 50,000,000 Shares and up to 515,000,000 share options to Ochre Holdings Pty Ltd or nominee and allow the exercise of the share options. Meeting of Shareholders Pursuant to Section 611 (Item 7) of TCA on the proposal for the issue of 265,000,000 shares and 300,000,000 share options (and approval to exercise such share options) as part payment to acquire mineral tenement interests from Tanami Exploration NL (a wholly owned subsidiary of Tanami Gold NL)**

## 1. Introduction

- 1.1 We have been requested by the Directors of ABM to prepare an Independent Expert’s Report to determine the fairness and reasonableness relating to the proposals pursuant to resolutions 2 and 3 as detailed in the Notice of Meeting to ABM shareholders (the “Notice”) and the Explanatory Statement to Shareholders (“Explanatory Statement”) attached to the Notice.
- 1.2 Pursuant to resolution 2 and in accordance with a Memorandum of Agreement between the Company and Ochre Holdings Pty Ltd (“Ochre Holdings”) (a company in which Dr Nick Archibald exercises operational control) the following have occurred or are proposed to occur:
  - ABM agrees to rationalise its portfolio of assets most likely by sale for shares in other companies;
  - Ochre Holdings will secure acceptable projects for ABM for a period of three years at no additional cost;
  - Ochre Holdings will appoint a project management, geological and an engineering team that will be experienced in the natural resources industry;

- Dr Nick Archibald and two nominees will be appointed to the Board of Directors of ABM;
- A formal executive agreement will be entered into with Ochre Holdings which will formalise the terms of the transactions as outlined in the Memorandum of Understanding signed between ABM and Ochre Holdings dated 25 May 2009;
- Subject to all conditions in the Memorandum of Understanding being met, including shareholder approval, Ochre Holdings or nominee will be issued 50,000,000 shares (“ABM Shares”) for nil consideration and 15,000,000 unlisted share options (“First Tranche Options”), exercisable at 1 cent per share with a term of four years (part of resolution 2). The 50,000,000 ABM Shares that are being issued will be subject to a twelve month escrow period. However the 50,000,000 ABM Shares and 15,000,000 First Tranche Options respectively are only issued or exercisable if the Company’s shares exceeds a volume weighted average share price (“VWAP”) of 2.0 cents for 20 consecutive days as traded on the Australian Securities Exchange (“ASX”) (Part of resolution 2- resolution 2(a) and (b));
- Subject to all conditions in the Memorandum of Understanding being met, including shareholder approval, in addition a further 125,000,000 unlisted share options will be issued to Ochre Holdings or nominee exercisable at 1.5 cents each within 5 years so long as the VWAP is 2.0 cents for 20 consecutive days (“Second Tranche Options”) and 125,000,000 unlisted share options will be issued to Ochre Holdings exercisable at 1.5 cents each within 5 years so long as the VWAP is 2.5 cents for 20 consecutive days (“Third Tranche Options”) (all part of resolution 2- resolution 2(c)); and
- Subject to all conditions in the Memorandum of Understanding being met, including shareholder approval, in the event that the Second Tranche Options are exercised, a further up to 125,000,000 unlisted share options will be issued (on a 1 for 1 basis) to Ochre Holdings or nominee, exercisable at 1.5 cents each within 5 years of the issue date of the Second Tranche Options so long as the VWAP for 20 consecutive days on ASX exceeds 3.0 cents (“Fourth Tranche Options”) and a further up to 125,000,000 unlisted share options will be issued to Ochre Holdings or nominee (on a 1 for 1 basis), exercisable at 1.5 cents each within 5 years of the issue date of the Third Tranche Options so long as the VWAP for 20 consecutive days on ASX exceeds 3.5 cents (“Fifth Tranche Options”) (all part of resolution 2- resolution 2(c). The number of Fourth and Fifth Tranche Options available to Ochre Holdings or nominee is limited by the number of options (on a 1 for 1 basis) exercised in Second and Third Tranches.

For the purposes of this report all of the First to Fifth Tranche Options are known as the Ochre Options. In total, if all conditions for issue and exercise have been met and relevant Ochre Options are exercised, a total of up to 515,000,000 Ochre Options may be exercised into ordinary shares in ABM as noted in resolution 2 and the Explanatory Statement. The Second, Third, Fourth and Fifth Ochre Options are for the purposes of this report collectively known as the Performance Options. As noted above, the ABM Shares and the First Tranche Options have



market based conditions attached before the ABM Shares can be issued and before the First Tranche Options can be exercised. In addition there are market based conditions to exercise the Second and Third Tranche Options and the issue of the Fourth and Fifth Tranche Options is dependent on the exercise of the Second and Third Tranche Options and then such Fourth and Fifth Tranche Options also have market based conditions attached as noted above and in the Explanatory Statement attached to the Notice. The Performance Options may be exercised in whole or in part, and if exercised in part, in multiples of 62,500,000 must be exercised on each occasion.

Pursuant to a letter dated 14 September 2009, the nominee of Ochre Holdings who is to be issued the ABM Shares, the First Tranche Options and the Performance Options is Yuriy Limited a BVI registered company (refer section 4.1 of the Explanatory Statement). However, we have referred to Ochre Holdings and Yuriy Limited as Ochre Holdings or Ochre Holdings or nominee throughout this report.

1.3 Pursuant to resolution 3, ABM proposes to acquire various mineral tenements (that include applications) from Tanami Exploration NL (“Tanami”) a wholly owned subsidiary of the ASX listed company Tanami Gold NL for the following consideration:

- \$1,500,000 cash
- 265,000,000 shares in ABM (“Tanami Consideration Shares”)
- 300,000,000 share options in ABM (“Tanami Consideration Options”)

The Tanami Consideration Options are split into 2 tranches. The first tranche is 150,000,000 Tanami Consideration Options exercisable at 1.5 cents each within 5 years of issue date but may only be exercised when ABM’s shares trade at or above a minimum of 3.0 cents per share over 20 consecutive days (“First Tranche Tanami Consideration Options”). The second tranche is 150,000,000 Tanami Consideration Options exercisable at 1.5 cents each within 5 years of issue date but may only be exercised when ABM’s shares trade at or above a minimum of 3.5 cents per share over 20 consecutive days (“Second Tranche Tanami Consideration Options”). Each tranche must be exercised in multiples of 75,000,000 if exercised in part.

The proposed acquisition of mineral assets (“Tanami Assets”) from Tanami and the payment of \$1,500,000, the issue of 265,000,000 Tanami Consideration Shares and the issue of 300,000,000 Tanami Consideration Options for the purposes of this report is known as the Tanami Acquisition. We have treated Tanami Gold NL, Tanami Exploration NL and other subsidiaries of Tanami Gold NL as being associated with each other for the purposes of this report.

ABM covenants with Tanami that it shall use its best endeavours to spend \$10,000,000 in Exploration Expenditure (as that term is defined below) (“Minimum Expenditure”) on the Tenements (also known as the Tanami Assets) in the period of two years following Settlement of the Acquisition (“Minimum Expenditure Period”).

If ABM fails to spend the Minimum Expenditure on the Tenements in the Minimum Expenditure Period, then, subject to the satisfaction of the conditions set out in paragraph (c) below, Tanami shall have the option (Repurchase Option) to purchase all or any of the Tenements for the following consideration:

- reimbursement to ABM of the initial \$1,500,000; and
- subject to ABM obtaining any required regulatory or shareholder approvals, the cancellation of:
  1. the Tanami Consideration Shares;
  2. the Tanami Consideration Options; and
  3. any shares which, as at the date of exercise of the Option, have been issued upon the exercise of any of the Tanami Consideration Options.

Tanami shall only be entitled to exercise the Repurchase Option if the Work Programs have been approved by all relevant regulatory and native title authorities in respect of all of the Tenements within a time frame that enables completion of the Work Programs within two years of Settlement.

Work Programs shall mean all work programs upon the Tenements determined by ABM in its sole discretion which shall result in ABM incurring Exploration Expenditure of a minimum of \$10,000,000.

ABM shall use its best endeavours to:

- satisfy the condition noted above; and
- determine the Work Programs within 12 months of Settlement.

For the purpose of this clause, Exploration Expenditure shall include the following costs incurred by ABM during the Minimum Exploration Period:

1. items of expenditure that are permitted to be included in exploration expenditure as defined under the Mining Act;
2. the costs of all geological activity relating to the Tenements, including geologist's fees and costs of surveys;
3. reasonable administration costs associated with the Tenements, deemed to be 12% of the total expenditure set out in paragraph (a);
4. rates and rents relating to the Tenements;
5. all legal costs associated with the Tenements, including the costs of negotiating or re-negotiating any agreements relating to the Tenements.

After Settlement of the Acquisition, ABM may transfer any or all of the Tenements to a related body corporate without the consent of Tanami.

If, at any time following Settlement, ABM proposes to transfer any or all of the Tenements to a third party (other than a related body corporate), and is in receipt of an offer to purchase the relevant Tenements, it must first offer the right to acquire the relevant Tenements to Tanami upon the same terms and conditions as being offered by the third party. If Tanami does not accept that offer within 14 days of receipt of the offer, ABM may transfer the Tenements the subject of the offer to the third party on terms no more favourable than those offered to Tanami. If at any time following Settlement, ABM proposes to relinquish any of the Tenements (other than as required by the conditions of any Tenement or any applicable Mining legislation), it must first offer to assign the relevant Tenements to Tanami (at Tanami's expense) for consideration of \$100.

- 1.4 The Company is carrying out an equity raising of up to \$6,250,000 (at 3.0 cents per share) (it announced to the market on 27 August 2009 a proposed capital raising of up to \$6,000,000). The Public Issue is in two stages. Stage 1 is for 50,000,000 shares at 3 cents per share to raise a gross \$1,500,000 (net approximately \$1,400,000) and this was completed on 17 September 2009 (except that \$16,500 represented by 550,000 shares that were not issued as they are to be issued to some of the proposed directors and requires shareholder approval as part of resolution 11) (resolution 9 refers to the ratification of 49,450,000 shares). Stage 2 relates to the balance of up to 158,333,333 shares at 3 cents each to raise a further up to a gross \$4,750,000 (net approximately \$4,430,000). In addition, 550,000 shares will be issued to raise \$16,500 as noted above and forms part of resolution 10. The minimum Public Issue funds will be a gross \$5,000,000 (say net of costs \$4,670,000). Stage 2 will be issued subject to shareholder approval for the issue and subject to shareholders approving the Tanami Acquisition. Resolutions 9 and 10 in the Notice refer to the stage 1 and stage 2 Public Issue. Resolution 11 refers to the participation by related parties in the Capital Raising of up to 2,000,000 shares. As part of the Public Issue capital raising costs, the broker assisting in the Public Issue will receive 20,000,000 share options exercisable at 5 cents each within 3 years from completion of the Public Issue (subject to raising a minimum of \$5,000,000). We have been advised that it is also proposed to raise a further \$5,000,000 within approximately 3 months to 6 months of the approval of the resolutions in the Notice ("Second Public issue") but the issue price and number of shares have not yet been determined and the Second Public Issue will be subject to market conditions. If it occurs as planned it will be in the first or second quarter of 2010. We have been advised that up to \$1,250,000 (up to 41,666,667 shares) of stage 2 of the Public Issue will be taken up by Allied Properties Resources Limited ("Allied") and that the Allied Group of companies has a significant (approximately 25.14%) shareholding in Tanami. 757,705,902 shares in Tanami are held by Allied and 131,851,506 shares in Tanami are held by Eurogold Limited that is 49.37% owned by Allied. The Allied Group is deemed to be an associated party of Tanami and further details are outlined in section 5.2 the Explanatory Statement attached to the Notice.
- 1.5 Under Section 606 of TCA, a person must not acquire a relevant interest in issued voting shares in a company if, because of the transaction, that person's or someone else's voting power in the company increases:

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

Under Section 611 (Item 7) of TCA, Section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

- 1.6 Under the proposals with Ochre Holdings, Ochre Holdings (via its nominee Yuriy Limited) could increase its shareholding in ABM from nil% to up to approximately 42.78% by acquiring the 50,000,000 ABM Shares and exercising all Ochre Options (Tranches 1 to 5) (if the Company's shares meet the market price targets to issue and exercise the Options). This percentage ignores the 265,000,000 Tanami Consideration Shares, the exercise, if any, of the up to 300,000,000 Tanami Consideration Options that may be issued to Tanami pursuant to resolution 3, the issue of the remaining up to 158,333,333 shares as part of the Public Issue and the cancellation of 1,200,000 shares as proposed under resolution 13. Accordingly, an Independent Expert's Report is required pursuant to a Section 611 (Item 7) meeting.

Under the proposals with Tanami, if Tanami was issued the 265,000,000 Tanami Consideration Shares and no other shares were issued could obtain a shareholding interest in ABM of approximately 21.58% (assuming \$6,250,000 is raised from the Public Issue at 3.0 cents and 50,000,000 ABM Shares are issued to Ochre Holdings nominee) (23.34% if only \$5,000,000 is raised from the Public Issue). If we included the Allied group as an associated party of Tanami, the combined Tanami and Allied Group shareholding would initially be up to 24.98% assuming the Public Issue totalled \$6,250,000 and 25.85% if the Public Issue was \$5,000,000. In addition, the percentage shareholding interest of Tanami (and Tanami/Allied Group combined) could increase further if all of the 300,000,000 Tanami Consideration Options are exercised into ordinary shares in ABM (subject to market based vesting conditions being met) and no other shares are issued by way of the exercise of the Second to Fifth Tranche Options by Ochre Holdings and no other shares issued under a Second Public Issue.

- 1.7 In addition, Listing Rule 10.11 of the ASX Listing Rules also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approvals should be obtained unless an exception in ASX Listing Rule 10.12 applies. In this case, ABM proposes to issue 50,000,000 ABM Shares, 15,000,000 First Tranche Options and up to 500,000,000 Performance Options to Ochre Holdings nominee Yuriy Limited. Ochre Holdings is a company controlled by a proposed director of ABM. The Listing Rule requires an Independent Expert's Report as to whether the relevant transaction is fair and reasonable to non-associated shareholders. The relevant transaction is the

proposed issue of the ABM Shares, First Tranche Options and Performance Options and as noted in section 1.2 above and resolution 2.

- 1.8 Stantons International Securities has been requested by the Directors of ABM to prepare an Independent Expert's Report to assist the shareholders of ABM in determining whether to vote for or against the proposals noted in resolution 2 relating to the issue and/or conversion of 50,000,000 ABM Shares, 15,000,000 First Tranche Options and up to 500,000,000 Performance Options. In addition it has been requested to report on the fairness and reasonableness of the issue of 265,000,000 Tanami Consideration Shares, the issue of 300,000,000 Tanami Performance Shares and allow the exercise of such share options as part of the Tanami Acquisition as noted in resolution 3. To comment on the fairness and reasonableness of the issue of 265,000,000 Tanami Consideration Shares and 300,000,000 Tanami Consideration Options, we have considered the other parts of the Tanami Acquisition consideration as the issue by ABM of the Tanami Consideration Shares and Tanami Performance Options is only part of the Tanami Acquisition cost.
- 1.9 It is proposed that ABM will divest current non-core assets to third parties based on market values, and it is intended that Ochre Holdings will identify and acquire a new suite of projects (including the Tanami Assets from the Tanami Acquisition), subject to the relevant approvals by the ASX, Australian Securities and Investments Commission ("ASIC") and shareholders as well as a due diligence review performed by Ochre Holdings, in conjunction with ABM.
- 1.10 There are eleven other resolutions being put to the shareholders of ABM. We are not reporting on the merits or otherwise of these other resolutions. Resolution 1 relates to the adoption of the Remuneration Report as contained in the Company's annual financial report for the year ended 30 June 2009. Resolution 4 relates to the appointment of Dr Nick Archibald to the Board of Directors of ABM (Dr Archibald is a director of Ochre Holdings). Resolutions 5 and 6 relate to the appointments of Dr Mike Etheridge and Mr Darren Holden as new directors of ABM and resolution 7 relates to the re-appointment of Andrew Simpson (will only be put if resolutions 4 to 6 are not passed). Resolution 8 relates to the proposal to ratify the issue of 48,536,206 shares at 1 cent per share that occurred in May 2009. Resolution 9 relates to the proposal to ratify the issue of 49,450,000 shares at 3 cent per share that occurred in September 2009 (as part of the Public Issue). Funds for a further 550,000 Stage 1 shares were received from the proposed directors of ABM, however these shares will not be issued until after the AGM subject to the passing of resolution 11. Resolution 10 refers to the proposal to issue a further up to 158,883,333 shares at 3 cents each to raise up to a further gross \$4,766,500 as part of completion of the Public Issue (includes the 550,000 shares as noted in paragraph 1.4 above). Resolution 11 relates to the proposal to allow the issue of a total of up to 2,000,000 shares at 3 cents each to parties associated with the three proposed new directors as part of the stage 2 of the Public Issue (includes the 550,000 shares as noted above). Resolution 12 relates to the issue of and allowing the exercise of 20,000,000 share options to Blackwood Capital Limited as part of the fee for the Capital Raising. Resolution 13 refers to the proposal to enter into a selective share buyback of 1,200,000 shares from Barry Rees a consultant

geologist. Resolutions 2 to 6 are interdependent on each other and the passing of resolution 10.

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

- Summary of opinion
- Implications of the proposals
- Future direction of ABM
- Basis of valuation of ABM securities
- Premium for control
- Fairness and Reasonableness of the proposals with Ochre Holdings
- Value of the Consideration to Tanami
- Basis of Valuation of the Tanami Assets
- Conclusion as to fairness and reasonableness of the Ochre Holdings proposals
- Conclusion as to fairness of the Tanami Acquisition
- Reasonableness of the Tanami Acquisition
- Conclusion on reasonableness of the Tanami Acquisition
- Sources of information
- Appendices A and B

## **2. Summary of Opinion**

2.1 In determining the fairness and reasonableness of the transactions pursuant to resolutions 2 and 3 we have had regard to the definitions set out by ASIC in its Regulatory Guide 111. Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of “fairness” is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. An offer is “reasonable” if it is fair. An offer may also be reasonable, if despite not being “fair”, where there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer. Regulatory Guide 111 also states that in all cases, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of TCA, a report by an independent expert stating whether or not the proposals pursuant to resolutions 2 and 3 is fair and reasonable, having regard to the interests of shareholders other than the proposed allottees (in this case, Ochre Holdings and Tanami), and whether a premium for potential control and/or increased control is being paid by the allottees, will be required. Regulatory Guide 111 also provides that such allotments should involve a comparison of the advantages and disadvantages likely to accrue to non-associated shareholders if the transactions proceeds compared with if they do not.

Accordingly, our report relating to resolutions 2 and 3 is concerned firstly with the fairness and reasonableness of the proposals with respect to the existing non-

associated shareholders of ABM, and secondly whether the price payable for a potential controlling interest by Ochre Holdings (via its nominee) in ABM includes a premium for control and whether the price payable for a potential controlling interest by Tanami in ABM includes a premium for control.

- 2.2 In our opinion, the proposals as outlined in resolution 2 that allows (subject to various performance conditions) for the issue of 50,000,000 ABM Shares, 15,000,000 First Tranche Options and up to 500,000,000 Performance Options and the issue of up to 515,000,000 shares if the Ochre Options are exercised, are fair and reasonable to the non-associated shareholders of ABM.**

**In our opinion, the proposals as outlined in resolution 3 that allows for the issue of 265,000,000 Tanami Consideration Shares, the issue of 300,000,000 Tanami Consideration Options and allowing the exercise of the Tanami Consideration Options to ordinary shares in ABM are not fair but may be considered reasonable to the non-associated shareholders of ABM.**

The opinions expressed above are to be read in conjunction with the more detailed analysis and comments made in this report including the 7 September 2009 Independent Technical Valuation Report (“CJS Valuation Report”) on the Tanami Assets owned by Tanami prepared by CJS Consulting Pty Ltd (“CJS”) (Chris Stephens is the author) a copy of which is attached as Appendix B to the Notice. We have discussed the condensed valuation report with Chris Stephens and believe that all material information that we require to complete our report has been incorporated into the CJS Valuation Report.

### 3. Implications of the Proposals

- 3.1 As at 15 September 2009, there were 705,444,246 ordinary fully paid shares on issue in ABM. The significant shareholders on 15 September 2009 were disclosed as follows:

	<b>No. of Fully Paid Shares</b>	<b>% of Issued Fully Paid Shares</b>
Citicorp Nominees Pty Ltd	82,178,571	11.65
Jemaya Pty Ltd (Featherby Family account)	53,903,812	7.64
Valentino Nominee Pty Ltd (Colby Family)	29,085,254	4.12
HSBC Custody Nominees Ltd	26,429,699	3.76
Fotios, Michael George	15,399,389	2.18
CS Fourth Nominee PL	12,500,000	1.77
National Nominees Limited	12,478,216	1.77
Timothy John King	12,366,241	1.75
Jeyama Pty Ltd (JH Featherby Super)	12,100,000	1.72
Credit Suisse Equities Australia	10,000,000	1.42
	<u>266,441,182</u>	<u>37.78</u>

As at 15 September 2009, the top 40 shareholders held approximately 62.69% of the ordinary shares in the Company. Subsequently on 17 September 2009,

following the \$1,500,000 capital raising (part of the up to \$6,000,000 Public Issue), a further 49,450,000 ordinary shares have been issued in relation to \$1,483,500 and subject to shareholder approval a further 550,000 shares will be allocated to directors to raise a further \$16,500 so that the completion of stage 1 of the Public Issue is completed. We assume that shareholders will approve the issue of the 550,000 shares (part of resolution 11) and our table and percentages noted below and elsewhere in this report assumes that the 550,000 shares are issued (as part of stage 1 of the Public issue). In addition, 250,000 share options were exercised post 15 September 2009.

- 3.2 The actual and potential shareholding of the Company after only considering the proposals with Ochre Holdings is outlined below. It excludes the minimum \$5,000,000 Public Issue (except for 50,000,000 shares at 3 cents each effectively finalised in mid September 2009 except for 550,000 shares noted above), the Tanami Consideration Shares and Tanami Consideration Options that may be issued to Tanami and the potential cancellation of 1,200,000 shares as noted in resolution 13.

	Shares	Ochre Holdings % Interest
Number on issue at 15 September 2009	705,444,246	0
Issue of shares as part of the Public Issue (550,000 are dependent on shareholder approval)	50,000,000	0
Exercise of share options	250,000	0
Proposed issue of shares:		
Potential issue to Ochre Holdings or nominee (resolution 1)	50,000,000	100
	805,569,246	6.21
<u>Potential Issue of Shares</u> (resolution 1)		
Exercise of First Tranche Options by Ochre Holdings or nominee	15,000,000	100.00
	820,569,246	7.92
Exercise of Second Tranche Options by Ochre Holdings or nominee	125,000,000	100.00
	945,569,246	20.09
Exercise of Third Tranche Options by Ochre Holdings or nominee	125,000,000	100.00
	1,070,569,246	29.42
Exercise of Fourth Tranche Options by Ochre Holdings or nominee	125,000,000	100.00
	1,195,569,246	36.80



	Shares	Ochre Holdings % Interest
Exercise of Fifth Tranche Options by Ochre Holdings or nominee	125,000,000	100.00
	<u>1,320,569,246</u>	<u>42.78</u>

3.3 Ochre Holdings could own up to 565,000,000 ordinary shares in ABM, representing approximately 42.78% of the issued capital of the Company (in the absence of any other share issues). This assumes:

- There are no further share and option issues and the 46,617,340 existing share options, exercisable at 2 cents each on or before 24 February 2011, are not fully exercised;
- The share price of a fully paid ABM share reaches a VWAP of 2 cents for 20 consecutive business days to exercise the First and Second Tranche of Options;
- The share price of a fully paid ABM share reaches a VWAP of 2.5 cents for 20 consecutive business days to exercise the Third Tranche of Options;
- The share price of a fully paid ABM share reaches a VWAP of 3 cents for 20 consecutive business days to exercise the Fourth Tranche of Options;
- The share price of a fully paid ABM share reaches a VWAP of 3.5 cents for 20 consecutive business days to exercise the Fifth Tranche of Options; and
- Ochre Holdings will elect to exercise their respective Options.

The Fourth and Fifth Tranche Options will only be issued to Ochre Holdings or nominee if it exercises the Second Tranche Options and Third Tranche Options respectively. The above percentages will alter if the 46,617,340 existing share options exercisable at 2 cents each on or before 24 February 2011 are exercised. The percentages also depend on the timing of the exercise of the existing share options and the First to Fifth Tranche Options. If all ABM Shares are issued and the Ochre Options are issued and exercised (assuming all performance conditions have been met), Ochre Holdings or nominee shareholding interest reduces to approximately 41.32%. It is expected that ABM will acquire the Tanami Assets and may enter into new acquisitions of mineral properties and undertake new share issues and capital raisings. If this occurs, Ochre Holdings percentages will alter.

3.4 If Ochre Holdings or nominee exercise the various tranches of Ochre Options, the following cash injections will be received by the Company:

First Tranche Options exercised at 1 cent each	\$150,000
Second Tranche Options exercised at 1.5 cents each	\$1,875,000
Third Tranche Options exercised at 1.5 cents each	\$1,875,000
Fourth Tranche Options exercised at 1.5 cents each	\$1,875,000
Fifth Tranche Options exercised at 1.5 cents each	\$1,875,000
Total cash injection	<u>\$7,650,000</u>

3.5 As a result of the Memorandum of Understanding, Dr Archibald will become a Director of ABM. It is envisaged that the creation of a management team for the Company falls to Dr Archibald with plans for ABM to divest non-core assets and to secure acceptable projects to ABM.

3.6 The Board of Directors is proposed to change as follows:

	Current	Proposed
I Kins	Yes	Yes
S Rigby	Yes	No
A Simpson	Yes	No
N Archibald (an Ochre nominee)	No	Yes
D Holden (an Ochre nominee)	No	Yes
M Etheridge (an Ochre nominee)	No	Yes

Further directors nominated by Dr N Archibald may be appointed to the Board as part of the Memorandum of Understanding.

3.7 The non-core African assets of the Company are to be sold to third parties or divested/rationalised as noted in paragraph 1.9.

3.8 If resolution 3 is passed and consummated relating to the Tanami Acquisition, ABM will have an interest in the Tanami Assets as noted in the Explanatory Statement and the CJS Valuation Report. The shareholding interest of Tanami (excluding the association with the Allied Group) will initially be more than 20% and we outline below some but not all shareholding percentages that Tanami may have in ABM.

	Shares	Ochre Holdings % Interest	Tanami % Interest
Number on issue at 15 September 2009	705,444,246	0	0
Issue of shares as part of the Public Issue (refer above)	50,000,000	0	0
Exercise of options	250,000	0	0
Proposed issue/cancellation of shares:			
Cancellation of shares pursuant to resolution 13	(1,200,000)	0	0
Public Issue (remaining shares assuming <b>minimum</b> of \$5,000,000 is raised)	116,666,667	0	0

	Shares	Ochre Holdings % Interest	Tanami % Interest
Issue of Tanami Consideration Shares (resolution 3)	265,000,000	0	100
	1,136,160,913	0	23.32
Issue of ABM Shares to Ochre Holdings or nominee	50,000,000	100	0
Before exercise of any share options	1,186,160,913	4.22	22.34
<u>Potential Issue of Shares</u>			
Exercise of First Tranche Options by Ochre Holdings or nominee	15,000,000	100.00	0
	1,201,160,913	5.41	22.06
Exercise of existing 2 cent share options	46,617,340	0	0
	1,247,778,253	5.21	21.24
Exercise of Second Tranche Options by Ochre Holdings or nominee	125,000,000	100.00	0
	1,372,778,253	13.84	19.30
Exercise of Third Tranche Options by Ochre Holdings or nominee	125,000,000	100.00	0
	1,497,778,253	21.03	17.69
Exercise of First Tranche Tanami Consideration Options	150,000,000	0	100
	1,647,778,253	19.12	25.19
Exercise of Fourth Tranche Options by Ochre Holdings or nominee	125,000,000	100.00	0
	1,772,778,253	24.82	23.41
Exercise of the Second Tranche Tanami Consideration Options	150,000,000	-	100.00
	1,922,778,253	22.88	29.38
Exercise of Fifth Tranche Options by Ochre Holdings or nominee	125,000,000	100.00	0
	2,047,778,253	27.59	27.59

In the event that \$6,250,000 is raised from the Public Issue, Tanami's initial shareholding interest may be approximately 21.58% and up to 38.00% if all of the Tanami Options only were exercised (and approximately 27.04% if all of the share options noted in the table above were exercised). If we included the proposed shareholding of the Allied group (they may subscribe for up to 41,666,666 shares at 3 cents each under stage 2 of the Public Issue), the Allied Group shareholding may be 3.51% before the exercise of any share options. The combined Tanami/Allied Group shareholding would approximate 25.85% (before exercise of any share options). The above percentages may reduce if the public Issue totals \$6,250,000 (208,333,333 shares) instead of the minimum \$5,000,000 (166,666,666 shares) referred to in the above table.

The actual percentages of Ochre and Tanami (and the Tanami/Allied Group) will be dependent on the timing of exercise of the existing share options, the Options, the Tanami Consideration Options and the Broker share options (proposed to issue 20,000,000 share options as part of the Public Issue fee) and whether any other share issues are made. It is proposed that a further up to \$5,000,000 (Second Public Issue) may be raised within 6 months but the issue price and thus number of shares is not yet quantified. The high percentage for Tanami could be approximately 38.02% (40.82% including the Allied Group) if no Ochre Options were exercised and only the Tanami Consideration Options were exercised.

3.9 Outlined in paragraph 5.5.1 are 30 June 2009 pro-forma consolidated balances sheet of the ABM Group following the completion of the pro-forma transactions.

#### **4. Future Directions of ABM**

4.1 We have been advised by a director and management of ABM that:

- It is proposed to sell non-core portfolio assets of the Company for scrip/shares. These assets include assets in Africa. Should the consideration for the sale of these non-core assets be in the form of scrip/shares, these will be distributed to existing ABM shareholders subject to regulatory approvals;
- It is not proposed to acquire any assets or sell any assets from or to Ochre Holdings (or its associates and nominee), however the ABM Shares and Ochre Options referred to in paragraph 1.2 will be issued to Ochre Holdings or nominee. It is not proposed to acquire any assets or sell any assets from or to Tanami (or its associates) other than for the Tanami Acquisition noted in this report and the Notice and Explanatory Statement;
- The composition of the Board is expected to change in the near future as noted in paragraph 3.6 of this report;
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow;
- The Company proposes to complete the Tanami Acquisition;
- The Company will endeavour in particular to enhance the value of its interests in the Broads Dam gold project (near Kalgoorlie) and the Tanami Assets; and

- The Company will complete the Public Issue to raise a minimum of \$5,000,000 (maximum \$6,250,000) and proposes to raise up to a further \$5,000,000 approximately three to six months later (first or second quarter of 2010) but the share issue price and number of shares have yet to be fixed and the subsequent issue is subject to market conditions.

## 5. Basis of Valuation of ABM Shares

### 5.1 Shares

5.1.1 In considering whether it is fair and reasonable to allow Ochre Holdings or nominee the right to issue and allow the exercise of the proposed issue of Ochre Options (refer paragraph 1.2) at either 1 cent or 1.5 cents per share (that are subject to certain performance criteria noted above), we have considered the fair value of an ABM share prior to the announcement of the proposals with Ochre Holdings on 26 May 2009.

In considering whether it is fair and reasonable to issue 265,000,000 Tanami Consideration Shares to Tanami as part of the Tanami Acquisition, we have considered the fair value of an ABM share prior to the announcement of the proposals with Tanami on 12 August 2009.

5.1.2 The valuation methodologies we have considered in determining a theoretical value of an ABM share are:

- Capitalised maintainable earnings/discounted cash flow
- Takeover bid - the price at which an alternative acquirer might be willing to offer
- Adjusted net backing and windup value
- The market price of ABM shares.

5.2 Capitalised maintainable earnings and discounted cash flows.

5.2.1 Due to ABM's operations, a lack of profit history arising from business undertakings and the lack of a reliable future cash flow from a current business activity, we have considered these methods of valuation not to be relevant for the purpose of this report. As noted above, certain non-core exploration assets of the Company are to be sold in the future.

### 5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for ABM could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place, however if the 50,000,000 ABM Shares are issued and the up to 515,000,000 Ochre Options that may be issued to Ochre Holdings or nominee are exercised (at 1 cent and 1.5 cents per share), it would give Ochre Holdings or nominee a potential up to 42.78% interest in ABM (before any other share issues). The percentage shareholding interest of Tanami and the combined Tanami/Allied Group) is also outlined in paragraph 3.8.

#### 5.4 Net Asset Backing and Wind Up Value

5.4.1 As there is no intention to wind up the Company, we have not considered wind up values for the purposes of this report.

#### 5.5 Adjusted Net Asset Backing

5.5.1 We set out below an audited consolidated Balance Sheet of ABM as at 30 June 2009 and a pro-forma consolidated Balance Sheet "A" as at 30 June 2009 assuming the following:

- The issue of 50,000,000 ABM Shares to Ochre Holdings at an assumed price of 1 cent per share and expensed (\$50,000);
- The issue of 50,000,000 shares at 3 cents each to raise a gross \$1,500,000 and a net \$1,400,000 after capital raising costs of \$100,000;
- The issue of the First Tranche Options and the Second and Third Tranche Options (no cost payable by Ochre for such share options but for A-IFRS purposes a value may need to be attributable to such share options and an amount of \$634,250 has been attributed). The fair value would result in an increase in losses and an increase in reserves (Option Reserve) but no affect on the net assets of the ABM Group;
- Costs of the Notice of Meeting proposal are approximately \$75,000; and
- The incurring of further administration costs estimated at \$500,000 to 30 September 2009.

In addition, we set out a consolidated Balance Sheet "B" that incorporates the above assumptions as well as the following additional assumptions:

- The payment of \$1,500,000 to Tanami as part consideration for the Tanami Acquisition;
- The issue of 265,000,000 Tanami Consideration Shares at a deemed issue price of 2.1 cents (\$5,565,000) and the issue of 300,000,000 Tanami Consideration Options with a deemed fair value of 0.8 cents each (\$2,400,000) as part consideration for the Tanami Acquisition and writing down the total consideration to the preferred value of \$9,100,000;
- The issue of a further minimum 116,666,667 Placement Shares at an issue price of 3 cents each to raise a gross \$3,500,000 and a net \$3,250,000 after capital raising costs estimated at \$210,000;
- The payment of statutory costs (including stamp duty) estimated at \$500,000 relating to the Tanami Acquisition and expensed to the income statement; and
- The issue of 20,000,000 share options to the Broker to the Public Issue with a deemed fair value of \$180,000 and expensed against share equity as capital raising costs.

	Audited 30 June 2009 \$000's	Pro-forma A Un-audited 30 June 2009 \$000's	Pro-forma B Un-audited 30 June 2009 \$000's
<b>Current Assets</b>			
Cash assets	448	1,273	2,533
Receivables	24	24	24
Prepayments	44	44	44
	516	1,341	2,601
<b>Non Current Assets</b>			
Receivables and bonds	432	432	432
Other Financial Assets	10	10	10
Fixed Assets	198	198	198
Capitalised exploration costs	4,824	4,824	13,924
	5,464	5,464	14,564
Total Assets	5,980	6,805	17,165
<b>Current Liabilities</b>			
Payables	306	306	306
Provisions- employees	12	12	12
	318	318	318
<b>Non Current Liabilities</b>			
Provision- rehabilitation	206	206	206
Provisions- employees	21	21	21
	227	227	227
Total Liabilities	545	545	545
Net Assets	5,435	6,260	16,620
<b>Equity</b>			
Contributed equity (share capital)	59,638	61,088	69,903
Option reserve	128	762	3,342
Accumulated losses	(54,331)	(55,590)	(56,625)
Net Equity	5,435	6,260	16,620

5.5.2 Based on the above audited net equity value as at 30 June 2009, the book value of an ABM share is approximately 0.77 cents (ignoring the value, if any, of non-booked tax benefits) and assumes 705,444,246 shares on issue. Based on the book values of the un-audited pro-forma A Balance Sheet, this equates to a value per fully paid ordinary share post the Ochre proposals but before the Tanami Acquisition and completion of the Public issue (805,569,246 ordinary shares on issue) of approximately 0.77 cents (ignoring the value, if any, of non-booked tax benefits). The asset backing per share using the 30 June 2009 figures adjusted for an estimated \$500,000 of administration costs to 30 September 2009 and allowing for the net capital raising in mid September 2009 of approximately \$1,400,000 results in a book value per share of around 0.83 cents. Based on the book values of the un-audited pro-forma B Balance Sheet, this equates to a value per fully paid ordinary share post the Tanami Acquisition and Public Issue to raise the minimum \$5,000,000 (1,186,160,913 ordinary shares on issue) of approximately 1.40 cents (ignoring the value, if any, of non-booked tax benefits). If we did not substitute the preferred fair value of the Tanami Assets as noted below of \$9,100,000, the net assets (pro-forma Balance Sheet B) would approximate \$17,015,000 for an

adjusted net asset backing per share of approximately 1.46 cents. Based on the book values of the pro-forma B Balance Sheet but assuming a gross \$6,250,000 (net \$5,830,000) was raised from the Public Issue (instead of a gross \$5,000,000 and net \$4,650,000), this equates to a value per fully paid ordinary share post the Tanami Acquisition and Public Issue (1,227,827,579 ordinary shares on issue) of approximately 1.44 cents (ignoring the value, if any, of non-booked tax benefits).

5.5.3 No audit or detailed review was made by us on the current assets and current liabilities disclosed in the unaudited consolidated Balance Sheet as at 30 June 2009. We have been assured by the management of ABM that they believe the carrying values of all current assets and liabilities as at 30 June 2009 are fair and not materially misstated.

5.5.4 The Company has an interest in the following audited non current assets (described as capitalised exploration costs) as at 30 June 2009:

- Erayinia Project at a carrying value of approximately \$4,602,000;
- Mimosa Project at a carrying value of approximately \$nil;
- Mozambique Joint Venture at a carrying value of approximately \$nil
- The Broads Dam project near Kalgoorlie at approximately \$97,000 value and;
- Other Projects at a carrying value of approximately \$125,000.

5.5.5 As noted in paragraph 4.1, it is the intention to sell the non core African assets of ABM to third parties or rationalise the holdings in the projects. Should the considerations received be in-specie distributions, the intention is to distribute the scrip to the existing ABM shareholders. The carrying values of these exploration and evaluation assets total approximately \$4,824,000 as at 30 June 2009. There are no independent valuations of these projects, in particular Erayinia, however based upon recent market activity the price of the projects may be less than the carrying values. The ultimate consideration that may be received, if sold, cannot be reliably estimated.

5.5.6 To May 2009, the Company's management had been able to raise minimum funds to maintain a focus on one project being the Broads Dam Gold Project. The strategy of seeking a sale or farm out of the African projects has been underway for some months and an Option Sale Agreement over the Mozambique gold project was signed but was not exercised and has fallen through. The management has been pursuing other avenues to secure a sustainable business model to take the Company forward. As a result, the Company entered into the agreements with Dr Archibald and Ochre Holdings in late May 2009.

5.5.7 In summary, the agreement with Ochre Holdings and Ochre Holdings stated strategies envisages significant developments for the Company which include:

- The organisation, acquisition of a suite of additional new resource assets to enable ABM to become a natural resources Company of global significance;
- The provision, developed by Dr Archibald, of a corporate, technical and geological team highly experienced in natural resource evaluation and engineering delivery;



- The building of a new Board of Directors that will include proven industry leaders from the exploration, mining and finance industries;
- The building of an internationally experienced executive team working with Dr Archibald;
- Commitment to provide finance to adequately capitalise the Company to meet its objectives, including commitment to finance any required infrastructure facilities in co-operation with any operating Company partners.

The agreement with Ochre Holdings includes a provision for the orderly sale of non core African exploration assets.

It is obvious that before the announcement of the proposals with Ochre Holdings the market placed little value on the Company's assets. The shares in ABM were mainly trading in the 0.7 cents to 1.0 cent range in April 2009 and the market capitalisation thus fell in the range of \$4,938,000 to \$7,954,000 compared with the audited 30 June 2009 net assets of approximately \$5,435,000. However the Company's cash position at 30 June 2009 was very poor and a capital raising of some substance will need to be undertaken shortly. As noted above, based on the Ochre Holdings proposals and the possibility of the Tanami Transactions proceeding, ABM has raised \$1,500,000 in mid September 2009 (\$16,500 of the funds require shareholders approval) and plans to raise a further minimum gross \$3,500,000 (maximum gross \$4,750,000) subject to shareholders approval as referred to in the Notice and Explanatory Statement.

## 5.6 Market Price of ABM Fully Paid Shares

5.6.1 We set out below a summary of the fully paid share prices of ABM shares since 1 November 2008 to 21 May 2009 the last date of share trading in ABM shares before the date of the announcement of the proposal with Ochre Holdings on 26 May 2009.

<b>Months</b>	<b>High Cents</b>	<b>Low Cents</b>	<b>Last Sale Cents</b>	<b>Volume Trade (000's)</b>
November 2008	1.2	0.6	1.1	1,440
December 2008	1.6	0.6	1.0	4,077
January 2009	1.8	1.4	1.6	4,730
February 2009	1.5	1.3	1.4	2,841
March 2009	1.5	0.6	0.8	17,491
April 2009	1.0	0.6	0.7	16,552
May 2009 (to 21st)	2.0	0.7	1.2	58,451

Since 26 May 2009 there has been a substantial rise in the Company's share price. On 26 May 2009 the share prices rose from 1.7 cents (last sale 21 May 2009) to a high of 4 cents, and for the 7 trading days prior to the Ochre Holdings proposal announcement, 24,427,173 shares were traded between 1.2 cents and 2.0 cents. There was no explanation as to the increase in the share price in the 7 day period.

Arguably, in the absence of the proposals with Ochre Holdings and Dr Archibald, the share price of an ABM share trading on the ASX would retreat to below 1 cent.

Between 26 May 2009 and 11 August 2009 (the day before the announcement of the proposed Tanami Acquisition) shares in ABM traded at prices between 1.7 cents and 4.0 cents.

<b>Months</b>	<b>High Cents</b>	<b>Low Cents</b>	<b>Last Sale Cents</b>	<b>Volume Trade (000's)</b>
May 2009 (from 26 <sup>th</sup> )	4.0	1.8	2.0	35,069
June 2009	3.2	1.7	1.9	25,300
July 2009	2.9	1.8	2.7	23,657
August 2009 (to 11th)	3.4	2.7	2.8	10,163

5.6.2 Generally, the market is a fair indicator of what a share is worth, however, the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. In the case of ABM, current liquidity is reasonable however the Company has to meet ongoing administration costs and some mineral exploration commitments.

No independent valuations have been prepared on the mineral prospects of the ABM group and we do not consider it necessary to obtain an independent valuation of the mineral prospects for the purposes of this report. We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between ABM and other parties. We also note it is not the present intention of the Directors of ABM to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in ABM based on the market perceptions of what the market considers an ABM share to be worth. It is noted that over the past year or so, many gold exploration and producer companies listed on the ASX were arguably trading at premiums to appraised technical values (this is a turn around from the early 2000's when a discount may have applied) although in recent months the premium has been reduced. The market capitalisation of ABM as at 30 June 2009 was approximately \$13,403,000 that is greater than the net equity position of around \$5,433,000 as at 30 June 2009. However, it was noted that the shares in ABM were trading at around 1 cent before the announcement of the Ochre proposals and without the Ochre proposals the share price would expect to fall back to below 1.5 cents. The Company's financial position was very poor and may not be able to continue exploration and evaluation of its exploration portfolio and pay new administration and corporate costs without a significant inflow of funds via a capital raising or loan funds. It is proposed that Ochre Holdings will locate a suitable project(s) for ABM in the near future and at that time will organise a capital raising (subsequently raised \$1,500,000 and proposes to complete a further minimum \$3,500,000 (maximum \$4,750,000) subject to shareholders approval).

Accordingly, for the reasons outlined above, we believe that for the purposes of this report, it is not appropriate to use any technical value of an ABM ordinary share in assessing whether the proposals pursuant to resolutions 2 and 3 are fair and reasonable. We believe a market-based approach is a more suitable basis of assessing whether the proposals are fair and/or reasonable. However, in assessing fair market values we have considered the share prices leading up to 26 May 2009 in relation to resolution 1 (the Ochre Holdings proposals) and the share prices from 26 May 2009 to the day before the announcement of the Tanami Acquisition in relation to resolution 3. The Tanami Acquisition would only occur post the proposals with Ochre Holdings.

### **The Ochre Holdings Proposal**

We are of the opinion that it is fair to use a range of market values over the past six months (prior to the announcement of the proposal with Ochre Holdings) as a fair indication of what an ABM share is worth. In that period, the share price ranged from 0.6 cents to 1.6 cents, (excluding trading in ABM shares in the 10 days prior to the announcement when the share price reached 2.0 cents). We note that the trades since November 2008 to mid March 2009 were in the 1.1 cents to 1.6 cents range. From mid March through to approximately 7 trading days prior to the announcement of the Memorandum of Understanding signed with Ochre Holdings, shares traded between 0.8 and 1.0 cents per share on relatively high volumes. For the 7 day period preceding the Ochre Holdings Memorandum of Understanding announcement, the shares traded, on relatively high volumes from 1.2 to 1.7 cents per share. We were informed that the 1.5 cent exercise price of the Second Tranche Options was struck after considerable negotiations with Dr Archibald and was kept at a price less than a 50% premium to the 1.0 cent price to mid May 2009. The idea was to give a financial incentive to Dr Archibald and that if he (via Ochre Holdings) was successful in obtaining a high quality projects and finance for the these projects, all shareholders would benefit as the exercise price of 1.5 cent can only be undertaken if the share price reaches certain milestones noted above.

Existing shareholders would benefit from an increased share price and possibly a far stronger company. Thus, we conclude that in arriving at our conclusion on fairness and reasonableness, the market range of 0.7 cents to 1.6 cents is an acceptable indication of what an ABM share was worth prior to the announcement of the proposal with Ochre Holdings.

### **The Tanami Acquisition Proposals**

We are of the opinion that it is fair to use a range of market values over the period from 26 May 2009 (after the announcement of the Ochre Holdings proposals) and to 11 August 2009, the day prior to the announcement of the proposals with Tanami as a fair indication of what an ABM share is worth for the purpose of assessing the consideration payable by ABM to Tanami. In that period, the share price ranged from 1.8 cents to 4 cents (one trade only on 29 May 2009). For the 7 day period preceding the Tanami Acquisition announcement, the shares traded on relatively high volumes from 2.7 to 3.4 cents per share. The share price started to

rise and stay over 1.8 cents in late June 2009 and as noted the range in July 2009 was 1.8 cents (low) to 2.9 cents (high). We were informed that the 1.5 cent exercise price of the Tanami Consideration Options was struck after considerable negotiations with Tanami in conjunction with Dr Archibald of Ochre Holdings and was kept at a price less than a 50% premium to the 1.0 cent price to mid May 2009. At the time of initial negotiations with Tanami (the same time as discussions with Ochre Holdings), the share prices in ABM were substantially less than the June/July 2009 share prices and were less than 1 cent. All shareholders would benefit as the exercise price of 1.5 cents for the First Tranche Tanami Consideration Options and the Second Tranche Tanami Consideration Options can only be undertaken if the share price of an ABM share trading on the ASX reaches 3.0 cents and 3.5 cents respectively for 20 consecutive days.

Existing shareholders would benefit from an increased share price and possibly a far stronger company. Thus, we conclude that in arriving at our conclusion on fairness and reasonableness, the market range of 1.8 cents to 2.8 cents is an acceptable indication of what an ABM share was worth prior to the announcement of the proposal with Tanami. Generally it is best to ignore share prices for the several days leading up to an announcement due to market speculation of an imminent announcement that may be considered positive.

5.7 The future value of an ABM share will depend upon, inter alia:

- The future prospects of the existing core assets including the Broads Dam project as well as any future projects which are acquired for ABM as recommended by Ochre Holdings, including the Tanami Assets;
- The state of the natural resource markets (and prices) in Australia and overseas;
- The state of Australian and overseas stock markets;
- The strength of the Board and who makes up the Board;
- General economic conditions;
- Exchange rates;
- Liquidity of shares in ABM

#### **Share Options to be issued to Tanami (Tanami Consideration Options)**

5.8 The Company is also to issue a total of 300,000,000 Tanami Consideration Options to Tanami. The Tanami Consideration Options are split into 2 tranches. The first tranche is 150,000,000 Tanami Consideration Options exercisable at 1.5 cents each within 5 years of issue date but may only be exercised when ABM's shares trade at or above a minimum of 3.0 cents per share over 20 executive days ("First Tranche Tanami Consideration Options"). The second tranche is 150,000,000 Tanami Consideration Options exercisable at 1.5 cents each within 5 years of issue date but may only be exercised when ABM's shares trade at or above a minimum of 3.5 cents per share over 20 executive days ("Second Tranche Tanami Consideration Options"). Each tranche must be exercised in multiples of 75,000,000 if exercised in part. Using a recognised option valuation methodology (Black Scholes) we have ascribed a technical value to the two tranches of Tanami Consideration Options.

The assumptions we have used include:

- Share price of an ABM share of 2.3 cents (pre announcement mid point preferred share price as noted above)
- Risk free interest rate of 4.975%
- Volatility factor of 72.92%
- Discount of 25% for the 3.0 cents market hurdle of the First Tranche Tanami Consideration Options and 35% for the 3.5 cents market hurdle of the Second Tranche Tanami Consideration Options
- 5 year expiry date

Based on the above, the First Tranche Tanami Consideration Options are valued at 1.23 cents each and the Second Tranche Tanami Consideration Options are valued at 1.06 cents each. Thus the total “cost” to grant the Tanami Consideration Options approximates \$3,435,000.

## **6. Premium for Control**

- 6.1 Premium for control for the purposes of this report has been defined as the difference between the price per share which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share which does not carry with it control, or the ability to improve control of the Company.
- 6.2 Currently, Ochre Holdings does not hold any shares in the Company. Under resolution 2, it will have an entitlement to 50,000,000 ABM Shares in the Company and these shares will be issued so long as the VWAP of shares in ABM trading on the ASX exceeds 2.0 cents for over 20 consecutive days.
- 6.3 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, Ochre Holdings could hold up to approximately 42.78% of the expanded fully paid issued capital if all of the potential ABM Shares were issued and all Ochre Options to be issued to Ochre Holdings (and retained by Ochre Holdings) were exercised. Accordingly we have addressed whether a premium for potential control will be paid.
- 6.4 It is noted that the exercise price of the First Tranche Options to be issued to Ochre Holdings and the potential issue of new Performance Options (Second, Third, Fourth and Fifth Tranche Options) is 1 cent (First Tranche) and 1.5 cents (subsequent Four Tranches) respectively, however at the time of exercise, the shares in ABM quoted on the ASX need to be trading in excess of:
- |           |   |                                      |
|-----------|---|--------------------------------------|
| 2.0 cents | - | First Tranche Options (15,000,000)   |
| 2.0 cents | - | Second Tranche Options (125,000,000) |
| 2.5 cents | - | Third Tranche Options (125,000,000)  |
| 3.0 cents | - | Fourth Tranche Options (125,000,000) |
| 3.5 cents | - | Fifth Tranche Options (125,000,000)  |

Currently, Ochre Holdings does not hold any shares in the Company. Under resolution 2, it will have an entitlement to 50,000,000 ABM Shares in the Company and these shares will be issued so long as the VWAP of shares in ABM trading on the ASX exceeds 2.0 cents for over 20 consecutive days.

Thus, at the time of exercising the Ochre Options, the market value of an ABM share is to be in excess of the 1.0 cent (First Tranche Options) or 1.5 cents (Performance Options) exercise price and thus Ochre Holdings is not paying a premium for potential control. However, for reasons outlined elsewhere in this report, the fact that Ochre Holdings is not paying a premium for control does not outweigh the advantages of the proposals under resolution 2.

- 6.5 Under TCA, control may be deemed to occur when a shareholder or group of associated shareholders control more than 20% of the issued capital. In this case, Tanami could hold up to approximately 38.02% (40.82% including Tanami/Allied Group) of the expanded fully paid issued capital if the Tanami Consideration Shares were issued and all Tanami Consideration Options to be issued to Tanami (and retained by Tanami) were exercised (refer paragraph 3.8 above). Accordingly we have addressed whether a premium for potential control will be paid by Tanami.
- 6.6 The issue price of the 265,000,000 Tanami Consideration Shares will probably be in the range of 3.0 cents to 4.0 cents that is in the range of the market value of the ABM shares trading on the ASX **pre** the Tanami Acquisition announcement. In fact, the shares in ABM have over the past few days traded in the 5.9 cents to 7.0 cents range and thus the Tanami Consideration Shares may be issued at a price of up to 7 cents each. In effect, Tanami is not paying a premium for its initial control over 20%.
- 6.7 It is noted that the exercise price of the Tanami Consideration Options to be issued to Tanami is 1.5 cents however at the time of exercise, the shares in ABM quoted on the ASX need to be trading in excess of:

- 3.0 cents - First Tranche Tanami Consideration Options (150,000,000)
- 3.5 cents - Second Tranche Tanami Consideration Options (150,000,000)

Thus, at the time of exercising the Tanami Consideration Options, the market value of an ABM share is in excess of the exercise price of 1.5 cents per Tanami Consideration Options and thus Tanami is not paying a premium for potential control. However, for reasons outlined elsewhere in this report, the fact that Tanami is not paying a premium for potential increased control does not outweigh the advantages of the proposals under resolution 3.

- 6.8 Board control will change if resolutions 2 and 3 are consummated.

## 7. Fairness and Reasonableness of the Proposals Pursuant to Resolution 2

7.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposals pursuant to resolution 2.

### Advantages

7.2 There will be a clear focus on identifying possible acquisitions of a new suite of natural resource assets as well as developing any core assets of the Company (including the Broads Dam project) and thus hopefully adding value to the Company. Ochre Holdings stated strategies envisage significant developments for the Company that include the matters outlined under paragraph 5.5.7 of this report. Ochre Holdings and Dr Archibald pursue resource and infrastructure-financing opportunities, worldwide. Through associated companies, Fractal Graphics and Geoinformatics Inc., Dr Archibald previously won a worldwide competition at identifying 6M Oz of gold at Goldcorp's Red Lake Mine in Ontario Canada. These companies have forged strategic alliances with major mining companies across the globe including Kennecott Exploration (a subsidiary of Rio Tinto), Anglo American, Gold Fields and Goldcorp.

The Agreement with Ochre Holdings and the future appointment of Dr Archibald to the Board optimises the potential value of the Company to utilise Dr Archibald's successful intellectual property in exploration, corporate experience and a high-level global network within the mining and financial sector.

7.3 The Company, if all Options issued to Ochre Holdings are exercised, will raise \$7,650,000 (also see disadvantages). Such funds could be used to acquire a new suite of projects or to develop core assets of ABM.

7.4 For Ochre Holdings to exercise the Options at 1 cent (First Tranche Options) and 1.5 cents each (subsequent four Tranches), the share price needs to be as follows:

2.0 cents	-	For the 15,000,000 First Tranche Options
2.0 cents	-	For the 125,000,000 Second Tranche Options
2.5 cents	-	For the 125,000,000 Third Tranche Options
3.0 cents	-	For the 125,000,000 Fourth Tranche Options (if all the Second Tranche Options are exercised)
3.5 cents	-	For the 125,000,000 Fifth Tranche Options (if all the Third Tranche Options are exercised)

Thus, notwithstanding the low exercise price of 1 cent and 1.5 cents per share (refer above), the existing shareholders are arguably better off as there would need to be a share price increase. As noted elsewhere, before the proposal with Ochre Holdings, the shares were trading below 1.5 cents. Since the announcement and before the announcement of the Tanami Acquisition, the shares traded in the 1.8 cents to 4.0 cents range (4.0 cents on 26 May 2009). It would appear the market has reacted favourably to the proposal with Ochre Holdings and Dr Archibald.

Subsequent to the Tanami Acquisition announcement, the shares in ABM have traded as high as 7 cents (on 17 September 2009).

- 7.5 Shareholders may have the opportunity to sell out at a higher price if they so wished.

#### Disadvantages

- 7.6 The number of shares on hand, if all Ochre Options are exercised by Ochre Holdings rises from 755,694,246 up to 1,524,444,919 (assuming the Public issue to raise a gross \$6,250,000 and 46,617,340 24 February 2011 share options owned by existing option holders are exercised but assuming no shares issued to Tanami). The existing (17 September 2009) shareholders' interests would be reduced from 100% of the Company to approximately 49.55%.
- 7.7 The exercise price of the Options at 1 cent (First Tranche Options) and 1.5 cents each (subsequent Four Tranches) respectively is lower than the share price on the day prior to the announcement and is significantly lower than the market value required before the share options can be exercised (2.0 cents, 2.5 cents, 3.0 cents and 3.5 cents). Funds would be raised from Ochre Holdings of \$7,650,000, however if the share options were not in existence, the Company could possibly issue new shares at a higher price than 1.5 cents and thus under the proposal with Ochre Holdings there is an "opportunity cost".

However, the ability to issue such large parcels of shares (up to 565,000,000 on meeting various scenarios outlined above) is limited and any issue price may need to be at a discount to market. The extent of the discount cannot be quantified.

- 7.8 Overall, the future share price of an ABM share will be highly dependent upon the success or otherwise of the acquisition of new projects and current project rationalisation and whether Ochre Holdings (using the services of Dr Archibald and his team) can successfully exploit the current and yet to be purchased assets. The Company proposes that significant non core projects and assets of the Company will be sold (and any shares received upon the sale be distributed to shareholders as an in-specie capital return).
- 7.9 In the event that Ochre Holdings cannot successfully acquire a suitable suite of assets, or obtain a reasonable price for existing assets which are likely to be sold, the share price would arguably drift downward and may end up below current prices and below prices pre the announcement of the proposal with Ochre Holdings.

#### Other Factors

- 7.10 In the event that the acquisition of a suite of suitable projects is unsuccessful, there is the probability that Ochre Holdings or nominee may not exercise the Ochre Options, although this cannot be guaranteed. If no Ochre Options are exercised, the cost to the Company is:



- The issue of 50,000,000 ABM Shares to Ochre Holdings or nominee;
- The loss of the other projects/assets of the Company. However, it is noted that shareholders may receive shares as part of an in-specie distribution should scrip/shares be received as consideration for the sale of non core assets.

This is a process that has been in place prior to the Ochre Holdings Transaction and would be likely to continue.

The Company, as it plans to sell its non core assets, will focus on securing a new suite of projects. There is no guarantee that the Company may secure acceptable projects within the 3 year term specified.

- 7.11 The 'market' appears to support the proposal with Ochre Holdings and the plan to sell/divest or rationalise the non core assets of ABM. Prior to the announcement of the proposals with Ochre Holdings, ABM's shares generally traded at or below 1.5 cents (in April 2009 between 0.6 cents and 1.0 cents). Post announcement and to 29 September 2009, ABM shares have traded between 1.8 cents to 7.0 cents. The rejection of the proposals pursuant to resolution 2 (and 3) would probably lead to the share price falling to below pre-announcement (of the proposal) levels.
- 7.12 It is noted that Ochre is assisting financially ABM as it has lent ABM a total of \$300,000 by way of an interest free loan for working capital purposes. The loan is to be repaid no later than 31 December 2009.

## **8. Conclusion as to Fairness and Reasonableness on Resolution 2**

**After taking into account the matters referred to in section 7 above and elsewhere in this report, we are of the opinion that the proposals as outlined in resolution 2 are on balance, fair and reasonable to the non-associated shareholders of ABM.**

## **9. Value of the Consideration to Tanami**

- 9.1 As discussed above, we have used the pre announcement market value (pre the Tanami Acquisition announcement) of an ABM share as the fair value to be ascribed to the Tanami Consideration Shares and not the low book asset backing of 0.83 cents or the post announcement share prices that have been between 2.6 cents and 7.0 cents (to 29 September 2009). The preferred pre announcement range of share price is 1.8 cents to 2.8 cents attributable to a Tanami Consideration Share. Arguably, a discount could be applied as the Tanami Consideration Shares will be escrowed (treated as restricted securities) for a 12 month period. It is not uncommon to apply a discount of between 10% and 20% per annum for each year of escrow.

If we used pre announcement market values for the ABM shares the value of the consideration to be paid could be in the range as follows:

	<b>Low</b>	<b>Mid Range</b>	<b>High</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash	1,500,000	1,500,000	1,500,000
265,000,000 Tanami			
Consideration Shares	4,770,000	6,095,000	7,420,000
300,000,000 Tanami			
Consideration Options	1,800,000	3,435,000	5,025,000
Total Consideration on a pre announcement basis	<u>8,070,000</u>	<u>11,030,000</u>	<u>13,945,000</u>
Share price assumed to be	<u>1.8 cents</u>	<u>2.3 cents</u>	<u>2.8 cents</u>

If we used post announcement market values for the ABM shares the value of the consideration to be paid could be in the range as follows:

	<b>Low</b>	<b>Mid Range</b>	<b>High</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash	1,500,000	1,500,000	1,500,000
265,000,000 Tanami			
Consideration Shares	6,890,000	12,720,000	18,550,000
300,000,000 Tanami			
Consideration Options	3,630,000	11,880,000	18,270,000
Total consideration in a post announcement basis	<u>12,020,000</u>	<u>26,100,000</u>	<u>38,320,000</u>
Share price assumed to be	<u>2.6 cents</u>	<u>4.8 cents</u>	<u>7.0 cents</u>

We note that technically the preferred fair value (not market value as noted on ASX) of an ABM share approximates 0.83 cents and thus the technical consideration for the Tanami Consideration Shares would equate to approximately \$2,199,500 ignoring the value attributable to the Tanami Consideration Options and \$5,634,500 if \$3,435,000 was attributable to the Tanami Consideration Options. In addition \$1,500,000 is payable to Tanami. The total consideration to Tanami would be \$7,134,500.

## 10. Basis of Valuation of the Tanami Assets

- 10.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.
- 10.2 The Company, in conjunction with us has commissioned CJS (author of the Valuation Report is Chris Stephens) to prepare a valuation report of the Tanami Assets. The CJS Valuation Report is attached as Appendix B to this report and Explanatory Statement to Shareholders. The CJS Valuation Report of 7 September 2009 should be read in its entirety. The CJS Valuation Report ascribes a range of values to the interests in the Tanami Assets and for the purposes of our report we have used the low, high and mid range market valuations referred to in the CJS Valuation Report. We have discussed the CJS Valuation Report with

Chris Stephens of CJS and believe that all material information that we require to complete our report has been incorporated into the CJS Valuation Report.

10.3 We have used and relied on the CJS Valuation Report on the Tanami Assets and have satisfied ourselves that:

- CJS is a suitably qualified consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the author of the report, Chris Stephens is suitably qualified and experienced);
- CJS and Chris Stephens are independent from ABM and Tanami; and
- CJS has to the best of our knowledge employed sound and recognised methodologies in the preparation of the CJS Valuation Report on the Tanami Assets.

10.4 CJS has provided a range of market values of the interests in the Tanami Assets. CJS has ascribed a range of values as follows:

	<b>Low</b> \$	<b>Preferred</b> \$	<b>High</b> \$
Tanami Assets (summary total)	<u>7,100,000</u>	<u>9,100,000</u>	<u>10,700,000</u>

Using the fair values of the Tanami Assets, the total fair values are expected to lie in the range of \$7,100,000 and \$10,700,000 with a preferred fair value of \$9,100,000.

## 11. Conclusion as to fairness on the Tanami Acquisition

11.1 The proposal to acquire the Tanami Assets at Acquisition date for the considerations noted in paragraph 1.2 is believed fair to ABM's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the Tanami Assets being acquired.

11.2 Due to the nature of the assets to be acquired, valuations are dependent upon the values placed on the Tanami Assets. The valuation of such assets and valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation.

11.3 We have examined below the values attributable to the Tanami Assets and the value of the consideration being offered by ABM to Tanami.

	Low \$	Preferred \$	High \$
Assessed value of the Tanami Assets	7,100,000	9,100,000	10,700,000
Value of consideration payable by ABM (refer paragraph 9.1)			
Payable by ABM	8,070,000	11,030,000	13,945,000

The actual total preferred consideration payable to Tanami is \$11,030,000 compared with a preferred value to the Tanami Assets of \$9,100,000 (low \$7,100,000 and high \$10,700,000). Since the announcement of the Tanami Acquisition proposals, the share price has risen to trade between 2.6 cents and 7.0 cents (last sale 29 September 2009, 3.9 cents). The pre and post announcement share price would make the proposals under resolution 3 not fair as the consideration payable would be in excess of the consideration receivable. However, as discussed above, the book asset backing of an ABM share is around 1.0 cents and in the absence of the proposal with Tanami, the share price would arguable fall to below 2 cents. The Tanami Consideration Options only have a real value to ABM if they are exercised and Tanami would need to pay ABM \$4,500,000 (although the share price if exercised would at that stage be in excess of 1.5 cents being the exercise price of the Tanami Consideration Options as 50% of the Tanami Consideration Options can only be exercised when the ABM share price is at or above 3.0 cents for 20 consecutive days and 50% of the Tanami Consideration Options can only be exercised when the ABM share price is at or above 3.5 cents for 20 consecutive days). If we used the book net asset backing of an ABM share of approximately 0.83 cents, the consideration payable for the Tanami Assets would approximate \$7,134,500 (refer paragraph 9.1 above) compared with a preferred value of the Tanami Assets of \$9,100,000.

It is probable that without the Tanami Acquisition proceeding or ABM raising capital from other sources, the share price of an ABM share would fall below the June/early July 2009 share prices. In the current economic circumstances it is most difficult to raise speculative capital.

- 11.4 **Taking into account the pre announcement share price, the proposed acquisition of the Tanami Assets by way of the issue of 265,000,000 Tanami Consideration Shares, the payment of \$1,500,000 and the issue of 300,000,000 Tanami Consideration Options (and allowing the Tanami Consideration Options to be exercised) as noted in resolution 3 are considered on balance to be not fair to the non associated shareholders of ABM.** The Tanami Consideration Shares may be classified as 'restricted securities' by the ASX and escrowed from trading for a period of 12 months.
- 11.5 As noted above, the shares in the Company traded on 17 September 2009 at 6.3 cents. If this price was ascribed to the Tanami Consideration Shares, the deemed share and cash (\$1,500,000) cost of the consideration would be \$18,195,000. In addition there is the book accounting cost under A-IFRS in relation to the Tanami Consideration Options as high as approximately \$15,900,000. As at 29 September

2009, the last sale price of an ABM share trading on ASX was 3.9 cents, so the A-IFRS price would be lower but still higher than the fair market value of the Tanami Assets being acquired. On the basis of those market prices, the acquisition of the Tanami Assets would be considered not fair. However, the reasonableness factors need to be taken into account. It is noted that ABM has some non core African mineral assets that are to be sold or divested, has limited cash funds and needs to raise sufficient capital (although it has been improved due to the \$1,500,000 raised by 17 September 2009 and will improve further if shareholders approve the remaining \$3,500,000 to \$4,750,000 capital raising from the Public Issue as noted above). The ability to raise capital is difficult and the Public Issue at 3.0 cents per share is only being undertaken as a result of the proposals to acquire the Tanami Assets.

## 12 Reasonableness of the Tanami Acquisition

12.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed acquisition of the Tanami Assets and allowing the Tanami Consideration Options to be exercised.

### Advantages

- 12.2 By entering into the proposal with Tanami, ABM increases its cash reserves as it will raise a minimum of \$5,000,000 (of which \$1,500,000 raised to date) and pay out an initial \$1,500,000 to Tanami and incur acquisition and capital raising costs of around \$900,000) and obtain various interests in gold and base metal assets by obtaining the Tanami Assets (that include interests in various joint ventures) and will have the ability to exploit these assets. Obtaining access to a significant amount of cash funds in the current environment is extremely difficult and thus the Company and its shareholders should benefit. Without new cash to be used for exploration and administration, the Company may not be able to continue in business in its current form or be forced to sell its existing mineral assets. It is proposed that subject to market conditions a further \$5,000,000 will be raised in the first six months of 2010.
- 12.3 CJS has ascribed a range of values to the Tanami Assets that are Exploration Areas as noted in the CJS Valuation Report that are considered to be prospective. There is no guarantee that such assets can be commercially exploited.
- 12.4 In the event that the Tenement Acquisition does not proceed or the Company cannot raise adequate working capital, there is the strong likelihood that the share price of an ABM share would fall from present prices and possibly trade below 2 cents.
- 12.5 The proposed new board members bring a wealth of technical and business experience. Further details on the proposed new directors are outlined in section 5 of the Explanatory Statement.
- 12.6 There is an incentive to Tanami to make ABM a viable mineral exploration company as Tanami will have a significant interest in ABM and has the potential

to have an increased significant shareholding interest on exercise of the Tanami Consideration Options.

- 12.7 Diversification into a number of mineral tenements areas by acquiring the Tanami Assets reduces the risk (but at the same time ABM is taking on commitments).
- 12.8 The chances of the existing 46,617,340 share options exercisable at 2 cent each are enhanced but the exercise cannot be guaranteed. In addition, the chances of Ochre Holdings exercising the Ochre Options noted above is enhanced, albeit that such Options are exercisable at 1.5 cents each (but there are market based hurdles to achieve as noted in paragraph 1.2 above).

#### Disadvantages

- 12.9 The number of fully paid ordinary shares on issue rises as noted in paragraph 3.8 above. This represents an approximate 57% increase in the ordinary shares of the Company from the 15 September 2009 figure, before the exercise of any share options. If all of the existing share options, the Tanami Consideration Options and the Ochre Options are exercised, the number of shares on issue may increase up to 2,089,444,919. Tanami will obtain a significant initial shareholding interest in ABM as noted above. However, notwithstanding that some degree of control is with Tanami, there is an incentive to Tanami to ensure ABM becomes a successful mineral company.
- 12.10 The issue of Tanami Consideration Shares is a potentially a significant interest and can lead to an “overhang” in the market. However, Tanami is paying a premium for control in that it is receiving consideration based on the 11 August 2009 share price (last sale price before the Tanami Acquisition announcement) of say \$11,030,000 (refer paragraph 9.1) but are giving up assets deemed to be currently valued at between \$7,100,000 and \$10,700,000 (preferred value \$9,100,000).
- 12.11 The exercise price of the 300,000,000 Tanami Consideration Options at 1.5 cents each is below the ABM share price traded on ASX since June 2009. It would be likely that the exercise the Tanami Consideration Options would only be undertaken if the share price of an ABM share was consistently trading above 3.0 cents for 50% of the Tanami Consideration Options as they cannot be exercised at 1.5 cents each unless the ABM share price is at least 3.0 cents trading on the ASX for 20 consecutive trading days and for the remaining 50% cannot be exercised at 1.5 cents each unless the ABM share price is at least 3.5 cents trading on the ASX for 20 consecutive trading days and the mineral prospects of the Company were highly prospective with some chance of entering into commercial production (for at least one of the areas of interest. Shareholders would benefit from an increased share price and if they so wished could sell their shares at a price greater than the share prices of June/July 2009. Furthermore ABM would receive \$4,500,000 if all Tanami Consideration Options are exercised. There would also be an opportunity for the existing 2 cent options to be exercised that if it occurred would raise a further \$937,246. Furthermore the chances of the Ochre Options

being exercised are enhanced that could raise up to \$6,250,000 (refer paragraph 1.2 for the vesting conditions).

- 12.12 In general terms, investments in listed exploration companies are high risk and for those shareholders who consider that the proposed acquisitions from Tanami is a risk worth taking, then the proposed Tanami Acquisition under resolution 3 may be reasonable.
- 12.13 The Tanami Assets may not turn out to be commercially viable and thus losses may be incurred.
- 12.14 The Company is to issue 300,000,000 Tanami Consideration Options that for accounting purposes have been ascribed a value although there is no cash outlay to issue such options. The Tanami Consideration Options are exercisable at 1.5 cents each that based on the 2 months share prices (pre announcement of the Tanami Acquisition) are in of the money but may not be exercised until share price hurdles as noted above have been met. The share price of an ABM share will be higher than the exercise price of 1.5 cents at date of exercise. Based on the 29 September 2009 share price (3.9 cents) indicates that all share market price hurdles would be achieved.
- 12.15 The Company may be required to lodge environmental bonds with the NT Mines Department once it acquires the Tanami Assets.

#### **Other Factors**

- 12.16 If all of the tenements to be acquired via the acquisition of the Tanami Assets are granted tenements there is an annual exploration commitment of approximately \$2,355,000. ABM would not have enough funds to meet ongoing commitments and some tenements may need to be sold or farmed out. Alternatively or in conjunction with a sale or farm-out, applications may be made to the Northern Territory Department of Minerals and Energy for exemptions from the minimum exploration commitments (that may not necessarily be granted). There may be fines or penalties payable.
- 12.17 ABM covenants with Tanami that it shall use its best endeavours to spend \$10,000,000 in Exploration Expenditure (“Minimum Expenditure”) on the Tenements (also known as the Tanami Assets) in the period of two years following Settlement of the Acquisition (“Minimum Expenditure Period”).

If ABM fails to spend the Minimum Expenditure on the Tenements in the Minimum Expenditure Period, then, subject to the satisfaction of the conditions set out in paragraph (c) below, Tanami shall have the option (Repurchase Option) to purchase all or any of the Tenements for the following consideration:

- reimbursement to ABM of the \$1,500,000 paid; and
- subject to ABM obtaining any required regulatory or shareholder approvals, the cancellation of:

1. the Tanami Consideration Shares;
2. the Tanami Consideration Options; and
3. any shares which, as at the date of exercise of the Option, have been issued upon the exercise of any of the Tanami Consideration Options.

Tanami shall only be entitled to exercise the Repurchase Option if the Work Programs have been approved by all relevant regulatory and native title authorities in respect of all of the Tenements within a time frame that enables completion of the Work Programs within two years of Settlement.

Work Programs shall mean all work programs upon the Tenements determined by ABM in its sole discretion which shall result in ABM incurring Exploration Expenditure of a minimum of \$10,000,000.

ABM shall use its best endeavours to:

- satisfy the condition noted above; and
- determine the Work Programs within 12 months of Settlement.

If, at any time following Settlement, ABM proposes to transfer any or all of the Tenements to a third party (other than a related body corporate), and is in receipt of an offer to purchase the relevant Tenements, it must first offer the right to acquire the relevant Tenements to Tanami upon the same terms and conditions as being offered by the third party. If Tanami does not accept that offer within 14 days of receipt of the offer, ABM may transfer the Tenements the subject of the offer to the third party on terms no more favourable than those offered to Tanami. If at any time following Settlement, ABM proposes to relinquish any of the Tenements (other than as required by the conditions of any Tenement or any applicable Mining legislation), it must first offer to assign the relevant Tenements to Tanami (at Tanami's expense) for consideration of \$100.

The above clauses are unusual. What is at risk is the ability of ABM to retain the Tanami Assets if the Minimum Expenditure is not spent over two years but there are conditions attached to the Repurchase Option that includes Works Program approval processes from the Mines Department in the Northern Territory within a 24 month period. In the worst case scenario, ABM could lose the Tanami Assets after spending up to \$10,000,000 within a two year period but ABM would be refunded the initial upfront \$1,500,000 and the Tanami Consideration Shares and Options would be forfeited. However, this exploration cash is always at risk even in the event that there were no Minimum Expenditure and Repurchase Option clauses, in that exploration success is not guaranteed. The downside is that the Tanami Assets may prove to be of significant value and ABM may lose the Tanami Assets and only receive the \$1,500,000 and the benefit of cancellation of the Tanami Consideration Shares and Options (that may be significantly less than the market value of the Tanami Assets). It is noted that in the event of non compliance of the Minimum Expenditure (over two years) Tanami only has the option to repurchase and may not necessarily do so. Tanami will own 265,000,000



shares and 300,000,000 share options that would have significant value if the Tanami Assets substantially increase in value (that cannot be assured). Tanami may consider it more commercial to hold on to the said shares and options (and exercise the Tanami Consideration Options assuming the terms to exercise are met). It is noted that there is no assurance that the Work Programmes for all the tenements will be approved and all the Work Programmes will be completed in the 24 month period referred to above.

### **13. Conclusion on Reasonableness of the Tanami Acquisition**

**13.1 After taking into account the matters referred to in section 12 above and elsewhere in this report, we are of the opinion that the proposals as outlined in resolution 3 may on balance considered to be reasonable to the non-associated shareholders of ABM.**

### **14. Sources of Information**

14.1 In making our assessment as to whether the proposals under resolutions 2 and 3 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company that is relevant to the current circumstances. In addition, we have held discussions with the management of ABM about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith, but in the preparation of this report, we have relied in part on information provided by the directors and management of ABM.

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

- Draft Notice of General Meeting of Shareholders of ABM and draft Explanatory Statement prepared in May to 24 September 2009;
- Discussions with management and directors of ABM and advisers to ABM;
- Details of historical market trading of ABM ordinary fully paid shares recorded by ASX to 29 September 2009;
- Shareholding details of ABM as supplied by the Company's share register office at 15 September 2009;
- Option holding details of ABM as supplied by the Company's share register office at 14 July 2009;
- Annual report for ABM as at 30 June 2008;
- Audit reviewed half year report for ABM for the six month ended 31 December 2008;
- Un-audited management accounts of the ABM Group for the year ended 30 June 2009 and audited accounts for the year ended 30 June 2009 ;
- Announcements made by ABM to ASX to 29 September 2009;
- The Memorandum of Understanding between the Company and Ochre Holdings of 25 May 2009;
- The HOA between ABM and Tanami relating to the Tanami Acquisition;
- The CJS Valuation Report dated 7 September 2009;

- Estimated minimum mineral exploration expenditures on the Tanami Assets assuming all granted;
- Calculations on the value of the Tanami Consideration Options and the Ochre Options;
- The Ochre Subscription Agreement and amendments thereto;
- Discussions with Chris Stephens of CJS; and
- Stamp duty (estimates) on the Tanami Acquisition.

9.3 Our report includes Appendices A and B along with our Financial Services Guide attached to this report.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES**



**John P Van Dieren**  
**Director**

## APPENDIX A

### AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 30 September 2009, relating to the proposals contained in resolutions 2 and 3 outlined in the Notice of Meeting of Shareholders of ABM.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposals. There are no relationships with ABM other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. On occasions, we have undertaken share option valuations for Tanami. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed \$30,000. The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor John P Van Dieren have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report.

Stantons International Securities (a trading division of Stantons International Pty Ltd) or Stantons International Services Pty Ltd an associated entity or any directors of Stantons International Pty Ltd and Stantons International Services Pty Ltd do not hold any securities in ABM and Tanami Gold NL. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

### QUALIFICATIONS

We advise Stantons International Pty Ltd is the holder of an Investment Advisers Licence (No 319600) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Pty Ltd are the Directors of Stantons International Services Pty Ltd a related entity. Stantons International Pty Ltd and Stantons International Services Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

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

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

## DECLARATION

This report has been prepared at the request of the Directors of ABM in order to assist the shareholders of ABM to assess the merits of the proposals (resolutions 2 and 3 only) to which this report relates. This report has been prepared for the benefit of ABM and those persons only who are entitled to receive a copy for the purposes of Section 611 (Item 7) of the Corporations Act and ASX Listing Rule 10.11 and does not provide a general expression of Stantons International Securities opinion as to the longer term value of ABM, its subsidiaries and assets and the Tanami Assets. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of ABM or its subsidiaries. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

## DISCLAIMER

This report has been prepared by Stantons International Securities with care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons International Securities and Stantons International Services Pty Ltd, its directors, employees or consultants for the preparation of this report.

## DECLARATION AND INDEMNITY

Recognising that Stantons International Securities may rely on information provided by ABM and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons International Securities experience and qualifications), ABM has agreed:

- (a) to make no claim by it or its officers against Stantons International Securities to recover any loss or damage which ABM may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by ABM; and
- (b) to indemnify Stantons International against any claim arising (wholly or in part) from ABM or any of its officers providing Stantons International Securities any false or misleading information or in the failure of ABM or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

A draft of this report was presented to ABM Directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

**FINANCIAL SERVICES GUIDE  
FOR STANTONS INTERNATIONAL SECURITIES  
DATED 30 SEPTEMBER 2009**

1. Stantons International Pty Ltd (Trading as Stantons International Securities) ACN 103 088 697 (“SIS” or “we” or “us” or “ours” as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.
2. Financial Services Guide

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 319600;
- remuneration that we and/or our staff and any associated 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.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

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

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

4. General Financial Product Advice

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

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report you should seek advice from a registered financial adviser.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

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

6. Remuneration or other benefits received by our employees

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.

7. Referrals

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

8. Associations and relationships

SIS is a division of Stantons International Pty Ltd a professional advisory and accounting practice. Our directors may be directors in Stantons International Pty Ltd and/or Stantons International Services Pty Ltd.

From time to time, SIS and Stantons International Services Pty Ltd and/or their related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer  
Stantons International Securities  
Level 1  
1 Havelock Street  
WEST PERTH WA 6005

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

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Limited (“FOSL”). FOSL is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 3001

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

10. Contact details

You may contact us using the details set out at section 9.1 of this FSG or by phoning 08 9481 3188 or faxing 08 9321 1204.

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## **ANNEXURE B**

# **INDEPENDENT TECHNICAL VALUATION OF TANAMI ASSETS**

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INDEPENDENT TECHNICAL VALUATION OF  
THE RIGHTS TO ALL OF THE  
EXPLORATION PROPERTIES LOCATED IN  
THE NORTHERN TERRITORY IN WHICH  
TANAMI GOLD NL HOLDS AN INTEREST.

---

PREPARED ON BEHALF OF  
STANTONS INTERNATIONAL  
AND  
ABM RESOURCES NL

7 SEPTEMBER 2009

This document was prepared for the exclusive use of Stantons International Securities in respect of instructions by it and data provided by the present holders of the various properties. No warranty or guarantee, whether express or implied, is made by CJ Stephens Consulting Pty Ltd in regard to the completeness or accuracy of any aspect of this document. No party, other than Stantons International Securities, is authorised to or should place any reliance on the whole or any part of this document. CJ Stephens Consulting Pty Ltd does not undertake or accept any responsibility or liability in any way whatsoever to any person or entity in respect of the whole or any part of this document, or any errors or omissions from it, whether arising from negligence or any basis in law whatsoever.

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CJ Stephens Consulting Pty Ltd  
25 Afric Way, Kallaroo WA 6025  
Phone: 08 94022981  
ABN 60 364 002 797

7 September 2009

Stantons International Securities  
Attention : John van Dieren  
Level 1, 1 Havelock Street  
WEST PERTH WA 6005

Dear Sirs,

**Re: Independent Technical Valuation of the various rights held by Tanami Gold NL  
to exploration properties in the Northern Territory.**

CJ Stephens Consulting Pty Ltd ("CJS Consulting") was commissioned by Stantons International Securities ("Stantons") to provide an Independent Technical Valuation of the rights to various minerals in all of the exploration properties in the Northern Territory in which Tanami Gold NL ("TGNL") holds an interest via its 100% owned subsidiary, Tanami Exploration NL.

CJS Consulting understands that ABM Resources NL ("ABM") intends to enter into an agreement with TGNL under which it will acquire all of TGNL's various interests within the projects in exchange for cash and securities.

Stantons requested that CJS Consulting prepare a fair market valuation of the various mineral interests based on public domain transaction metrics or other methods as deemed applicable.

The Valmin Code, which applies to the preparation of Independent Geologist's Reports and Independent Technical Valuation reports, proposes that a site visit should be undertaken as part of the valuation process. A site visit was undertaken to TGNL's Coyote Mine in Western Australia to examine some of the range of mineralisation styles that occur through the region. No site visit was conducted to the project areas that are the specific subject of this valuation on the basis that the area is very large and that exposure is extremely poor, such that no material gain would accrue. The author also has previous experience of the Northern Territory that is broadly relevant to the assignment.

This valuation report is valid for the Valuation Date, 8 August 2009. ABM has given an undertaking that all material information in the possession of the companies has been fully disclosed and CJS Consulting is of the opinion that this undertaking is satisfied. A draft version of this report was provided to ABM and TGNL for comment in respect of omission and factual accuracy.

The valuation report has been on the understanding that all of the granted mineral tenements under investigation are in good standing and that mineral tenements under application will be granted according to the normal statutory process. CJS Consulting is not qualified to determine the legal status of the tenements and has relied upon information provided by ABM.

This report has been prepared by Dr Christopher Stephens, who is the principal of CJS Consulting Pty Ltd, in accordance with the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Experts Reports ("the VALMIN Code") and Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("the JORC Code").


Dr Stephens is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG") and has the appropriate relevant qualifications, experience, competence and independence to be considered as an "Expert" and according to the Valmin Code.

CJS Consulting is an independent firm providing specialist consultancy to the mining industry in the areas of geology, exploration and strategic planning.

Neither CJS Consulting nor its associates have, or have had, any material interest in ABM, TGNL or in the mineral properties considered in this report. The report has been prepared for professional fees for service, which are not contingent on the outcome of this report.

CJS Consulting has provided to Stantons its written consent to being named as author of this report and has not before submission withdrawn that consent.

Yours faithfully

A handwritten signature in black ink, appearing to read 'C. Stephens', with a long horizontal flourish extending to the right.

Christopher Stephens  
Principal

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## 1 EXECUTIVE SUMMARY

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CJ Stephens Consulting Pty Ltd ("CJS Consulting") has prepared an Independent Technical Valuation of the rights to gold and base metal exploration properties in the Northern Territory held by Tanami Gold NL ("TGNL"), and which are to be vended into ABM Resources NL ("ABM"). The report was commissioned by Stantons International Securities ("Stantons").

CJS Consulting understands that ABM intends to enter into an agreement with TGNL under which it will acquire all of TGNL's interests in the rights to the various minerals within the projects in exchange for cash and shares.

Stantons requested that CJS Consulting prepare a fair market valuation of TGNL's mining assets to be sold to ABM based on public domain transaction metrics or other methods as deemed applicable.

The properties cover a total area of approximately 23,544 square kilometres, representing a strategic holding in a region where the understanding of the geology is only just developing, and where there is a paucity or absence of modern mineral exploration. The region is remote, in places is affected by limited vehicular access and is largely indigenous lands.

ABM reasonably argues that recent research shows the geology of the region is typical of gold provinces that host giant gold deposits, and that the endowment of the region may be many times that currently recognised.

TGNL has an established history of working with the indigenous land owners to access lands for exploration. This history provides an important platform that ABM expects will allow it to explore systematically according to the technical rank of its exploration targets.

ABM intends to apply its specialist knowledge in terms of regional geological and geophysical assessments to prioritising and exploring the various project areas.

The properties occur within the North Australian Craton, which hosts the major mineral provinces of Mt Isa (base metals, copper-gold, uranium), Pine Creek (gold) and Tennant Creek (copper-gold) in addition to the Tanami gold deposits. The Tanami, Pine Creek and Tennant Creek mineral provinces display differences in the characteristic style of mineralisation within each province, however the geology and mineralising events are strongly correlated across these provinces.

The properties are broadly grouped into four projects, The Tanami Project, the North Arunta Project, the Lake Mackay Project and the East Arunta Project. The region is overwhelmingly characterised by regolith deposits at surface, with a paucity of exposure. Only over the last 10 years has a comprehensive program of geological mapping program and acquisition of airborne geophysical data been undertaken.

The Tanami Project covers an area of approximately 5,190 square kilometres and surrounding the gold fields hosting the Callie and Coyote gold mines, an area with endowment approaching 10 million ounces of gold. The region has been actively explored since the mid-1980s, however an understanding of the regional geology and the geological controls on gold mineralisation has only developed in the last 10 years. This understanding shows that earlier exploration was often ineffective and arguably was poorly targeted towards the model for mineralisation. The lack of exploration over the last ten years, when the greatest advances in understanding the geology of the area and the nature of the surface deposits, suggests that this project area is grossly underexplored.

The North Arunta Project covers 6,656 square kilometres in the northern Arunta Terrain. The region includes rocks broadly correlated with the Tanami Project but which display greater degrees of deformation and metamorphism. Exploration within the region is in its infancy, and shows an emphasis on empirical exploration of known prospects. Areal significant gold and gold-arsenic geochemical anomalies have been outlined but remain at an early stage of exploration.

The Lake Mackay Project covers approximately 11,510 square kilometres in the southwest of the Northern Territory, adjacent to the border with Western Australia. Exploration completed over the eastern portion of the project area, where access roads provide for vehicular access, has resulted in the discovery of base metal sulphide gossans and areally significant gold-copper geochemical anomalies. No material prospect scale geophysical exploration of these anomalies has occurred. The prospects show some similarities with Tennant Creek-style gold-copper systems, however the very greenfields nature of this project means there is potential for discovery of a range of mineralisation styles not yet targeted.



The East Arunta Project comprises two sub-projects located to the northeast of Alice Springs. At Huckitta, Mithril Resources Limited has entered into a joint venture with TGNL over two tenements covering approximately 960 square kilometres. Mithril is exploring primarily for nickel-copper mineralisation and is presently earning an initial 60% interest. Mithril has undertaken electrical geophysical surveys and is continuing exploration. At Winnecke, TGNL retains a 5% interest, free carried until completion of a bankable feasibility study, in tenements covering 67 square kilometres and considered prospective for base metals.

The Tanami, North Arunta, Lake Mackay and East Arunta Projects are each regarded as Exploration Areas in terms of the Valmin Code. Valuation ranges for TGNL's interests to various metals within the projects, based on the Multiples of Exploration Method, have been determined as follows:

Project	Valuation Range (A\$M)		
	8 August 2009		
	Low	High	Preferred
Tanami Project	3.2	4.8	4.2
North Arunta Project <sup>1</sup>	1.9	2.8	2.3
Lake Mackay Project <sup>2</sup>	1.8	2.7	2.2
East Arunta Project <sup>3</sup>	0.28	0.44	0.37
<b>Total†</b>	<b>7.1</b>	<b>10.7</b>	<b>9.1</b>

<sup>1</sup> 60% interest in E23655, no rights to uranium minerals on all tenements

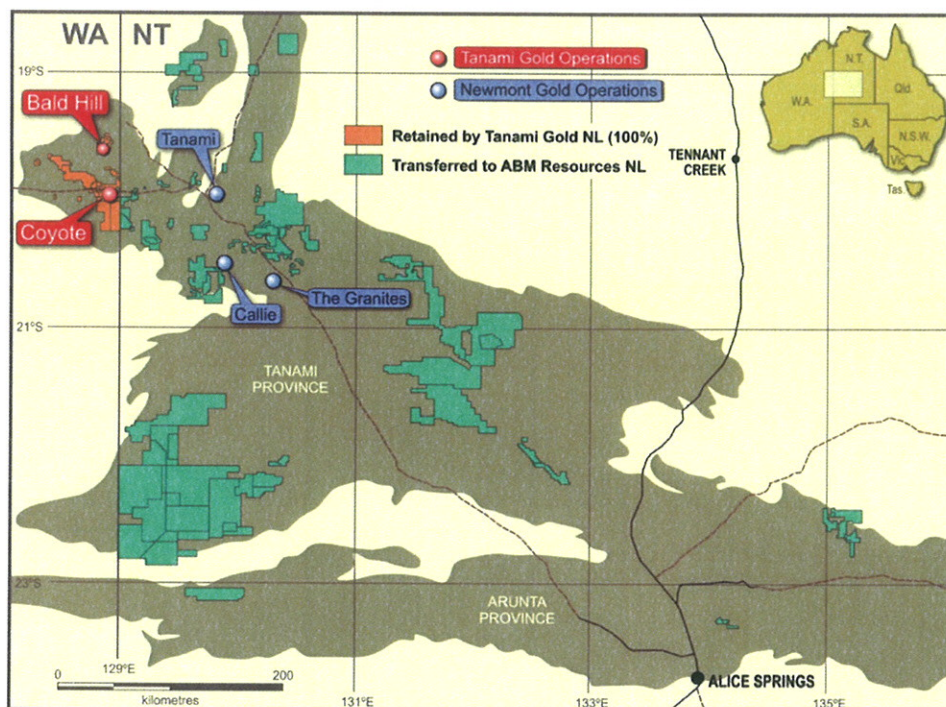
<sup>2</sup> 80% interest in E8434, no rights to uranium minerals on certain tenements

<sup>3</sup> 5% interest only in Winnecke tenements, no rights to uranium minerals on certain tenements

† rounded

As of the Valuation Date, 7 September 2009, the value of TGNL's various interests the Tanami, North Arunta, Lake Mackay and East Arunta Projects is considered to be in the range \$7.1 million to \$10.7 million. The preferred value assigned here is **\$9.1 million**.

Figure 1-1 ABM Resources NL : Location Diagram



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## 2 INTRODUCTION

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### 2.1 TERMS OF REFERENCE

CJ Stephens Consulting Pty Ltd ("CJS Consulting") was commissioned by Stantons International Securities ("Stantons") to provide an Independent Technical Valuation of the various rights to minerals in exploration properties located in the central and southern Northern Territory. The interests in the properties are held by Tanami Exploration NL, a wholly owned subsidiary of Tanami Gold NL ("TGNL") or are subject to an agreement with the tenement holder.

CJS Consulting understands that Stantons will provide an opinion to the shareholders of ABM Resources NL ("ABM") in regard to the fairness and reasonableness of the intended acquisition of a majority interest in the projects, which are considered variously prospective for gold, base metals and other minerals.

Under the terms of the agreement, ABM will acquire a 100% interest, or lesser interests as exists under the terms of existing agreements, in the rights to metals within the projects in exchange for cash and equities.

Stantons requested that CJS Consulting prepare a fair market valuation of the mining assets of TGNL based on public domain transaction metrics or other methods as deemed applicable.

This valuation has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports ("The Valmin Code"; 2005) as adopted by the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG").

No recent site visit was undertaken by CJS Consulting in regard to the projects as it is considered that no material benefit would be gained. The area is large and typical desert terrain, characterised by a preponderance of spinifex and sand plains and minimal exposures. The regional scale geology can be regarded as moderately understood. Exploration is documented by reputable industry companies and the quantum of recent work is not large.

This report was compiled based on information available up to and including the date of this report. All reasonable enquiries have been made to confirm the authenticity and completeness of the technical data upon which this report is based.

A final draft of this report was provided to ABM, along with a request to identify any material errors or omissions prior to final submission. Consent has been given for the distribution of this report in the form and context in which it appears.

The conclusions expressed in this Independent Technical Valuation are appropriate as at the Valuation Date, 7 September 2009. The valuation may change with time in response to variations in external factors, such as economic or political conditions, or in response to new exploration results.

All monetary figures included in this report are expressed in Australian Dollars (A\$) unless otherwise stated.

## **2.2 QUALIFICATIONS, EXPERIENCE AND INDEPENDENCE**

CJS Consulting is an independent, private company specialising in exploration and mining geological services.

This valuation report was prepared by Dr Christopher Stephens, who has 30 years experience in the exploration, academic and mining sectors in Australian and international projects. Dr Stephens has held senior management roles in a leading international industry consulting firm and in both junior exploration and major mining companies.

Dr Stephens has a Bachelor's Degree in Science (Honours) (1977) and Doctorate (1992) from The University of Queensland in Australia. He is a member of the AusIMM and of the AIG. He has the necessary experience, competence and independence to qualify as an "Expert" according to the Valmin Code.

Neither CJS Consulting nor the author have now or previously any material interest in the properties or companies referred to in this report. This report is prepared in return for professional fees, the payment of which is in no way contingent on the results of this report.

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## 3 TECHNICAL OVERVIEW

---

### 3.1 INTRODUCTION AND LOCATION

The exploration properties that are the subject of this Independent Technical Valuation comprise four projects located across the central and western Northern Territory and covering a total area of approximately 23,544 square kilometres.

The projects occupy the area between the Tanami Desert in the north, the Great Victoria Desert to the west and the Gibson Desert to the southwest. Road access through this area is limited, and is principally serviced by two roads; the north-south sealed Stuart Highway, which connects the major regional centre of Alice Springs through to the city of Darwin, and the unsealed Tanami Road, which connects Alice Springs northwest to Halls Creek in Western Australia, a distance of approximately 1,060 kilometres.

The Tanami, North Arunta and Lake Mackay Projects are accessed primarily from the Tanami Road.

The East Arunta Project is located within the Strangways and Harts Ranges and is accessed east off the Stuart Highway via the Plenty Highway.

The region is predominantly desert sand plain with occasional sand dunes, and punctuated by hills and ridges. The average elevation of the plains decreases from 600 metres at Alice Springs to 350 metres in the Granites region, near the border with Western Australia. A series of east-west trending mountain ranges to the east and west of Alice Springs, the Macdonnell Ranges, Harts Ranges and Strangways Ranges, reach elevations up to 800 metres above sea level.

The region is hot to very hot for most of the year, although overnight temperatures commonly fall to zero during winter. Summer thunderstorms and monsoonal rains bring erratic, often heavy, rainfall to the region. The only permanent surface water occurs in gorges within the major ranges, however claypans and salt pans may contain water for several weeks following rain.

The vegetation is dominated by sand and *Spinifex*, and scrubby desert vegetation. The area has a characteristically subdued topography with limited low breakaway hills and sub-cropping areas. Much of the area has been farmed for beef cattle, however not all of the region is presently under active pastoral operation.

### 3.2 HISTORY OF MINING

Central Australia presented a very remote and highly challenging environment for prospecting and mining. Gold was discovered in the Pine Creek, Tennant Creek and Tanami regions in the late 1800s to early 1900s, with Pine Creek becoming a substantial mining area. A second wave of exploration and mining commenced following World War II. This led to the development of the Tennant Creek Goldfield as a major gold producing region during the 1970s.

Modern exploration for gold did not commence in the Tanami until 1985 but was immediately successful, with mining commencing at The Granites in 1986. The discovery of the Dead Bullock Soak goldfield, about 40 kilometres west of The Granites, led to mining commencing at the Callie deposit, the largest deposit recognised thus far in the Tanami Region, in 1991. The historic production and resources at Callie are reported as in excess of 7 million ounces of gold. Additional exploration success led to the discovery and mining of the Groundrush and Coyote deposits, the latter currently in production for Tanami Gold NL.

Exploration success at The Granites-Tanami and a greater access to aboriginal land through the development of on-going relationships has led to expansion of exploration across much of central Australia since 2000. Much of this exploration is for multi-commodities, reflecting the lack of detailed exploration coverage and the numerous occurrences of a wide range of metals and minerals. Most recently, the region has been actively explored for gold, copper-gold, base metals, uranium, rare earth elements and nickel.

### 3.3 REGIONAL GEOLOGY AND RECENT ADVANCES

The projects are all located within the central and southern portion of the North Australian Craton ("NAC"), which comprises a complex of Achaean inliers and Palaeoproterozoic orogenic belts and sedimentary cover sequences. The NAC extends from the Kimberley region in the west through the Northern Territory to Mt Isa in the east.

The NAC is interpreted to have formed by repeated accretion, formation of sedimentary basins and deformation during the middle Palaeoproterozoic, between about 1848 million years before the present (1848Ma) and 1830Ma. The deformation events resulted in widespread faulting and folding, metamorphism ranging from low to very high grade, intrusion of granitoid bodies. Whilst there are later major deformation events within the region, most of the west-northwest regional structural grain, which is referred to as the Trans-Tanami Fault, is interpreted as having been imparted by the deformations between 1848Ma and about 1790Ma.

The NAC is unconformably overlain by Neoproterozoic sedimentary basins and by Palaeozoic sedimentary and volcanic rocks.

The region is extensively covered by regolith deposits, which presents a significant impediment to understanding the geology and to exploration.

At least two major periods of crustal development and deformation dominate the geological architecture of the region.

The present exposures of the NAC are dominated by Palaeoproterozoic sedimentary basin and volcanic rocks that extended from the Kimberley region in northern Western Australia across the Northern Territory to Mt Isa in the east. The geological history of these formations is complex and varies across the region, however the nature and character of these rocks inform us that several of the periods of orogeny were major events, consistent with the largest mountain building we are experiencing in the modern world.

The Palaeoproterozoic deformations were accompanied by very large movements of fluids upwards through the crust via the major crust penetrating faults. These fluids were almost certainly responsible for the transport of gold through the crust and the formation of gold deposits. It is postulated that major west-northwest trending fault systems such as the "Trans-Tanami Fault" are expressions of these major crust penetrating fault systems.

The most recent second very large scale tectonic event that affected the region is the Alice Springs Orogeny, which occurred during the Middle to Late Palaeozoic. This event coincided with a major period of contraction that ended the development of intra-continental to marine sedimentary basins which extended across much of the region. The deformation decreases in intensity from south to north, and has most intensely affected the basement rocks and sedimentary basins from the Musgrave Block through into the Arunta Block. The present geological architecture and physiography of the Alice Springs region, which is dominated by broadly east-west trending mountain thrust belts bounded by deep crust penetrating thrust faults, is an expression of the Alice Springs Orogeny.

### 3.4 GOLD MINERALISATION

Numerous studies have recognised a major orogenic gold mineralisation event associated with the protracted period of polyphase deformation between 1848Ma and 1790Ma. This event is associated with the formation of gold-rich deposits in the Granites region, at Pine Creek and at Tennant Creek, all of which are major historic and modern gold producing regions.

Orogenic gold deposits are formed during major mountain building events that extend over several tens of millions of years. The mountain chains formed are the expression of extension and compression of the crust along major fault systems that penetrate deep into the lower crust and which potentially tap the underlying mantle. The fault activity results in the movement upwards through the crust of gold-bearing fluids sourced from metamorphism of rocks at deeper levels and from magmatic activity.

Mineralisation typically occurs as gold-bearing quartz vein systems associated with variable intensities of wallrock alteration. The concentration and deposition of gold occurs through a combination of two principal factors:

- the presence of a favourable structural site, such as a fault intersection or fault bend, which acts to concentrate fluid flow during deformation, and
- a favourable host rock composition, which chemically reacts with the mineralising fluids to cause deposition of quartz and of gold and associated elements.

A significant effort has been devoted during the past 10 years to understanding the geology and mineralisation of gold deposits in the Tanami Region, where major deposit clusters occur in goldfields at Dead Bullock Soak (DBS), The Granites and Tanami in the Northern Territory and at Coyote in adjacent Western Australia. Each of these goldfields is associated with significant gold deposits, as follows:

The Dead Bullock Soak goldfield (DBS) is estimated to contain in excess of 8 million ounces of gold (8Moz). The largest deposit is Callie, which is reported to contain in excess of 5Moz of gold. Callie was initially mined as an open pit operation but is now mined underground. The operation is reported to have sold 364,900 ounces of gold during 2008 and proven plus probable ore reserves of 1.48Moz at an average grade of 4g/t gold (as of December 2008). Mineralisation occurs as free gold with lesser auriferous arsenopyrite within quartz veins. The veins are localised in fold closures within a carbonaceous siltstone unit of the Dead Bullock Formation of the Tanami Complex.

The Granites goldfield has produced approximately 1.3 Moz of gold from quartz ± carbonate veins and disseminations within folded banded iron formation of the Dead Bullock Formation. Gold occurs included within arsenic and iron sulphide minerals.

At the Tanami goldfield, production is recorded as in excess of 1.6Moz of gold from quartz ± carbonate veins hosted by basalt and interbedded sedimentary units of the Mount Charles Formation. Gold occurs included within arsenic and iron sulphide minerals, and is associated with potassic alteration of the host rocks.

Coyote goldfield contains mineralisation in folded greenschist facies quartz sandstone of the Killi Killi Formation of the Tanami Group. The endowment of the Coyote goldfield is approaching 500,000 ounces of gold.

Regional studies have focussed on the Dead Bullock Formation as a preferential host for large gold deposits, typified by the Callie Deposit. This argument remains “self-fulfilling” in the absence of discovery of other major deposits, with a significant size gap between the single largest deposit, Callie, and the numerous smaller deposits. Nevertheless, the Dead Bullock Formation contains good host rock types, is lower in the stratigraphy and, considering the overall sub-horizontal nature of the terrain, will generally be the first unit encountered by fluids rising through the crust.

### 3.5 ABM STRATEGY

ABM has moved to acquire a strategic, near 100% ownership in what it believes could develop into a world class gold and mineral province.

ABM argues that the Tanami region represents an example of a geological terrain that displays many of the characteristics of known world class orogenic gold provinces, but where the gold endowment is unrealised. Analysis of other terrains that host orogenic gold systems shows that the terrains are characterised by:

- a complex geological evolution that incorporates phases of sedimentary basin formation, deformation, and igneous activity over a period of tens of millions of years;
- an association with deep crust penetrating fault zones, reflecting the very large scale of the active geological processes. These fault zones provides pathways for the migration of fluids from deep within the crust and upper mantle to shallow crustal levels, with deposits forming as shallow as three to four kilometres depth;
- a broad continuum of deposit sizes from the giant through to many small deposits;
- deposits hosted by many rock types, with the common factors being the intersection of a fluid pathway, generally a fault, with a host rock type that has chemical and rheological characteristics that will allow the fluids to react and precipitate gold and other metals.

ABM argues that the region displays a paucity of both small and large gold deposits and that the region has the potential to host a giant gold deposit. ABM cites the database of regional and research data acquired over the last 10 years as the basis for its opinions.

This information includes:

- Regional geological mapping, which includes the correlation of rock units hosting gold at Tanami and the Granites across the entire central and southern NAC, including into the major historic and recent producing goldfields at Pine Creek and Tennant Creek.
- Regional geochemical analysis and age dating of rock units, showing a complex geological history over approximately 60 million years.
- Regional seismic data, which shows the presence of major faults and shears that penetrate deep into the crust and to the crust-mantle boundary. Isotope studies confirm the deep penetrating scale of these structures in showing a contribution of mantle materials into the structures.
- Analysis of the sizes of known deposits, which suggests that there is a high probability that a very large deposit is yet to be identified, and that there is an absence of large deposits greater than one million ounces in size.

The company intends to apply specialised skills in structural-stratigraphic and geophysical analysis to the exploration properties, working both from the regional scale down to the prospect scale and vice versa.

By acquiring the Northern Territory exploration assets of TGNL, ABM intends to leverage and extend the very substantial relationships developed by the board and management of TNGL with the indigenous lands councils. Gaining access to indigenous lands will substantially increase the potential for exploration success by accessing many areas that remain almost totally unexplored.

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## 4 TANAMI PROJECT

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The Tanami Project is situated in the northwest Arunta region, approximately 600 kilometres northwest of Alice Springs. The project is bounded to the west by the border between Western Australia and the Northern Territory.

Access from the southeast is gained by travelling northwest from Alice Springs along the partly sealed Tanami Road for approximately 1,000 kilometres. Alternatively, the area can be accessed from the northwest from Halls Creek along the unsealed Tanami Road, a distance of approximately 300 kilometres.

Vehicular access within the project area is generally restricted to four wheel drive vehicles via unsealed tracks, including the Lajamanu Track to the north.

### 4.1 TENEMENTS

The Tanami Project consists of nine granted exploration licences and 31 applications for exploration licences covering a total of approximately 5,180 square kilometres (Table 4-1).

Certain of the tenements are subject to a buyback agreement with AngloGold Ashanti Australia Limited ("AAA") whereby AAA can buy back an interest in the tenements subject to the following terms and conditions:

- Following the commencement of any feasibility study on the tenements or the definition of a JORC compliant resource of 500,000 ounces of gold on the tenements, AAA has the right to define an area of not less than 20 square kilometres over the resource ("Area of Interest") and shall have the right to elect to joint venture and earn a 70% interest in the Area of Interest. AAA has the right to define multiple Areas of Interest within the Tenements.
- If AAA elects to exercise the option to joint venture it must pay to TGNL a non-refundable amount equal to three times the previous exploration expenditure incurred by TGNL within the Area of Interest, with the minimum payment being \$5,000,000.
- AAA has the right for a period of 24 months following election of an Area of Interest to sole fund and sole manage exploration within the Area of Interest to define a total JORC compliant resource of 2,000,000 ounces of gold. If AAA does not define this resource within that period of 24 months it shall have no further interest in the Area of Interest.
- If AAA defines a 2,000,000 ounce gold resource it may elect, but is not obliged, to free carry TGNL to the completion of a feasibility study. Upon completion of the feasibility study AAA shall be deemed to have acquired a 70% interest in the Area of Interest.
- AAA has the right at anytime to undertake exploration in any part of the tenements at its risk and cost, excluding any Area of Interest where AAA did not previously elect to exercise the option to joint venture.

Certain of the tenements are subject to a buyback agreement with Barrick Gold Australia Limited ("Barrick") whereby Barrick can elect to buy back a 65% interest in the tenements and any delineated mineral resources if TGNL delineates aggregate inferred resources on the tenements containing in excess of 1 million ounces of gold. In this event, Barrick must pay TGNL two times the expenditure incurred in delineating that resource and free carry Tanami to completion of a bankable feasibility study. Barrick agrees to pay TGNL a 1.5% net smelter return royalty on TGNL's on its 35% share of production.

Deep Yellow Limited holds the rights to uranium minerals, described as "being any radioactive source materials including, but not limited to uranium and thorium", on certain tenements. The agreement provides for the joint development of deposits that contain economic minerals other than uranium minerals.



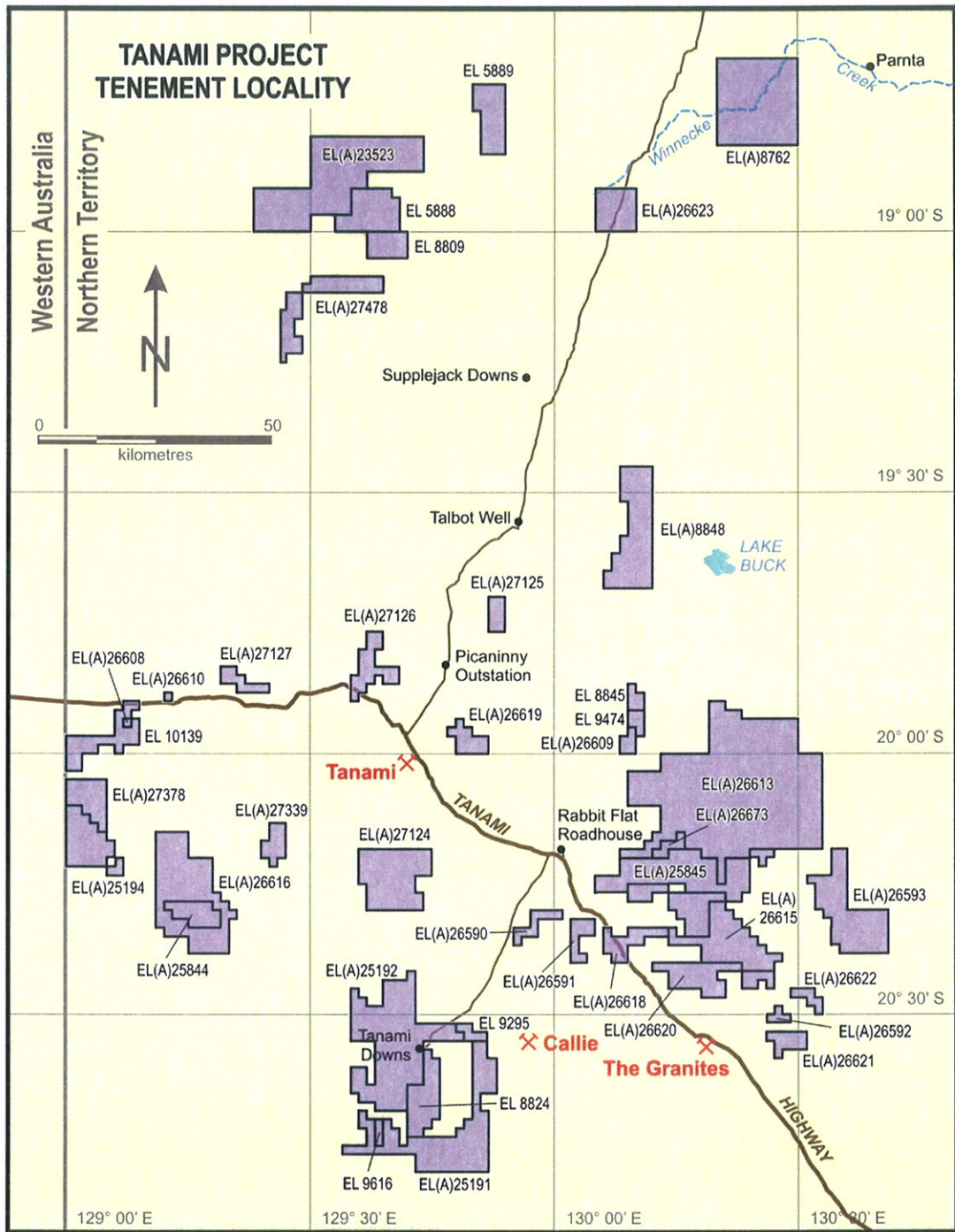


Figure 4-1 : Tanami Project - Locality Diagram

Table 4-1 Tanami Project : Tenement Schedule

Tenement Number	Grant Date	Expiry Date	Area (blocks) <sup>1</sup>	Area (sq km)	Tenement Holder	Expenditure Commitment <sup>2</sup>
EL 5888 <sup>3,4</sup>	22/08/2002	21/08/2010	33	107	TENL	\$77,000
EL 5889 <sup>3,4</sup>	22/08/2002	21/08/2010	27	187	TENL	\$150,000
EL 8809 <sup>3,4</sup>	17/10/2002	16/10/2010	15	48	TENL	\$26,450
EL 8824 <sup>4,5</sup>	23/03/2001	22/03/2011	28	90	TENL	\$15,500
EL 8845 <sup>4,5</sup>	23/03/2001	22/03/2011	5	16	TENL	\$83,500
EL 9295 <sup>4,5</sup>	23/03/2001	22/03/2011	5	16	TENL	\$10,250
EL 9474 <sup>4,5</sup>	23/03/2001	22/03/2011	5	16	TENL	\$26,500
EL 9616 <sup>4,5</sup>	23/03/2001	22/03/2011	3	10	TENL	\$10,250
EL 101394 <sup>4</sup>	17/10/2002	16/10/2010	27	86	TENL	\$20,700
EL(A) 8762 <sup>4,5</sup>			100	325	Dominion	\$25,000
EL(A) 8848 <sup>4,5</sup>			58	186	AAL	\$50,050
EL(A)23523 <sup>4</sup>			120	389	TENL	\$30,000
EL(A) 25192			110	353	TENL	\$23,000
EL(A) 25191			83	266	TENL	\$20,200
EL(A) 25194			34	107	TENL	\$12,000
EL(A) 25844			16	51	TENL	\$8,750
EL(A) 25845			118	378	TENL	\$23,500
EL(A) 26590			9	29	TENL	\$6,500
EL(A) 26591			10	32	TENL	\$6,500
EL(A) 26592			4	13	TENL	\$5,750
EL(A) 26593			58	186	TENL	\$14,000
EL(A) 26608			1	3	TENL	\$6,000
EL(A) 26609			5	16	TENL	\$6,750
EL(A) 26610			1	3	TENL	\$6,000
EL(A) 26615			30	96	TENL	\$11,000
EL(A) 26613			298	961	TENL	\$57,000
EL(A) 26616			78	250	TENL	\$19,000
EL(A) 26618			16	51	TENL	\$8,750
EL(A) 26619			12	38	TENL	\$8,000
EL(A) 26620			34	109	TENL	\$11,750
EL(A) 26621			10	32	TENL	\$7,500
EL(A) 26622			6	19	TENL	\$6,750
EL(A) 26623			25	80	TENL	\$10,000
EL(A) 26673			6	19	TENL	\$6,750
EL(A) 27124			54	173	TENL	\$26,000
EL(A) 27125			8	26	TENL	\$17,500
EL(A) 27126			21	67	TENL	\$22,500
EL(A) 27127			9	29	TENL	\$17,500
EL(A) 27339			11	35	TENL	\$17,500
EL(A)27378			21	67	TENL	\$17,500

1 areas indicated as blocks are graticular blocks of one minute of latitude by one minute of longitude

2 once granted

3 subject to Barrick Gold of Australia Limited buy back agreement

4 Deep Yellow Limited holds all rights to uranium minerals

5 subject to AngloGold Australia Limited buy back agreement

TENL ; Tanami Exploration NL ; AAL ; AngloGold Australia Limited ; Dominion : Dominion Gold Operations Pty Ltd

## 4.2 GEOLOGY AND MINERALISATION

Palaeoproterozoic strata of the Tanami region are interpreted to have been deposited into sedimentary basins resulting from rifting of the Archaean basement, although no Archaean rocks are known within the immediate area.

Deposition of sediments began prior to 1864Ma and commenced with deposition of the Dead Bullock Formation.

The Dead Bullock Formation consists of fine grained sedimentary rocks and minor sandstone. The unit has been subdivided into a lower Ferdies Member, comprising coarse feldspathic sandstone and minor siltstone, and an upper Callie Member, which is generally fine grained and comprises iron-rich siltstone, chert and shale. The formation is intruded by dolerite dykes and sills.

The Dead Bullock Formation is overlain by the Killi Killi Formation, which comprises micaceous and quartz sandstone and lithic sandstone interbedded with siltstone, mudstone and occasional thin chert beds. The Killi Killi Formation is intruded by dolerite sills and granitoid bodies.

The Ware Group unconformably overlies the Killi Killi Formation and comprises felsic volcanic and siliciclastic rocks, with minor siltstone and mafic volcanic rocks. The Ware Group is locally intruded by granitoid.

The Mount Charles Formation unconformably overlies the Ware Group and comprises intercalated basalt and lithic sandstone.

The Pargee Sandstone is a local unit, which unconformably overlies the Killi Killi Formation and consists of quartz-lithic sandstone and conglomerate, the latter interpreted as containing clasts derived from Tanami Group rocks.

The Tanami Group is intruded by ovoid granodiorite bodies and unconformably overlain by Neoproterozoic sandstone of the Birrindudu Basin. Seismic traversing shows that the granodiorite bodies are thin and are not batholithic in nature.

Approximately 95% of the Tanami Region is covered by regolith deposits, including sand, clay, ferricrete, silcrete and calcrete.

The overwhelming majority of the gold production from the Tanami region comes from the area surrounding tenements of the Tanami Project.

## 4.3 PREVIOUS EXPLORATION

TGNL has carried out exploration on granted tenements, including those acquired under purchase agreements with AAL and Barrick, however much of the area is under tenement application. TGNL has been diligent in digitising information from these tenements into its database however no comprehensive compilation of the exploration is documented.

The typical early stage exploration program by most explorers was to conduct field mapping and rock chip sampling, with either follow-up or regional traverses of geochemical drilling, using a variety of drilling methods. Much of this exploration was not under site-based geological control, commonly using short vertical drillholes to a predetermined depth with no consideration of the immediate regolith environment. Whilst this proved effective historically in finding mineralisation, it in many cases is ineffective and therefore a poor indicator of exploration potential.

Exploration prior to about 2000 is not reported below because of incomplete documentation, however exploration completed by TGNL or by Barrick or AAL in joint venture with TGNL is summarised.

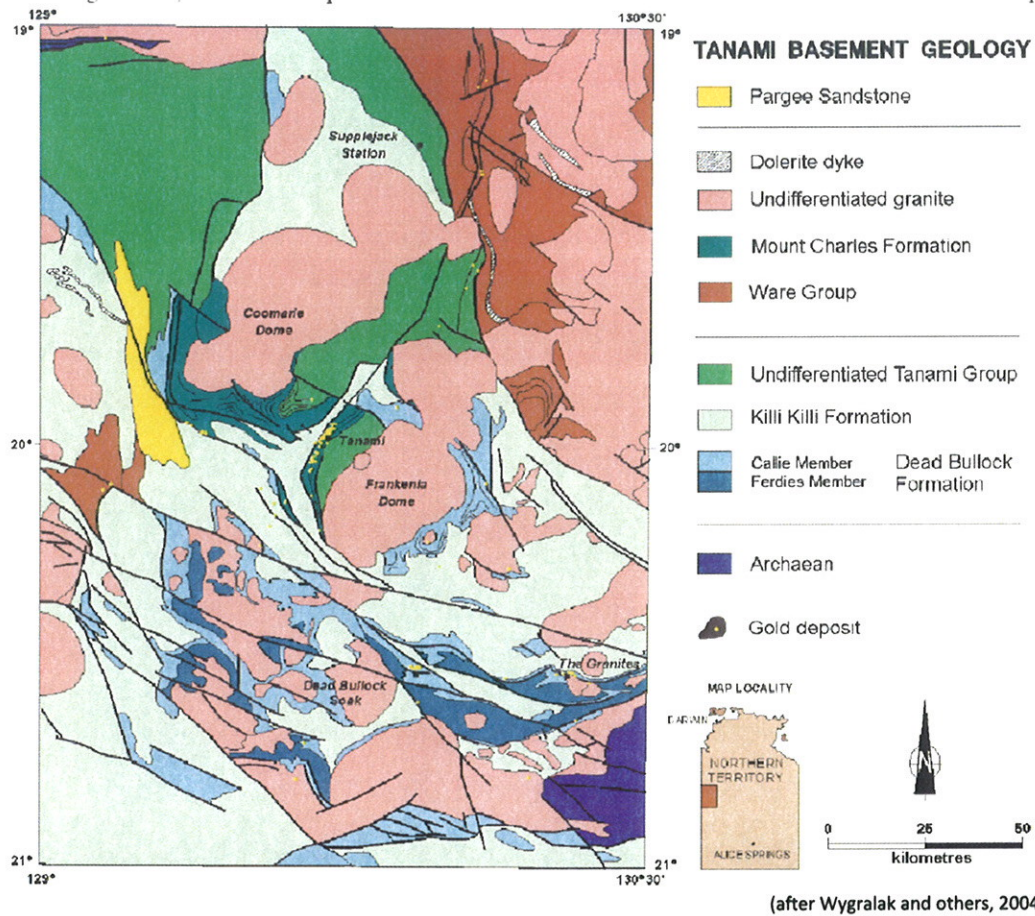


Figure 4–2. Palaeoproterozoic geology of the Tanami region

At Supplejack and Birrindudu, in the northern portion of the Tanami Project, Barrick commenced exploration in 2004. Rock chip and surface lag sampling was followed by vacuum or aircore drilling with 528 drillholes over two years. Barrick only considered assays greater than 1ppm gold as significant, however many results returned greater than 10ppb gold, which was sufficient to detect significant deposits through most of the region. At Old Soldier prospect, results included up to 401.5ppb (SUAC0038, 14m-15m). Anomalous arsenic up to 150ppm was also reported.

TGNL completed 57 RAB drillholes in 2006 that included results up to 16 metres averaging 150ppb gold (SUB0020 from 12m) from within a zone of a four kilometre anomaly of greater than 5ppb gold. The highest follow-up result was 4 metres averaging 0.45ppm gold (SUA0093 from 4m).

At Pargee adjacent to the Western Australia border, Barrick completed surface rock chip sampling followed by 102 vacuum drillholes for 921 metres. Results included low-level gold-arsenic anomalies with best values of 19ppb gold and 24ppm arsenic. Additional surface lag sampling was undertaken however no further activities are documented.

To the east of the Tanami Mine, AAL completed surface lag sampling and drilled 314 aircore drillholes in 2004. Results included up to 5 metres averaging 0.26g/t gold (NOAC0128 from 49m).

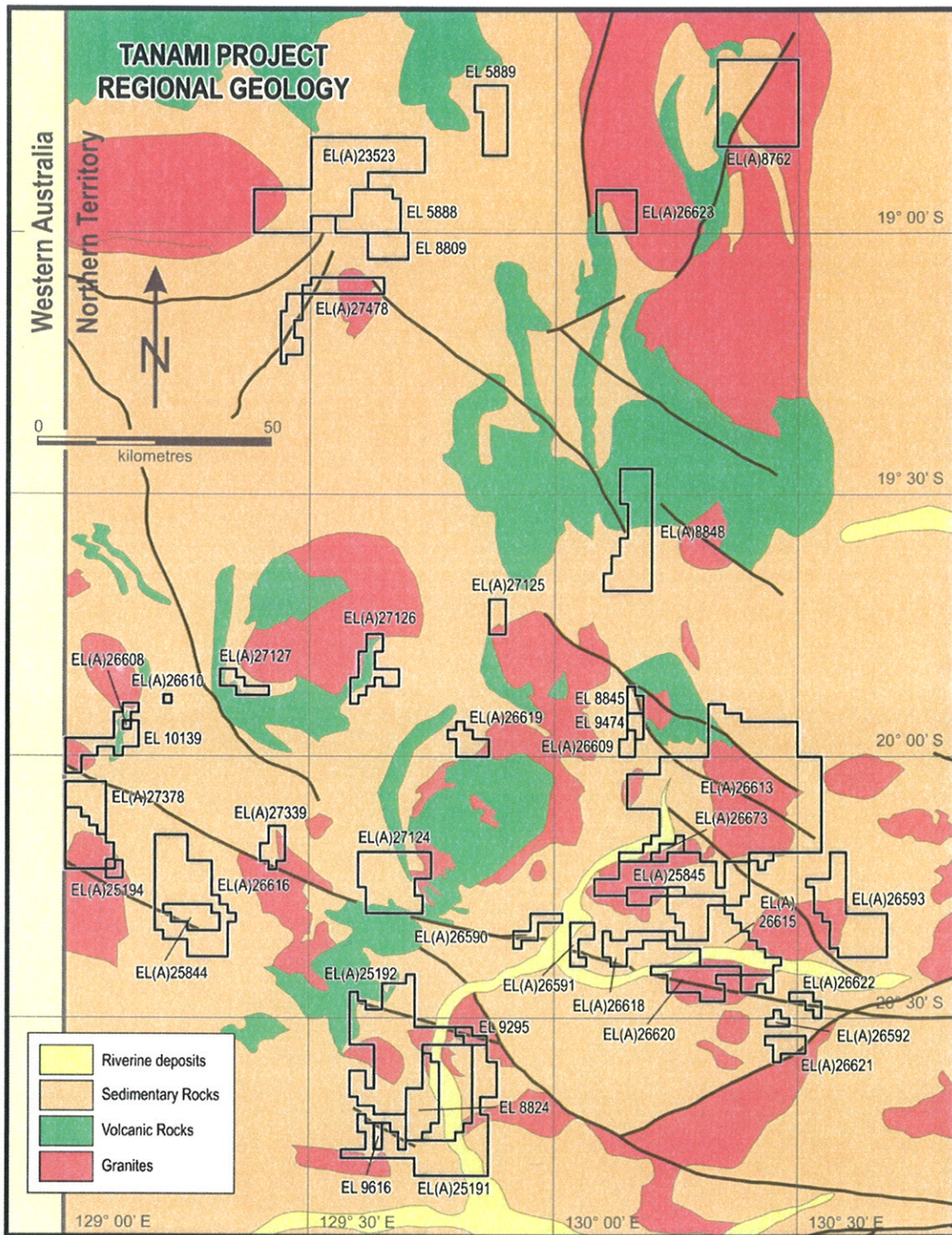


Figure 4-3 : Tanami Project - Regional Geology

#### **4.4 PROJECT POTENTIAL**

The Tanami Project is located within a terrain that is highly endowed with gold yet which remains poorly explored. Only within the past 10 years has the knowledge of the geology of the region been significantly advanced and historic paradigms of mineralisation been able to be challenged. In addition, the understanding of the regolith environment has been developed which should have resulted in improvements in exploration practice and, consequently, effectiveness.

Exploration over this period has, in contrast, been limited by access to exploration funds such that TGNL and its joint venture partners have not completed a single diamond or reverse circulation drillhole. The TGNL database records only 47 reverse circulation drillholes and three diamond drillholes of any age within the project area. The average spacing of geochemical drill lines is typically in the order of one kilometre, which is considered far too wide in a terrain where low level geochemical anomalies may be significant.

These data clearly show that the Tanami Project remains grossly underexplored. The project area includes rock packages that are highly suitable hosts for mineralisation, and is crossed by major structural corridors. Exploration in similar terrains has shown that persistence remains a highly influential factor for exploration success; something that cannot occur in the absence of an active exploration program.

The Tanami Project is regarded as having high potential for the discovery of significant gold mineralisation.

## 5 NORTH ARUNTA PROJECT

The North Arunta Project is situated in the Central Arunta region, between 150 kilometres and 350 kilometres north-northwest of Alice Springs. Access from the southeast is gained by travelling 150 kilometres north from Alice Springs along the Tanami Road, thence approximately 75 kilometres northwest along unsealed regional access roads.

Alternatively, the area can be accessed from the southwest by travelling approximately 90 kilometres northeast from Yuendumu, which is located on the Granites-Tanami Road, via Mount Denison Homestead.

Access within the project area is generally restricted to tracks on Mount Denison Station, and the existing exploration has all been carried out in those areas. Most of the project area to the north and northwest has no established vehicular access.

### 5.1 TENEMENTS

The North Arunta Project consists of two granted exploration licences and five applications for exploration licences covering a total of 6,656 square kilometres (Table 5-1).

Deep Yellow Limited holds the rights to uranium minerals, described as “being any radioactive source materials including, but not limited to uranium and thorium”, on certain tenements. The agreement provides for the joint development of deposits that contain economic minerals other than uranium minerals.

*Table 5-1 North Arunta Project : Tenement Schedule*

Tenement Number	Grant Date	Expiry Date	Area (blocks) <sup>1</sup>	Area (sq km)	Tenement Holder	Annual Expenditure Commitment <sup>2</sup>
EL 23655 <sup>3</sup>	12/06/2003	<i>see note 4</i>	43	489	SRPL (TENL 60%)	\$41,000
EL 23888 <sup>5,3</sup>	12/08/2004	11/08/2010	56	179	TENL	\$28,750
EL(A)22554 <sup>3</sup>			445	1,382	TENL	\$64,000
EL(A)22555 <sup>3</sup>			493	1,569	TENL	\$50,000
EL(A)23926 <sup>3</sup>			487	1,545	TENL	\$40,000
EL(A)23927 <sup>3</sup>			482	1,523	TENL	\$40,000
EL(A)26903 <sup>3</sup>			74	200	TENL	\$15,000

<sup>1</sup> areas indicated as blocks are graticular blocks of one minute of latitude by one minute of longitude

<sup>2</sup> once granted

<sup>3</sup> Deep Yellow Limited holds all rights to uranium minerals

<sup>4</sup> renewal application submitted 05/06/2009

<sup>5</sup> subject to a royalty agreement on gold production with Franco Nevada Australia Pty Ltd.

TENL ; Tanami Exploration NL ; SRPL ; Select Resources Pty Ltd

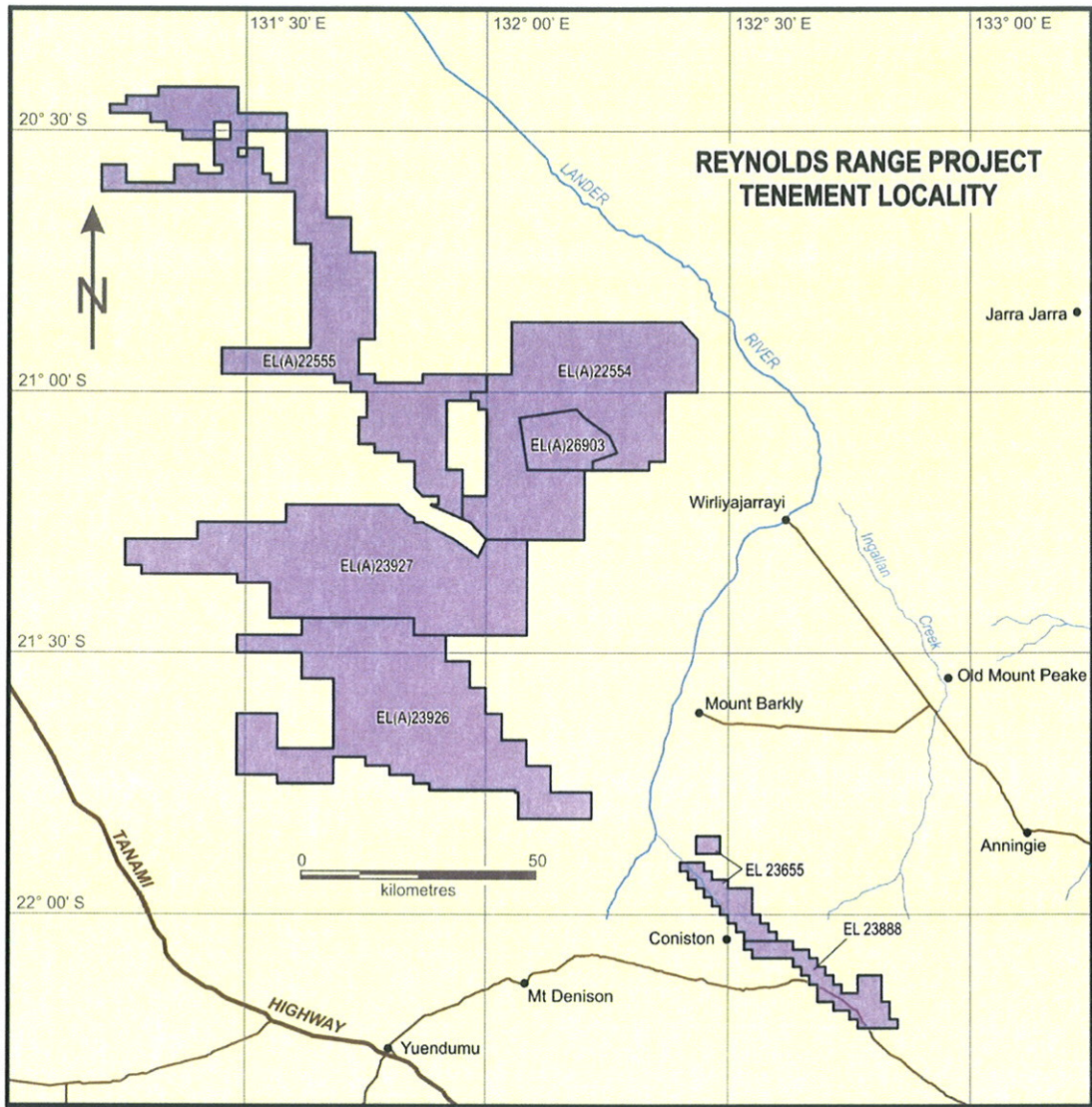


Figure 5-1 : North Arunta Project - Locality Diagram



## 5.2 GEOLOGY AND MINERALISATION

The project is located within the broad structural corridor of the Trans-Tanami Fault and includes fault bounded packages of Lander Rock Beds. The Lander Rock Beds are regarded as equivalent to the Killi Killi Formation of the Granites-Tanami region, which is host to the Coyote Gold Deposit.

The project was acquired to explore a series of gold occurrences within a package of Lander Rock Beds. All but two of the known occurrences are exposed at surface, however the project area is overwhelmingly dominated by surficial deposits of colluvium and alluvial sheetwash of varying thickness.

Gold mineralisation at the known prospects occurs as a number of associations, including:

- gold in quartz veins (Bowness Prospect) or gold-base metal-antimony-bismuth quartz veins (Sabre and Falchion prospects and historic workings at Reward and Pine Hill).
- gold geochemical anomalies associated with pegmatite (Hawkshead and Tin Bore anomalies).
- retrograde shear zones (Black Knight Prospect).
- gold-bismuth mineralisation at the contact between Palaeoproterozoic Lander Rock Formation and Neoproterozoic Vaughan Springs Quartzite (Baileys Creek Prospect)

## 5.3 PREVIOUS EXPLORATION

Historic exploration includes soil, lag and rock chip sampling over the main zone of prospects, extending over approximately 60 kilometres of strike. Numerous of the prospects returned rock chip samples in excess of 1g/t gold and limited diamond drilling at Falchion and Sabre prospects resulted in a best intersection of 4.6 metres averaging 2.53g/t gold 0.4% lead and 0.6% antimony (RDD0041 from 57 metres).

Shallow geochemical drilling was undertaken in 2006 on a regional grid over the northwest and southeast extensions to the central prospect area, increasing the coverage of geochemical drilling to an area of approximately 80 kilometres northwest by 10 kilometres northeast. This drilling identified a number of low order gold anomalies, with the most anomalous results including:

- Troutbeck prospect, where a single line of 12 drillholes located two kilometres west of known prospects identified a substantial gold-arsenic anomaly associated with dolerite, including up to 4 metres of 122ppb gold and 538ppm arsenic (RRN0072 from 24 metres).
- Bowness prospect, where intersections up to 4 metres of 242ppb Au and 1122ppm As (RRN0081 from 20 metres) confirmed a previous vacuum drilling anomaly within metasediments close to the margins of exposed granite.
- Sabre-Falchion prospects, where a weak gold anomaly extends for up to 8 kilometres west-northwest from Falchion.

## 5.4 PROJECT POTENTIAL

The Reynolds Range Project represents a large, conceptual exploration project. Exploration within the central corridor of exposed Lander Rock Beds has demonstrated that the corridor is broadly mineralised over approximately 80 kilometres of strike. TGNL has identified 24 prospects ranging from geochemical anomalies to drill intersections. Exploration has also shown the presence of broad alteration systems anomalous in gold and arsenic, which are typical indicators of the mineralisation in the Granites and Tanami goldfields.

Exploration has been unable to demonstrate a coherent exploration strategy for the region. The rock packages lack strong magnetic contrast, such that regional magnetic surveys have not provided a basis for structural targeting. No systematic regional bottom of hole geological or structural mapping has been undertaken. As is typical for much of the region, the regolith beneath surficial cover is typically stripped of the deeply weathered layers such that geochemical dispersion is restricted.

The poorly explored nature of the project area renders the project as a moderately prospective greenfields exploration opportunity. Exploration targeting incorporating a regional scale approach may be more successful than the previous "opportunistic" prospect scale approach. The project is remote from existing mines and will require any discovery to be of sufficient scale to sustain its own processing mine and mill infrastructure.

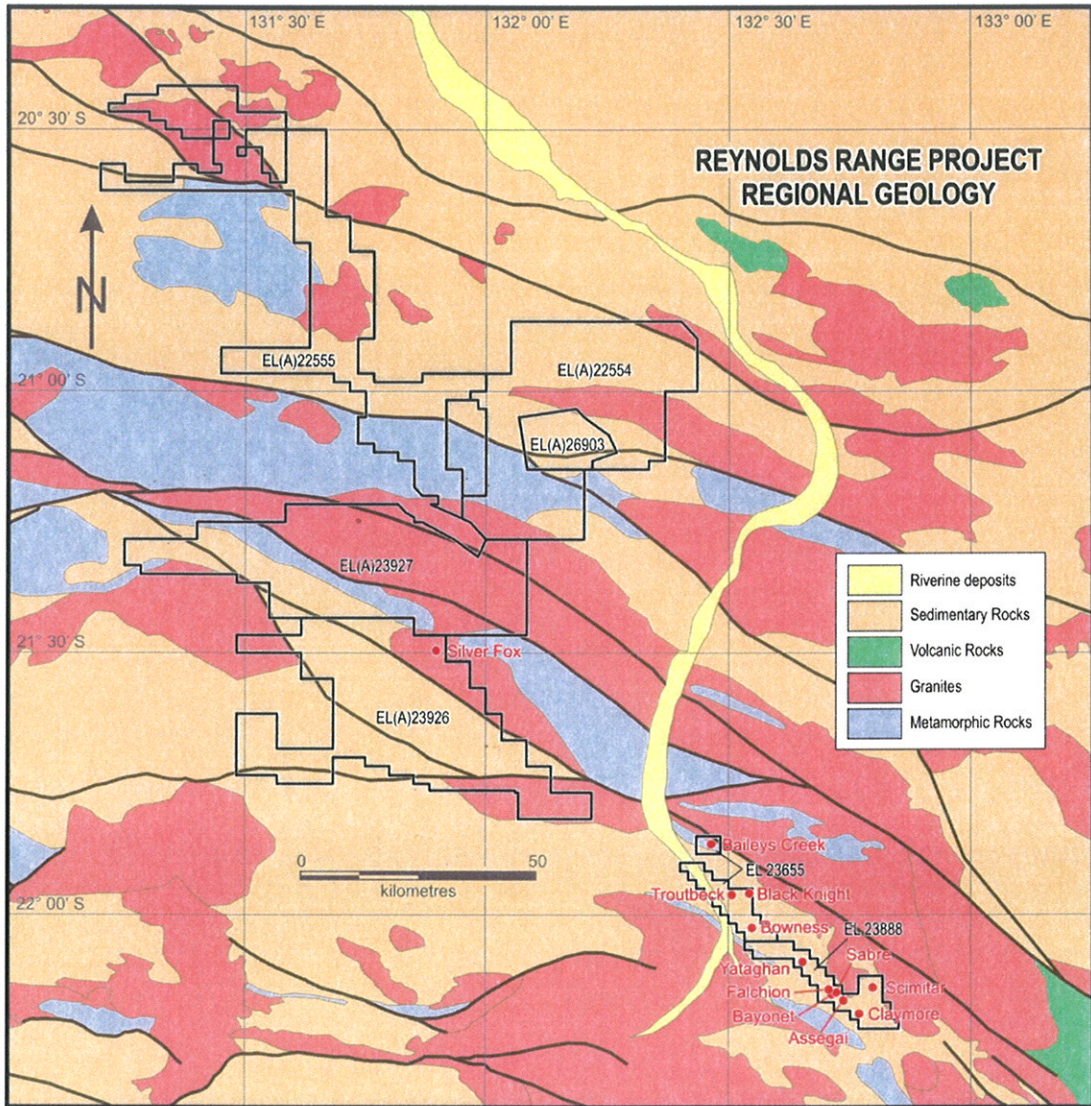


Figure 5-2 : North Arunta Project - Regional Geology

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## 6 LAKE MACKAY PROJECT

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The Lake Mackay Project is located in the Western Arunta region, approximately 500 kilometres west of Alice Springs and adjacent to the Western Australia border. The area is extremely remote, with access to the bulk of the area only cross country via four wheel drive vehicle or by helicopter.

Road access to the project area is gained by travelling northwest from Alice Springs on the Tanami Road for approximately 135 kilometres, thence approximately 100 kilometres west along the Kintore Road to the settlement of Papunya, thence approximately 240 kilometres west along the Desert Road to the intersection with the north-south Nyirripi-Kalipimbut Road.

The Nyirripi-Kalipimbut Road provides access through the eastern portion of the tenement area to Nyirripi settlement, a distance of approximately 200 kilometres to the northeast. The Nyirripi-Kalipimbut Road winds its way through a regionally extensive field of east-west longitudinal sand dunes. Nyirripi can also be accessed by travelling approximately 130 kilometres southwest from Yuendumu, off the Tanami Road, via Vaughan Springs Station.

### 6.1 TENEMENTS

The Lake Mackay Project consists of five granted exploration licences and 17 applications for exploration licences covering a total of 8,443 square kilometres (Table 6-1).

Yuendumu Mining Company NL ("YMC") retains a 20% interest in E8434 and is free carried to production.

### 6.2 GEOLOGY

The Lake Mackay area is part of the Arunta Region, and comprises two distinct tectonic elements; the Palaeoproterozoic Aileron Province and the Neoproterozoic-Palaeozoic Centralian Superbasin.

In the Aileron Province, the oldest units comprise a succession of interbedded sandstone, siltstone and mudstone that has been intensely deformed and metamorphosed. These metasediments are considered part of the Lander Group, which extends over much of the northern Arunta region and is correlated with the Tanami Group, which hosts the gold mineralisation at The Granites and Dead Bullock Soak goldfields.

In the Lake Mackay area, the Lander Group is metamorphosed ranging from lower greenschist to granulite facies, with granulite and amphibolite facies metasediments confined to discrete domains in the northeast of the area.

In the northeast of the Lake Mackay area, siliciclastic-dominated metasediments are assigned to the Reynolds Range Group, which is interpreted on regional correlations to unconformably overlie the Lander Group. The Reynolds Range Group has a distinctive linear magnetic character that can be used to identify these rocks beneath aeolian cover.

The Arunta region rocks are intruded by numerous granitoid bodies.

In the southern portion of the Lake Mackay region, scattered exposures of Vaughan Springs Quartzite identify the contact between the Arunta region basement rocks and the basal unit of the Neoproterozoic to Palaeozoic Ngalia Basin, which is part of the Centralian Superbasin.

Table 6–1 Lake Mackay Project : Tenement Schedule

Tenement Number	Grant Date	Expiry Date	Area (blocks) <sup>1</sup>	Area (sq km)	Tenement Holder	Annual Expenditure Commitment <sup>2</sup>
EL 8696	22/08/2002	21/08/2010	76	240	TENL	\$43,500
EL 8697	22/08/2002	21/08/2010	28	88	TENL	\$29,000
EL 9442	22/08/2002	21/08/2010	72	228	TENL	\$68,500
EL 9449	22/08/2002	21/08/2010	48	152	TENL	\$68,500
EL 8434	18/04/2000	17/04/2010	19	61	TENL <sup>3</sup>	\$42,500
EL(A) 8695	-	-	433	1,371	TENL	\$100,000
EL(A) 9343	-	-	42	134	TENL	\$10,000
EL(A) 10305	-	-	26	83	TENL	\$19,000
EL(A) 25866	-	-	172	532	TENL	\$30,000
EL(A) 24299	-	-	64	202	TENL	\$15,000
EL(A) 24490	-	-	220	684	Newmont	\$40,000
EL(A) 24492	-	-	249	782	TENL	\$20,000
EL(A) 24567	-	-	45	134	TENL	\$10,000
EL(A) 24858	-	-	85	270	TENL	\$21,500
EL(A)24915	-	-	164	517	TENL	\$32,500
EL(A) 24949	-	-	448	1,423	TENL	\$20,500
EL(A) 25630	-	-	373	1,184	TENL	\$60,000
EL(A) 25632	-	-	264	837	TENL	\$41,975
EL(A) 10306	-	-	109	347	TENL	\$27,500
SEL(A)22156	-	-	475	1,516	TENL	\$127,000
EL(A) 23898	-	-	125	398	TENL	\$40,000
EL(A)24473	-	-	60	192	TENL	\$12,500

<sup>1</sup> areas indicated as blocks are graticular blocks of one minute of latitude by one minute of longitude

<sup>2</sup> once granted

<sup>3</sup> Yuendumu Mining Company holds a 20% interest

<sup>4</sup> Sons of Gwalia Limited has the right to buy back a 49% interest if 500,000 ounces in mineral resource or greater is identified on the tenement.

TENL ; Tanami Exploration NL ; Newmont ; Newmont Gold Exploration Pty Ltd under transfer to TENL

### 6.3 PREVIOUS EXPLORATION

There is no record of modern exploration prior to 2003, when Newmont Gold Exploration Pty Ltd and Newmont NFM (Newmont) explored under a joint venture with TGNL. Newmont completed regional sampling focussed around areas of outcrop interpreted with the aid of airborne radiometric data. Reconnaissance sampling included 849 rockchip, 1,163 soil, 3,397 lag and 113 drill-derived stony lag samples.

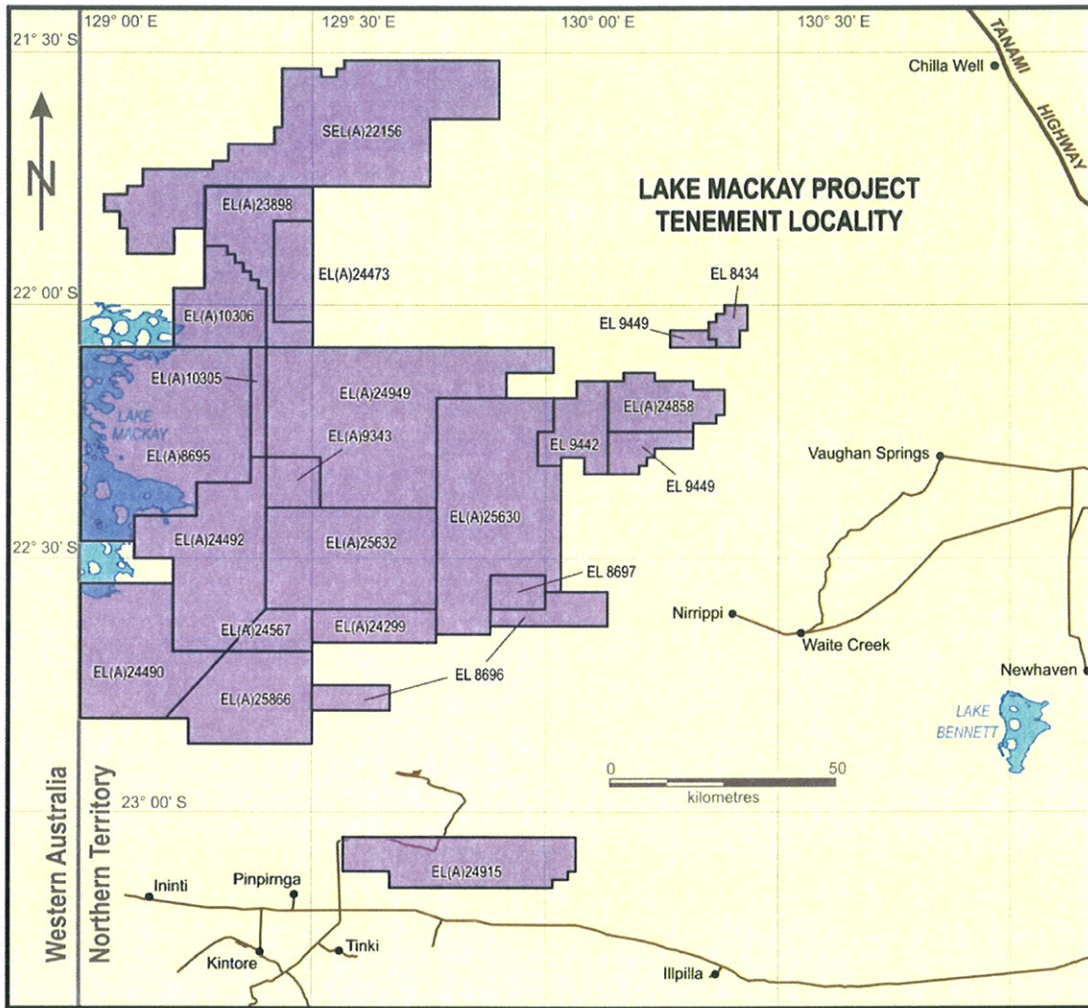


Figure 6-1 : Lake Mackay Project - Locality Diagram

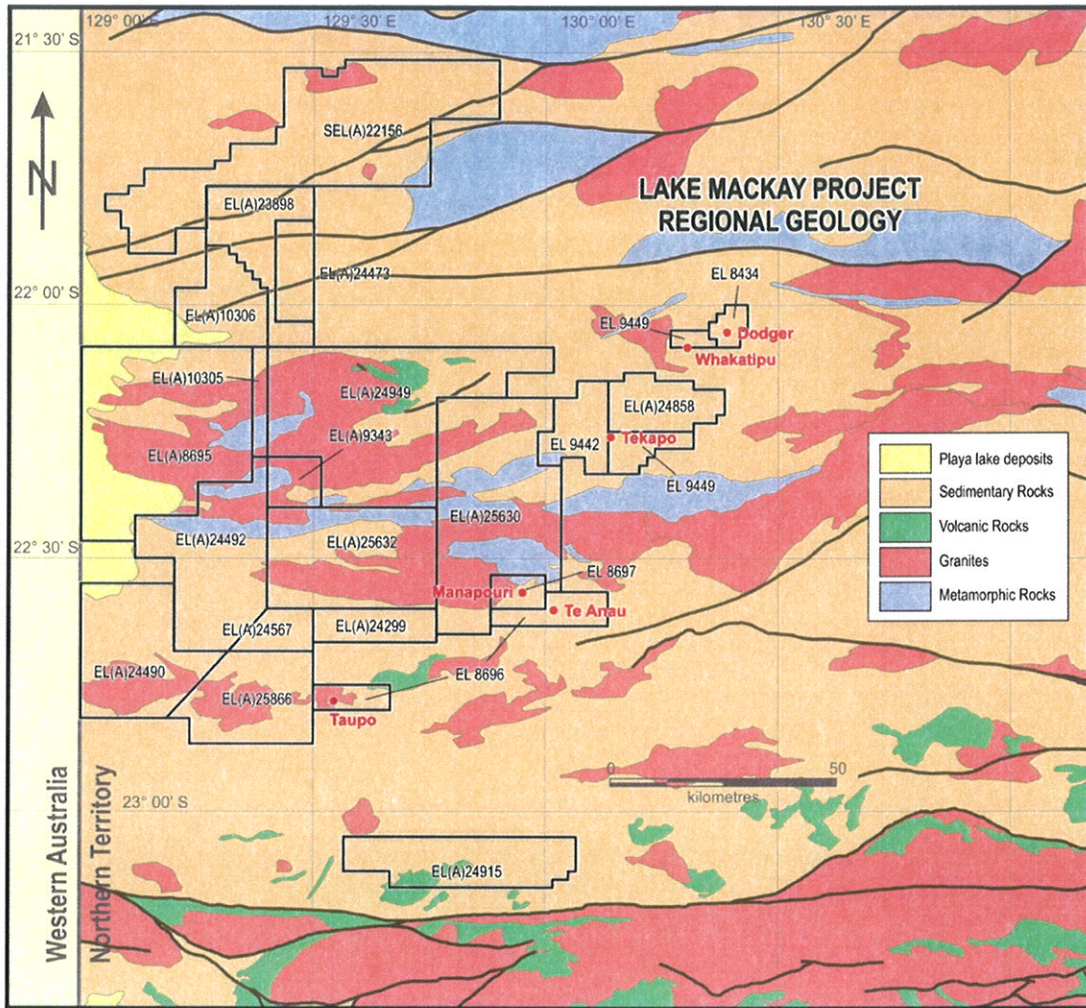


Figure 6-2 : Lake Mackay Project – Regional Geology

Follow up work was prioritised into areas of relatively easy access, within the eastern portion of the project area. 228 vacuum and 235 RAB holes were completed, outlining the Taupo, Manapouri and Te Anau prospects.

- Taupo prospect was the highest ranked of Newmont's prospects, where 15 surface samples returned gold greater than 100ppb, including one rock chip sample analysing 1.2g/t gold. Vacuum and RAB drilling over an area of 8 kilometres by 5 kilometres did not produce any gold values greater than 0.5g/t gold.
- Manapouri prospect was discovered by a 68ppb gold lag sample. Five follow up RAB drillholes across the anomaly produced no significant results, however it is uncertain that the drilling was effective given the lateritic weathering profile.
- Te Anau prospect is a 15 kilometre, east-west-trending +60ppm arsenic anomaly which overlies an interpreted fault. Eight lines of vacuum (93 holes) and RAB (32 holes) did not identify any gold anomalies deemed significant.
- In 2005/2006, TGNL completed 51 RAB drillholes to test the interpreted southwest extension of the new Dodger prospect. Eleven samples returned gold values greater than 10ppb gold, up to a maximum of 42ppb gold. These results, although low in absolute terms, are considered anomalous in this terrain where most of the weathering profile has been removed by erosion. The gold anomalies are associated with quartz veining in quartz-rich metasediments. A number of copper anomalies were identified.
- Additional helicopter assisted sampling and data analysis by TGNL identified new prospects including Tekapo and Ohau.

At Tekapo, copper-gold mineralisation is associated with gossanous ironstone, interpreted as derived from massive sulphide including pyrite, pyrrhotite, arsenopyrite and chalcopyrite. Systematic sampling located copper-gold anomalies over 500 metres including best rock chip results up to 750ppb gold and 1,213ppm copper (Sample LMK112) and lag samples up to 3,126ppb gold, 1,621ppm arsenic and 747ppm copper (LML425).

Aircore drilling at the Tekapo prospect generated intersections up to 16 metres averaging 3.4g/t gold (LMA133 from 29 metres) and 4 metres averaging 2.6% Cu (TKA0022 from 49 metres) along strike of the Tekapo ironstone. A detailed program of ground based magnetic and gravity data was completed, although no holistic analysis of the data has been completed.

Geochemical drilling at Taupo testing beneath regolith cover returned up to 3 metres averaging 0.136g/t gold (LMA0046 from 76 metres), and at Ohau prospect returned a best intercept of 2 metres averaging 0.45g/t gold (LMA0089 from 32 metres).

## 6.4 PROJECT POTENTIAL

The Lake Mackay project represents an extensive greenfields exploration opportunity although in a very remote location with significant challenges to physical access.

The very limited work thus far shows that appropriate geochemical sampling can identify mineralisation and, with the assistance of geophysical surveying, be extended into regions of cover. The absence of any significant historic or modern exploration prior to 2003 also raises the possibility that the province will prove prospective for metals and minerals that have not been targeted or considered thus far.

Results from the known prospects suggest that mineralisation could have affinities with Tennant Creek-style or iron-oxide copper-gold style mineralisation, with samples anomalous in arsenic, bismuth and base metals and showing weak iron and alkali alteration. This interpretation is reflected in reports by other explorers of strongly-altered and brecciated rocks associated with iron oxides and anomalous copper in rocks that are regarded as the extension of this project area west across the border into Western Australia.

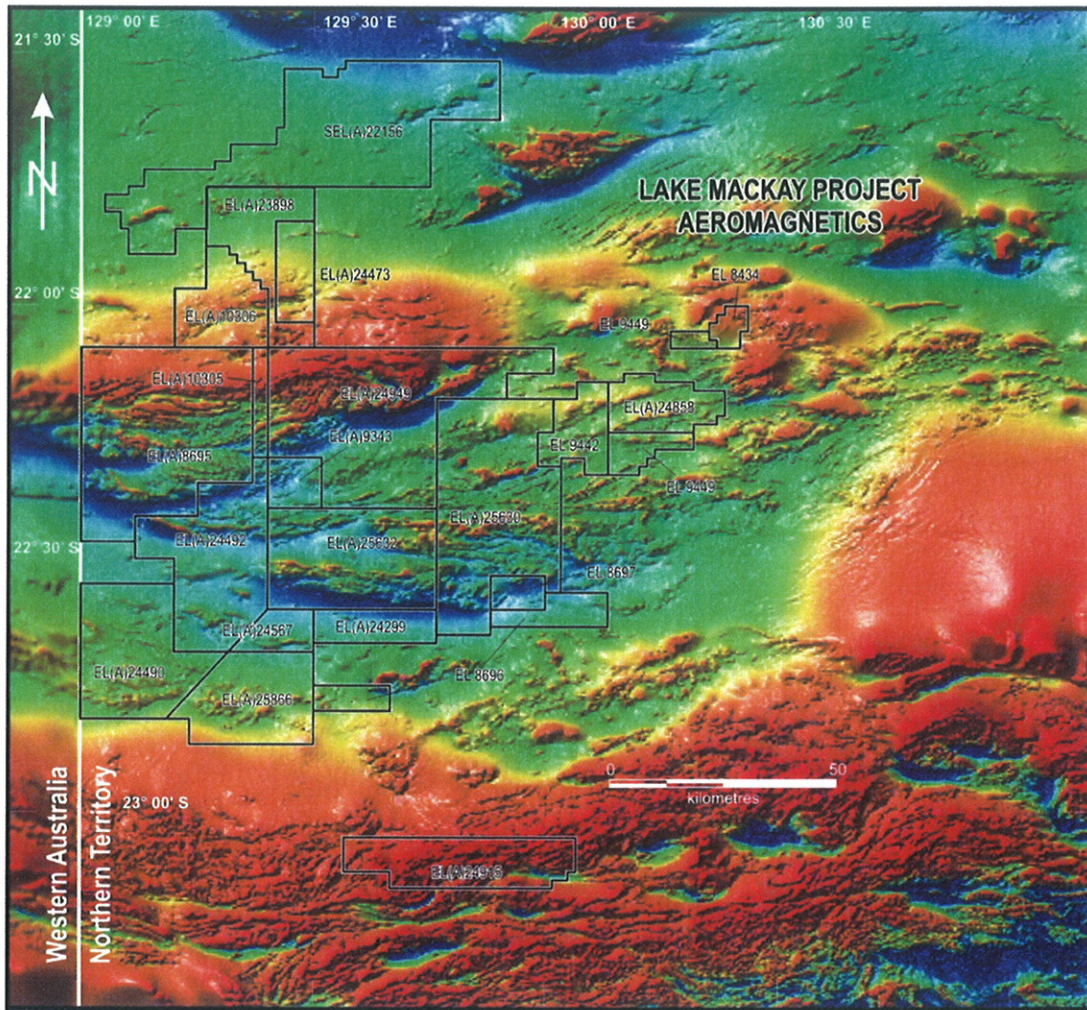


Figure 6-3 : North Arunta Project - Regional Magnetics  
 (Total Magnetic Intensity Image)



## 7 EAST ARUNTA PROJECT

The East Arunta Project comprises two holdings, Huckitta and Winnecke, located to the northeast of Alice Springs. The area is dominated by the Strangways and Harts Ranges.

Access to the Huckitta Sub-Project is north from Alice Springs via the Stuart Highway for approximately 80 kilometres, thence east along the Plenty Highway for approximately 150 kilometres. The tenements are located approximately 15 kilometres north of the Plenty Highway along well maintained station tracks.

The Winnecke Sub-Project is located approximately 50 kilometres northeast of Alice Springs within the Strangways Range and is near to the Winnecke Goldfield. Access is gained by travelling north from Alice Springs along the Stuart Highway for approximately 48 kilometres, thence east along the unsealed Arlunga Road for approximately 47 kilometres, thence approximately 23 kilometres south and west along pastoral station tracks.

The topography of Strangways and Harts Ranges consists of moderate to steep hills separated by wide plains of colluvium and alluvium along which most of the access tracks are developed. Vegetation is sparse, consisting of open *Spinifex*, patchy Mulga and stands of *Eucalyptus* along water courses.

### 7.1 TENEMENTS

The Huckitta sub-project comprises two granted exploration licences covering a total area of 960 square kilometres. On 13 April 2007, TGNL entered into an agreement with Mithril Resources Limited ("Mithril") under which Mithril will explore for minerals other than uranium or mineral deposits comprised principally of gold and/or silver.

Under the terms of the joint venture, Mithril will acquire a 60% interest in the tenements by expending \$1.5 million on exploration within three years of the commencement date, and a further 20% interest by expending a second \$1.5 million within six years of the commencement date. If TGNL's joint venture interest dilutes to less than 10%, the interest shall convert to a royalty equivalent to 1.5% of net smelter return.

The Winnecke sub-project comprises two granted exploration licences covering a total area of 67 square kilometres. On 21 November 2007, TGNL entered into an agreement with Maximus Resources Limited ("Maximus") under which TGNL transferred a 95% interest in the tenements to Maximus. Maximus is required to contribute all expenditure until completion of a bankable feasibility study, after which the parties are required to contribute to expenditure in proportion to the respective joint venture interests. TGNL holds no interest in one granted Mineral Claim of approximately 27ha within E22759.

Deep Yellow Limited retains the rights to uranium minerals on all of the tenements of the East Arunta Project.

*Table 7-1 East Arunta Project : Tenement Schedule*

Tenement Number	Grant Date	Expiry Date	Area (blocks) <sup>1</sup>	Area (sq km)	Tenement Holder	Annual Expenditure Commitment
EL 22924 <sup>2</sup>	23/12/2002	22/12/2010	68	215	TENL <sup>3</sup>	\$100,000
EL 24454 <sup>2</sup>	15/06/2005	14/06/2011	116	367	TENL <sup>3</sup>	\$26,000
EL 9529 <sup>2</sup>	14/05/2002	13/05/2010	16	46	TENL 5% <sup>4</sup>	\$78,000
EL 22759 <sup>2</sup>	2/04/2005	1/04/2010	5	16	TENL 5% <sup>4</sup>	\$63,000

<sup>1</sup> areas indicated as blocks are graticular blocks of one minute of latitude by one minute of longitude

<sup>2</sup> Deep Yellow Limited holds all rights to uranium minerals

<sup>3</sup> Mithril Resources Limited earning 60% in joint venture

<sup>4</sup> Maximus Resources 95%

TENL ; Tanami Exploration NL

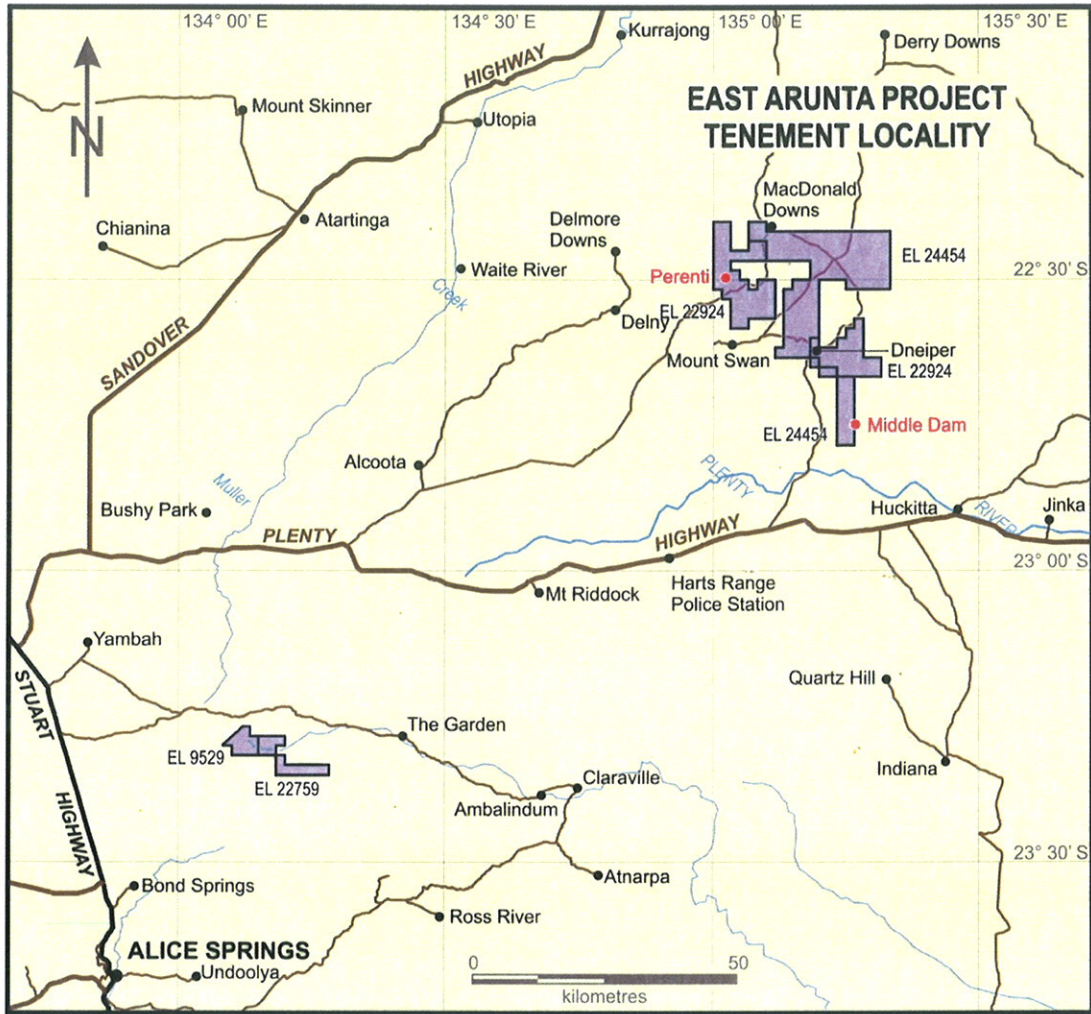


Figure 7-1 : East Arunta Project – Locality Diagram

## **7.2 REGIONAL GEOLOGY**

The eastern Arunta Region comprises predominantly metamorphic rocks of the Palaeoproterozoic Strangways Metamorphic Complex (SMC) with an east-west trending inlier of Neoproterozoic to Palaeozoic Harts Range Metamorphic Complex (HRMC). The SMC is overlain unconformably by sediment of Neoproterozoic to Palaeozoic age to the north and to the south; the Georgina Basin and Amadeus Basins respectively.

The SMC comprises pelitic gneiss, quartzo-feldspathic gneiss, subordinate calc-silicate rocks, plus felsic and mafic gneiss. Protolith ages are in the range 1807Ma to 1800Ma, consistent with the rocks being regionally equivalent to at least part of the Tanami Group and Lander Rock beds. The SMC was metamorphosed to high metamorphic grade in the Strangways Orogeny, which occurred between about 1730Ma and 1700Ma and which is the major regional scale metamorphic event to affect the eastern Arunta Region.

The SMC was intruded by felsic and less abundant mafic igneous rocks between 1780Ma and 1770 Ma, which are referred to as the Yambah Event.

The HRMC consists of pelitic gneiss, metabasite, quartzite, calc-silicate and marble, and quartzo-feldspathic gneiss, representing sediment and basaltic rocks, metamorphosed at up to granulite facies. Recently studies show that the rocks of the HRMC are the metamorphic equivalents of the lower stratigraphic portions of the Amadeus and Georgina Basins. These sediments were buried to depths sufficient to metamorphose the rocks to granulite facies before exhumation between 475Ma and 460Ma in the Larapinta Event.

The regional nature of the structural controls on the HRMC remains in discussion, however it has been proposed that the rocks were deposited into a deep fault-controlled basin formed close to the southern margin of the NAC, and associated with major structural features along strike within Palaeozoic basins in Western Australia and Eastern Australia.

The Georgina Basin comprises dolostone, limestone, shale, sandstone and siltstone deposited as part of the Centralian Superbasin. In the East Arunta, the Georgina and Amadeus Basins shows strong stratigraphic correlations.

## **7.3 HUCKITTA**

### **7.3.1 Prospect Geology**

Rocks of the Huckitta Prospect consist of felsic and mafic gneiss, which is intruded by granitoid, and cut by west-northwest trending shear zones and thrust faults.

The project covers portion of the Ledan Schist Corridor, a zone of shearing and granitoid intrusion suggesting ages broadly equivalent to other prospects within the Trans-Tanami fault system.

### **7.3.2 Previous Exploration**

The area was explored in the late 1960s, leading to the discovery of the Perenti copper prospect in 1968 by Central Pacific Minerals NL. A programme of geochemical sampling and geological mapping resulted in the drilling of three angled diamond holes, DDNT-12-1, DDNT-12-2 and DDNT-12-3, in late 1969. No significant copper mineralisation was reported.

No further exploration is recorded until 2006, when TGNL explored along the Ledan Schist Corridor for gold. Regional scale sampling from this corridor by TGNL had detected up to 0.7g/t gold. Field investigations resulted in limited evidence for gold with the best rock chip sample of 17 ppb gold from a ferruginous fault zone.

Mithril Resources Limited ("Mithril") entered into a joint venture with TGNL in 2007 to explore the region for nickel. Mithril completed helicopter borne electromagnetic survey survey over two selected areas covering 50 square kilometres and 90 square kilometres. Field checking of targets showed that most were in areas of transported cover such that the source remained unexplained.

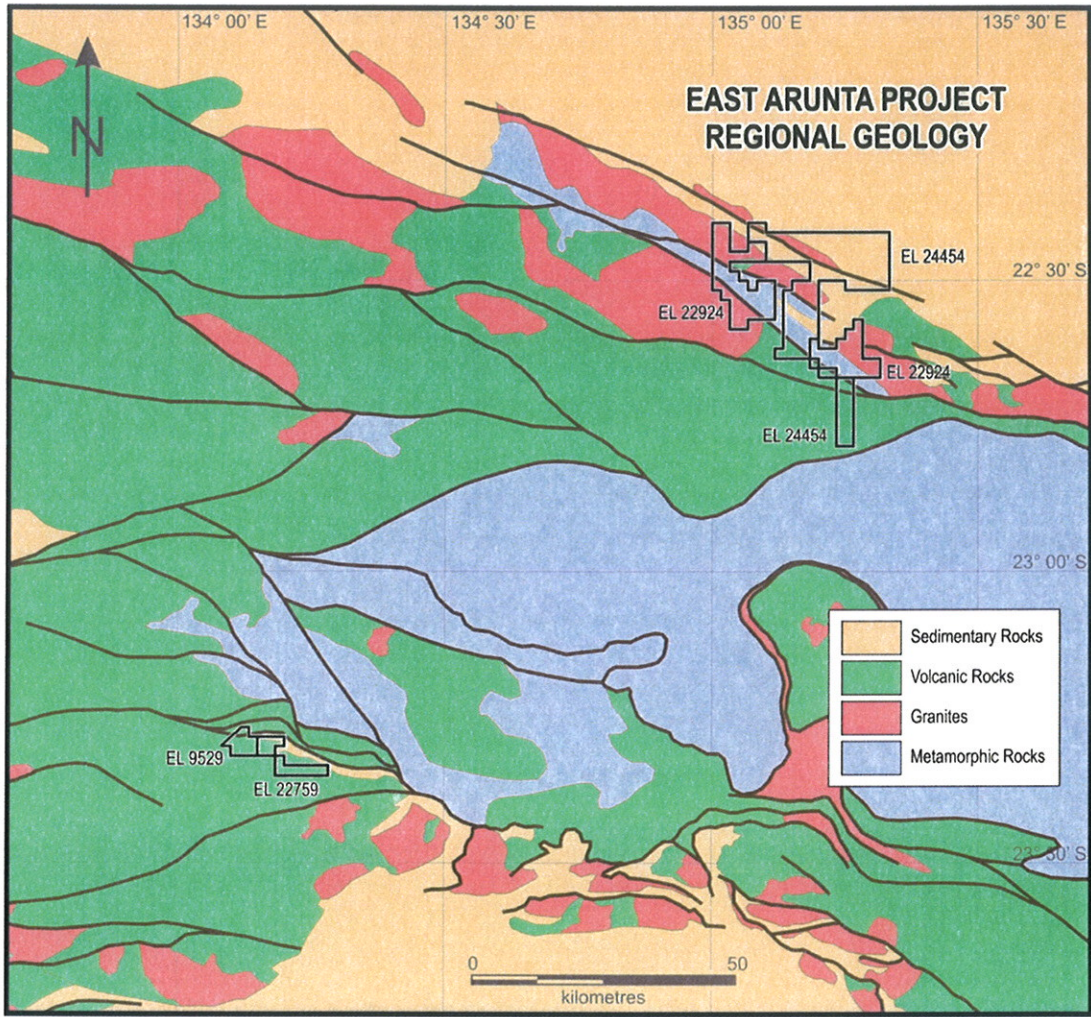


Figure 7-2 : East Arunta Project – Regional Geology

In 2008, 191 stream sediment sites were sampled for a magnetic lag sample or laterite lag sample. 28 rock chip samples collected during the course of the program from the Middle Dam ultramafic unit showed anomalous nickel up to 339ppm and chromium to 2610ppm.

Resampling of historic diamond drill core from the Perenti prospect showed a maximum 7.4ppm nickel from pink foliated granite (DDNT-12-1, 12.7cm from 75.51 m) and 196ppm copper from granite breccia with dark matrix (DDNT-12-3, 50cm from 160.48m).

Mithril has retained its interest in the joint venture but has not reported further exploration.

## **7.4 WINNECKE**

### **7.4.1 Prospect Geology**

The Winnecke area comprises granitic gneiss, tonalitic gneiss, amphibolite and minor metasediments of the SRMC cut by east-west trending retrograde shear zones in the south, and quartzite of the Neoproterozoic cover sequences in the north. The boundaries between these rocks units are mapped as unconformable, faulted and sheared.

The Winnecke Goldfield, consists of numerous occurrences of gold occurrences within 20 kilometres long west-northwest trending belt located 2 kilometres to the east of the project area. Gold occurs as placer deposits within the basal conglomerates of the Neoproterozoic cover sequence.

### **7.4.2 Previous Exploration**

In 2002, TGNL and joint venture partners BHP Billiton and Teck Cominco Australia Pty Ltd (Teck) undertook an assessment of the metallogenic potential of the Palaeoproterozoic Arunta Province. This work highlighted the potential for several styles of mineralisation within the region, including polymetallic massive sulphide style copper-lead-zinc-gold mineralisation, iron-oxide copper-gold deposits and epigenetic gold deposits.

TGNL's exploration target was not the placer-style gold deposits of the Winnecke Goldfield, but polymetallic massive sulphide mineralisation. The geological target was the contact between regional mafic through to felsic gneiss with intercalated pelitic and psammitic metasediments, referred to as the Narwietooma Package, and the Cadney Package, which comprises calc-silicate rocks, marble and sillimanite and biotite-bearing gneiss. This contact zone trends west-northwest and lies between 2 kilometres and 5 kilometres to the northeast of the present tenements of the Winnecke Sub-Project.

In 2002, Teck completed reconnaissance rock chip and soil sampling across the region. The work identified prospects at Rankins and Gecko. Mapping showed that both prospects are associated with mineral alteration typical of polymetallic sulphide mineralisation.

At Rankins prospect, disseminated chalcopyrite and bornite mineralisation occurs in lenses of quartz-magnetite rock on the contact between quartz-feldspar gneiss and amphibolite. Five shallow percussion holes drilled in this area in 1971 returned best results of 3 metres averaging 2.5% Pb and 1.2% Zn from 37m associated with calc-silicate rocks. Systematic rock chip samples collected by Teck showed up to 0.5% copper and 2.4% zinc (Table 7-2).

At the Gecko Prospect copper-lead-zinc-silver mineralisation gave rock chip samples up to 3% copper and 6.5% zinc in different samples (Table 7-2).

In November 2007, Maximus entered into a joint venture with TGNL and commissioned an airborne electromagnetic and magnetic survey over portions of the project area. Maximus followed up an anomaly at Rankin prospect with a ground EM survey, however the results were interpreted as indicating limited potential for a large body of mineralisation. No further work was undertaken.

Table 7–2. Rankins and Gecko Prospect : Rock Chip Sample Results

Prospect Name	Sample Number	Description	Gold	Copper	Lead	Zinc
			ppb	ppm	ppm	ppm
Rankins	WGK012	ironstone	20	5057	230	24109
Rankins	WGK009	ironstone	20	4806	3634	9814
Rankins	WGK016	ironstone	20	4513	1120	8859
Rankins	WGK015	ironstone	4	2983	1492	5193
Rankins	WGK013	ironstone	4	2564	133	3589
Rankins	WGK014	ironstone	4	2513	1007	5716
Rankins	WGK010	ironstone	20	2303	1298	2741
Gecko	WGK027	magnetite quartzite	355	30478	987	163
Gecko	WGK047	magnetite quartzite	310	19372	1462	195
Gecko	WGK048	sillimanite schist	100	12293	1288	709
Gecko	WGK037	ironstone	30	6716	4121	1964
Gecko	WGK033	ironstone	60	5839	350	1887
Gecko	WGK028	ironstone	340	5774	1048	138
Gecko	WGK030	ferruginous marble	30	4337	517	18122
Gecko	WGK029	magnetite quartzite	4	2297	973	617
Gecko	WGK045	anthophyllite	20	1888	59	326
Gecko	WGK032	magnetite chert	355	1826	448	515
Gecko	WGK038	ironstone	4	263	10104	65472

## 7.5 PROJECT POTENTIAL

The East Arunta Project is a greenfields exploration area within which exploration remains at a very early stage. The region is dominated by transported cover, however areas of rock exposure commonly show traces of mineralisation in rock chip samples.

The geology of the region is in a developing stage, with considerable work required to build on the substantial body of new work by government surveys over the last ten years. This work continues to provide new insights into the geology, geological history and mineral potential of the region.

The region has not received protracted exploration, with work thus far dominated by geological mapping and prospecting, regional-style geochemical sampling and a reliance on airborne geophysical prospecting to identify

At Huckitta, exploration is early stage and considerable work is required to consolidate the body of work just completed. TGNL's joint venture partner, Mithril, is an active explorer for nickel-copper within the region in collaboration with an international nickel exploration and mining company. The potential for the region to host significant nickel-copper mineralisation has been shown by results published by Mithril from its Blackadder, Baldrick and Edmund prospects, where rock chip samples have assayed up to 3.8% nickel, 9.6% copper and 1.7g/t of combined platinum, palladium and gold.

At Winnecke, the potential for massive sulphide style mineralisation at shallow depth appears to be limited following the results of an airborne EM survey. This work does not negate the potential for discovery of zinc-dominant or disseminated base metal mineralisation with further work. Exposure within the area is good such that the opportunity for exploration beneath cover is limited.

TGNL's East Arunta Project is regarded as warranting further exploration, however the very greenfields stage of exploration means that it is not possible to comment with confidence on the potential for the project areas to host significant mineralisation.

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## 8 VALUATION

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### 8.1 INTRODUCTION

As defined in the Valmin Code, "valuation reports express an opinion as to the value of a mineral or petroleum asset or of a mineral or petroleum security and its underlying assets".

The valuation must reflect the considered "fair market value", which in the Valmin Code is described as "the estimated amount of money, or the cash equivalent of some other consideration, for which, in the opinion of the Expert reached in accordance with the provisions of the Valmin Code, the mineral asset or security shall change hands on the Valuation Date between a willing buyer and a willing seller in an arms length transaction, wherein each party had acted knowledgeably, prudently and without compulsion".

To provide as accurate a valuation as is possible, the valuation method or methods chosen must reflect factors including the degree, quantity and type of information that is available.

The amount and confidence in data increases as more exploration and accompanying evaluation work is completed, such that the Valmin Code identifies five principal types of mineral assets.

- Exploration Areas, which are properties where mineralisation may or may not have been identified, but where a Mineral or Petroleum Resource has not been identified.
- Advanced Exploration Areas, which are properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation. A resource estimate may or may not have been made but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to resource status.
- Pre-Development Projects, which are properties where Mineral or Petroleum Resources have been identified and the extent estimated (possibly incompletely) but where a decision to proceed with development has not been made
- Development Projects, which are properties for which a decision has been made to proceed with construction and/or production, but which are not yet commissioned or are not yet operating at design levels.
- Operating Mines, which are mineral properties, particularly mines and processing plants that, have been commissioned and are in production.

The valuation report has been on the understanding that all of the granted mineral tenements under investigation are in good standing and that mineral tenements under application will be granted according to the normal statutory process. CJS Consulting is not qualified to determine the legal status of the tenements and has relied upon information provided by TGNL.

### 8.2 PREVIOUS VALUATIONS

CJS Consulting is not aware of any previous material valuations of the Northern Territory mineral exploration tenements that are the subject of this study.

### 8.3 VALUATION METHODS

For Exploration Areas and Advanced Exploration Areas where no mineral resource has been identified, the valuation relies on two factors.

The first is the informed opinion of the technical expert as to the potential for successfully identifying significant mineralisation. The identification of sub-economic mineralisation adds little to the project value unless there is potential that the mineralisation may become economic or lead to the identification of a mineral resource in the foreseeable future.

The second relates to the prevailing economic conditions. This factor is heavily influenced by the state of the capital markets with respect to mineral exploration, but also includes influences including country and political risk, the so called "licence to operate" and infrastructure issues among many others.

The expert can apply a range of valuation methods including the following:

The **Multiples of Exploration Expenditure** ("MEE") method calls on the expert to offer an opinion as to the results of previous exploration and the value added to a property based on those results. The expert assigns a multiple that reflects the degree to which the expenditure has added to or detracted from the mineral potential. Typically the multiple ranges between zero, reflecting no potential for a mineral discovery, up to two or higher where the valuer considers the results as highly promising. Prospects where the valuer considers that additional exploration is warranted will generally be assigned a multiple of one or greater.

The **Comparative Transactions** ("CT") method is used where the expert identifies an unrelated transaction that is similar in scope, time, place and commodity. This method should be strongly influenced by the prevailing market conditions and hence is generally a more accurate than that determined by the MEE method.

The **Joint Venture Terms** ("JV") method may be used to determine value where a Joint Venture Agreement has been negotiated at 'arms length' between two parties. When calculating the value of an agreement that includes future expenditure, cash and/or shares payments, it is considered appropriate to discount expenditure or future payments by applying a discount rate to the mid-point of the term of the earn-in period. Discount factors are also applied to each earn-in stage to reflect the degree of confidence that the full expenditure specified to completion of any stage will occur. When deriving a technical value using the Joint Venture Terms method, the lack of surety that future stages of a joint venture will proceed means that it is most reliable to only value the first stage of an earn-in joint venture.

The **in-situ Resource** method ("isR") can be applied where a mineral resource has been identified but where the low confidence in the resource or the likely cost of mining and processing the deposit, should that occur in the future, means that no economic analysis is warranted. The expert can assign a discounted value, which is typically between 1% and 5% of the in-ground value of the metal in the resource. This method takes into consideration normal mining and processing cost considerations where those costs cannot be applied with reasonable precision due to the lack of information.

In the case of Pre-Development, Development and Mining Projects, where mineral resources are estimated and mining and processing considerations are known or can be reasonably assigned, valuations can be derived with an increasing degree of confidence via economic analysis such as discounted cash flow and net present value.

#### **8.4 MINERAL PROPERTIES**

The mineral properties which are the subject of this valuation report are categorised as Exploration Areas. Modern exploration including soil sampling, geophysical surveys and scout and systematic drilling have been completed on most projects. Mineralisation has been identified but no mineral resource has been confirmed.

No physical assets such as plant and equipment are included in the transaction.

The knowledge with regard to the geology and specific controls on mineralisation at the identified mineral prospects varies across the projects. Within the Tanami Project, the regional and detailed knowledge of the controls mineralisation is considered moderate. At North Arunta, East Arunta and Lake Mackay, the styles of mineralisation targets are based to a substantial degree on conceptual models and the knowledge is considered low. Whilst systematic exploration of a prospect could result in exploration success, the author considers that further geological analysis and exploration is required to demonstrate sufficient knowledge of the mineral systems to be classified as Advanced Exploration Projects.

The prospects are subject to varying degrees of risk associated with the ability to access land that is subject to Native Title.



## 8.5 VALUATION

It is understood that ABM intends to acquire a 100% interest, or lesser interests as outlined in the various tenement descriptions, in the Tanami, North Arunta, Lake Mackay and East Arunta Projects.

CJS Consulting has examined transactions relating to mineral assets that could be considered comparable transactions and has found none that satisfy the key requirements of being comparable in commodity, location and time.

On this basis, it was considered most appropriate to apply the Multiples of Exploration Expenditure method to derive a valuation for the TGNL projects.

### **Multiples of Exploration Expenditure Method**

The approach taken in this valuation is to apply a cost per unit to the various physical exploration samples within the TGNL licences. In deciding on this approach, the following matters have been considered:

- Many of the tenements, particularly in the Tanami Project, were applied for in recent years, and are either not granted or only recently granted. TGNL has not explored aggressively on the tenements for reasons including the lack of exploration funds during commissioning of the Coyote gold mine.
- In the Tanami Project, TGNL recognised that the area hosts a considerable endowment of gold. TGNL systematically applied for open ground with the aim of acquiring a strategic holding to match its Western Australian tenement portfolio.
- TGNL does not hold the rights to uranium minerals on certain tenements; those rights having been transferred to Deep Yellow Limited. No significant expenditure has been devoted to uranium exploration, however the agreement with Deep Yellow in regard to those certain tenements does allow for participation by both parties where a minerals other uranium occur within the same deposit.
- It was decided to include exploration conducted by previous explorers on the basis that most relates to exploration within the last 20 years. TGNL has been diligent in researching previous exploration, which is readily available from the Northern Territory Department of Minerals and Energy. A significant amount of the physical exploration from previous explorers has been digitised into TGNL's database. Whilst not all data is complete, the database is considered to provide a good semi-quantitative record of the exploration work completed (Table 8-1, Table 8-2).
- All tenements have been valued on the basis that areas currently under application for tenement will be granted and accessible to future exploration in the normal course of exploration. TGNL has demonstrated a working relationship with the bodies representing the indigenous landholders. This relationship forms a solid platform for ABM to have the confidence that it can continue exploring and have its tenements granted, notwithstanding the rights of the indigenous landholders to identify areas of cultural significance where exploration may not be possible.
- The Northern Territory Department of Minerals and Energy conducted a program of gathering systematic airborne magnetic and radiometric data over almost the entire Northern Territory in the early 2000s. This information, which is provided at no cost to bona fide explorers, is a major cost advantage to exploration within the region.

*Table 8–1. Record of drilling and costeaning in TGNL's database*

Project	Geochemical		Percussion & Reverse Circulation		Diamond		Costeans	
	<i>number of holes</i>	<i>total metres</i>	<i>number of holes</i>	<i>total metres</i>	<i>number of holes</i>	<i>total metres</i>	<i>number of holes</i>	<i>total metres</i>
Tanami	4,234	3,6840	57	320	3	441		
North Arunta	8,699	8,6639	157	10,022	11	1,443	28	2,677
Lake Mackay	888	30,782	12	1,164				
East Arunta					3	484		
<b>Totals</b>	<b>13,821</b>	<b>154,261</b>	<b>226</b>	<b>11,506</b>	<b>17</b>	<b>2,368</b>	<b>28</b>	<b>2,677</b>

*Table 8–2. Record of geochemical sampling in TGNL's database*

Project	Number of Geochemical Samples
Tanami	14,773
North Arunta	7,509
Lake Mackay	5,052
East Arunta	1,281

To derive a valuation for each project:

- A range of units costs have been assigned for each of the drilling and sampling types, consistent with reports in which TGNL has documented exploration costs in its annual reports, and a total cost of acquisition of the information accumulated for each project.
- A general allocation has been provided to each project area to account for the cost of acquisition of project specific geophysical surveys, and for processing of geophysical data.
- A range of multiples have been applied to each project to reflect the considered exploration potential of the project.
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*Table 8–3. TGNL Projects : Multiples of Exploration Expenditure*

Project	Multiple of Exploration Expenditure	
	<i>low</i>	<i>high</i>
Tanami	1	1.5
North Arunta	0.8	1.2
Lake Mackay	0.8	1.2
East Arunta	0.75	1.2

## 8.6 CONSIDERATION OF MATERIAL AGREEMENTS

CJS Consulting is not aware of any legal agreements that may be material to this valuation other than as disclosed by TGNL.

TGNL has given the understanding that it holds the relevant interests, as described in Section 4.1, Section 5.1, Section 6.1 and Section 7.1, to each of the properties valued in this report.

Consequently, no adjustments to the provisional asset values are required.

## 8.7 VALUATION SUMMARY

Valuation ranges for the Tanami, North Arunta, Lake Mackay and East Arunta Projects have been determined as follows (Table 8-4).

*Table 8-4. Valuation Summary*

Project	Valuation Range (A\$M)		
	8 August 2009		
	Low	High	Preferred
Tanami Project	3.2	4.8	4.2
North Arunta	1.9	2.8	2.3
Lake Mackay	1.8	2.7	2.2
East Arunta	0.28	0.44	0.37
<b>Total†</b>	<b>7.1</b>	<b>10.7</b>	<b>9.1</b>

† rounded

As of the Valuation Date, 7 September 2009, the value of TGNL's various interests in the Tanami, North Arunta, Lake Mackay and East Arunta Projects is considered to be in the range \$7.1 million to \$10.7 million. The preferred value assigned here is **\$9.1 million**.

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## 10 GLOSSARY

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aircore drilling (AC)	small diameter, shallow depth drilling in which the sample is returned under pressure via an inner tube within the drill string; typically used for geochemical sampling
alkali	relating primarily to the elements sodium and potassium
alluvium	unconsolidated sediment formed from the action of water; sand, silt, mud
anomaly	a value that differs from the norm, higher or lower
Archaean	period of Earth history between 2500 and 4560 million years before the present
basalt	dark coloured, fine grained igneous rock erupted onto the Earth's surface (lava) that is rich in magnesium and aluminium and poor in silica (vis gabbro)
basement	crystalline rocks that lie beneath sedimentary rocks
base metal	said of transition elements of the Periodic Table, such as iron, nickel, copper, zinc and lead
breccia	composite material of angular fragments
calc-silicate	metamorphic rock formed from impure limestone (mixed limestone and silicate minerals)
chert	very fine grained sedimentary rock, typically composed almost entirely of quartz
colluvium	unconsolidated deposits formed by mass wastage under the action of gravity
craton	large and stable block of the Earth's crust
deformation	related to the process or evidence of rocks being folded, faulted and altered
diamond drilling	drilling that produces a core sample of rock
disseminated	particles distributed throughout
dolerite	dark coloured, fine grained intrusive mafic rock, vis basalt
electromagnetic survey	measurements of the interaction of an electrical current with the Earth's magnetic field
fault	a fracture in the Earth's crust where each side has moved relative to the other
feasibility study	detailed study into the viability of a project. Usually carried out to assess the financial viability of a deposit prior to making a decision to commence construction and mining
felsic	igneous rocks composed principally of light coloured minerals, generally relating to rocks of silicic or acid composition (vis granite or rhyolite)
geochemical	relating to the chemical composition of rocks and minerals
geophysical	potential fields (electrical and magnetic) related to the Earth
gossan	iron rich rock produced following strong weathering of sulphide-rich mineralisation
granite	crystalline intrusive igneous rock largely composed of the minerals quartz and feldspars (see also felsic or acid)
granodiorite	grey crystalline intrusive igneous rock largely composed of the minerals quartz and alkali feldspar, with minor biotite or hornblende
granulite facies	metamorphosed or altered at very high temperature and pressure
greenfields	exploration distant from a known mineral deposit
greenschist	rocks altered to conditions of low to moderate temperature and pressure, at which minerals such as chlorite, actinolite and albite will form

igneous	relating to molten rock (magma)
intrusion	body of igneous rock crystallised below the Earth's surface
JORC	JORC Joint Ore Reserves Committee (of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Minerals Council of Australia)
lag sample	sample of residual, heavy material left following removal of fines by the action of wind or water
laterite	surface deposit formed by prolonged weathering under warm and wet conditions, commonly leading to the formation of an iron or aluminium rich hard crust (duricrust)
mafic	igneous rocks composed principally of dark coloured minerals, generally relating to rocks of basic composition
mantle	region of the Earth below the crust and outside the Earth's core, generally extending from approximately 40 kilometres and 3,000 kilometres below the surface .
metamorphic	related to the process of alteration brought about in rocks through the application of fluids, heat and pressure
mudrock, mudstone	a sedimentary rock composed mainly of clay
Neoproterozoic	period of Earth history between 545 and 1000 million years before the present
orogen	zone of the Earth's crust affected by tectonic activity and metamorphism
Palaeoproterozoic	period of Earth history between 1600 and 2500 million years before the present
Phanerozoic	Period of Earth history between now and 545 million years before the present
ppm	parts per million; 1ppm = 0.0001%; equivalent to grammes per tonne (g/t)
Proterozoic	period of Earth history between 545 and 2500 million years before the present
RAB drilling	rotary air blast drilling
radiometric	measurements taken of the radioactive decay from a source
regolith	relating to near surface deposits, such as sand, silt, clay, laterite and calcrete, formed during by weathering and erosion of rocks
retrograde	alteration at lower temperature and/or pressure than previously occurred
reverse circulation drilling (RC)	percussion drillhole where the sample return is internal to the drill string, and hence relatively isolated from contamination
sandstone	a sedimentary rock composed mainly of sand-size grains of mineral or rock
siliciclastic	sedimentary rock with a high proportion of quartz grains and formed by deposition of grains transported by wind and water
siltstone	a fine grained sedimentary rock composed mainly of silt size grains of clay, mineral and/or rock
strike	the trend of a horizontal line drawn on a planar surface
tectonic	relating to deformation of the Earth's crust
unconformity	contact where younger sediments are deposited on top of older rocks that have been tilted and eroded through tectonic activity
sediment	material transported by fluid, typically water but also air
sedimentary basin	geological region defined by the long term accumulation of sediment
seismic	related to the movement or measurement of sound waves passing through the Earth
stratigraphic	the layering and age relationships of sedimentary deposits
sulphide	minerals formed by chemical bonding with sulphur and not containing oxygen; commonly including transition metals such as iron, nickel, copper, zinc and lead

tectonic	relating to deformation of the Earth's crust
tonalite	crystalline igneous rock composed primarily of the minerals plagioclase feldspar and hornblende
thrust	older rocks overlying younger rocks with fault contact
unconformity	contact where younger sediments are deposited on top of older rocks that have been tilted and eroded through tectonic activity
wallrock	rocks surrounding a rock mass, eg adjacent to a vein or an igneous intrusion

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