

# **Optima ICM Limited**

(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

**ABN 80 085 905 997**

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## **NOTICE OF GENERAL MEETING**

including

## **EXPLANATORY STATEMENT**

### **DATE**

Wednesday, 23 September 2009

### **TIME**

11.00am Sydney time

### **LOCATION**

Wran Partners  
Level 6, Bligh House,  
4-6 Bligh Street,  
Sydney NSW 2000

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY. IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.**

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# Letter to Shareholders

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21 August 2009

Dear Shareholder

Enclosed with this letter is a Notice of General Meeting (“Notice of Meeting”) and accompanying Explanatory Statement with details of the proposed acquisition of 33% of the Hungarian company, St. Stephan Gold Banyaszati Kft (“St. Stephan Gold”) with the option to acquire the remaining 67% of St. Stephan Gold (“the St. Stephan Acquisition”), the capital restructure of the Company and the proposed subsequent capital raising to be conducted by way of a public offer (“Capital Raising”). St. Stephan Gold has full title to the Recsk Eszak license to mine the Lahoca gold mine (“Lahoca”).

Lahoca is located in Recsk, Hungary. The Company proposes to conduct the Capital Raising to provide working capital to fund commercialisation of Lahoca.

Subject to the approval of shareholders, the Company intends to change its name to “Saint Istvan Gold Limited”. Upon shareholder approval and completion of the St. Stephan Acquisition, as described in the Explanatory Statement, the Board of the Company will change to reflect the new direction and business of the Company.

As consideration for the St. Stephan Acquisition, the Company will issue new shares to the vendor, Magyar Mining Limited (“Magyar”). Magyar is a company registered in the United Kingdom. On completion of the St. Stephan Acquisition and the issue of shares to officers of the Company, Magyar will hold 50% of the issued shares in the Company. The existing shareholders of the Company will collectively hold approximately 44.64% of the issued shares in the Company with the remaining 5.36% (approximately) of the issued shares in the Company representing the issue of new shares to officers of the Company.

Subsequent to the issue of shares to new investors under the Capital Raising, which is scheduled to be completed within three months of this General Meeting, Magyar will hold approximately 31.25% of the issued shares in the Company; current shareholders (including the share issues to officers of the Company) will hold approximately 31.25% of the issued shares in the Company; and the new shareholders under the Capital Raising will hold approximately 37.5% of the issued shares in the Company.

Magyar’s shareholding and percentage ownership in the Company may again increase in the future should the Company exercise its option to acquire the remaining 67% of St. Stephan Gold and pay any component of the option exercise price by way of a further issue of the Company’s shares to Magyar, subject to approval by the Company’s shareholders.

An independent expert’s report on the fairness and reasonableness of the St. Stephan Acquisition accompanies the Explanatory Statement.

The Directors are delighted to be in a position to present this opportunity to shareholders. It provides a future for the Company and preserves some value in its shares. If the St. Stephan Acquisition does not proceed, the Company faces an uncertain future.

The General Meeting of the Company is to be held at the offices of Wran Partners, Level 6, Bligh House, 4-6 Bligh Street, Sydney at 11.00am on 23 September 2009.

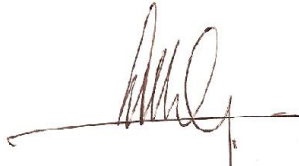
Your Directors unanimously recommend the proposed transaction and encourage eligible shareholders to vote in favour of all resolutions set out in the accompanying Notice of Meeting

(except to the extent that any Director has a material personal interest in the resolutions as disclosed in the Notice of Meeting and Explanatory Statement).

You are urged to consider carefully the Notice of Meeting and the accompanying Explanatory Statement before determining how you wish to vote on the resolutions.

If you can not attend the General Meeting, please complete the proxy form and return it (see the proxy form for details) as soon as possible and in any event no later than 11.00am on 21 September 2009.

Yours sincerely,

A handwritten signature in brown ink, appearing to read 'ALBERT Y L WONG', written over a horizontal line.

Albert Y L Wong  
Chairman

# Notice of General Meeting

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Notice is given that a Meeting of Shareholders of Optima ICM Limited (subject to Deed of Company Arrangement) (**Company** or **Optima**) will be held at Wran Partners, Level 6, Bligh House, 4-6 Bligh Street, Sydney NSW 2000 on Wednesday, 23 September 2009 at 11.00am Sydney time.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

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

## **1.0 BUSINESS**

### **1.1 RESOLUTION 1 – CONSOLIDATION OF SHARES**

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

*That in accordance with section 254H of the Corporations Act and for all other purposes, approval is given to the conversion of every four point one (4.1) ordinary shares in the capital of the Company into one (1) ordinary share, on the terms and conditions described in the Explanatory Statement.*

#### **Further Information**

Further information specifically relevant to Resolution 1 is set out in section 4 of the Explanatory Statement.

#### **Voting Exclusion Statement**

No exclusions.

### **1.2 RESOLUTION 2 – ISSUE OF SHARES TO MAGYAR**

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

*That, subject to the passing of Resolution 1, Resolutions 3 to 6 and Resolutions 9 to 11 as set out in the Notice of Meeting convening this Meeting, and for the purposes of item 7 of section 611 of the Corporations Act and for all other purposes, approval is given for:*

- (a) the Company to issue 41,675,000 Shares to Magyar on the terms and conditions described in the Explanatory Statement ; and*
- (b) the resulting acquisitions of relevant interests in those shares by Magyar and its Associates.*

#### **Further Information**

Further information specifically relevant to Resolution 2 is set out in section 5 of the Explanatory Statement.

#### **Voting Exclusion Statement**

Magyar is not currently a Shareholder. However, the Company will disregard any votes cast on this Resolution by Magyar (to the extent it is a Shareholder at the relevant voting time) and any Associates of Magyar who are

Shareholders. The Company need not disregard a vote if it is cast by a person who is a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form as the proxy decides.

### **1.3 RESOLUTION 3 – PROPOSED CHANGE TO NATURE AND SCALE OF ACTIVITIES**

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

*That, subject to the passing of Resolutions 1 to 2, Resolutions 4 to 6 and Resolutions 9 to 11 as set out in the Notice of Meeting convening this Meeting, and for the purpose of ASX Listing Rule 11.1.2 and for all other purposes, approval is given for the Company to make a significant change to the nature and scale of its activities as described in the Explanatory Statement.*

#### **Further Information**

Further information specifically relevant to Resolution 3 is set out in section 6 of the Explanatory Statement.

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any Associates of that person. 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.

### **1.4 RESOLUTION 4 – ISSUE OF SHARES TO ALBERT WONG**

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

*That, subject to the passing of Resolutions 1 to 3, Resolutions 5 to 6 and Resolutions 9 to 11 as set out in the Notice of Meeting convening this Meeting, and for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,860,227 Shares to Albert Wong for services pertaining to the sourcing of and the structuring of the St. Stephan Acquisition.*

#### **Further Information**

Further information specifically relevant to Resolution 4 is set out in section 7 of the Explanatory Statement.

#### **Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by Albert Wong and any Associates of Albert Wong. 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.

### **1.5 RESOLUTION 5 – ISSUE OF SHARES TO NEVILLE WRAN**

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

*That, subject to the passing of Resolutions 1 to 4, Resolution 6 and Resolutions 9 to 11 as set out in the Notice of Meeting convening this Meeting, and for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 1,860,228 Shares in the Company to Neville Wran for services pertaining to the sourcing of and the structuring of the St. Stephan Acquisition.*

**Further Information**

Further information specifically relevant to Resolution 5 is set out in section 8 of the Explanatory Statement.

**Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by Neville Wran and any Associates of Neville Wran. 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.

**1.6 RESOLUTION 6 – FUTURE ALLOTMENT AND ISSUE OF NEW SHARES**

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

*That, subject to the passing of Resolutions 1 to 5 and Resolutions 9 to 11 as set out in the Notice of Meeting convening this Meeting, and for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 50,000,000 Shares on the terms and conditions described in the Explanatory Statement.*

**Further Information**

Further information specifically relevant to Resolution 6 is set out in section 9 of the Explanatory Statement.

**Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and any person who may 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.

**1.7 RESOLUTION 7 – ISSUE OF SHARES TO DIRECTORS AND COMPANY SECRETARY**

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

*That for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 750,000 Shares to the Directors and Company Secretary as described in the Explanatory Statement.*

**Further Information**

Further information specifically relevant to Resolution 7 is set out in section 10 of the Explanatory Statement.

**Voting Exclusion Statement**

The Company will disregard any votes cast on this Resolution by Scott Brown, David Coad, Pipvide Tang and any of their respective 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.

## **1.8 RESOLUTION 8 – CHANGE OF COMPANY NAME**

To consider and, if thought fit, to pass the following resolution as a special resolution:

*That, for the purpose of section 157(1) of the Corporations Act and for all other purposes, approval is given that the name of the Company be changed to “Saint Istvan Gold Limited”.*

### **Further Information**

Under the Corporations Act, in order for this Resolution to be effective, it needs to be passed by a special majority of at least 75% of the votes cast by Shareholders present at the Meeting in person, by proxy or attorney and entitled to vote on the Resolution. Further information specifically relevant to Resolution 8 is set out in section 11 of the Explanatory Statement.

### **Voting Exclusion Statement**

No exclusions.

## **1.9 RESOLUTION 9 – APPOINTMENT OF DIRECTOR (JAMES CHAPMAN)**

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

*That, subject to the passing of Resolutions 1 to 6 and Resolutions 10 to 11 as set out in the Notice of Meeting convening this Meeting, James Chapman be appointed as a Director of the Company effective from the date of completion of the St. Stephan Acquisition by the Company as described in the Explanatory Statement.*

### **Further Information**

Further information specifically relevant to Resolution 9 is set out in section 12 of the Explanatory Statement.

### **Voting Exclusion Statement**

No exclusions.

## **1.10 RESOLUTION 10 – APPOINTMENT OF DIRECTOR (DEAN FELTON)**

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

*That, subject to the passing of Resolutions 1 to 6 and Resolutions 9 and 11 as set out in the Notice of Meeting convening this Meeting, Dean Felton be appointed as a Director of the Company effective from the date of completion of the St. Stephan Acquisition by the Company as described in the Explanatory Statement.*

### **Further Information**

Further information specifically relevant to Resolution 10 is set out in section 13 of the Explanatory Statement.

### **Voting Exclusion Statement**

No exclusions.



## **1.11 RESOLUTION 11 – APPOINTMENT OF DIRECTOR (DAVID STRAFACE)**

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

*That, subject to the passing of Resolutions 1 to 6 and Resolutions 9 to 10 as set out in the Notice of Meeting convening this Meeting, David Straface be appointed as a Director of the Company effective from the date of completion of the St. Stephan Acquisition by the Company as described in the Explanatory Statement.*

### **Further Information**

Further information specifically relevant to Resolution 11 is set out in section 14 of the Explanatory Statement.

### **Voting Exclusion Statement**

No exclusions.

## **2.0 VOTING ENTITLEMENT**

For the purposes of the Meeting and in accordance with Regulation 7.11.37 of the Corporations Regulations 2001 (Cth), it has been determined that the Shareholders entitled to attend and vote at the Meeting shall be those persons who are recorded on the register of members at 11.00am (Sydney Time) on 21 September 2009.

## **3.0 QUORUM**

The Constitution provides that a quorum for a meeting of Shareholders is three Shareholders entitled to vote, present personally or by representative, attorney or proxy.

## **4.0 CONDITIONALITY OF RESOLUTIONS 2, 3, 4, 5, 6, 9, 10 AND 11 AND MAJORITY REQUIRED FOR EACH RESOLUTION**

4.1 Resolutions 2, 3, 4, 5, 6, 9, 10 and 11 set out in the Notice of Meeting are conditional upon the passing of each other and Resolution 1 so that none of those Resolutions will have effect unless and until Resolutions 1, 2, 3, 4, 5, 6, 9, 10 and 11 are passed. Resolutions 2, 3, 4, 5, 6, 9, 10 and 11 will be passed if at least 50% of the votes cast on each of those Resolutions and Resolution 1 (either in person, proxy, attorney or by a corporate representative) are in favour of those Resolutions and all of them are passed.

4.2 Resolutions 1, 7 and 8 are not conditional on any other Resolutions passing. Resolutions 1 and 7 will be passed if at least 50% of the votes cast (either in person, proxy, attorney or by a corporate representative) are in favour of those Resolutions.

4.3 Resolution 8 will only be passed if at least 75% of the votes cast on the Resolution (either in person, proxy, attorney or by a corporate representative) are in favour of the Resolution.

## **5.0 PROXIES**

5.1 Each shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy. The proxy need not be a Shareholder of the Company.

5.2 A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes.

5.3 A Shareholder may specify the way in which a proxy is to vote on the Resolution or may allow the proxy to vote at their discretion.

5.4 To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Meeting and return it to the Company's share registry. To be valid, proxy forms must be received by the Company's share registry not less than 48 hours prior to the commencement of the Meeting.

**Proxy forms may be lodged:**

- (a) by hand to Registries Limited, Level 7, 207 Kent Street, Sydney NSW 2000; or
- (b) by posting it to Registries Ltd, GPO Box 3993, Sydney NSW 2001; or
- (c) by facsimile to (02) 9290 9655.

5.5 If the proxy form is executed under a power of attorney, a certified copy of the power of attorney must be lodged with the proxy form.

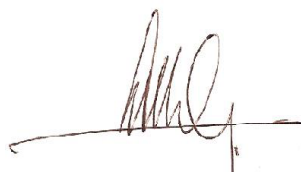
5.6 a body corporate member may elect to appoint a representative, rather than appoint a proxy, in accordance with section 250D of the Corporations Act. Where a body corporate appoints a representative, the Company requires written proof of the representative's appointment to be lodged with or presented to the Company before the Meeting.

5.7 If you return your proxy form but do not nominate a representative, the Chair of the Meeting will be your proxy and will vote on your behalf as you direct on the proxy form. If your nominated representative does not attend the meeting then your proxy will revert to the Chair of the Meeting and he will vote on your behalf as you direct on the proxy form. If a proxy is not directed how to vote on a Resolution, the proxy may vote, or abstain from voting, as they think fit (where the Chair is the proxy, undirected votes will only be cast if the applicable box on the proxy form is marked). For the avoidance of doubt, the Chair intends to vote all open proxies in favour of the applicable Resolutions.

**6.0 INCORPORATION OF EXPLANATORY STATEMENT**

The Explanatory Statement attached to this Notice of Meeting is incorporated into and forms part of this Notice of Meeting.

By order of the Board:

A handwritten signature in black ink, appearing to read 'ALBERT Y L WONG', written over a horizontal line.

**Albert Y L Wong**  
**Chairman**

Dated: 21 August 2009

# Explanatory Statement

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## 1.0 INTRODUCTION AND PURPOSE OF MEETING

This Explanatory Statement has been prepared to assist Shareholders to understand the Resolutions to be put to Shareholders at the Meeting to be held at Wran Partners, Level 6, Bligh House, 4-6 Bligh Street, Sydney NSW 2000 on Wednesday, 23 September 2009 at 11.00am Sydney time.

The primary purpose of the Meeting is to approve the acquisition by the Company of 33% of St. Stephan Gold (with an option to acquire the remaining 67%) and the undertaking of various other steps, including a Capital Raising, restructure of the Board and a change of name, associated with the acquisition.

St. Stephan Gold is a Hungarian company which owns the exclusive license to mine the Lahoca gold mine located in Recsk, Hungary. St. Stephan Gold intends to explore and develop Lahoca.

The acquisition will result in a major change in the nature and scale of the activities of the Company and will result in control of the company passing to Magyar, the 100% owner of the issued share capital of St. Stephan Gold.

The Resolutions specified in the Notice of Meeting are proposed for the purpose of obtaining the approval of Shareholders to the share consolidation (Resolution 1), St. Stephan Acquisition (Resolutions 2 and 3), the issue of Shares pursuant to the Capital Raising (Resolution 6) and the other steps associated with the St. Stephan Acquisition and Company restructure (Resolutions 4, 5, 8, 9, 10 and 11). Resolution 7 pertains to the issue of Shares to officers of the Company in consideration for their past services to the Company.

## 2.0 CONDITIONALITY OF RESOLUTIONS 2, 3, 4, 5, 6, 9, 10 AND 11

Resolutions 2, 3, 4, 5, 6, 9, 10 and 11 set out in the Notice of Meeting are conditional upon the passing of each other and Resolution 1 so that none of those Resolutions will have effect unless and until Resolutions 1, 2, 3, 4, 5, 6, 9, 10 and 11 are passed. However, Resolutions 2, 3, 4, 5, 6, 9, 10 and 11 will have effect if they and Resolution 1 are all passed and Resolution 7 is not passed and / or Resolution 8 is not passed.

## 3.0 GLOSSARY

In the Notice of Meeting and in this Explanatory Statement, unless the context otherwise requires, the following terms and abbreviations will have the following meaning:

**“Administrators of the Deed of Company Arrangement”** means Richard James Porter and David Ian Mansfield both of Moore Stephens Sydney West, Chartered Accountants, Level 6, 460 Church Street, Parramatta, New South Wales.

**“A\$”** means Australian dollars.

**“Associate”** has the meaning given to it by Division 2 of Part 1.2 of the Corporations Act.

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

**“ASX”** means ASX Limited ABN 98 008 624 691.

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

"**Board**" means the board of Directors of the Company from time to time.

"**Capital Raising**" means the capital raising to be undertaken by the Company to raise up to \$10,000,000 by way of a public offer of Shares pursuant to a prospectus to be lodged with ASIC as soon as practicable subsequent to this Meeting.

"**Company**" means Optima ICM Limited (subject to Deed of Company Arrangement) ABN 80 085 905 997.

"**Constitution**" means the constitution of the Company as amended from time to time.

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

"**Deed of Company Arrangement**" means the deed of company arrangement executed on 20 February 2009 between Optima ICM Ltd, Scott Andrew Brown, Pipvide Tang & Cornel Ung (directors at that time) and Richard James Porter & David Ian Mansfield (administrators) as amended by the resolution of the creditors of the Company passed at the further meeting of creditors of the Company held on 20 April 2009.

"**Director**" means a director of the Company from time to time.

"**Euro**" means the official currency of the European Union.

"**Explanatory Statement**" means this Explanatory Statement attached to the Notice of Meeting.

"**Independent Expert**" means WHK Horwath Corporate Finance Limited ABN 95 001 508 363.

"**Independent Expert's Report**" means the report of the Independent Expert (a copy of which is set out in Annexure A).

"**JORC**" means the Australasian Joint Ore Reserves Committee.

"**Lahoca**" means the Lahoca gold mine located in Recsk, Hungary.

"**Magyar**" means Magyar Mining Limited, company number 04617884, registered in England and Wales. Magyar is the 100% owner of the issued share capital of St. Stephan Gold.

"**Meeting**" means the general meeting of Shareholders of the Company to be held on 23 September 2009 convened by the Notice of Meeting.

"**Notice of Meeting**" means the notice of the Meeting of the Company.

"**Option Exercise**" means the exercise by the Company of its option to acquire the remaining 67% of the issued share capital of St. Stephen Gold pursuant to the St. Stephen Acquisition.

"**Optima**" means Optima ICM Limited (subject to Deed of Company Arrangement) ABN 80 085 905 997.

"**Recsk Eszak License**" means the exclusive license to mine Lahoca, 100% owned by St. Stephan Gold.

"**Resolutions**" means the resolutions that are set out in the Notice of Meeting and explained in the Explanatory Statement and **Resolution** means any one of the Resolutions.

"**Shareholder**" means a holder of Shares in the Company.

**“Share Issue to Magyar”** means the issue of 41,675,000 Shares to Magyar in consideration for the St. Stephan Acquisition.

**“Shares”** means fully paid ordinary shares in the capital of the Company.

**“StoneBridge”** means StoneBridge Group Limited ACN 098 273 824.

**“St. Stephan Gold”** means St. Stephan Gold Banyaszati Kft, a limited responsibility company registered in Hungary. St Stephen Gold is the 100% owner of the Recsk Eszak license.

**“St. Stephan Acquisition”** means the acquisition by the Company from Magyar of 33% of the issued share capital of St. Stephan Gold and the acquisition by the Company of an option to acquire the remaining 67% of the issued share capital of St. Stephan Gold from Magyar on the terms and conditions detailed in section 5.1.2 of this Explanatory Statement.

**“Subsidiaries”** means the subsidiaries of the Company which are; Iocom Solutions Pty Ltd, Internet Solutions Pty Ltd, Opennet BI Pty Ltd and Fortress Network Pty Ltd.

**“Term Sheet”** means the Term Sheet executed by the Company and Magyar dated 29 June 2009.

**“US\$”** means United States dollars.

## **4.0 CONSOLIDATION (RESOLUTION 1)**

### **4.1 Purpose of the Resolution**

The purpose of Resolution 1 is to enable the Company to consolidate its shares into a smaller number. Section 254H of the Corporations Act allows a company to convert all or any of its shares into a smaller number by way of resolution of the members. There are currently 152,229,143 Shares on issue and there are currently 1,182 Shareholders in the Company.

The primary reason for the proposed consolidation is so that the Company can comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules on completion of the St. Stephan Acquisition and in order to conduct the Capital Raising.

### **4.2 Fractional Entitlements**

If after the consolidation the total number of shares held by a Shareholder results in a fraction, then that fraction will be rounded up to the nearest whole number.

### **4.3 Effect on Shareholdings**

As at the date of the Meeting, there will be 152,229,143 Shares on issue. The proposed consolidation will have the effect of reducing the number of Shares on issue to approximately 37,204,545 (allowing for rounding as described in section 4.2). The consolidation will only have an effect on the number of Shares held by Shareholders. Shareholders' proportionate interest in the Company's share capital will remain unchanged by the consolidation.

### **4.4 Effect on Option Holders**

There are currently no options on issue in the Company. The options that were previously on issue expired on 4 June 2009 as disclosed in the Company's ASX announcement of the same date.

### **4.5 Holding Statements**

From the date of the consolidation all holding statements for Shares will cease to have any effect, except as evidence of entitlement to a certain number of Shares on a post-consolidation basis. After the consolidation becomes effective, the Company will arrange for new holding statements to be issued to Shareholders. It is the responsibility of each Shareholder to check the number of Shares held prior to disposal.

### **4.6 Timetable**

<b>Event</b>	<b>Date</b>
Snapshot date for eligibility to vote at the Meeting	11.00a.m on 21 September 2009
Approval of consolidation at the Meeting	23 September 2009
Last day for entity to register transfers on a pre-consolidation basis and record date for the consolidation	30 September 2009
First day for entity to register Shares on a post-consolidation basis and to send Shareholder notice	1 October 2009
Last day for entity to register Shares on a post-consolidation basis and to send Shareholder notice	8 October 2009

#### **4.7 Resolution not conditional**

If Resolution 1 is passed, the consolidation of capital will occur as described in this section regardless of the outcome of the other Resolutions to be considered at the Meeting.

#### **4.8 Recommendation of Directors**

All of the Directors approved the proposal to put Resolution 1 to Shareholders.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1.

### **5.0 OVERVIEW OF THE ST. STEPHAN ACQUISITION (RESOLUTION 2)**

#### **5.1.1 What is the St. Stephan Acquisition?**

On 29 June 2009, the Company entered into a Term Sheet with Magyar. Magyar owns 100% of the share capital of St. Stephan Gold. St. Stephan Gold is the 100% owner of the Recsk Eszak License. The Recsk Eszak License is an exclusive license to mine Lahoca.

Some of the terms of the Term Sheet have been amended since 29 June 2009. The material terms of the Term Sheet as amended follow in sections 5.1.2 to 5.1.4.

#### **5.1.2 Terms of the St. Stephan Acquisition**

- i) in consideration for 50% of the total issued share capital of the Company the Company shall acquire:
  - (a) 33% of the share capital of St. Stephan Gold from Magyar; and
  - (b) an exclusive option to acquire the remaining 67% of the issued share capital of St. Stephan Gold from Magyar with an option term of six months commencing on the date of completion of a bankable feasibility study.
- ii) The exercise price of the option shall be based on a 20% discount to the net present value of Lahoca as determined by the bankable feasibility study.
- iii) The Company may make payment of the Option Exercise price in the form of a further issue of Shares (subject to Shareholder approval) and cash (subject to the application of the ASX Listing Rules at the time).
- iv) the entitlement of Magyar to nominate up to four directors to the Board of the Company.

#### **5.1.3 Capital Raising Plans**

- i) the issue by the Company of a prospectus to raise up to \$10 million for working capital.
- ii) a post Capital Raising capital structure of the Company providing for the following; Magyar with 31.25% of the issued share capital of the Company; the existing Shareholders with 31.25% of the issued share capital of the Company; and the new investors pursuant to the Capital Raising with 37.50% of the issued share capital of the Company.
- iii) the completion of all tasks required to obtain revocation of the Company's suspension from listing on the ASX so as to permit the recommencement of trading in the Company's securities on the ASX.
- iv) the lending (by way of an unsecured loan) of up to \$250,000 in risk capital to the Company by interests associated with Neville Wran and Albert Wong for costs associated with the St. Stephan Acquisition and Capital Raising. These costs include the cost of the independent valuation, metallurgical report, investigating accountant's report and the legal costs associated

with the prospectus. The unsecured loan is to be repaid together with interest upon the successful re-quotations of the Company's securities.

- v) the rate of interest to be charged on the unsecured loan described in iv) above will be on arm's length terms taking into consideration the risk involved in providing the funding and the initiative involved by the lenders in facilitating the proposed transactions whilst simultaneously preserving the Company's cash.

#### **5.1.4 Post Capital Raising Plans**

Following the Capital Raising, \$4 million of the funds raised will be directed towards an aggressive exploration and drilling program at Lahoca to establish a JORC compliant gold resource and a bankable feasibility study. Subject to exploration results and the establishment of a JORC resource or other confirmation of the existence of a commercial gold resource, the Company will be in a position to exercise its option of acquiring the remaining 67% of the issued share capital of St. Stephan Gold from Magyar and to commence gold mining operations at Lahoca.

The Company will be responsible for its 33% share of any costs associated with maintaining Lahoca commencing from the date of completion of the St. Stephan Acquisition.

#### **5.2 Capital Raising**

The Company intends to raise new capital of up to \$10 million by the issue of new Shares (post the Share consolidation) at 20 cents per share. It is intended that the Capital Raising be completed by 23 December 2009. StoneBridge has been engaged as Lead Manager to undertake the Capital Raising.

The Capital Raising, if successful, will:

- i) provide working capital for the commercialisation of Lahoca;
- ii) provide working capital for the Company's business activities generally; and
- iii) pay the fees and expenses associated with the Capital Raising.

#### **5.3 Issued Capital of the Company**

##### **5.3.1 Directors' interests in current Issued Capital (post-consolidation)**

The Directors have a relevant interest in the Shares (on a post-consolidation basis) of the Company as set out in the following table (note that no options are on issue):

	<b>Direct Interest Number of Shares</b>	<b>Indirect Interest Number of Shares</b>
Albert Wong	-	7,069,825
Neville Wran	-	-
Scott Brown	935	-
David Coad	-	-



### 5.3.2 Issued Capital post Consolidation, St. Stephan Acquisition and Share issues to Company officers

Immediately after the consolidation of Shares, the St. Stephan Acquisition and the issue of Shares to officers of the Company, the issued share capital of the Company will be as follows:

<b>Shares</b>	<b>Number</b>	<b>Percentage</b>
Current Shareholders {a}	37,204,545	44.64%
Magyar	41,675,000	50.00%
New Shares to Company officers	4,470,455	5.36%
<b>Total Shares</b>	<b>83,350,000</b>	<b>100.00%</b>

{a} includes Scott Brown's direct interest in Shares and Albert Wong's indirect interest in Shares as detailed in section 5.3.1.

### 5.3.3 Issued Capital post Capital Raising

Subsequent to the Capital Raising, the issued share capital of the Company will be as follows:

<b>Shares</b>	<b>Number</b>	<b>Percentage</b>
Current Shareholders and Share issues to officers of the Company	41,675,000	31.25%
Magyar	41,675,000	31.25%
New Shares pursuant to the Capital Raising	50,000,000	37.50%
<b>Total Shares</b>	<b>133,350,000</b>	<b>100.00%</b>

Should the Company exercise its option to acquire the remaining 67% of the issued share capital of St. Stephan Gold pursuant to the St. Stephan Acquisition, and Shareholders approve the issue of new Shares to Magyar in part or full satisfaction of the Option Exercise price at that time, Magyar's shareholding in and percentage ownership of the Company at that time will increase.

## 5.4 The Company background

The Company and its Subsidiaries were engaged in computer manufacturing, distribution and information technology equipment retailing up until 24 July 2008. On that date, the Company's major operating subsidiaries were placed into voluntary administration. On 28 August 2008, those operating subsidiaries were placed into liquidation by those companies' creditors.

Following that time, the Company attempted to secure investors to recapitalise and identify a new business direction. Due to adverse developments in the financial markets, the Company was unable to attract additional capital. As a result of the uncertainty surrounding the funding and future direction of the Company, the Directors resolved to place the Company into voluntary administration on 29 October 2008.

On 6 November 2008, the Company's administrators invited expressions of interest in the Company as a shell. An expression of interest was received from Bligh Street Capital Partners Pty Ltd, a company associated with Albert Wong and Neville Wran.

Pursuant to a meeting of creditors of the Company a deed of company arrangement was executed on 20 February 2009 at which point the management of the Company passed from the administrators to the Directors. A further meeting of creditors of the Company was held on 20 April 2009 at which it was resolved that the Company execute the revised and current Deed of Company Arrangement. The terms of the Deed of Company Arrangement included, inter alia, the issue of 50,000,000 Shares (pre-consolidation) to Bligh Street Capital Partners Pty Ltd or its nominated parties as consideration for a \$50,000 payment to the Company.

On 29 May 2009, Shareholder approval was obtained under item 7 of section 611 of the Corporations Act and the Company subsequently received \$50,000 from Bligh Street Capital

Partners Pty Ltd. On 4 June 2009, the Company issued 50,000,000 Shares (pre-consolidation) to parties nominated by the Associates of Bligh Street Capital Partners Pty Ltd.

The Company is still subject to the Deed of Company Arrangement. Once the deed creditors have been paid, the Administrators of the Deed of Company Arrangement will lodge with ASIC notice that the Deed of Company Arrangement is wholly effectuated and the Company will no longer be subject to the Deed of Company Arrangement.

### **5.5 Changes to the Board if the St. Stephan Acquisition proceeds**

#### **Board structure prior to the Meeting and prior to the St. Stephan Acquisition**

Albert Wong (Non-executive Chairman)  
Neville Wran (Non-executive Director)  
David Coad (Non-executive Director)  
Scott Brown (Non-executive Director) \*

#### **Proposed structure if the St. Stephan Acquisition proceeds**

Albert Wong (Non-executive Chairman)  
James Chapman (Executive Director) \*\*  
Dean Felton (Executive Director) \*\*  
Neville Wran (Non-executive Director)  
David Coad (Non-executive Director)  
David Straface (Non-executive Director) \*\*

\* Mr. Brown will resign from the Board if the St. Stephan Acquisition proceeds.

\*\* Appointment is subject to the passing of all of the Resolutions at the Meeting other than Resolutions 7 and 8. For the avoidance of doubt, the named person will not become a Director if the St. Stephan Acquisition does not proceed.

### **5.6 What has the Independent Expert said?**

The Independent Expert has concluded that the St. Stephan Acquisition is fair and reasonable to the Shareholders. A copy of the Independent Expert's Report is attached as Annexure A to this Explanatory Statement.

### **5.7 Advantages of the St. Stephan Acquisition**

The Directors consider that the St. Stephan Acquisition may have the following advantages for the Company:

- (a) The terms of the St. Stephan Acquisition were negotiated on an arm's length basis and the Independent Expert's Report contains a finding that the St. Stephan Acquisition is fair and reasonable from the perspective of the non-associated Shareholders of the Company.
- (b) The St. Stephan Acquisition provides the Company with an alternative to being wound-up and liquidated. At present the Company is subject to the Deed of Company Arrangement and is making losses which has reduced its cash to a level which jeopardises the Company's ability to continue as a going concern.
- (c) At present, the Company does not operate an active business. The St. Stephen Acquisition will provide the Company with a potential business activity and the possibility of obtaining a return on capital invested. No other such opportunities appear likely to proceed to agreement stage.
- (d) The Shares in the Company are not currently quoted or traded on an established exchange. The approval of the St. Stephan Acquisition may provide the Company with the opportunity to have its Shares re-quoted on the ASX, thereby providing shareholders of the Company with the ability to trade their shares.

## **5.8 Disadvantages of the St. Stephan Acquisition**

The Directors consider that the St. Stephan Acquisition may have the following disadvantages for the Company:

- (a) The St. Stephan Acquisition will dilute existing Shareholders' proportionate interests in the Company.
- (b) Approval of the St. Stephan Acquisition will result in Magyar becoming the dominant Shareholder in the Company. If the St. Stephan Acquisition is approved, Magyar and its Associates will hold 50% of the issued share capital of the Company. This would reduce to 31.25% upon successful completion of the Capital Raising but may again increase if the Company exercises its option to acquire the remaining 67% of the issued shares of St. Stephan Gold and Shareholders approve the issue of new Shares to Magyar in full or part satisfaction of the Option Exercise price. Should the Company succeed in having its suspension from listing on the ASX revoked and its Shares recommence trading on the ASX, the presence of such a large shareholding may reduce the liquidity of the Company's Share trading and reduce the likelihood that the Company will be the target of any potential takeover activity.
- (c) Lahoca is undeveloped.
- (d) The existing Shareholders may not consider that the business risk profile that the Company will have if the St. Stephan Acquisition is approved matches the original investment criteria.

## **5.9 What will happen if Resolution 2 is approved?**

If Resolution 2 and all of the other Resolutions it is conditional upon are passed by the Shareholders, the St. Stephan Acquisition will proceed.

## **5.10 What will happen if Resolution 2 is not approved?**

If Resolution 2 or any of the other Resolutions it is conditional upon are not approved:

- i) the St. Stephan Acquisition will not proceed;
- ii) new Shares will not be issued to Albert Wong and Neville Wran;
- iii) James Chapman, Dean Felton and David Straface will not be appointed as Directors;
- iv) the Capital Raising will not proceed;
- v) the Company will have incurred costs and expended management time and resources in developing and pursuing the St. Stephan Acquisition without the benefits of the St. Stephan Acquisition being delivered; and
- vi) the Company will face an uncertain future, with the most likely outcome being an orderly voluntary winding up and return of the surplus cash and assets (if any) to the Shareholders.

## **5.11 Item 7 of Section 611 of the Corporations Act**

Section 606 of the Corporations Act prohibits a person from acquiring a relevant interest in voting shares in the Company if 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 above 20% and below 90%.

However, section 611 item 7 of the Corporations Act permits an acquisition which would otherwise breach section 606 if the acquisition is approved by shareholders.

A person's voting power in a company is determined by calculating the total number of votes attached to all the voting shares in the company that the person and the person's Associates have a relevant interest in.

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.

A person's Associates include a person who:

- (a) has the capacity to control a company;
- (b) has the ability to control or influence the composition of a company's board or the conduct of a company's affairs; or
- (c) is acting in concert in relation to the company's affairs.

If Resolution 2 and the other Resolutions it is conditional upon are approved, Magyar will hold 50% of the voting power in the Company. Accordingly, the Company is seeking Shareholder approval under item 7 of section 611 of the Corporations Act.

## **5.12 Information prescribed by ASIC Regulatory Guide 74**

ASIC Regulatory Guide 74 "Acquisitions agreed to by shareholders" specifies certain information that must be provided to shareholders where their approval of a proposed issue of shares in a company is sought. Accordingly, the following information is provided regarding the proposed issue of Shares to Magyar.

### **5.12 (a) Identity of the person proposing to acquire new Shares**

If Resolution 2 and the other Resolutions it is conditional upon are passed, 41,675,000 new Shares will be issued to Magyar. Magyar is a resource exploration company registered in England and Wales. Magyar is controlled by interests associated with Drysdale Investments Limited and Excalibur Mining Corporation Limited. Andrew Kent has a relevant interest in Drysdale Investments Limited and Excalibur Mining Corporation Limited and their Associates.

None of the Company's existing or proposed Directors are directors or shareholders of Magyar, Drysdale Investments Limited, Excalibur Mining Corporation Limited or their Associates.

**5.12 (b) The identity of any person who will have a relevant interest in the Shares to be allotted**

If Resolution 2 and the other Resolutions it is conditional upon are passed by the Shareholders and the St. Stephan Acquisition proceeds, new Shares will be issued to Magyar and Magyar, Drysdale Investments Limited, Excalibur Mining Corporation Limited and Andrew Kent will have a relevant interest in those new Shares.

**5.12 (c) The number and percentage of the Shares to which Magyar will be entitled to immediately before and after the St. Stephan Acquisition**

As at the date of this Notice of Meeting, Magyar holds no Shares. The number of new Shares to be issued to Magyar pursuant to the St. Stephan Acquisition will be 41,675,000 Shares. Assuming no additional new Shares are issued to Magyar, this will constitute a percentage holding of 50% of the total number of Shares on issue in the Company.

The effect of the Share Issue to Magyar is summarised in the following table, which outlines the current and proposed number and percentage of Shares to which Magyar will be entitled immediately before and after the Share Issue to Magyar.

Shareholder	Current Position {1}		Position after Share issue to Magyar {2}	
	No. of Shares	%	No. of Shares	%
Magyar	-	-	41,675,000	50.00
Current shareholders	37,204,545	100.00	37,204,545	44.64
New issue of Shares to Company officers	-	-	4,470,455	5.36
<b>Total</b>	<b>37,204,545</b>	<b>100.00</b>	<b>83,350,000</b>	<b>100.00</b>

{1} expressed on a post consolidation of Shares basis.

{2} post the consolidation of shares, the Share Issue to Magyar and the issue of Shares to officers of the Company (but excluding the Shares to be issued at the subsequent Capital Raising in relation to which Magyar will not participate and excluding any future issue of Shares to Magyar on the Option Exercise).

**5.12 (d) The voting power that Magyar would have as a result of its acquisition of new Shares, and the maximum extent of the increase in Magyar's voting power in the Company that would result from the acquisition of new Shares**

As at the date of this Notice of Meeting, Magyar does not hold any Shares. The number of new Shares to be issued to Magyar pursuant to the St. Stephan Acquisition will be 41,675,000 Shares. Assuming no additional new Shares are issued to Magyar, this will constitute a percentage holding of 50% of the total number of Shares on issue in the Company on completion of the St. Stephan Acquisition (excluding the Shares to be issued pursuant to the subsequent Capital Raising in relation to which Magyar will not participate and excluding any further issue of Shares to Magyar on the Option Exercise).

Therefore, the maximum extent of the increase in Magyar's voting power in the Company as a result of the St. Stephan Acquisition is 41,675,000 Shares or 50% (excluding the Shares to be issued pursuant to the subsequent Capital Raising in relation to which Magyar will not participate and excluding any further issue of Shares to Magyar on the Option Exercise).

## **5.12 (e) Identity, Associations and Qualifications of any proposed Director**

If the St. Stephan Acquisition proceeds, it is intended that:

- i) James Chapman will be appointed Chief Executive Officer and Director of the Company;
- ii) Dean Felton will be appointed as an Executive Director of the Company; and
- iii) David Straface will be appointed a Non-Executive Director of the Company.

Biographical details of each of James Chapman, Dean Felton and David Straface are set out below:

### **James Chapman B.Eng, M.Eng (mining)**

Mr. Chapman has twenty years of experience across the mining industry spanning design, start-up and operation of gold operations for Placer Dome, long term strategic planning for Rio Tinto Iron ore and a group management role at Normandy. Mr. Chapman is a founding director of Oyster Consulting, a successful management consulting firm specialising in the resources sector.

### **Dean Felton BBus, MBA**

Mr. Felton is a co-founder and director of Oyster Consulting, a successful management consulting firm specialising in the resources sector. Prior to this, Mr. Felton was managing an in-house advisory team for Rio Tinto. Recently he has worked with emerging mining companies to provide strategic management for the earliest stages of company development and has also managed due diligence and financial analysis for a multi-national business exploring investment opportunities in Australian resource companies.

### **David Straface BSc, MBA, Grad. Dip. Corporate Finance, F Fin**

Mr. Straface is a corporate advisor with over fifteen years experience in capital raisings, mergers and acquisitions, financial analysis and investor relations. Mr. Straface has advised across a number of sectors including mining & exploration, energy, and the information and telecommunications sectors. He has worked in senior roles for Montagu Stockbrokers, PricewaterhouseCoopers, CSC (Australia) and ADI Ltd (now Thales Australia).

## **5.12 (f) Magyar's intentions for the future of the Company if its acquisition of new Shares is approved**

The details set out in this section 5.12 are required by ASIC Regulatory Guide 74.

If the St. Stephan Acquisition proceeds, Magyar has indicated that its current intentions for the Company's future are as follows:

### **i) Intention to change the business of the Company**

The Company and its Subsidiaries have no active business activities. Prior to the Company's active subsidiaries being placed into administration, the focus of the business of the Company was computer manufacturing, distribution and information technology. The new business of the Company will be gold exploration and mining. Further details of the Company's business following the St. Stephan Acquisition are outlined in earlier sections of this Explanatory Statement.

**ii) Intention to inject further capital into the Company**

Other than the Capital Raising in relation to which it will not participate, Magyar currently has no intention to raise further capital for the Company.

However, it should be noted that if the St. Stephan Acquisition proceeds, then parties unrelated to Magyar propose to inject \$250,000 into the Company by way of an unsecured loan to the Company in order to permit the Company to meet the costs related to the proposed Capital Raising.

**iii) Intention regarding future employment of the Company's employees**

The Company does not have any employees. However, it should be noted that Pipvide Tang, a consultant to the Company, will resign as the Company Secretary if the St. Stephan Acquisition proceeds. Further, Scott Brown, a Director, will resign as a Director if the St. Stephan Acquisition proceeds.

**iv) Any proposal for transferring property between the Company and Magyar or any person associated with either the Company or Magyar**

Magyar has no present intention to transfer any property between the Company and Magyar or any person associated with either the Company or Magyar.

**v) Intention to otherwise redeploy the Company's fixed assets**

Magyar has no present intention to redeploy the fixed assets of the Company.

**5.12 (g) Terms of the proposed allotment of new Shares which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the acquisition of new Shares by Magyar**

The terms of the proposed allotment and issue of 41,675,000 Shares to Magyar pursuant to the St. Stephan Acquisition are summarised in section 5.1. It is possible that the ASX may impose escrow restrictions on the Shares to be issued to Magyar as a condition for the Company obtaining re-quotations of its securities on the ASX.

**5.12 (h) Terms of any other contract or proposed contract between the Company and Magyar or any of its Associates which is conditional upon, or directly or indirectly dependent on, Shareholders' agreement to the acquisition of new Shares by Magyar**

Completion of the St. Stephan Acquisition pursuant to the Share Issue to Magyar is conditional upon the Company's Shareholders approving Resolution 2 and the other Resolutions it is conditional upon.

**5.12 (i) When the allotment of new Shares to Magyar is to be made**

Subject to Shareholders passing Resolution 2 and the other Resolutions it is conditional upon, completion of the St. Stephan Acquisition and the Company satisfying the requirements of Chapters 1 and 2 of the ASX Listing Rules, the Company will allot 41,675,000 new Shares to Magyar. This is expected to occur no later than 3 months after the date of the Meeting.

#### **5.12 (j) An explanation of the reasons for the proposed allotment of new Shares to Magyar**

The proposed allotment of new Shares to Magyar under the terms of the St. Stephan Acquisition will be in consideration of the Company's acquisition of 33% of the issued share capital of St. Stephan Gold that Magyar will hold before completion of the St. Stephan Acquisition together with the option that the Company will acquire from Magyar to purchase the remaining 67% of the issued share capital of St. Stephan Gold.

#### **5.12 (k) Interests of the Directors in Resolution 2**

The current and proposed Directors (as at the date of this Notice of Meeting) do not hold any shares in St. Stephan Gold or hold shares or have any other interest in any entity that is a shareholder of St. Stephan Gold.

Therefore, no current or proposed Director has any personal interest in the issue of new Shares to Magyar under the St. Stephan Acquisition, except in their capacity as Shareholders in the Company.

#### **5.12 (l) Identity of the Directors who approved or voted against the proposal to put Resolution 2 to Shareholders and the relevant Explanatory Statement**

The Directors who voted to put Resolution 2 to Shareholders were Albert Wong, Neville Wran, Scott Brown and David Coad. No Directors voted against the proposal to put Resolution 2 to Shareholders.

#### **5.12 (m) Recommendations of each Director as to whether the non-associated Shareholders should agree to the Issue of Shares to Magyar**

The St. Stephan Acquisition offers the Company a future business and preserves some value in the Company's Shares. If the St. Stephan Acquisition does not proceed, the Company will face an uncertain future.

All of the Directors recommend that Shareholders vote in favour of Resolution 2.

Each Director of the Company considers that the proposed issue of new Shares to Magyar pursuant to the St. Stephan Acquisition is fair and reasonable when considered in the context of the interests of the Company's Shareholders for the reasons set out in the Independent Expert's Report in Annexure A.

#### **5.12 (n) Any intention of Magyar to change significantly the financial or dividend policies of the Company**

Magyar has no current intention to change the Company's existing financial or dividend policies.

#### **5.12(o) Whether the Issue of Shares to Magyar on the St. Stephan Acquisition is fair and reasonable to the non-associated Shareholders**

The Directors commissioned the Independent Expert to prepare the Independent Expert's Report on the question of whether the Issue of Shares to Magyar pursuant to the St. Stephan Acquisition is fair and reasonable to the Shareholders. The Independent Expert's Report sets out a detailed examination of the St. Stephan Acquisition to enable Shareholders of the Company to assess the merits of and decide whether to approve the Resolutions necessary to implement the St. Stephan Acquisition.

The Independent Expert concluded that the St. Stephan Acquisition is fair and reasonable to the Shareholders.



### **5.13 Listing Rule 7.1**

Pursuant to ASX Listing Rule 7.2. Exception 16, if Resolution 2 and the other Resolutions it is conditional upon are passed, then the issue of 41,675,000 Shares to Magyar under Item 7 of Section 611 of the Corporations Act will not require additional Shareholder approval under Listing Rule 7.1. This means that, if Resolution 2 and the other Resolutions it is conditional upon are passed, the issue of the 41,675,000 Shares to Magyar will not be included in the 15% limit calculation for the purposes of Listing Rule 7.1.

## **6.0 PROPOSED CHANGE TO NATURE AND SCALE OF ACTIVITIES (RESOLUTION 3)**

### **6.1 Background**

Resolution 3 seeks approval from Shareholders for a change in the nature and scale of the activities of the Company. The proposed St. Stephan Acquisition, as detailed in section 5 of this Explanatory Statement, constitutes a significant change in the nature and scale of the Company's activities and the ASX has requested that the Company seek Shareholder approval of the change under ASX Listing Rule 11.1.2.

### **6.2 ASX Listing Rule 11.1**

ASX Listing Rule 11.1 provides that if a company proposes to make a significant change to the nature or scale of its activities, it must notify the ASX of the proposed change. The ASX can then, under ASX Listing Rule 11.1.2, require the company to seek Shareholder approval of the proposed change.

For this reason, the Company is seeking Shareholder approval to make the significant change to both the nature and scale of its activities which will result on completion of the St. Stephan Acquisition. The proposed activities of the Company following the St. Stephan Acquisition are described in section 5 of this Explanatory Statement.

The ASX has advised the Company that Shares in the Company will remain suspended from trading on the ASX until the Company has satisfied all of its obligations under the ASX Listing Rules, including complying with Chapters 1 and 2 of the ASX Listing Rules. The Company anticipates that it will satisfy the conditions in Chapters 1 and 2 of the ASX Listing Rules in sufficient time to enable trading of its securities to resume on the ASX on or about 23 December 2009.

### **6.3 Risks**

Shareholders should be aware that if Resolution 3 is approved and the Company changes the nature and scale of its activities, the Company will be subject to various risk factors. Based on the information available, the non-exhaustive risk factors include the following:

#### **6.3.1 Gold Specific Risks**

##### ***Exploration***

Gold is extremely rare. According to geological experience essentially all gold is found only in low concentrations in rocks. Gold's average concentration in the Earth's crust is 0.005 parts per million. As such, gold exploration and development is a high risk undertaking.

There can be no assurance that further exploration for gold by the Company will result in the discovery of an economic ore deposit. Estimations for exploration costs are subject to significant uncertainties and, accordingly, the actual costs may materially differ from the estimates arrived at by the Company in relation to future exploration. The Company's viability may be materially and adversely affected by the costs of gold exploration.

## ***Gold mining***

A major risk relates to the potential for extraction costs to make mining for gold unprofitable. The technology of extraction is expensive primarily because the process always requires the manipulation of large physical quantities of ore for small results. For example, gold ore needs to be concentrated by about 1,000 times above its average dispersion to become viable for gold mining as opposed to iron ore which only needs to be concentrated by about 5 times above its average dispersion to become viable for iron mining.

The energy required to heave, grind and process ore is itself valuable, as are the chemicals used in the process, and this creates the risk of large expenditures being incurred on mining for gold with an uncertain return.

There is also the risk of unforeseen engineering problems in extracting ore. These can increase the production costs of gold mining, and small percentage increases in production costs considerably reduce a mine's profitability.

## ***Resources and reserves estimates***

The quantity of a gold mine's reserves is difficult to determine. Gold reserves are assessed by core drilling programs which sample a prospective gold seam to measure gold concentrations in the rock at different locations. The amounts discovered in chemical analysis are extrapolated over a wider area to identify the likely reserve amount overall, but there is no guarantee it will be found during the extraction process of gold mining.

Consequently there is a risk that recorded reserves do not reflect reality. Accurate sampling can be difficult to achieve, especially during the exploration phase (as opposed to the operational phase of mining). Geologists are required to make judgements based on variable qualities of ore and obtaining accurate estimations can be difficult.

## ***Prices and Markets for Gold***

The Company's future revenue will be dependent on the international gold price. The international gold price may be cyclical and volatile. The international gold price is affected by numerous factors beyond the Company's control. In the past four years the gold price has varied between US\$420 and US\$1,020 per ounce. A sharp reduction in the international gold price could substantially reduce the profitability of the Company's operations.

### **6.3.2 Risks relating to Lahoca**

Section 9.10 of the Independent Expert's Report highlights risks specific to Lahoca and Shareholders should refer to that section of the Independent Expert's Report in this regard.

### **6.3.3 Insurance**

The Company will endeavour to maintain insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, it is not always possible to fully insure against all risks associated with activities in gold exploration and mining.

The Company may decide not to take out insurance against certain risks as a result of high premiums or for other reasons. Should liabilities arise on uninsured risks or the insurer becomes insolvent on an insured risk, the Company's business, financial condition and/or results of operations and the market price of the Shares may be materially adversely affected. There can be no assurance that insurance will be available for all the risks that the Company may wish to have covered.

#### **6.3.4 Personnel**

The success of the Project is dependent upon the Company's ability to retain the services of key employees, consultants, contractors and Directors. The continued involvement of certain key employees, consultants, contractors and Directors is not assured. The Company does not have any key man insurance policies. The loss of the services of any employees or consultants or contractors may have a material adverse effect on the performance of the Company's business.

#### **6.3.5 Health and Safety**

The Company's operations may expose its personnel to health and safety risks inherent to the gold mining industry. The Company is subject to health and safety laws and regulations in connection with all its operations.

There are certain risks inherent to the Company's activities that could subject the Company to extensive liability. There can be no assurance that new health and safety laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expense and undertake significant investment which could have a material adverse effect on the Company's business, financial conditions and results of operations.

#### **6.3.6 Risk of Foreign Operations**

Lahoca is located in a jurisdiction outside Australia where there may be a number of associated risks over which the Company will have no, or limited control. These may include changes of laws affecting foreign ownership, government participation, royalties, taxation, working conditions, foreign nationals work permits, rates of exchange, exchange control, exploration licensing, export licensing, export duties and other risks arising out of Lahoca's location which is in Hungary.

The Company's operations may also be adversely affected by laws and policies of Australia affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with its operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia or enforcing Australian judgments in foreign jurisdictions.

The Company is purchasing an interest in a Hungarian company. Its operations will be governed by Hungarian laws. The Company will be dependent on the cash flows of St. Stephan Gold for its future performance and profitability. The ability of St. Stephan Gold to make payments to the Company may be constrained by the level of taxation in Hungary.

#### **6.3.7 Currency Risks**

The Company is exposed to foreign exchange risks since much of its exploration and development costs are expected to be paid in or by reference to Euros while the majority of its general and administration costs are in A\$. The exchange rate between A\$ and Euros vary regularly. The Company may engage in active hedging to minimize exchange rate risk for Euros.

#### **6.3.8 Future Capital Needs**

Further funding may be required by the Company to support its ongoing activities and operations. There can be no assurance that such funding will be available on satisfactory terms or at all. Any inability to obtain finance will adversely affect the business and financial condition of the Company, and its performance.

#### **6.3.9 General Economic Climate**

Factors such as inflation, currency fluctuations, interest rates, supply and demand of capital and industrial disruption have an impact on business costs, commodity prices and stock market

prices. The Company's operating costs, possible future revenues and future profitability can be affected by these factors, which are beyond the control of the Company.

#### **6.3.10 Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of, or significant investments in, complementary companies, products or technologies. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies.

#### **6.3.11 Share Market**

Should the Company achieve its objective to have its securities re-quoted on the ASX, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. They may also affect the value of investments the Company may make in the quoted securities of other companies and consequently the value of the Company's Shares. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) gold price fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital; and
- (g) terrorism or other hostilities.

#### **6.4 Recommendation of Directors**

All of the Directors approved the proposal to put Resolution 3 to Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 3.

### **7.0 ISSUE OF SHARES TO ALBERT WONG (RESOLUTION 4)**

#### **7.1 Background**

The Company proposes to issue a total of 1,860,227 Shares to Albert Wong in consideration for his services in sourcing and structuring the St. Stephan Acquisition.

#### **7.2 Listing Rule 10.11**

Shareholder approval for the issue of Shares to Mr. Wong is required pursuant to Listing Rule 10.11 (which provides that a Company must not issue equity securities to a related party (including a director) without Shareholder approval, unless an exception applies).

Pursuant to Listing Rule 7.2 Exception 14, if Resolution 4, approving the issue of Shares to Mr. Wong under Listing Rule 10.11 is passed, approval under Listing Rule 7.1 is not required. This means that, if Resolution 4 is passed, the issue of Shares to Mr. Wong will not be included in the 15% limit calculation for the purposes of Listing Rule 7.1.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 4:

- i) the maximum number of Shares to be issued by the Company to Mr. Wong is 1,860,227 Shares;

- ii) the Shares will be issued for no cash consideration. It is possible that the ASX may impose escrow restrictions on the Shares to be issued to Mr. Wong as a condition for the Company obtaining re-quotations of its securities on the ASX;
- iii) the Shares will be issued within two business days of the Company satisfying the requirements of Chapters 1 and 2 of the ASX Listing Rules (expected to be on or about 23 December 2009). The Company has applied for a waiver from ASX Listing Rule 10.13.3 to allow the 1,860,227 Shares to be issued later than one month after the date of the Meeting;
- iv) no funds will be raised from the issue of the Shares as the purpose of the issue is to remunerate Mr. Wong for his services to the Company; and
- v) the Shares will be issued on the same terms as the existing Shares in the Company.

### **7.3 Chapter 2E of the Corporations Act (related party benefit)**

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions in Chapter 2E apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

In the current circumstances, the issue of Shares to Mr. Wong constitutes a “financial benefit” as defined in the Corporations Act. Further, Mr. Wong is a “related party” of the Company as defined under the Corporations Act. Accordingly, the proposed issue of Shares to Mr. Wong will constitute the provision of a financial benefit to a related party of the Company.

However, it is the view of the Directors that the giving of this financial benefit to Mr. Wong does not require Shareholder approval under Chapter 2E of the Corporations Act because the giving of the benefit falls within the 'reasonable remuneration' exception in section 211(1) of the Corporations Act. Pursuant to that exception, Shareholder approval is not needed to give a financial benefit to Mr. Wong if the benefit is remuneration to him as an officer or employee of the Company and to give the benefit would be reasonable given the circumstances of the Company and Mr. Wong's circumstances (including the responsibilities involved in his office). The Directors consider that the issue of the 1,860,227 Shares to Mr. Wong is remuneration that is reasonable given the Company's and Mr. Wong's circumstances.

### **7.4 Recommendation of Directors**

All of the Directors (other than Albert Wong) approved the proposal to put Resolution 4 to Shareholders. The Directors (other than Albert Wong) recommend that Shareholders vote in favour of Resolution 4.

## **8.0 ISSUE OF SHARES TO NEVILLE WRAN (RESOLUTION 5)**

### **8.1 Background**

The Company proposes to issue a total of 1,860,228 Shares to Neville Wran in consideration for his services in sourcing and structuring the St. Stephan Acquisition.

### **8.2 Listing Rule 10.11**

Shareholder approval for the issue of Shares to Mr. Wran is required pursuant to Listing Rule 10.11 (which provides that a Company must not issue equity securities to a related party (including a director) without Shareholder approval, unless an exception applies).

Pursuant to Listing Rule 7.2 Exception 14, if Resolution 5, approving the issue of Shares to Mr. Wran under Listing Rule 10.11 is passed, approval under Listing Rule 7.1 is not required. This means that, if Resolution 5 is passed, the issue of Shares to Mr. Wran will not be included in the 15% limit calculation for the purposes of Listing Rule 7.1.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 5:

- i) the maximum number of Shares to be issued by the Company to Mr. Wran is 1,860,228 Shares;
- ii) the Shares will be issued for no cash consideration. It is possible that the ASX may impose escrow restrictions on the Shares to be issued to Mr. Wran as a condition for the Company obtaining re-quotations of its securities on the ASX;
- iii) the Shares will be issued within two business days of the Company satisfying the requirements of Chapters 1 and 2 of the ASX Listing Rules (expected to be on or about 23 December 2009). The Company has applied for a waiver from ASX Listing Rule 10.13.3 to allow the 1,860,228 Shares to be issued later than one month after the date of the Meeting;
- iv) no funds will be raised from the issue of the Shares as the purpose of the issue is to remunerate Mr. Wran for his services to the Company; and
- v) the Shares will be issued on the same terms as the existing Shares in the Company.

### **8.3 Chapter 2E of the Corporations Act (related party benefit)**

Under Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions in Chapter 2E apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

In the current circumstances, the issue of Shares to Mr. Wran constitutes a “financial benefit” as defined in the Corporations Act. Further, Mr. Wran is a “related party” of the Company as defined under the Corporations Act. Accordingly, the proposed issue of Shares to Mr. Wran will constitute the provision of a financial benefit to a related party of the Company.

However, it is the view of the Directors that the giving of this financial benefit to Mr. Wran does not require Shareholder approval under Chapter 2E of the Corporations Act because the giving of the benefit falls within the 'reasonable remuneration' exception in section 211(1) of the Corporations Act. Pursuant to that exception, Shareholder approval is not needed to give a financial benefit to Mr. Wran if the benefit is remuneration to him as an officer or employee of the Company and to give the benefit would be reasonable given the circumstances of the Company and Mr. Wran's circumstances (including the responsibilities involved in his office). The Directors consider that the issue of the 1,860,228 Shares to Mr. Wran is remuneration that is reasonable given the Company's and Mr. Wran's circumstances.

### **8.4 Recommendation of Directors**

All of the Directors (other than Neville Wran) approved the proposal to put Resolution 5 to Shareholders. The Directors (other than Neville Wran) recommend that Shareholders vote in favour of Resolution 5.

## **9. FUTURE ALLOTMENT AND ISSUE OF NEW SHARES (RESOLUTION 6)**

### **9.1 ASX Listing Rule 7.1**

#### **9.1.1 The Rule**

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of Shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of ordinary securities on issue at the commencement of that 12 month period.

#### **9.1.2 Capital Raising**

The Company intends to raise capital under the Capital Raising for the purposes outlined in section 5.2 of this Explanatory Statement

#### **9.1.3 Information required under ASX Listing Rule 7.3**

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 6 to allow Shareholders to assess the future issue of Shares pursuant to the Capital Raising:

- i) the maximum number of Shares which may be allotted and issued under the Capital Raising is 50,000,000;
- ii) the Shares will be issued and allotted no later than three months after the date of this Meeting or such later date as approved by the ASX;
- iii) the issue price of the Shares proposed to be allotted and issued will be 20 cents per Share;
- iv) the allottees in respect of Resolution 6 are not, as yet, identifiable, but will be subscribers to be identified by the Company and any brokers appointed by the Company to manage the Capital Raising. No subscriber, either individually or in association with any related entity, will be allotted securities, which would, if added to existing holdings, result in the holder and their related entities holding 20% or more of the issued capital of the Company should Resolution 6 be approved;
- v) the Shares to be issued will rank equally on issue with the existing Shares;
- vi) the Shares to be issued will be allotted upon completion of, and as allottees are identified under, the Capital Raising; and
- vii) the Company intends to use the funds raised by the issue of Shares the subject of Resolution 6 as outlined in section 5.2 of this Explanatory Statement.

### **9.2 Recommendation of Directors**

All of the Directors approved the proposal to put Resolution 6 to Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 6.

## 10.0 ISSUE OF SHARES TO DIRECTORS AND COMPANY SECRETARY (RESOLUTION 7)

### 10.1 Background

The Company proposes to issue a total of 750,000 Shares to be split between two Directors and the Company Secretary as detailed in the table below.

Person	Position	Shares
Scott Brown	Director	250,000
David Coad	Director	250,000
Pipvide Tang	Company Secretary. Former Director (resigned on 1 June 2009)	250,000
<b>Total</b>		<b>750,000</b>

The issue of Shares to Mr. Brown and Mr. Coad is in consideration for their past services to the Company as Directors. The issue of Shares to Mr. Tang is in consideration for his past services as the Company Secretary.

### 10.2 Listing Rule 10.11

Shareholder approval for the issue of Shares to Mr. Brown, Mr. Coad and Mr. Tang is required pursuant to Listing Rule 10.11 (which provides that a Company must not issue equity securities to a related party (including a director or anyone who was a director within the previous 6 months, including Mr. Tang) without Shareholder approval, unless an exception applies).

Pursuant to Listing Rule 7.2 Exception 14, if Resolution 7, approving the issue of Shares to Mr. Brown, Mr. Coad and Mr. Tang under Listing Rule 10.11 is passed, approval under Listing Rule 7.1 is not required. This means that, if Resolution 7 is passed, the issue of Shares to Mr. Brown, Mr. Coad and Mr. Tang will not be included in the 15% limit calculation for the purposes of Listing Rule 7.1.

Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under Listing Rule 10.11. For the purposes of Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- i) the maximum number of Shares to be issued by the Company to Mr. Brown, Mr. Coad and Mr. Tang is 250,000 Shares each;
- ii) the Shares will be issued for no cash consideration. It is possible that the ASX may impose escrow restrictions on the Shares to be issued to Mr. Brown, Mr. Coad and Mr. Tang as a condition for the Company obtaining re-quotations of its securities on the ASX;
- iii) the Shares will be issued on or about 30 September 2009, and in any event within one month of the date of the Meeting;
- iv) no funds will be raised from the issue of the Shares as the purpose of the issue is to remunerate Mr. Brown, Mr. Coad and Mr. Tang for their past services to the Company; and
- v) the Shares will be issued on the same terms as the existing Shares in the Company.

### 10.3 Chapter 2E of the Corporations Act (related party benefit)

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions in Chapter 2E apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.



In the current circumstances, the issue of Shares to Mr. Brown, Mr. Coad and Mr. Tang constitutes a “financial benefit” as defined in the Corporations Act. Further, Mr. Brown, Mr. Coad and Mr. Tang are all “related parties” of the Company as defined under the Corporations Act. Accordingly, the proposed issue of Shares to Mr. Brown, Mr. Coad and Mr. Tang will constitute the provision of a financial benefit to related parties of the Company.

However, it is the view of the Directors that the giving of this financial benefit to Mr. Brown, Mr. Coad and Mr. Tang does not require Shareholder approval under Chapter 2E of the Corporations Act because the giving of the benefit falls within the 'reasonable remuneration' exception in section 211(1) of the Corporations Act. Pursuant to that exception, Shareholder approval is not needed to give a financial benefit to Mr. Brown, Mr. Coad and Mr. Tang if the benefit is remuneration to them as officers or employees of the Company and to give the benefit would be reasonable given the circumstances of the Company and the circumstances of Mr. Brown, Mr. Coad and Mr. Tang (including their responsibilities involved in their offices). The Directors consider that the issue of 250,000 Shares to each of Mr. Brown, Mr. Coad and Mr. Tang is remuneration that is reasonable given the Company's position and the circumstances of Mr. Brown, Mr. Coad and Mr. Tang.

#### **10.4 Resolution not conditional**

If Resolution 7 is passed, the issue of Shares will occur as described in this section regardless of the outcome of the other Resolutions to be considered at this Meeting.

#### **10.5 Recommendation of Directors**

All of the Directors (other than Scott Brown and David Coad) approved the proposal to put Resolution 7 to Shareholders. The Directors (other than Scott Brown and David Coad) recommend that Shareholders vote in favour of Resolution 7.

### **11. CHANGE OF COMPANY NAME (RESOLUTION 8)**

#### **11.1 Background**

The Company proposes to change its name to more accurately reflect the proposed future activities of the Company. The proposed new name is “Saint Istvan Gold Limited”.

#### **11.2 Legal Requirements**

Section 157(1) of the Corporations Act provides that if a company wants to change its name, it must pass a special resolution adopting the new name and lodge an application with ASIC. A copy of the special resolution must be lodged with ASIC within 14 days after it is passed.

It should be noted that under the Corporations Act, a special resolution needs to be approved by a majority of at least 75% of the votes cast by members present at the Meeting in person, by proxy or attorney and entitled to vote on the resolution.

#### **11.3 Effect of approval of Resolution 8**

If Resolution 8 is passed, the Company will lodge with ASIC a copy of Resolution 8 and an application to change the Company's name from "Optima ICM Limited" to "Saint Istvan Gold Limited". The change of name will take effect when ASIC alters the details of the Company's registration.

#### **11.4 Resolution not conditional**

If Resolution 8 is passed, the Company's name will change as described in section 11.3 regardless of the outcome of the other Resolutions to be considered at the Meeting.

## **11.5 Recommendation of Directors**

All of the Directors approved the proposal to put Resolution 8 to Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 8.

## **12. APPOINTMENT OF JAMES CHAPMAN AS A DIRECTOR (RESOLUTION 9)**

All of the Directors approved the proposal to put Resolution 9 to Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 9.

However, it is noted that Mr. Chapman's appointment as a Director is subject to completion of the St. Stephan Acquisition.

Details of Mr Chapman are set out in section 5.12 (e) of this Explanatory Statement.

## **13. APPOINTMENT OF DEAN FELTON AS A DIRECTOR (RESOLUTION 10)**

All of the Directors approved the proposal to put Resolution 10 to Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 10.

However, it is noted that Mr. Felton's appointment as a Director is subject to completion of the St. Stephan Acquisition.

Details of Mr Felton are set out in section 5.12 (e) of this Explanatory Statement.

## **14. APPOINTMENT OF DAVID STRAFACE AS A DIRECTOR (RESOLUTION 11)**

All of the Directors approved the proposal to put Resolution 11 to Shareholders. The Directors unanimously recommend that Shareholders vote in favour of Resolution 11.

However, it is noted that Mr. Straface's appointment as a Director is subject to completion of the St. Stephan Acquisition.

Details of Mr Straface are set out in section 5.12 (e) of this Explanatory Statement.

## **ANNEXURE A**

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

**OPTIMA ICM LIMITED  
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)  
ACN 085 905 997**

**INDEPENDENT EXPERT'S REPORT**

On the Proposed Share Issue to Magyar Mining PLC  
as required under Section 611  
of the Corporations Act 2001 (Cth)

**Prepared by**

**WHK Horwath Corporate Finance Limited**

**August 2009**

6 August 2009

The Board of Directors  
Optima ICM Limited  
Level 6, 4-6 Bligh Street  
SYDNEY NSW 2000

Dear Sirs,

## INDEPENDENT EXPERT'S REPORT

### 1 Introduction

As set out in the Notice of General Meeting and Explanatory Statement, Optima ICM Limited (subject to Deed of Company Arrangement) ("**Optima**" or the "**Company**") intends to issue 41,675,000 new Optima shares to Magyar Mining PLC ("**Magyar**") as consideration for 33% of the total shares outstanding in the Hungarian Company, St. Stephan Gold Banyaszati Kft ("**St. Stephan Gold**") who's major asset is the Lahóca gold mine exploration licence ("**Lahóca mine EL**") for the Lahóca Gold Mine located in Recsk, Hungary (hereafter referred to as the "**Proposed Share Issue**"). Further, it has been agreed between Magyar and Optima that Optima will be required to raise capital of \$4 million to fund the exploration and drilling program at the Lahóca mine ("**Future Cash Consideration Component**").

As part of the Proposed Share Issue, Optima will also acquire an exclusive call option ("**the Option**"), valid for six months from the date of completion of a bankable feasibility study<sup>1</sup> ("**BFS**") to acquire the balance of the remaining shares in St. Stephan Gold. The exercise price of the Option will be based on a 20% discount to the net present value (as reported in the BFS) at the date of exercise and payable in cash or Optima shares (up to 90% of the total exercise price) at Optima's sole discretion.

Accordingly, the total consideration for the acquisition of 33% of St. Stephan Gold and the option to acquire the remaining 67%, comprises of the Proposed Share Issue and the Future Cash Consideration Component ("**Total Consideration**"), collectively referred to as "**Proposed Transaction**".

The Proposed Transaction will result in Magyar obtaining 50% of the issued capital in Optima on completion and a further increase in that percentage of Optima shares held by Magyar, should the Option be exercised and settled with Optima shares. Magyar will also be entitled to nominate up to four directors to the Board of Optima. Accordingly, the Directors of Optima have appointed WHK Horwath Corporate Finance Limited ("**WHK Horwath Corporate Finance**") as an Independent Expert to express an opinion addressing whether or not the terms of the Proposed Transaction are fair and reasonable to the shareholders in Optima.

The terms of the Proposed Transaction are set out in the accompanying Notice of General Meeting and Explanatory Statement, of which this Report forms part.

#### Total Financial Solutions

<sup>1</sup> A forward analysis of a project's economics to be used by financial institutions to assess the credit-worthiness for project financing.

Optima, a company listed on the Australian Stock Exchange (“**ASX**”), entered into voluntary administration in October 2008 and its shares are currently suspended from trading. Bligh Street Capital Partners Pty Limited (a company associated with interests of Mr Albert Wong and The Hon. Neville Wran) entered into a Deed of Company Arrangement<sup>2</sup> (“**DOCA**”) with the Company's Administrators on 29 May 2009. Mr Albert Wong and The Hon. Neville Wran were appointed directors of Optima upon execution of the DOCA.

Magyar is a resource exploration company and owns 100% of the shares in St. Stephan Gold. St. Stephan Gold's major asset is the Lahóca mine EL. Magyar is controlled by interests associated with Drysdale Investments Limited and Aspermont Limited.

WHK Horwath Corporate Finance is independent of Optima and Magyar and has no involvement with, or interest in, the outcome of the Proposed Transaction, other than the preparation of this Report.

## **2 Summary Conclusion**

### **2.1 The Proposed Transaction is Fair for the Shareholders**

The value of the 33% interest in St. Stephan Gold, being in the range of \$11.51 million and \$12.88 million is at a significant premium (“**Transaction Premium**”) to our assessed value of the Total Consideration being \$4.015 million. The value ascribed to the Optima shares is based on the net tangible asset value per share of Optima. The only intangible asset value we have identified has been intangible value associated with Optima being a listed company. In our opinion the Transaction Premium is in excess of any control premium or intangible value that could be attributed to Optima Shares.

Accordingly, we are of the opinion that the Proposed Transaction is fair for the shareholders of Optima. We note that the additional inherent value of the Option being acquired by Optima as part of the Proposed Transaction would increase the premium received by the Optima shareholders under the Proposed Transaction and confirms our conclusion of fairness.

### **2.2 The Proposed Transaction is Reasonable for the Shareholders**

After forming an opinion that the Proposed Transaction is fair and after considering the advantages and disadvantages of the terms of the Proposed Transaction, to the shareholders of Optima, as set out in Section 12 of this Report, we are of the opinion that the Proposed Transaction is also reasonable.

## **3 Other**

This letter is a summary of WHK Horwath Corporate Finance's opinion on the Proposed Transaction. This letter should be read in conjunction with the detailed Report and Appendices as attached. Unless the context requires otherwise, references to “we”, “our” and similar terms refer to WHK Horwath Corporate Finance.

Yours faithfully

**WHK HORWATH CORPORATE FINANCE LIMITED**



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2 A DOCA is a formal written arrangement entered into by an insolvent company, its creditors and any other relevant party to resolve the company's debt problems without the need for liquidating the company. DOCAs can only be formed through the voluntary administration process under Part 5.3A of the Corporations Act.

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## 4 The Proposed Transaction

### 4.1 Background

As set out in the Notice of General Meeting and Explanatory Statement, Optima intends to issue 41,675,000 new Optima shares to Magyar as consideration for 33% of the total shares outstanding in St. Stephan Gold who's major asset is the Lahóca mine EL for the Lahóca Gold Mine located in Recsk, Hungary. Further, it has been agreed between Magyar and Optima that Optima will be required to raise capital of \$4 million to fund the exploration and drilling program at the Lahóca mine as part of the consideration for acquiring its interest in St. Stephan Gold.

As part of the Proposed Share Issue, Optima will also acquire an exclusive call option, valid for six months from the date of completion of a BFS to acquire the balance of the remaining shares in St. Stephan Gold. The exercise price of the Option will be based on a 20% discount to the net present value (as reported in the BFS) at the date of exercise and payable in cash or Optima shares (up to 90% of the total exercise price) at Optima's sole discretion.

Accordingly, the total consideration for the acquisition of 33% of St. Stephan Gold and the option to acquire the remaining 67%, comprises of the Proposed Share Issue and the Future Cash Consideration Component, which we have collectively referred to as the Proposed Transaction.

The Proposed Share Issue will result in Magyar obtaining 50% of the issued capital in Optima on completion and a further increase in the percentage of Optima shares held by Magyar should the Option be exercised and settled with Optima shares. Magyar will also be entitled to nominate up to four directors to the Board of Optima.

Subsequent to the Proposed Transaction, the Directors of Optima intend to seek approval for the following resolutions:

- Seek shareholder approval to change the Company's name to Saint Istvan Gold Limited ("**SIG**");
- Issue a prospectus to raise in excess of \$4 million in new working capital for an allotment of new shares in SIG subject to an Independent Valuation of SIG at that time;
- Apply for re-listing on the ASX;
- Utilise the \$4 million in new working capital in an aggressive exploration/drilling program at the Lahóca mine with the aim of establishing a JORC compliant resource leading to a BFS over a period of 18 months; and
- Exercise the Option upon completion of the BFS and subsequent shareholder approval.

For the avoidance of doubt, the scope of our engagement does not include providing an opinion on the proposed resolutions of the Directors of Optima subsequent to the Proposed Transaction as outlined above, although we have had to consider in our opinion the impact of the Future Cash Component Consideration on the Proposed Transaction. Our Report is solely on the Proposed Transaction as defined in Section 1 of this Report.

### 4.2 Key Terms

The key terms of the Proposed Transaction are set out in the accompanying Notice of General Meeting and Explanatory Statement, of which this Report forms part.

## 5 Scope of Our Report

### 5.1 Purpose of the Report

The Proposed Share Issue will result in Magyar moving from a nil shareholding or interest in Optima to in excess of 50% of the issued capital of Optima. In accordance with the Corporations Act 2001, the Directors have appointed WHK Horwath Corporate Finance as an Independent Expert to express an opinion addressing whether or not the Proposed Transaction is fair and reasonable to the shareholders in Optima.

#### 5.1.1 Corporations Act 2001 (the “Act”)

Subject to certain exceptions, Section 606(1) of the Act (“**Section 606**”) does not allow a person to acquire voting shares in a public company if that person’s or someone else’s voting power in the company increases, either from 20 percent or below to more than 20 percent, or any increase from a starting point that is above 20 percent and below 90 percent.

Section 611 of the Act (“**Section 611**”) requires that, in the absence of an offer in which all shareholders can participate, any allotment of shares resulting in a person holding in excess of 20 percent of the issued share capital of the company must be approved by the shareholders who are not participating in the proposed allotment. This includes options which may be exercised at a future date.

Section 611 provides an exemption to Section 606 if the transaction is approved by a resolution at a General Meeting of the Company’s shareholders.

Magyar’s shareholding in Optima prior to the Proposed Share Issue is nil. The Proposed Share Issue will result in Magyar obtaining 50% of the issued capital in Optima on completion. As a result, Optima is seeking exemption under Section 611 by approval by the shareholders. Our independent expert report to shareholders has been prepared to assist shareholders in forming the view as to whether to approve the Proposed Transaction.

### 5.2 Basis of Evaluation

The basis of our evaluation is set out in this Section, and Section 12 of this Report.

In evaluating the fairness and reasonableness of the Proposed Transaction, we have considered the requirements of the Act and relevant Regulatory Guides issued by ASIC, which provide guidance on interpretation.

This Report takes into account the provisions of Regulatory Guide 111 ‘Content of Expert Reports’ (“**Regulatory Guide 111**”) issued by the Australian Securities & Investments Commission (“**ASIC**”) which states that if a company issues securities and, as a consequence, the allottee acquires over 20 percent of the company, the transaction should be analysed as if it were a takeover bid.

Regulatory Guide 111 also distinguishes “fair” from “reasonable” and considers:

- (a) An offer to be “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer. This comparison should be made assuming 100% ownership of the “target” and irrespective of whether the consideration is scrip or cash. The expert should not consider the percentage held by the “bidder” or its associates in the target when making this comparison.
- (b) An offer to be “reasonable” if it is fair. It might also be reasonable if, despite being “not fair”, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

For the purposes of this Report, WHK Horwath Corporate Finance has treated “fair” and “reasonable” as separate concepts. Under the Proposed Transaction, if the value of the assets being acquired by Optima were acquired at a premium to the value of the Total Consideration being paid by Optima, there will be a benefit to the shareholders of Optima under the Proposed Transaction and as such, the Proposed Transaction would be fair.

Conversely, if the value of the assets being acquired by Optima were acquired at a discount to the value of the Total Consideration being paid by Optima, there will be a dilution in value to the shareholders of Optima under the Proposed Transaction and as such, the Proposed Transaction would be unfair.

In forming our opinion on whether or not the Proposed Transaction is fair and reasonable for Optima’s shareholders, we have compared:

- our assessment of the value of the assets being acquired by Optima under the Proposed Transaction;
- our assessment of the value of the Optima shares being issued as consideration under the Proposed Transaction;
- the impact of a control premium on the value ascertained above; and
- the likely advantages and disadvantages of the Proposed Transaction for Optima and its shareholders.

We have also given due consideration to relevant matters in other guidelines, including Regulatory Guide 112 ‘Independence of Experts’ (“**Regulatory Guide 112**”) issued by ASIC.

### **5.3 Limitations and Reliance on Information**

WHK Horwath Corporate Finance’s opinion is based on economic, share market, business and trading conditions prevailing at the date of this Report. These conditions can change significantly over relatively short periods. If they did change materially, the valuation and our opinion could vary significantly.

This Report is based upon financial and non-financial information provided by Optima and its advisers. WHK Horwath Corporate Finance has considered and relied upon this information and has no reason to believe that any material facts have been withheld. The information provided to WHK Horwath Corporate Finance has been evaluated through analysis, inquiry and review for the purposes of forming an opinion as to whether the terms of the Proposed Transaction are fair and reasonable for the shareholders of Optima. However, WHK Horwath Corporate Finance does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or due diligence investigation might disclose.

An important part of the information used in forming an opinion as to fairness and reasonableness is comprised of the opinions and judgement of Optima’s Management and the Management and advisers to Magyar. This type of information was evaluated through analysis, inquiry and review. Such information is often not capable of external or independent verification or validation.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, continuous disclosure rules, regulations, and policies, WHK Horwath Corporate Finance:

- assumes no responsibility and offers no legal opinion or interpretation on any issue; and
- has generally assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no legal proceedings, other than as publicly disclosed.

## 6 Valuation Methodology

### 6.1 Overview

The best determinant of value is the price at which the business (or asset) or a comparable business or an equity interest in that business has been bought or sold in an arms length transaction in a reasonable timeframe between a willing but not anxious buyer and a willing but not anxious seller. In its absence, estimates of value are made using methodologies that infer value from other available evidence.

In order to calculate the fair market value of Optima shares and the interest in St. Stephan Gold being acquired, we have considered the following generally accepted valuation methodologies.

### 6.2 Asset Based Methods

Asset based methods estimate a company's fair market value on the realisable value of its identifiable net assets. Asset based methods include:

- net assets;
- orderly realisation of assets; and
- liquidation of assets.

The **net assets method** is based on the value of the assets of the business on a going concern basis less certain liabilities, at book values, adjusted to market value.

The **orderly realisation of assets method** estimates fair market value by determining the amount that would be distributed to shareholders assuming the Company is wound up in an orderly manner realising a reasonable market value for assets.

The **liquidation of assets method** is similar to the orderly realisation of assets method except for the fact that the liquidation of assets method assumes the assets are sold in a shorter period, under a "distressed seller" scenario.

These approaches ignore the possibility that a company's value could exceed the realisable value of its assets. Asset based methods are appropriate when companies are not profitable, not actively trading or a significant proportion of a company's assets are liquid.

### 6.3 Market Based Methods

Market based methods estimate a company's fair market value by considering the market price of transactions in its shares or the market value and valuation metrics of comparable companies. Market based methods include:

- capitalisation of maintainable earnings;
- analysis of a company's recent share trading history; and
- industry specific methods.

The **capitalisation of maintainable earnings method** estimate fair market value by multiplying the company's future maintainable earnings by an appropriate capitalisation multiple. An appropriate earnings multiple is derived from price earnings multiples and market transactions involving comparable companies. The capitalisation of maintainable earnings method is appropriate where the company's earnings are relatively stable and comparable companies have similar cost structures and growth profiles.

The **most recent share trading history** provides strong evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market.

**Industry specific methods** estimate fair market value using industry benchmarks. These methods generally provide less persuasive evidence of the market value of a company, as they may not account for company specific factors. However, this methodology is specifically applicable to the valuation of the Lahóca mine EL (the major asset held by St Stephan Gold) as outlined in the Minnelex independent valuation attached in Appendix 3 as there are acceptable industry specific methods relevant to mining assets.

#### **6.4 Discounted Cash Flow Method**

The discounted cash flow method estimates fair market value by discounting a company's future cash flows to their present value. This method is appropriate where a projection of future cash flows can be made with a reasonable degree of confidence for a period of at least five years. The discounted cash flow method is commonly used to value early stage companies or projects with a finite life.

#### **6.5 Valuation Approach**

We note that in our assessment of the fairness of the Proposed Transaction we have considered the value of 33% interest in St. Stephan Gold being acquired under the Proposed Transaction in comparison to our assessed value of the Total Consideration.

In respect of the Total Consideration, we have calculated the value of the Optima shares being issued under the Proposed Share Issue by reference to the Net Assets of Optima. The value of the Future Cash Component Consideration has been determined by reference to the agreed working capital expected to be raised for the exploration and drilling program at the Lahóca mine as agreed by both Magyar and Optima.

We have not assessed the value of the Option to be acquired by Optima as part of the Proposed Transaction. Any value attributable would only be to the benefit of the Optima shareholders as there is no downside risk to Optima shareholders due to the nature of a call option (the holder has the right, but not the obligation to exercise the option).

We are of the opinion, there would be some intrinsic value in the Option at vesting date, as the exercise price is at a 20% discount to the value of the underlying asset (being the calculated net present value of the remaining 67% of the Lahóca mine EL as stated in the BFS).

#### **6.6 Selection of Methodologies**

In selecting our valuation methodologies, we have considered the following:

- the nature and specific characteristics of Optima (and specifically that it has just entered in to a DOCA) and the interest in the exploration licences to be acquired;
- the lack of relevance of historic levels of profitability and cash flows of Optima;
- the absence of forecasts for Optima and the interest in the exploration licences to be acquired via St. Stephan Gold and the expectation that neither will be materially profitable or cash flow positive in the short to medium term;
- the value associated with exploration licences owned by St. Stephan Gold;
- the structure of the Proposed Share Issue, being largely an acquisition of certain assets by Optima; and
- access to publicly available valuation benchmarks, comparable company information and comparable company transactions.

### **6.6.1 Optima**

In valuing Optima we have adopted a net assets methodology due to the company having no existing business since entering into a DOCA with the Company's former Administrators (now the Administrators of the DOCA) on 29 May 2009. The DOCA has resulted in the historic structure and operational performance of Optima having no relevance to its current position. Furthermore, the capitalisation of future maintainable earnings or discounted cash flow methodologies were not appropriate as there were no available forecasts and that no business exists within the Optima company from which these methods could be utilised.

As the shares in Optima have been suspended from trading since October 2008 and the share price history doesn't reflect the existing position of Optima it also cannot be utilised.

### **6.6.2 Interest in St. Stephan Gold to be Acquired**

We have valued St. Stephan Gold using a net assets methodology, and in doing so, we have relied upon the independent valuation report prepared by Minnelex in respect of the proposed acquired Exploration Licenses. In performing the valuation, Minnelex has used industry specific methods that are detailed further in Section 11 of this report.

## 7 Industry Overview<sup>3</sup>

### 7.1 Gold

Australia has historically been a significant world gold producer. However, the recent spate of global consolidation in resources has resulted in international ownership of local mining assets.

Historically, the gold sector has attracted a premium rating over other parts of the resources sector. This has been attributed to gold's special properties in terms of an inflation hedge or 'safe haven' currency, as well as the generally lower complexity and capital costs associated with gold development projects.

Furthermore, gold is considered an unusual commodity as the majority of gold mined historically still exists. The gold can be found in coins, jewellery and bar holding (mainly by Central Banks).

The growth in the value of gold and the strength of this commodity is illustrated in the table below which illustrates the growth in value of gold over the past 10 years.



Source: [www.goldprice.org](http://www.goldprice.org)

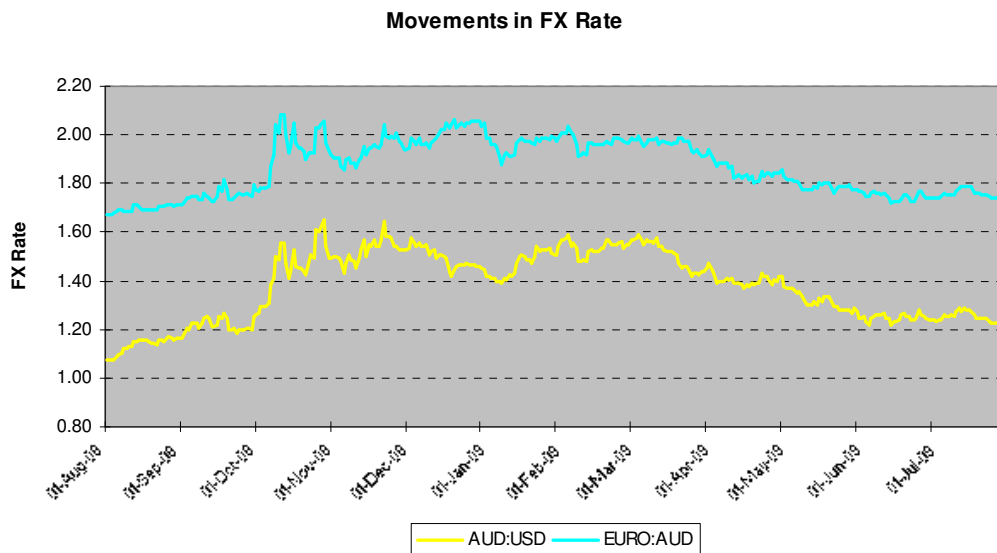
### 7.2 Investing in Gold Mining Companies

Like other mining companies, gold companies can offer growth prospects with exploration success and the development of new mines. The generally lower complexity and capital costs associated with gold development projects often creates a premium rating in gold companies.

<sup>3</sup> Due to the lack of information on Hungarian Gold Mining we have focused on the Australian Gold Mining Sector and historical gold price in international markets.

### 7.3 Exchange Rate Volatility

Companies in the Gold Sector have a heavy reliance on USD exchange rate due to all prices quoted in USD and as such companies in that sector are impacted by exchange rate volatility. Further, due to the location of the mine being in Hungary, we consider the Euro a relevant currency. The table below illustrates the volatility in the Australian dollar against both the USD and Euro over the past 12 months.



Source: Capital IQ

### 7.4 Gold Mining in Hungary<sup>4</sup>

Hungary is a member of the European Union and has attracted the highest per capita Foreign Direct Investment (“FDI”) in the Central-Eastern European Region. The Country provides a stable and transparent political environment that carries a favourable investment rating by major credit agencies around the world.

The Hungarian Government currently offers a variety of investment incentives and schemes to support FDI in the country.

Hungary has a long history of mining with relatively cheap labour costs compared to other Western European countries and a workforce that is considered multilingual, educated, skilled and motivated.

### 7.5 Industry Outlook

Global production of gold is expected to increase by 20-30 tonnes compared with the 2008 level. This increased level of production is driven from an increase in output from Asia, Australia, and West Africa. Official sales in gold are expected to remain weak during the 2009 calendar year, with The Central Bank Gold Agreement attributing sales well below quota and countries not participating in the Agreement remaining small scale buyers. However, GFMS Limited<sup>5</sup> stated in its 2009 Gold Survey that the gold price is forecast to achieve a new high reaching above the USD 1,000 mark with USD 1,100 a real possibility. Citigroup has forecasted gold to reach USD 1,000 in the first half of FY2010 before moderating to USD 800 by the end of FY2010

### 7.6 Industry Conclusion

The strength of gold as a commodity, and the relative stability of Hungary (low country risk), in our opinion creates relatively low risk in comparison to other potential exploration projects.

<sup>4</sup> Sourced from Magyar presentation of Lahóca Gold and Copper Project presentation in May 2009

<sup>5</sup> GFMS is the considered one of the world’s foremost previous metals consultancy, specialising in research into the global gold, silver, platinum and palladium markets.



## 8 Profile of Optima

### 8.1 Background

Optima, a company listed on the Australian Stock Exchange (“ASX”) entered into voluntary administration in October 2008 and its shares are currently suspended from trading. Bligh Street Capital Partners Pty Limited (a company associated with interests of Mr Albert Wong and The Hon. Neville Wran) entered into a DOCA with the Company’s Administrators on 29 May 2009. Mr Albert Wong and The Hon. Neville Wran were appointed Directors of Optima at the execution of the DOCA at which time the management of the Company passed from the administrators to the Directors of the Company.

Optima was previously involved in computer manufacturing and IT retail businesses. At present, Optima hold 100% of the shares in the following subsidiaries:

- Iocom Solutions Pty Ltd
- Internet Business Solution Pty Ltd
- Opennet BI Pty Ltd
- Fortress Network Pty Ltd

The above mentioned subsidiaries are all dormant and scheduled to be deregistered, and as such Optima has no active business activities. Apart from the four Directors currently employed by Optima, there are no other employees. The four Directors of Optima are:

- Mr Albert Wong
- The Hon. Neville Wran
- Mr David Coad
- Mr Scott Brown

### 8.2 Operating Performance

We consider that Optima’s historical operational performance has no relevance to Optima’s current structure (after the DOCA) and therefore the following table detailing operational results is for information purposes only and should not be relied on for any decision relating to the Proposed Transaction.

The Company’s financial performance for the years ended 30 June 2007 and 30 June 2008 are summarised below.

<b>Optima</b>		
<b>Financial Performance</b>		
	<b>Year Ended 30 June 07</b>	<b>Year Ended 30 June 08</b>
Sales	81,814,956	52,377,445
Total Expenses	79,763,444	56,815,052
<b>EBITDA</b>	<b>2,051,512</b>	<b>(4,437,607)</b>
<b>EBIT</b>	<b>879,070</b>	<b>(6,292,176)</b>

Source: Optima 2008 Management Accounts

We note that no accounts have been prepared since 30 June 2008. Optima was placed into Administration during September 2008 and has been dormant since this time. Optima is currently not generating any revenue and only incurring expenses of approximately \$5,000 per month in relation to consultancy fees, legal fees, and general ASX Listing overheads.

### 8.3 Balance Sheet

We consider that Optima's historical balance sheet position has no relevance to the current operating position of Optima (after the DOCA) and therefore the following table is for information purposes only and should not be relied on for any decision relating to the Proposed Transaction.

The Company's audited balance sheet as at 30 June 2008 and management balance sheet as at 30 June 2009 is summarised below.

<b>Optima</b>		
<b>Balance Sheet</b>		
	<b>As at</b>	<b>As at</b>
	<b>30-Jun-08</b>	<b>30-Jun-09</b>
<b>Current Assets</b>		
Cash & cash equivalents	649	-
Trade & other receivables	1,510	17,005
Financial Assets	9,666	-
<b>Total Current Assets</b>	<b>11,825</b>	<b>17,005</b>
<b>Non-Current Assets</b>		
Deferred Tax Assets	442,913	-
<b>Total Non-Current Assets</b>	<b>442,913</b>	<b>-</b>
<b>Total Assets</b>	<b>454,738</b>	<b>17,005</b>
<b>Current Liabilities</b>		
Trade & other payables	122,343	2,209
<b>Total Current Liabilities</b>	<b>122,343</b>	<b>2,209</b>
<b>Non-current Liabilities</b>		
Deferred Tax Liabilities	(31,210)	-
<b>Total Current Liabilities</b>	<b>(31,210)</b>	<b>-</b>
<b>Total Liabilities</b>	<b>91,132</b>	<b>2,209</b>
<b>Net Assets</b>	<b>363,606</b>	<b>14,796</b>

Source: Optima 2008 Annual Report & Management Accounts

The balance sheet position at 30 June 2009 represents the operating position of the company after the DOCA.

### 8.4 Share Price Trading History

In our opinion, the share price trading history is not relevant for the purposes of this report as Optima has not traded since its trading halt on 22 July 2008 and its subsequent suspension from trading. The historical share trading does not provide any relevance to the current value of Optima shares.

## 8.5 Ownership Details

The top 10 shareholders of Optima at the date of this Report are summarised in the table below.

<b>Optima ICM Limited</b>			
<b>Top 10 Shareholders as at 06/08/2009</b>			
<b>Rank</b>	<b>Shareholder</b>	<b>No of Shares</b>	<b>% total</b>
1	Barton Place Holdings Pty Ltd	20,000,000	13.14%
2	Mr Cornel UNG & Mrs Yolanda Ung	19,403,704	12.75%
3	Dynamic Australia Pty Ltd	16,153,907	10.61%
4	Isiwood Pty Ltd	14,350,000	9.43%
5	Boom Securities (HK) Ltd	9,828,295	6.46%
6	Mrs Yolanda lok Peng Ung	9,276,273	6.09%
7	Ms Sophia Wong	5,000,000	3.28%
8	Mr Mark Ung	4,969,435	3.26%
9	Ms Kwai Yin Chan	4,949,000	3.25%
10	CNMA Australia Pty Ltd	4,300,000	2.82%
<b>Total for Top 20</b>		<b>108,230,614</b>	<b>71.097%</b>
Other Shareholders		43,998,529	28.903%
<b>Total Shares Outstanding</b>		<b>152,229,143</b>	

Source: Optima

With respect to the above, we note that as at the date of this Report:

- the top 10 shareholders of the Company hold 71% of the issued capital;
- Magyar had no legal or beneficial interest in the shares of Optima;
- there were no options on issue; and
- the share capital table excludes the shares expected to be issued as part of the proposed resolution including:
  - o the issue of shares to Mr Albert Wong and The Hon. Neville Wran for sourcing the transaction; and
  - o shares expected to be issued as part of the proposed capital raising.

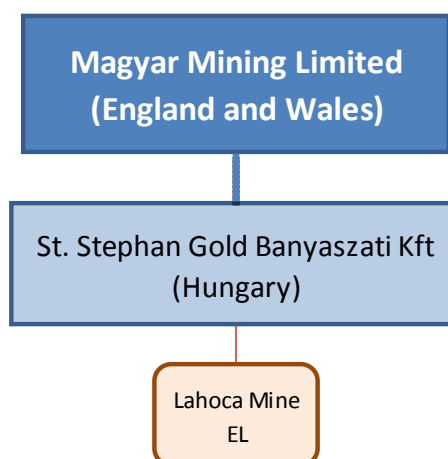
We note that prior to the Proposed Transaction, and as set out in Resolutions 1, 4, 5 and 7 of the Explanatory Statement, the Directors of Optima intend to conduct a share consolidation of the shares currently on issue and issue new shares to Mr Albert Wong, The Hon. Neville Wran, Mr Scott Brown, Mr David Coad and Mr Pipvide Tang.

## 9 Profile of St. Stephan Gold

### 9.1 Introduction

St. Stephan Gold Mining Company Limited (registration number 01-09-12609) was registered December 5 2002. Its registered head office is 5/1, 1124 Budapest, 9<sup>th</sup> Sashegyi road. As at the date of this report, St. Stephan Gold had fully subscribed capital of \$0.019 million.

The Lahóca mine EL is currently owned by St. Stephan Gold, a wholly owned subsidiary of Magyar. St. Stephan Gold currently has three wholly owned mining tenements including the Lahóca mine EL. We have been advised that the Lahóca mine EL will be the major asset held in St. Stephan Gold at the date of completion of the Proposed Transaction as the remaining two tenements will be transferred into a separate entity, trading as Eastmine Banyaszati Kft. In our opinion, the proposed new structure shown in the diagram below, will not impact our calculation of value of the St. Stephan Gold.



### 9.2 Operating Performance

The Company's operating performance for the years ended 31 December 2008 and six months to 30 June 2009 are summarised below.

<b>St. Stephan Gold</b>			
<b>Financial Performance (000's)<sup>6</sup></b>			
		<b>Year Ended</b>	<b>6 months to</b>
		<b>31-Dec-08</b>	<b>30-Jun-09</b>
Revenues from financial transactions		4	2
Total Expenses		102	50
<b>Profit/(Loss) from ordinary activities</b>		<b>(98)</b>	<b>(48)</b>

Source: St. Stephan 2009 Management Accounts

As the Company's activities has been the exploration of the Lahóca mine, it has no trading performance that is relevant to the valuation of the assets. We note, all value associated with the Lahóca mine EL has been expensed and not capitalised on the Balance Sheet.

<sup>6</sup> The management report provided was quoted in Hungarian Forint. For the purposes of this report, we have converted into AUD using the spot HUF/AUD price as at 31-Dec-08 and 30-Jun-09.

### 9.3 Balance Sheet

The Company's management balance sheet as at 30 June 2008 and 30 June 2009 is summarised below.

<b>St. Stephan Gold</b>		
<b>Balance Sheet (000's)<sup>7</sup></b>		
	<b>As at</b>	<b>As at</b>
	<b>31-Dec-08</b>	<b>30-Jun-09</b>
<b>Current Assets</b>		
Liquid assets	8	7
Receivables	161	139
<b>Total Current Assets</b>	<b>169</b>	<b>145</b>
<b>Total Assets</b>	<b>169</b>	<b>145</b>
<b>Current Liabilities</b>		
Short-term liabilities	13	4
Accruals & deferred income	3	0
<b>Total Current Liabilities</b>	<b>17</b>	<b>5</b>
<b>Non Current Liabilities</b>		
Long-term liabilities	145	181
<b>Total Non Current Liabilities</b>	<b>145</b>	<b>181</b>
<b>Total Liabilities</b>	<b>162</b>	<b>186</b>
<b>Net Assets</b>	<b>7</b>	<b>(41)</b>
<b>Owners Equity</b>		
Subscribed capital	19	19
Accumulated profit reserve	86	(12)
Profit/(loss) of the year	(98)	(48)
<b>Total Equity</b>	<b>7</b>	<b>(41)</b>

Source: St. Stephan Gold 2009 Management Accounts

We note that all assets and liabilities other than the Lahóca mine EL and cash will be eliminated or written off prior to the completion of the Proposed Transaction.

### 9.4 Share Price Trading History

We note that there have been no recent share transactions in St. Stephan Gold that provide any reference to the current value of St. Stephan Gold shares.

### 9.5 Background of the Lahóca Mine

The Lahóca mine is located in the Mantra Mountains in a historical mining region with infrastructure close to the border of Slovakia in the North East part of Hungary and approximately 110 kilometres from Budapest. Based on current exploration, the Lahóca mine in Hungary is expected to contain between 1.5 – 1.8 million ounces of gold.

Rhodes Mining NL ("**Rhodes**") (previous exploration licensee of the Lahóca mine) produced 8 cross-sections showing tonnage and grade calculations at varying grade cut-offs. Rhodes used 39 diamond drill hole intersections to calculate the resource for the Lahóca mine. Rhode's findings are detailed in the table below.

<sup>7</sup> The management report provided was quoted in Hungarian Forint. For the purposes of this report, we have converted into AUD using the spot HUF/AUD price as at 31-Dec-08 and 30-Jun-09.

<b>Summary of Individual Tonnage and Grade Calculations</b>						
<b>Cross Section</b>	<b>0.5 g/t Au Cut-off</b>		<b>1.0 g/t Au Cut-off</b>		<b>1.5 g/t Au Cut-off</b>	
	<b>Mt</b>	<b>g/t Au</b>	<b>Mt</b>	<b>g/t Au</b>	<b>Mt</b>	<b>g/t Au</b>
1	3.12	1.23	1.68	1.69	0.51	2.78
2	2.81	1.10	1.47	1.47	0.56	2.04
3	2.49	1.35	0.90	2.46	0.50	3.50
4	7.04	1.24	3.51	1.78	1.94	2.36
5	7.65	1.61	4.47	2.14	2.26	3.05
6	4.34	1.56	2.41	2.30	1.47	2.93
7	2.35	1.34	0.85	2.50	0.49	3.40
8	2.61	1.21	1.17	2.00	0.68	2.76
<b>Totals</b>	<b>32.42</b>	<b>1.37</b>	<b>16.46</b>	<b>2.01</b>	<b>8.42</b>	<b>2.82</b>

*Includes Rounding*

The relevant level of grade cut off to the viability of a gold mine is dependent on the gold price. As the price of gold increases, the level or required grade cut-off can decrease leaving the gold exploration to still be viable. At present, 1.0 g/t is considered an acceptable cut-off given the current price of gold. Based on current exploration, the Lahóca mine has been classified as inferred resource totalling 1.3 million ounces (ozs) of gold at a 1.0 grams per tonne (g/t) cut off and 52.4 million pounds (lbs) copper, as provided in the table below:

<b>Lahóca Mine Inferred Resource</b>		
<b>Cut Off Grade</b>	<b>Inferred Resource</b>	<b>Total Inferred Resource</b>
0.5 g/t Au cut-off	38Mt @ 1.45 g/t Au, 0.19% Cu	1.8 M ozs Au
1.0 g/t Au cut-off	19Mt @ 2.14 g/t Au, 0.15% Cu	1.3 M ozs Au
1.5 g/t Au cut-off	8Mt @ 2.93 g/t Au, 0.10% Cu	0.8 M ozs Au

## 9.6 Mineral Rights

Exploration Licenses are granted by the Hungarian Government for a specified time frame (usually four years) which include clauses requiring a minimum amount of expenditure on exploration work in order to retain the exploration license.

The Hungarian Government own the rights to the minerals that underlie the Lahóca property, however provide exploration licenses to third parties. These exploration licences enable the licensee to recover and profit from all mineral resources discovered within the parameters of the exploration licence.

## 9.7 The Opportunity

During May 2009 Magyar presented an overview on the Lahóca mine EL opportunity. During the presentation, Magyar's Management team identified the following contributing factors which were considered favourable to its investment in the Exploration licence:

- Upside over and above the gold resource (being copper and silver resources);
- Strong management team in place;
- Low mining and development costs;
- Government support for offshore investment in mining operations;
- Variety of technology processing options for evaluation; and
- Total resource extraction through open cut mining.

## 9.8 Future Strategy

Magyar's management team outlined during its May 2009 presentation its intention to focus on de-risking the following areas of the Lahóca Mine in the short-mid term:

- Verification drilling: Confirm geological structure and provide metallurgical samples for concentrate testing
- Reserve drilling: Upgrade to JORC reserve status
- Reduce the range of metallurgical processing solutions to the preferred option
- Initiate licence-to-operate permitting and approvals
- Achieve Bankable Feasibility within 12 – 18 months: Required to raise an additional \$3 – \$5 million.

As discussed in section 4 of this report, Optima will fund the exploration and drilling program of Lahóca mine with the aim to achieving BFS over a period of 18 months. Both Optima and Magyar have estimated that the required capital will be approximately \$4 million.

## 9.9 Directors & Key Staff Biographies

The following key employees would be employed to develop the Lahóca Mine:

James Chapman - Director – BSc Eng, M Eng (Mining)

- Mining Engineer with over 20 years blue chip operational and corporate experience
- Placer Domer, Rio Tinto and Normandy Group
- Founder and Managing Director of Oyster Consulting, a successful Perth based Resource consultancy; and
- Broad roles ranging from direct involvement on three (3) Gold exploration companies to long term strategic planning for Rio Tinto.

Michael Nott – Director – BSc, MSc, DIC, FIMMM, FMES, C Eng

- Geologist and mineral production manager;
- 34 years experience in the mining and quarrying industries;
- Management and executive experiences covering all aspects of mining; and
- Previously a Director of Jay Minerals Services, Hills Aggregates and Production Director of C White.

Prof Janos Foldessy – Snr Consulting Geologist

- Over 40 years experience as geologist;
- Professor of Geology at Miskolc University – (Mineralogy and Geology);
- Considered one of Hungary's leading geology experts on Recsk/Lahóca; and
- Previously Exploration Manager Rhodes Mining (previous owners of Lahóca mine EL).

## 9.10 Risks associated with the Lahóca Mine EL

Minnelex have identified the following risks associated with the Lahóca mine EL;

Although metallurgical test work and several studies have been carried out on the Lahóca mine, there is still inherent risk on the metallurgy and level of recovery.

- There is a risk associated with the environmental impact of the previous mining licensee's and the condition of the site. This may create additional cost to the exploration of the Lahóca mine however, after discussion with the technical expert, it appears the impact of this risk is not high.

## 10 Valuation of Optima

### 10.1 Valuation Summary

In determining the value of the Total Consideration relating to the Proposed Share Issue we have calculated the fair market value of each Optima share post consolidation to be 0.036 cents.

As stated previously in Section 6, due to Optima entering into a DOCA, our valuation has been calculated using the Net Asset methodology. In our opinion, in the absence of any business activity or reliable forecasts for Optima, this methodology is the most appropriate to attribute value to the Optima Shareholders.

### 10.2 Net Assets

We have assessed the value of Optima shares on the basis of the fair market value of the Company's underlying net asset position and factoring in relevant adjustments as presented below.

<b>Optima Balance Sheet</b>				
	<b>Notes</b>	<b>Proforma 30-Jun-09</b>	<b>Adjustments</b>	<b>As at 22-Jul-09</b>
<b>Assets</b>				
Cash & cash equivalents	1	-	14,796	14,796
Trade & other receivables	2	17,005	(17,005)	-
<b>Total Assets</b>		<b>17,005</b>		<b>14,796</b>
<b>Liabilities</b>				
Trade & other payables	3	2,209	(2,209)	-
<b>Total Current Liabilities</b>		<b>2,209</b>		<b>-</b>
<b>Net Assets</b>		<b>14,796</b>		<b>14,796</b>

Source: Optima management accounts

#### Notes:

1. The cash balance is the only item on the balance sheet as at the date of this report as all the other assets and liabilities have been realised.
2. Relates to funds receivable from Moore Stephens as agreed under the DOCA. This amount was received on 20 July 2009 and has been attributed to cash. Included in this amount is amounts relating to GST receivable from the ATO to be repaid upon completion of the companies BAS.
3. Relates to Registries Limited in respect of services provided up to 30 June 2009. This amount was to be repaid upon receipt of Moore Stephens amount. As such this amount has been deducted from cash.



### 10.3 Net Assets per Share

As detailed below, we have calculated Optima's net assets per share immediately prior to the Proposed Transaction to be 0.036 cents.

Optima Net Assets per Share		
No of Shares on issue pre consolidation	million	152.229
Share consolidation ratio		1 for 4.0917
No of Shares on issue post consolidation	million	37.205
Shares Issued pursuant to resolutions 4 <sup>8</sup> & 5 <sup>9</sup>	million	3.72
Total shares on issues post consolidation and post share issue <sup>10</sup>	million	<b>40.925</b>
Value of Net Assets	AUD	14,796
<b>Net Assets per Share</b>	cents	<b>0.036</b>

We consider that the only intangible asset that could be ascribed value for Optima shareholders is the intangible asset associated with being a listed company. We have not attempted to specifically value this intangible asset, but instead have analysed the Transaction Premium being the premium of the value of the assets being acquired over and above the Total Consideration calculated (of which the Optima shares are a part thereof). This is outlined in Section 12 of this report.

Similarly, we have considered the application of a control premium in assessing the Transaction Premium in total as outlined in Section 12 of this report.

### 10.4 Recent Transactions

We note in the DOCA dated 20<sup>th</sup> February 2009, Bligh Street Capital Partners Pty Limited, a company associated with Mr Albert Wong and The Hon. Neville Wran, acquired 50 million Optima shares for \$50,000 or 0.10 cents per share. The consideration paid under this transaction is inclusive of intangible value associated with Optima being a listed company, and in our opinion, this transaction and value paid is not inconsistent with our assessment of value of Optima shares pre consolidation (when assessing Optima shares on a similar basis being inclusive of an intangible value for being a listed company).

<sup>8</sup> Resolution 4 – Issue of 1,860,227 shares to Mr Albert Wong for services pertaining to the sourcing of and the structuring of the Proposed Transaction

<sup>9</sup> Resolution 5 – Issue of 1,860,228 shares to The Hon. Neville Wran for services pertaining to the sourcing of and the structuring of the Proposed Transaction

<sup>10</sup> For the avoidance of doubt, we have not included the shares proposed to be issued under resolution 7 of the Notice of General meeting as it is not a condition precedent to the Proposed Transaction.

## **11 Valuation of St. Stephan Gold**

### **11.1 Valuation Summary**

We have calculated the fair market value of the 33% interest being acquired in St. Stephan Gold to be in the range of \$11.51 million to \$12.88 million, with a midpoint of \$12.20 million excluding the value of the Option granted to Optima over the acquisition of the remaining shares in St. Stephan Gold.

WHK Horwath Corporate Finance have engaged Mr R C Pyper of Minnelex Pty Ltd to prepare an independent valuation of the Lahóca mine EL as currently held by St. Stephan Gold. We have relied upon this valuation report in assessing the value of the Lahóca mine EL.

### **11.2 Net Assets being acquired**

Magyar and Optima have advised that the only assets that will be held by St. Stephan Gold at completion of the Proposed Transaction will consist of cash at bank and the Lahóca mine EL. There are no other significant assets held by St. Stephan Gold and therefore the value of the shares to be acquired in St. Stephan Gold is represented by the sole exploration assets as identified in the Minnelex report plus cash at bank.

### **11.3 Total Value of Lahóca mine EL per Minnelex Report**

Minnelex's valuation report states that past and present feasibility studies indicated that the Lahóca mine will be profitable with a net present value possibly in excess of \$200 million, however it is still at a high risk stage. The report is based on the following key assumptions:

- Cut off grade of 1.0 grammes per tonne;
- Level of inground gold resource being 1.31 million ounces;
- Price of gold being approximately USD 930 per ounce; and
- Using an industry standard of 3.0% of the in ground metal value.

For this study Mr R C Pyper calculated an estimated valuation of USD 40 million for the exploration license implying a value per ounce of USD27. This valuation does not include any additional value attributed to the Copper or Silver resource that has been identified in the technical studies.

### **11.4 Adjustments**

For the purposes of this Report, we have taken a conservative view to the valuation of the exploration license and as such have adopted the low end of sensitivity ranges. Through our discussions with Mr R C Pyper, he indicated it is not unreasonable to assume a range of 20% on either side of his valuation of USD 40 million. Conservatively we have chosen to only adopt the low end of this range by only applying a 20% discount.

Furthermore, we have performed sensitivities in respect of the Gold Price used for the purposes of the valuation to ensure that our valuation considers downside risk. Our calculations are detailed in the table below:

<b>Lahóca Mine EL</b>			
<b>Total Value</b>			
		<b>Low</b>	<b>High</b>
Inferred Mineral resource inground (cut-off grade 1.0g/t) <sup>11</sup>	ounces	1,310,000	1,310,000
Gross metal value in ground <sup>12</sup>		3.0%	3.0%
Gold price per Ounce <sup>13</sup>	USD	874	978
<b>Total Value of Lahóca Mine EL</b>	USD	<b>34,348,200</b>	<b>38,435,400</b>
Adjustment Factor <sup>14</sup>		(20.0%)	(20.0%)
<b>Value</b>	USD	<b>27,478,560</b>	<b>30,748,320</b>

We have applied the trailing one month AUD / USD average exchange rate as at the date of this report to determine our conservative estimate of the Australian dollar value of 100% of the Lahóca mine EL as detailed below:

<b>Lahóca Mine EL</b>			
<b>Total Value</b>			
		<b>Low</b>	<b>High</b>
Total Value of Lahóca Mine EL	USD Million	27.48	30.75
AUD / USD Exchange Rate		1.26	1.26
<b>Total Value of Lahóca Mine EL</b>	AUD Million	<b>34.54</b>	<b>38.65</b>

*Including rounding*

## 11.5 Value of acquiring portion of Lahóca Mine EL

In determining the value of the acquired asset, being 33% of St. Stephan Gold<sup>15</sup>, we have calculated a pro-rata value of the entire Lahóca mine EL. Our calculations are set out in the table below:

<b>St. Stephan Gold</b>			
<b>Acquired Value</b>			
		<b>Low</b>	<b>High</b>
Total Value of Lahóca Mine EL	AUD Million	34.54	38.65
Other assets to be Acquired in St. Stephan Gold <sup>16</sup>	AUD Million	0.00	0.00
Percentage Acquired		33%	33%
<b>Total Value of Acquired Portion of St. Stephan Gold</b>	AUD Million	<b>11.51</b>	<b>12.88</b>

*Including rounding*

<sup>11</sup> As per Minnelex Report

<sup>12</sup> As per Minnelex Report

<sup>13</sup> Low range has been calculated as the 12 month average of Gold Price per Ounce in USD. The high range is the value adopted in the Minnelex Report

<sup>14</sup> Per commentary above, have adopted low range of Minnelex Report, being 20%.

<sup>15</sup> As discussed previously in the report, we have not calculated the value of the option to acquire the remaining 67% of St. Stephan Gold.

<sup>16</sup> Cash balance at 30 June 2009 converted to AUD is approximately \$1,500.

## Notes

1. We have considered the impact of minority discounts and control premiums in calculating the 33% interest in St. Stephan Gold. In our opinion we do not consider a minority discount as being relevant to the calculation of the value of the 33% ownership of St. Stephan Gold as Optima will hold an option to acquire the balance of the shares at a preset value, effectively taking control over the company. Additionally the Optima board will have operational control over the drilling and exploration program at the Lahóca mine to establish a JORC compliant gold resource leading to a BFS over a period of 18 months<sup>17</sup>.
2. Further, as we have calculated the value of the asset using a net tangible assets method, we don't consider it appropriate to apply any control premium to the value of this asset.

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<sup>17</sup> As agreed between Magyar and Optima in Term Sheet dated 26 June 2009.

## 12 Evaluation of the Proposed Transaction

### 12.1 Approach

In evaluating whether the Proposed Transaction is fair and reasonable for the shareholders of Optima, we have compared the value of the Total Consideration with the value of the acquired portion of St. Stephan Gold.

In assessing if the Proposed Transaction is reasonable we have first considered whether the Proposed Transaction is fair. Additionally, we have compared the potential advantages and disadvantages to the shareholders of Optima should the Proposed Transaction proceed, compared to those should it not proceed, and we have determined whether the advantages outweigh the disadvantages.

### 12.2 Total Consideration

The calculation of the Total Consideration is outlined in the table below:

Total Consideration		
No. of Shares in Optima issued under the Proposed Share Issue	Million	41.675
Assessed Value per Optima Share	Cents	0.036
Value of Optima Shares issued under the Proposed Share Issue	AUD Millions	0.015
Future Cash Consideration Component <sup>18</sup>	AUD Millions	4.000
<b>Total Consideration</b>	<b>AUD Millions</b>	<b>4.015</b>

### 12.3 The Proposed Transaction is Fair for the shareholders

In assessing whether or not the Proposed Transaction is fair, we have compared:

- the value of the Total Consideration being offered by Optima; and
- our assessment of the value of the acquired portion of St. Stephan Gold.

In our opinion the value of St. Stephan Gold being in a range of \$11.51 million and \$12.88 million with a midpoint of \$12.20 is at a significant premium to the Total Consideration offered under the Proposed Transaction being \$4.015 million.

We are of the opinion this Transaction Premium, to the benefit of Optima shareholders, is significantly in excess of any value that could be attributed to the intangible value of Optima being a listed company and to cover any control premium that would be expected to be paid in this transaction. Accordingly, we are of the opinion that the Proposed Transaction is fair to the Optima shareholders.

### 12.4 The Proposed Transaction is Reasonable for the shareholders

After concluding that the Proposed Transaction is fair, we are of the opinion that the Proposed Transaction is reasonable for the Optima shareholders. However, we have also considered the advantages and disadvantages of the Proposed Transaction for Optima shareholders.

<sup>18</sup> As agreed between Magyar and Optima in Term Sheet dated 26 June 2009.

#### 12.4.1 Advantages to Optima shareholders from the Proposed Transaction

The primary advantages to the shareholders of Optima in proceeding with the Proposed Transaction are as follows.

- ***No viable present alternatives***

Cognisant of Optima' corporate strategy and its current net asset position, the Directors advise that as at the date of this Report, no viable present alternatives have arisen.

- ***The Optima Directors intend to vote in favour of the Proposed Transaction***

The Directors of Optima have advised that they consider the Proposed Transaction is in the best interest of Optima shareholders and will be voting in favour of the Proposed Transaction. We note that friendly deals generally have a higher rate of success.

- ***The potential for Optima to re-list***

The Proposed Transaction presents an opportunity for the shares in Optima to be re-quoted on the ASX and therefore potentially providing increased liquidity to the current Optima shareholders.

- ***Call Option over the remaining portion of St. Stephan Gold provides upside participation only***

Call options by their nature protect their holder from downside risk and carry potential participation in upside benefits only. That is, the Option over the remaining shares of St. Stephan Gold would only be exercised if acquisition of this business was beneficial to Optima shareholders.

- ***Potential upside in Copper and Silver.***

The technical reports indicate potential significant copper and silver resources. These resources have not been factored in the valuation of the exploration licenses, and could provide significant further upside if developed by Optima.

#### 12.4.2 Disadvantages to Optima shareholders from the Proposed Transaction

The primary disadvantages to the shareholders of Optima in proceeding with the Proposed Transaction are as follows.

- ***Optima shareholders may expect a superior opportunity will emerge***

Optima shareholders may consider that a third party may emerge which presents a superior alternative investment. The Optima Directors believe it is highly unlikely that this will occur, and to-date, no such opportunity has seemed remotely possible.

- ***Further dilution from future capital raisings***

As part of the Proposed Transaction, Optima will need to raise further capital of approximately \$4 million to fund the exploration and drilling program. Optima may require future funding in addition to this. Any capital raised which results in the issue of shares may dilute the interests of existing shareholders.

- ***Optima shareholders experiencing different risk profile***

Optima shareholders may consider that the risk profile associated with investing in St. Stephan Gold is different to that of the investors original risk profile.

- ***Need for working capital and risk around capital raising***

As detailed above, Optima have identified a need for further working capital and may require future funding in addition to this.

Further short to medium term success of the proposed development is highly dependent on securing short term funding for future development of the mine. The current market still provides significant uncertainty for capital raising and as such this risk should be considered in evaluating the proposal.

- ***Lahóca mine is currently undeveloped***

The Lahóca mine is currently undeveloped and accordingly requires a level of investment in development to realise returns to Optima shareholders.

- ***Potential change in control of Optima***

Should Optima exercise its Call Option over the remaining shares of St. Stephan Gold, there will be a further change of control in Optima to Magyar who may hold in excess of 50.1% of the issued capital. (even after the expected future capital raisings).

## **13 Qualifications, Declarations & Consents**

### **13.1 Qualifications**

WHK Horwath Corporate Finance provides corporate finance services in relation to mergers and acquisitions, capital raisings, corporate restructuring and financial matters generally. One of its activities is the preparation of company and business valuations and the provision of independent advice and expert reports concerning mergers and acquisitions, takeovers and capital reconstructions.

The executives responsible for preparing this Report on behalf of WHK Horwath Corporate Finance are Brad Higgs B.Bus, CA, F.Fin and Phil Dymock, B.Com, CA. Brad and Phil have significant experience in relevant corporate advisory matters. Both are Representatives in accordance with the Australian Financial Services Licence No. 239170 held by WHK Horwath Corporate Finance Limited under the Corporations Act 2001 (Cth).

### **13.2 Disclaimers**

It is not intended that this Report be used or relied upon for any purpose other than as an expression of WHK Horwath Corporate Finance's opinion as to whether the terms of the Proposed Transaction are fair and reasonable for the shareholders of Optima. WHK Horwath Corporate Finance expressly disclaims any liability to any person who relies or purports to rely on the Report for any other purpose and to any other party who relies or purports to rely on the Report for any purpose.

This Report has been prepared by WHK Horwath Corporate Finance with care and diligence and statements and opinions given by WHK Horwath Corporate Finance in this Report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by WHK Horwath Corporate Finance or any of its officers or employees for errors or omissions however arising in the preparation of this Report, provided that this shall not absolve WHK Horwath Corporate Finance from liability arising from an opinion expressed recklessly or in bad faith.

### **13.3 Declarations**

WHK Horwath Corporate Finance does not have at the date of this Report nor has had any shareholding in or other relationship with Optima or Magyar that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the terms of the Proposed Transaction. WHK Horwath Corporate Finance had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this Report. WHK Horwath Corporate Finance considers itself independent in accordance with Regulatory Guide 112 issued by ASIC on 30 October 2007.

WHK Horwath Corporate Finance will receive a fixed fee based on time costs. This fee is not contingent on the outcome of the Proposed Share Issue. WHK Horwath Corporate Finance will receive no other benefit for the preparation of this Report.

Optima has agreed that to the extent permitted by law that it will indemnify WHK Horwath Corporate Finance employees and officers in respect of any liability suffered or incurred as a result of or arising out of the preparation of this Report. This indemnity will not apply in respect of any conduct involving negligence or wilful misconduct. Optima has also agreed to indemnify WHK Horwath Corporate Finance and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person except where WHK Horwath Corporate Finance or its employees and officers are found liable for or guilty of conduct involving negligence or wilful misconduct in which case WHK Horwath Corporate Finance shall bear such costs.



Advance drafts of this Report were provided to Optima and its advisers. Certain changes were made to this Report as a result of the circulation of the draft Report. There was no alteration to the methodology, valuation of the business operations of Optima, conclusions or recommendations made to Optima shareholders as a result of issuing the drafts.

#### **13.4 Consents**

WHK Horwath Corporate Finance consents to the issuing of this Report in the form and context in which it is to be included in the Notice of General Meeting and Explanatory Statement, to be sent to the shareholders of Optima. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without the prior written consent of WHK Horwath Corporate Finance as to the form and context in which it appears.

## **Appendix 1 – Financial Services Guide**

*Date of Issue: 3 October 2008*

The Corporations Act 2001 requires WHK Horwath Corporate Finance to provide this Financial Services Guide (“**FSG**”) in connection with its preparation and provision of an Independent Expert’s Report which is included in the Notice of General Meeting including Explanatory Statement provided to shareholders by the company or other entities (“**Entity**”).

The matters covered by the FSG include:

- who we are and how we can be contacted;
- what services and types of products we are authorised to provide;
- how we are remunerated;
- independence; and
- complaints handling.

### ***WHK Horwath Corporate Finance & Contacts***

WHK Horwath Corporate Finance carries on business at Level 15, 309 Kent Street, Sydney NSW 2000. WHK Horwath Corporate Finance holds an Australian Financial Services Licence (No. 239170). WHK Horwath Corporate Finance is a public company and is a wholly owned subsidiary of WHK Group Limited. WHK Group Limited is a listed Australian company (ASX code WHG) and provides services primarily in accounting, tax, audit, business and corporate advisory and wealth management.

### ***Services***

We are authorised to:

- provide financial product advice for securities and derivatives; and
- deal in a financial product by applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of securities and derivatives to wholesale and retail clients.

WHK Horwath Corporate Finance does not provide any personal retail financial product advice to retail investors nor does it provide market-related advice to retail investors.

For the specific purposes of preparing and providing the Independent Expert’s Report, WHK Horwath Corporate Finance has not and does not accept instructions from retail clients, and has not and will not receive any remuneration from retail clients.

The preparation and provision of this Independent Expert’s Report is known as “general” advice because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

### ***Remuneration***

When providing Reports, WHK Horwath Corporate Finance’s client is the Entity to which it provides the Report. WHK Horwath Corporate Finance receives its remuneration from the Entity. In respect of the Report for Optima, WHK Horwath Corporate Finance will receive a fixed fee for the preparation of the Report.

No related body corporate of WHK Horwath Corporate Finance, or any of the officers or employees of WHK Horwath Corporate Finance or of any of those related bodies or any associate receives any remuneration or other benefit attributable to the preparation and provision of the Report.

## **Independence**

WHK Horwath Corporate Finance is required to be independent of the Entity in order to provide a report. The guidelines for independence in the preparation of Reports are set out in Regulatory Guide 112 issued by the Australian Securities and Investments Commission on 30 October 2007.

The following information in relation to the independence of WHK Horwath Corporate Finance is stated in Section 13.3 of the Report:

*“WHK Horwath Corporate Finance does not have at the date of this Report nor has had any shareholding in or other relationship with Optima or Magyar that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the terms of the Proposed Transaction. WHK Horwath Corporate Finance had no part in the formulation of the Proposed Transaction. Its only role has been the preparation of this Report. WHK Horwath Corporate Finance considers itself independent in terms of Regulatory Guide 112 issued by ASIC on 30 October 2007.*

*WHK Horwath Corporate Finance will receive a fee based on time costs. This fee is not contingent on the outcome of the Proposed Transaction. WHK Horwath Corporate Finance will receive no other benefit for the preparation of this Report.”*

## **Complaints Handling**

WHK Horwath Corporate Finance has internal complaints-handling mechanisms which are designed to facilitate responses to your complaints fairly and quickly. Please address your complaint in writing to:

Head of Compliance  
WHK Horwath Corporate Finance Limited  
Level 15, 309 Kent Street  
SYDNEY NSW 2000

WHK Horwath Corporate Finance is only responsible for the Report and this FSG. Complaints or questions about the Notice of General Meeting and Explanatory Statement should not be directed to WHK Horwath Corporate Finance which is not responsible for these documents. WHK Horwath Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

WHK Horwath Corporate Finance is a member of the Financial Ombudsman Service (member number 11689) which provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted by phone on 1300 780 808 or in writing to:

Financial Ombudsman Service  
GPO Box 3  
MELBOURNE VIC 3001

We confirm that in compliance with Section 912B of the Corporations Act 2001(Cth) and ASIC RG 126, we maintain professional indemnity insurance to cover the financial products and services we provide, including any claims in relation to the conduct of our former representatives / employees.

## Appendix 2 – Sources of Information

Sources of information include but are not limited to:

- Independent Technical Report of Recsk Gold-Copper-Silver Property on 27 September 2005 prepared by Caracle Creek International Consulting Inc;
- Management accounts for St. Stephan Gold for the 6 month period ending 30 June 2009;
- Independent Valuation of Recsk Gold-Copper-Silver Property prepared in July 2009 by Minnelex Pty Limited (attached Appendix 3);
- Lahóca Project Desktop Study provided by Oyster Consulting Pty Ltd;
- The Australian Bureau of Statistics website: [www.abs.gov.au](http://www.abs.gov.au);
- The Infomine website: [www.infomine.com.au](http://www.infomine.com.au);
- The Australian Securities Exchange website: [www.asx.com.au](http://www.asx.com.au);
- The GFMS website: [www.gfms.co.uk](http://www.gfms.co.uk);
- Financial and stock market information from Bloomberg and Capital IQ;
- The Australian Bureau of Agricultural and Resource Economics (ABARE) website: [www.abare.gov.au](http://www.abare.gov.au);
- Other financial and non-financial information provided by the Management of Magyar and Optima; and
- Discussions with management of Optima.

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**MINNELEX PTY. LTD.**GEOLOGICAL CONSULTING SERVICES & VALUATIONS  
ABN 99 096 513 276*R. C. W. Pyper  
Principal  
Minnelex Pty Ltd  
August 3, 2009*

WHK Horwath Corporate Finance.

Dear Sirs

**INDEPENDENT VALUATION OF  
RECSK GOLD-COPPER-SILVER PROPERTY**

At the request of WHK Horwath Corporate Finance, Minnelex Pty Ltd, (Minnelex), was engaged to prepare an Independent Valuation Report on the Recsk gold, copper and silver property. This Independent valuation is based on the comprehensive report prepared for MAGYAR MINING PLC by the Canadian consulting group, Caracle Creek International Consulting Inc., (CCIC) in 2004-5. The status and tenure of the tenements have not been independently reviewed nor has a field visit been made.

For this study a valuation of US\$40M is given to the project +/- 20%. Working on 1.5M contained ounces of gold, the value per ounce of gold would be US\$27.

This report is prepared in accordance with the relevant requirements and listing rules of ASX Limited, the VALMIN Code of the Australasian Institute of Mining & Metallurgy and the Australian Securities and Investments Commission (ASIC) Regulatory Guides, 111, 112 and 55. The VALMIN Code sets out the principles and matters, which should be taken into account in preparation of an expert report concerned with mining assets. Regulatory Guide 111 provides guidance on how an expert can help security holders make informed decisions about transactions. Regulatory Guide 112 explains how ASIC interprets the requirement that an expert is independent of the party that commissions the expert report (commissioning party) and other interested parties.

The valuation incorporates the Inferred Resources calculated by the Australian company, Rhodes Mining NL between 1994 and 1996 and reviewed by CCIC. CCIC determined that the estimates also conform to the CIM Standards on Mineral Resources and Reserves (Postle, 2000) and are classed as Inferred Resource.

The report has been prepared by R C Pyper, BSc. FAusIMM. MAICD. Consultant Geologist.

Yours faithfully



## 2. Introduction

The Recsk Epithermal System, located in the northeast part of Hungary, includes the Lahóca Gold Deposit, where mining has taken place for more than 130 years. The majority of production was after 1945 with the removal of about 3 million tonnes (Mt) of ore from 12 separate near-surface ore bodies. The primary historical focus was copper with gold production as a by-product but later exploration has defined significant unmined open-cut gold potential. The area has good infrastructure and the government has a positive view towards mining and mineral exploration.

In 1990 Rhodes Mining NL began evaluation of the near-surface gold potential, concentrating in the areas of the Lahóca and the nearby Lejtakna gold-copper deposits. Delineation drilling by Rhodes suggested that an open pit mining operation on the Lahóca-Lejtakna deposits might be viable. Considerable metallurgical test work and several studies were then carried out on the Lahóca Resource by a number of laboratory facilities and organisations to examine all known processes for best treating the refractory gold deposit.

Test-work indicated that about 30% of the gold is amenable to standard cyanide extraction. Alternative extraction options trialed included:

- Ultra-fine grinding (10 microns or less), which gave about 55% as cyanide recoverable gold.
- Roasting or pressure oxidation of whole ore or a flotation concentrate, which returned 85%-90% gold recovery. Flotation recovered 87% of the gold to a concentrate.
- Bio-oxidation of crushed ore, which returned gold recoveries as high as 66%.

**Table of various Mineral Resource Estimates for the Lahóca-Lejtakna gold-copper deposits:**

Deposit	Reference	Resource Type	Cut-off g/t Au	Tonnes	Au g/t	Ag g/t	Cu %	Contained Au (oz)
Lahóca	1	Inferred	1.0	16,500,000	2.0	nd	nd	1,060,950
Lahóca	1	Inferred	1.5	8,400,000	2.8	nd	nd	756,950
*Lahóca	1	Inferred	1.0	10,981,000	2.1	nd	nd	741,382
*Lahóca	1	Inferred	3.0	1,504,000	5.1	nd	nd	246,603
*Lahóca	1	Inferred	1.0	7,400,000	2.2	nd	nd	523,402

\*near surface Resource; Reference: 1. Rhodes Mining Internal Report; nd=not determined

Recent work suggests that the previous ideas that the Lahóca-Lejtakna epithermal system is horizontal in orientation may be incorrect and that many of the high-grade Au-Cu zones are sub-vertical and may not have been adequately tested by the previous vertical drilling. Hence, the current resource calculations may be underestimating grade and tonnages in the Lahóca system.

## 3. Location and Access

The Lahóca Gold Deposit, is located in the Mátra Mountains of the Northern Uplands of north-central Hungary, about 2 km west of the town of Recsk (Heves County), about 30 km west of the County capital of Eger and about 110 km northeast of the City of Budapest. The Recsk Property is centred at approximately Longitude 20.08° East and Latitude 47.91° North (5311500mN - 4431500mE). The area is contained within the Mátra 1:50000 and Páradáhuta 1:10000 scale topographic map sheets.

Access to the Recsk Property is excellent from paved Highway 24 and locally via a good network of gravel/paved roads that lead through the old workings and buildings on the Recsk Property. The capital, Budapest, is about 110 km east-southeast of the Recsk Property. The climate in the region is seasonal with winter temperatures that range from -10°C to +3°C, lasting about 4-5 months.

Electrical power for the area is provided from a substation at the mine site that is connected to the State's 35,000 volt grid. The Nagybátony-Detk 120 kV double trunk line passes through the area. The National grid pipeline passes at a distance of 20 km from the Recsk Property. A high-pressure gas-distribution station is located 3 km to the north of Lahóca. A railway passes through Recsk, within 1.5 km of the Recsk Property, and joins the main trunk lines of Budapest-Miskolc and Budapest-Salgótarján. The railway line is suitable for bulk materials transport (i.e., ore concentrate). Budapest airport is the only commercial airport in Hungary with modern and updated cargo handling facilities.



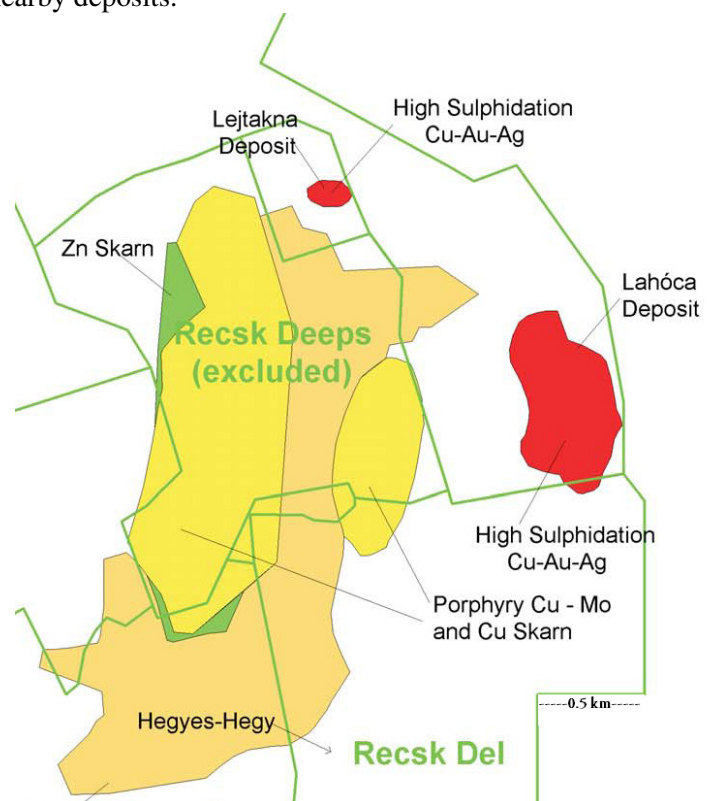
#### 4. Mineral Rights

The rights to the minerals that underlie the Recsk Property are owned in perpetuity by the Hungarian Government but the rights to explore for minerals are obtained via an exploration licence system. “Exploration Licences” are granted by the Hungarian Government for a specified time frame (usually 4 years) and require minimum exploration work expenditures, in order to retain the exploration license. Exploration licences enable the owner to apply for mining leases and exploit the mineral resources discovered beneath (or within the depth ranges specified within the exploration licence).

#### 5. Previous Exploration

The Recsk Property has been subjected to various types of exploration and mining since the discovery of copper at Lahóca in 1849. Two major historic Cu-Au-Ag ore zones are present on the Recsk Property – the Lahóca and Lejtakna deposits. Small mining was carried out on surface gossans containing native copper and copper carbonates, and from the 1860s onward, mining activity was more or less continuous until cessation of operations in 1979. The principal metal mined was copper, from underground workings, with gold and silver taken as by-products.

From 1929 to 1962, shallow vertical holes were drilled in the area of the Lahóca deposit, mostly to guide mining and development. In the early 1950s, a pyrite concentrate was produced for the local sulphuric acid industry and a copper-gold concentrate was refined in East Germany, and the copper, gold and platinoids (mainly palladium) were returned to Hungary (Barnes, 2001). As of 1979, about 3 Mt of ore had been mined from Lahóca-Lejtakna, taken from 13 separate ore bodes (12 at Lahóca and 1 at Lejtakna). Accurate records of the exact past production from these mines are not available. Exploration and production then moved on to other nearby deposits.



##### 5.1 Rhodes Mining NL/Enargit 1994-96:

Rhodes Mining NL (Rhodes) an Australian company based in Perth, commenced a near surface exploration programme for epithermal gold mineralisation. At Lahóca, they completed 68 vertical diamond drill holes ("R" series), totalling about 10,000m, on a nominal 100 m x 100m grid, to a maximum vertical depth of 230m;. Approximately 8,200 core samples were assayed for Au, Ag and copper; a selected number were also assayed for Pb and Zn.

Rhodes completed several reviews of the Lahóca-Lejtakna deposits and presented several Resource estimates. In addition, Rhodes commissioned various preliminary mining studies (e.g., R. Johnson, Consultant Mining Engineer and Fluor Daniel Australia Ltd.) and metallurgical studies (e.g., Ammtec Ltd.) on the ores of the near-surface Lahóca deposit.

## 5.2 Lahóca Mineral Resource

Mineral Resource estimates have been outlined at various times by different groups, using different methodologies, and original data of various quality forms the basis of the following estimates. CCIC reviewed the data available for these and other historical estimates, and determined that the only estimates that conform to the CIM Standards on Mineral Resources and Reserves (Postle, 2000) are those Resource estimates completed by Rhodes Mining NL for the near-surface Lahóca (Rhodes Mining NL, 1994, 1995, 1996; Everett, 1995) and Lejtakna (Rhodes Mining NL, 1994) deposits.

### 5.2.1 Lahóca Resource: 1995

CCIC did not rigorously verify all of the data available to them and used by Rhodes for the calculations of the various Resources. Instead, and dependent on the quality and quantity of data available for each Resource, CCIC randomly chose several mineralised intersections from different holes and reviewed these in detail including examination of original and duplicate and/or check assay data. The geological information and interpretations presented on plan maps and cross-sections were examined and, if required, revised to reflect independent interpretations.

Rhodes (1995), obtained an Inferred Resource estimate for the Lahóca deposit based on gold assay results from 38 vertical surface diamond drill holes (50 drill holes define the resource area), completed between 1994 and 1995. The Resource was prepared under the guidelines of the AusIMM – 1992/93.

CCIC, in reviewing the Rhodes work, concluded that, according to the definition of Mineral Resources as defined by the CIM Standards on Mineral Resources and Reserves (Postle, 2000), the Lahóca Resource is an Inferred Mineral Resource. In accordance with the CIM this is defined as "... that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes."

## 5.3 Technical Parameters

Rhodes Mining NL (1995) used 38 diamond drill hole intersections to calculate the resource for the Lahóca deposit. The drill holes are located on the south flank of Lahóca Hill, and all of the holes, excepting R-400, are located on an approximately 100 m x 100m spaced grid. The maximum depth of the boreholes in the resource area was 230m and core recovery was good, with most runs exceeding 90-95%, below the weathered horizon; poor core recovery was associated with intersections of old underground workings.

Where possible, sampling was completed on geological intervals, based on rock type, alteration, concentration of pyrite, enargite and other visible mineralisation. The sample interval was 0.3m to 2.0m, with the majority of samples taken at 1.0m lengths. The core was split by diamond saw and half of the core was prepared locally in Recsk using a jaw and small rolls crusher. The first 1,370 samples were sent to OMAC Laboratories (Galway, Ireland) and the second batch of 4,430 samples was sent to Analabs Pty Ltd. (Perth, Australia) where they were analysed for gold, copper and silver; both laboratories showed good agreement with their duplicate samples and demonstrate good precision.

A summary of the technical parameters employed by Rhodes Mining NL are as follows:

**Zone of Influence by Hole:** ~50m or half the distance between holes.

**Zone of Influence by Section:** ~50m or half the distance between sections.

**Minimum Thickness:** drill hole dependent

**Grades:** high grade cutting to 5 g/t Au

**Specific Gravity:** 2.5 t/m<sup>3</sup> (based on 952 specific gravity measurements).

**Cut-off Grades:** chosen at 0.5 g/t Au, 1.0 g/t Au and 1.5 g/t Au.

**Cross-Sectional Method:** correlation across suitable cross-sections and plan maps

On the basis of the assay results and geological information provided by Rhodes, Minemap Pty Ltd. (Perth, Australia) produced 8 cross-sections (1:500 scale), showing all available gold assay results and geological information. Using the cross-sectional method, the resource blocks were correlated on a 0.5 g/t Au cut-off using available geological information and this correlation was then used for the 1.0 g/t Au and 1.5 g/t Au cut-offs.

In general, there was good correlation between individual cross-sections and between mineralised intercepts of adjacent bore holes. Where there is poor correlation between boreholes or the peripheral borehole of the cross-section, the mineralisation was wedged out, normally at a distance of 50m. The delineated mineralised areas were planimeted and their gold weighted average grade calculated. The area was converted to volume (100m factor) and a variable specific gravity factor (average 2.5 t/m<sup>3</sup> in unweathered, mineralised core) was applied to calculate the tonnage, based on available measurements from within the mineralised zone.

**Table 5-4. Summary of individual tonnage and grade calculations, Rhodes Mining NL (1995).**

Cross Section	0.5 g/t Au Cut-off		1.0 g/t Au Cut-off		1.5 g/t Au Cut-off	
	Mt	g/t Au	Mt	g/t Au	Mt	g/t Au
1	3.12	1.23	1.68	1.69	0.51	2.78
2	2.81	1.10	1.47	1.47	0.56	2.04
3	2.49	1.35	0.90	2.46	0.50	3.50
4	7.04	1.24	3.51	1.78	1.94	2.36
5	7.65	1.61	4.47	2.14	2.26	3.08
6	4.34	1.56	2.41	2.30	1.47	2.93
7	2.35	1.34	0.85	2.50	0.49	3.40
8	2.61	1.21	1.17	2.00	0.68	2.76
<b>TOTALS:</b>	<b>32.42</b>	<b>1.37</b>	<b>16.46</b>	<b>2.01</b>	<b>8.42</b>	<b>2.82</b>

Rhodes (1995) planimeted the underground workings shown on the cross-sections and calculated their areas, volumes and total "tonnage lost" due to intersection of old workings. This total - an estimated 2.4 Mt at 0.5 g/t Au cut-off - was deducted to arrive at the final Resource Estimate provided in Table 5-5

**Table 5-5. Summary of initial Lahóca Inferred Mineral Resource (Rhodes Mining NL, 1995).**

Cut-off (g/t Au)	Tonnes	W-Avg. Grade (g/t Au)	Contained Au (oz)
0.5	32,400,000	1.4	1,458,324
1.0	16,500,000	2.0	1,060,950
1.5	8,400,000	2.8	756,168

#### 5.4 Lahóca Open Pit Resource: 1996

In order to determine which portion of the previously calculated Inferred Mineral Resource (Rhodes, 1995) could possibly be amenable to open pit mining methods, (Rhodes 1996) re-evaluated and revised its original estimate. A new region for the potential open pit deposit was outlined on 8 sections, comprising 22 boreholes covering 220,000 sq.m. **Table 5-6** lists the details of the resource blocks, for borehole intersections that are thick and close to surface, based on the 1 g/t Au cut-off resource estimation of November 1995. For each resource block, the number of assay intervals >3 g/t Au is calculated as a percentage of the total intercept width and from this a tonnage and grade are calculated as a percentage of the total intercept width; from these calculations the total tonnage and grade is calculated (Rhodes 1996).

This method offers a good estimation of the ultimate size of the higher grade zone (approximately >3 g/t Au) but it is not to be interpreted as an accurate assessment of the actual size and grade available to open pit mining; the mining process would involve minimum bench heights that would dilute zones that are less than the bench height. Nonetheless, CCIC found that the modified Resource calculations as presented by Rhodes (1996), can be confidently categorized as **Inferred Mineral Resources** as defined by the CIM Standards.

Rhodes (1996) calculated a total Inferred Mineral Resource with open pit mining potential of **10,981,000t** at **2.1 g/t Au** (1 g/t Au cut-off). Tonnages and grades for the thicker mineralised zones that contain a percentage of its tonnage over 3 g/t Au (8.3 Mt at 2.2 g/t Au) and in zones with >3 g/t Au (1.5 Mt at 5.1 g/t Au) are listed in **Table 5-7**. The revised Inferred Mineral Resource that is thick and close to surface (10,981,000t at 2.1 g/t Au at 3 g/t cut-off), forms a substantial portion (~70%) of the original Inferred Mineral Resource (16.5 Mt at

2.0 g/t Au at 1.0 g/t Au cut-off; Rhodes, 1995). Rhodes (1996) concluded that the Lahóca resource blocks show good continuity at the 1.0 g/t Au cut-off and the 0.5 g/t Au cut-off and suggested that additional step out drilling was warranted in the region around drill hole R-408, south of hole R-379A, east of R-405 and northeast of R-360.

**Table 5-6. Selected, near-surface Resource blocks, Lahóca Deposit (Rhodes, 1996).**

	Tonnes	Grade (g/t Au)	% at +3g/t Au	Adjusted Tonnes	Adjusted Grade (g/t Au)
<b>TOTAL</b>	<b>8,284,000</b>	<b>2.2</b>		<b>1,504,000</b>	<b>5.1</b>

Based on November 1995 Inferred Resource Estimate; \*from 1996 diamond drilling

**Table 5-7. Tonnage and grade of shallow gold mineralisation at Lahóca (Rhodes, 1996).**

Cross- Section	1 g/t Resource Blocks		High Grade (+3 g/t Au) Zones within 1 g/t Resource Blocks	
	Tonnes	Grade g/t Au	Tonnes	Grade g/t Au
1	1,243,000	1.6	110,000	3.8
2	1,196,000	1.5	24,000	4.8
3	692,000	2.5	186,000	5.7
4	2,386,000	2.0	342,000	3.9
5	1,976,000	2.0	175,000	6.6
6	2,346,000	2.4	428,000	5.7
7	670,000	2.5	187,000	4.8
8	472,000	2.1	52,000	4.6
<b>TOTAL:</b>	<b>10,981,000</b>	<b>2.1</b>	<b>1,504,000</b>	<b>5.1</b>

Based on the November 1995, Inferred Resource Estimate

Past drilling by Rhodes, outlined a Mineral Resource for the Lahóca deposit as tabulated in **Table 5-8**. These values as presented by Marlow (1998) are slightly different from those presented by Rhodes (1995, 1996) and include copper concentrations. CCIC were unable to verify the source and methodology used to obtain these values and therefore they are presented only for comparison purposes, and to suggest the concentration of copper that might be expected in the Lahóca.

**Table 5-8. Summary of the Inferred Mineral Resource at Lahóca (Marlow 1998).**

Cut-off Grade g/t Au	Tonnes	Grade g/t Au	Grade % Cu	Contained ounces Au
0.5	38,500,000	1.45	0.19	1,790,000
1.0	19,100,000	2.14	0.15	1,310,000
1.5	8,300,000	2.93	0.10	780,000

In reviewing the work completed by Rhodes (1995, 1996), it was CCIC's opinion that there is a possibility for higher grade, and possibly increased tonnage at Lahóca (and Lejtakna). This conclusion is based on the following factors:

- The mainly vertical drilling and relatively broad drill hole spacing has left room between drill holes; these "gaps" may contain gold mineralisation along steeply dipping zones ("feeders") between sections;
- Zones of poor drill core recovery, which were not related to the old workings, could represent high-grade shear (feeder?) zones that could not be properly cored due to their friable nature and therefore these "missing" intervals could not be properly assessed; and,
- Historical Hungarian assays from near surface zones (drill hole RM 48) are rarely documented but where present note gold assays up to 14 g/t and high Ag concentrations (>200 g/t. (Rhodes, 2002); these values suggest the presence of very high-grade zones – possibly sub-vertical "feeder" zones.

## 5.5 Lahóca Potential Open Pit Parameters

Assuming a batter angle of 60°, Rhodes Mining NL (1996) calculated strip ratios for each of the 8 cross-sections where the mineralisation was <1.0 g/t Au and >1.0 g/t Au. Rhodes (1996) found that the most attractive area for near-surface mining was the central zone, which have low strip ratios and relatively high gold grade. They calculated an **Inferred Resource of 7.4 Mt at 2.2 g/t Au**, using a 1.0 g/t Au cut-off and an average cross-section strip ratio of 1.8:1.0.

A pit optimisation study would have to be carried out to determine the optimum batter angle and at the current borehole spacing an accurate pit design would not be possible. Rhodes Mining NL (1996) suggested a drilling pattern with minimum ~50 m centres and comprising approximately 70 additional vertical boreholes drilled to an average depth of 80 m (~5600 m).

### 5.5.1. Past Production

The exact data on past production has not been fully and accurately compiled and in many cases the records are contradictory. What follows is an estimate of the historical production with some production highlights from the various mineralised deposits on (Lahóca-Lejtakna) or proximal (Recsk Deeps) to the Recsk Property.

From 1931 to 1978 the Lahóca Mine (originally La Hosca Copper Mine) saw production of 2,414,088t of ore with the main production periods from 1937 to 1944 and 1951 to 1976. Average head grades were; from 1883 to 1916 - 5.21% Cu, 7.26 g/t Au, 56.4 g/t Ag; from 1931 to 1943 (605,000 tonnes) - 0.75% Cu, 3.98 g/t Au, 26.3 g/t Ag; and, from 1926 to 1943 (617,900 tonnes) – 0.65% Cu, 3.6 g/t Au, 20.0 g/t Ag (Mason et al., 1993).

## 5.6. Lahóca Resource Potential

The Lahóca and Lejtakna deposits are high sulphidation epithermal Cu-Au-Ag (Pb-Zn) where stockwork and disseminated Cu-Au-Ag mineralisation is hosted by near surface Eocene andesite-dacite volcanic rocks. The current interpretation is that these deposits are genetically and physically connected at their roots to the deeper Recsk magma-hydrothermal porphyry system, suggesting a strong possibility of further discovery in other areas of the Recsk Property and at depth (below the present resource depth of ~230 m).

The Lahóca-Lejtakna epithermal systems occur over an area that is at least 900 m long and 650 m wide. Past mining activity concentrated on the vertical fracture-shear system that developed as a result of the intrusion of the diorite and late-stage volcanic activity. Koehn (1991) proposed a semi-horizontal model for the deposit morphology and since then much of the exploration has been directed toward looking for semi-horizontal structures, resulting in significant intersections of gold mineralisation (Rhodes, 1995-1996). Barnes (2001) suggested that mineralised shear link structures, developed along semi-horizontal tuffaceous units (up to 50 m thick) within the Eocene volcanic pile, provide a prospective and as yet under-estimated style of mineralisation. In these shear link structures, gold mineralisation is associated with carbonates, silica, pyrite and other base metal sulphides.

In addition to the calculated Mineral Resources in the Lahóca-Lejtakna deposits, Mason et al. (1993) noted that the registered mineable reserves of the number 7, 8, 9, and 10 Au- and Ag-rich massive pyrite ore bodies at Lahóca mine, abandoned in 1979, include protective pillars that could contribute substantially to any open pit operation that might be considered. Moreover, at the Lahóca mine, underground mining ceased at the +120 m ASL level (70 m below the processing plant) with mineralisation known to continue at depth. Some of the deeper sections were blocked out before mining ceased and it is probable that the mineralisation is far more extensive at depth. Mason et al. (1993) also mentioned several other prospects, which are located within the Recsk Property:

Underestimation of the grade and tonnage of Lahóca may have occurred due to the orientation (vertical holes) and wide spacing (+100 m) of the definition drill holes. It is unlikely that the previous drill holes adequately intersected the moderately to steeply dipping mineralised structures and, as recent observations during the re-logging of Lahóca core and examination of outcrops and mine workings indicate, most of the higher grade gold mineralisation appears to be focused within these moderate to high angle (average 35-45°) structures. Should these structures emerge to be as important to the gold grade as is thought, the results could significantly improve and increase the previous grade and tonnage estimations for the Lahóca deposit.

A thorough re-evaluation of the Lahóca-Lejtakna style of mineralisation, including further in-fill drilling and perhaps re-assaying, could lead to a substantial increase in the gold content of these resources, either by an increase in grade, tonnage or both. In particular, drilling should be considered in order to test for the

moderately to steeply inclined structures that have potential for hosting high-grade gold, followed by the re-evaluation and re-modelling of the database using modern geostatistical techniques. There is also potential for metal credits from Cu, Ag and possibly PGE, which have not been thoroughly tested for in the past.

The previous drilling on the Lahóca deposit was limited in depth (~200 m) the depth extents of the high-grade Au-Cu mineralised structures have not been tested. Koehn (1990) notes that the deep regional drilling (Rm series) encountered gold mineralisation at levels below those investigated by the definition drilling and suggests that Cu-Au mineralisation extends down to the Recsk Deeps porphyry. It is not uncommon for high sulphidation mineralisation to occur directly above porphyry mineralisation (e.g., Lepanto) and considering the lack of drilling/sampling in the interval between Lahóca and the Recsk Deeps it is likely the tonnage of the Lahóca deposit can be increased. Vertical drilling in addition to underestimating grade and depth extents of the Lahóca deposit may have also closed-off the deposit pre-maturely along strike as well as across strike.

## 5.7 Environment

The influence of past mining activities (i.e., tailings and mullock dumps) on the environment will need to be investigated, commensurate with any development on the Recsk Property. Much data has been compiled as part an environmental impact study by the Hungarian Government for the Recsk Deeps copper project and this information could be usefully applied to the Lahóca project as required (Mason et al., 1993).

CCIC are aware of several tailings and waste/ore rock dumps on the Recsk Property, and has discussed with Magyar Mining plc the environmental implications of these features. All parties recognise that there exists physical surface scarring from past mining operations and that an unspecified amount of acidic water drainage is currently occurring on the Recsk Property and surrounding areas, sourced from the previously established tailings and waste/ore piles.

If an open pit mining operation is to be considered for the Lejtakna deposit, a possible limiting factor is the proximity to houses at its northeast limits, located along the southern extent of the town of Mátraderecske (Rhodes Mining NL, 1994).

## 6. Geologic Setting

The Recsk Property lies within the north eastern part of the Mátra Mountains. These mountains, mainly formed during the Carpathian Neogene Period (middle-Upper Miocene) of volcanism, are part of the Inner Carpathian volcanic belt, a portion of the +1000 km curvilinear Tertiary volcanic belt within the Alpine-Carpathian Chain Metallogenic Province.

Volcanism on the Recsk Property, also referred to as the “Recsk Volcanic Complex” (or “Recsk Complex”), represents Paleogene volcanism and is situated along the Balaton-Darnó Fault Line, a repeatedly activated, northeast trending megastructural zone.

The oldest rock formations in the Lahóca area are Triassic age marine sedimentary rocks that include shale, chert and limestone (Mesozoic Era Basement). These sedimentary rocks were overturned and gently folded and subsequently overlain by Eocene volcanic rocks and associated Eocene sub-volcanic intrusives of dioritic composition.

The volcanic rocks are predominantly submarine andesite and dacite flows and pyroclastics with subordinate intercalations of limestone, marl and claystone. The Eocene volcanic rocks are overlain by an Oligocene sedimentary sequence that includes tuffaceous limestone, argillite and arenite. Toward the south, the Oligocene formations are overlain by a Miocene volcanic-sedimentary sequence.

The general sequence of structural events showing the association with the introduction of copper-gold mineralisation is shown in Table 6-2. The geology that underlies the Recsk Property was part of an island-arc system within a subduction zone that was located between the Northern and Southern Alps during the Laramian-Pyrenian orogeny (Seresné-Hartai and Földessy, 2000). Baksa (1986) suggested that the Recsk Complex is focused along the Balaton-Darnó Fault Line (Figure 8) and that large-scale north eastward movement along the Darnó strike-slip fault (dextral movement, north-side to the northeast), resulted in the emplacement of the Recsk Complex during the Lower Miocene.

**Table 6-2. Regional structural and mineralising events at the Recsk Epithermal System.**

YOUNGEST	N-S and E-W Faults
Hydrothermal stockwork, massive sulphide and volcanic-sedimentary Cu-Fe-Au-Ag-Sb-As ores	
Lahóca Deposit; NW-SE Fracture Zones	
Hydrothermal metasomatic Cu-Fe-Pb-Zn-As-Ag ores related to silicified zones	
Lejtakna Breccia Pipe; Early Lahóca	
2 <sup>nd</sup> Stage of Upper Eocene Volcanism - Upper Volcanic Series	
Porphyry Cu-Fe-Mo mineralisation within the intrusion (Recsk)	
Hydrothermal replacement Cu-Fe deposits in the exo- and endoskarns (Recsk)	
Hydrothermal stratabound replacement Cu-Zn-Fe and pyrite deposits (Recsk)	
Hydrothermal vein-type and replacement Pb-Zn-Cu-Fe deposits (Recsk)	
Contact metasomatic Fe-skarns (Recsk)	
Intrusion of Porphyry (diorite) bodies along major NE-trending Darnó zone	
Fracturing, NW-SE Faulting	
1 <sup>st</sup> Stage of Upper Eocene Volcanism – Lower Andesite Group and Middle Volcanic Series	
Block Faulting and Uplift of Mesozoic Basement	
Overturning, Folding, and Overthrusting Mesozoic Basement	
<b>OLDEST</b>	Mesozoic Sedimentation (basement)

## 7. Exploration Potential

### 7.1 High Sulphidation and Epithermal Cu-Au-Ag (Pb-Zn)

At some depth beneath the Lahóca and Lejtakna, vertical fault shear zones with intense alteration have been intersected that are up to 15m wide. These wide zones are interpreted as feeder zones, which presumably are or were connected to the underlying porphyry system and are the remnant mineralised fluid pathways to the higher epithermal systems. These targets represent significant high grade potential. Recent re-logging of core and geological inspection of outcrops and local underground workings has confirmed that the dominant mineralised structures in the Lahóca deposit are moderately to steeply dipping.

The Lahóca high sulphidation epithermal deposit is characterised by near-surface primary copper-gold-silver sulphide mineralisation. New information has shown that the idea of stratiform mineralisation is of lesser importance than the high angle structures. Generally, silicified, sulphide rich gold mineralised zones occur along these steeply to moderately inclined zones (average 35-45°) with gold mineralisation and the intensity of rock alteration diffusing outward from them. Alteration typically grades from (1) highly silicified with both vuggy silica and pervasive silicification to (2) pyrophyllite, dickite, kaolinite and quartz to (3) smectite-illite assemblage with increasing distance from a mineralised structure.

The Lahóca mineralised zone is approximately 600 to 700m wide, 1500m long, and has about 170m of known vertical extension. The largest identified and historically delineated ore body, defined with a 0.5 g/t Au cut-off, has a true thickness of 25m to 40m and its depth from surface is between 45m and 120m, and it is open toward depth

Copper mineralisation was previously mined from 12 separate ore bodies associated with centres of intense silicification (stockwork type ores). However, the copper mineralisation is concentrated along moderately to steeply dipping structures in the Lahóca fault zone where it forms diffuse enrichment zones in the heavily brecciated and silicified andesitic volcanic rocks and in pipe breccias.

Rhodes (1994) described the Lahóca mineralisation as falling into three geological types in separate geographical settings. Gold in the Northern Area is associated with tetrahedrite and pyrite in quartz veins hosted mainly by heavily argillised andesite. The mineralised zones are up to 5 m thick and are steeply dipping. In the Central Area, gold is associated with enargite within a silicified andesite breccia. The host rock is heavily impregnated with pyrite and disseminated enargite and luzonite. The mineralised zones are over 20 m thick and are sub-horizontal. Gold in the Southern Area is associated with pyrite in hydrothermal breccia.

The breccia is described as being “thick” and sub-horizontal. Rhodes Mining NL (1994) felt that the Central and Southern zones might be linked.

Rhodes (1995) suggested that there is limited potential for high-grade mineralisation in the Lahóca, citing two main reasons: (1) high-grade gold occurs within a thin siliceous cap (also referred to as blueschist unit) at the top of the main mineralised zone; and, (2) although thicker zones of high grade gold occur within the hydrothermal breccia, they appear to be isolated and show little or no continuity between adjacent, 100 m spaced, boreholes. However, the vertical drill holes used to make these conclusions are poorly oriented to assess sub-vertical and moderately dipping mineralised zones, and might explain why they could not find continuity between drill holes. The large spacing (100 m) is large enough that sub-vertical and moderately dipping mineralised zones may have fallen between drill holes without being intersected at all and suggests that there is potential to find high-grade mineralised zones that are contiguous

## **8. Mineral Processing and Metallurgical Testing**

### **8.1 Lahóca: High Sulphidation Gold**

Considerable metallurgical test work and several studies have been carried out on the Lahóca deposit by a number of laboratory facilities and organisations in order to determine the best process available for treating the refractory gold. Ore samples and concentrate from the Lahóca deposit, when finely ground, respond readily to conventional roasting and pressure oxidation processes, with overall gold recoveries in cyanide of nearly 90%. However, at the projected resource grades these higher cost processes are unlikely to yield acceptable economics.

Heap bio-oxidation followed by heap leach cyanidation at fine crush particle size is a potentially viable low cost and relatively environmentally friendly option for the partially refractory Lahóca gold ore; CMRI (1996) (Colorado Minerals Research Institute?) reached a similar conclusion. After reviewing the results from numerous metallurgical studies on the Lahóca deposit, several general statements can be made regarding its metallurgical characteristics based on the samples tested:

Conventional direct cyanidation test work dissolves approximately only 30% of the gold content, due to the submicroscopic grain size of the gold and its intimate association with pyrite, the dominant sulphide in the ore material (Shaw et al., 1997). Conventional direct cyanidation of the sulphide flotation concentrate dissolves similarly around 30% of the gold, increasing to 55% of the gold after grinding to a particle size of 10 microns or less (Shaw et al., 1997; Orestest Pty Ltd., 1996);

□ Up to 63% of the gold can be extracted using the bio-oxidation process (CMRI 1996 and Hazen 1997);

□ Conventional relatively severe roasting and pressure oxidative methods recover more than 90% of the gold from both “whole ore” and on sulphide concentrate recovered by the flotation process. (CMRI 1996). A “pre feasibility” study arguably a detailed scoping study of these two oxidative methods (not including bio-oxidation) indicated marginal economics at the then prevailing US\$400/oz gold price, owing to the deposit’s low gold grade and the relatively high processing costs associated with roasting and pressure oxidation (Signet Engineering, 1996);

### **8.2 Roasting and Pressure Oxidation**

Roasting and pressure oxidation are aggressive commercial oxidation methods for treating refractory gold ores. The processes are relatively high cost and generally used on gold ores which have grades to justify the cost and or from which flotation can recover the majority of the gold into a low weight and grade-enriched concentrate. Both roasting and pressure oxidation methods recovered up to 88% of the gold. This is in agreement with the suggested theoretical recoveries of up to 90%, as based on the mineralogy and diagnostic leaching.

### **8.3 Bio-oxidation Tests**

In gold deposits that are not amenable to direct cyanidation, mainly in cases where the gold is associated with a sulphide mineral such as pyrite and arsenopyrite, the associated mineral must be oxidised in order to expose the gold so that it can be dissolved in cyanide. In addition to pressure leaching and other forms of chemical



oxidation, biological oxidation (bio-oxidation) offers a cost effective alternative. Unlike pressure leaching, the capital and operating costs of bio-oxidation are relatively low. Bio-oxidation is especially attractive when the sulphide content is low and/or when a relatively small percentage of the sulphide minerals require oxidation in order to expose the gold for cyanidation. Cyanidation after bio oxidation on various crush sizes gave gold recoveries ranging from 50-67%.

A test conducted in a 5 m high column – to simulate a commercial heap stack height - showed much-reduced bio-oxidation. The report interpreted this as being related mainly to agglomerate break up (crumbling), evidence for which was seen in an accumulation of clayey fines at the base of the column.

### **ProMet Engineers Review 2009**

ProMet was asked to conduct a desktop review of previous test work / ore characterisation work on the Lahóca deposit to:

- Assess the potential for the ore to concentrate
- Prepare a conceptual high level process and plant design
- Outline potential mass balance metrics in order to update the scoping study model
- Identify potential terminal markets for the concentrate (if possible)
- Design further test work to confirm the findings and design the plant.

Due to environmental constraints, a non-cyanide processing route was identified for the project to produce a viable concentrate. A proposed processing route includes: flash flotation; bulk flotation; gravity separation; and magnetic separation.

Production of a copper concentrate grade suitable for sale to smelters >25% did not seem possible from the low copper feed grade of 0.15%. However, a pyritic type concentrate consisting of gold between 10 and 20 g/t, silver between 200 and 400 g/t and copper between 0.5 and 1.0% is possible. A pyritic concentrate of this form could be sold to smelters in Europe and China as several companies are already doing this with concentrate with a low copper content.

The consideration of a primary melt process that would produce a copper matt of 65% copper and a separate precious solid metals (due to their abundance within the flotation concentrate) was recommended to be taken into consideration.

#### **Summary of material outcomes:**

Overall the study results were encouraging and have validated the key metallurgical assumptions for the project that were used as part of the initial high level scoping study. More specifically ProMet believe:

The material will concentrate as expected with relatively simple, low risk processing route using proven technology which has been successfully used in numerous operations worldwide for many years.

Capital including construction by ProMet estimated at A\$60M versus A\$67M in the scoping study.

Expectation of silver grades in concentrate of around 300g/t. This was not included in the scoping study revenues.

Recoveries are as expected in the scoping study.

There appears to be a ready market of the concentrate. In addition, there is potential upside to build a “bespoke” smelter for the regional needs leveraging synergies with a local acid plant. Concentration ratios were less than expected at around 10:1 compared to 15:1 in the scoping study. This is expected to have a marginal impact on transport costs.

Further test work is recommended on fresh core samples from the mining area. This is relatively simple and only requires small representative samples.

## 9. Valuation

### 9.1 Total Inferred Resource

The current resource base for Lahóca is tabled below. The maximum depth of the boreholes in the resource area was 230m and core recovery was good, with most runs exceeding 90-95%,

**Table 9.1** Summary of the Inferred Mineral Resource at Lahóca (Marlow 1998).

Cut-off Grade g/t Au	Tonnes	Grade g/t Au	Grade % Cu	Contained ounces Au
0.5	38,500,000	1.45	0.19	1,790,000
1.0	19,100,000	2.14	0.15	1,310,000
1.5	8,300,000	2.93	0.10	780,000

The table includes data on copper mineralisation which appears to be less widespread than gold and is concentrated along moderately to steeply dipping structures in the Lahóca fault zone where it forms diffuse enrichment zones in the heavily brecciated and silicified andesite volcanic rocks and in pipe breccias

Further gold-bearing material on site includes:

Gold bearing waste material from previous mining operations estimated to be 200,000t of unknown grade.

Assuming a grade of 1 g/t Au there is a possible 6500 oz of contained gold

There is also estimated to be some 500,000t of old tailings at around 1 g/t Au (16,000 oz Au)

Within the total Inferred Resource there is a shallow open pit Inferred Resource of 7.4 Mt at 2.2 g/t Au (523,000oz), This is within a shallow gold zone with an Inferred resource of 11.0 Mt @ 2.1 g/t Au (743,000 oz). Potential for further opencut ore exists by taking the pit deeper and the company plans to ultimately extend the pit to take in the total Inferred Resource.

### 9.2 Previous Feasibility Studies

Feasibility studies were carried out in the late 90s which showed that the project could make a profit, but not sufficient to cover the risks. Since then, the gold price has doubled and alternative enhanced treatment methods make the project far more robust.

#### 9.2.1 Roasting and Pressure Oxidation

A pre-feasibility study by Signet Engineering (1996) examined several roasting and pressure oxidation options of whole ore and conventional flotation concentrate. The study indicated that the pressure oxidation of whole ore material was the most viable of the options studied and demonstrated positive, but modest, Internal Rate of Return ("IRR" or pre-tax cash flow) at the prevailing US\$400/oz gold price, using the following parameters:

**Mine Production:** 2 Mt/year

**Grade-Mine Life:** average 2.2 g/t Au over 10 year mine life

**Gold Price:** A\$535/oz (US\$400/oz) [1996 A\$1.3 = US\$1.0]

**Capital Cost:** A\$143 (US\$110M)

**Operating Cost:** A\$28/tonne (US\$22/tonne)

**Gold Recovery:** 86%

Hazen Research (1996), using an alternative non-conventional flotation process, demonstrated a potential for increasing gold recovery to 93%. The economic model in the study demonstrated an improved return, but at the time was still slightly below that which would be considered generally acceptable in the industry for a medium term project.

#### 9.2.2 Bio-oxidation

No engineering economic evaluation of the bio-oxidation process in relation to the Lahóca data is known, however, CMRI (1996) estimated:

Preliminary order of magnitude level capital at US\$47.2M.

Operating costs at US\$8.9/t, for a 2.74 Mt/year operation.

CMRI (1996) quoted, with qualification, an estimated US\$4 to US\$5/st for Newmont Mining Corporation's heap bio-oxidation operation in the USA, which processes Carlin-type gold ore.

In comparison with the high costs quoted earlier for roasting/pressure oxidation processes (US\$22/t operating and US\$110 million capital costs). The much lower order of magnitude costs for bio-oxidation also offer a potentially viable process route, although only up to 63% of the gold can be extracted using the bio-oxidation process. Sulphide within the rock matrix encapsulates the gold particles. During the bio-oxidation pretreatment, bacteria break down the sulphides, expose the gold particles and permit the cyanide to reach and dissolve them. In the ores, sulphides can take on a variety of forms; the most commonly associated with gold are pyrite and arsenopyrite. These bio-oxidation reactions are completed at a pH of less than 2 and effectively create a partially oxidised ore which can be treated by conventional methods. The heap leach pad is rinsed, neutralised and enough lime added to increase the pH to a value between 10 and 11 to ensure that the cyanide used as lixiviant is not lost as hydrogen cyanide gas during the dissolution of the gold.

As a rule of thumb, sulphide ores containing 1 g/ton of gold or greater can be considered for treatment by this process, depending upon the local site conditions and costing structure. Processing costs for crushing, bio-oxidation, leach pad offloading, agglomeration and neutralisation, leaching and metals recovery are typically in the range of US\$3.25 to \$5.00 per short ton. These costs are representative of operations in Carlin, Nevada.

Heap leach bio-oxidation thus offers a viable method to process low-grade gold sulphide ores. Competitive technologies involve roasting or autoclaving.

### 9.3 Current Mining and Processing Parameters

The current scoping study outlines an open pit on the side of the Lahóca hill producing approximately 3Mt of ROM ore annually. A concentrator will be commissioned to deliver a manageable volume (approximately 200 kt per year) of gold and copper/silver-rich concentrate to be trucked or railed to a suitable processing facility.

Truck haulage to a toll treat plant 200km from site at US\$750/oz indicates a NPV of A\$210m and IRR of 46%. Start-up capital is estimated at \$75m including: exploration and feasibility; mine development; plant construction and working capital.

#### Capital Costs

- US\$7.5m of exploration and feasibility capital in Year 1
- US\$10m for mine development capital
- US\$50m of fixed plant for crushing and concentration
- US\$25m of closure capital after mining operations have ceased
- US\$7.5m of working capital

#### Operating Costs

- Mining costs of US\$5.5/t
- Concentration costs of US\$6/t of ROM, derived from benchmark data and real case studies
- US\$3m per year of operation for corporate and administration costs
- Toll treatment costs of US\$30/t of concentrate
- Concentrate transport US\$0.15/t/km

### 9.4 Risk

The range of values for a project attempts to allow for the sensitivity of the project values to expected variations in commodity prices and exchange rates, and for the changes in property market value with changing investment expectations, and valuations estimated for acquisition and listing for similar projects in the same geological environment. Principal risks are:

**Mining and Exploration Risks.** The successful exploitation of mineral exploration resources and the design and construction of efficient mining facilities has inherent risks which can be hampered by force majeure circumstances, cost over-runs, inconsistent grades and other unforeseen events. The technical risks attached to resource project development and production is unknown until economic resources are outlined.

**General Economic Conditions.** Production from mineral resources is subject to international market conditions, exchange rates and normal cost inflation. These matters would be considered if economic resources are outlined.

**Environmental Impact Constraints** Exploration and development of any resources will be dependent on the projects meeting environmental guidelines. The grant development permits are dependent on approval of environmental management programs. The Lahóca Mines have deposited more than 2.1Mt waste as

unprocessed ore rock, waste rock and as tailings, covering a total area of about 140,000 sq. m in 11 dumps. According to previous studies, soil and groundwater are polluted with metals below and around the waste dumps (VITUKI 1996) and the Baláta Creek has become enriched with polluted water and sediments near the dumps (Gedeon 1962; Rukezo 2003). The Ilona Creek Mines ('old mines'). Small-scale mining from narrow but high-grade veinlet zones left old adits and small waste rock dumps. Most of the old mine adits and dumps discharge highly acidic water (pH~2) with high sulphate and heavy metal content (Szebenyi 2002). A water reservoir dam failure at the Recsk-Lahóca Mines in 1999 led to the release of sediments containing significant amounts of historic heavy metal pollution that was re-suspended by the turbulent 200,000 m<sup>3</sup> of flood water and was then deposited downstream on the agricultural floodplain.

## **10. Conclusions**

The project has an Inferred Resource and an extensive database that allows an opinion to be made as to the value of the existing ore body; however the project is not supported by a comprehensive feasibility study, nor is the proposed treatment method fully researched.

Methods of valuation can include in-situ mineral valuation, valuing the commodity before it is mined. It is subjective, and therefore it is important that the valuation is based on considerable experience. The current market price of the commodity is discounted for factors such as mining losses, complexity of mineralogy, mining conditions, political risk, regional infrastructure support, etc. As an example a rule of thumb value could be based on in-situ value for gold at \$30/oz. Based on a total resource of 1.5 Moz this would value Lahóca at \$45M

A popular 'rule of thumb' method to value tenements is to apply a factor to the gross metal value in ground. This factor will vary considerably according to the level of confidence in the resource figures used. It also tends to favour the large, low grade deposits, whereas the NPV calculation favors a high grade and high profitability. An in-ground value of 6% of metal value might be used where the resource is well defined, high grade and with significant upside potential to expand this resource. A value of 3% of the in ground metal value has been used where the data is not as complete or is less optimistic. Using 3% for Lahóca, and 1.31M oz of gold valued at about \$US980/oz, the value would be around \$38.5M say \$40M +/- 20%, which gives some allowance for the copper and silver.

If production is planned based on quantified reserves and resources, a financial analysis can be used to derive the net present value for the projects. Value can be estimated on the basis of conceptual production plans and notional cash flow analysis. This has been done to a limited extent in the past assuming a specific treatment method and recovery and in 2009, a revised analysis was carried out by the current project team.

Past and present feasibility studies indicate that the Lahóca mine will be profitable with a NPV possibly in excess of \$200M, however it is still at a high risk stage. For this study a valuation of US\$40M is given to the project. Working on 1.5M contained ounces of gold, the value per ounce would be US\$27.

**Qualifications**

The person responsible for the preparation of this report is:  
Mr R C W Pyper BSc, FAusIMM, GAICD. Consulting Geologist

Minnelex Pty Ltd ("Minnelex") is a long-established geological consulting company. Its principal, Robert Pyper, is a geologist with 47 years of industry experience and twenty-five years of consulting practice in precious metals, base metals, gemstones, coal, clays, dimension stone and mineral sands. He has had extensive experience in geological reporting, ore reserves assessment and the valuation of mining operations and mineral exploration properties.

**Declaration**

Minnelex consents to the inclusion of this report in the form and context in which it is included. Apart from that, neither the whole nor any part of this report, nor any references thereto, may be included in or with or attached to any document, circular, resolution, letter or statement without the prior written consent of Minnelex.

The information in this report that relates to exploration results, and mineral resources is based on information compiled by Mr Robert Pyper, who is a Fellow of the Australasia Institute of Mining and Metallurgy. Mr Pyper has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Pyper consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

**Disclaimer of Interests**

At the date of this report, Minnelex does not have, nor has had any relationship with Optima ICM Limited other than as may have occurred as a result of providing consultancy services in the ordinary course of business.

Minnelex and Mr Pyper have neither relevant interest in, nor any interest in the acquisition or disposal of, any securities of Optima ICM Limited. Minnelex and Mr Pyper have no pecuniary or other interest that could be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the acquisition of the mineral interests of Optima ICM Limited.

Neither Minnelex nor Mr Pyper has received or may receive any pecuniary or other benefits, whether direct or indirect or in connection with the preparing of this report other than normal consultancy fees based on fee time at normal professional rates plus out-of-pocket expenses.

**References**

ProMet Engineers. Desktop Review for Oyster Consulting Limited. July 2009

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Magyar Mining PLC September 27<sup>th</sup>, 2005: By S. Jobin-Bevans and S W. Wetherup,

Magyar Mining PLC. Power point presentation. May 2009

Optima ICM Limited  
(subject to Deed of Company  
Arrangement)  
**GENERAL MEETING**

Optima ICM Limited  
(subject to Deed of Company  
Arrangement)  
ABN 80 085 905 997

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GPO Box 3993  
Sydney NSW 2001  
Australia

## YOUR VOTE IS IMPORTANT

FOR YOUR VOTE TO BE EFFECTIVE IT MUST BE RECORDED BEFORE 11.00AM  
MONDAY 21 SEPTEMBER 2009



### Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction on the form. Securityholders sponsored by a broker should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

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## TO VOTE BY COMPLETING THE PROXY FORM

### STEP 1 Appointment of Proxy

Indicate here who you want to appoint as your Proxy  
If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chairman of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

#### Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must provide an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

#### Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- return both forms together in the same envelope.

### STEP 2 Voting Directions to your Proxy

You can tell your Proxy how to vote

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

### STEP 3 Sign the Form

The form **must** be signed

In the spaces provided you must sign this form as follows:

**Individual:** This form is to be signed by the securityholder.

**Joint Holding:** where the holding is in more than one name, all the securityholders must sign.

**Power of Attorney:** to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. **Please indicate the office held by signing in the appropriate place.**

### STEP 4 Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below not later than 48 hours before the commencement of the meeting at 11.00am on Wednesday, 23 September 2009. Any Proxy Form received after that time will not be valid for the scheduled meeting.

**Proxies may be lodged using the reply paid envelope or:**

**BY MAIL -** Share Registry – Registries Limited, GPO Box 3993, Sydney NSW 2001 Australia

**BY FAX -** + 61 2 9290 9655

**IN PERSON -** Share Registry – Registries Limited, Level 7, 207 Kent Street, Sydney NSW 2000 Australia

<Co Name>  
 <Address 1>  
 <Address 2>  
 <Address 3>  
 <Address 4>  
 <Address 5>

<BARCODE>

**STEP 1 - Appointment of Proxy**

I/We being a member/s of **Optima ICM Limited** (subject to Deed of Company Arrangement) and entitled to attend and vote hereby appoint

the Chairman of the Meeting (mark with an 'X') **OR**

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate (excluding the registered Securityholder) you are appointing as your proxy.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy at the **General Meeting of Optima ICM Limited** (subject to Deed of Company Arrangement) to be held on **Wednesday the 23 of September 2009 at 11.00am** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

If the Chairman of the Meeting is appointed as your proxy or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of a resolution, please mark this box. By marking this box, you acknowledge that the Chairman of the Meeting may vote as your proxy even if he has an interest in the outcome of the resolution and votes cast by the Chairman of the Meeting for those resolutions, 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 Chairman of the Meeting will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called. The Chair intends to vote all undirected proxies in favour of the resolution.

**STEP 2 - Voting directions to your Proxy – please mark  to indicate your directions**

Ordinary Business	For	Against	Abstain*
Resolution 1 Consolidation of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Issue of Shares to Magyar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Proposed change to nature and scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Issue of Shares to Albert Wong	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Issue of Shares to Neville Wran	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Future allotment and issue of new Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Issue of Shares to Directors and Company Secretary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 Change of Company name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 Appointment of Director (James Chapman)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 Appointment of Director (Dean Felton)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 Appointment of Director (David Straface)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

In addition to the intentions advised above. The Chairman of the Meeting intends to vote undirected proxies in favour of each of the items of business.  
 \*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**STEP 3 - PLEASE SIGN HERE** This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ..... Contact Daytime Telephone ..... Date /