GLORY RESOURCES LIMITED

(ABN 38 142 870 102)

(TO BE RENAMED CHRYSOS LIMITED)

PROSPECTUS

For an offer of 170,000,000 Shares at an issue price of $0.25 per Share to raise $42,500,000 (**Offer**). Oversubscriptions of up to 30,000,000 Shares at an issue price of $0.25 per Share to raise an additional $7,500,000 may be accepted.

LEAD MANAGER TO THE OFFER:

IMPORTANT INFORMATION

This Offer is conditional upon:

- **the Company's successful re-compliance with Chapters 1 and 2 of the ASX Listing Rules; and**
- **satisfaction or waiver of all of the conditions precedent to the Share Sale Agreement entered into between the Company and Cape Lambert Resources Limited.**

Please refer to Sections 3 and 10.1 for further details.

This Prospectus is a re-compliance prospectus for the purposes of satisfying Chapters 1 and 2 of the ASX Listing Rules and to satisfy ASX requirements for re-admission to the Official List following a change to the nature and scale of the Company's activities.

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered speculative.

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

This Offer is conditional upon, amongst other things, the Company's successful re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

ASX requires the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company re-comply with these requirements.

The Company was suspended from Official Quotation from the time of the General Meeting and will not be re-instated until it has successfully recomplied with Chapters 1 and 2 of the ASX Listing Rules. There is a risk that the Company may not meet ASX's requirements for re-instatement to the Official List.

In the event the Company does not receive conditional approval for re-quotation on ASX, then the Company will not proceed with the Offer and will repay all application monies received.

IMPORTANT NOTICE

This Prospectus is dated 4 November 2011 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of this Prospectus is at 5.00pm (WST) on that date which is 13 months after the date the Prospectus was lodged with the ASIC (**Expiry Date**). No Shares may be issued on the basis of this Prospectus after the Expiry Date.

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered highly speculative.

FOREIGN JURISDICTIONS

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

In particular, the Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (**US Securities Act**). Accordingly, the Shares may not be offered or sold in the United States except to "qualified institutional buyers", as defined under Rule 144A of the US Securities Act, in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

This Prospectus does not constitute a prospectus for the purposes of the Prospectus Rules published by the United Kingdom Financial Services Authority (**FSA**) and has not been approved by, or filed with, the FSA or the United Kingdom Listing Authority. Furthermore, this Prospectus contains no offer to the public within the meaning of Section 102B of the UK Financial Services and Markets Act 2000 (**FSMA**), the Companies Act 2006 (**UK Companies Act**) or otherwise.

This Prospectus is being supplied in the United Kingdom only to persons who are (i) a "qualified investor" within the meaning of section 86(7) of the FSMA and (ii) a "professional client" or an "eligible counterparty" within the meaning of COBS 3.5.1 and COBS 3.6.1, respectively of the FSA Conduct of Business Sourcebook and (iii) have professional experience in matters relating to investments and who are investment professionals as specified in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**) or who are high net worth companies, unincorporated associations and others as specified in Article 49(2) of the Order. Any investment or investment activity to which this Prospectus relates is available only to such persons or will be engaged in only with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this Prospectus.

This Prospectus is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity and has therefore not been approved by an authorised person as would otherwise be required by Section 21 of the FSMA.

It is a condition of any application for Shares pursuant to the Offer by any person in the United Kingdom that such person falls within, and warrants and undertakes to the Company that it falls within, one of the categories of persons described above.

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (**Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance. No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Shares.

This document constitutes an offering of Shares only in the Provinces of British Columbia, Ontario and Quebec (**Provinces**) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Shares or the offering of Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company, and the directors and officers of the Company, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

DISCLAIMER

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company, the Lead Manager or any other person in connection with the Offer. You should rely only on information in this Prospectus.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.gloryresources.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company on +61 8 9322 7600 or by email on info@gloryresources.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as “believes”, “estimates”, “expects”, “intends”, “may”, “will”, “would”, “could” or “should” and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management of the Company.

The Company cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

These forward-looking statements are subject to various risk factors that could cause the Company’s actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are set out in Section 4. These and other factors could cause actual results to differ materially from those expressed in any forward-looking statements contained in this Prospectus.

COMPETENT PERSON’S STATEMENTS

The information in this Prospectus that relates to Mineral Resources and the St Demetrious Ore Reserve statement is based on information reviewed and compiled by Dr Mike Armitage of SRK Consulting (UK) Ltd, who is a Member of the Institute of Materials, Minerals and Mining which is a “Recognised Overseas Professional Organisation” (ROPO) included in a list promulgated by the Australian Securities Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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. Dr Mike Armitage has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this Prospectus that relates to The Viper Ore Reserve statement has been compiled by Mr Malcolm Dorricott of AMC Consultants Pty Ltd. Mr Malcolm Dorricott is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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 Malcolm Dorricott has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in this Prospectus that relates to exploration results is based on information compiled by Mr Bernard Aylward. Mr Aylward is a Director of Glory Resources Limited. Mr Aylward is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and 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 Aylward consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

PHOTOGRAPHS AND DIAGRAMS

Diagrams in this Prospectus have been prepared by officers of the Company. Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

DEFINED TERMS AND OTHER MATTERS

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in Section 12.

Unless otherwise stated, all other references to "$", dollars and cents are to Australian currency. Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

CONTENTS

CORPORATE DIRECTORY

Existing Directors

Mr Jason Bontempo
Executive Director

Mr Bernard Aylward
Technical Director

Mr Jeremy King
Non Executive Director

Proposed Director

Mr Jeremy Wrathall
Non Executive Director

Company Secretary

Ms Emma Wates

Registered Office

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Telephone: +61 8 9322 7600
Facsimile: +61 8 9322 7602

Website

www.gloryresources.com.au

ASX Code:

GLY

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Independent Geologist

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WESTERN AUSTRALIA

Lawyers in Australia

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West Perth
WESTERN AUSTRALIA 6005

Lawyers in Greece

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Athens 106 74
GREECE

Auditors

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Subiaco
WESTERN AUSTRALIA 6008

Investigating Accountant

BDO Corporate Finance (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Share Registry*

Security Transfer Registrars Pty Ltd
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Applecross
WESTERN AUSTRALIA 6153

Telephone: +61 8 9315 2333

Corporate Advisor

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WESTERN AUSTRALIA 6005

* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.

EXECUTIVE DIRECTOR'S LETTER

Dear Investor,

I have pleasure in presenting what the Board of Directors believe is an exciting opportunity for our Company.

Glory Resources Limited (**Company** or **Glory**) is currently an Australian based mineral exploration company, targeting platinum group metals, copper, nickel and gold in the Thunder Bay area of Canada. Its Canadian projects comprise the Onion Lake Project, Eagle Lake and Way Lake Projects.

On 18 August 2011, the Company announced that it had signed an agreement with Cape Lambert Resources Limited (**Cape Lambert**) to acquire the Sapes gold project located near Sapes, Greece (**Sapes Gold Project**).

The Sapes Gold Project is a high-grade gold deposit located in north-eastern Greece. Exploration drilling completed at the project has delineated a significant JORC code compliant Measured and Indicated Mineral Resource of **2.64Mt at 9.8g/t gold for 830,000 ozs gold**[1].

The Viper Deposit is the most significant component of the Mineral Resource inventory with a total of 683,000ozs gold at an average grade of 21.5g/t gold. The Viper prospect will be mined by conventional underground mining methods, with a decline from surface extracting high-grade gold and associated copper and silver mineralisation.

A Feasibility Study on the Sapes Gold Project last updated in December 2010 has identified Proved and Probable Ore Reserves of **1.3Mt at 15.1g/t gold for 637,000ozs gold**[1] and assumes future gold production of 510,000oz over the life of the Sapes Gold Project. Total capital expenditure is estimated at US$100m and cash operating costs are estimated at US$297/oz over a 7 year mine life. Gold is proposed to be recovered via a combination of gravity extraction on site, with gold doré bars produced, and the production of a sulphide concentrate (Cu-Au-Ag) that will be shipped to a third party smelter. The overall recovery of gold is expected to be 80% as no cyanide is to be used in the processing. [2]

The Company's objective on successfully acquiring the Sapes Gold Project is to efficiently progress environmental and mining permitting and advance the project to mine development and ultimately production. The Company also intends to continue to pursue the development of its platinum group metals, copper, nickel and gold prospective assets in Thunder Bay, Canada.

The Board considers this to be an excellent opportunity for the Company to add a world class, advanced gold project to its asset portfolio. The consideration payable to Cape Lambert for the Sapes Gold Project is as follows:

- $32,500,000 cash;
- 16,000,000 Shares;
- $5,000,000 in cash or the equivalent issue of Shares[3] upon the granting of all necessary approvals and consents of governmental authorities to enable Thrace to commence mining the Sapes Gold Project; and
- $5,000,000 in cash or the equivalent issue of Shares[3] upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper and/or silver) from the Sapes Gold Project.

Glory is also pleased to have secured the participation of Eldorado Gold Cooperatief U.A. (**Eldorado**), a wholly owned subsidiary of the Canadian international gold producer Eldorado Gold Corporation in the Offer. Eldorado has agreed to participate in the Offer pursuant to a Subscription Agreement , whereby, subject to the terms and conditions set out therein, Eldorado will subscribe for such number of Shares pursuant to the Offer such that it will hold a relevant interest in 19.9% of the Company's Shares upon completion of the Offer.

I ask that you read this prospectus carefully, and trust you will agree with the Board that this represents an outstanding opportunity for the Company.

The Board looks forward to welcoming you as a Shareholder.

Yours sincerely

Jason Bontempo
Executive Director

1. See Section 3.5.3 for further details on the JORC reserves and resources associated with the Sapes Gold Project.

2. See Section 3.5.4 and the Independent Geologist's Report for further details in respect to the proposed mine plan and key operating assumptions for the Sapes Gold Project, as outlined in the Feasibility Study.

3. Such number of Shares equal to $5,000,000 divided by a price equal to the weighted average trading price of Shares on ASX on the 5 days before satisfaction of the relevant milestone. The issue of cash or Share consideration is at the election of MinSec, a wholly owned subsidiary of Cape Lambert.

1. INVESTMENT OVERVIEW

1.1 Important notice

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends or the future value of the Shares.

1.2 The Company

The Company is an Australian based mineral exploration company which holds platinum group element, gold and base metal prospective tenure in Canada.

The Company's existing flagship project, Onion Lake, is prospective for copper-nickel-platinum group elements and is comprised of approximately 190km^2 of contiguous mining claims which are adjacent to Magma Metals (Canada) Ltd (ASX:MMW) Thunder Bay North Polymetallic Property. Glory holds the right to earn a 75% interest in the Onion Lake Project pursuant to a joint venture with TSX Venture Exchange listed Benton Resources Limited (TSX: BTC).

In addition, Glory holds a 100% interest in the Eagle Lake Project (prospective for gold, gold-copper) and the Way Lake Project (prospective for nickel-platinum group elements). All projects are in the Lake Superior region in Canada, a known mineralised region with a history of mining which is serviced by excellent local infrastructure and a highly skilled mining workforce.

The Company has entered into a Share Sale Agreement with Cape Lambert to purchase 100% of the issued capital of Scarborough Minerals Overseas Holdings Ltd which through its wholly owned subsidiaries owns 100% of the Sapes Gold Project. The Sapes Gold Project is a high grade gold asset located near the village of Sapes in north-eastern Greece.

Glory is undertaking this Offer to fund both the Acquisition and further development of the Sapes Gold Project. Following completion of the Offer, the Company intends to be primarily a gold developer and explorer through continuing to progress permitting applications for the Sapes Gold Project and exploration on its Canadian assets. The Company also intends to advance mine development and conduct further exploration as soon as practicable, with the objective of ultimately becoming a gold producer through the successful development of the Sapes Gold Project to a stand alone, gold mining operation.

1.3 Change in nature and scale of activities

The Company has entered into the Share Sale Agreement to acquire Scarborough Minerals Overseas Holdings Ltd, whose wholly owned subsidiaries own 100% of the Sapes Gold Project. The Share Sale Agreement is conditional, amongst other things, upon the Company completing the Offer, obtaining conditional approval to be requoted on ASX and for the Consideration Shares to be admitted to ASX (subject to ASX imposed escrow restrictions) subject to standard conditions and obtaining all necessary regulatory and Shareholder approvals. Refer to Section 10.1 for further details of the terms and conditions of the Share Sale Agreement.

At the General Meeting, the Company sought and obtained Shareholder approval for a change in the nature and scale of its activities. To give effect to this change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company was suspended from Official Quotation from the time of the General Meeting and will not be reinstated until satisfaction of the conditions to the Offer and ASX approving the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation on the ASX. In the event the conditions of the Offer are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Offer and will repay all application monies received.

1.4 Indicative Timetable

Event	Date
Announcement of Acquisition	Thursday, 18 August 2011
General Meeting to approve the change of activities and other matters	Monday, 24 October 2011
Suspension of the Company's Shares from trading on ASX at the opening of trading	Monday, 24 October 2011
Lodgement of Prospectus at ASIC	Friday, 4 November 2011
Opening date of Offer	Friday, 4 November 2011
Closing date of Offer	Friday, 25 November 2011
Settlement of the Acquisition and allotment of Shares under the Offer	Friday, 2 December 2011
Trading in Shares reinstated by ASX (subject to satisfaction of Chapters 1 and 2 of the ASX Listing Rules).[1] Normal T+3 trading basis commences.	Friday, 9 December 2011

Notes:

1. Trading in Shares will only be reinstated by ASX after the Company has completed the Acquisition, and the Company has re-complied with Chapters 1 and 2 of the ASX Listing Rules. The Company will endeavour to minimise the period of suspension as much as possible.

The above timetable is indicative only and may be varied in consultation with the ASX. In particular the Company reserves the right to extend or shorten the Closing Date, to accept late applications and to withdraw the Offer without prior notice.

1.5 Key offer statistics

	Minimum Subscription	Maximum Subscription
Offer price per Share	$0.25	$0.25
Shares offered	170,000,000	200,000,000
Total proceeds from the Offer	$42,500,000	$50,000,000
Consideration Shares to be issued to Cape Lambert	16,000,000	16,000,000
Total number of Shares on issue (post Offer)	223,818,179	253,818,179
Total number of Options on issue (post Offer)	30,300,000	30,300,000
Indicative market capitalisation (at the Offer Price) (post Offer)	$55,954,545	$63,454,545
Net cash (post Offer)[1]	$12,228,079	$19,353,079

Note:

1. Following payment of the cash consideration to Cape Lambert. Refer to Investigating Accountants Report in Section 7 for further details.

1.7 Investment Highlights – Sapes Gold Project

- Glory has contracted to acquire 100% of the Sapes Gold Project.

- A Feasibility Study on the Sapes Gold Project last updated in December 2010 has identified a significant JORC code compliant Measured and Indicated Mineral Resource of 2.64Mt at 9.8g/t gold for 830,000ozs of gold and Proved and Probable Ore Reserves of 1.3Mt at 15.1g/t gold for 637,000ozs of gold[1] and assumes future gold production of 510,000oz over the life of the Sapes Gold Project. [2]

- Total capital expenditure is estimated at approximately US$100m with cash operating costs estimated at US$297/oz over a 7 year mine life.[2]

- Substantial opportunity for further exploration upside with no systematic exploration having occurred on the Sapes Gold Project lease for 12 years.

- Acquisition price of $46.5m comprising $32.5m in cash, $4m in Share based consideration and $10m in either cash or Shares upon Glory meeting certain milestones including Glory being granted requisite mining approvals and consents and the sale of 1,000oz of gold.[3]

- Canadian international gold producer Eldorado Gold Corporation (through its wholly owned subsidiary) has agreed to participate in the Offer pursuant to a Subscription Agreement to subscribe for such number of Shares pursuant to the Offer such that it will hold a relevant interest in 19.9% of the Company's Shares upon completion of the Offer.

- Preliminary Environmental Impact Study (PEIS) for the Sapes Gold Project has been lodged with Ministry of Environment (MEEC) marking the first key step in permitting for gold production.

- The Sapes Gold Project mine plan proposes that the project will predominantly produce concentrate and crucially will not use cyanide in the process.

1. See Section 3.5.3 for further details on the JORC reserves and resources associated with the Sapes Gold Project.
2. See Section 3.5.4 and the Independent Geologist's report for further details in respect to the proposed mine plan and key operating for the Sapes Gold Project, as outlined in the Feasibility Study.
3. See Section 10.1 for further details in respect to the Share Sale Agreement.

1.8 Risk factors

Potential investors should consider that an investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus. The following risk factors are not exhaustive and are presented in this section in summary form. For further information in relation to the risk factors of the Company please refer to Section 4 of the Prospectus.

The risk factors set out in Section 4 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative.

The Directors have identified the following key risks associated with the Company post the Acquisition.

Risk Area	Risks
Change in nature and scale of activities and conditionality of Offer	At the General Meeting the Company sought and obtained approval for a change in nature and scale of its activities. In accordance with the requirements of the ASX in relation to this change of activities, the Company must re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements. The Company was suspended from Official Quotation from the time of the General Meeting and will not be reinstated until satisfaction of the conditions to the Offer and ASX approving the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules. There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation on the ASX. In the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Offer and will repay all application monies received.
Sapes Gold Project Greek Government licenses and approvals	The Sapes Gold Project is located in north-eastern Greece. Gold mining operations are not as prevalent in Greece as other jurisdictions and risks exist in terms of Greek governmental approval for the various activities which an operating mine requires and the timetable associated with obtaining such approvals. In particular, the likely timetable for the process for environmental approvals for the Sapes Gold Project is uncertain and may take longer than the Company has envisaged. The length of any delay may be uncertain and may have adverse consequences for investors in the Company. Amongst other things, Greek government environment approval involves an Environmental Impact Assessment Study (EIA) being submitted to the Department in charge of Ministry of Environment, Energy and Climate Change (MEEC) and it being approved by a decision of the MEEC alone, subject to the special conditions and characteristics of the project and the broader project area. The timeframe for this approval is from 5 to 12 months (depending on local Community support, the way the EIA addresses the environmental terms of the Preliminary Environmental Estimation and Evaluation and the complexity of the project). There is potential for the approval period to be longer than 12 months in the event of any delay in the approval process. Whilst the relevant law in Greece sets out timetables for the permitting process, the Company has learnt from the experience of other parties that decisions of both government and judicial bodies may take significantly longer than anticipated. Outcomes in courts in Greece may be less predictable than in Australia, which could affect the enforceability of contracts entered into in respect of the Sapes Gold Project. Should the Company ultimately proceed to development, operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land

	use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Greece, the Directors may reassess investment decisions and commitments to assets in Greece.
Additional requirements for capital	The Directors believe that the Company will have sufficient funds from the Offer to meet the objectives outlined in Section 3.3 (Objectives and Strategy). These funds will only be sufficient to undertake preliminary development works on the Sapes Gold Project and the vast majority of the estimated capital expenditure required for Sapes Gold Project development will remain unfunded. The Company will require additional funding to complete the development of the Sapes Gold Project and commence production. Additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs. If the Company is successful in meeting its initial objectives with respect to the Sapes Gold Project, then additional capital will be required to further develop its operations and pursue business opportunities.
Exploration, development and production risks	The business of gold exploration and production, project development and production involves risks by its very nature. To prosper, it depends on the successful development of gold reserves. Operations, such as design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution services are required to be successful. In particular, exploration is a speculative endeavour whilst production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events. The Company's future profitability will depend on the economic returns and the costs of developing the Sapes Gold Project, which may differ significantly from its current estimates. The production and cost estimates in this Prospectus are based on the Feasibility Study, which by their nature may not be representative of the operational results achieved. Further studies may need to be undertaken on the Sapes Gold Project prior to the Company proceeding to development which may reveal that more development capital will be required or that the operating assumptions in the Feasibility Study need to be revised. The outcome of exploration programs will affect the future performance of the Company and its Shares. If, and when, the Company commences production, the production may be curtailed or shut down for considerable

	periods of time due to a number of factors which are beyond the control of the Company. They include: i. disruptions to the transport chain being road and rail; ii. port infrastructure and ocean freight; iii. a lack of market demand; iv. government regulation; v. production allocations; and vi. force majeure. These curtailments may continue for a considerable period of time resulting in a material adverse effect on the results of operations and financial condition of the Company. Further, the exploration for and production of gold involves certain operating hazards, such as failure and or breakdown of equipment, adverse geological, seismic and geotechnical conditions, industrial accidents, labour disputes, adverse weather conditions, pollution and other environmental hazards and risks. Any of these hazards could cause the Company to suffer substantial losses if they occur. The future exploration activities of the Company may not be successful. Unsuccessful exploration activities could have a material adverse effect on the results of operations and financial condition.
Sapes Gold Project resource and reserve estimates	Resource, reserve and other estimates of gold, copper and silver occurrences, including those contained in this Prospectus, are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates, including that gold mined may be of a different quality, grade or strip ratio from the estimates. Resource and reserve estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the estimates of gold resources and reserves could affect its development and mining plans.
Title risk	Interests in mineral rights in Greece are governed by Greek legislation. The licence which grants the title to the Sapes Gold Project is subject to compliance with certain requirements, including lodgement of reports, payment of royalties and compliance with environmental conditions and environmental legislation. Consequently, the Company could lose title to or its interest in the Sapes Gold Project if these requirements are not met. The acquisition of the Sapes Gold Project is subject to the Company acquiring control of a chain of entities that ultimately control Thrace, the holder of the licence which grants the title to the Sapes Gold Project. Whilst these entities do not currently have any other assets, liabilities or operations outside of those associated with the Sapes Gold Project, Glory will not be the registered licence holder and the preservation of title over the Sapes Gold Project will be subject to the entities Glory proposes to gain control of through the acquisition of the Sapes Gold Project doing all things necessary to be in suitable standing to enable Glory to obtain beneficial title over the Sapes Gold Project.

Government policy changes and legal risk	Government action or policy change (in particular, by the Greek government) in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect the Company's operations and financial performance. The Company's Greek operations will be governed by a series of Greek laws and regulations. Breaches or non-compliance with these laws and regulations can result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cashflows, growth prospects and share price of the Company. These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cashflows, growth prospects and Share price of the Company. The legal and political conditions in Greece and any changes thereto are outside the control of the Company. The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and the value of its Shares. In addition, there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.
Share Sale Agreement	The Company has entered into the Share Sale Agreement pursuant to which Cape Lambert agreed to sell and the Company agreed to acquire, through its wholly owned subsidiaries, 100% of the issued capital of Scarborough Minerals Overseas Holdings Ltd which through wholly owned subsidiaries owns 100% of the Sapes Gold Project. Cape Lambert has provided limited warranties and representations in favour of the Company in relation to Scarborough Minerals Overseas Holdings Ltd, its subsidiaries and the Sapes Gold Project in the Share Sale Agreement. Completion of the Share Sale Agreement is conditional on satisfaction of a number of conditions precedent, the non-satisfaction of which may prevent the acquisition of the Sapes Gold Project by the Company proceeding (refer to Section 10.1 for further details).

1.9 Summary of the Offer

By this Prospectus, the Company invites investors to apply for 170,000,000 Shares at an issue price of $0.25 each to raise $42,500,000. Oversubscriptions of up to 30,000,000 Shares at an issue price of $0.25 per Share to raise an additional $7,500,000 may be accepted.

1.10 Purpose of the Offer

The purpose of the Offer is to:

(a) assist the Company to meet the requirements of ASX and re-comply with Chapters 1 and 2 of the ASX Listing Rules;

(b) raise funds payable in part consideration for the acquisition of the Sapes Gold Project from Cape Lambert;

(c) raise funds to be applied towards exploration and progressing the development of the Sapes Gold Project by way of project permitting applications and preliminary mine development; and

(d) to provide funds for general working capital and the expenses of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

1.11 Sources and Use of Funds

The Company intends to apply funds raised pursuant to the Capital Raising together with current cash reserves as follows:

Source and Use of Funds	Minimum Subscription	Maximum Subscription
Source of Funds		
Current Cash	4,260,000	4,260,000
Capital Raising	42,500,000	50,000,000
Total	**46,760,000**	**54,260,000**
Use of Funds		
Project Permitting	$2,000,000	$2,000,000
Initial Mine Development	$2,500,000	$9,600,000
Exploration Programme	$3,000,000	$3,000,000
Cash Consideration payable to Cape Lambert	$32,500,000	$32,500,000
Working capital and general administration expenses	$4,260,000	$4,260,000
Costs of the Offer	$2,500,000	$2,900,000
Total	**$46,760,000**	**$54,260,000**

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Directors reserve the right to alter the way funds are applied on this basis.

Further details in respect to the Company's work plan and proposed use of funds is outlined in Section 3.4.

1.12 Capital structure

The capital structure of the Company following completion of the Offer is summarised below:

Shares	Minimum Subscription	Maximum Subscription
Shares on issue at the date of the Prospectus	37,818,179	37,818,179
Shares to be issued pursuant to Capital Raising	170,000,000	200,000,000
Consideration Shares to be issued to Cape Lambert	16,000,000	16,000,000
Total Shares	**223,818,179**	**253,818,179**

Options	Exercise Price	Expiry Date	Number
Options on issue as at the date of the Prospectus[1]	$0.30	31 March 2013	200,000
	$0.17	27 July 2016	5,000,000
	$0.17	15 August 2016	10,000,000
Broker, Management, Staff and Consultant Options[2]	$0.25	31 October 2014	10,800,000
Board Options[3]	$0.25	31 October 2014	4,300,000
Total Options			**30,300,000**

Notes:

1. Further details on the terms and condition of existing Options are outlined in Section 9.3
2. The Company has agreed to issue these Options to brokers, management, staff and consultants who assist the Company in relation to the acquisition and development of the Sapes Gold Project and the Offer. These Options are issued on the terms and conditions set out in Section 9.2.
3. These Options will be issued on the terms and conditions set out in Section 9.2.

1.13 Substantial Shareholders

The substantial Shareholders in the Company as at the date of this Prospectus and their respective relevant interest on completion of the Offer are summarised below.

Substantial Holder	Shares	% (pre-Offer)	% (post-Offer) Minimum Subscription	% (post-Offer) Maximum Subscription
J & J Bandy Nominees Pty Ltd	4,091,176	10.82%	1.83%	1.61%
Group Seventy Three Super Fund Pty Ltd	2,411,765	6.38%	1.08%	0.95%

1. Post-Offer holdings assume no Shares subscribed for by the substantial Shareholders under the Offer.

Cape Lambert currently has a 1.98% relevant interest in the Company which is held by its wholly owned subsidiary Dempsey Resources Pty Ltd. Cape Lambert's relevant interest in the Company following completion of the Offer and the allotment of the Consideration Shares is outlined below.

	Post-Offer Shares	% (post-Offer) Minimum Subscription	% (post-Offer) Maximum Subscription
Cape Lambert and associated entities	16,750,000	7.48%	6.60%

1. Post-Offer Shareholdings assume no Shares are subscribed for by Cape Lambert and its associated entities under the Offer.

The Company will announce to the ASX details of its top 20 Shareholders and will lodge substantial holder notices received following completion of the Offer.

1.14 Financial Information

Further financial information for the Company is included in the Investigating Accountant's Report in Section 7 of the Prospectus.

1.15 Directors

Mr Jason Bontempo - Executive Director
BCom, CA

Mr Bontempo has worked in investment banking and corporate advisory since qualifying as a Chartered Accountant with Ernst & Young in 1997. Mr Bontempo has worked for investment banks in Australia and the UK and has been closely involved with the advising and financing of companies in the Mineral Resources industry. Mr Bontempo was closely involved with the management of Tianshan Goldfields when the company was focused on the exploration and development of the 2.6 million ounce Gold Mountain project.

Mr Bernard Aylward – Technical Director
MAusIMM

Mr Aylward is an honours graduate in Geology from the University of Melbourne and has 20 years experience in Australian mineral exploration. Mr Aylward is currently Chief Operating Officer of International Goldfields Limited. Previously he served as General Manager of Geology of Azumah Resources Ltd where he oversaw the expansion of the Wa gold project to over 1 million ounces. Prior to that, Mr Aylward's experience included working for Sons of Gwalia Limited where he was directly involved in the exploration drilling and expansion of the Safari Bore resource and the Deep South discoveries.

Mr Jeremy King – Non-Executive Director
LLB

Mr King is a corporate lawyer with over 12 years experience in domestic and international legal, financial and corporate matters including several years in London with Allen & Overy LLP and Debevoise & Plimpton LLP. He has extensive corporate experience, particularly in relation to private equity acquisitions and acting for financial institutions and issuers in respect of debt and equity capital raisings. As a corporate advisor with Max Capital, he advises a range of public and private companies in respect of capital raisings, acquisitions and corporate issues, with a focus on the resources sector. Mr King is a current director of ASX listed, Orca Energy Ltd.

Jeremy Wrathall – Proposed Non-executive Director

Mr Jeremy Wrathall is a mining engineer from the Camborne School of Mines with experience of underground mining in the South African gold mining industry. Mr. Wrathall is currently Managing Director of the Metals & Mining Investment Banking team at Renaissance Capital and is based in London.

Mr Wrathall has extensive experience of investment banking having worked as a mining analyst, mining specialist salesman and mining investment banker over the last 23 years. In former roles he was the Global Head of Mining Equities at Deutsche Bank and Global Head of Mining Equity Sales at UBS. Prior to joining Renaissance Capital he co-founded and managed Haywood Securities UK Ltd and GMP Securities Europe, both of which were focussed on the metals and mining industry globally. He has extensive experience of evaluating and leading mining equity transactions across various markets: including London, ASX, TSX and JSE. Mr. Wrathall is a Fellow of the Institute of Materials, Minerals and Mining (IOM3).

Further details in respect to the Company's directors and management is outlined in Section 5

1.16 Disclosure of Interests

Directors are not required under the Company's constitution to hold any Shares.

As at the date of this Prospectus, the annual remuneration (exclusive of superannuation) and the relevant interests of each of the Directors in Shares and Options are set out in the table below:

Director/Proposed Director	Remuneration FY2011[1]	Shares	Options
Jason Bontempo	$32,151	1,400,000	3,000,000
Jeremy King	$33,227	15,000	1,000,000
Bernard Aylward	$17,600[2]	Nil	1,200,000
Jeremy Wrathall[2]	Nil	Nil	Nil

Note:

1. Remuneration for the year ended 30 June 2011. Excludes non-monetary and Share / Option based remuneration.
2. Mr Aylward received $17,600 for services provided as a geological consultant to the Company in the 2011 financial year. Mr Aylward was appointed as a Technical Director on 24 May 2011 with an annual remuneration of $24,000.
3. Mr Wrathall is proposed to be appointed as a Director following completion of the Offer.

Refer to Section 10.5 for further details of the Directors remuneration and interest in Shares and Options.

1.17 Agreements with Directors and Related Parties

Director Deeds of Indemnity

The Company has entered into deeds of insurance, indemnity and access which each of its Directors (**Deeds**).

Pursuant to these Deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as an officer of the Company. The Company will be required under the Deeds to maintain insurance policies for the benefit of the relevant Director for the term of the appointment and for a period of seven years after the relevant Director's retirement or resignation.

The Deeds will also provide for the Director's right of access to Board papers.

1.18 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $2.5 million and are expected to be applied towards the items set out in the table below.

Item of Expenditure	$
ASX and ASIC fees	80,000
Broker Commissions	2,125,000[1]
Australian Legal Fees	140,000
Greek Legal Fees	40,000
Independent Geologist's Fees	20,000
Investigating Accountant's Fees	20,000
Corporate Advisor Fees	60,000
Miscellaneous	15,000
TOTAL	**2,500,000**

Notes:

1. Broker commissions have been estimated based on 5% commission payable on the Minimum Subscription Amount of $42,500,000. Should the Maximum Subscription Amount be raised commissions payable are expected to be $2,500,000.

1.19 Corporate Governance

To the extent applicable, in light of the Company's size and nature, the Company has adopted the Corporate Governance Principles and Recommendations (2nd Edition) as published by the ASX Corporation Governance Council (Recommendations).

The Company's main corporate governance policies and practices as at the date of this Prospectus are outlined in Section 5.4 of this Prospectus and the Company's 2011 Annual Report and the Company's compliance and departures from the Recommendations are set out in its 2011 Annual Report. The 2011 Annual Report is available from ASX and the Company's website.

In addition, the Company's full Corporation Governance Plan is available from the Company's website.

2. DETAILS OF THE OFFER

2.1 The Offer

Pursuant to the Offer, the Company invites applications for 170,000,000 Shares at an issue price of $0.25 per Share (**Issue Price**) to raise $42,500,000.

The Company may accept oversubscriptions of up to 30,000,000 Shares at the Issue Price to raise up to a further $7,500,000 and an aggregate maximum of $50,000,000, before expenses of the Offer (**Maximum Subscription Amount**).

The Shares offered under this Prospectus will rank equally with the existing Shares on issue. Please refer to Section 9.1 for further information regarding the rights and liabilities attaching to the Shares.

2.2 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

At the General Meeting, the Company sought and obtained Shareholder approval for, amongst other things, a change in nature and scale of its activities. To give effect to this change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company was suspended from Official Quotation from the time of the General Meeting and will not be reinstated until satisfaction of the conditions to the Offer and ASX approving the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements for re-quotation on the ASX. In the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Offer and will repay all application monies received.

2.3 Settlement of Share Sale Agreement

Settlement of the Share Sale Agreement is subject to, amongst other things, the successful completion of the Offer, obtaining conditional approval to be requoted on ASX and for the Consideration Shares to be admitted to ASX (subject to ASX imposed escrow restrictions) subject to standard conditions. Refer to Section 10.1 for a summary of the Share Sale Agreement.

2.4 Eldorado Subscription Agreement

The Company has secured the participation of Eldorado in the Offer by entering into a Subscription Agreement with Eldorado. Pursuant to the Subscription Agreement and subject to the terms and conditions noted therein, Eldorado has agreed to subscribe for such number of Shares pursuant to the Offer such that it will hold a relevant interest in 19.9% of the Company's Shares upon completion of the Offer.

The Subscription Agreement grants Eldorado the right to appoint a nominee to Glory's Board of Directors. Refer to Section 10.2 for a summary of the Subscription Agreement.

The Lead Manager will be entitled to a fee of 1% on funds raised pursuant to Eldorado's participation in the Offer in accordance with the terms of the Offer Management Agreement.

2.5 Minimum subscription

The minimum subscription to be raised pursuant to the Offer is $42,500,000.

If the Minimum Subscription Amount has not been raised within four (4) months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

2.6 Oversubscriptions

The Company may accept oversubscriptions of up to a further 30,000,000 Shares to raise a further $7,500,000 and an aggregate maximum of $50,000,000, before expenses of the Offer.

2.7 Applications

Applications for Shares under the Offer must be made using the Application Form.

Applications for Shares must be for a minimum of 8,000 Shares ($2,000) and thereafter in multiples of 500 Shares ($125) and payment for the Shares must be made in full at the issue price of $0.25 per Share.

Completed Application Forms and accompanying cheques must be mailed or delivered in person to:

Glory Resources Limited
C/- Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

Refer to the instructions on the back of the Application Form when completing your application. Cheques should be made payable to "Glory Resources Limited – Share Offer Account" and crossed "Not Negotiable". All cheques must be in Australian currency.

Completed Application Forms must reach the above address by no later than the 5.00pm (WST) on the Closing Date. An original completed and lodged Application Form, together with a cheque for the application monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a valid application. An application will be deemed to be accepted by the Company upon allotment of the Shares.

The Company reserves the right to close the Offer early.

2.8 ASX listing

The Company was suspended from Official Quotation from the time of the General Meeting and will not be reinstated until satisfaction of the conditions to the Offer and ASX approving the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

Application for Official Quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

2.9 Allotment

The Lead Manager (in consultation with and subject to the prior written approval of the Company), will determine the allottees of the Shares in accordance with the terms of the Offer Management Agreement summarised in Section 10.3 and the Subscription Agreement summarised in Section 10.2. The Directors and the Lead Manager reserve the right to reject any application or to allocate any applicant fewer Shares than the number applied for. The Shares in the Offer to be issued to Eldorado pursuant to the terms and conditions of the Subscription Agreement will be allotted in priority to Shares subscribed for by other applicants pursuant to the Offer in the event that total subscriptions exceed the Maximum Subscription Amount.

Subject to satisfaction of the conditions to the Offer and ASX approving the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules, Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

2.10 Restricted Securities

Subject to the Company re-complying with Chapters 1 and 2 of the ASX Listing Rules, certain Shares on issue prior to the Offer, and to be issued pursuant to the Share Sale Agreement and Options to be issued to Directors, the Proposed Director, brokers, management, staff and consultants who assist the Company in relation to the Offer, may be classified by ASX as restricted securities and may be required to be held in escrow.

2.11 Restrictions on the Distribution of the Prospectus

No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not, and is not intended to, constitute an offer in any jurisdiction, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the Shares or otherwise permit a public offering of the Shares in any jurisdiction outside Australia.

In particular, the Shares have not been, and will not be, registered under the US Securities Act and may only be offered or sold:

(a) In the United States to "qualified institutional buyers", as defined under Rule 144A of the US Securities Act, in transactions exempt from, or not subject to, the registration requirements of the US Securities Act; and

(b) outside the United States in "offshore transactions" in compliance with Regulation S under the US Securities Act and applicable local law.

This Prospectus does not constitute a prospectus for the purposes of the Prospectus Rules published by the United Kingdom Financial Services Authority (**FSA**) and has not been approved by, or filed with, the FSA or the United Kingdom Listing Authority. Furthermore, this Prospectus contains no offer to the public within the meaning of Section 102B of the UK Financial Services and Markets Act 2000 (**FSMA**), the Companies Act 2006 (**UK Companies Act**) or otherwise.

This Prospectus is being supplied in the United Kingdom only to persons who are (i) a "qualified investor" within the meaning of section 86(7) of the FSMA and (ii) a "professional client" or an "eligible counterparty" within the meaning of COBS 3.5.1 and COBS 3.6.1, respectively of the FSA Conduct of Business Sourcebook and (iii) have professional experience in matters relating to investments and who are investment professionals as specified in Article 19(5) of the Financial

Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**) or who are high net worth companies, unincorporated associations and others as specified in Article 49(2) of the Order. Any investment or investment activity to which this Prospectus relates is available only to such persons or will be engaged in only with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this Prospectus.

This Prospectus is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity and has therefore not been approved by an authorised person as would otherwise be required by Section 21 of the FSMA.

It is a condition of any application for Shares pursuant to the Offer by any person in the United Kingdom that such person falls within, and warrants and undertakes to the Company that it falls within, one of the categories of persons described above.

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (**Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong by means of any document, other than (i) to "professional investors" (as defined in the SFO) or (ii) in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Shares.

This document constitutes an offering of Shares only in the Provinces of British Columbia, Ontario and Quebec (Provinces) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Shares or the offering of Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company, and the directors and officers of the Company, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

2.12 Underwriting

The Offer is not underwritten.

2.13 Commissions payable

The Company reserves the right to pay a commission of up to 5% (exclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian financial services licensee (including the Lead Manager) in respect of any valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian financial services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian financial services licensee.

2.14 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with separate statements (similar to a bank account statement) that set out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

2.15 Financial Forecasts

The Company's existing projects and the Sapes Gold Project are development and exploration assets. The Directors and the Proposed Director have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

2.16 Privacy statement

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

2.17 Queries

Any questions concerning the Offer should be directed to the Company, on +61 8 9322 7600 or by email on info@gloryresources.com.au.

3. COMPANY OVERVIEW

3.1 Company Overview

The Company is an Australian based mineral exploration company which holds platinum group element, gold and base metal prospective tenure in Canada.

The Company's existing flagship project, Onion Lake, is prospective for copper-nickel-platinum group elements and is comprised of approximately 190km^2 of contiguous mining claims which are adjacent to the Thunder Bay North Polymetallic Property. Glory holds the right to earn a 75% interest in the Onion Lake Project pursuant to a joint venture with TSX Venture Exchange listed Benton Resources Limited (TSX: BTC).

In addition, Glory holds a 100% interest in the Eagle Lake Project (prospective for gold, gold-copper) and the Way Lake Project (prospective for nickel-platinum group elements). All projects are in the Lake Superior region in Canada, a known mineralised region with a history of mining which is serviced by excellent local infrastructure and a highly skilled mining workforce.

In April and May 2011, the Company carried out a diamond core drilling programme on its Onion Lake Project targeting mineralisation consistent or similar to that observed on adjacent properties. This programme was successful in hitting the expected rock type, which is prospective for PGM-Cu-Ni mineralisation in the region, and it has validated the aeromagnetic survey of the Company's land tenure in Canada. Following this successful first phase of drilling, the Company has designed a 12 month 7,000 metre drilling programme in respect of its Canadian assets which is scheduled to commence in mid October, 2011.

On 18 August 2011 the Company announced that it had executed a heads of agreement with Cape Lambert to acquire 100% of the Sapes Gold Project. The Sapes Gold Project is a high grade gold asset located near the village of Sapes in north-eastern Greece.

The Company has since entered into a Share Sale Agreement with Cape Lambert to purchase 100% of the issued capital of Scarborough Minerals Overseas Holdings Ltd which through its wholly owned subsidiaries owns 100% of the Sapes Gold Project. Refer to Section 10.1 for further details of the terms and conditions of the Share Sale Agreement. It is undertaking this Offer to fund both the Acquisition and further development of the Sapes Gold Project.

Following completion of the Offer, the Company intends to be primarily a gold developer and explorer through continuing to progress permitting applications for the Sapes Gold Project whilst pursuing the exploration of its Canadian assets. The Company also intends to advance mine development and conduct further exploration as soon as practicable, with the objective of ultimately becoming a gold producer through the successful development of the Sapes Gold Project to a stand alone, gold mining operation.

3.2 Corporate Structure

Following completion of the Offer and settlement of the Share Sale Agreement the Company, through its 100% owned subsidiary Scarborough Minerals Overseas Holdings Ltd, will control the Sapes Gold Project. The Company's corporate structure following completion of the Acquisition is summarised in Figure 1.

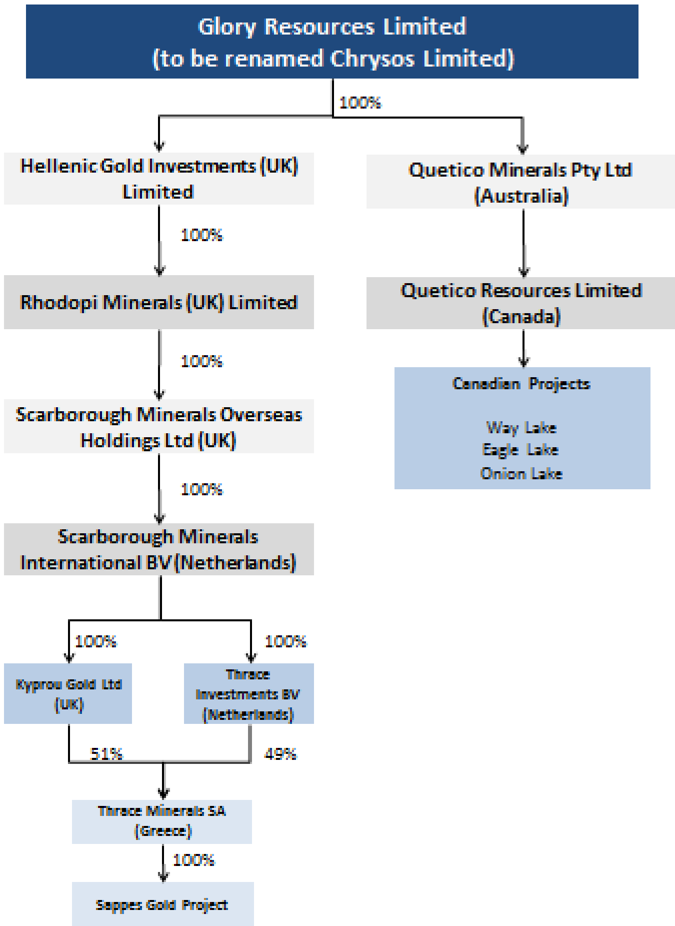


Figure 1: Corporate Structure following the Acquisition

3.3 Objectives and Strategies

The Company's main objectives in undertaking the Offer are to:

(a) assist the Company to meet the requirements of ASX and re-comply with Chapters 1 and 2 of the ASX Listing Rules;

(b) raise funds payable in part consideration for the acquisition of the Sapes Gold Project from Cape Lambert;

(c) raise funds to be applied towards progressing the development of the Sapes Gold Project by way of project permitting applications, initial mine development and exploration; and

(d) provide funds for general working capital and expenses of the Offer.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

3.4 Use of Funds and Work Plan

The Company intends to apply the funds raised pursuant to the Offer as follows:

Source and Use of Funds	Minimum Subscription	Maximum Subscription
Source of Funds		
Current Cash [1]	$4,260,000	$4,260,000
Capital Raising	$42,500,000	$50,000,000
Total	**$46,760,000**	**$54,260,000**
Use of Funds		
Project Permitting	$2,000,000	$2,000,000
Initial Mine Development	$2,500,000	$9,600,000
Exploration Programme	$3,000,000	$3,000,000
Cash Consideration payable to Cape Lambert	$32,500,000	$32,500,000
Working capital and general administration expenses	$4,260,000	$4,260,000
Costs of the Offer[2]	$2,500,000	$2,900,000
Total	**$46,760,000**	**$54,260,000**

Notes:

1. Cash includes Glory cash reserves as at 30 September 2011 and the cash to be acquired pursuant to the Acquisition of Scarborough Mineral Overseas Holdings Ltd as outlined in the Investigating Accountants Report.
2. Refer to Section 10.9 for further details in respect to the expenses of the Offer.
3. The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Directors reserve the right to alter the way funds are applied on this basis.

The Company's work plan for the Sapes Gold Project for the period 2011-2012 will focus on achieving the Project's permits and progressing works to advance critical path development activities and will include the following key activities:

Project Permitting

The Company will continue to progress and finalise its environmental studies and community liaisons in order to complete environmental permitting requirements. This will include the completion of a final Environmental Impact Study addressing any issues raised from the lodged Preliminary Environmental Impact Study (**PEIS**), currently under review by the authorities, and community consultations. Final studies and reports will be compiled and necessary documents submitted to the Greek authorities.

Initial Mine Development

The Company intends to undertake the following initial mine development work:

- Geotechnical drilling: additional surface drilling at the Viper deposit will be completed for geotechnical purposes;
- Metallurgical drilling: additional diamond drilling will be undertaken at the Viper and St Demetrious deposits to provide samples to conduct further confirmatory metallurgical test work; and
- Engineering: commencement of detailed designs for the Viper underground mine.

Should the Maximum Subscription Amount be raised, then the additional funds will be used for:

- Engineering: commencement of the detailed design of the process plant and related infrastructure; and

- Viper development: after permitting is completed, mobilisation of the mining contractor and the commencement of developing the Viper deposit's upper decline.

Sapes Gold Project Exploration Programme

The Company intends to undertake preliminary exploration drilling of the nearby untested prospects of St. Barbara and Sapana, as well as conduct further investigation of the identified regional prospects, such as Evros.

3.5 Sapes Gold Project

3.5.1 Project Location

The Sapes Gold Project is a gold exploration and development project contained within lease contract No. 850/11-62-1993, regarding research and exploitation of the state owned mine named "E5". The mining lease is located in north eastern Greece on a 20.1km^2 and has been granted until 2023. The project is located approximately 2km east of the village of Sapes, population 9,500 (2001 census), and is situated approximately 60km west of the Turkish border and 35km south of the Bulgarian border.

The nearest major town is the Aegean port of Alexandroupolis, approximately 30km south east of the Sapes Gold Project area. Alexandroupolis has a population of 70,000 (2001 census) and is a sizeable port for coastal shipping. The regional capital of Komotini is approximately 35km north west of Sapes. Access to the Sapes Gold Project area is excellent, with a major highway within 7km of Sapes and a narrow gauge railway line from Thessaloniki to Alexandroupolis that passes through the southern part of the lease. There are daily flights from Alexandroupolis to Athens.

Figure 2: Sapes Gold Project Location

3.5.2 Geology

The Sapes Gold Project comprises three gold deposits:

- the main high grade Viper deposit which is approximately 200m below the surface;
- the lower grade St Demetrios; and
- the Scarp deposits, which outcrop on the surface.

The Sapes Gold Project deposits are typical high sulphidation epithermal gold deposits that also contain silver and copper.

A map of the Sapes Gold Project geology is set out below:

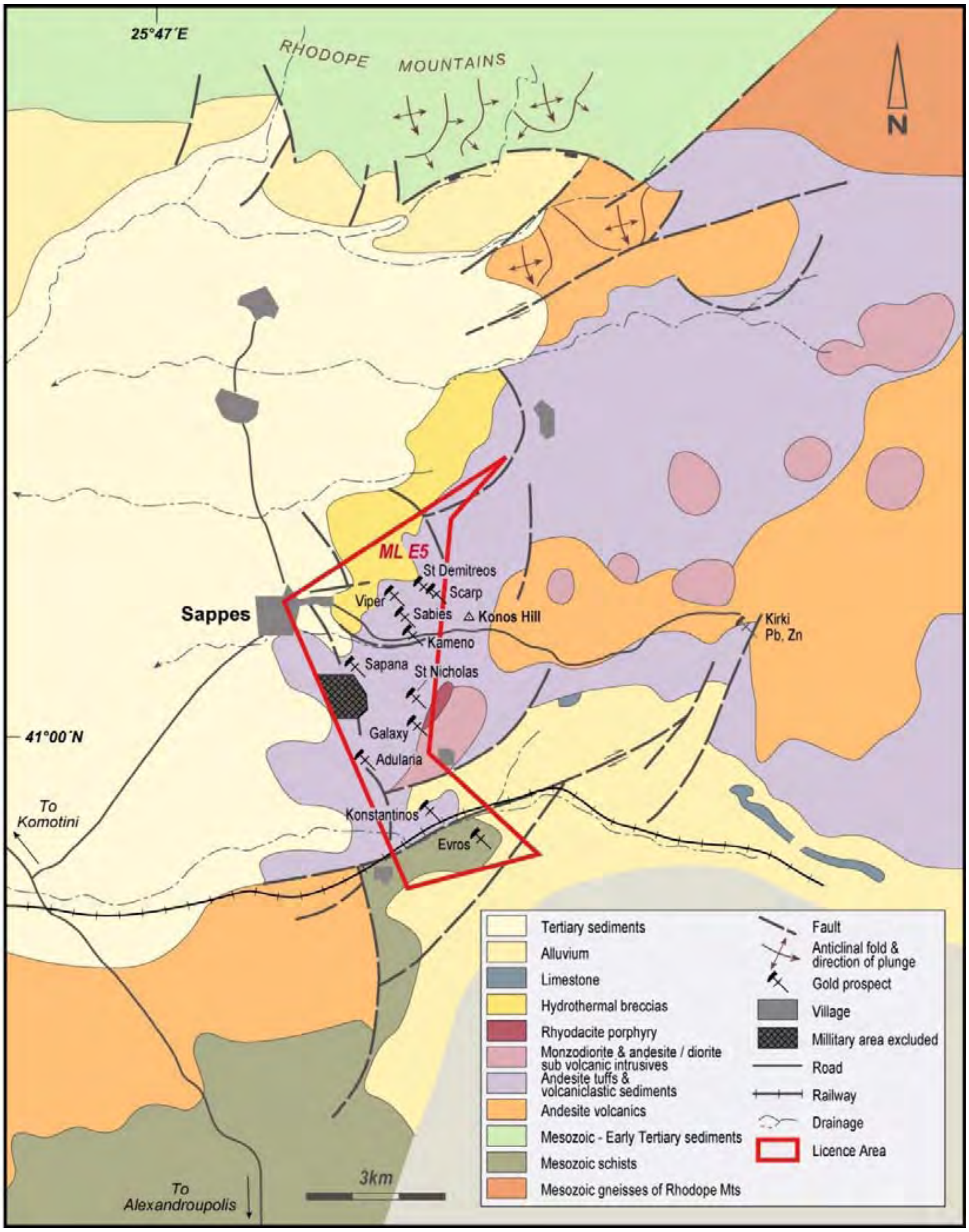


Figure 3: Sapes Gold Project Geology

The Viper deposit, the most significant deposit delineated, is interpreted to be sub-horizontal with an east to west orientation, has a strike length of 550m, a width of up to 130m and a thickness that reaches 60m. It is contained within a highly altered layer of volcanic ash, tuff and flow-margin crumble breccia lying between two andesitic lava flows. Although coarse-grained free gold has been observed in drill core from the Viper deposit, the majority of the gold occurs as intergrowths with a number of sulphide minerals.

The resource modelling and exploration drilling completed at the Viper deposit highlight that this high-grade resource remains open to the west. Exploration drilling is planned to test this high priority area as there is opportunity to increase the existing mineral resources and potentially add to the overall mining inventory. The Viper deposit is an "Epithermal" style of deposit and the potential for further high-grade mineralisation is considered to be high.

The St Demetrios and Scarp deposits are thought to be faulted extensions of the Viper deposit.

3.5.3 Resource and Reserve Statement

The respective JORC Mineral Resource and Ore Reserves statement for the Sapes Gold Project is set out below:

Sapes Gold Project JORC Mineral Resource Statement

Orebody	Category	Cut-Off Grade	Tonnes ('000)	Grades			Ounces of Gold
				Au (g/t)	Ag (g/t)	Cu (%)	
Viper	Measured	4.0	710	22.2	11.5	0.40	507,000
St Demetrios	Measured	1.0	730	3.5	3.2		82,000
Scarp	Measured	1.0	820	2.2	1.5		58,000
	sub-total		**2,260**	**8.9**	**5.2**	**0.20**	**647,000**
Viper	Indicated	4.0	280	19.5	9.0	0.35	176,000
St Demetrios	Indicated	1.0	50	2.6	2.8		4,000
Scarp	Indicated	1.0	50	1.7	1.1		3,000
	sub-total		**380**	**14.9**	**7.1**	**0.30**	**183,000**
(a) **Rounded**	**Total**		**2,640**	**9.8**	**5.5**		**830,000**

The Mineral Resource statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Ltd. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation" (ROPO) included in a list promulgated by the Australian Securities Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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. Dr Mike Armitage has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.

In all cases, the Mineral Resources reported in this statement are inclusive of those Mineral Resources modified to produce Ore Reserves.

Sapes Gold Project JORC Ore Reserve Statement

Orebody	Category	Cut-Off Grade (g/t)	Tonnes ('000)	Grades			Ounces of Gold
				Au (g/t)	Ag (g/t)	Cu (%)	
St Demetrios**	Proved	1.0	200	3.5	5.2		23,000
	sub-total		**200**	**3.5**	**5.2**		**23,000**
Viper*	Probable	4.0	1,109	17.2	8.8	0.31	613,000
St Demetrios**	Probable	1.0	10	3.6	4.4		1,000
	sub-total		**1,119**	**17.2**	**8.8**	**0.31**	**614,000**
Rounded	**Total**		**1,319**	**15.1**	**8.2**	**0.26**	**637,000**

**The Viper Ore Reserve statement has been compiled by Mr Malcolm Dorricott of AMC Consultants Pty Ltd. Mr Malcolm Dorricott is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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 Malcolm Dorricott has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.*

***The St Demetrious Ore Reserve statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Ltd. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation" (ROPO) included in a list promulgated by the Australian Securities Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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. Dr Mike Armitage has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.*

Please refer to the Independent Geologist Report in Section 6 for further details in respect to the Resource and Reserve Statement for the Sapes Gold Project.

3.5.4 Feasibility Study and Mine Plan

The Feasibility Study for the Sapes Gold Project was first completed in 2001 by Thrace and later updated in 2003. In March 2010, Thrace requested consultants review their previous work to confirm that the fundamentals were still appropriate and relevant, and to update their reports to 2010 costs. These costs were further updated in September 2010 for the purposes of the latest version of the Feasibility Study which was completed in December 2010.

Upon completion of the Acquisition, Glory intends to further advance the work undertaken pursuant to the Feasibility Study.

An overview of the proposed mine plan and key assumptions outlined in the Feasibility Study are set out below:

- Mining Method and Production Rates: The Feasibility Study is based on mining the currently delineated high-grade epithermal gold Viper deposit by underground mining methods and the St Demetrious deposit by open pit.

  At the Viper underground mine it is planned to extract a total of 1,109,000 tonnes of ore grading at 17.2 grams of gold per tonne (g/t Au). This material will be extracted using modern, drift and fill mining methods and a subsequent cemented backfilling regime. Ore recovery will be maximised, with dilution from the hanging-wall and footwall estimated at 20%. The St Demetrios deposit is a proposed open pit operation that is economic when treated on a marginal cost basis in conjunction with the Viper ore. It is planned to extract 210,000 tonnes grading 3.5g/t Au.

- Product and Processing: Gold is to be recovered via a combination of gravity extraction on site, with gold doré bars produced, and the production of a sulphide concentrate (Cu-Au-Ag) that will be shipped to a third party smelter. The overall recovery of gold is expected to be 80% as no cyanide is to be used in the processing. Overall, it is estimated that the recovery is split between gold in concentrate (65%) and doré bars (15%).

  The treatment process assumed is a single stage crushing, semi-autogenous milling with gravity gold removal, sulphide flotation with concentrate regrind and cleaning to produce a concentrate with a saleable copper grade. Gravity gold concentrates will be further upgraded prior to smelting to produce gold doré bars.Tailings will be trucked to a dry tailings management facility in the form of a dry filter cake, at around 15% moisture content. Tailings will be prepared, spread and compacted to minimise impact of filtration and wetting up of tailings as a result of any rainfall. A water storage dam will be constructed adjacent to the tailings management facility in order to assist with water requirements for the project.

- Mine Scheduling: On receiving approval to proceed, the Viper mine will have a pre-production development phase of approximately 20 months. The period to design, construct and commission the process plant and its associated infrastructure and services is envisaged to take approximately 18 months.

- Financial Conclusions and Assumptions:

  The Feasibility Study reports the key underlying assumptions in respect to the Sapes Gold Project

Mine Life	7yrs
Total annual tonnage of ore mined (at full production)	200,000tpa

Overall Life of Mine Production from Current Reserves

Gold	510koz
Silver	250koz
Copper	3000t

Costs[1]

Capital	US$100m
Smelting, Refining and Concentrate Cost per ounce of gold produced	US$134
Cash Operating Cost per ounce of gold produced	US$297

Taxes

Taxation Rate	24%
Royalties	1% (Doré), 2% (Concentrate)

Please refer to the risk factors in Section 4 in relation to these Feasibility Study assumptions and the requirements for future funding.

Certain aspects of the Feasibility Study are referenced in more detail in the Independent Geologists Report in Section 6.

1. Assumed exchange rates of 1EUR:1.34USD, 1EUR:1.52AUD and 1AUD:1.11USD

3.5.5 Exploration Potential

The Sapes Gold Project geology is extensively altered and geological mapping, geochemical sampling and geophysical surveys have highlighted numerous targets for immediate exploration drilling. Key prospects for exploration drilling include:

- Viper Deposit: remains open along strike and targeted exploration can add to the defined Mineral Resource and mining inventory;

- Viper parallel zones: previous intersections located in the hanging wall to Viper deposit are not included in the current Mineral Resource estimate;

- St Barbara: key prospect area located to south of Viper, where a major surface alteration has been identified and no drilling completed to test the target, which presents potential for a new "Viper style" discovery;

- Evros veins: low-sulphidation epithermal vein system recognized at surface, south of a prospect where mapping and rock chip sampling has returned anomalous gold mineralisation and associated silver, copper, lead, arsenic and antimony.

3.5.6 Regional Mineralisation

The Sapes Gold project is located in a highly mineralised district. This region is under-explored by modern standards, however major deposits are being discovered in similar geological settings indicating the potential for more discoveries as exploration advances.

Major deposits within the vicinity of the Sapes Gold Project include the Perama Hill project, less than 20km from Sapes which is in the process of obtaining permitting for an open-pit mining operation. In addition the Krumovgrad deposit is located in Bulgaria, approximately 60km to the north of Sapes and the project is also currently obtaining permitting.

3.6 Greece – Regulatory Overview

3.6.1 Mining and Environmental Regulatory Framework

The regulatory framework covering mining developments in Greece range from the national government through to regional and municipal authorities. At the local and regional levels, the extent of control depends largely on the size and significance of the Region and the availability of personnel seconded to it from the central government. Communities and municipalities are consulted by the Region and their role can be significant, especially on environmental matters.

The principal law governing mining activities in Greece is the Mining Code, which is set down in Laws 210/1973 and 274/1976. In general, mineral rights are held by the government and administered by the Ministry of Environment, Energy and Climate Change (MEEC). Project development is generally undertaken by private companies or individuals, who acquire the exploration and exploitation rights primarily through the leasing of the land by MEEC following a tendering process. Sub-leasing of any part of a lease contract is not allowed under the Mining Code.

The Mining Code imposes certain restrictions on the acquisition of mineral rights by foreign (non-EU) companies or individuals. Prior approval of the Cabinet of Ministers is required for the acquisition by such foreigners of mineral rights or majority shareholdings in Greek companies holding mineral rights. Conditions may be attached by the Cabinet of Ministers to such approval.

The Sapes Gold Project is located in the region of Thrace which is classified by law as a "border-line" area. For those areas of Greece that are close to the national borders, the approval of the respective Regional Committee is also required for the acquisition of mineral and land ownership rights in these areas by above foreigners.

Operating practices, including electrical & mechanical regulations, operation of underground mines and occupational health and safety matters are regulated by the "Regulations on Mining and Quarry Works" (KMLE), which were initially enacted in 1984 and have been recently fully revised and updated by a new Decree No. D7/A/12050/2223 effective on 14 June 2011.

Protection of the environment in Greece is expressly provided for in Article 24 of the Constitution. The two key environmental laws that effect mineral development are Law 998/1979, as amended by Law 3208/2003, which protects "forests and forested areas" (a relatively loose definition effectively applies this law to about 80% of Greece) and Law 1650/1986, as amended by Law 3010/2002 in compliance with EU Directives 97/11 & 96/61, which requires all mineral extraction applications to be accompanied by an environmental assessment.

Pursuant to these laws, three key Joint Ministerial Decisions (JMD) (numbers 11764/653/2006, 11014/703/F104/2003 and 37111/2021/2003) were promulgated by the Government to implement the respective EU Directives and regulate the application of these laws in practice.

More importantly, the second decree requires that an Environmental Impact Statement (EIS) be approved before mineral development can commence. The overall environmental process first consists of the preparation of a Preliminary Environmental Assessment Study (PEIS), which is reviewed, evaluated and approved by MEEC. Following such approval and based upon the comments and suggestions stated in the approval document, the complete EIS is prepared and submitted to MEEC. MEEC distributes the EIS to the other competent Ministries of the central government for review and comments, and also sends the EIS to the Regional capital in order for the EIS file to be debated at a public hearing of the respective Regional Council.

Following such public hearing, the EIS file is returned to MEEC accompanied by the non-binding recommendation passed in the public hearing. In practical terms this means that MEEC, once it also collects the views from the other competent Ministries (usually the Ministry of Agriculture, Ministry of Health, Ministry of Culture and Ministry of Defence), could recommend to the central government the issuance of a Joint Ministerial Decision (JMD) signed by the five (5) Ministers approving the environmental terms for the Project.

Although not legally binding, the opinion of the Regional Council on the EIS is politically sensitive insofar as the social acceptance of the proposed project is concerned and it is taken into consideration by the central government before proceeding to the final approval of the EIS. Usually the government incorporates the comments and remarks made by the Regional Council and the public and NGOs involved during the public consultation process as environmental terms and conditions in the final EIS approval document.

By virtue of a new law No. 4014/2011 passed through the Parliament on 13 September 2011, there is no requirement any more for the issuance of a JMD approving the EIS, as the Minister of Environment is now authorized under this new law to approve, sign and issue the final EIS approval government decision alone.

The third decree provides the basis of public and community input into the EIS approval process (public consultation), while the first decree strengthens the rights of individuals and communities to have access to environmental information held by government and other public bodies.

In 2009, the central government implemented two critical European Directives. The first is Directive 2006/21 regarding the management of waste from extractive industries, implemented by Joint Ministerial Decision No. 39624/2209/E103/2009.

The second is Directive 2004/35 on environmental liability with regard to the prevention and remedying of environmental damage. This Directive has been implemented in Greece by Presidential Decree No. 148/2009.

In parallel, there are various government departments that may impact on development through their responsibilities for other aspects of national governance. These include:

- The Ministry of Development, Competition and Merchant Marine – responsible for the review and approval of various fiscal and financial incentives for new projects;
- Invest in Greece Agency – responsible for assisting foreign investors and for the review and evaluation of investment proposals for the above Ministry;
- Ministry of Finance – responsible for taxation and accounting matters;
- IGME (the government Geological Survey organisation) – responsible for technical advice to government;
- Ministry for Agriculture – responsible for the management of forest or forested areas and the concession of the necessary land for the mining facilities of the project;
- Ministry of Defence – responsible for the authorisation of mining activities in border-line areas;
- Ministry of Culture – responsible for the protection of antiquities;
- Ministry of Health – responsible for review of any aspects of the development that may impact on public health; and
- Regional authorities – involved in the permitting process, particularly on environmental matters at the regional and local level.

3.6.2 Government Licences and Approvals

Completed Approvals or Permits

The Lease required an initial exploration programme which was completed and the required Final Report was submitted to MEEC (formerly Ministry of Development - MOD) in February 1998. The Final Report, with its approved expenditure record, was approved in June 1998.

Articles 4 and 97 of the KMLE required that a Techno-Economic Study be prepared and submitted to the MOD for approval before the Project can enter its development phase. This study comprises a proposed development plan and sets out preliminary technical, process and economic parameters for the Project. This study was submitted in April 1998, finalised after discussion with the MOD for approval in April 1999, and approved by the MOD in June 1999.

Previous environmental legislation required at that time the submission to MEEC (formerly the Ministry for Environment, Planning and Public Works - MEEC) of a Pre-Approval Location Study (PAS). This study is intended to ensure that a proper assessment has been made of the various alternative locations for the Project facilities and it was intended to form the basis of the subsequent EIS. The PAS for the Project was submitted to the MEEC in June 1999, with approval received in February 2000.

Appeals against the PAS approval act were filed by local communities and residents before the Council of the State in Athens (the Supreme Administrative Court in Greece), which were finally adjudicated, with Judgments 2170/2006 and 2171/2006 issued in 2006 by the Court invalidating the PAS approval act on the basis of a technical reason, being a change of mining and processing method (exclusion of cyanide) between the PAS Study and the EIS submitted at the time to the Ministry of Environment.

As a consequence of this, the new Law and government decrees mentioned above have been followed by Thrace Minerals in recommencing the environmental permitting process for the Sapes Gold Project.

Future Approvals or Permits

In compliance with the new Law and government decrees noted above, Thrace Minerals together with its environmental consultants in Athens updated and prepared the new PEIS for the Project and it was filed with MEEC on 16 December 2010.

The Minister of Environment on 9 August 2011 established within MEEC an enlarged committee of experts for the review and evaluation of the EIS studies and consequent recommendation to the Minister for all gold project developments in Greece.

Approval from the Regional authority must be sought for the treatment and disposal of any industrial effluents, sewerage or any similar discharge. The Regional authority must also approve the fire protection plan for the plant.

A permit to carry out mining works in a forested area must be sought from the local Forestry Commission, as the Project is located in a forested area. A concession of land to establish the mine and associated facilities in a forested area is required to be obtained from the Ministry of Agriculture and the local Forestry Commission.

Permits are also required in order to carry out the works for the mine and the facilities from the Ministry of Defence, from the local Office of the Archaeological Authority (to avoid damage to any antiquities in the Project area) and from the local office of the National Tourism Authority.

Additionally, planning permits will be required from the Regional & Municipal authorities for the construction of the plant and the other buildings. Also, respective technical studies and permits will be required from MEEC according to the new KMLE for the construction of the plant and the electrical and mechanical installations for the Project.

Lease Contract - Bonds

The Lease was signed with the Greek Government, Ministry of Development (MOD at the time) on 11/02/1993 for a 30 year term (1993 -2023), renewable every five (5) years at the unilateral discretion of Thrace Minerals (Art. 3 of the Lease) through the filing of a relevant renewal notice with MOD.

The current 5-year renewal of the Lease is valid until 10 February 2013. As required by the Lease, the Performance Bond has been also renewed and is currently valid until 11 February 2013, while the Facilities Bond is also renewed and currently valid until 10 April 2013.

Environmental

(i) Overview of Permitting

The legislative process through which the Project will ultimately be environmentally approved requires a staged approach to Environmental Impact Assessment (EIA) and is based on European Union (EU) directives, which have been adopted and implemented by the Greek Government.

Thrace Minerals has recommenced the process for the environmental permitting of the Project.

(ii) Environmental Studies for the EIS

A wide range of environmental studies have been, or will be, conducted and/or updated in order to assess baseline environmental conditions, identify potential impacts and develop mitigation measures to minimise impacts. A summary of key study areas is provided below:

- Waste Management Plan (according to Directive 2006/21 as implemented by JMD No. 39624/2209/E103 issued in 2009);
- Update of Water Resources data with the results of new water sampling campaigns (complete);
- PM10 measurements campaigns (in progress);
- Revised air quality assessment study (in progress);
- Waste rock geochemistry (already available);
- Application of EN 12457 test for the environmental characterisation of ores and mine wastes and tailings (already available);
- Update of the flora baseline survey study (in progress);
- Tailings geochemistry, geotechnical properties and characterisation according to acid forming potential (already available);
- Tailings dam site optimisation and design (already available);
- Hydrogeology (already available);
- Seismic hazard analysis (already available);
- TMF Seepage assessment and seepage transport modelling (in progress);
- Risk Assessment Study and Embankment breakout study (based on Directive 21/2006 and Directive SEVESO II) (already available);
- Social cost benefit study of the Sapes Gold Project (in progress); and
- Review of Concentrate Sale Options (already available).

In this respect and as already mentioned, the preparation of the PEIS and EIS is managed and co-ordinated by Thrace Minerals in collaboration with its local environmental consultants for the Project in Athens with the assistance and support from specialist environmental and mining firms abroad.

3.7 Canadian Projects

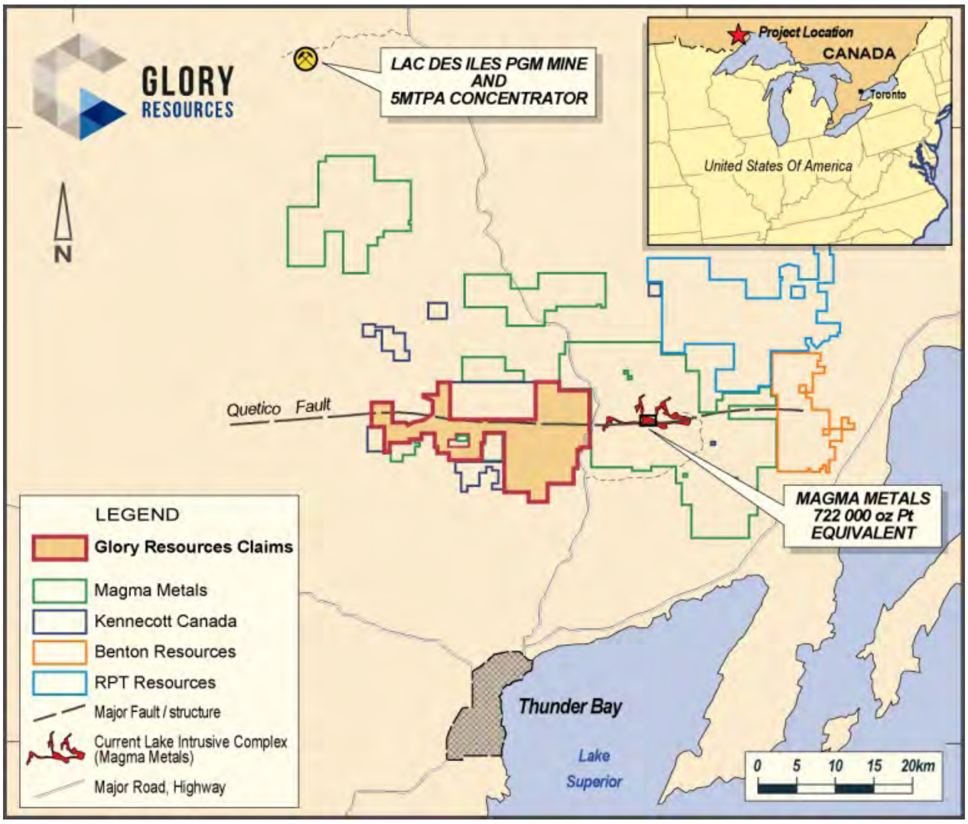
3.7.1 Onion Lake Project

The Onion Lake Project is located approximately 50 kilometres north of Thunder Bay, Ontario, Canada. The Onion Lake Project is located within the North American Mid-Continental Rift, an emerging PGM-CU-Ni environment which is host to several large nickel, copper and platinum group (PGM) deposits.

The Mid-Continent Rift region is highly prospective with exploration continuing to make new discoveries, including the Tamarack Ni-Cu prospect and the Eagle Ni-Cu-PGE deposit along with the Thunder Bay North PGE-Ni discovery.

The Onion Lake Project is over 190km^2 of contiguous mining claims situated in a prospective geological setting which is historically underexplored, but has been shown to host significant Cu-Ni-PGE mineralisation.

The Onion Lake Project has had minimal historical exploration and no drilling prior to the exploration program completed by Glory Resources in 2011. The Onion Lake Project is located adjacent to the Thunder Bay North PGM discovery.



Detailed airborne magnetic survey of the entire property in October 2009 has provided Glory with a sound basis for defining ground work target areas. The recent maiden drill campaign undertaken consisted of six (6) diamond drill holes for 950m targeting geophysical anomalies identified from airborne magnetics. Key findings from this drill program were:

- Discovery of mafic rock that may represent an extension to the Magma's ultramafic conduits;
- Wide zone of mafic rocks intersected in diamond drill hole OL-11-03 (over 50m width);
- Initial geochemical analysis demonstrates that the rock type is similar to the host rock of the Magma discovery; and
- Immediate target area extending for over 4 strike kilometres has been defined by the program and follow-up exploration work has already commenced.

From expenditures to date Glory holds a 30% interest in the Onion Lake project and can earn an up to a 75% interest by expending a minimum amount on the Onion Lake Project of an aggregate C$3.6m within a 4 year timeframe on a staged basis. An additional 5% can be earned in connection with the funding of a bankable feasibility study on the Onion Lake Project.

3.7.2 Eagle Lake Project

The Eagle Lake Project is located 26 kilometres west-southwest of the town of Dryden, Ontario, Canada and consists of 11 contiguous mining claims covering an area of approximately 2,400 hectares. Glory is targeting shear-hosted gold mineralisation at Eagle Lake where prospector activity in the early 1900's confirmed the presence of gold mineralisation.

Previous exploration within the project area has identified two areas of gold mineralisation, the Fornieri Occurrence and Manhattan Occurrence. A review of previous exploration activity highlights grab samples returning anomalous gold assay results.

Glory is planning a program of field mapping and sampling to evaluate the project and will be reviewing previous diamond drill core to determine mineralisation style and verify previous work.

3.7.3 Way Lake Project

The Way Lake project covers an area of 864 ha consisting of 4 unpatented mining claims located approximately 12 km east-southeast of the town of Sioux Lookout, Ontario, Canada. The project is considered prospective for PGE mineralisation and copper-nickel mineralisation associated with ultramafic host rocks.

Historic exploration completed in the project area has identified ultramafic intrusives (Way Lake Intrusion) as well as andesite, ryodacite and dacite volcanice. Limited diamond core drilling has been completed within the project area, however sulphide mineralisation has been noted in drill logs potentially indicating the right chemical environment for the formation of PGE–Ni–Cu mineralisation.

Glory has undertaken a geological review, interpretation and targeting study to assist in the development of exploration programs for the Way Lake project. The initial exploration focus will be on geochemical sampling of the ultramafic bodies to define zones of PGE-Ni-Cu mineralisation with exploration planned for the summer field season.

4. RISK FACTORS

4.1 Introduction

THE RISKS CONTAINED BOTH IN THE INVESTMENT OVERVIEW SECTION AND THIS SECTION 4 SHOULD BE CONSIDERED CAREFULLY BY POTENTIAL INVESTORS.

The Shares offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

There are specific risks, which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

4.2 Change in nature and scale of activities and conditionality of Offer

As part of the Company's change in nature and scale of activities, ASX will require the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules. This Prospectus is issued to assist the Company to re-comply with these requirements.

The Company was suspended from Official Quotation from the time of the General Meeting and will not be reinstated until satisfaction of the conditions to the Offer and ASX approving the Company's re-compliance with Chapters 1 and 2 of the ASX Listing Rules.

There is a risk that the Company may not be able to meet the requirements of ASX for re-quotation on the ASX. In the event the conditions to the Offer are not satisfied or the Company does not receive conditional approval for re-quotation on ASX then the Company will not proceed with the Offer and will repay all application monies received.

4.3 Additional requirements for capital

The Directors believe that the Company will have sufficient funds from the Offer to meet the objectives outlined in Section 3.3 (Objectives and Strategies). These funds will only be sufficient to undertake preliminary development works on the Sapes Gold Project and the vast majority of the estimated capital expenditure required for Sapes Gold Project development will remain unfunded. The Company will require additional funding to complete the development of the Sapes Gold Project and commence production.

Additional funding may be raised by the Company via the issues of equity, debt or a combination of debt and equity. Any additional equity financing will dilute Shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its programs or enter into joint venture arrangements to reduce expenditure.

4.4 No profit to date and uncertainty of future profitability

The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects to make losses in the foreseeable future. Factors that will determine the Company's future profitability are its ability to manage its costs, its ability to execute its development and growth strategies, the success of its activities in a competitive market, the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted and may vary significantly from period to period.

4.5 Risks specific to the Sapes Gold Project

(a) Greek Government Licenses and Approvals

The Sapes Gold Project is located in north-eastern Greece. Mining operations are not as prevalent in Greece as other jurisdictions and risks exist in terms of Greek governmental approval for the various activities which an operating mine requires and the timetable associated with obtaining such approvals.

In particular, the likely timetable for the process for environmental approvals for the Sapes Gold Project is uncertain and may take longer than the Company has envisaged. The length of any delay may be uncertain and may have adverse consequences for investors in the Company.

Amongst other things, Greek government environment approval involves the Environmental Impact Assessment Study (EIA) being submitted to the Department in charge of Ministry of Environment, Energy and Climate Change (MEEC) and it being approved by the MEEC alone, subject to the special conditions and characteristics of the project and the broader project area. The time for its approval is from 5 to 12 months, depending on local Community support, the way the EIA addresses the environmental terms of the Preliminary Environmental Estimation and Evaluation and the complexity of the Project. There is potential for the approval period to be longer than 12 months in the event of any delay in the approval process.

Whilst the relevant law in Greece sets out timetables for the permitting process, the Company has learnt from the experience of other parties that decisions of both government and judicial bodies may take significantly longer than anticipated. Outcomes in courts in Greece may be less predictable than in Australia, which could affect the enforceability of contracts entered into in respect of the Sapes Gold Project.

Should the Company ultimately proceed to development, operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Greece, the Directors may reassess investment decisions and commitments to assets in Greece.

(b) Exploration, development and production risks

The business of gold exploration and production, project development and production involves risks by its very nature. To prosper, it depends on the successful development of gold reserves. Operations, such as design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution services are required to be successful. In particular, exploration is a speculative endeavour whilst production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events.

The Company's future profitability will depend on the economic returns and the costs of developing the Sapes Gold Project, which may differ significantly from its current estimates. The production and cost estimates in this Prospectus are based on the Feasibility Study, which by their nature may not be representative of the operational results achieved. Further studies may need to be undertaken on the Sapes Gold Project prior to the Company proceeding to development which may reveal that more development capital will be required or that the operating assumptions in the Feasibility Study need to be revised.

Feasibility studies estimate the expected or anticipated project economic returns. These estimates are based on assumptions regarding future gold and other metal prices, anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed, anticipated recovery rates of gold from the ore, anticipated capital expenditure and cash operating costs. Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. Operating costs and capital expenditure are determined particularly by the costs of the commodity inputs, including the cost of fuel, chemical reagents, explosives, tires and steel consumed in mining activities. There are a number of uncertainties inherent in the development and construction of any new mine and mineral processing facility. In addition to those discussed above these uncertainties include the:

i. timing and cost, which can be considerable, of the construction of mining and processing facilities;
ii. availability and cost of skilled labour, power, water and transportation facilities;
iii. need to obtain necessary environmental and other governmental permits and the timing of those permits; and
iv. availability of funds to finance construction and development activities.

The outcome of exploration programs will affect the future performance of the Company and its Shares. If, and when, the Company commences production, the production may be curtailed or shut down for considerable periods of time due to any of the following factors:

i. disruptions to the transport chain being road and rail;
ii. port infrastructure and ocean freight;
iii. a lack of market demand;
iv. government regulation;
v. production allocations; and
vi. force majeure.

These curtailments may continue for a considerable period of time resulting in a material adverse effect on the results of operations and financial condition of the Company.

Further, the exploration for and production of gold involves certain operating hazards, such as:

i. failure and or breakdown of equipment;
ii. adverse geological, seismic and geotechnical conditions;
iii. industrial accidents;
iv. labour disputes;
v. adverse weather conditions;
vi. pollution; and
vii. other environmental hazards and risks.

Any of these hazards could cause the Company to suffer substantial losses if they occur.

The future exploration activities of the Company may not be successful. Unsuccessful exploration activities could have a material adverse effect on the results of operations and financial condition.

(c) **Resource estimates**

Resource, reserve and other estimates of gold, copper and silver occurrences, including those contained in this Prospectus, are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates, including that gold mined may be of a different quality, grade or strip ratio from the estimates. Resource and reserve estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the estimates of gold reserves could affect its development and mining plans.

(d) **Title risk**

Interests in mineral rights in Greece are governed by Greek legislation. The licence which grants the title to the Sapes Gold Project is subject to compliance with certain requirements, including lodgement of reports, payment of royalties and compliance with environmental conditions and environmental legislation. Consequently, the Company could lose title to or its interest in the Sapes Gold Project if these requirements are not met.

The Acquisition is subject to the Company acquiring control of a chain of entities that ultimately control Thrace, the holder of the licence which grants the title to the Sapes Gold Project. Whilst these entities do not currently have any other assets, liabilities or operations outside of those associated with the Sapes Gold Project, Glory will not be the registered licence holder and the preservation of title over the Sapes Gold Project will be subject to the entities Glory proposes to gain control of through the Acquisition doing all things necessary to be in suitable standing to enable Glory to obtain beneficial title over the Sapes Gold Project.

(e) **Government policy changes and legal risk**

Government action or policy change (in particular, by the Greek government) in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect the Company's operations and financial performance.

The Company's Greek operations will be governed by a series of Greek laws and regulations. Breaches or non-compliance with these laws and regulations can result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price of the Company.

These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price for the Company. The legal and political conditions of Greece and any changes thereto are outside the control of the Company.

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and the value of its Shares. In addition, there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

(f) **Share Sale Agreement**

The Company has entered into the Share Sale Agreement pursuant to which Cape Lambert agreed to sell and the Company agreed to acquire, 100% of the issued capital of Scarborough Minerals Overseas Holdings Ltd (refer to Section 10.1 for a summary of the material terms of the Share Sale Agreement). Cape Lambert has provided limited warranties and representations in favour of the Company in relation to Scarborough Minerals Overseas Holdings Ltd, its subsidiaries and the Sapes Gold Project in the Share Sale Agreement.

Completion of the Share Sale Agreement is conditional on the satisfaction of a number of conditions precedent (refer to Section 10.1(a) for further details). There is a risk that the Company may not be able to meet all the conditions precedent outlined in the Share Sale Agreement. In the event that these conditions precedent are not met or waived then the Company will not proceed with the Offer and will repay all application monies.

(g) **Environmental risk**

The Company's operations in Greece will be subject to various regulations regarding environmental matters and the discharge of hazardous waste and materials. Development of the gold resources will be dependent on the project meeting environmental guidelines and gaining approvals by government authorities. Whilst the Company intends to conduct its activities in an environmentally responsible manner, risks arise in relation to compliance with these regulations and approvals. The introduction of more stringent regulations and conditions may also adversely affect the Company.

(h) **Gold price volatility**

Upon completion of the acquisition of the Sapes Gold Project and subsequent development of the Sapes Gold Project (if developed), the majority of the Company's revenues and cash flows are likely to be derived from the sale of gold or gold rich product. Therefore, the financial performance of the Company will be sensitive to the gold price. Gold prices are affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, world demand, global political stability, costs of production by other gold producers and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends.

If gold prices should fall below or remain below the Company's future costs of production for any sustained period due to these or other factors and events, the Company's exploration and any future production could be delayed or even abandoned. A delay in exploration or future production or the abandonment of the Company's project may have a material adverse effect on the Company's production, earnings and financial position.

(i) **Dilution**

The issue of the Consideration Shares to Cape Lambert under the Share Sale Agreement will have a dilutionary effect on the Company's existing Shareholders, including subscribers to the Offer.

(j) **Exchange rate risk**

The Company's revenue from gold sales will be received in US dollars while a significant portion of its operating expenses will be incurred in Australian dollars and Euro. Because the Company's financial statements are in Australian dollars, appreciation of the Australian dollar against the US dollar, without offsetting improvement in US dollar denominated gold prices, could adversely affect the Company's reported profitability and financial position.

In addition, the development plans anticipate that certain capital expenditure will be made in US dollars and that certain consumable items required for operations will be priced in US dollars. These costs will increase in Australian dollar terms if there is a depreciation of the Australian dollar against the US dollar, which could adversely affect the Company's profitability, results of operations and financial position

(k) **Unforeseen expenditure risk**

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

(l) **Reliance on key management**

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

In particular, the Company intends that the day-to-day management of the Sapes Gold Project will be the responsibility of existing and future senior management and key personnel, who will have the experience and knowledge required to manage development and production in Greece. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these personnel cease their employment. Further, there can be no assurance that appropriately qualified senior management and key personnel will be available for engagement by the Company as and when required and on terms acceptable to the Company.

(m) **Contractors and Contractual Disputes**

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. With respect to these third parties, and despite applying best practice in terms of pre-contracting due diligence, the Directors are unable to completely avoid the risk of:

(i) financial failure or default by a participant in any joint venture to which the Company or its subsidiaries may become a party;

(ii) insolvency, default on performance or delivery, or any managerial failure by any of the operators and contractors used by the Company or its subsidiaries in its exploration activities; or

(iii) insolvency, default on performance or delivery, or any managerial failure by any other service providers used by the Company or its subsidiaries or operators for any activity.

Financial failure, insolvency, default on performance or delivery, or any managerial failure by such third parties may have a material impact on the Company's operations and performance. Whilst best practice pre-contracting due diligence is undertaken for all third parties engaged by the Company, it is not possible for the Company to predict or protect itself completely against all such risks.

(n) **Competition**

There is a risk that the Company will not be able to continue to compete profitably in the competitive industry in which it intends to operate. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

(o) **Management of growth**

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the management to properly implement and manage the strategic direction of the Company, in particular as regard to the Sapes Gold Project, may affect the Company's financial performance.

(p) **Insurance**

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers, there will remain the risk that an insurer defaults in payment of a legitimate claim by the Company under an insurance policy.

(q) **Economic risks**

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's exploration and any future development and production activities, as well as on its ability to fund those activities.

Of particular note, is the current adverse state of the Greek economy and concerns surrounding its national debt and the ability of the Greek state to service that debt as and when required. Given the Sapes Gold Project is located in Greece, the Company may have greater exposure to the consequences of any perceived risk of default or actual default of the Greek government on its debts than a Company that does not have assets in Greece. These risks include, but are not limited to:

(i) the impact any such default may have on the political environment in Greece;

(ii) negative sentiment towards foreign investment in Greece;

(iii) repatriation of foreign funds from Greece by holders of assets in Greece; and

(iv) the social consequences of any austerity measures and other policies that may be considered or introduced to attempt to improve the state of the Greek economy.

Further, share market conditions may affect the value of the Company's Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(i) the general global political and economic outlook, particularly in Australia and Greece;

(ii) interest rates and inflation rates;

(iii) currency fluctuations;

(iv) changes in investor sentiment toward particular market sectors (in particular iron ore);

(v) industrial and landowner issues and disputes; and

(vi) terrorism or other hostilities.

4.6 General risks

(a) **Market conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(b) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the availability of distributable earnings and operating results and financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(c) **Taxation**

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

(d) **Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

5. BOARD & MANAGEMENT

Upon completion of the Acquisition, all the members of the current Board will continue to serve as Directors of the Company. In addition, Mr Jeremy Wrathall shall join the Board. A summary of Mr each Director's experience is set out below:

5.1 Existing Directors

Jason Bontempo – *Executive Director*

Mr Bontempo has worked in investment banking and corporate advisory since qualifying as a Chartered Accountant with Ernst & Young in 1997. Mr Bontempo has worked for investment banks in Australia and the UK and has been closely involved with the advising and financing of companies in the Mineral Resources industry. Mr Bontempo was closely involved with the management of Tianshan Goldfields when the company was focused on the exploration and development of the 2.6 million ounce Gold Mountain project.

Bernard Aylward – *Technical Director*

Mr Aylward is an honours graduate in Geology from the University of Melbourne and has 20 years experience in Australian mineral exploration. Mr Aylward is currently Chief Operating Officer of International Goldfields Limited. Previously he served as General Manager of Geology of Azumah Resources Ltd where he oversaw the expansion of the Wa gold project to over 1 million ounces. Prior to that, Mr Aylward's experience included working for Sons of Gwalia Limited where he was directly involved in the exploration drilling and expansion of the Safari Bore resource and the Deep South discoveries.

Jeremy King - *Non Executive Director*

Mr King is a corporate lawyer with over 12 years experience in domestic and international legal, financial and corporate matters including several years in London with Allen & Overy LLP and Debevoise & Plimpton LLP. He has extensive corporate experience, particularly in relation to private equity acquisitions and acting for financial institutions and issuers in respect of debt and equity capital raisings. As a corporate advisor with Max Capital, he advises a range of public and private companies in respect of capital raisings, acquisitions and corporate issues, with a focus on the resources sector. Mr King is a current director of ASX listed, Orca Energy Ltd.

5.2 Proposed Director

Jeremy Wrathall – *Non-executive Director*

Mr Jeremy Wrathall is a mining engineer from the Camborne School of Mines with experience of underground mining in the South African gold mining industry. Mr Wrathall is currently Managing Director of the Metals & Mining Investment Banking team at Renaissance Capital and is based in London.

Mr Wrathall has extensive experience of investment banking having worked as a mining analyst, mining specialist salesman and mining investment banker over the last 23 years. In former roles he was the Global Head of Mining Equities at Deutsche Bank and Global Head of Mining Equity Sales at UBS. Prior to joining Renaissance Capital he co-founded and managed Haywood Securities UK Ltd and GMP Securities Europe, both of which were focussed on the metals and mining industry globally. He has extensive experience of evaluating and leading mining equity transactions across various markets: including London, ASX, TSX and JSE. Mr. Wrathall is a Fellow of the Institute of Materials, Minerals and Mining (IOM3).

5.3 Project Management

The Sapes Gold Project is managed by an experienced local Country Manager based in Athens, Greece together with a project manager, currently based in Perth. The Country Manager is supported by a team of administrative, operations and technical managers also based in Athens. The Company is presently recruiting additional local personnel to assist with the management of the work programme for 2011-2012. The Company also expects to maintain an administrative office in Alexandroupolis near the Sapes Gold Project.

Konstantinos Salonikis – *Country Manager, Geologist*

"Kostas" Salonikis is a 49 years old Greek national based in Athens and joined the management of the Sapes Gold Project as country manager in February 2011. He has a Bachelor of Science Honours degree in Geology from Naples University in Italy and a Master in Business Administration from Koc University in Istanbul Turkey. He has over 20 years of international exploration and mining experience in several countries including Greece, Italy, Bulgaria, Romania, Serbia, Turkey, Australia, China, India, Saudi Arabia, Ethiopia and Portugal. Kostas has worked in several senior exploration, project evaluation and mine geology roles in a wide range of commodities including Gold, Base metals and Industrial Minerals. Before joining the management of the Sapes Gold Project, Kostas worked for 5 years for the Saudi Arabian Mining Group as Corporate Director Exploration based in Riyadh developing phosphate, potash and specialty Minerals and where he re-organized the Group's exploration assets under one division. Prior to joining Saudi Mining Group Kostas worked in the Silver and Baryte Group for 15 years including senior exploration geology, project management, mine development and strategy roles in gold and base metals in the Balkan region and a variety of Industrial Minerals projects in Europe and Asia. He is a member of the Greek Geological Society and the Geotechnical Chamber of Greece.

Jeff Hamilton – Project Manager

Jeff Hamilton is a mechanical engineer graduated from the Western Australian Institute of Technology (now Curtin University) and has been involved with construction and mine developments around the world for approximately 27 years, which includes projects in countries such as Indonesia, Malaysia, Saudi Arabia and Sierra Leone. Jeff's experience has included the development and/or construction of five gold mines throughout Indonesia and Saudi Arabia. Jeff has been associated with the Sapes Gold Project since late 2009, which included updating the Feasibility Study in 2010 and managing the environmental permitting work to date.

5.4 Corporate Governance

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct. A detailed corporate governance statement setting out the Company's corporate governance policy is outlined in its annual report to Shareholders for the 2011 financial year available from www.asx.com.au or the Company's website.

The primary responsibility of the Board is to represent and advance shareholders interests and to protect the interests of all stakeholders. To fulfil this role the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals. The goals of the corporate governance processes are to:

(i) maintain and increase Shareholder value;

(ii) ensure a prudential and ethical basis for the Company's conduct and activities; and

(iii) ensure compliance with the Company's legal and regulatory objectives.

Consistent with these goals, the Board assumes the following responsibilities:

(i) developing initiatives for profit and asset growth;

(ii) reviewing the corporate, commercial and financial performance of the Company on a regular basis;

(iii) acting on behalf of, and being accountable to, the Shareholders; and

(iv) identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Board recognises the need for the Company to operate with the highest standards of behaviour and accountability.

The Company is anticipating substantial growth and is therefore presently considering the ASX Corporate Governance Council's Principles and Recommendations to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company seeks to follow the best practice recommendations for listed companies where appropriate for its size and operations. In cases where the Company determines it would be inappropriate to follow the principles because of its circumstances, the Company will provide reasons for not doing so in its Annual Report. One such instance is the Board presently considers the Company's size and scope of activities does not justify the establishment of special or separate committees, preferring to manage the Company through the full Board of Directors.

The Board of Directors

The Company's constitution provides that the number of Directors shall not be less than three and not more than 9. There is no requirement for any share holding qualification.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities will be determined within the limitations imposed by the constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board, subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a Director (other than alternate Directors and the Managing Director) is subject to reappointment by Shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the period and on terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity as to justify the formation of separate or special committees. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors will consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that mineral exploration is a business with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

6. INDEPENDENT GEOLOGIST'S REPORT

AL MAYNARD & ASSOCIATES Pty Ltd

Consulting Geologists

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Australia		

Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT GEOLOGICAL REPORT

ON

THE SAPES GOLD PROJECT,

GREECE

FOR

GLORY RESOURCES LIMITED

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Company: Al Maynard & Associates Pty Ltd

Date: 3rd August, 2011

Revised: 23rd August, 2011

EXECUTIVE SUMMARY

This Independent Geological Report ("IGR") on the Sapes Gold Project, located in northeast of Greece has been prepared by Al Maynard & Associates Pty Ltd ("AM&A") at the request of Glory Resources Limited ('Glory", ASX code: GLY).This IGR is based upon all information available up to and including the 3rd August, 2011. This report will be included in a Prospectus to be lodged with the ASIC by Glory, offering for subscription 170 million shares at an issue price of $0.25 per share to raise $42.5 million. Oversubscriptions of up to 30 million shares at an issue price of $0.25 per share to raise an additional $7.5 million may be accepted.

SAPES GOLD PROJECT

Sapes Gold Project is a gold development project located in northeastern Greece approximately 30km northwest of the Aegean Sea port city of Alexandropoulos, on a 20.1km^2 mining lease granted until 2023. The Project comprises three gold deposits, the main high grade 'Viper' deposit which is approximately 200m below the surface and the lower-grade St. Demetrios and Scarp deposits, which outcrop on the surface (Table 1). The Sapes deposits are typical high-sulphidation epithermal gold deposits that also contain silver and copper.

Table 1: Sapes Gold Project – Mineral Resource Statement, December 2010*.

Orebody	Category	Cut-off Grade	Tonnes ('000t)	Grades			Ounces of Gold
				Au(g/t	Ag (g/t)	Cu (%)	
Viper	Measured	4.0	710	22.2	11.5	0.40	507,000
St Demetrios	Measured	1.0	730	3.5	3.2		82,000
Scarp	Measured	1.0	820	2.2	1.5		58,000
	sub-total		**2,260**	**8.9**	**5.2**	**0.20**	**647,000**
Viper	Indicated	4.0	280	19.5	9.0	0.35	176,000
St Demetrios	Indicated	1.0	50	2.6	28		4,000
Scarp	Indicated	1.0	50	1.7	1.1		3,000
	sub-total		**380**	**14.9**	**7.1**	**0.30**	**183,000**
Rounded	**Total**		**2,640**	**9.8**	**5.5**	**0.10**	**830,000**

**The Mineral Resource statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Lid. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

A Feasibility Study for the Sapes Gold Project is based on mining the small, underground high-grade epithermal gold Viper deposit and a lower grade open pit St Demetrious deposit. At the Viper underground mine it is planned to extract 1,109,000 tonnes of ore grading at 17.2 grams of gold per tonne (g/t Au). This material will be extracted using modern, drift and fill mining methods and a subsequent cemented backfilling regime. Ore recovery will be maximised, with dilution from the hanging-wall and footwall estimated at 20%.The St. Demetrios deposit is a proposed open pit operation that is economic when treated on a marginal cost basis in conjunction with the Viper ore. It is planned to extract 210,000 tonnes grading 3.5g/t Au by open-pit methods.

Table 2: Sapes Gold Project – Summary of Ore Reserves, December 2010*.

Orebody	Category	Cut-off Grade	Tonnes ('000t)	Grades			Ounces of Gold
				Au(g/t	Ag (g/t)	Cu (%)	
St Demetrios**	Proved	1.0	200	3.5	5.2		23,000
	sub-total		**200**	**3.5**	**5.2**		**23,000**
Viper*	Probable	4.0	1,109	17.2	8.8	0.31	613,000
St Demetrios**	Probable	1.0	10	3.6	4.4		1,000
	sub-total		**1,119**	**17.1**	**8.8**	**0.31**	**614,000**
Rounded	**Total**		**1,319**	**15.1**	**8.2**	**0.26**	**637,000**

Note numbers have been rounded for presentation.

**The Viper Ore Reserve statement has been compiled by Mr Malcolm Dorricott of AMC Consultants Pty Ltd. Mr Malcolm Dorricott is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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 Malcolm Dorricott has consented to the inclusion in this report of the Matters based on his information in the form and context in which it appears.*

***The St Demetrious Ore Reserve statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Lid. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

The Feasibility Study for the Project was first completed in 2001 by Thrace Minerals (Hellas) SA (Thrace) and later updated in 2003. In March 2010, Thrace requested consultants to review their previous work to confirm that the fundamentals were still appropriate and relevant, which was generally the case, and to update their reports to 2010 costs. These costs were further updated in September 2010.Capital and operating costs have been updated by the various consultants in the 2010 report. The project financials were updated by Thrace, using the cashflow model prepared by SRK Consulting (UK) Limited (SRK) in 2007.

The gold price per ounce has increased steadily from US$747 September 2007 to approx. US$1,320 in September 2010. The current escalating gold price of over US$1,800 in August 2011 has created a significant change in the outcome of feasibility calculations recently presented by Thrace in this document.

SAPES HISTORY

Following earlier exploration work undertaken by the Greek government geological survey organisation (IGME), the Greek Ministry for Industry, Energy and Technology, (now the Ministry of Development (MOD)), in April 1992, called for international tenders for the lease of State Mining Area E5, covering an area of approximately 20.1 km^2 near the town of Sapes in the Prefectures of Rhodope and Evros in Thrace, north eastern Greece (Figure 1).

Greenwich Resources plc (Greenwich), a United Kingdom based company, was successful in the tender and, on 11th February 1993, signed Lease Contract No 850 with the MOD. The Lease allows for the exploration and development of gold and other minerals found within the Lease area. The Lease is for a period of 30 years, renewable every 5 years at the discretion of the Lessee Company. The current 5-year renewal of the Lease is valid until 10/02/2013 with rights for extensions until 2023.

Since that time a number of mining and mineral exploration companies have contributed to the detailed definition of the Sapes gold ore bodies. On 17th July 1998, in order to consolidate activities into a single entity in Greece, the Lease was assigned to Thrace Minerals (Hellas) SA (Thrace), a company to be later owned 51% by Kyprou Gold Ltd and 49% by Thrace Investments BV, which were wholly owned by Greenwich. In June 2009, Cape Lambert acquired the assets of Copperco and hence became the ultimate owner of the Thrace.

Figure 1: Location of Sapes Project Regional Location Map

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The Directors
Glory Resources Limited
945 Wellington Street
West Perth WA 6005

23rd August, 2011

Dear Sirs,

1. Introduction

This report has been prepared by AM&A at your request to provide an Independent Geological Report for the Sapes Gold Project located in Greece as at 3rd August, 2011.The Sapes Gold project consists of one licence (Lease Contract No 850, valid until 10/02/2013) covering an area of 20.1km^2 held in the name of Thrace Minerals (Hellas) SA, a wholly owned subsidiary of ASX listed Cape Lambert Resources Ltd ("Cape Lambert"). Glory Resources Limited ("Glory") have entered into an agreement with Cape Lambert to purchase the Sapes Gold Project. This report will be included in a Prospectus to be lodged with the ASIC by Glory, offering for subscription 170 million shares at an issue price of $0.25 per share to raise $42.5 million. Oversubscriptions of up to 30 million shares at an issue price of $0.25 per share to raise an additional $7.5 million may be accepted.

1.1 Scope and Limitations

This Independent Geological Report has been prepared at the request of the Board of Directors of Glory. The report has been prepared in accordance with the Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("Valmin code (2005)") and the JORC Code (2005) as adopted by the Australian Institute of Geoscientists ('AIG') and the Australasian Institute of Mining and Metallurgy ('AusIMM').

This Independent Geologist Report has been prepared on all information available as at 3rd August, 2011.The information presented is based on technical reports provided by Glory, supplemented by our own inquiries. At the request of AM&A copies of relevant technical reports and agreements were made available.

Glory will be invoiced and expected to pay a fee for the preparation of this report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent of the results of this report or the success of any subsequent public fundraising. Except for these fees, neither the writer nor his family nor associates have any interest neither in the property reported upon nor in Glory and/or Glory. Glory has confirmed in writing that all technical data known to the public domain is available to the writer.

1.2 Statement of Competence

This report has been prepared by Allen J. Maynard BAppSc(Geol), MAusIMM and Member of AIG, a geologist with more than 30 years in the industry and over 25 years in mineral asset valuation and Dr Gregory D. Pooley MAusIMM, MBA (40 years industry experience). The writers hold the appropriate qualifications, experience and independence to qualify as an independent "Expert" under the definitions of the Valmin Code. Between 5-8th August, 2011 Al Maynard conducted a field trip to the Sapes Project area in conjunction with Glory's Country Manager (Geologist Mr K Salonikis) and Glory Director – Geologist- Mr B Aylward. Selected cores from the core library were viewed and visible gold was noted in places as described in the lithological logs. The terrain typically does not yield any useful observations regarding sub-surface mineralisation.

3. Background Information

3.1 Introduction

Glory Resources Limited (ASX:GLY) listed on the Australian Securities Exchange (ASX), on the 21st January 2011. Glory is based in Perth, Western Australia and is currently exploring three projects located in Ontario, Canada. In August 2011 the Company signed a Heads of Agreement with Cape Lambert to acquire the Sapes Gold Project.

3.2 Canadian Projects Summary – PGM-Ni-Cu and Gold Exploration

Onion Lake Project

Onion Lake Project is the most active of Glory's projects and consists of over $190km^2$ of contiguous mining claims located in the Thunder Bay region of Ontario, Canada. The project is immediately adjacent to Magma Metals Ltd new Thunder Bay North PGM discovery (ASX: MMW). Magma Metals has delineated an initial 732koz PGM equivalent resource at its multi-million ounce potential Thunder Bay North project.

The project is a farm-in agreement where Glory can earn an up to a 75% interest in the OL Project by expending a minimum amount on the OL Project of an aggregate C$3.6m within a 4 year timeframe on a staged basis. An additional 5% can be earned in connection with the funding of a BFS on the OL Project.

The Onion Lake Project is located within the North American Mid-Continental Rift – an emerging PGM-Cu-Ni province. This prospective geological setting is historically under-explored, but has been shown to host significant Cu-Ni-PGE mineralisation with exploration continuing to make new discoveries at the Rio Tinto Tamarack Ni-Cu prospect and the Eagle Ni-Cu-PGE deposit along with the Magma PGE-Ni discovery.

Glory has completed a maiden drill campaign in March 2011 consisting of six (6) diamond drill holes for 950m targeting geophysical anomalies identified from airborne magnetics.

Highlights of the drill program are:

- Discovery of mafic rock that may represent an extension to the Magma's ultramafic conduits.
- Wide zone of mafic rocks intersected in diamond drill hole OL-11-03 (over 50m width).
- Initial geochemical analysis demonstrates that the rock type is similar to the host rock of the Magma discovery.
- Immediate target area extending for over 4 strike kilometres has been defined by the program and follow up exploration work has already commenced.

The Company has committed to a new exploration program consisting of 5,000m of drilling and completing a detailed airborne magnetic survey. A budget of between $1.25M and $1.5M has been allocated for this program.

Eagle Lake Project
Eagle Lake Project is located 26 kilometres west southwest of the town of Dryden, Ontario, Canada and consists of 11 unpatented contiguous mining claims covering an area of approximately 2,400 ha. Glory is targeting shear-hosted gold mineralisation at Eagle Lake where prospector activity in the early 1900's confirmed the presence of gold mineralisation.

Previous exploration within the project area has identified two areas of gold mineralisation, the 'Fornieri' Occurrence and Manhattan Occurrence. A review of previous exploration activity highlights grab samples returning assay results from several grams of gold up to 2.37**o**z/t (72g/t) Au and drill holes assays ranging from below detection limits up to 3.05m at 3.58g/t gold (0.115 ounces gold per tonne over 10.0 feet).

Glory is planning a program of field mapping and sampling to evaluate the project and will be reviewing previous diamond drill core to determine mineralisation style and verify previous work.

Way Lake Project
The Way Lake project covers an area of 864 ha consisting of four unpatented mining claims located approximately 12km east-southeast of the town of Sioux Lookout, Ontario, Canada. The project is considered prospective for PGE mineralisation and Copper-Nickel mineralisation associated with ultramafic host rocks.

Historic exploration completed in the project area has identified ultramafic intrusives (Way Lake Intrusion) as well as andesite, ryodacite and dacite volcanics. Limited diamond core drilling has been completed within the project area, however sulphide mineralisation has been noted in drill logs potentially indicating the right chemical environment for the formation of PGE – Ni – Cu mineralisation.

Glory has undertaken a geological review, interpretation and targeting study to assist in the development of exploration programs for the Way Lake project. The initial exploration focus will be on geochemical sampling of the ultramafic bodies to define zones of PGE-Ni +/-Cu mineralisation with exploration planned for the summer field season.

3.3 General Information on Greece

Executive power is vested in the national government headed by the Prime Minister. The various government departments are headed by Ministers who collectively make up the Council of Ministersor Cabinet. National administration is structured on several levels. Below the national government are prefectures, each of which has a provincial capital city. Below the prefectures are the municipal towns and villages. Prefectures are grouped into larger geographic regions such as Thrace, Macedonia or Thessaly. There are also smaller groupings of prefectures comprising "supraprefectural administrations". Each region is administered by a Regional Secretary who is appointed by the national government. The head of each prefecture is called the Prefect (or Nomarch) while the heads of the towns and villages are called Mayors and Presidents of Community Councils respectively. The supra-prefectural administration is run by a President (known as a Super Nomarch).

The Super-Nomarchs, Nomarchs, Mayors and Presidents of the Community Councils are all elected every four years by means of general elections.

Regulatory Framework

Generally, the regulatory framework covering mining developments in Greece is fairly complex. The nature of the authorities involved range from the national government down to regional, prefectural and municipal authorities. At the local and prefectural levels, the extent of control depends largely on the size and importance of the prefecture and the availability of personnel seconded to it from the central government. Communities and municipalities are consulted by the prefectures and their role can be significant, especially in environmental matters. The principal law covering mining activities in Greece is the Mining Code, which is set down in Laws 210/1973 and 274/1976. In general, mineral rights are held by the government and administered by the Ministry of Environment, Energy and Climate Change (MEC). Project development is generally undertaken by private companies or individuals, who acquire the rights primarily through the leasing of the land by the MEC following a tendering process. Sub-leasing of any part of the lease contract is prohibited.

The Mining Code imposes restrictions on the acquisition of mineral rights by foreign (being non-EU) companies or individuals. Prior approval of the Council of Ministers is required for the acquisition of mineral rights or majority shareholdings in Greek companies holding such rights. Conditions may be attached to any such approval. The Project is located within a “border” area. These are areas of Greece that are close to the national borders and the approval of the Ministry of Defence is also required for the acquisition of mineral rights in these areas, irrespective of the nationality of the developer. Operating practices, including electrical regulations, operation of underground mines and occupational health and safety matters are regulated by the “Regulations on Mining and Quarry Works” (KMLE), which were initially enacted in 1984 and have been supplemented from time to time.

Protection of the environment in Greece is expressly provided for in Article 24 of the Constitution. The two key environmental laws that effect mineral developments are Law 998/1979, as amended by Law 3208/2003, which protects “forests and forested areas” (a relatively loose definition effectively applies this law to about 80% of Greece) and Law 1650/1986, as amended by Law 3010/2002 in compliance with EU Directives 97/11 & 96/61, which requires all mineral extraction applications to be accompanied by an environmental assessment. Pursuant to these laws, three key Joint Ministerial Decrees (numbers 11764/653/2006, 11014/703/F104/2003 and 37111/2021/2003) were promulgated by the Government to implement the EU Directives and regulate the application of these laws in practice.

The second decree requires that an Environmental Impact Statement (EIS) be approved before mineral development can commence. More particularly, the environmental process first consists of the preparation of a Preliminary Environmental Assessment Study (PEAS), which is reviewed and approved by MEC, following which the complete EIS is submitted to MEC. MEC distributes the EIS to the other competent Ministries of the central government for review and comments, and also sends the EIS to the local provincial capital for the Study, to be debated at a public hearing of the local prefecture.

Following the hearing, the EIS file is returned to MEC with the recommendation passed in the public hearing. Legally, this is only a recommendation to the central government and not a binding opinion, which means that MEC, once it collects the views from the other competent Ministries (usually the Ministry of Agriculture, Ministry of Health, Ministry of Culture and Ministry of Defense), could recommend to the central government the issuance of a Joint Ministerial Decision (JMD), signed by the five (5) Ministers approving the environmental terms for the Project. However, although not legally binding, the opinion of the local prefectural council is politically critical and is taken into consideration by the central government before proceeding to the issuance of the JMD, since, in the case of negative opinion, it indicates an opposition by the local communities to the Project.

The third decree provides the basis of public and community input into the EIS approval process, while the first decree strengthens the rights of individuals and communities to have access to environmental information held by government and other public bodies.

Additionally, recently in the fall of 2009, the central government implemented two critical European Directives. The first is Directive 2006/21 regarding the management of waste from extractive industries, implemented by Joint Ministerial Decision No. 39624/2209/E103/2009, which regarding the presence of cyanide in a pond, sets a limit of 10 ppm at waste facilities that are granted a permit after 1 May 2008. The second is Directive 2004/35 on environmental liability with regard to the prevention and remedying of environmental damage. This Directive has been implemented in Greece by Presidential Decree No. 148/2009.

In parallel, there are various government departments that may impact on development through their responsibilities for other aspects of national governance. These include:

- The Ministry of Economy, Competition and Merchant Marine – responsible for the review and approval of various fiscal and financial incentives for new projects;
- Invest in Greece Agency – responsible for assisting foreign investors and for the review and evaluation of investment proposals for the above Ministry;
- Ministry of Finance – responsible for taxation and accounting matters;
- IGME (the government Geological Survey organisation) – responsible for technical
- advice to government;
- MEC – responsible for mineral resources and environmental matters;
- Ministry for Agriculture – responsible for the management of forest or forested areas;
- Ministry of Defence – responsible for the authorisation of mining activities in border
- areas;
- Ministry of Culture – responsible for the protection of antiquities;
- Ministry of Health – responsible for review of any aspects of the development that may impact on public health; and
- Regional authorities – involved in the permitting process, particularly on environmental matters at the regional and local level.

3.4 Government Licences and Approvals

Completed Approvals or Permits

The Lease Contract for the E5 area (Lease) required an initial exploration programme with a minimum expenditure of 1 billion drachma (approx. 2.9 million Euro). This was completed and the required Final Report was submitted to MEC (formerly Ministry of Development - MOD) in February 1998. The Final Report, with its approved expenditure record, was approved in June 1998. Articles 4 and 97 of the KMLE requires that a Techno-Economic Study be prepared and submitted to the MOD for approval before the Project can enter its development phase. This study comprises a proposed development plan and sets out preliminary technical, process and economic parameters for the Project. This study was submitted in April 1998, finalised after discussion with the MOD for approval in April 1999, and approved by the MOD in June 1999. Previous environmental legislation required at the time of the submission to MEC (formerly the Ministry for Environment, Planning and Public Works - MOE) of a Pre-Approval Location Study (PAS).

This study is intended to ensure that a proper assessment has been made of the various alternative locations for Project facilities and must form the basis of the subsequent EIS. The PAS for the Project was submitted to the MOE in June 1999, with approval received in February 2000. Appeals against the PAS approval act, however, were filed by local communities and residents before the Council of the State in Athens (the Supreme Administrative Court in Greece), which were finally adjudicated, with Judgments 2170/2006 and 2171/2006 issued by the Court invalidating the approval act on the basis of a technical reason, due to a change of mining and processing method (exclusion of cyanide) between the PAS Study and the EIS submitted at the time to the Ministry of Environment. As a consequence of this, the new Law and government decrees mentioned in Section 1.3.2 above would now need to be followed.

Future Approvals or Permits

Thrace has submitted a PEAS in December 2010 for approval by MEC, according to the new law and government decrees. Following this, the complete EIS will be prepared and submitted in the procedure described above. Approval from the prefectural authority must be sought for the treatment and disposal of any industrial effluents, sewerage or any similar discharge. The prefectural authority must also approve the fire protection of the plant.

A permit to carry out mining works in a forested area must be sought from the local Forestry Commission, as the Project is located in a forested area. A Concession of Land to establish the mine and associated facilities in a forested area is required from the Ministry of Agriculture and the local Forestry Commission. Permits are also required from the Ministry of Defence (as the Project is in a “border” area), from the local Office of the Archaeological Authority (to avoid damage to any antiquities in the Project area) and from the local office of the National Tourism Authority. Planning permits will be required from the prefectural authority for the construction of plant and other buildings. Also, a permit will be required from MEC for the construction of the plant and for the electrical and mechanical installations for the Project.

Lease Contract - Bonds

The Lease was signed with the Greek Government, Ministry of Development (MOD at the time) on 11/02/1993 for a 30 year term (1993-2023), renewable every five (5) years at the sole discretion of Thrace (Art. 3 of the Lease).

The current 5-year renewal of the Lease is valid until 10/02/2013. The Performance Bond is valid until 11/02/2013, while the Facilities Bond is valid until 10/04/2013.

4. SAPES GOLD PROJECT

4.1 Location, Access and Climate

Sapes is a gold development project located in northeastern Greece on a 20.1km^2 mining lease granted until 2023. The Project is located approximately 2km east of the village of Sapes, population 9,500 (2001 census), and is situated approximately 60km west of the Turkish border and some 35km south of the Bulgarian border. The regional setting of the Project area is shown in Figure 1.

The nearest major town is the Aegean port of Alexandroupolis, approximately 30km south east of the Project area. Alexandroupolis, population 70,000 (2001 census), is a sizeable port for coastal shipping. The regional capital of Komotinilies is approximately 35km northwest of Sapes. Access to the Project area is excellent with a major highway within 7km of Sapes and the narrow gauge railway line from Thessaloniki to Alexandroupolis passes through the southern part of the Lease. Access by air is to Alexandroupolis, from where there are daily flights to Athens.

The region's climate falls between the Mediterranean and Balkan (Southeastern Europe) Continental types. The average annual rainfall is 756mm, with peak rainfall occurring during the winter months. The average monthly maximum temperature is 29.2°C, in July, and the average monthly minimum temperature is 2.3°C, in February. The dry period starts from mid June and lasts until mid September.

4.2 Geological Setting

Regional Geology

The Sapes district is located on one of several subduction-related volcanic arcs that developed in the late-Mesozoic and early-Tertiary era in the "ocean" of Tethys, which separated the continental land masses of Africa and Eurasia. Continental collision led to the development of the Alpine Mountain fold belt, and continues today with anticlockwise rotation of central Turkey along the North Anatolian Transform Fault and an active volcanic arc in the southern Aegean Sea as evidenced on Santorini. The boundary of the continental land masses is marked by the arcuate Hellenic Trench extending northwest along the Adriatic coastline and eastward to the south of Cyprus.

The Sapes gold mineralisation is related to the Rhodope volcanic arc of Oligocene age (30Ma). This structure also hosts other very important epithermal systems both in Greece (Perama – 15 km south of Sapes and Pefka – east of Alexandroupolis) and Bulgaria (Krumovgrad, Madjarevo, Sedeftche and Obichnic), which are mainly high-sulphidation style. Figure 2 provides a summary of the major tectonic geological features and some of the significant recently-defined gold deposits in the eastern Mediterranean.

Figure 2: Major Tectonic Elements of the Region

The Rhodope volcanic arc also hosts intrusive related polymetallic mineralisation in the Kirki-Essimi area that earlier this century was exploited for lead and zinc. The majority of the other major gold deposits discovered in the eastern Mediterranean are either part of the present active arc, such as that at Milos in Greece, or mid-Tertiary back arc rift basins, such as Ovacik in Turkey. These are quartz-adularia epithermal deposits, associated typically with large banded chalcedonic-quartz lode structures.

The collision of the Eurasian and African plates during the Tertiary resulted in the development of subduction-related volcanic activity along an 800km long arc, which extended westwards from northern Turkey, under the Rhodope Massif and curved northwards towards Yugoslavia. At the same time, a number of structurally controlled basins, with a common east-west elongation, formed in areas of divergent stress, particularly along the southern and eastern margins of the Rhodope Massif and the Circum-Rhodope Belt. These became infilled with relatively undeformed Tertiary sediments with interlayered volcanics and volcaniclastics. The Oligocene volcanic sequence comprises andesites, dacites and rhyolites, which were emplaced as tuffs, volcanic breccias, and domes with rhyolite porphyries as dykes and granitoid stocks. A widespread series of Neogene and Quaternary sediments, comprising both terrestrial and marine facies, overlie the earlier formations, the deposition of which has been strongly controlled by a series of basins bounded by syn-sedimentary normal faults developed predominantly on NNE or NNW trends. Sediments within the Komotini basin, a graben structure directly to the west of Sapes, are thought to be in excess of 2,000m thick.

Sapes District Geology

The Sapes lease is situated close to the margin of the Kirki-Essimi and the Komotini-Sapes basins. The local geology consists of Mesozoic metamorphic rocks that crop out in the southern part of the Lease, which are unconformably overlain by a basal Eocene conglomerate containing well-rounded metamorphic clasts. These is in turn overlain by a sequence of Oligocene andesitic volcanics, volcanoclastics and sediments that cover much of the Lease area with the variable nature and distribution of these units reflecting the rapid facies variations within an andesitic strato-volcanic succession.

The volcanic centre is presumed to lie to the east and north east of the Lease and to be related to a north easterly trending zone of sub-volcanic rhyodacite and monzodiorite of Oligocene age, intruded by later quartz-feldspar porphyry and andesitic dykes. These intrusives extend into the south eastern part of the Lease and represent centres of volcanism.

True Quaternary alluvium representing the most recent in-filling of the Komotini basin covers the western edge of the Lease and is generally under cultivation. This Quaternary sequence obscures the graben-margin faults.

Extensive areas of the Lease have been affected by hydrothermal alteration. Siliceous alteration at surface is fairly common (especially at St. Demetrios, St. Nicholas and Sabbies) and includes quartz, alunite, diaspore, corundum, pyrite and gold.

Argillic-sericitic alteration is extensive and typically includes sericite, kaolinite, illite, diaspore, montmorillonite, albite, quartz, pyrite and may contain gold. Propylitic alteration is limited in its extent - at St. Demetrios and Viper it is found in pods or relict lenses generally within areas of argillic alteration.

More extensive zones of propylitised rocks are found in the northern part of the Lease away from the main areas of argillic alteration and mineralisation. The principal minerals present are chlorite, albite, zoisite, quartz, pyrite with adularia locally.

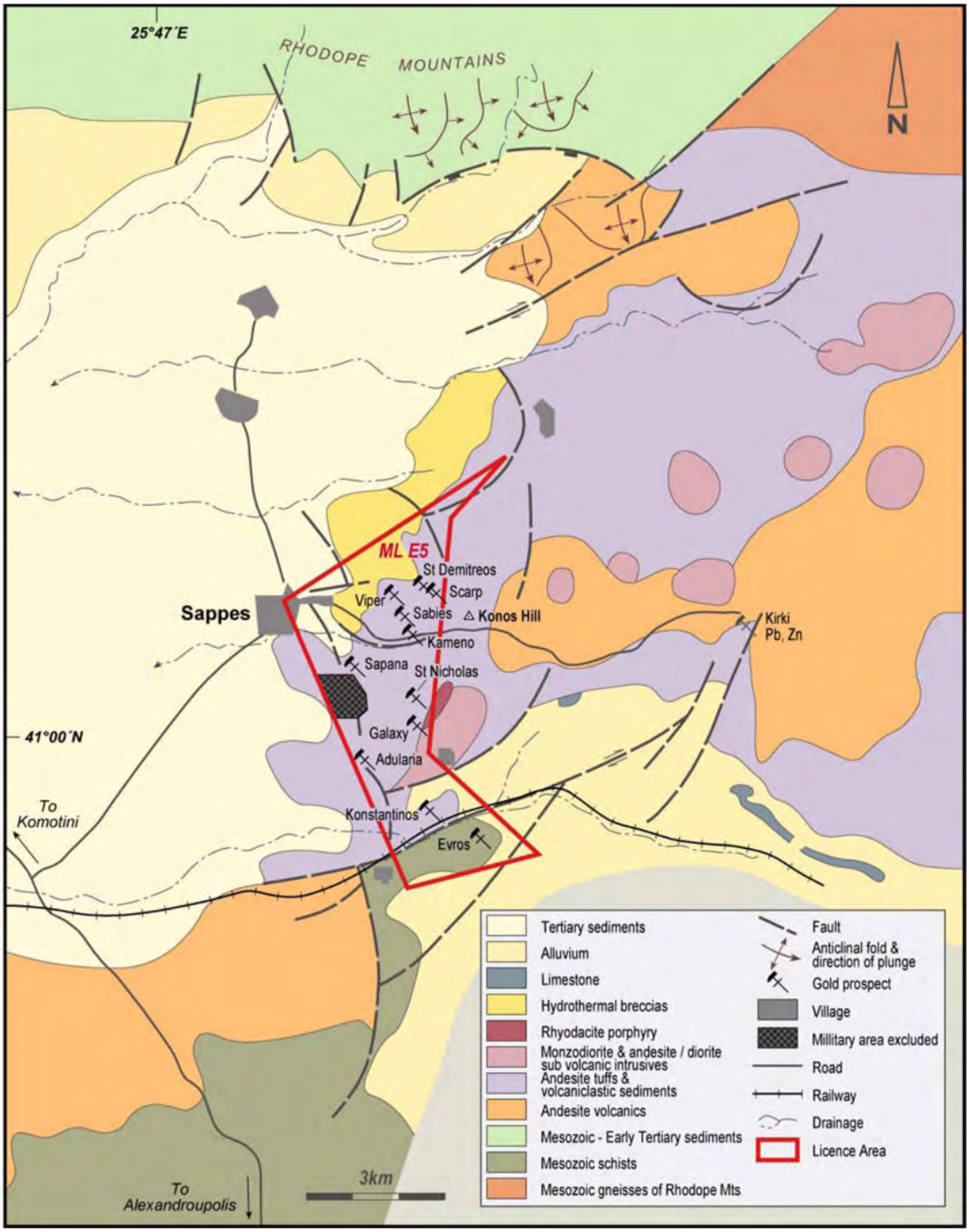

Figure 3: Geological Map of the Sapes District.

The area has been strongly faulted with structural trends varying from north-south as in the main Komotini-Graben margin fault, north westerly along which the Viper Vent Zone developed and east-west as marked by all the westerly draining valleys in the Lease area. All these faults are thought to be associated with acid-sulphate alteration and the mineralising processes. A younger suite of faults have a general north easterly trend, such as that between Viper and St. Demetrios, which are considered post-mineralisation. The last major phase of faulting in the district is late-Tertiary in age, and consists of east-north-east trending right lateral shearing relating to the North Anatolian Transform Fault. A combination of the structural and magnetic data interpretation was used to select further exploration targets (refer Figure 4).

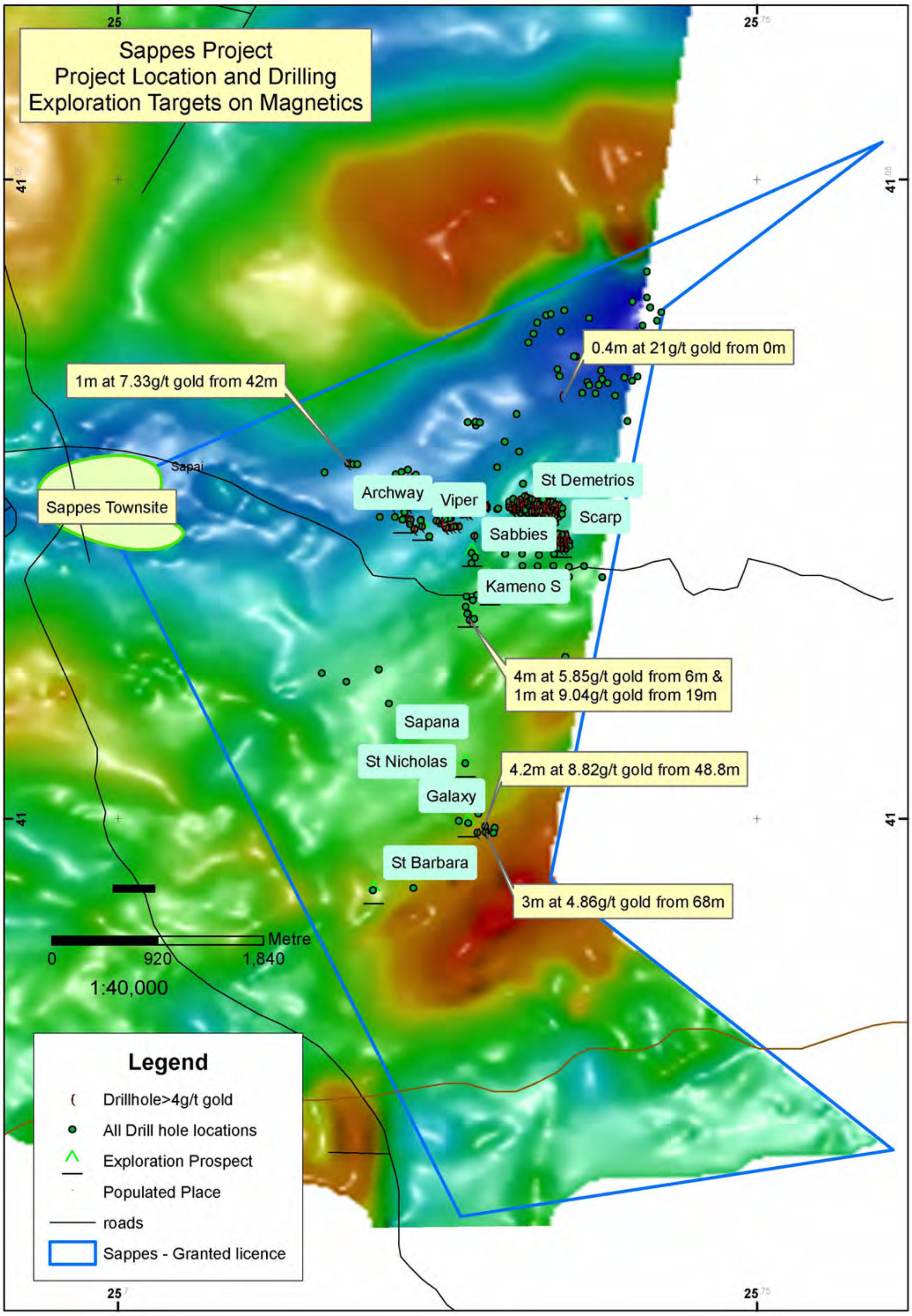

Figure 4: Sapes Drill Targets over Magnetics.

The geological setting of the Viper, St. Demetrios and Scarp deposits are discussed in detail as these are the most advanced of the prospects within the Sapes Gold project (Figure 5 - isometric view of the Viper, St. Demetrios and Scarp orebodies):

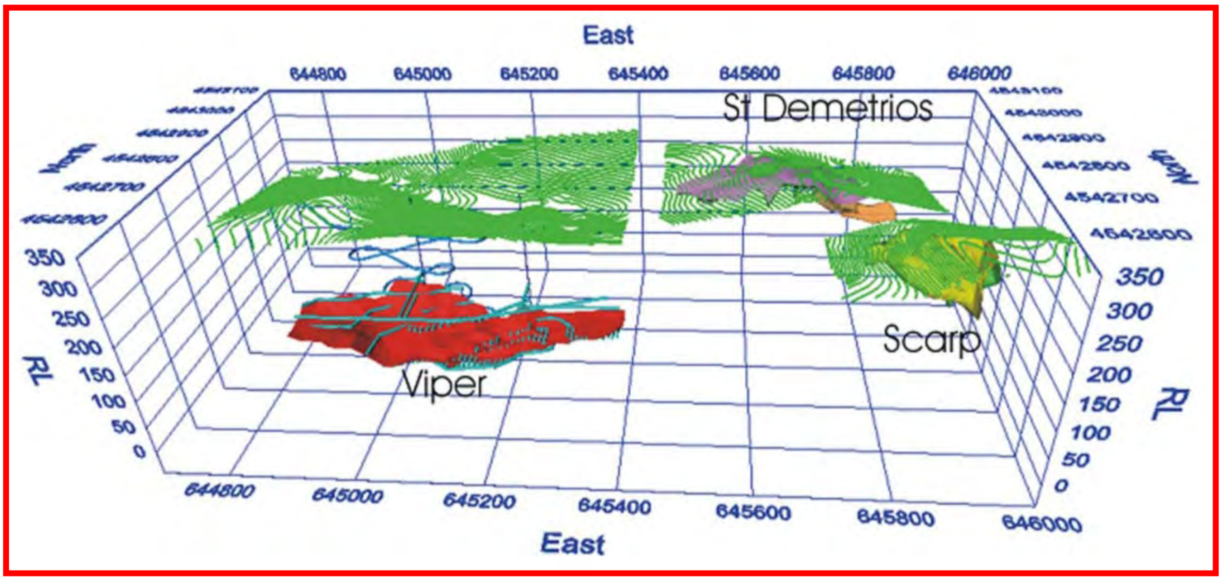

Figure 5: Isometric View of the Three Main Sapes Project Deposits.

The Viper Deposit

The Viper deposit is located in the north eastern part of the Lease, immediately to the south of the westerly draining valley known as Viper Creek, which marks the southern limit of the Silver Hills Conglomerate. The initial target for exploration at Viper was the north-westerly trending zone of discontinuous outcrops of silicified volcanic rocks. These outcrops extend for some 450m and mark what has been denominated the VVZ or "Viper Trend". Originally these features were thought to be sinters, but following the drilling programme they have been interpreted as forming part of a steeply dipping fissure vent system, which was active until late in the history of the Sapes volcanic centre. The VVZ, together with the surrounding alteration halo, is broad, up to 150m across. It comprises an anastomosing system of generally narrow veins of amorphous silica and hydrothermal silica muds close to surface, with quartz and chalcedony veining at greater depth, plus silica-alunite, kaolinite/dickite and baryte veining within host volcanic rocks that have been strongly brecciated and for the most part are strongly silicified.

Rock chip sampling of the silicified outcrops showed that the geochemistry of the structure is not outstanding for gold, having returned low values with a maximum of 1.7g/t Au, whereas it is significantly enhanced for silver (from low up to 292g/t), lead (from low up to 1,460ppm), antimony (from low up to 2,150ppm) and barium (from <1.0% up to 5.2%). Drill intersections through the vent system demonstrate that the geochemistry is similar to about +100mRL, which varies from 100m to 160m below surface, beneath which level there is a change from a silver dominated system to a gold dominated system.

Viper Mineralisation

The Viper orebody has a known strike length of 550m, with the western extension remaining open as the most westerly borehole drilled to-date intersected the mineralised horizon. It is possible that the mineralisation is truncated or down thrown by another fault marginal to the Komotini-Graben, marked by one of the northerly draining valleys to the west of the Viper Hill.

The easterly limit of the Viper mineralisation is marked at surface by a south westerly trending valley that drains into Viper Creek from the col between St. Demetrios Hill and Silver Hills. This feature has developed along the line of a normal fault dipping to the west and with a downthrow to the west of some 250m. This has been interpreted to mean that Viper is a down faulted continuation of the St. Demetrios orebody. Both above and below the mineralisation are flat lying bounding faults along which movement probably occurred at various times during the development of the volcanic centre and the hydrothermal mineralising events.

The northerly and southerly limits of the gold mineralisation are not distinct with the boundaries in a north south direction varying from between60m in the east to 130m in the west. The silicified horizon has been shown by the drilling to be more extensive than the boundary of the gold resource, indicating that the initial ground preparation event (flood silicification of porous lithological units) was not carrying gold into the system. The subsequent phases of brittle fracturing, which were associated with the introduction of gold into the system, appear to have occurred over a more restricted area. The thickness and grade of the gold-bearing mineralisation reduces towards the northern and southern margins of the gold resource outline.

Resources have been estimated for gold, silver, copper and other metals for the Viper orebody. Copper has significance, as the copper minerals contain the bulk of the non-gravity recoverable gold.

Various models have been proposed to explain the development of the Viper mineralisation. Originally, the Newcrest drilling programme at Viper was directed towards a steeply dipping target beneath the Viper Trend silicified outcrops. The zones of mineralisation intersected by those boreholes were interpreted as occurring within two steeply dipping epithermal vein systems.

A revision exercise was undertaken in early 1998 involving the re-logging of all existing core and with the benefit of additional mineralised intersections from step-out holes to the east of the Viper fissure vent system, a new model was proposed. It was confirmed that the main zone of Viper mineralisation occurs in all drillholes at about the same RL over a strike length of at least 500m and recognised that this zone is lithologically controlled, having developed within a horizon between two distinct andesitic lava flows.

The relatively flat-lying nature of the mineralised horizon, although it does have a gentle southerly dip, is apparent from the cross-sections through the Viper deposit. The Viper fissure vent system appears to cut across earlier phases of mineralisation in the flat horizon and gold concentrations have been carried to a higher RL within the vent zone, such as those occurring in quartz-chalcedony veins intersected by boreholes SD04 and SD08.

The earliest form of mineralisation recognisable comprises dark grey high-sulphidation flood silicification, with later phases resulting in medium to pale grey coloured silicification and the development of silica-alunite, quartz-chalcedony, opaline, amethystine and comb quartz and finally kaolinite/dickite filling brittle fractures. Coarse-grained free gold associated with silica occurs rarely, as for example in intersections in boreholes DV36A, DV49 and DV68.

Gold is distributed throughout the mineralised horizon but within it the grades have been found to vary from 649g/t Au to below the resource cut-off grade of 4g/t Au. Coarse-grained free gold generally accounts for the bonanza grades, whereas the lower grade zones tend to occur where there is a concentration of late-stage fracturing with kaolin/dickite fill and associated argillic overprinting.

Locally gold occurs in the form of gold telluride (calaverite), but more commonly it is associated with sulphide minerals such as enargite and tetrahedrite (goldfieldite). Other sulphide minerals present in the mineralised horizon include pyrite, which is the most commonly occurring, with galena, sphalerite, chalcopyrite, intergrown chalcocite and covellite and bismuthinite.

The Viper orebody is interpreted to consist of a single lens to the east, dividing into two lenses going west. These two lenses are joined in the central area and finger out north and south as two distinct lenses. West of 645,000mE, the Viper lens enters the VVZ, where intersections are generally thinner and weaker. Hangingwall intersections are believed to be associated with the introduction of late mineralising fluids that both introduced and redistributed mineralisation centred on the VVZ.

St. Demetrios Deposit

The western margin of the St. Demetrios deposit lies some 120m to the east of the easternmost intersection in the Viper deposit the two being separated by the 040° trending normal fault described above. Underground mine workings, presumed to be for gold, with shallow tunnels and quarry-like faces, together with waste dumps of massive silica, were recognised at the prospect during an IGME exploration programme

The mineralisation at St. Demetrios, and also at Scarp, has generally been strongly oxidised due to its proximity to the surface. An irregular block of highly leached, vuggy silica-baryte-diaspore breccia (referred to as "spongy silica") is seen in outcrop at St. Demetrios. The zone is approximately 300m long by 100m wide and trends east-west. Drilling has shown that it is a fairly homogenous block, which is up to 45m thick and dips south at 10° to 20°. Beneath the spongy silica, drillholes intersected an argillised biotite-feldspar porphyry flow with a similar texture to that beneath the Viper mineralisation. A number of holes intersected a series of narrow, milky quartz-vein stockwork zones within the flow, some carrying highly sulphidic mineralisation with gold.

A sole fault has also been mapped around St. Demetrios and in the old underground workings. It has been seen in the footwall to be post-mineralisation, as the fault gouge was noted to contain clasts of chalcedonic and amethystine quartz. This implies that the fault that separates Viper from St. Demetrios is later than the sole fault that also occurs beneath Viper.

Table 3: Viper Prospect - Summary of Significant Drill Intersections.

Hole No	From (m)	To (m)	Width (m)	Grades Au (g/t)	Ag (g/t)	Cu (%)	Comments
DV35	307.05	321.95	14.90	5.75	6.93	0.201	upper lens, stopped short of lower lens.
DV36	218.20	219.45	1.25	18.35	1.00	0.017	hangingwall ore
DV36	308.95	311.35	2.40	84.97	37.57	1.786	abandoned in ore
DV36A	310.00	336.60	26.60	63.44	14.74	0.294	upper lens
DV36A	343.00	347.00	4.00	19.28	1.23	0.277	lower lens
DV42	265.00	269.00	4.00	10.56	23.93	0.246	upper lens
DV42	278.00	289.00	11.00	10.97	2.90	0.140	lower lens
DV43	285.00	287.00	2.00	4.88	0.50	0.003	upper lens
DV43	300.00	301.00	1.00	6.72	0.50	0.002	lower lens
DV45	184.13	187.82	3.69	7.92	13.07	0.041	Viper lens in VVZ
DV46	287.00	292.00	5.00	46.56	2.20	0.562	lower lens
DV47	216.00	218.00	2.00	51.20	2.10	0.058	hangingwall ore
DV47	282.00	284.00	2.00	9.14	12.10	0.821	Viper in VVZ
DV48	269.00	271.30	2.30	5.36	15.10	0.275	Viper lens in VVZ
DV49	241.00	252.00	11.00	62.35	15.14	0.587	eastern end
DV50	269.00	270.00	1.00	36.68	2.20	0.044	stringer
DV50	275.00	276.00	1.00	10.95	31.50	1.929	stringer?
DV50	281.00	305.00	24.00	12.79	12.13	0.542	lower lens
DV51	238.50	241.00	2.50	13.26	16.35	0.139	hangingwall ore
DV51	254.00	258.00	4.00	24.34	13.84	0.732	hangingwall ore
DV51	293.00	309.20	16.20	29.41	12.33	0.390	Viper lens
DV52	286.15	309.00	22.85	40.84	10.70	0.715	Viper lens
DV54	305.00	318.00	13.00	23.80	9.16	0.664	Viper lens
DV55	259.00	263.25	4.25	19.59	3.16	0.410	eastern lens
DV56	266.25	270.00	3.75	69.26	8.40	0.066	eastern lens
DV57	262.00	264.00	2.00	34.47	16.91	0.044	hangingwall ore
DV57	294.40	308.00	13.60	10.68	2.87	0.272	Viper lens
DV61A	251.00	257.00	6.00	20.19	8.71	1.167	eastern lens
DV63	240.44	242.00	1.56	24.74	39.54	1.476	eastern most hole
DV65	244.00	252.00	8.00	42.56	28.43	0.038	Viper lens - north edge
DV68	291.00	306.60	15.60	38.62	28.00	0.641	Viper lens - north edge
DV68	312.33	313.00	0.67	4.71	5.40	0.067	footwall stringer
DV69	292.00	302.50	10.50	8.51	0.25	0.101	Viper lens - north edge
DV71	249.40	252.00	2.60	16.80	7.05	0.225	western most hole - Viper lens
DV74	141.00	142.50	1.50	11.45	60.80	0.131	Hangingwall ore
DV74	251.20	252.40	1.20	18.60	0.96	0.295	Viper lens in VVZ
DV75	243.10	258.30	15.20	34.10	6.12	0.344	Eastern lens
SD04	161.00	164.00	3.00	22.09	11.07	0.037	VVZ hangingwall ore
SD04	241.00	255.00	14.00	8.98	9.33	0.044	VVZ/Viper lens
SD08	168.85	176.68	7.83	45.22	23.76	0.136	VVZ hangingwall ore
SD09	208.90	212.60	3.70	31.20	6.29	0.005	VVZ hangingwall ore
SD09	308.50	316.45	7.95	14.34	17.75	0.394	Upper lens
SD09	332.00	333.00	1.00	19.60	3.00	0.009	Stringers
SD09	339.01	340.35	1.34	8.86	32.33	0.402	Stringers
SD09	347.00	352.00	5.00	17.03	4.36	0.165	Lower lens
SD25	216.79	218.39	1.60	4.83	12.32	0.306	Viper lens in VVZ
SD30	245.00	248.00	3.00	11.24	9.33	0.137	Viper lens in VVZ
SD32	274.00	275.40	1.40	7.61			Viper lens in VVZ

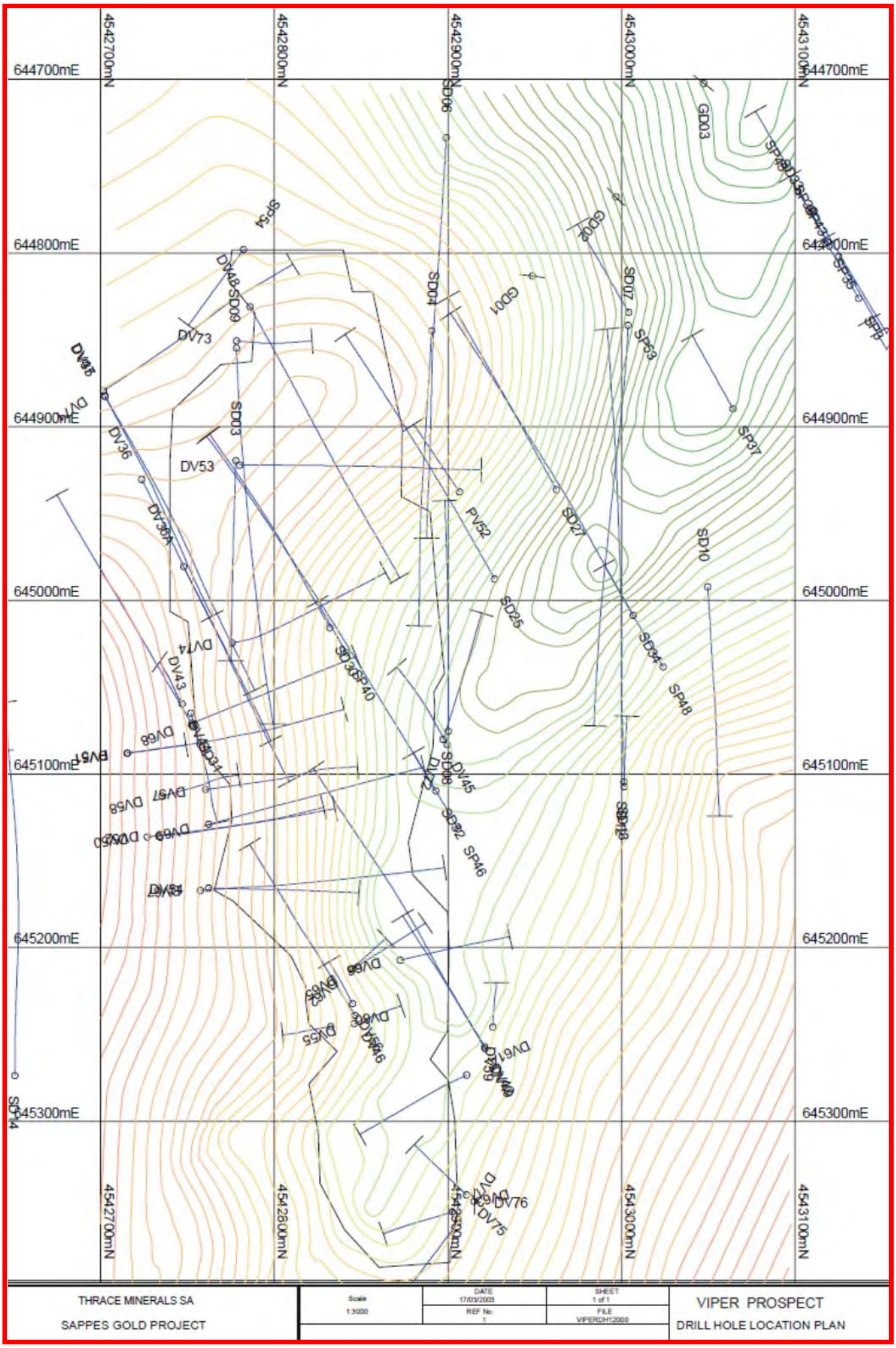

Figure 6: Viper Plan of Drill Holes showing Orebody Outline

Table 4: St. Demetrios Prospect - Summary of Significant Drill Intersections.

Hole No	From (m)	To (m)	Width (m)	Grades		
				Au (g/t)	Ag (g/t)	Cu (%)
DS38	35.70	55.00	19.30	4.85	3.16	0.016
DS41	5.60	10.80	5.20	5.35	3.40	0.003
DS41	19.50	26.40	6.90	2.56	3.22	0.069
IG01	0.00	9.00	9.00	3.81	18.79	0.012
IG05	1.00	7.00	6.00	2.10		
IG05	15.00	30.50	15.50	5.84		
IG12	0.50	5.00	4.50	2.27		
IG15	39.00	40.00	1.00	11.00		
IG15	39.00	51.50	12.50	11.16		
IG15	43.00	51.50	8.50	15.01		
IG16	2.00	10.00	8.00	2.52		
SD05	13.00	23.00	10.00	1.71	0.43	0.005
SD05	33.00	36.90	3.90	2.14	0.25	0.031
SD05	41.70	47.40	5.70	7.56	1.96	0.338
SD05	52.80	55.00	2.20	1.25	2.25	0.058
SD05	56.60	62.00	5.40	4.29	1.31	0.271
SP01	2.00	10.00	8.00	2.20	4.31	0.002
SP02	13.00	24.00	11.00	1.40	2.51	0.018
SP06	9.00	41.00	32.00	1.75	3.00	0.002
SP07	5.00	11.00	6.00	1.85	0.25	0.005
SP07	18.00	19.00	1.00	1.72	1.00	0.001
SP07	67.00	75.00	8.00	20.99	0.25	0.023
SP07	85.00	87.00	2.00	1.76	0.25	0.014
SP08	0.00	1.00	1.00	1.13	10.10	0.066
SP08	31.00	39.00	8.00	1.48	7.64	0.052
SP08	45.00	55.00	10.00	1.93	9.58	0.031
SP14	12.00	13.00	1.00	1.70		
SP14	25.00	27.00	2.00	1.66		
SP14	45.00	47.00	2.00	1.53		
SP14	69.00	76.00	7.00	3.35		
SP14	78.00	79.00	1.00	1.80		
SP14	88.00	89.00	1.00	1.54		
SP14	93.00	102.00	9.00	3.48		
SP17	0.00	27.00	27.00	7.02		
SP17	73.00	74.00	1.00	5.45		
SP18	46.00	66.00	20.00	3.40		
SP38	0.00	4.00	4.00	2.77		
SP58	0.00	5.00	5.00	1.51	0.25	0.002
SP58	0.00	5.00	5.00	1.51	0.25	0.002
SP58	15.00	26.00	11.00	2.39	3.74	0.028
SP58	15.00	26.00	11.00	2.39	3.74	0.028
SP59	1.00	16.00	15.00	1.54	0.59	0.001
SP62	1.00	4.00	3.00	1.75	0.40	0.002
SP63	0.00	1.00	1.00	2.90	2.60	0.022
SP63	33.00	37.00	4.00	1.10	6.08	0.034
SP65	0.00	2.00	2.00	2.28	1.95	0.008
SP67	0.00	1.00	1.00	2.67	3.60	0.005
SP69	4.00	17.00	13.00	2.35	0.76	0.006
SP69	31.00	32.00	1.00	2.75	0.25	0.006
SP71	10.00	17.00	7.00	2.47	0.50	0.001
SP71	10.00	17.00	7.00	2.47	0.50	0.001
SP71	42.00	46.00	4.00	1.73	0.28	0.035
SP71	42.00	46.00	4.00	1.73	0.28	0.035
SP72	41.00	53.00	12.00	6.19	2.81	0.154
SP72	41.00	53.00	12.00	6.19	2.81	0.154
SP74	5.00	16.00	11.00	1.74	0.14	0.001
SP74	5.00	25.00	20.00	1.42	0.17	0.001
SP74	23.00	25.00	2.00	1.62	0.45	0.001
SP74	33.00	34.00	1.00	2.57	5.60	0.002
SP74	33.00	34.00	1.00	2.57	5.60	0.002
SP75	14.00	16.00	2.00	1.69	0.75	0.001
SP75	28.00	32.00	4.00	1.92	0.10	0.003

Table 3 (cont.)

Hole No	From (m)	To (m)	Width (m)	Grades Au (g/t)	Ag (g/t)	Cu (%)
SP76	41.00	45.00	4.00	1.11	0.80	0.007
SP76	53.00	59.00	6.00	1.79	0.33	0.150
SP82	0.00	1.00	1.00	8.44	2.30	0.003
SP82	6.00	10.00	4.00	1.11	0.10	0.005
SP84	1.00	7.00	6.00	2.52	2.45	0.011
SP84	1.00	7.00	6.00	2.52	2.45	0.011
SP85	1.00	31.00	30.00	3.47	1.76	0.020
SP85	1.00	31.00	30.00	3.47	1.76	0.020
SP85	41.00	43.00	2.00	2.00	0.60	0.026
SP85	41.00	43.00	2.00	2.00	0.60	0.026
SP87	0.00	1.00	1.00	1.20	2.10	0.002
SP87	32.00	35.00	3.00	1.85	13.43	0.005
SP88	0.00	10.00	10.00	2.10	7.71	0.003
SP89	0.00	13.00	13.00	4.70	4.51	0.004
SP89	0.00	13.00	13.00	4.70	4.51	0.004
SP90	0.00	25.00	25.00	2.47	1.84	0.010
SP90	31.00	33.00	2.00	1.05	1.60	0.014
SP90	38.00	41.00	3.00	1.83	4.13	0.148
SP90	45.00	55.00	10.00	21.99	3.43	0.009
SP91	0.00	13.00	13.00	1.57	0.59	0.002
SP91	65.00	66.00	1.00	10.16	2.40	0.244
SP112	5.00	14.00	9.00	2.58	10.32	0.003
SP115	0.00	5.00	5.00	3.09	6.36	0.002
SP115	28.00	29.00	1.00	2.84	1.80	0.003
SP116	0.00	17.00	17.00	6.17	12.02	0.013
SP117	0.00	3.00	3.00	1.50	4.23	0.003
SP118	0.00	6.00	6.00	3.69	5.25	0.003
SP119	0.00	2.00	2.00	2.77	2.50	0.002
SP120	0.00	14.00	14.00	3.44	3.86	0.003
SP120	47.00	49.00	2.00	12.99	0.75	0.002
SP122	0.00	18.00	18.00	1.43	0.57	0.002
SP122	24.00	42.00	18.00	1.65	5.22	0.122
SP124	57.00	59.00	2.00	12.83	9.20	0.023
SP125	75.00	85.00	10.00	4.08	1.91	0.042
SP130	0.00	2.00	2.00	2.35	0.95	0.004
SP130	26.00	52.00	26.00	3.61	7.84	0.180
SP131	0.00	17.00	17.00	4.61	4.97	0.004
SP132	0.00	3.00	3.00	3.63	6.13	0.005
SP132	21.00	38.00	17.00	2.19	10.91	0.172
SP133	0.00	8.00	8.00	3.27	1.86	0.003
SP138	0.00	2.00	2.00	3.14	5.80	0.004
DS78	0.00	14.00	14.00	2.51	7.39	0.015
DS79	0.00	1.90	1.90	6.90	7.32	0.002
DS79	5.20	10.30	5.10	5.79	12.65	0.003
DS80	0.00	18.20	18.20	6.85	40.33	0.015
DS81	0.00	14.00	14.00	8.79	10.81	0.002

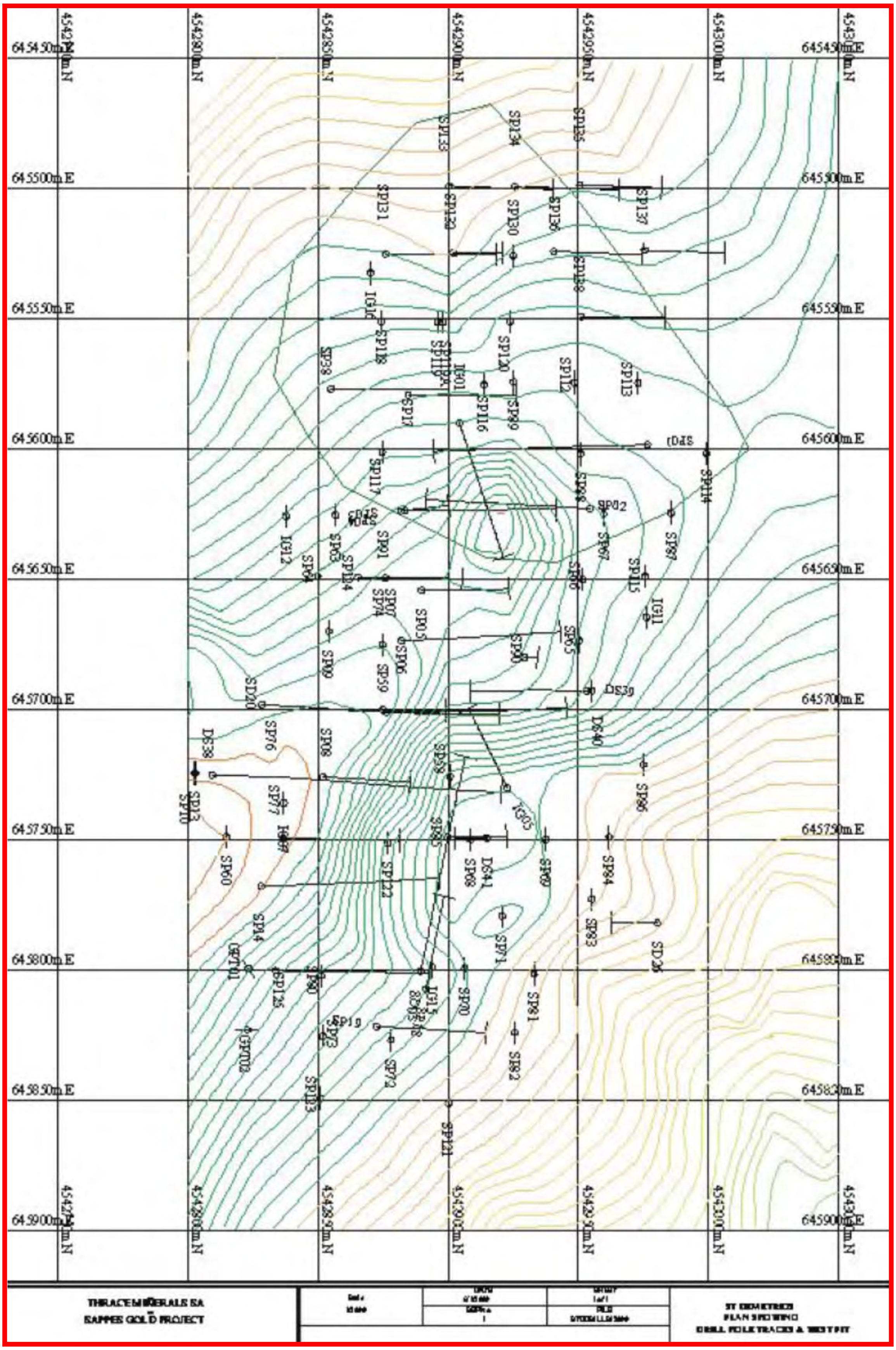

Figure 7: St. Demetrios Plan of Drill Holes with West Pit Design Outline.

Scarp Deposit

The Scarp deposit is located approximately 250m southeast of St. Demetrios. These two deposits are separated by a normal fault trending at about 20° with a downthrow to the west of some 30m and dextral strike-slip displacement of Scarp by some 250m. The fault zone is marked by a fractured silica shoulder, which forms scarp topography, and hosts several ancient workings presumed to have been for gold. Mineralisation is almost certainly of the acid-sulphate type similar to St. Demetrios, with remnants of an upper flat-lying porous silica cap. Beneath the silicified-mineralised horizon, drill holes intersected a biotite-feldspar porphyry flow, with similar texture and composition to that beneath both the St. Demetrios and Viper mineralisation.

Table 5: Scarp Prospect - Summary of Significant Drill Intersections.

Hole No	From (m)	To (m)	Width (m)	Grades		
				Au (g/t)	Ag (g/t)	Cu (ppm)
DS37	1.50	5.00	3.50	4.04	1.79	125
DS37	10.00	11.00	1.00	3.51	2.20	181
DS37	46.00	48.00	2.00	1.96	1.60	45
DS37	53.00	82.00	29.00	4.11	3.58	58
SP92	14.00	17.00	3.00	1.50	0.47	48
SP97	28.00	37.00	9.00	1.15	1.44	74
SP97	53.00	73.00	20.00	1.80	1.19	19
SP98	12.00	15.00	3.00	1.36	1.03	37
SP98	35.00	62.00	27.00	1.89	1.21	22
SP99	0.00	20.00	20.00	2.20	0.75	63
SP99	69.00	72.00	3.00	1.44	0.37	15
SP100	3.00	10.00	7.00	1.68	0.10	46
SP100	13.00	15.00	2.00	1.23	0.20	45
SP100	18.00	20.00	2.00	1.21	0.45	12
SP101	1.00	12.00	11.00	1.47	1.14	51
SP101	38.00	43.00	5.00	1.71	1.18	105
SP101	46.00	50.00	4.00	1.26	1.50	105
SP101	72.00	79.00	7.00	1.86	0.24	24
SP101	82.00	88.00	6.00	1.53	0.27	25
SP104	4.00	18.00	14.00	2.93	0.94	50
SP104	30.00	75.00	45.00	2.57	2.68	100
SP106	41.00	53.00	12.00	2.23	0.83	21
SP106	58.00	69.00	11.00	2.82	0.51	38
SP126	0.00	13.00	13.00	1.91	1.02	32
SP127	1.00	32.00	31.00	2.40	0.93	33
GPT3	4.10	11.00	6.90	2.75	2.67	78
GPT3	14.00	22.00	8.00	1.53	1.14	37

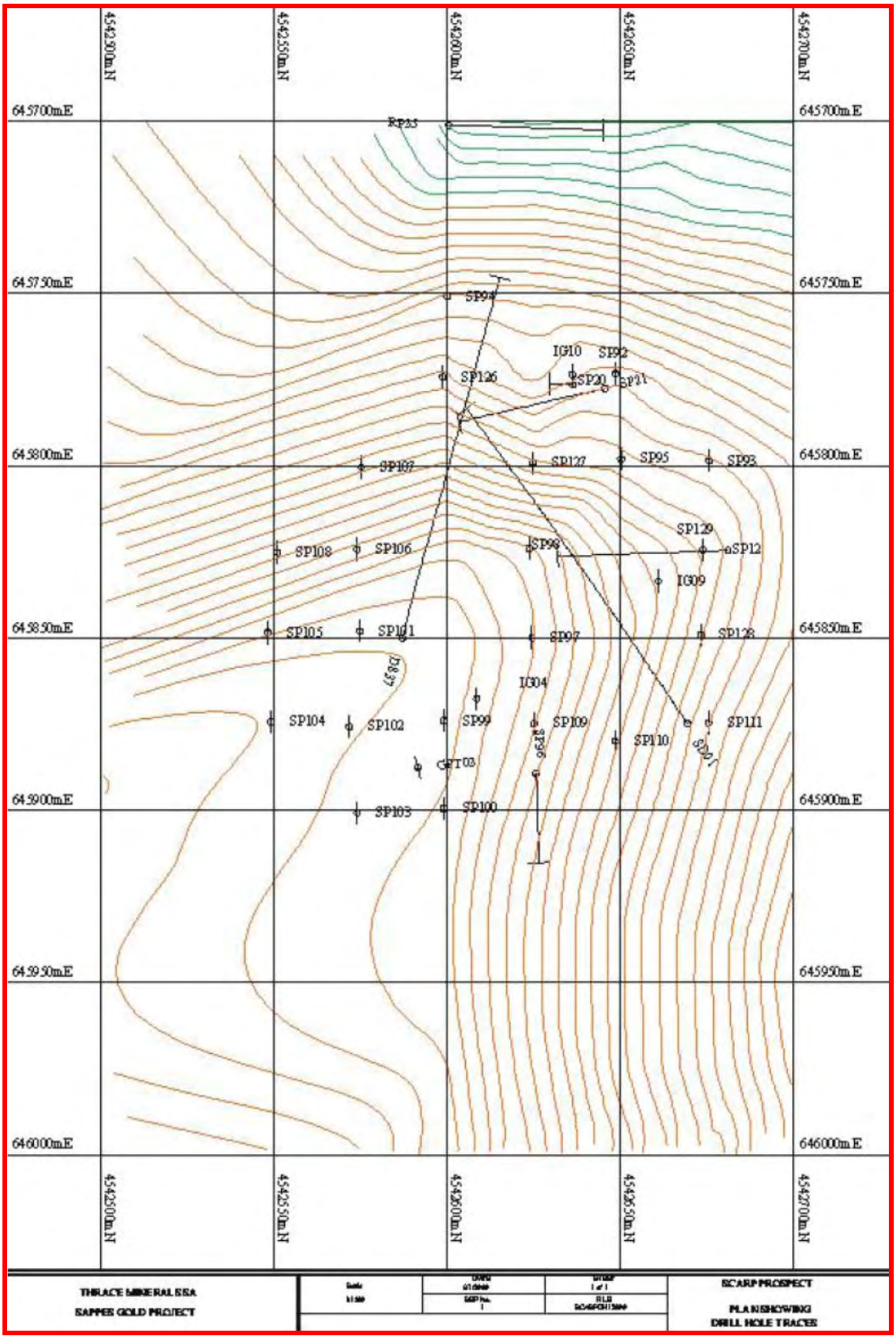

Figure 8: Plan of Drill Holes - Scarp.

4.2 Grade Estimation of the Sapes Gold Deposits

Thrace estimated the size and quality of the Sapes deposits as part of a Mineral Resource Estimate, which were audited by SRK in 2003 and then again in 2007. The Viper deposit contains the bulk of the Mineral Resources and presents the most challenges in terms of producing an estimate. Areas considered in all estimates are discussed in detail to allow a fuller understanding of the issues addressed.

Orebody Boundary Selection

Viper

Viper is interpreted to be a high grade gold orebody within a more permeable zone between two distinct andesitic lava flows. There is strong evidence of at least two major stages of gold mineralisation and redistribution of gold and other elements. The highest gold grades are associated with elevated copper grades in the earlier mineralisation type and with lead and zinc in later mineralisation overprinting the earlier copper-gold mineralisation. Copper-gold ore also varies from enargite-tetrahedrite associations to more chalcopyrite rich zones with low associated arsenic grades (such as in the east). Silver grades generally increase with elevation within the system and show evidence of redistribution during later mineralising events, particularly within the cross cutting VVZ. High grade visible gold is seen within the VVZ up to 120m above the main orebody. This visible gold is within quartz-chalcedony veins and generally has low copper grades. However, there are also high grade copper-gold "stringers" above the interpreted ore-zone.

To define the "Viper Ore Body" a number of methods were assessed, including purely geological criteria, considered to be the best method, assay boundary and a cut-off grade sub-set within a larger block model. These three methods are discussed below:

- **Geological boundary.** The complex overprinting of mineralisation and the redistribution of elements make it difficult to generate a reliable, defendable simple geological shape (based solely on lithology and alteration) that could be called the orebody using the surface diamond drilling alone. It may be that with more detailed underground drilling a purely geological outline may be more definable and defendable.

- **Assay boundary.** The next best alternative is to try and define an orebody shape using the assay data; this could be refined to a multi-element selection criteria if found to be warranted. The selection of a gold grade to be used is based on looking at the downhole distribution of gold grades and picking a grade at which the gold content increased dramatically. This grade should be within the range of expected marginally economic ore, which is ore that would normally be economic to mine if assigned only the incremental costs of mining and treatment.

- **Cut-Off Grade Sub-set boundary.** Some previous resource estimates have been generated using an interpreted mineralised envelope based on a +0.5 g/t gold content. This envelope included mineralisation related to remobilised and late-stage mineralisation in the VVZ and isolated stringers and veins not directly related to the main ore zone. This had the effect of spreading the mineralisation over a greater vertical extent. Using a block model to generate an orebody within this envelope and then only selecting the portion of the block model above a “cut-off-grade” was attempted. In one case the total orebody generated by this method was 5.2 million tonnes at 5.2 g/t gold.

The current Mineral Resource estimate was based on first placing a hard boundary around the interpreted outline of the Viper mineralisation. This outline used both the re-logging and reinterpretation of the drill core and the observation that a 4.0g/t Au cut-off produced a consistent ore shape that conformed to the revised interpretation that the orebody is flat-lying. Drilling conducted in late 1998 and 1999 extended the known extent of Viper mineralisation 200 m to the east and has firmed up the northern and southern limits of the ore zone. This drilling was done after a shape had been generated and confirmed the interpretation. Closer spaced diamond drilling planned to guide the final ore development will no doubt alter the shape again, but it is not expected that this additional drilling will indicate that the current shape is significantly in error.

Intersection selection for orebody shape generation was based on the following criteria:

• Drill hole intersections were first selected based on a 4.0g/t Au intersection selection cut-off on the raw assay data;

• These intersections included a maximum of 2 metres of internal waste material, unless there was a compelling reason to include sub 4g/t mineralisation in the intersection;

• Isolated high grade single or grouped samples in the hanging-wall of the main flat mineralised zone were not included in the main intersection if they caused a rapid expansion in thickness; they were interpreted to be high grade stringers; and

• Similarly high grade samples in the footwall or, in some cases, between the interpreted two flat lenses of mineralisation were rejected.

Once these intersections were chosen, an interpreted hard boundary was placed around sections spaced at 20m easting intervals from 644,800mE to 645,380mE. These shapes were smoothed to form a consistent shape. Once the outlines were produced, they were linked to form a 3-dimensional wireframe shape. This shape was then intersected with the 2 m composite assay database and a code assigned to each composite. This assignment was then checked manually to ensure that the selection had occurred correctly. Composite samples on the edges of the orebody with less than 4.0g/t Au but lying inside the wireframe shape were coded into the orebody. Grades within the wireframe shape were then calculated using the coded 2 metre composites.

The following statistics are relevant across the 4g/t Au boundary:

• Average grade of 2m sample above boundary 1.1g/t Au

• Average grade of lowest grade first 2m sample within ore 8.5g/t Au

• Average grade of first lowest grade raw sample within ore 10.7g/t Au

• Average grade of 2m ore samples – unweighted 25.8g/t Au

- Percent of first 2m composite samples 4g/t to 5g/t Au 19%
- Percent of first assays (raw data) 4g/t to 5g/t Au 10%
- Average grade of 2m sample below ore boundary 1.4g/t Au

Table 6: Dilution and Ore Sample Grades, Viper Mineralisation Boundary Interpretation.

Drill Hole	2m composite data					Lowest grade first sample
	Dilution	First ore	next	next	next	
	Au g/t	Au g/t	Au g/t	Au g/t	Au g/t	Au g/t
DV 35	0.66	6.4				16.6
DV 36	0.28	29.0				7.8
DV 36A	0.22	4.1	30.1			7.6
DV 42	1.93	5.5				4.8
DV 45	0.49	7.1				11.0
DV 46	1.08	4.0	5.4			5.2
DV 47	1.31	9.1				4.3
DV 48	0.68	4.8				8.1
DV 49	0.18	8.3				15.6
DV 50	1.41	5.6	13.0			8.5
DV 51	0.34	13.1				24.2
DV 52	1.01	6.1				5.9
DV 54	0.94	8.0				13.7
DV 55	1.86	10.3				20.4
DV 56	1.26	9.0				8.0
DV 57	0.23	5.0	7.0			6.0
DV 61A	1.05	8.4				16.4
DV 63	1.53	20.6				14.0
DV 65	2.28	8.5				15.7
DV 68	0.38	18.6				4.5
DV 69	3.23	7.6				8.0
DV 71	0.64	6.6				11.1
DV 74	0.66	4.5	7.9			17.2
DV 75	0.6	4.9	4.9	3.8	13.6	9.1
SD 4	2.98	5.0	3.8	3.6	7.1	6.6
SD 9	0.47	5.1	5.9	10.5		13.1
SD 30	3.1	7.1				9.0
SD 32	1	5.6				7.4
Average	**1.14**	**8.50**	**9.7**	**6.0**	**10.4**	**10.7**

During the reserve estimation process the boundary was defined on the raw assay data, however, the grade was defined from the composite data, as equal sample lengths are required before grades can be assigned. This has the effect of randomly diluting the outer 2 m composite depending on where the odd and even drill hole depths occurred. Compositing was done to 2 m even down hole depths. This has the effect of lowering the grade, as some material outside the boundary is dragged in to make up 2 m sample lengths.

St. Demetrios

The St. Demetrios ore outlines were interpreted on 25 m north-south sections, based on a 1 g/t Au outline. Intermediate sections were interpreted to allow termination of the wireframe shape at the western end of the orebody, where the orebody end is determined by topography and in the centre where the orebody is divided into a western and eastern zone under the prominent silica breccia knob. What appear to be lower ore zones in the footwall of the main silica sheet mineralisation had individual wireframe shapes generated, and were interpreted to form flat lying sheets rather than steep stockwork zones as previously interpreted. There is strong evidence that St. Demetrios and Viper are the same orebody, offset by late-stage faulting during caldera collapse and therefore should have similar ore shapes. Scarp can also be interpreted to be an offset of St. Demetrios, however the evidence for this is not as strong. Intersection selection at St. Demetrios and Scarp included zones of below cut-off grade material and not sampled zones at the surface, if this was likely to be taken as ore during initial mining.

To preserve the ore shape, below cut-off grade waste gaps of up to 7 m were included in long intersections, as were tails of intersections that did not meet strict both ways carrying criteria. This has the effect of lowering the grade and increasing the tonnes in a more robust ore shape.

Element Correlations

Minor element correlations were examined separately for the populations of the two early drilling phases. There was no strong correlation evident. Perceptible correlations shared between the two drilling campaigns were as follows:

- Gold is weakly correlated with silver and copper;
- Antimony is weakly correlated with silver, copper, lead and arsenic;
- Barium appears negatively correlated with depth downhole; and
- Core recovery is not correlated with any element, positively or negatively.

Based on the details of the resource blocks there is a strong support for the remobilisation of gold and late stage mineralisation in the Viper Vent Zone. This is highlighted mainly by the copper, lead, zinc and arsenic distribution. Copper grades are highest to the east, whereas lead values are 1,000 times lower and zinc 20 times lower than the ore near the Viper Vent Zone. Copper values to the east are twice those in the lower southern section of the orebody to the west and 15 times higher than higher elevation ore-zones along the northern limit of the orebody to the west. Arsenic associated with both enargite, and in pyrite, shows a marked ratio change from a copper: arsenic ratio of 20:1 in the east to 2.2:1 in the central zone of the orebody, reflecting the observation that there is more chalcopyrite in the east.

Gold Distribution Statistics – High Grade Cut Factor

Viper is recognised as a high grade high-sulphidation epithermal gold/copper deposit with overprints of low-sulphidation mineralisation. Log normal cumulative frequency plots (Figures 9 to 14) on both the raw sample data and the 2m composites show a distinct high grade population above 50g/t Au. This population represents 13% of the composite sample data within the interpreted Viper orebody. These assays are consistent with sections of quartz-sulphide mineralisation logged as ore zones. Raw sample data from these intervals range up to 649g/t Au and raw samples assaying greater than 100g/t Au (~ > 50g/t on 2 m composites) are found in 11 of the 32 holes that intersect the Viper orebody.

In total, there are 21 intervals over 100g/t Au, including seven intervals over 300g/t Au out of a total number of 304 assays of over 4g/t Au. High grades are not due to selective coring of quartz, as 18 of the 21 samples gave recoveries greater than 97%. Most high grade sample lengths are 1m, with a minimum of 0.5m and a maximum of 1.3m, down hole. Holes with high grade samples are distributed throughout the Viper orebody east of 645,000mE. Ten of the 23 intersections that make up the Mineral Resource estimate in this area contain samples over 100g/t Au, however they do not appear to be restricted to one area.

Cumulative frequency plots show a distinct bend in the distribution of assays at the high grade end of the distribution. This occurs both in the raw data (Figure 9) and the 2m composites. A second plot was undertaken removing the high grade end of the distribution, as it appeared that there was a change in slope at about 300g/t Au. By selecting only samples below 285g/t Au, the distribution was found to fall on a straight line (Figure 10).

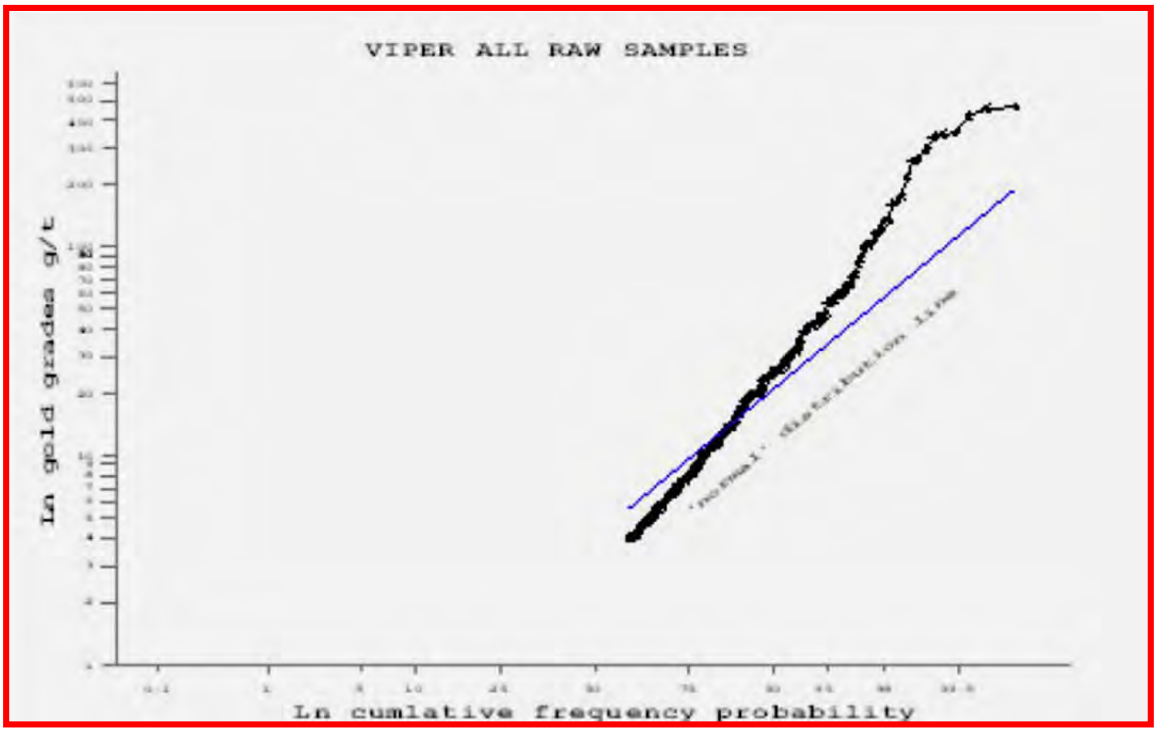

Figure 9: Cumulative Probability Plot Raw Gold Samples within Viper Orebody.

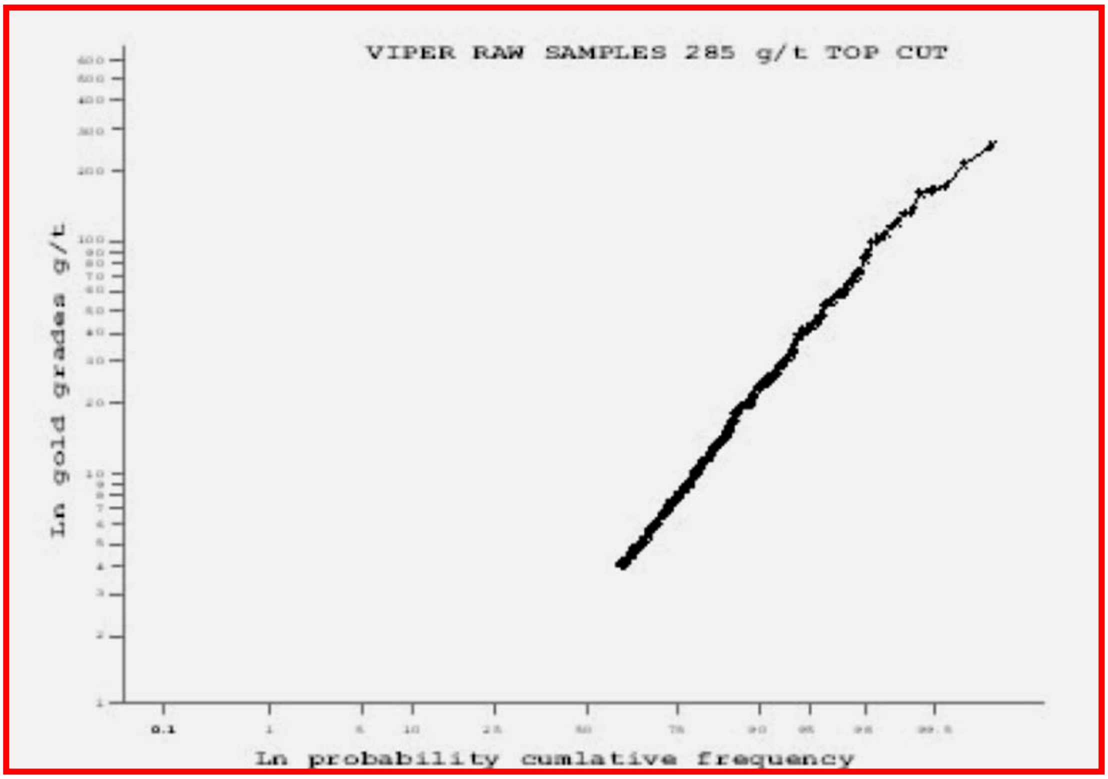

Figure 10: Cumulative Frequency Plot of All Raw Samples below 285 g/t Au.

Figure 10 indicates that the raw samples did not include marked highly anomalous values up to about 285g/t Au. However, as these were raw samples on unequal length, the statistics were next run using 2m composites. Composites were found to exhibit similar trends to the raw data, after making allowance for the smoothing effect of compositing. This reflected that the normal sample interval was 1m and that few short interval high grade samples were in the database. The results are shown in Figure 11.

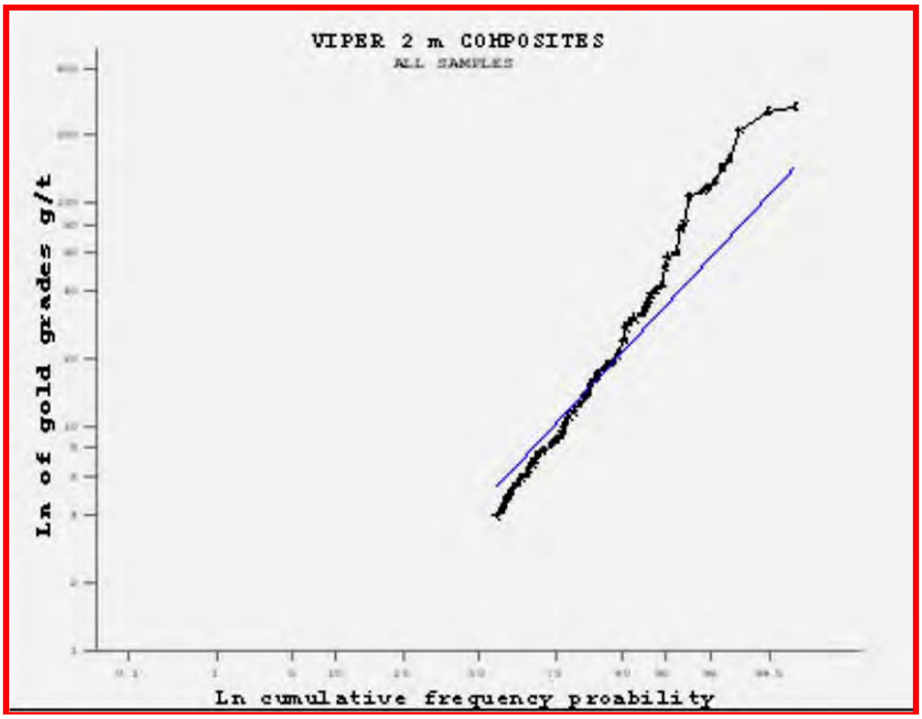

Figure 11: Cumulative Frequency Probability Plot 2 m Composites.

The consistent trend of the high grade "tail" suggests that it is a real feature of the orebody and not due to a "nugget effect". It may be related to a high grade mineralising event or structural control feature within a relatively lower grade zone of mineralisation. Plotting only the samples that fell within the orebody shape produced a similar distribution as shown in Figure 12.

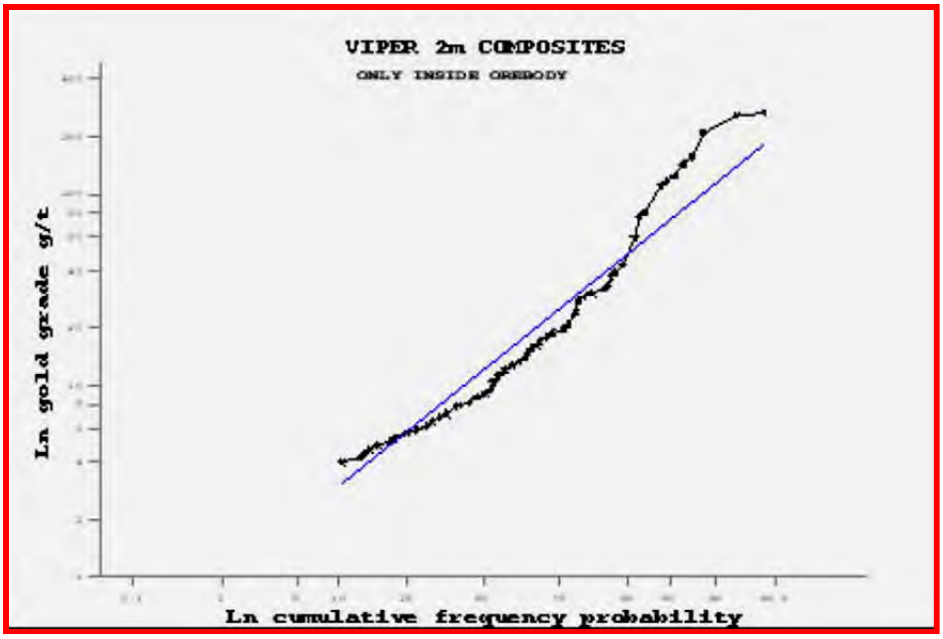

Figure 12: Cumulative Frequency Probability Plot - 2m Composites Inside Orebody.

To assess the evidence for a high grade population, the composites were divided into two populations at the 40g/t composite cut-off. A probability plot using only composites inside the Viper ore shape and above 40g/t Au was then calculated. The results are set out in Figure 13.

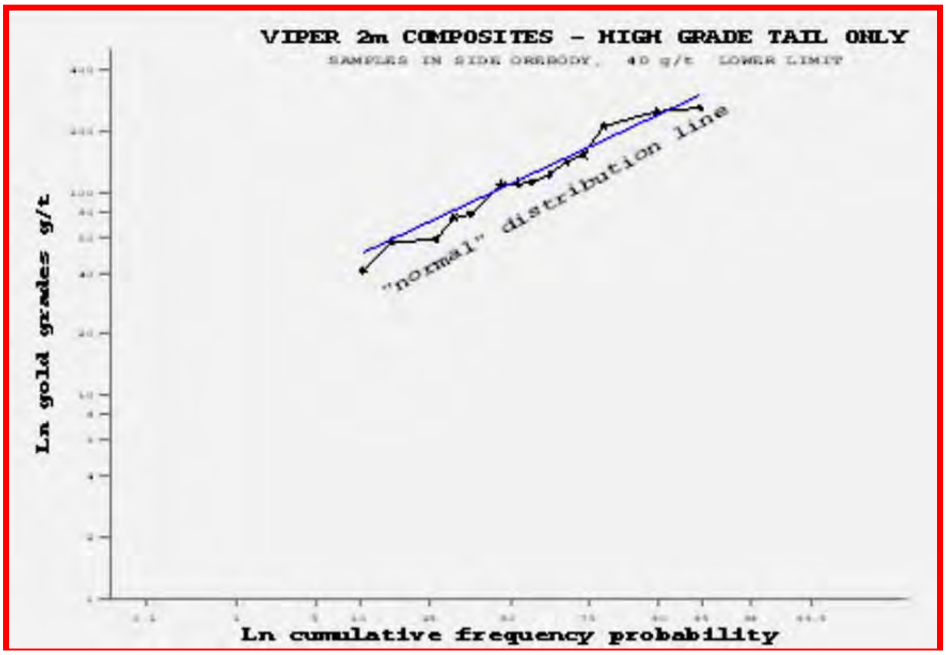

Figure 13: Cumulative Frequency Probability Plot High Grade Composites.

A similar plot using only the lower grade end of the 2 m composite population is shown in Figure 14.

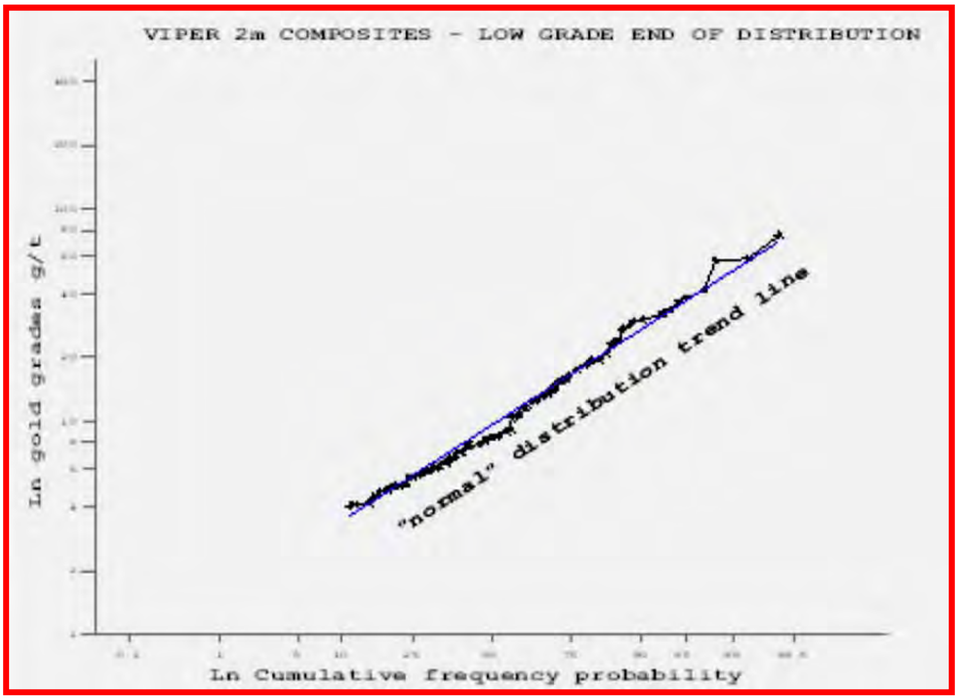

Figure 14: Cumulative Frequency Probability Plot Lower Grade Composites.

These plots indicate that two populations of samples exist: a high grade one that could commence as low as 40g/t Au, and a lower grade one that could be extended to overlap the high grade population up to 90g/t Au. Ideally, each population should be modelled and interpreted as separate ore zones. However, due to the complexity of the orebody, the uncertainty of joining high grade zones and the numerous assumptions that would have to be made, a traditional high grade cut was selected instead. To limit the influence of such high grade samples on the calculation of block grades, the cut was applied to the 2m composites prior to estimation of block model grades.

The cut was applied at 130g/t Au, which is about the 95 percentile in the 2metre cumulative sample distribution. This cut is equivalent to about a 275g/t Au cut on the raw data, after allowing for the addition of neighbouring samples during accumulation. Above 300g/t the raw sample data shows a distinct break in trend. The cut to 130g/t Au affected six of the 2m composites. Suggestions of cuts at much lower values had been made by BDA, who recommended that a cut should be made "at a level around 50-75g/t Au." BDA also recommended a cut be made to the raw data, which would be an even more severe cut on the composite data. These recommendations were not followed, as the cut value was largely based on experience gained in lower-grade open pits in Western Australia, where cuts are usually made at about 10 times average grade. For high grade orebodies, such cuts have been found to be overly severe. Also, raw data should not be cut as samples then have different support (length). Samples should, in theory, be cut on true width composites of equal length. A cut at 50g/t Au would have affected 14% of the composite data set and would have been at only 1.6 times the raw average grade.

In contrast to the BDA cut, another independent technical assessment of the Viper Mineral resource estimate on data up to November 1998 by SRK (UK) considered an upper cut of 160 g/t Au to be most appropriate. From experience in high grade mines, such as the Granites in the Tanami Desert of the Northern Territory in Australia, cuts are made at higher levels based on sample distribution statistics, and each sample type has different levels of cuts applied partly to compensate for sample bias in some media. At the Granites mine no cut is applied to data up to 500 g/t Au, as they are considered to be part of the sample population. Samples over 1,000g/t Au were considered to be outliers and where cut, there were no samples between 500 g/t and 1,000 g/t Au.

Compositing

Composite lengths of 2m down hole was considered appropriate, as this is the smallest composite length that will accommodate all raw sample lengths without artificially shortening intervals. This minimised the bulking up effect and allowed for greater definition of high grade zones than previous estimates made on 5m composites. Composites longer than 2m tend to hide high grade values in the data set and also tend to spread the grade out artificially. As holes are steep and intersect a flat lying orebody, the true width effect is minor and has been ignored. Composites were calculated for values in the “699_assays” database. The fields of the composites were:

Rec%	***Au1***	***AuAve***	***AuAv*REC***	***Ag***	***Cu***	***Pb***	***Zn***	***As***	***Sb***	***Ba***

Rec% was not used to calculate AuAv*REC, as this was a field composited from the original sample intervals. Au1 is the original assay result, AuAve the average of repeat assays and Au1, AuAv*REC is the AuAve figure multiplied by the recovery and divided by 100. All figures are in parts per million unless otherwise indicated. These were used to compile the “600 V COMP” database which was used for all estimations. As small block sizes were used, it was also considered appropriate to have composite intervals smaller than or equal to the minimum block dimension.

Three composite grades were calculated for gold:

- **AuAve**: Uncut average grades, with lost material assigned at the average grade of the sample in which they would have otherwise been included. That is 100% recovery assumed for samples with less than 100% recovery and zero recovery intervals ignored .Holes with no recovery data were assigned 100% recovery where sample data existed, which was only one hole SD04

- **AuCut1**: Average samples cut to 130g/t Au, with all lost material assigned at the average grade for that sample interval and zero recovery intervals ignored

- **AuCut2**: Lost material assigned zero grade with the composites then cut to a maximum grade of 130g/t Au

Mineral Resources were estimated on each composite set to determine the effect of these factors on the overall grade of the estimate. The result, using identical search criteria and shapes, is shown in Table 6, which shows that the cut factor used on high grades has the greatest influence on the average grade, reducing the average by 3.7g/t Au or 14%. The finalised Mineralised Resource Estimate has used the Au Cut 2 composites to calculate grade.

Table 7: Composite Grade Calculations

Method	Grade of Measured and Indicated Resource
Uncut and average grade	27.2 g/t Au
130 g/t Au cut and average grade	23.5 g/t Au
130 g/t Au cut and zero grade	22.1 g/t Au

Investigations of more severe cuts could be made as part of any risk assessment of the project.

Other Metals

There was no special treatment of the other metals estimated for Viper. Most of these are considered deleterious elements and as such no cutting of high values has been attempted. Only silver and copper are of value, but neither have significant positive economic impact on the project.

4.3 Geostatistics of the Sappe Gold Deposits

Variography was attempted on the composite data set inside the plus 4g/t Au envelope. However, only a valid down-hole variogram could be produced. Across and along strike variograms showed a distinct drill hole spacing effect due to the drill hole spacing at about 30m. Because of the lack of short-range samples in these planes, a suitable variogram that has meaning could not be derived. Previous estimates using variography produced large nugget to sill ratios of 0.7 (1997) and 0.56 (1998) and used all composite samples over 0.3g/t in a broad low grade envelope around the Viper orebody.

Variograms with flat plans all showed hole effects at the drill spacing and only the downhole variograms had good structure. Mineralisation not related to the flat high grade Viper orebody was included in the set used to generate the variograms, a step of questionable validity if the orebody is a distinct geological unit.

To achieve the better variogram in 1998, 5m composites were used. Logically, the longer the composite length the lesser the nugget effect, which is compensated for by having less pairs. In a confined thinner orebody there would be insufficient composites to produce a meaningful variogram. Following the failure to produce meaningful variograms, an inverse distance squared method of grade assignment was selected. This method is the best approximation of a kriging method and is frequently used when a valid and meaningful variogram cannot be produced, which is frequently the case in high grade gold orebodies assessed with diamond drill holes.

Ellipsoid Search Parameters - Viper

Search parameters for the flat Viper orebody were determined as follows:

Azimuth	Plunge	Range	
90°	±0°	50 m	Strike
180°	-10°	35 m	Dip
-90°	10 m	Thickness	

This search ellipse allowed overlap between the drill holes in the main Viper ore zone along strike and across strike. The downhole range is well supported by variography. Gaps exist west of 645,000mE in the Viper Vent Zone and in the east where the drilling thins out leaving an interpreted "neck" zone in the orebody, for which no block grades were estimated. This can be seen in Figure 15, where the cross sectional outlines are shown. This zone could be estimated as Inferred Resources using a larger search ellipse, however this step was not undertaken as some conservatism was warranted within the ore shape to allow for the unexpected.

4.3 Viper Deposit Mineral Resource Model

Block Model

Block dimensions selected were 5 m (E-W) x 5 m (N-S) x 2 m (vertical) filling a rectangular box covering the full extent of the Viper orebody.

Block Grades

Block gold, silver, copper, lead, zinc, arsenic and antimony grades were estimated by the inverse distance squared weighting method (IDSW) using a Micromine software package. Only the 2 m composite samples that fell within the three-dimensional wireframe model, generated from the interpretation of 20m cross sections throughout the orebody from 644,800mE to 645,360mE, were used to assign grades into the block model for Viper.

The block model was then intersected with the wireframe model and all blocks that fell within the wireframe model were assigned a block-factor code. Blocks which were not fully within the wireframe model were subdivided to a minimum size of 2.5 x 2.5 x 1m, or one eighth of the original block size. Thus the minimum block factor assigned was 0.125 and the maximum 1. Also assigned to the block model were the number of samples used to calculate the grade and the standard deviation of the estimated average grade. In the general isometric view of the Viper orebody shown in Figure 15, the Measured and Indicated Mineral Resources mostly lie to the east of 645,000mE, extending from the VVZ. This is also evident in Figure 15.

Mineral Resource Classification

Location of the high grade intercepts obtained in drilling undertaken after the flat nature of the Viper mineralisation was recognised have been remarkably predictable, based on the concept of flat lying, virtually stratabound, gold mineralisation, between an overlying “hornblende porphyry” flow and an underlying “biotite porphyry” flow. This predictability of the position of high grade gold intercepts substantiates the confidence level of the Mineral Resource estimate.

East of the VVZ, the Viper orebody is consistently high grade and very predictable in location. There appear to be at least two lenses of ore that have been interpreted to merge between 645,020mE and 645,120mE, to form an ore zone with a maximum thickness of about 25m. Further east, a single high grade ore zone exists, which has a maximum thickness of 15m as indicated in hole DV75. All ore east of the VVZ, from about 645,000mE has been classified as Measured and Indicated Resources. Blocks within the Measured Mineral Resource have had their grade estimated by more than 7 individual composite samples. Figure 15 shows the distribution of the Measured and Indicated Mineral Resource blocks.

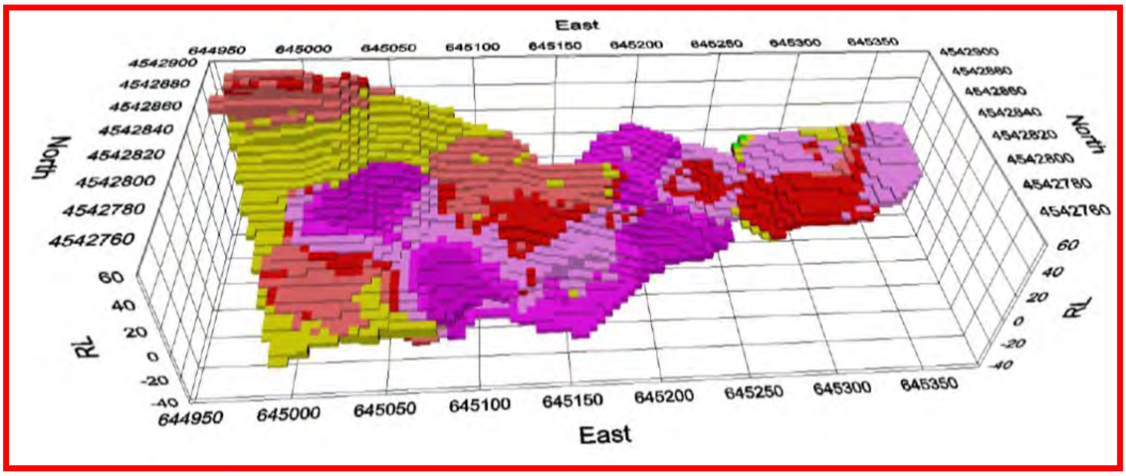

Figure 15: Viper Measured and Indicated Mineral Resources

Note: Grades are: dark purple >30g/t Au; light purple 15-30; red 10-15; orange 7-10; yellow 4-7, green 2-4; blue 0-2.)

Average drill hole spacing between centres in the area classified as Measured Mineral Resource is 30m. The maximum distance to the nearest intersection is 40m and a maximum distance between "triangular" intersections is 60 metres, meaning that no ore-block is more than 30m from a drillhole intersection. Indicated Mineral Resources have intersection spacings at an average of 38m. A maximum distance to the nearest intersection is 40m and the maximum distance between intersections is 80m in the east, where the ore block model "necks" out.

Indicated Mineral Resources tend to fringe the Measured Mineral Resources and the maximum distance from any indicated ore block to a drillhole is 40m. Where the VVZ crosscuts the Viper orebody, the ore grade intersections are both thinner and lower in grade. They are also not as predictable in terms of location as the ore further to the east. Ore grade intersections within the VVZ often occur within a thick interval of anomalous or low-grade (0.5 to 4g/t Au) gold mineralisation. These factors make the reliability of continuity between intersections less certain.

Thus the Mineral Resources in this area are classified as Inferred. Hole DV71 intersects the Viper orebody further west than any other hole. This intersection is 2.6m at 16.8g/t Au and appears to be west of the VVZ. It is classified as Inferred Resources, as this area requires further drilling to confirm the continuation of Viper further to the west.

There has been no resource estimation made for the numerous high grade gold intersections in the hanging-wall of the Viper flat orebody within the VVZ, due to the uncertainty of orientation and continuity of these intersections. Thin intersections around the Viper flat orebody have also been excluded from the Mineral Resource estimation even though they could be "carried" into the Viper intersections at over 4g/t Au. These thin, single sample intersections are believed to be narrow veins or shears above, between and below the main Viper flat lenses. Again, their orientation and continuity cannot be established from the surface drilling so they have been excluded from the estimation.

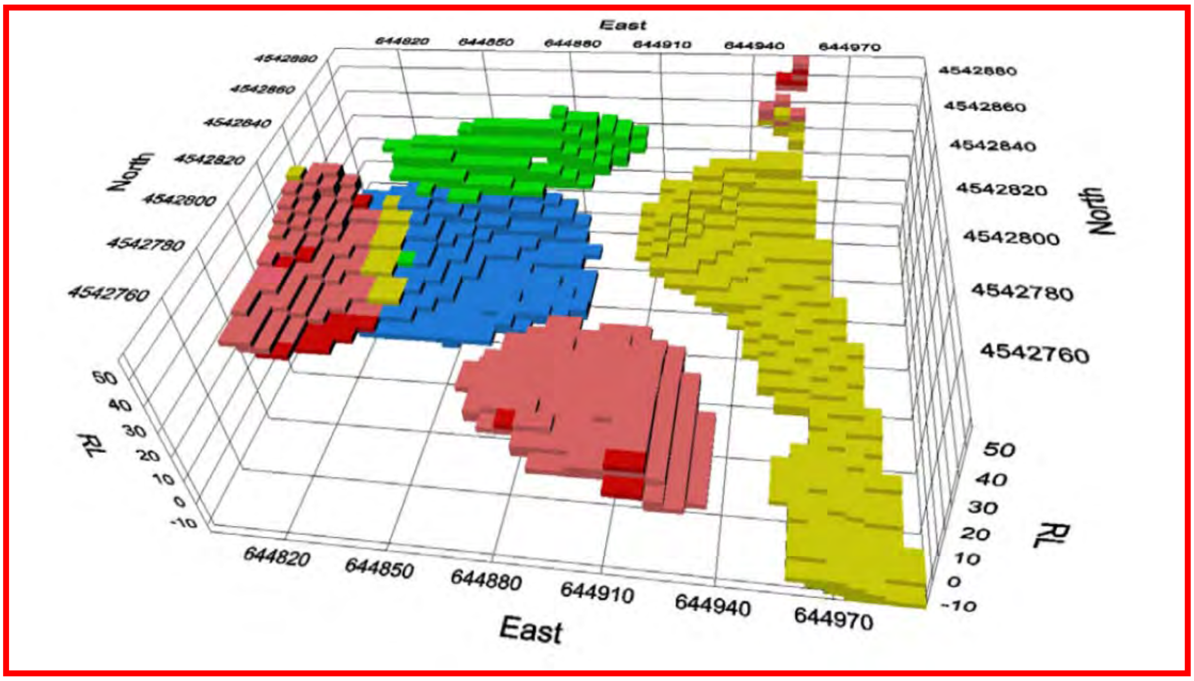

Figure 16: Inferred Mineral Resource Blocks in Viper Vent Zone.

Note: refer Figure 15 for legend - blank areas have no grade assigned as they are outside the search radius.

Previous Viper Reports

Mineral Resource reports were produced by Greenwich by querying the block model for reports of all blocks with a block factor greater than zero. These reports were classified into Mineral Resource categories based on their location and the number of composites used to assign a grade to the block with a Mineral Resources estimated by Greenwich on the basis described above at a 4g/t Au intersection cut-off grade:

Table 8: Viper Mineral Resource

	Tonnes	Gold Grade (g/t Au)	Contained oz Au	Silver Grade (g/t Ag)	Copper Grade (%)
Measured	711,000	22.2	508,000	11.5	0.40
Indicated	278,000	19.5	174,000	9.0	0.35
Inferred	81,000	5.9	15,000	10.5	0.2
Total	**1,070,000**	**20.3**	**700,000**	**10.8**	**0.38**

Table 9: Viper Measured and Indicated Mineral Resource by Level, Interval and Zone

Location	EastSTART	EastEND	RLbottom	RLtop	Volume m3	Tonnes	AuCut g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm	As ppm	Sb ppm
Upper West	644950	645000	45	100	2,884	7,209	9.23	7.03	402	259	70	117	60
	644950	645000	40	45	1,601	4,003	8.26	8.91	435	328	88	120	65
	644950	645000	35	40	882	2,205	6.95	10.59	445	348	101	125	68
	644950	645000	30	35	1,227	3,066	5.05	13.59	401	273	105	129	66
	644950	645000	25	30	652	1,629	4.76	3.87	1,358	2,618	126	506	112
	644950	645000	20	25	1,028	2,569	4.50	2.81	1,418	3,603	149	513	116
	644950	645000	15	20	619	1,548	4.49	2.75	1,410	3,435	143	515	116
	644950	645000	10	15	1,347	3,368	5.34	2.61	1,403	2,592	137	532	117
	644950	645000	5	10	647	1,616	11.19	9.46	2,369	1,790	615	743	174
	644950	645000	0	5	1,004	2,509	6.97	19.95	3,713	1,730	737	853	556
	644950	645000	-5	0	645	1,613	9.13	16.85	4,535	3,278	757	1,016	666
	644950	645000	-10	-5	902	2,255	7.95	13.13	7,131	8,086	909	1,390	910
	644950	645000	-15	-10	88	219	6.86	12.10	8,205	10,000	976	1,542	1,005
sub-total					***13,523***	***33,806***	***7.23***	***8.95***	***1,714***	***1,931***	***266***	***449***	***211***
Upper	645000	645220	45	100	1,682	4,204	8.71	8.06	429	320	82	119	64
	645000	645220	40	45	1,550	3,874	7.26	10.97	428	295	98	145	61
	645000	645220	35	40	1,362	3,404	6.52	11.99	422	241	109	205	54
	645000	645220	30	35	2,550	6,374	6.11	12.91	394	156	116	278	42
	645000	645220	25	30	2,199	5,498	6.37	11.11	506	98	111	383	41
	645000	645220	20	25	4,412	11,029	5.73	5.97	664	72	84	432	54
	645000	645220	15	20	4,149	10,371	23.37	3.31	885	455	386	329	77
sub-total					***17,901***	***44,753***	***10.43***	***8.06***	***596***	***231***	***165***	***309***	***58***
Main	645000	645220	10	15	11,082	27,705	30.11	12.17	2,777	989	809	757	177
	645000	645220	5	10	10,927	27,316	26.55	15.44	3,846	1,018	802	1,040	241
	645000	645220	0	5	27,988	69,970	20.57	15.76	3,880	850	567	1,190	275
	645000	645220	-5	0	29,719	74,298	18.08	14.13	3,803	787	462	1,260	293
	645000	645220	-10	-5	61,535	153,836	20.80	12.29	3,743	1,054	488	1,197	296
	645000	645220	-15	-10	48,001	120,003	20.26	9.86	3,358	917	392	1,137	234
	645000	645220	-20	-15	47,077	117,693	21.46	9.50	4,039	856	214	1,403	215
sub-total					***236,328***	***590,820***	***21.15***	***12.02***	***3,707***	***924***	***450***	***1,205***	***256***
Keel	645000	645220	-26	-20	26,746	66,865	30.70	11.45	5,022	709	143	1,741	262
	645000	645220	-32	-26	18,683	46,708	29.03	8.38	4,624	202	127	1,714	332
	645000	645220	-50	-32	19,058	47,645	28.82	5.25	3,681	138	167	1,214	422
sub-total					***64,487***	***161,218***	***29.66***	***8.73***	***4,510***	***393***	***146***	***1,578***	***329***
Eastern	645220	645230			4,443	11,108	34.12	7.89	2,722	35	98	1,791	168
	645230	645240			3,977	9,941	30.57	5.06	2,555	37	109	1,821	177
sub-total					***8,420***	***21,049***	***32.44***	***6.55***	***2,643***	***36***	***103***	***1,805***	***172***
	645240	645250			3,609	9,023	30.97	4.43	2,475	38	113	1,837	178
	645250	645260			2,984	7,459	26.77	3.70	3,180	40	124	1,817	189
	645260	645270			2,413	6,031	16.50	3.65	4,510	35	121	1,460	173
	645270	645280			3,559	8,898	19.36	8.16	6,924	17	49	575	130
	645280	645290			3,945	9,863	16.60	7.64	6,281	13	40	308	115
	645290	645300			4,631	11,578	16.19	7.32	5,843	14	41	302	112
	645300	645310			5,310	13,274	16.49	7.25	5,666	14	41	317	113
	645310	645320			5,979	14,946	17.11	7.19	5,338	15	40	350	113
	645320	645330			6,038	15,095	17.14	6.95	4,816	15	41	357	107
	645330	645340			4,987	12,468	16.68	7.33	4,672	14	45	331	100
	645340	645350			3,914	9,784	15.70	10.55	5,308	12	46	271	89
	645350	645360			3,089	7,723	16.98	22.60	8,576	9	37	238	86
	645360	645370			2,393	5,981	19.62	29.87	11,140	9	27	269	97
	645370	645380			1,847	4,618	20.55	31.50	11,747	10	22	282	101
	645380	645390			389	973	20.55	31.50	11,747	10	22	282	101
sub-total					***55,084***	***137,710***	***18.59***	***9.84***	***5,816***	***17***	***53***	***561***	***119***
TOTAL					**395,742**	**989,355**	**21.46**	**10.78**	**3,900**	**696**	**318**	**1,122**	**237**

Table 10: Viper Identified Mineral Resources by Block Grade Ranges

FROM g/t	TO g/t Au	VOLUME m3	TONNES	Au g/t	Ag g/t	Cu ppm	CUM_VOL	CUM_TONNES	Au g/t	Ag g/t	Cu ppm	Type
45	10000	24,155	60,386	57.02	16.6	3,727	24,155	60,386	57.02	16.63	3,727	All
30	45	64,763	161,908	37.01	15.8	4,482	88,918	222,294	42.45	16.05	4,277	All
15	30	146,642	366,605	21.51	11.0	4,824	235,560	588,899	29.41	12.93	4,618	All
10	15	72,954	182,385	12.50	8.0	4,068	308,514	771,284	25.41	11.78	4,488	All
7	10	68,170	170,425	8.49	7.1	1,757	376,684	941,709	22.35	10.93	3,994	All
4	7	43,424	108,560	5.68	8.7	2,212	420,108	1,050,269	20.63	10.71	3,820	All
2	4	2,357	5,891	3.50	8.4	2,148	422,464	1,056,160	20.53	10.70	3,811	All
0.1	2	5,818	14,544	1.70	14.7	415	428,282	**1,070,704**	**20.28**	**10.76**	**3,764**	**All**
45	10000	11,984	29,960	52.29	16.96	4,095	11,984	29,960	52.29	16.96	4,095	Measured
30	45	55,539	138,846	36.74	17.18	4,540	67,523	168,806	39.50	17.14	4,461	Measured
15	30	125,310	313,274	21.59	10.54	4,600	192,832	482,080	27.86	12.85	4,551	Measured
10	15	48,661	121,651	12.41	8.92	3,653	241,493	603,731	24.75	12.06	4,370	Measured
7	10	35,606	89,014	8.55	8.13	2,260	277,098	692,745	22.67	11.55	4,099	Measured
4	7	7,470	18,674	6.06	8.26	2,249	284,568	**711,419**	**22.23**	**11.47**	**4,051**	**Measured**
45	10000	12,171	30,426	61.69	16.30	3,364	12,171	30,426	61.69	16.30	3,364	Indicated
30	45	9,225	23,061	38.63	7.69	4,132	21,395	53,488	51.74	12.59	3,696	Indicated
15	30	21,333	53,331	21.03	14.05	6,142	42,728	106,819	36.41	13.32	4,917	Indicated
10	15	23,591	58,976	12.70	6.23	4,994	66,318	165,795	27.98	10.80	4,944	Indicated
7	10	21,970	54,925	8.26	4.60	1,224	88,288	220,720	23.07	9.26	4,018	Indicated
4	7	22,824	57,060	5.70	7.98	1,536	111,112	277,780	19.50	9.00	3,517	Indicated
2	4	63	156	3.36	0.79	90	111,175	**277,936**	**19.49**	**8.99**	**3,515**	**Indicated**
45	10000	24,155	60,386	57.02	16.63	3,727	24,155	60,386	57.02	16.63	3,727	Measured and Indicated
30	45	64,763	161,908	37.01	15.83	4,482	88,918	222,294	42.45	16.05	4,277	Measured and Indicated
15	30	146,642	366,605	21.51	11.05	4,824	235,560	588,899	29.41	12.93	4,618	Measured and Indicated
10	15	72,251	180,628	12.51	8.05	4,091	307,811	769,526	25.44	11.79	4,494	Measured and Indicated
7	10	57,576	143,939	8.44	6.78	1,864	365,386	913,465	22.77	11.00	4,080	Measured and Indicated
4	7	30,294	75,734	5.79	8.05	1,714	395,680	989,199	21.47	10.78	3,901	Measured and Indicated
2	4	63	156	3.36	0.79	90	395,742	**989,355**	**21.46**	**10.77**	**3,901**	**Measured and Indicated**
10	15	703	1,758	11.97	6.89	1,739	703	1,758	11.97	6.89	1,739	Inferred
7	10	10,595	26,486	8.75	8.94	1,174	11,298	28,244	8.95	8.82	1,209	Inferred
4	7	13,131	32,826	5.42	10.40	3,592	24,428	61,070	7.05	9.59	2,371	Inferred
2	4	2,294	5,735	3.50	8.65	2,204	26,722	66,805	6.75	9.50	2,356	Inferred
0.1	2	5,818	14,544	1.70	14.71	415	32,540	**81,349**	**5.85**	**10.51**	**1,981**	**Inferred**

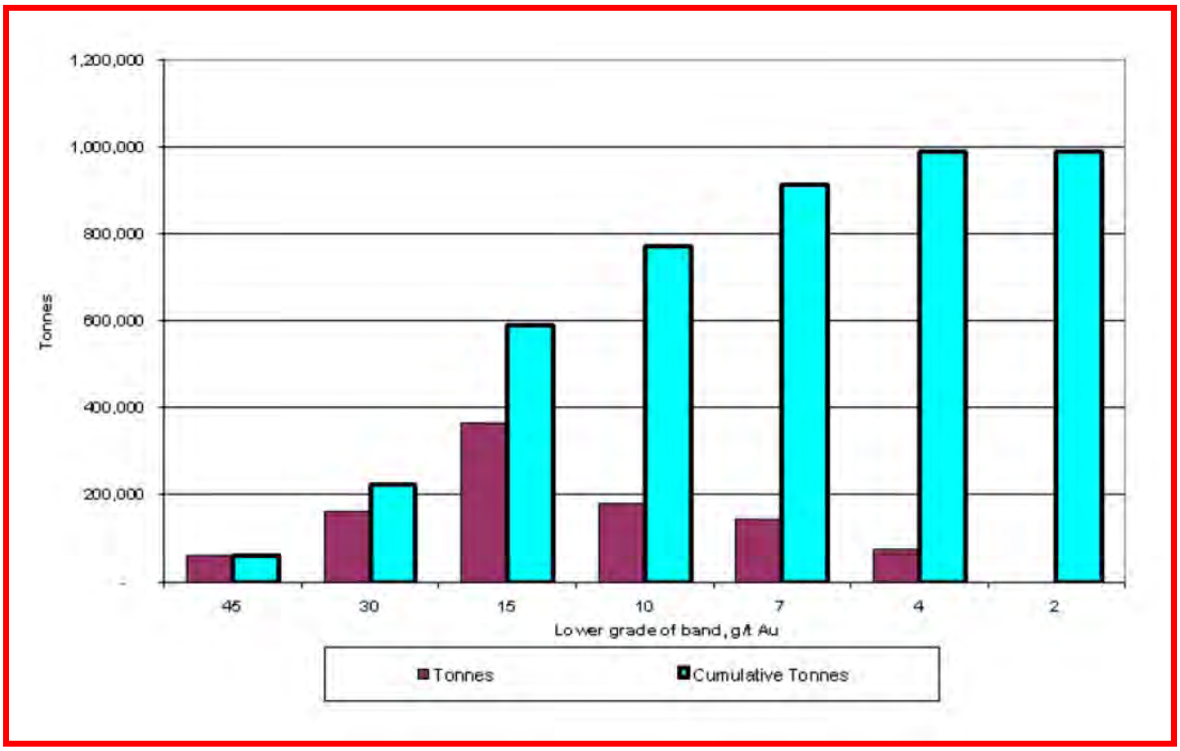

Figure 17: Viper Grade Tonnage Chart (Measured and Indicated Mineral Resources)

4.4 St. Demetrios Deposit Mineral Resource Model

Block Model

The block model for St. Demetrios used the same size blocks and sub-blocks as used for Viper.

Block Grades

Greenwich estimated block grades for only gold, copper and silver, as the other elements were insignificant and occur as oxide rather than sulphide minerals. The St. Demetrios Mineral Resource was estimated using the following criteria:

• Intersection cut-off of 1 g/t Au;

• The bulk density used was based on average of samples measured from four diamond drill holes. A figure of 2.27 t/$m^3$was used. Previous calculations had used 2.5 t/m^3; and

• Block model calculated using the 1 m samples coded into the wireframes.

Block parameters used:

• 5 x 5m north and east; and

• 2m in depth.

Search parameters used:

• 35m east-west horizontal;

• 24.5m north-south horizontal (70% of east-west search);

• 7m vertical;

• Eight sectors; and

• Maximum of 5 samples per sector.

Interpreted Ore Zones

Previous estimates have interpreted St. Demetrios to consist of an upper flat lying silica cap orebody with deeper steep stringer feeder zones, which is a classic epithermal orebody interpretation. However, re-interpretation for the current Mineral Resource estimate has the ore occurring as being predominantly flat-lying sheets in a wide shear or fault-bounded block, with mineralising fluids having moved laterally rather than vertically through a zone of pre-existing fractured rock between two porphyry flows.

Four separate wireframe shapes were defined for St. Demetrios, STDTOP, STDMID, STDMIDW and STDLOWER.

STDTOP - covered the continuous surface siliceous cap mineralisation and contained the largest resource;

STDMID - is interpreted to be a flat zone of mineralisation sitting beneath STDTOP at the eastern end and separated by low grade mineralisation, at lower cuts offs these zones would combine to form one ore zone;

STDLOWER - is interpreted to be a zone of ore beneath STDMID and running further to the east past the eastern end of STDTOP. At its western end it would combine with STMID at lower cut-off grades; and

STDMW - is a small zone of sulphide ore sitting beneath STDTOP to the west.

Previous St. Demetrios Reports

After merging the wireframe shapes with the individual block models, reports were generated by Greenwich. Measured Mineral Resources contained blocks estimated by more than 7 composites and Indicated Mineral Resources 3 to 6 composites. Due to the relatively close spacing of the drilling on 25m centres, the bulk of the resources are classified as Measured. Eight sub-blocks were used to define the edges of the block models where they intersected the wireframe shape.

Table 11: St. Demetrios Mineral Resources, Greenwich 2003.

St Demitrios Mineral Resource					
Description	Tonnes	Gold g/t	Silver g/t	Copper ppm	Ounces
STDTOP					
Measured	548,000	3.0	3.5	46	52,056
Indicated	42,000	2.5	2.9	56	3,401
Measured and Indicated	590,000	2.9	3.4	47	55,457
STDMID					
Measured	115,000	5.0	2.4	523	18,549
Indicated	2,500	4.5	2.2	208	357
Measured and Indicated	117,000	5.0	2.4	516	18,906
STDLOWER					
Measured	54,700	5.7	0.9	699	10,040
Indicated	1,430	3.3	0.9	904	150
Measured and Indicated	56,100	5.6	0.9	705	10,190
STDMIDW					
Measured	12,700	3.4	7.7	1,861	1,381
TOTAL					
Measured	**730,000**	**3.5**	**3.2**	**202**	**82,026**
Indicated	**46,000**	**2.6**	**2.8**	**91**	**3,908**
Measured and Indicated	**776,000**	**3.4**	**3.2**	**195**	**85,934**

The final figure in terms of contained ounces is almost identical to the figure calculated in 1997, although the grade is higher reflecting the higher cut-off and tighter boundaries applied using a wireframe shape. Of interest is the increase in copper content in the ore for the deeper ore zones STDMID, STDLOWER and STDMIDW. These zones are where more sulphides are present indicating that oxidation of STDTOP has removed copper. As a cross check, the grade was calculated using the same wireframe shape for STDTOP using three methods:

- Inverse distance search using 1/d2;
- Cross-section; and
- Normal kriging.

As the shape for the IDSW and Kriging calculations are the same, only the grade variation is relevant. Tonnages for the cross sectional method are higher, due to a spread of ore beyond the ends of the wireframe used for the other methods and general limitations with the method.

Table 12: Comparison of Calculated Grades - St. Demetrios.

Method	IDSW	IDSW #2	Kriged	Cross-Section
Grade (g/t Au)	2.84	2.88	2.7	2.83

This cross check showed that the Kriged model produced the lowest grade due to the use of an unconstrained block model. However, the overall estimate could be said to be within 0.2g/t Au of 2.9g/t Au or less than +/-10% of 2.9g/t Au. As only a small amount of open pit ore was required to meet the needs of the first 5 years of ore treatment, an estimate was made for the higher grade western end of STDTOP resource.

Table 13: Measured and Indicated Mineral Resource STDTOP West End Only.

Category	Tonnes	Au g/t	Ag g/t	Cu ppm
Measured	198,900	4.2	5.9	41
Indicated	20,700	4.2	4.9	37
Total	219,600	4.2	5.8	41
Rounded Total	**220,000**	**4.2**	**5.8**	**40**

The above western Mineral Resource was used to design a small open pit on the western end of the St. Demetrios orebody. This pit would only mine upper ore zone STDTOP, but would also have the ability to be extended further to the east to access the remainder of STDTOP, STDMID and STDLOWER.

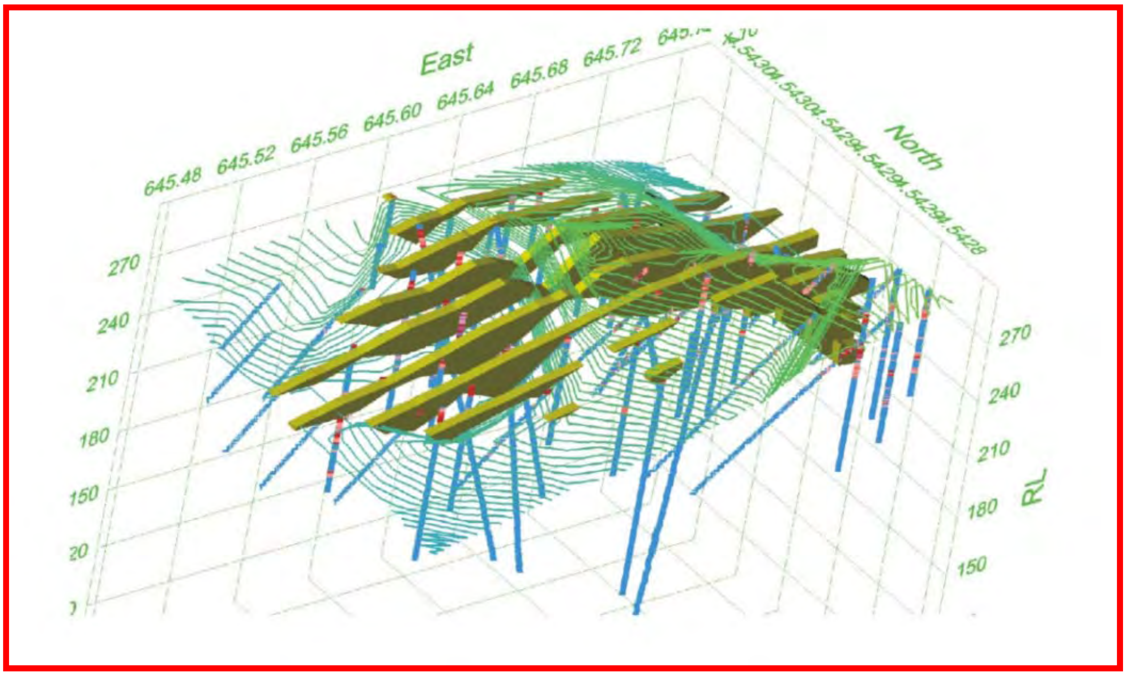

Figure 18: Isometric view of the St. Demetrios STDTOP Orebody showing stacked long sections and contours of proposed west pit.

4.5 Scarp Deposit Mineral Resource Model

Scarp Mineral Resources were estimated using similar criteria to St. Demetrios. Drilling was carried out on 25m centres in the main using vertical holes. A number of angle holes were also drilled. There is no plan to mine and treat Scarp ore during the life of the current project. Should the economics of mining and treating lower grade orebodies improve, Scarp could be mined with relative ease as it outcrops as a prominent ridge.

Interpreted Ore Zones

Interpretation of the Scarp mineralisation followed a similar broad shape profile to St. Demetrios, based on the assumption that if Scarp is a fault continuation of St. Demetrios then the shapes should be the same. At Scarp, two wireframe shapes were needed to capture the mineralisation, however the upper shape SCART has a flat U shape, with the join in the U being to the north and the two limbs to the south. This could be a continuation of STDTOP and STDMID joined together. The second shape SCARPL sits below SCART and is open to the east. This could be a continuation of STDLOW. Scarp has only been drilled over a 120 m strike length and could continue to the east beneath a prominent ridge. It outcrops to the west where it intersects the Scarp face, but seems to have been closed off to the north and south by drilling.

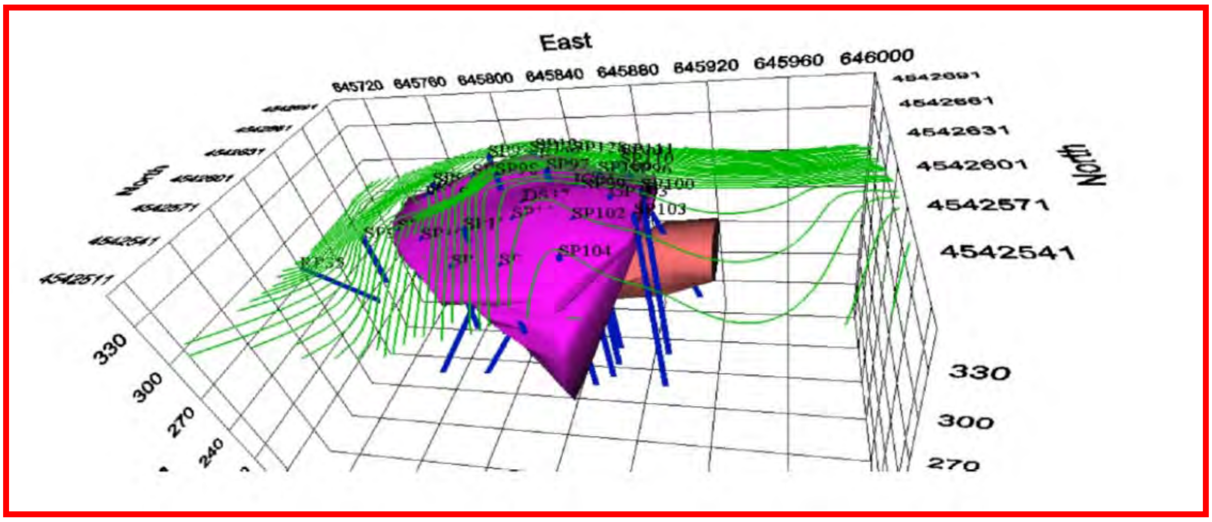

Figure 19: Isometric View of Scarp Looking North West

Note: Legend: Green – contours; blue - drill holes; purple – the SCARTop surface, red – the SCARLower surface.

Previous Scarp Reports

The Scarp block models were intersected by the two wireframe shapes and individual blocks coded with the wireframe code in which they fell. Sub-blocking for partially intersected blocks was as for St. Demetrios. Report files were produced by Greenwich by querying all blocks with block factors greater than zero and tabulating them depending on their wireframe code. Measured Mineral Resources were confined to blocks estimated by more than 6 samples, whereas Indicated Mineral Resources were estimated by 3 to 6 samples.

Table 14: Scarp Mineral Resources, Greenwich 2003

Category	Tonnes	Grades			Ounces Gold
		Au g/t	Ag g/t	Cu ppm	
Measured	817,300	2.2	1.5	48	57,049
Indicated	47,500	1.7	1.1	39	2,624
Total	**865,000**	**2.15**	**1.4**	**48**	**59,672**

The 2003 Scarp Mineral Resource estimate contains slightly less tonnages than the previous 0.5g/t cut-off Mineral Resource calculated in 1997, but the grade is higher and the gold content greater. This implies that the IDSW model, and the tight confinement of grades, has produced a higher grade than would be expected for an unconfined model.

Should mine planning take place on Scarp, the dilution expected during mining would be significant due its complex shape. Rates should be about 35%, producing a mineable grade of around 1.7 g/t Au. These estimates will need refinement at the time of mine planning.

4.5 Audited Mineral Resource Statement

The Audited Mineral Resource Statement was originally audited and prepared by SRK on behalf of Thrace and recently reviewed for Thrace for the updated Feasibility Study December 2010. In deriving the updated estimates, SRK has reviewed both the original and basis of the estimates and a draft of this revised Feasibility Study and considers the original estimates still valid for incorporation without any material changes. Notably, no additional exploration work had been undertaken that would warrant any change to the mineral resource estimates as presented and the feasibility study confirms that these mineral resources still have potential to be mined economically and can therefore be reported as such. In addition, while the operating costs and gold prices have changed substantially since SRK produced its audited ore reserve statement for St Demetrios, and while therefore this pit warrants re-assessment to better maximise the ore reserve, SRK is confident that the ore reserve as reported remains economic and can therefore be reported as such.

SRK's statements have been reported using the terms and definitions as set out in the *2004Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code) as published by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. SRK's statements are based on site visits to Sapes between January 2001 and July 2003, a review and, where appropriate, modification of estimates and classifications of resources and reserves derived for Sapes as part of the Feasibility Study previously prepared for this, discussions with the directors, employees and consultants of Thrace and finally a review and, where appropriate, modification of the technical-economic projections derived as part of a Feasibility Study for Sapes, inclusive of projected future operating costs, capital expenditures and reserve depletion schedules.

The mineral resource estimate produced by Greenwich for Viper is solely based on 44 DDH drillholes while the Mineral Resource estimates produced for St Demetrios and Scarp are largely based on RC drilling supplemented by 29 DDH drillholes in the case of St Demetrios and 7 in the case of Scarp. Measure and Indicate Mineral Resources for the Project are summarised in Table 14.

Table 15: Measured and Indicated Mineral Resource Statement September 2010*

Orebody	Category	Cut-off Grade	Tonnes ('000t)	Grades			Ounces of Gold
				Au(g/t	Ag (g/t)	Cu (%)	
Viper	Measured	4.0	710	22.2	11.5	0.40	507,000
St Demetrios	Measured	1.0	730	3.5	3.2		82,000
Scarp	Measured	1.0	820	2.2	1.5		58,000
	sub-total		**2,260**	**8.9**	**5.2**	**0.20**	**647,000**
Viper	Indicated	4.0	280	19.5	9.0	0.35	176,000
St Demetrios	Indicated	1.0	50	2.6	28		4,000
Scarp	Indicated	1.0	50	1.7	1.1		3,000
	sub-total		**380**	**14.9**	**7.1**	**0.30**	**183,000**
Rounded	**Total**		**2,640**	**9.8**	**5.5**	**0.10**	**830,000**

**The Mineral Resource statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Lid. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

In all cases, the Mineral Resources reported in this document are inclusive of those Mineral Resources modified to produce Ore Reserves.

4.6 Proposed Mining Operation

The Project is based on mining the small, underground high-grade epithermal gold Viper deposit and a lower grade open pit St Demetrious deposit. At the Viper underground mine it is planned to extract 1,109,000 tonnes of ore grading at 17.2 grams of gold per tonne (g/t Au). This material will be extracted using modern, drift and fill mining methods and a subsequent cemented backfilling regime. Ore recovery will be maximised, with dilution from the hanging-wall and footwall estimated at 20%.Mining services to the Project will be provided by a mining contractor well proven in underground mining techniques and experience relevant to the Project.

Viper mine access will be by a decline and ore will be hauled by articulated low profile dump trucks to the process plant. Excavation of the decline will be a critical task in the production of gold. Due to the flat lying nature of the orebody, 95% of the winnable ore is located in the last 27% of the vertical extent of the decline. Ventilation will be by intake and exhaust raises with utilisation of the decline as an intake airway. The geotechnical conditions within the mine range from good to extremely poor, but are predominantly poor to fair. The mine plan and costs allow for the use of all necessary ground support, including cable bolting, meshing and reinforced fibre shotcreting.

The St. Demetrios deposit is insufficient to support a project in its own right. However, the resource becomes economic when treated on a marginal cost basis in conjunction with the Viper ore. It is planned to extract 210,000 tonnes grading 3.5g/t Au by open pit methods. Ore will be hauled from the pit to the process plant, where it will be mixed with the Viper ore. The St. Demetrios ore will also assist in improving the grinding profile of the head feed.

Ore will be crushed and ground before passing through a gravity circuit and on to a copper flotation plant producing a copper - gold concentrate for sale. The gravity concentrate will be smelted on site to produce gold doré. Metallurgical testwork has identified that the Viper orebody contains small amounts of copper and arsenic minerals, which will report to the copper concentrate.

The treatment plant will have the following components:

- Crushing and Grinding Circuit;
- Gravity Recovery Circuit; and
- Flotation Circuit.

Approximately 40% of the tailings will be classified, mixed with cement and relocated underground as backfill. The remaining tailings will be pumped to a dedicated Tailings Management Facility (TMF), designed to provide safe storage within statutory limits.

The Project will support the local economies, with the majority of labour being sourced locally. Particular attention will be paid to sensitive cultural and religious issues.

A summary of the key Project data is included in Table 15.

Mining the Deposits

Mine development will be undertaken at the Viper and St Demetrious deposits. Underground mine planning has been undertaken to comply with the KLME as applicable in March 2003, which restricted the void height to 10m. Subsequent amendments to the KLME will allow revision of the proposed mining method at the Viper mine, which will be reviewed during the future detailed design of the mine.

A number of previous mining studies were conducted leading to the original bankable feasibility study in 2001. In 2003, AMC reviewed and updated the Sapes Mining Study (SMS) including geotechnical aspects, decline optimisation, backfill and ventilation studies.

In late 2010, AMC made a further update of the SMS, which included a review of the mine reserves at a lower cut-off grade to match the 2010 gold price and updating the mine capital and operating costs.

The Viper mine has a pre-production development phase of 19 months, followed by 84months of production at an annual rate of up to 173,000tpa, producing just over 1,100,000 tonnes of ore at a grade of 17.2g/t of gold. The Viper mine will be developed utilising decline access with truck haulage of ore to the process plant on surface. Mining will be fully mechanised and trackless, utilising Drift and Fill stoping with cemented tailings hydraulic backfill.

Table 16: Project Summary.

Description	Result
Ore Mined (t)	1,316,775
Head Grade (g/t)	15.1
Ore Milled (t)	1,316,775
Head Grade (g/t)	15.1
Recovery (%)	80
Gold Produced (oz)	509,538
Silver (oz)	249,801
Copper Produced (t)	3026
Site Operating Costs (US$m)	151.3
Total Operating Costs (US$m)	162.9
Total Cash Cost per Ounce (US$/Oz)	474.3
Capital Expenditure (US$m life of mine)	102,691

The lower grade St. Demetrios deposit orebody will be mined by a shallow open-pit to provide supplementary mill feed, to smooth out the overall production rate to 200,000tpa and to ensure the mill is utilised to its full capacity. The actual production rate will be flexible to dovetail with the supply of ore from the underground mine. The underground mining contractor will also operate the open-pit. Key mining data for the Project are summarised in Table 16.

Table 17: Key Mining Data Summary.

Description	Result
Decline Access (waste)	1,788 m at 1 in 7 gradient
Exploration Drive & Cuddies (waste)	667 m
Level Development (waste)	703 m
Other Development (ore)	146 m
Alimak Rising (Exhaust Ventilation)	260 m
Alimak Stripping (Exhaust Ventilation)	183 m
Alimak Rising (Second Egress)	278 m
Ladderway Installation (Second Egress)	278 m
Underground Infill Diamond Drilling	9,100 m
Underground Ore Mined	1,109,000 t
Average Grade	17.2 g/t Au
Open-pit Ore mined	208,000 t
Average Grade	3.5 g/t Au
Waste Hauled to Temporary Dump	276,000 t
Waste Backfilled	200,000 t
Pastefill Placed	440,000 m^3

Viper Underground Mine

The Viper underground mine will be accessed via a decline with an arched profile and a gradient of 1 in 7. The decline will be mined from a portal near the Viper Creek to a vertical depth of 150m using auxiliary ventilation. Two ventilation raises will then be established to surface. The Western Ventilation Raise (WVR) will be used as a temporary return air raise for development of thee exploration drive and the lower decline. It will eventually be equipped with a ladder way to serve as an escape raise and fresh air intake. The Eastern Ventilation Raise (EVR) will be equipped with a permanent exhaust fan to provide a primary ventilation circuit for production.

Access crosscuts from the lower decline will connect to the production levels in the Upper, Main and Keel zones. The Eastern zone will be accessed by an incline from the lower decline. Return air and escape raises from the bottom of the lower decline will be mined. Truck loading bays, sumps and a pump station will be mined as required from the lower decline. A view of the access development is shown in Figure 20.

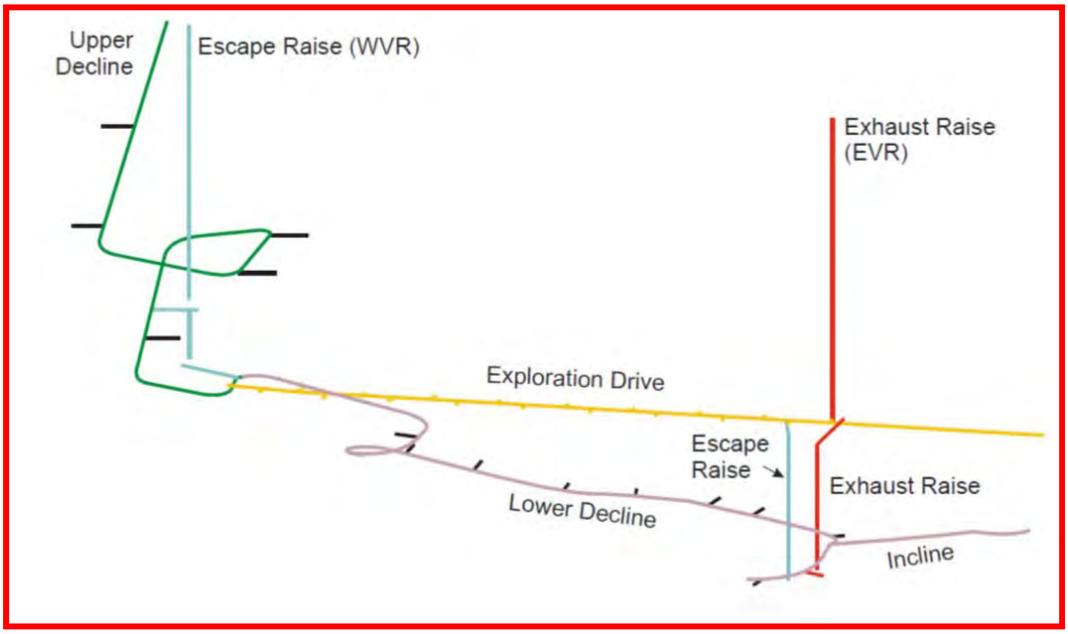

Figure 20: Schematic of Viper Access Development.

The proposed stoping method is bottom up Drift and Fill with 5 m high panels, 4 m to 6 m wide depending on ground conditions. Once a panel has been mined, it will be filled primarily with paste fill and some backhauled waste rock. Once the fill has cured sufficiently, mining of the adjacent panel commences. Panels will be mined at a gradient just steeper than the rill angle of the paste-fill (approx 3° or 1 in 20) to facilitate tight filling and prevent the formation of extended backs, thereby limiting back relaxation and preventing subsidence.

To maximise the production rate, the orebody has been divided into five zones, four of which will be mined simultaneously as shown in Figure 21. The small Pillar Zone will be recovered towards the end of the mine life.

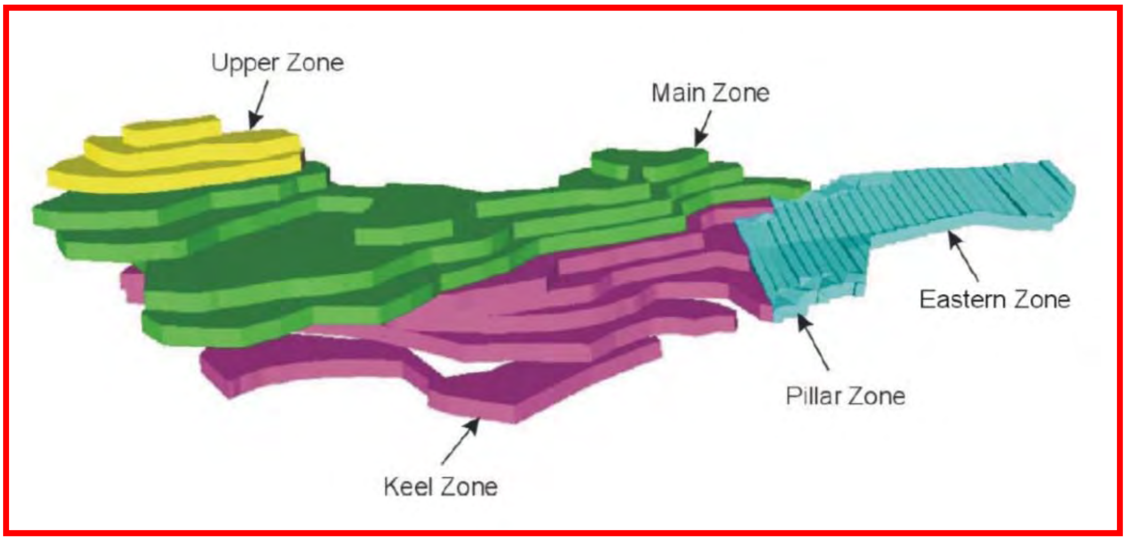

Figure 21: Long Section Showing Mining Zones.

A detailed analysis of the mining cycle has been conducted for the decline and the various production zone layouts to determine realistic advance rates. The Life of Mine (LOM) schedule is summarised in Figure 22.

Figure 22: Viper LOM Schedule.

The mine will be mechanised with diesel powered trucks and loaders and electric-hydraulic jumbo drills. Other equipment includes a shotcrete unit for ground support, a grader for road maintenance, service and personnel vehicles. Underground mining by an experienced contractor employing local personnel, with some key positions filled, at least initially, by specialist expatriate labour. A four panel crew roster will be utilised to provide for 3 x 8 hour shifts per day, six days a week. This will eliminate the heavy penalty rates for Sunday working.

St. Demetrious Mine

The lower grade St. Demetrios orebody will be mined by a shallow open-pit to provide supplementary mill feed to smooth out the overall production rate and to ensure the mill is utilised to its full capacity. The actual production rate will be flexible to dovetail with the supply of ore from the underground mine. The underground mining contractor will also operate the open-pit. During the five-year production life of the Project, over 200,000 tonnes of ore will be extracted from the pit at a grade of 3.5g/t of gold.

The orebody outcrops at the surface and can be accessed at each bench level without the removal of significant waste. Ore will be trucked to the process plant run-of-mine (ROM) pad and waste will be transported to the temporary waste dump for use in road surfacing and the underground backfilling program. Benches will be developed vertically at 10 m intervals with sub-bench heights of 5 m to suit the underground equipment profile and then developed to the full bench height. Berms will be 5m wide with batter angles of 60°, due to the competent nature of the orebody. As the production requirements are modest and the ore is oxidised by nature, it is envisaged that blasting at St Demetrious will only occur a maximum of twice per month. This will assist attenuation of blast vibration and dust production.

Broken ore and waste will be loaded into diesel powered dump trucks and taken to the process plant ROM pad or the waste stockpile area. The equipment used will be the fleet identified in the underground mining programme. A water truck will be used to suppress dust produced from the operations.

4.6 Mine Reserves

Viper Ore Reserves

To estimate the Viper Reserves, AMC cut the block model west of 645,220mE into 5m thick horizontal slices to reflect the height of the proposed drift and fill panels. East of 645,220mE the block model was cut into vertical slices, 4m wide to reflect the proposed panel width in the thinner Eastern zone. A 4 g/t Au boundary was then applied at the mid height of these slices. Ore blocks (in the Keel and Eastern zones) requiring “intensive support”, according to the AMC Geotechnical Report, were excluded. The remaining ore slices are shown in Figure 23. Everything inside these outlines was defined as panel material (Figure 24), including dilution (Figure 25).

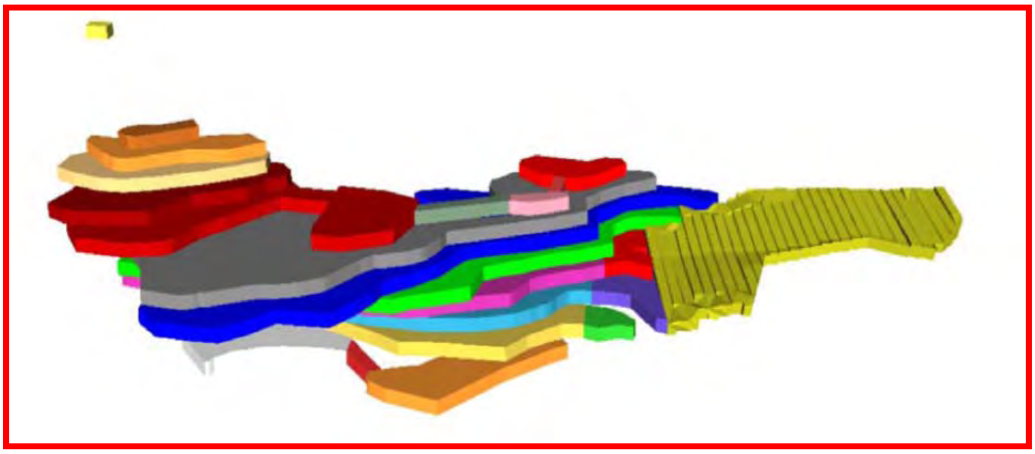

Figure 23: Orebody Sliced Using a 4 g/t Au Cut-off Grade.

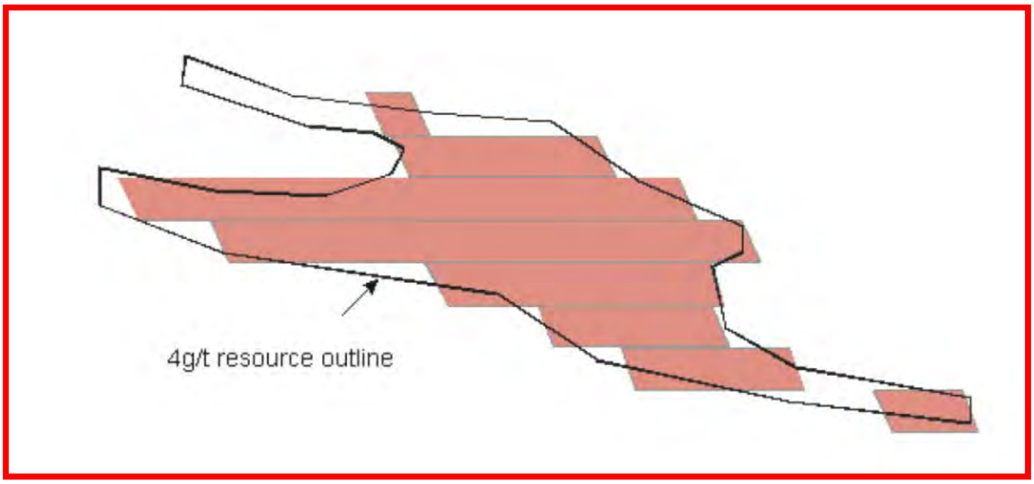

Figure 24: Typical Cross Section Showing Panel Material.

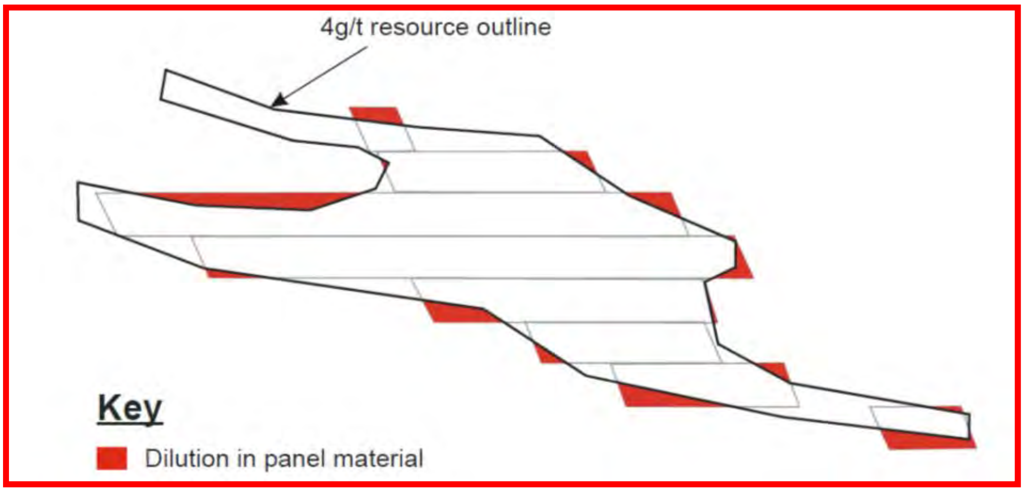

Figure 25: Typical Cross Section Showing Dilution in Panel Material.

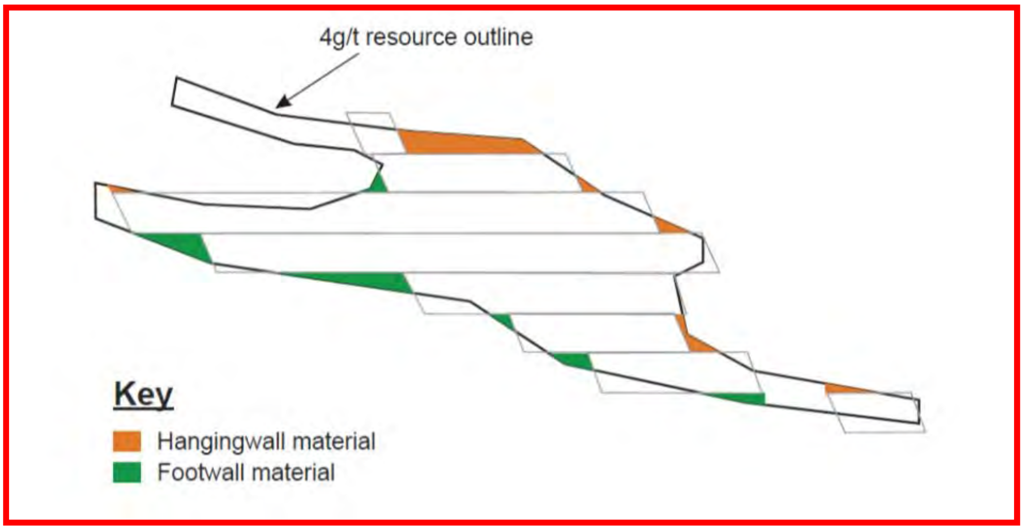

Figure 26: Typical Cross Section Showing Hangingwall and Footwall Material.

Backfill dilution at zero grade was applied at a rate of 5% to all the recoverable ore (panel material + hanging wall material + footwall material) and an overall mucking recovery rate of 95% applied to this total. A small, isolated block of ore just below the cut-off grade (after dilution) at +45mRL was excluded.

St Demetrious Ore Reserves

The St Demetrious ore reserve was determined by assuming total recovery of the resource and applying dilution at a rate of 20% containing 0.3g/t Au.

Summary of Ore Reserves

A summary of the calculated Ore Reserves is shown in Table 18.

Table 18: Summary of Ore Reserves.

Orebody	Category	Cut-off Grade	Tonnes ('000t)	Grades			Ounces of Gold
				Au(g/t	Ag (g/t)	Cu (%)	
St Demetrios**	Proved	1.0	200	3.5	5.2		23,000
	sub-total		**200**	**3.5**	**5.2**		**23,000**
Viper*	Probable	4.0	1,109	17.2	8.8	0.31	613,000
St Demetrios**	Probable	1.0	10	3.6	4.4		1,000
	sub-total		**1,119**	**17.1**	**8.8**	**0.31**	**614,000**
Rounded	**Total**		**1,319**	**15.1**	**8.2**	**0.26**	**637,000**

Note numbers have been rounded for presentation.

**The Viper Ore Reserve statement has been compiled by Mr Malcolm Dorricott of AMC Consultants Pty Ltd. Mr Malcolm Dorricott is a member of The Australasian Institute of Mining and Metallurgy and has sufficient* *experience that is relevant to the style of mineralisation and type of deposit under consideration 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 Malcolm Dorricott has consented to the inclusion in this report of theMatters based on his information in the form and context in which it appears.*

***The St Demetrious Ore Reserve statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Lid. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation' (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration 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. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

4.7Processing Plant

Metallurgical Testwork

The purpose of the metallurgical testwork was to develop the process concept, plant design performance parameters and to provide/confirm design information for the engineering and construction phase of the Project.

Testwork was first conducted at the Australian laboratory of Ammtec in 1999, which demonstrated that a high-grade copper-gold concentrate, with copper grades in excess of 18% and gold grades in excess of 1000 g/t, could be produced. This gave acceptable metal recoveries from samples of Viper ore using 2 to 3 stages of cleaning. At that time, losses of gold from the concentrate were not critical since all tailings, both rougher and cleaner tailings, reported to the tailings cyanidation system and were therefore recovered to doré.

During 2000, further flotation testwork was conducted at the laboratory of Lakefield in Canada. Flotation testwork was performed on five Viper composites and the St Demetrios samples. During the various stages of the Lakefield testwork, flotation tests on a bulk sulphide concentrate investigated flotation cleaning to produce a high gold content, medium grade copper concentrate.

This work indicated that concentrates with analyses similar to those produced by the Ammtec work could be produced by cleaning the rougher concentrate. The testwork also demonstrated that production of a rougher concentrate from Viper ore results in rougher tails with a greatly reduced sulphide content (<1%S) and a tailings stream with a greatly reduced capacity for the generation of acid by sulphide oxidation. Further testwork conducted later at Lakefield demonstrated that the rougher concentrate could be re-cleaned to produce a concentrate grading 18 to 26% copper and in excess of 1,000g/t gold, using a three stage cleaning circuit.

Process Flow Sheet

Various processing alternatives have been investigated as part of the Feasibility Study process. The alternatives have included gravity, froth flotation, direct cyanidation, pressure leaching and carbon recovery systems. Cyanidation was eventually excluded from the flowsheet, due to environmental and permitting reasons. Based on the results of the testwork, the following gold recoveries were selected for design and costing purposes:

(i) 15% gold recovery to gravity concentrate;

(ii) 65% gold recovery to a cleaner flotation concentrate; and

(iii) 80% overall gold recovery from ROM ore.

The following parameters were also selected for the recovery of copper and copper grade of the flotation concentrate.

(i) 18% copper concentrate grade

(ii) 88% copper recovery to flotation concentrate

The developed process flowsheet comprises conventional single-stage crushing, followed by variable speed semi-autogenous grinding (SAG) milling, with discharge through a high efficiency gravity circuit. Gravity tailings will be processed through a flotation circuit, initially producing a rougher copper-gold concentrate. This concentrate will then undergo regrinding prior to further flotation concentrating. The final concentrate will be processed through a conventional thickener, filtered and then bagged ready for transportation offsite for copper and gold refining. Gravity gold concentrates will be further upgraded prior to smelting to produce gold doré bars onsite. A schematic process flowsheet is shown in Figure 10.

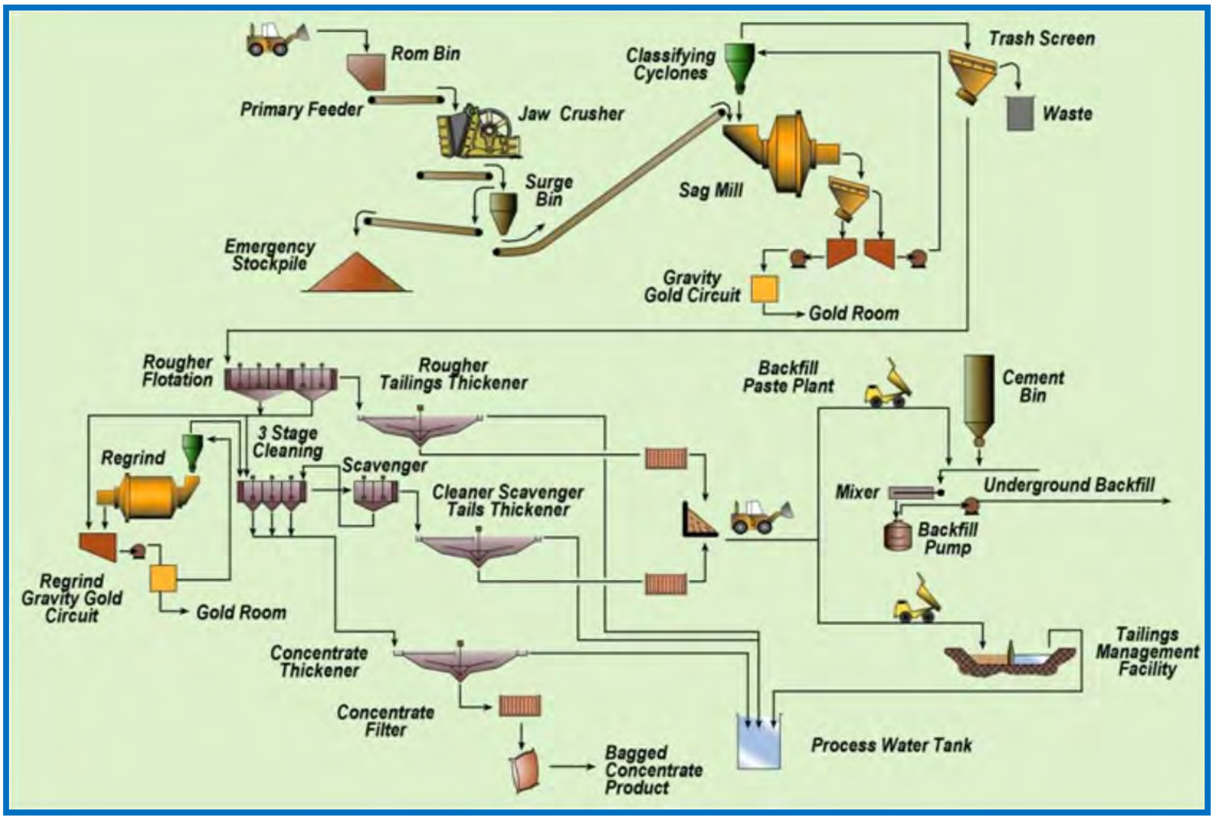

Figure 27: Schematic Process Flowsheet.

Process Plant

The original feasibility study engineering was completed by Kvaerner in 2001, although this was based on a 290,000tpa production rate. The plant would run on 3 shifts, 24 hours per day, 7 days per week. The production rate was later re-established at 200,000tpa on the basis of the mine constraints. ROM ore will be delivered by haul trucks from St. Demetrios and Viper orebodies and dumped onto the ROM pad. No other stockpiles will be maintained. The ROM stockpile will have a capacity of 50,000 t (approximately 3 months supply).

The treatment process will be single stage crushing, SAG milling with gravity gold removal, bulk sulphide flotation with concentrate regrind and cleaning to produce a concentrate with a saleable copper grade and a low mass yield. Flotation tailings will be de-slimed, thickened, filtered to produce a dry filter cake and trucked to the mine to be used as paste-fill, or deposited in the tailings management facility (TMF). Both the gold room and the concentrate filtration and bagging areas will be designed as secure areas, accessible to a limited number of security cleared personnel only and monitored by remote controlled CCTV cameras.

Tailings Management Facility

Scott Wilson was commissioned to prepare the feasibility study for the TMF for the Project. Their work also included the design of a Water Supply Dam (WSD) in a valley adjacent to that selected for tailings storage. During the original study in 2001, Scott Wilson evaluated several options for tailings management, being:

- Dry tailings disposal;
- Paste/thickened tailings disposal; and
- Slurry disposal.

The option selected at the time, and updated in March 2010, was the slurry disposal option. This was considered the most appropriate option for the site, given the topography and weather in the region. In June 2010, however, after discussions with the MEC, it was made clear that the preference of the MEC was for dry tailings disposal. Following this, Scott Wilson were requested to update the study for dry tailings disposal. It is important to note that the Scott Wilson report was originally based on a production capacity of 290,000tpa, using a hydraulic backfill disposal method at the mine and slurry disposal for tailings management. Whilst the mine production has been subsequently reduced to 200,000tpa capacity, and a change to paste-fill disposal for the mine and dry tailings deposition, the TMF design has been left as originally designed, as this will provide for future capacity in the event of increased mine life. A decision on the final height of the embankment can be made during production, as it is proposed to raise the embankment during the life of the mine.

The TMF has been designed to feasibility level in accordance with the recommendations of the International Commission on Large Dams (ICOLD) and other International Standards. The selected option followed a review of possible TMF sites and management methods and resulted in selection of the Zestorema creek area as the optimal site for development of the TMF.

This site is suitable for the planned operational methods of the mine and process plant, meets the environmental requirement for a safe and secure facility and provides flexibility for possible future expansion of the TMF. The site had been pre-approved by the Greek government (Ministries of Environment and Development) following a review of the company’s Pre-Approval Study (Decision No 3330/591/10-02-200).

Infrastructure

In addition to the process plant, general buildings to support the operation include; a warehouse, workshop, laboratory, ablution block and medical facility. The installed electrical load capacity for the operation is 4.6 MW, with a predicted peak load of some 3.6 MW. The largest single unit will be the SAG mill motor, rated at some 1.2 MW. The electrical supply will be sourced from the Public Power Corporation via a new 20 kV line to be constructed from the town of Sapes. Standby emergency power will be provided by a 800kVA skid mounted diesel generator, which will supply critical units in the event of power failure.

Process water will be supplied from the main water storage, which will be made up primarily from precipitation. Potable water will be produced on site via a water treatment plant. Sewerage control will be through septic tanks. Plant air for the filters and general plant use will be supplied by dedicated compressors, which will also supply high quality instrument air. Diesel and liquid petroleum gas will be stored onsite in 5000 and 7500 litre tanks respectively.

A comprehensive security system will be installed to include surveillance cameras, time lapse video recorders, passive motion detectors, and keypad door access. Additional security systems covering transportation of copper-gold concentrate offsite may also be required, and have been allowed for in the operating cost estimates.

4.8Environmental Considerations

Environmental Studies for the EIS

A wide range of environmental studies have been, or will be, conducted and/or updated in order to assess baseline environmental conditions, identify potential impacts and develop mitigation measures to minimise impacts. A summary of key study areas is provided below:

• Waste Management Plan (according to Directive 21/2006);

• Update of Water Resources data with the results of new water sampling campaigns;

• PM10 measurements campaigns;

• Revised air quality assessment study;

• Waste rock geochemistry (already available);

• Application of EN 12457 test for the environmental characterization of ores and mine wastes and tailings (already available);

• Update of the flora baseline survey study;

• Tailings geochemistry, geotechnical properties and characterisation according to acid forming potential (already available);

• Tailings dam site optimisation and design (already available);

• Hydrogeology (already available);

• Seismic hazard analysis (already available);

• TMF Seepage assessment and seepage transport modelling;

• Risk Assessment Study and Embankment breakout study (based on Directive 21/2006 and Directive SEVESO II);

• Social cost benefit study of the Sapes Project;

• Review of Concentrate Sale Options (already available);

Preparation of the PEAS has been co-ordinated by environmental consulting firms Echmes and Enveco S.A., with assistance from Thrace and specialist sub-consultants where appropriate. The final EIS submission will be co-ordinated by the same environmental consultants who have extensive experience directly with the Sapes Gold project and other mining projects within Greece.

Potential Environmental Issues and Proposed Mitigation Measures

The area in which the main Project facilities will be constructed is predominantly rural. Agricultural activities are centred on the grazing of sheep and goats, with some forestry and cultivation also practised. A land-use change will occur in the areas where mine landforms and infrastructure are to be constructed. Following mine closure, a large proportion of these areas will be rehabilitated to a condition capable of supporting a low intensity grazing land use (i.e. the change will be temporary).There will, however, be some permanent loss of grazing land in the small areas of the St. Demetrios open-pit and the Viper underground mine portal, as it is not practicable to rehabilitate these back to their pre-mine condition. Notwithstanding this, the change in land use is not expected to affect considerably the animal husbandry sector. The Project is expected to provide the following socioeconomic benefits:

• Provision of approximately 180 direct jobs and 200 indirect jobs within the local area;

• Employment and training opportunities for the local population, with approximately

90% of all employees expected to come from the broader Project area;

• Use of local contractors and sub-contractors during construction and operations;

• Use of local professionals for the preparation of studies and other services;

• Generation of revenue by taxation and royalties from construction and mining activities over a five-year period, with the potential for subsequent development of other local mining if ongoing exploration is successful;

• Improved infrastructure facilities that can potentially be utilised by the wider community once mining ceases, such as the water storage dam and access roads; and

• The construction of a water dam, which will be available for general irrigation and fire fighting purposes after the Project closes.

Surface Water and Groundwater

Construction of mine landforms will involve some disturbance within the Zestoremma Creek and Magarades Creek catchments (approximately 10.4% and 2.7% of the total area of these catchments respectively). The existing water quality in these creeks is generally poor and unsuitable for human consumption, due to naturally elevated metal concentrations in the soils and rocks of the area. In order to limit the potential for further contamination of existing surface water resources during mining operations, potentially contaminated surface water within the mine disturbance areas will be collected using a network of diversion bunds/channels and collection storages. During the operational phase of the Project, all potentially contaminated water on the site will be contained. Sources and disposal/treatment strategies for potentially contaminated surface water are:

• Underground water pumped from the Viper mine to the process plant and/or TMF;

• Surface water that collects in the St Demetrios open-pit pumped to the TMF;

• Surface water that drains from the temporary waste rock stockpile, collected in a water holding pond and then pumped to the TMF;

• Surface water that drains from the processing plant area, collected and either used in the processing circuit or pumped to the TMF; and

• Waste water generated from the on-site septic systems, collected periodically by a

contractor and transferred to the Alexandroupolis wastewater treatment plant.

Other environmental protection measures that have been incorporated into the design of the processing plant, in order to further reduce the potential for environmental impacts on water resources, include:

• the exclusion of cyanidation in processing, thus avoiding the deposition of any cyanide species in the TMF;

• the collection of almost all the sulphides in the scavenger tail and the segregation of this material, for safe disposal in the cemented backfill for the primary stopes, thereby

reducing the amount of sulphide deposited in the TMF and ameliorating the tailings geochemistry;

• the mixing of fine limestone with the tailings in order to minimise the potential for acid generation; and

• the use of cemented backfill, which not only maximises the mine recovery factor but also reduces the size of the TMF footprint.

Hydrogeological investigations and pump testing of existing groundwater boreholes indicate that the groundwater resources that occur in the Project area are limited. Where groundwater has been encountered it is typically associated with fractures or faults. The investigation also found that groundwater in the area is generally not suitable for potable or irrigation purposes, due to naturally occurring low pH and high concentrations of metals and sulphate ions.

Management strategies will be applied at the various mining locations to mitigate groundwater contamination and will generally include pumping any potentially contaminated waters to the TMF.

Air Quality, Noise and Vibration

A predictive air quality study was conducted for the project as part of the original EIS. The study found that predicted total suspended particulate (TSP) and PM10 (suspended particles less than 10µm in diameter) levels at the nearby refugee settlement area and Sapes town will not exceed limits set by the applicable Greek legislation.

A simulated noise model was used to predict and evaluate noise emissions and vibration (air blast and ground) from the Project, and in particular any effects on the nearby settlements. Simulations were conducted for the developmental and operational phases of the mine. The noise modelling and impact assessment conducted as part of the original EIS concluded that although increased noise levels will occur in the vicinity of the mining operation, predicted levels at the nearest potentially affected settlements will be less than the legislated noise limit of 50dB(A) during the development and operational phases of the Project.

Flora

Many of the original forest plant species that normally would have been found in the Project area have been cleared or significantly degraded as a result of a long history of agricultural use (both grazing and forestry). Vegetation surveys conducted for the original EIS have found that although large numbers of plant species were recorded (some 122 species in the 1997 and 2000 surveys), deciduous oak trees and hard-leafed shrubs generally dominate existing plant communities. No endemic, protected or endangered plant species were recorded in the Project area during the surveys.

Fauna

Fauna in the Project area comprises small vertebrates, birds, reptiles and amphibians. As the vegetation communities found at the Project site also occur widely in the region, a similar fauna habitat is available in adjacent areas. It is anticipated that the majority of bird species and larger, more mobile vertebrate species will move from the mine disturbance areas to adjacent habitats. Some local decreases in the populations of smaller, less mobile fauna species is predicted as a result of the development of the Project, however, these impacts are not considered to be significant.

Environmental Monitoring and Management System

Thrace has undertaken baseline environmental monitoring of the Project area, under guidelines set down by the State. An operational monitoring programme is scheduled to commence a few months before the development period of the Project and will end five years after the completion of the environmental rehabilitation plan. The objectives of the proposed operational monitoring programme include:

- To demonstrate that environmental protection measures implemented during the construction, operational and rehabilitation phases of the Project are effective;
- To detect, report and rectify potential management issues promptly and effectively;
- To measure environmental impacts and compare them with those predicted in the EIS.

Thrace will also undertake to assist the local authorities to discharge its responsibilities for environmental monitoring, by contributing to the co-funding of an independent control mechanism.

Rehabilitation and Mine Closure Monitoring Programme

A rehabilitation and mine closure monitoring programme will be used to assess the physical, chemical and biological characteristics of rehabilitated areas prior to and following cessation of mining activities at the site. The programme will be based on the operational monitoring programme and will make use of equipment and facilities established during the mine life. The database of monitoring data acquired during the operational phase of the Project will form the basis of this programme, particularly growth characteristics of areas progressively rehabilitated during the mine life.

It is estimated that it will require some five years of site rehabilitation and environmental compliance monitoring to demonstrate successful rehabilitation, in terms of self-sustaining vegetation cover, water quality and physical stability of slopes and structures. Should the five years objective not be achieved, the Company will provide a plan, which will identify the measures to be undertaken to improve the performance of the works. It is expected that the Project will provide a monitoring provision to local government, to undertake the long-term monitoring program.

Rehabilitation and Closure Concepts

The original EIS includes a conceptual closure and rehabilitation plan for the Project. The four key objectives of the plan are summarised below:

Table 19: Conceptual Closure and Rehabilitation Plan.

Criteria	Description
Health and Safety	Activities must be undertaken in a manner that complies with relevant health and safety regulations
Geotechnical Stability	All residual mine landforms and infrastructure must be left in a condition that is safe for the public health, safety and immediate environment
Chemical Stability	All remaining materials on the site must not present hazards for future users of the project area
Biological Stability	Rehabilitation of disturbed areas must consider future land uses and should aim to re-establish safe and stable biological conditions that encourage natural restoration and the development of biodiversity
Topological adaptation	The restoration and rehabilitation of the intervention area should harmonically drive to its topological configuration with the physical characteristics of the unaffected area.

The conceptual closure and rehabilitation plan will be revised and updated at intervals during the Project life. A final Closure Plan is to be prepared two years prior to the cessation of operations.

5. Conclusions

The Sapes Gold Project has undergone extensive exploration successfully leading to JORC Code compliant Mineral Resource and Reserve Estimates being prepared by competent persons, namely SRK Geological Consultants and others who have reviewed the data and conclusions.

A preliminary environmental report was prepared and accepted and the final environmental studies will begin after completion of the fund-raising by Glory.

It is anticipated the final environmental study will be well-accepted as there is now no longer any plan to use cyanide as part of the metallurgical recovery process.

During the site visit the author noted a high degree of 'keenness' by the local populace anticipating work to begin as it would mean employment for some of them. It is also noted that the Company is very aware of the contribution the locals can make to the work force.

Yours faithfully,

AMaynard

Allen J Maynard

BAppSc(Geol), MAIG, MAusIMM.

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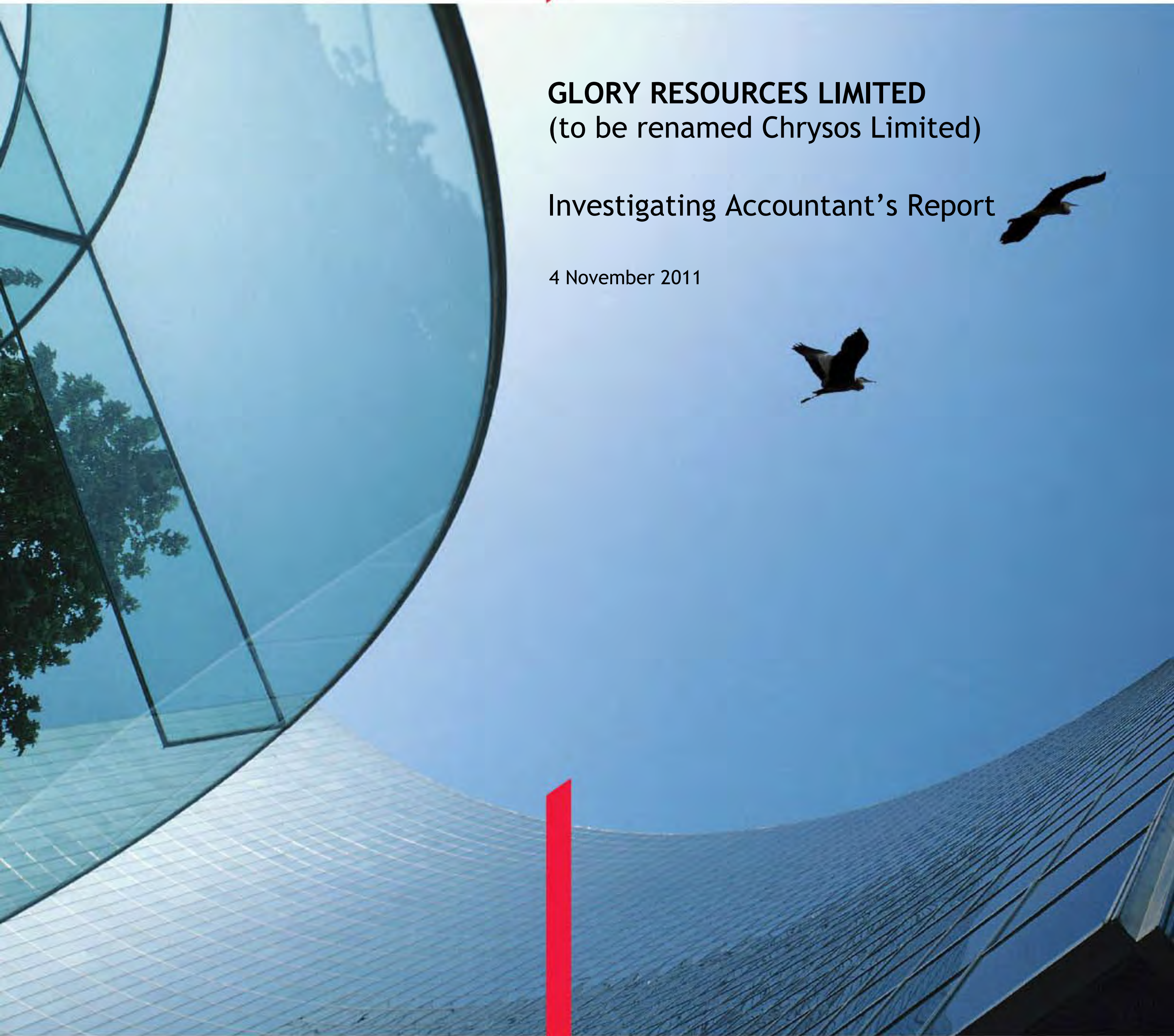
7. INVESTIGATING ACCOUNTANT'S REPORT



GLORY RESOURCES LIMITED
(to be renamed Chrysos Limited)

Investigating Accountant's Report

4 November 2011

BDO

Our ref: SA:AM

4 November 2011

The Directors
Glory Resources Limited
945 Wellington Street
West Perth WA 6005

Dear Sirs

INVESTIGATING ACCOUNTANT'S REPORT

1. Introduction

We have prepared this Investigating Accountant's Report ("**Report**") on the historical financial information of Glory Resources Limited ("**Glory**" or "**the Company**") and Scarborough Minerals Overseas Holdings Ltd (UK) ("**Scarborough**") for inclusion in a Prospectus. Broadly, the Prospectus will offer 170,000,000 Shares at an issue price of $0.25 per Share to raise $42,500,000 ("**the Offer**").

Oversubscriptions of up to 30,000,000 Shares at an issue price of $0.25 per Share to raise an additional $7,500,000 may be accepted.

The minimum subscription to be raised pursuant to the Offer is $42,500,000.

2. Basis of Preparation

This Report has been prepared to provide investors with information on the Statement of Comprehensive Income, Statement of Changes in Equity and the Statement of Financial Position and the pro-forma Statement of Financial Position as noted in Appendices 1, 2, and 3. This Report does not address the rights attaching to the shares to be issued in accordance with the Prospectus, nor the risks associated with the investment, and has been prepared based on the complete Offer being achieved. Neither BDO Corporate Finance (WA) Pty Ltd nor its related entities ("**BDO**") has been requested to consider the prospects for the Company, the shares on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly has not done so, and does not purport to do so. BDO accordingly takes no responsibility for these matters or for any matter or omission in the Prospectus, other than responsibility for this Report. Risk factors are set out in the Prospectus.

Expressions defined in the Prospectus have the same meaning in this Report.

3. Background

Glory was incorporated on 30 March 2010 to identify and evaluate investment opportunities in the resources sector suitable for a public company. Glory raised $2,500,000 through an Initial Public Offering and was admitted to the Official List of the ASX on 19 January 2011. Glory holds the right to earn a 75% interest in the Onion Lake Project, and holds a 100% interest in the Eagle Lake Project and the Way Lake Project, all located in the Lake Superior region in Canada.

On 18 August 2011, the Company announced it had executed a heads of agreement with Cape Lambert Resources Limited (**"Cape Lambert"**) to acquire 100% of the issued capital of Scarborough Minerals Overseas Holdings Ltd (**"Scarborough"**), which through its wholly owned subsidiaries, owns 100% of the Sapes Gold Project located in Sapes, Greece.

The consideration payable to Cape Lambert for the Sapes Gold Project is as follows:

- $32,500,000 cash;
- the issue of 16,000,000 Shares in Glory;
- $5,000,000 in cash or the equivalent issue of Shares in Glory, at the election of Glory, on the granting of an operating permit (or equivalent) in respect of the Sapes Project; and
- $5,000,000 in cash or the equivalent issue of Shares in Glory, at the election of Glory, upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper concentrate and/or silver metal) from the Sapes Project.

4. Scope

You have requested BDO to prepare an Investigating Accountant's Report covering the following financial information in relation to the proposed capital raising by Glory Resources Limited:

- the historical Statement of Financial Position as at 30 June 2011, and the Statement of Comprehensive Income and Statement of Changes in Equity for the period ended on that date, for Glory;
- the historical Statement of Financial Position as at 30 June 2011 for Scarborough, adjusted for transactions pursuant to the sale and purchase agreement which form conditions precedent to the Offer;
- the pro-forma Statement of Financial Position as at 30 June 2011, and the pro-forma Statement of Changes in Equity for the period ended on that date, reflecting the actual position as at that date, major transactions between that date and the date of our report and the proposed capital raising under the Prospectus;
- the accounting policies applied by Glory in preparing its financial statements.

  (the "**Financial Information**").

The historical financial information set out in the appendices to this Report has been extracted from the financial statements of Glory for the period from incorporation to 30 June 2011.

The Directors are responsible for the preparation of the historical financial information including determination of the adjustments.

We have conducted our review of the historical financial information in accordance with the Australian Auditing and Assurance Standard ASRE 2405 "Review of Historical Financial Information Other than a Financial Report". We made such inquiries and performed such procedures as we, in our professional judgment, considered reasonable in the circumstances including:

- a review of work papers, accounting records and other documents pertaining to balances in existence at 30 June 2011;

- a review of the assumptions used to compile the pro-forma Statement of Financial Position;
- a review of the adjustments made to the pro-forma historical financial information;
- a comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by the Company disclosed in the appendices to this Report; and
- enquiry of Directors and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Our review was limited primarily to an examination of the historical financial information, the pro-forma financial information, analytical review procedures and discussions with both management and directors. A review of this nature provides less assurance than an audit and, accordingly, this Report does not express an audit opinion on the historical information or pro-forma financial information included in this Report or elsewhere in the Prospectus.

In relation to the information presented in this Report:

- support by another person, corporation or an unrelated entity has not been assumed;
- the amounts shown in respect of assets do not purport to be the amounts that would have been realised if the assets were sold at the date of this Report; and
- the going concern basis of accounting has been adopted.

5. Conclusion

Statement on Historical Financial Information

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the historical financial information as set out in the Appendices to this report does not present fairly the financial position as at 30 June 2011 in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Statement of Pro-forma Financial Information

Based on our review of the pro-forma financial information, which was not an audit, nothing has come to our attention which would cause us to believe that the pro-forma financial information does not present fairly the financial position of the Company as at 30 June 2011, in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro-forma transactions had occurred on that date.

6. Subsequent Events

The pro-forma Statement of Financial Position reflects the following events that have occurred subsequent to the period ended 30 June 2011:

- Issue of 12,943,178 Shares at $0.17 per Share to raise $2,200,340.

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief, no other material transactions or events outside of the ordinary business of the Company have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

7. Assumptions Adopted in Compiling the Pro-forma Statement of Financial Position

The pro-forma Statement of Financial Position post issue is shown in Appendix 2. This has been prepared based on the reviewed financial statements as at 30 June 2011 and the following transactions and events relating to the issue of shares under this Prospectus:

- On 18 August 2011, the Company entered into a Share Sale Agreement with Cape Lambert to acquire 100% of the issued capital of Scarborough, which through its wholly owned subsidiaries owns 100% of the Sapes Gold Project, for consideration consisting of
  - $32,500,000 cash
  - the issue of 16,000,000 Shares in Glory;
  - $5,000,000 in cash or the equivalent issue of Shares in Glory, at the election of Glory, on the granting of an operating permit (or equivalent) in respect of the Sapes Project; and
  - $5,000,000 in cash or the equivalent issue of Shares in Glory, at the election of Glory, upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper concentrate and/or silver metal) from the Sapes Project.
- The issue of 170,000,000 Shares at an issue price of $0.25 per Share to raise $42,500,000 pursuant to the Prospectus, based on the minimum subscription;
- Costs of the offer are estimated to be $2,500,000, which are to be offset against the contributed equity;
- The issue of 10,800,000 Broker, Management, Staff and Consultant Options as payment for professional services, exercisable at $0.25 and expiring on 31 October 2014; and
- The issue of 4,300,000 Board Options to Directors as payment for professional services, exercisable at $0.25 and expiring on 31 October 2014.

8. Disclosures

BDO Corporate Finance (WA) Pty Ltd is the corporate advisory arm of BDO in Perth.

Neither BDO Corporate Finance (WA) Pty Ltd nor BDO, nor any director or executive or employee thereof, has any financial interest in the outcome of the proposed transaction except for the normal professional fee due for the preparation of this Report.

Consent to the inclusion of the Investigating Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Adam Myers

Director

APPENDIX 1

GLORY RESOURCES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Glory for the period from incorporation on 30 March 2010 to 30 June 2011 Audited $
Interest received	62,728
Employee and director benefits expense	(87,530)
Exploration expenses	(270,277)
Loss on sale of financial assets	(578)
Share based payments expense	(2,146,959)
Settlement costs	(89,046)
Finance and interest expense	(1,372)
Other expenses	(243,700)
Loss before income tax	**(2,776,734)**
Income tax benefit	58,968
Loss for the year	**(2,717,766)**
Other comprehensive income for the year	
Exchange differences on translation of foreign operations	(9,485)
Total comprehensive loss for the year	**(2,727,251)**

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

APPENDIX 2

GLORY RESOURCES LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	Glory Audited 30-Jun-11 $	Scarborough Reviewed 30-Jun-11 $	Subsequent events $	Pro-forma adjustments $	Pro-forma after issue $
Current assets						
Cash and cash equivalents	2	1,907,425	621,314	2,200,340	7,500,000	12,229,079
Trade and other receivables		65,221	20,327	-	-	85,548
Other assets		265	-	-	-	265
Total current assets		1,972,911	641,641	2,200,340	7,500,000	12,314,892
Non-current assets						
Financial assets		143,250	10,027	-	-	153,277
Property, plant and equipment		-	67,720	-	-	67,720
Exploration and evaluation expenditure	3,9	1,144,615	-	-	42,975,146	44,119,761
Total non-current assets		1,287,865	77,747	-	42,975,146	44,340,758
Total assets		3,260,776	719,388	2,200,340	50,475,146	56,655,650
Current Liabilities						
Accounts payable		49,592	32,010	-	-	81,602
Loan	4	-	32,500,000	-	(32,500,000)	-
Total current liabilities		49,592	32,532,010	-	(32,500,000)	81,602
Non-current liabilities						
Deferred tax liabilities	5,9	88,301	-	-	7,162,524	7,250,825
Total non-current liabilities		88,301	-	-	7,162,524	7,250,825
Total liabilities		137,893	32,532,010	-	(25,337,476)	7,332,427
Net assets		**3,122,883**	**(31,812,622)**	**2,200,340**	**75,812,622**	**49,323,223**
Equity						
Share capital	6	3,710,095	4,000,000	2,200,340	40,000,000	49,910,435
Reserves	7	2,130,554	-	-	1,661,000	3,791,554
Accumulated losses	8	(2,717,766)	(35,812,622)	-	34,151,622	(4,378,766)
Total equity		**3,122,883**	**(31,812,622)**	**2,200,340**	**75,812,622**	**49,323,223**

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

APPENDIX 3

GLORY RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Glory Reviewed 30-Jun-11 $	Subsequent events $	Pro-forma adjustments $	Pro-forma after issue $
Balance at 30 March 2010	-	-	-	-
Comprehensive income for the period				
Profit/(Loss) for the period	(2,717,766)	-	(1,661,000)	(4,378,766)
Exchange differences on translation of foreign operations	(9,485)	-	-	(9,485)
Total comprehensive income for the period	**(2,727,251)**	**-**	**(1,661,000)**	**(4,388,251)**
Transactions with equity holders in their capacity as equity holders:				
Contributed equity, net of transaction costs	3,710,095	2,200,340	44,000,000	49,910,435
Share based payments reserve	2,146,959	-	1,661,000	3,807,959
Revaluation increment	(6,920)	-	-	(6,920)
Total transactions with equity holders	**5,850,134**	**2,200,340**	**45,661,000**	**53,771,474**
Balance at 30 June 2011	**3,122,883**	**2,200,340**	**44,000,000**	**49,323,223**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the historical financial information set out in Appendix 4.

APPENDIX 4

GLORY RESOURCES LIMITED

NOTES TO AND FORMING PART OF THE HISTORICAL FINANCIAL INFORMATION

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the historical financial information included in this Report have been set out below.

a) Basis of preparation of historical financial information

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Glory Resources Limited is a listed public company, incorporated and domiciled in Australia. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

b) Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing commitments and for working capital. The Directors may need to raise additional capital or realise assets as required to further explore and evaluate the current opportunities. The Directors believe that the Company will continue as a going concern. As a result the financial report has been prepared on a going concern basis. However should the Company be unsuccessful in undertaking additional raisings or realising assets, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

c) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Glory Resources Limited (''company'' or ''parent entity'') as at 30 June 2011 and the results of all subsidiaries for the year then ended. Glory Resources Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group .

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are accounted for in the parent entity financial statements at cost.

d) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reasonable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where the group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the group's controlling shareholder's consolidated financial statements.

e) Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Glory Resources Limited's functional and presentation currency.

f) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

All revenue is stated net of the amount of goods and services tax (GST).

g) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in rates and bank overdrafts.

i) Exploration and evaluation assets

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

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

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

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

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

j) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

k) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

l) Accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Key Judgment – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimate – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using the Black-Scholes option pricing model.

Exploration and Evaluation Expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

NOTE 2. CASH AND CASH EQUIVALENTS	Audited 30-Jun-11 $	Pro-forma after issue $
Cash and cash equivalents	1,907,425	12,229,079
Adjustments to arrive at the pro-forma balance:		
Audited balance of Glory as at 30 June 2011		1,907,425
Subsequent events:		
Share applications received and issued		2,200,340
Pro-forma adjustments:		
Acquisition of Scarborough		
Reviewed balance of Scarborough		621,314
Payment to vendor for Scarborough		(32,500,000)
Proceeds from shares issued under this prospectus		42,500,000
Capital raising costs		(2,500,000)
Pro-forma balance		**12,229,079**

NOTE 3. EXPLORATION AND EVALUATION ASSETS	Audited 30-Jun-11 $	Pro-forma after issue $
Exploration and evaluation assets	1,144,615	44,119,761
Adjustments to arrive at the pro-forma balance:		
Audited balance of Glory as at 30 June 2011		1,144,615
Pro-forma adjustments:		
Acquisition of Scarborough		
Reviewed balance of Scarborough as at 30 June 2011		-
Fair value increase for Scarborough acquisition (refer note 9)		35,812,622
Deferred tax liability uplift recognised on acquisition (refer note 9)		7,162,524
Pro-forma balance		**44,119,761**

NOTE 4. LOAN	Audited 30-Jun-11 $	Pro-forma after issue $
Loan	-	-
Adjustments to arrive at the pro-forma balance:		
Audited balance of Glory as at 30 June 2011		-
Pro-forma adjustments:		
Acquisition of Scarborough		
Reviewed balance of Scarborough as at 30 June 2011		32,500,000
Loan owing to Cape Lambert extinguished by cash consideration provided by Glory		(32,500,000)
Pro-forma balance		**-**

NOTE 5. DEFERRED TAX LIABILITY	Audited 30-Jun-11 $	Pro-forma after issue $
Deferred tax liability	88,301	7,250,825
Adjustments to arrive at the pro-forma balance:		
Audited balance of Glory as at 30 June 2011		88,301
Pro-forma adjustments:		
Acquisition of Scarborough		
Reviewed balance of Scarborough as at 30 June 2011		-
Deferred tax liability uplift recognised on acquisition (refer Note 9)		7,162,524
Pro-forma balance		**7,250,825**

Under paragraph 19 of AASB 112, temporary differences arise when the tax bases of the identifiable assets acquired and liabilities assumed are not affected by the business combination or are affected differently. For example, when the carrying amount of an asset is increased to fair value but the tax base of the asset remains at cost to the previous owner, a taxable temporary difference arises which results in a deferred tax liability.

In the case of Glory, the fair value of the exploration and mining expenditure was increased in accordance with AASB 3 Business Combinations with no corresponding increase allowable in the tax base of relevant exploration and mining expenditure.

Accordingly, a deferred tax liability amounting to 30% of the fair value uplift is required to be recognised as part of the business combination transaction.

It is envisaged that the deferred tax liability arising from the fair value uplift to be reduced over time due to (i) amortisation/impairment of the exploration and mining expenditure, and/or (ii) reliance on the offset provisions under paragraph 71 of AASB 112 and offsetting the deferred tax liability arising from the business combination transaction with deferred tax asset arising from carried forward tax losses that may be incurred.

NOTE 6. CONTRIBUTED EQUITY	Audited 30-Jun-11 $	Pro-forma after issue $
Contributed equity	3,710,095	49,910,435
Adjustments to arrive at the pro-forma balance:	***Number of shares***	$
a) Ordinary share capital		
Audited balance of Glory as at 30 June 2011	24,875,001	3,710,095
Subsequent events		
Capital raising	12,943,178	2,200,340
Pro-forma adjustments:		
Acquisition of Scarborough		
Reviewed balance of Scarborough		4,000,000
Elimination of Scarborough		(4,000,000)
Proceeds from shares issued under this prospectus	170,000,000	42,500,000
Capital raising costs		(2,500,000)
Consideration Shares in Glory payable to Cape Lambert pursuant to SSA	16,000,000	4,000,000
Pro-forma Balance	**223,818,179**	**49,910,435**

NOTE 7. RESERVES	Audited 30-Jun-11 $	Pro-forma after issue $
Reserves	-	3,791,554
a) Option reserve	***Number of options***	$
Adjustments to arrive at the pro-forma balance:		
Audited balance of Glory as at 30 June 2011	15,200,000	2,130,554
Pro-forma adjustments:		
Broker, Management, Staff and Consultant Options issued as payment for professional services provided	10,800,000	1,188,000
Board Options issued to Directors as payment for professional services provided	4,300,000	473,000
Pro-forma balance	**30,300,000**	**3,791,554**

	Broker, Management, Staff and Consultant Options	Board Options
	$0.25 options	$0.25 options
Underlying share price	$0.215	$0.215
Exercise price	$0.25	$0.25
Issue date	3/11/2011	3/11/2011
Expiration date	31/10/2014	31/10/2014
Life of the options	3.00 years	3.00 years
Volatility	80%	80%
Risk-free rate	3.68%	3.68%
Number of options	10,800,000	4,300,000
Value per option	$0.11	$0.11
Value of tranche	$1,188,000	$473,000

NOTE 8. ACCUMULATED LOSSES	Audited 30-Jun-11 $	Pro-forma after issue $
Accumulated losses	(2,717,766)	(3,378,766)
Adjustments to arrive at the pro-forma balance:		
Audited balance of Glory as at 30 June 2011		(2,717,766)
Pro-forma adjustments:		
Acquisition of Scarborough		
Reviewed balance of Scarborough as at 30 June 2011		(35,812,622)
Elimination of Scarborough as at 30 June 2011 on consolidation		35,812,622
Share based payments expense		(1,661,000)
Pro-forma balance		**(3,378,766)**

NOTE 9. BUSINESS COMBINATION

A summary of the acquisition details with respect to the proposed Scarborough acquisition as included in our report is set out below. These details have been determined for the purposes of the pro-forma adjustments as at 30 June 2011 however we will require re-determination as at the successful acquisition date which may result in changes to the values set out below.

Details of the net assets acquired, purchase consideration and notional fair value attributable to exploration assets are as follows:

	Fair Value $
Cash	621,314
Receivables	20,326
Financial assets	10,027
Property, plant and equipment (at book value)	67,720
Accounts payable	(32,010)
Net assets acquired	**687,378**
Purchase consideration comprises:	
Cash	32,500,000
Shares issued*	4,000,000
Contingent consideration**	-
Total purchase consideration	**36,500,000**
Fair value attributable to exploration assets	**35,812,622**
Deferred tax liability uplift recognised at 20% of the fair value increase of exploration assets***	7,162,524
Pro-forma adjustment to exploration assets	**42,975,146**

*The equity portion of the purchase consideration comprises 16,000,000 Shares in Glory at $0.25 per Share.

**The contingent consideration comprises

- $5,000,000 in cash or the equivalent issue of Shares in Glory, at the election of Glory, on the granting of an operating permit (or equivalent) in respect of the Sapes Project; and
- $5,000,000 in cash or the equivalent issue of Shares in Glory, at the election of Glory, upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper concentrate and/or silver metal) from the Sapes Project.

Nil value has been attributed to the contingent consideration as at this point in time as there is insufficient information available to assess the likelihood of such conditions being achieved.

***Under paragraph 19 of AASB 112, temporary differences arise when the tax bases of the identifiable assets acquired and liabilities assumed are not affected by the business combination or are affected differently. For example, when the carrying amount of an asset is increased to fair value but the tax base of the asset remains at cost to the previous owner, a taxable temporary difference arises which results in a deferred tax liability.

In the case of Glory, the fair value of the exploration and mining expenditure was increased in accordance with AASB 3 Business Combinations with no corresponding increase allowable in the tax base of relevant exploration and mining expenditure.

Accordingly, a deferred tax liability amounting to 30% of the fair value uplift is required to be recognised as part of the business combination transaction.

It is envisaged that the deferred tax liability arising from the fair value uplift to be reduced over time due to (i) amortisation/impairment of the exploration and mining expenditure, and/or (ii) reliance on the offset provisions under paragraph 71 of AASB 112 and offsetting the deferred tax liability arising from the business combination transaction with deferred tax asset arising from carried forward tax losses that may be incurred.

NOTE 10: RELATED PARTY DISCLOSURES

Transactions with Related Parties and Directors Interests are disclosed in the Prospectus.

NOTE 11: COMMITMENTS AND CONTINGENCIES

At the date of the report no material commitments or contingent liabilities exist that we are aware of, other than those disclosed in the prospectus.

8. SOLICITOR'S REPORT ON THE SAPES GOLD PROJECT

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The Board of Directors
Glory Resources Limited
948 Wellington Street
West Perth
West Australia, 6005

The Lead Manager
Mirabaud Securities LLP
London SW1X 7HY
United Kingdom

3 November 2011

Dear Sirs,

Re: Solicitor's Report on title of Thrace Minerals S.A. concerning the Sapes Gold Project

This solicitor's report (the "**Report**") has been prepared for inclusion in a prospectus (the "**Prospectus**") to be issued by, and at the request of, Glory Resources Ltd ("**Glory**") for the completion of a capital raising (the "**Fundraising**") for the issue of 170,000,000 new shares at AU$0.25 per share in the amount of AU$42,500,000.

Thrace Minerals S.A. ("**Thrace**") is the owner of a mining-rights lease contract No. 850/11-02-1993 (the "**Lease**") regarding research and exploitation of the state-owned mine named "E5", situated in the areas of Rhodope and Evros Prefectures. The Lease and the related mining rights are referred to in this report as the "**Sapes Gold Project**".

We understand from Glory that its subsidiary Rhodopi Minerals Ltd shall acquire from Minerals Securities (UK) Ltd all shares of Scarborough Minerals Overseas Holdings Ltd; therefore Rhodopi Minerals Ltd shall indirectly acquire Thrace and, through Thrace, the Sapes Gold Project (the "**Acquisition**"). We understand that the Fundraising is required to fund the Acquisition.

This report does not purport to be a full due diligence report, but sets outs the summary results of our review relating to the interest of Thrace in the Sapes Gold Project in relation to the following limited issues:

(a) Corporate structure and status of Thrace;

(b) Status of the Lease;

(c) Legislative framework related to approvals/permits for the implementation of a mining project;

(d) Approvals related to the transfer of mining rights to foreign entities;

(e) Conclusion; and

(f) Scope of the Report.

The documents reviewed for the purpose of drafting this report are set out in Appendix 3.

1 CORPORATE STRUCTURE AND STATUS OF THRACE MINERALS S.A.

1.1 **Status and objects**. Thrace is a Greek registered limited liability company. Its objects are the following:

- ore and mineral research, investigation and exploitation;
- lease, sale, exploitation or other acquisition of mining investigation and exploitation rights;
- construction, development, organization and operation of mines and mining installations;
- production, stocking, transportation, sale of mining products;
- any other activities related to the fulfilment of the above purposes.

1.2 The Company was established on 7 May 1993 with the initial name of Newcrest-Hellas Minerals Research and Exploitation S.A. with a share capital of 10,000,000 drachmas1. By resolution approved at the ordinary general assembly of 17 July 1997 the Company's name was changed to Thrace Minerals S.A. By a resolution approved in the extraordinary assembly of 15 June 2011 it was decided to increase the Company's share capital to the amount of €13,455,000 divided into 1,345,500 registered shares each with a par value of €10. This share capital increase was certified by Board resolution dated 12.August 2011[2].

1.3 **Ownership**. According to the Company Registry Certificate, Kyprou Gold Ltd holds 51% and Thrace Investments BV holds 49% of the share capital. The share registry shows no evidence of charges on the shares.

1.4 **Registration**. We have been provided with the Company Registry Certificate dated 29 September 2011, which confirms that Thrace is duly registered in the registry for limited liability companies and that no resolution of the Company's General Meeting or other application, lawsuit or court decision has been submitted to the supervisory authority for the dissolution or liquidation of the Company.

1.5 **Compliance**. We also have certificates from the Athens Court of First Instance[3] which evidence that the Company has not been placed in liquidation or winding up; the tax office has also confirmed by certificate dated 27 September 2011 that it has no outstanding obligations to the tax authorities. By certificate dated 5 October 2011 it has confirmed that all social security has also been paid.

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[1] Approximately €34,000. Drachma was converted to Euro on 1 January 2002 at a fixed rate of €1/340,75 drachmas.

[2] On the same date this resolution was sent for publication in the GG.

[3] No 24446/2011, 29163/2011, 24062/2011, 29162/2011, 29164/2011, 29165/2011, 29163/2011 and 31669/2011..

2 STATUS OF THE LEASE

2.1 **The Tender.** The tender was awarded in 1992 by Ministerial decision[4] to Greenwich Resources Plc ("**Greenwich**") and the Lease was signed before a Notary public in Athens between Greenwich and the Greek State on 11 February 1993. A petition was filed in the Conseil d'Etat (*Symvoulio tis Epikrateias*) (the "**Conseil d'Etat**") by another tenderer, which was rejected.

2.2 **Term.** According to the provisions of clause 3 of the Lease, its term is five years, but the lessee has the right to unilaterally extend its duration every five years up to a total of thirty years, namely until 2023. This clause also provides that an extension is effected by notarial deed of the leaseholder, which has to be executed and served on the Ministry of Industry, Energy and Technology ("**MIET**")[5] by court bailiff at least one month before the expiry of the term.

2.3 **The Mining Code.** Furthermore, as provided in the Lease, its performance is governed by Legislative Decree 210/1973 (the "**Mining Code**"). The Mining Code includes provisions related to:

- minerals;
- mine research and approval procedures;
- mine concessions; and
- mine exploitation[6].

The Mining Code provides that any contract related to the creation, alteration, transfer or concession of mining rights is subject to registration at the competent Land Registry Office.

2.4 **Assignment and registration**. The Lease was registered in the Land Registry Offices of Sapes[7] and Alexandroupolis[8]. By notarial deed[9] the duration of the Lease was unilaterally extended by Greenwich until 10 February 2003. This deed was served on the Ministry of Development ("MD")[10]. By notarial deed[11] Greenwich assigned the Lease to Thrace. This notarial deed was also registered[12]. By a series of notarial deeds[13], the duration of the Lease has been unilaterally extended by Thrace, each time for a five-year period, until 10 February 2013.

2.5 **Remaining term**. As a result of these extensions, by 10 February 2013 the Lease will have run for twenty years and its potential remaining term therefore is ten years if the remaining two options to extend for five years are exercised by Thrace according to clause 3 of the Lease. However, the above notarial deeds referred to the Lease extension have not been registered at the competent Land Registry Offices. Therefore, if the Greek State sells or transfers its rights to the

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[4] No. Δ8/Δ/Φ.16/26262/οικ/9-10-1992.
[5] Re-named the Ministry of Development. Responsibility for mining has now been transferred to the Ministry of Environment, Energy and Climate Change.
[6] The present report reviews only the provisions of the Mining Code related to the particular Lease.
[7] Certificate No. 2305/4-11-1993. If a document is served by court baillif, the baillif's report acts as proof that the party has received the document.
[8] Certificate No. 2608/11-11-1993.
[9] No. 2349/17-11-1997.
[10] See court bailiff's report no 6374/26-11-1997.
[11] No. 2652/15-07-1998.
[12] Certificate No. 5605/4-11-1998.
[13] No. 4931/6-12-2007.

Mine[14], the Lease is not considered as valid as against the new owner. We believe that such a transfer is unlikely to be realised. For the avoidance of this limited risk it is preferable to proceed to the registration of the relevant notarial deeds related to the extension of the duration of the Lease, which we understand that the Company is currently undertaking.

2.6 **Bonds.** Following the latest extension of the Lease until 10 February 2013, Thrace submitted a bank letter dated 5 February 2008 to the MD by virtue of which the performance bond in an amount of €247,615.56 was extended until 11 February 2013. Thrace also delivered a bank letter dated 8 April 2010 to the MD by virtue of which the installations bond of an amount of €158,473.95 was extended until 10 April 2013.

2.7 **Other material contractual obligations.** Clause 4 of the Lease provides that the leaseholder has to prepare a research programme to be submitted for approval by the MIET[15]. By Ministerial Decision[16] the research programme for the Sapes Gold Project was approved. Greenwich submitted research bonds of a total amount of 25,000,000 drachmas. These bonds were returned by Ministerial Decision[17] which certified the completion of the research program.

According to the terms of the Lease the leaseholder has undertaken the following obligations related to minerals exploitation:

- submission of a technical study according to the provisions of the Mining and Quarrying Works Regulation;
- reports for the works carried out at the end of each year;.
- education of three Greek scientists in mineral exploitation issues;
- engagement of the local population, on the estimation of the leaseholder’s needs.

The leaseholder is also liable to pay each year the highest amount of royalties provided by the Mining Code. According to article 84 of the Mining Code the highest amount of royalties is 6% of the sale price of ore “ex-works” from the mine site and 1% if the ore is processed (end product). No royalties have yet become payable.

3 LEGISLATIVE FRAMEWORK RELATED TO APPROVALS/PERMITS FOR THE IMPLEMENTATION OF A MINING PROJECT

3.1 Environmental Approvals for the Sapes Gold Project

(a) The environmental permitting procedure for the Sapes Gold Project started in 1993 and was based on an earlier legislative framework. By Joint Ministerial Decision[18], approval was granted to Thrace as the new leaseholder regarding mining research works in the Sapes mine until 31st December 2000.

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[14] It has to be pointed out that according to article 146 of the Mining Code the exploitation of mines owned by the Greek State is made by the latter itself or by lease following tender procedure. There is no explicit provision regarding the right of the Greek State to sell mines owned by it.

[15] This responsibility has now been transferred to the Ministry of Environment, Energy and Climate Change.

[16] No. Δ8/Α/Φ16.32/17315/9-07-1993.

[17] No. Δ8/Α/Φ16.32/7749/15-06-1998.

[18] No. 61765/8-2-1999.

(b) The site planning Pre-Approval Study ("**PAS**") for the Sapes Gold Project was approved by Ministerial Decision[19] in 2000. Meanwhile Thrace submitted a new Environmental Impact Study ("**EIS**").

(c) Following the above decision, the Municipality of Sapes filed a petition before the Council of State for the annulment of the PAS and the related environmental approval decisions. By decisions no 2170/2006 and 2171/2006 the Conseil d'Etat annulled the PAS approval decision on the grounds that there were substantial differences between the PAS approved and the EIS submitted.

(d) Law 3010/2002 amended the licensing provisions, pursuant to which Thrace submitted on 16 December 2010 a Preliminary Environmental Impact Study ("**PEIS**") to the Ministry of Environment, Energy and Climate Change ("**MEEC**"), which is at the present time pending. If the Ministry issues a positive opinion on the PEIS, then an EIS shall be prepared and submitted according to the provisions of Law 1650/1986 for Final Environmental Approval, unless Thrace applies for the submission of the Sapes Gold Project to the provisions of the new Law 4014/2011. This EIS shall be approved be decision only of the MEEC and not by a Joint Ministerial decision, as the new Law 4014/2011 provides.

3.2 Mining and Quarrying Works Regulation (Ministerial Decision Δ7/Α/οικ. 12050/14-06-2011) (the "**Regulation**"). The Regulation provides the legal framework for the planning, organization, operation and supervision of approved mining projects. According to Article 4 of the Regulation, the operator has the obligation to submit a technical study for approval to the MIET[20] before starting any mining works. This technical study includes information regarding:

- research works (description of the site, geological data, access routes, time plan etc); and

- exploitation works (description of the site, geological data, access routes, time plan, methods, installations, products, budget, employees etc).

The Ministry must respond on the technical study within sixty days.

By Ministerial Decision[21] an initial technical study for the Sapes Gold Project was approved in 1999. As stated in that approval decision, a new technical study must be submitted if the anticipated works undergo substantial modifications. However, according to recent (2010) case law of the Conseil d'Etat[22], the Final Environmental Approval must be granted before the issuance of the technical study approval decision. The latter ministerial decision constitutes the final administrative act to be issued prior starting any mining exploitation works. Therefore, it cannot differ from the terms and conditions provided in the Final Environmental Approval. On the basis of this recent case law, Thrace will have to submit a new technical study to the MEEC. The study can only be approved after the Final Environmental Approval is issued.

Following the approval of the technical study, the remaining permitting process according to the Regulation for the implementation of the Sapes Gold Project includes a construction permit and an operation permit. The construction permit requires the submission of various studies related to the installations of the project. Once construction is completed, an operation permit will be issued.

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[19] No 3330/391/10-02-2000.

[20] This responsibility has now been transferred to the Ministry of Environment, Energy and Climate Change.

[21] No. Δ8-Α/Φ16.32/10415/15-07-1999.

[22] Decision no 462/2010.

3.3 **Law on Antiquities.** According to Article 10 of Law 3028/2002, any activity to a fixed ancient monument which is likely to cause direct or indirect damage or alteration is prohibited. Therefore, the approval of the Ministry of Culture and Tourism ("MCT") is required for mining research or exploitation works following archaeological evaluation of the project site.

Usually, this approval is given by the MCT for new projects by co-signing the Final Environmental Approval. Also, at the first stage of the environmental permitting procedure, namely the consultation on the PEIS pursuant to the PEAE procedure, the competent authority of the MCT may express its opinion.

During the initial environmental permitting procedure for the Sapes Gold Project, the competent authority of the MCT issued Decision No. 477/30-07-1998 to the effect that there is no archaeological interest in the sites proposed for waste deposit and storage.

However, according to the new environmental Law 4014/2011, the opinion of the MCT is required for any new project or activity regarding whether there is any site of archaeological interest in the area where the project or activity is to be implemented; a MCT opinion on the archaeological interest of the Sapes Gold Project must be included in the Final Environmental Approval.

3.4 **Law related to forest areas.** According to Article 57 of Law 998/1979, mining investigations in forest areas need an "intervention approval" from the forestry department of the local Prefecture, which grants the right to enter into and make use of land characterised as protected forest areas. This approval is given only if the MD states that the investigations are beneficial for the national economy. The same approval is also required for subsequent mining activities.

The new Law 4001/2011 that amended Law 998/1979 states that for mining works to be carried out following initial investigations, a new intervention approval is not required if one has been already granted for research related to the same mine. Furthermore, according to new environmental law 4014/2011, the intervention approval is no longer required as it is considered to be included in the Final Environmental Approval.

By Decision of the Forest Director[23] of the local Prefecture, an intervention approval was given to Greenwich for the Sapes Gold Project until 16 December 1996. This approval was extended by two other Decisions[24] until 25 November 1998 and 31 December 2000 respectively. No further intervention approvals have been given for the Sapes Gold Project. Furthermore, the MD has previously (in 1999) expressed the opinion[25] that the investigations are beneficial to the national economy.

However, assuming that the Final Environmental Approval is issued pursuant to environmental law 1650/1986, following issuance of that Final Environmental Approval, Thrace must apply for a new intervention approval and such intervention approval will require a further opinion from the MD that the investigations are beneficial to the national economy. Similarly, if the Final Environmental Approval is requested pursuant to the new environmental law 4014/2011, such decision will effectively need to include an approval equivalent to the intervention approval.

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[23] No. 5226/14-12-1993.

[24] Nos. 5587/25-11-1996 and 640/9-03-1999.

[25] Docs no. Δ8-Α/Φ 1632/2617/19-10-1993 and Δ8-Α/Φ 1632/ 3218/25-2-1999.

3.5 **Water resources.** According to recent (2009) case law of the Conseil d'Etat[26] related to water resources protection, riverbeds are protected as part of the natural environment and consequently the execution of technical works near a riverbed is permitted only if the natural operation of the riverbed is not disrupted. For this purpose, riverbed mapping has to precede the execution of any technical works related to a project. This mapping is considered by the Conseil d'Etat as a legal requirement for the issuance of a Final Environmental Approval. Based on the above case law, if a riverbed exists near the Sapes Gold Project, Thrace must proceed to all necessary actions related to its delineation as part of the EIS and application for the issuance of the Final Environmental Approval for the Sapes Gold Project; otherwise the Final Environmental Approval without riverbed mapping risks annulment.

3.6 **Legal proceedings challenging the validity of permits.** According to Presidential Decree 18/89 related to the procedural rules of the Conseil d'Etat, any third party with a legal interest in a project has the right to submit a petition before the Conseil d'Etat for the annulment of an administrative act on the grounds that there is a violation of the legislation on the basis of which an approval was given. The application must be submitted within a deadline of sixty days, starting from the date on which the act was published (if provided) or the person became aware of the contested act. Proof of when the person become aware is judged by the Conseil d'Etat on an ad hoc basis.

3.7 By certificate dated 7 October 2011 the Conseil d'Etat ascertained that until 6 October 2011 no petition was pending against Thrace[27].

4 APPROVALS RELATED TO TRANSFER OF MINING RIGHTS TO FOREIGN ENTITIES

4.1 **Background.** According to Article 8 of the Mining Code, the acquisition by foreign persons or legal entities of shares of a company holding mining rights needs the approval by the Ministerial Council after consulting the MIET[28]; otherwise the acquisition of shares is considered as null and void. This approval is also required for the execution of any contract related to the transfer or concession of mining rights to foreign legal entities. Presidential Decree no 92/86 amended these provisions and the above approval is required only for persons with residence or legal entities established outside the European Union.

4.2 By virtue of clause 9 of the Lease, any transfer or assignment of the Lease or of the leaseholder's shareholders' shares to any person or legal entity has to be approved by the MIET[29]. The assignment of the Lease from Greenwich to the Company was approved by Ministerial Decision[30] of the MD according to the provisions of the Mining Code and the terms of the Lease. The assignment was also approved by decisions[31] of the competent prefectural committees according to the provisions of Law 1892/1990.

4.3 We understand that Kyprou Gold Ltd (UK) and Thrace Investments BV (Netherlands) are wholly owned by Scarborough Minerals International BV (Netherlands), which is in turn wholly owned by Scarborough Minerals Overseas

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[26] Decision no 4491/2009.

[27] It should be noted that this certificate covers only cases were Thrace was the defendant and not a third party.

[28] This responsibility has now been transferred to the Ministry of Environment, Energy and Climate Change.

29 This responsibility has now been transferred to the Ministry of Environment, Energy and Climate Change.

30 No. Δ8/Δ/Φ16.32/9234/28-05-1998.

31 Nos. 1215/1110/1998 and 1899/1998.

Holdings Ltd (UK). Scarborough Minerals Overseas Holdings Ltd is 100% owned by Minerals Securities (UK) Ltd. Under the proposed Acquisition, Minerals Securities (UK) Ltd will sell all shares of Scarborough Minerals Overseas Holdings Ltd to Rhodopi Minerals Ltd which we understand is owned 100% by Hellenic Gold Investment (UK) Ltd, which is a wholly-owned subsidiary of Glory. The seat of Rhodopi Minerals Ltd is in the UK.

4.4 The Acquisition will not directly create rights in favour of Rhodopi Minerals Ltd related to real property near Greek borders, nor does it relate to the acquisition of shares or change in shareholders of Thrace as a company owner of real property in area near the Greek border.

4.5 On 16 September 2011 the MEEC informed Thrace that according to the provisions of the Mining Code an approval is not required for the sale of Scarborough Minerals Overseas Holdings Ltd shares from Minerals Securities (UK) Ltd to Rhodopi Minerals Ltd. Furthermore, according to the MEEC, the Lease does not require an approval for changes to the shareholders of legal entities other than of Thrace itself.

5 CONCLUSION

Based on the documentation reviewed and information received:

(i) the Company is in existence and has no pending actions or proceedings that may affect its corporate status;

(ii) Kyprou Gold Ltd holds 51% and Thrace Investments BV holds 49% of the Company share capital;

(iii) The Company is the legal and beneficial holder of the Lease;

(iv) there is no evidence of charges on the Company's shares or the Lease;

(v) the Lease is valid, binding and enforceable. The Lease is not pledged, and any assignment would require the consent of MEEC;

(vi) there are no outstanding petitions or proceedings related to the environmental or other approval procedure for the Sapes Gold Project;

(vii) no ministerial or other regulatory approval is required for the proposed Acquisition.

6 SCOPE OF REPORT

6.1 This report is given expressly:

(a) on the basis of, and in reliance on, the Documents and the assumptions set out in Appendix 1; and

(b) subject to the qualifications set out in Appendix 2 (General Qualifications).

6.2 This report is confined to matters of Greek law in force on this date of this report as currently applied and interpreted by the Greek courts; and we assume no responsibility to update or supplement this report to reflect any developments or changes of law which may occur after the date of this report.

6.3 This report relates to the operation of the Mine for the purpose of mining gold ore; it does not address any legislation applicable to the mining of other minerals or hydrocarbons.

6.4 This report may be included in the Prospectus of Glory dated or to be dated on or around the date of this Report.

6.5 This report may be relied on only by Glory and Mirabaud Securities LLP for the purposes of inclusion in the Prospectus for the Fundraising.

6.6 Domestic Greek law shall apply to our responsibilities with regard to this opinion and to all issues arising out of those responsibilities.

Yours faithfully

Watson, Farley & Williams

Watson, Farley & Williams

3 November 2011

APPENDIX 1

ASSUMPTIONS

1 **Basis**. We have made the assumptions set out below without investigation.

2 **Genuineness and authenticity**. The genuineness of all signatures on, and the authenticity and (except in the case of a document which is expressly stated to be an extract) the completeness of, all documents or copy documents submitted to us.

3 **Conformity**. That, where a document has been examined by us in draft or specimen form, it has been or will be executed in the form of that draft or specimen.

4 **Incorporation and existence**. That each of the parties to each Document (a "Party"), except Thrace, is duly incorporated and validly existing.

5 **Capacity.** That each Party, except Thrace, has the corporate capacity to enter into each Document to which it is a party and perform its obligations thereunder.

6 **Corporate action**. That, in respect of each Party, except Thrace, all necessary corporate action has been duly taken.

7 **Due authorisation**. Except in the case of Thrace, that the persons who signed the Documents were duly authorised by the relevant Party; that each Document has been properly signed by or on behalf of each Party in accordance with the terms of the relevant resolution or other authority.

8 **Notices.** That all notices, acknowledgments and other documents contemplated by the Documents were, duly signed and promptly served or issued, in the forms specified for by the Documents where such forms are specified.

9 **Other laws etc**. That:

(a) no provision of any Document contravenes the law or public policy of any other jurisdiction;

(b) no payment or other act under or in connection with any Document will contravene the law or public policy of any other jurisdiction;

(c) neither any Document nor any transaction contemplated by a Document or carried out in connection with a Document (i) has or will have as its object the doing of an act or the making of a payment contrary to the law or public policy of Greece or another jurisdiction in which the act is to be performed or from, in or to which the payment is to be made, or (ii) is or will be connected with any transaction, or form part of any arrangement, having such an object;

(d) no Party is or was resident in or incorporated in a country which is the subject of sanctions imposed by the United Nations or the European Union (as any such sanctions are made a part of Greek law) or by Greece itself, or is otherwise controlled by or connected with such a person; and

(e) no registration or filings in any other jurisdiction are necessary to validate, perfect or preserve the priority of the Documents.

10 **No contravention**. That neither the execution nor the performance of any Document, will be contrary to any obligation which binds any Party or any restriction or security interest which affects any asset held or owned by any Party.

11 **No modification**. That no side-letter or other document or communication (written or oral) modifies any provision of any Document and that there are no matters external to the Documents, for example duress, or mistake, which affect the Documents or their enforceability.

12 **No Greek insolvency proceedings**. That there is no insolvency proceeding in Greece in respect of any party, and no step taken with a view to insolvency proceedings, and which (in the case of Thrace) has not has been disclosed in the searches and inquiries referred to this report. For these purposes, "insolvency proceedings" include a winding-up, the appointment of a provisional liquidator, an administration (whether appointed by the court or out of court), a voluntary arrangement, a moratorium, and a scheme of arrangement, including any form of territorial, secondary or ancillary insolvency proceeding; also any form of receivership, whether the receiver is appointed by the court or otherwise; and any proceedings or procedure under the laws of a country other than England which is comparable to any of the foregoing.

13 **No foreign insolvency proceedings**. That no Party is the subject of any insolvency proceedings in any other jurisdiction; and that no step has been taken with a view to the commencement or opening of any insolvency proceedings in relation to any Party in any other jurisdiction.

14 **Accuracy of information**. That the information disclosed in the searches and enquiries referred to in this report was accurate.

APPENDIX 2

GENERAL QUALIFICATIONS

1. **Contractual construction**. In stating that, in our opinion, a Document constitutes valid, binding and enforceable obligations, we refer to such terms not as read literally, but as they would be construed by a Greek court, applying the interpretative provisions of the Greek Civil Code.

2. **Specific performance and injunctions**. By describing an obligation as 'enforceable', we do not mean that it will necessarily be enforced by an order for specific performance or by an injunction. Specific performance will not be granted where damages would be an adequate remedy. Both specific performance and injunction are remedies granted in the discretion of the court.

3. **Principles restricting enforcement**. Enforcement may be limited by general principles of fairness or public policy from time to time.

4. **Determinations**. The court may set aside a determination or the exercise of a power if it was arbitrary or capricious or if the determination was made on an incorrect basis or if the power was exercised for an improper purpose; possibly also if no reasonable person could have made that determination or exercised the power in that way or if the determination was made or the power exercised without taking account of relevant consideration or was influenced by irrelevant considerations. This is so even if a Document provides that the relevant determination or certificate shall be conclusive, or that the relevant power is exercisable at a Party's absolute and unfettered discretion.

APPENDIX 3

DOCUMENTS REVIEWED

For the purpose of this report we have reviewed copies of the following documents (the "Documents"):

- Lease contract No. 850/11-02-1993;
- Certificate No. 23806/29-09-2011 of the Attica regional company supervisory department ("Company Registry Certificate");
- Certificate No. 39337/22-09-2011 of the Athens Court of First Instance ("Court Certificate");
- Tax clearance certificate dated 27 September 2011 from ("Tax Clearance Certificate");
- Applications dated September 16th, 2011 to the Athens Court of First Instance;
- Ministerial decision No. Δ8/Α/Φ16.32/17315/9-07-1993;
- Ministerial decision No. Δ8/Α/Φ16.32/7749/15-06-1998;
- Ministerial decision No. Δ8-Α/Φ16.32/10415/15-07-1999;
- Ministerial decision No. 477/30-07-1998;
- Ministerial decision No. 5226/14-12-1993;
- Ministerial decision No. 5587/25-11-1996;
- Ministerial decision No. 640/9-03-1999;
- Ministerial decision No Δ8/Δ/Φ16.32/10810/8-07-1999;
- Ministerial decision No Δ8/Δ/Φ16.32/5391/2003;
- Opinion No. Δ8-Α/Φ 1632/2617/19-10-1993 of the Ministry of Development;
- Opinion No. Δ8-Α/Φ 1632/ 3218/25-2-1999 of the Ministry of Development;
- Approval decisions No. 1215/1110/1998 and 1899/1998 of the prefectures of Macedonia, Rhodope and Evros;
- Certificate No. 2305/4-11-1993 of the Sapes Land Registry Office;
- Certificate No. 2608/11-11-1993 of the Alexandroupolis Land Registry Office;
- Ministerial decision No. ΑΠ.Δ8/Φ16.32/13526/17-07-1998;
- Notarial deed No. 2652/15-07-1998;
- Certificate No. 613/6-10-1998 of the Sapes Land Registry Office;
- Certificate No. 5605/4-11-1998 of the Alexandroupolis Land Registry Office;
- Ministerial decision No. 3390/391/10-02-2000;

- Ministerial decision No. Δ8/Δ/Φ16.32/5391/ΓΔΦΠ/14-03-2003;
- Court bailiff report No. 6855/13-12-2007;
- Notarial deed No. 2349/17-11-1997;
- Court bailiffs report No. 6374/26-11-1997;
- Notarial deed No. 3778/22-11-2002;
- Court bailiff's report No. 2717/4-12-2002;
- Document No. Δ8/Δ/Φ.16.32/17822/6-12-2002 of the Ministry of Environment, Energy and Climate Change;
- Notarial deed No. 4931/6-12-2007;
- Court bailiff' s report No. 6855/13-13-2007;
- Document No. Δ8/Δ/Φ.16.32/24879/5477/7-01-2008 of the Directory of Minerals of the Ministry of Development;
- Applications Nos. 133598/16-12-2010 and 27161/17-12-2010 submitted to the Ministry of Environment, Energy and Climate Change and
- Copy of the Company's share register.
- Certificate No 24446/2011 of the Athens Court of First Instance;
- Certificate No 24062/2011 of the Athens Court of First Instance;
- Certificate No 12168/2011of the Athens Court of First Instance;
- Certificate No 29162/2011 of the Athens Court of First Instance;
- Certificate No 29163/2011 of the Athens Court of First Instance;
- Certificate No 29164/2011 of the Athens Court of First Instance;
- Certificate No 29165/2011 of the Athens Court of First Instance;
- Certificate No 31669/2011 of the Athens Court of First Instance;
- Social Security clearance certificate No 390204/5-10-2011
- Certificate dated 7 October 2011 of the Conseil d'Etat.

9. RIGHTS ATTACHING TO SECURITIES

9.1 Rights attaching to Shares

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders:

(a) **General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the constitution of the Company.

(b) **Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of Shareholders or classes of Shareholders:

(i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and

(iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend Right**s

Subject to and in accordance with the Corporations Act, the listing rules of the relevant exchange, the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend. Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the dividend as declared shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

(d) **Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by the relevant exchange as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the listing rules of the relevant exchange.

(f) **Variation of Rights**

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

9.2 Terms of Options

Having received approval at the General Meeting, the Company will issue Options to the Directors, Proposed Director, brokers, staff, management and consultants who assist the Company in relation to the Offer on the following terms:

(a) Each Option gives the Optionholder the right to subscribe for one Share.

(b) The Options will expire at 5:00pm (WST) on 31 October 2014 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) The amount payable upon exercise of each Option will be $0.25 (**Exercise Price**);

(d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

(e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:

(i) a written notice of exercise of Options specifying the number of Options being exercised; and

(ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,

(**Exercise Notice**);

(f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

(h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.

(i) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.

(j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(l) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(m) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

9.3 Terms of Existing Options

Existing Options – Commercial Terms

As set out in section 1.12, the Options on issue at the date of this Prospectus are as follows:

	Number	Exercise Price	Expiry Date
a)	200,000	$0.30	31 March, 2013
b)	5,000,000	$0.17	27 July, 2016
c)	10,000,000	$0.17	15 August, 2016
Total	**15,200,000**		

Existing Options – General terms

200,000 Existing Options exercisable at $0.30 each on or before 31 March 2013

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

(a) Each Existing Option gives the Existing Optionholder the right to subscribe for one Share.

(b) The Existing Options will expire 2 years after the date of issue (Expiry Date). Any Existing Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) The amount payable upon exercise of each Existing Option will be $0.30 (**Exercise Price**).

(d) The Existing Options held by each Existing Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

(e) An Existing Optionholder may exercise their Existing Options by lodging with the Company, before the Expiry Date:

(i) a written notice of exercise of Existing Options specifying the number of Existing Options being exercised; and

(ii) a cheque or electronic funds transfer for the Exercise Price for the number of Existing Options being exercised,

(**Exercise Notice**).

(f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Existing Options specified in the Exercise Notice.

(h) All Shares allotted upon the exercise of Existing Options will upon allotment rank pari passu in all respects with other Shares.

(i) The Company will not apply for quotation of the Existing Options on ASX. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Existing Options on ASX within 10 Business Days after the date of allotment of those Shares.

(j) If at any time the issued capital of the Company is reconstructed, all rights of an Existing Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(k) There are no participating rights or entitlements inherent in the Existing Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Existing Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Existing Options prior to the date for determining entitlements to participate in any such issue.

(l) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Existing Options, the exercise price of the Existing Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.

(m) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Existing Options, the number of securities over which an Existing Option is exercisable may be increased by the number of securities which the Existing Optionholder would have received if the Existing Option had been exercised before the record date for the bonus issue.

15,000,000 Existing Options exercisable at $0.17 each (items (b) and (c) above)

General terms applicable to the Existing Options outlined in items (b) and (c) above are as follows:

(a) Each Existing Option gives the Optionholder the right to subscribe for one Share.

(b) The Existing Options will expire at 5.00pm (WST) on the date being 5 years of the date of issue (**Expiry Date**) (being 27 July 2016 for 5,000,000 Existing Options and 15 August 2016 for 10,000,000 Existing Options). Any Existing Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(c) The Existing Options entitle the holder to subscribe (in respect of each Existing Option held) for a Share at the relevant exercise price per Existing Option as referenced above (**Exercise Price**).

(d) The Existing Options held by each Existing Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.

(e) An Existing Optionholder may exercise their Existing Options by lodging with the Company, before the Expiry Date:

(i) a written notice of exercise of Existing Options specifying the number of Existing Options being exercised; and

(ii) a cheque or electronic funds transfer for the Exercise Price for the number of Existing Options being exercised,

(**Exercise Notice**).

(f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.

(g) Within 5 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Existing Options specified in the Exercise Notice.

(h) The Existing Options are transferable.

(i) All Shares allotted upon the exercise of Existing Options will upon allotment rank pari passu in all respects with other Shares.

(j) The Company will not apply for quotation of the Existing Options on ASX. However, The Company will apply for quotation of all Shares allotted pursuant to the exercise of Existing Options on ASX within 10 Business Days after the date of allotment of those Shares.

(k) If at any time the issued capital of the Company is reconstructed, all rights of an Existing Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) There are no participating rights or entitlements inherent in the Existing Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Existing Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Existing Options prior to the date for determining entitlements to participate in any such issue.

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

10. ADDITIONAL INFORMATION

10.1 Summary of the Share Sale Agreement

The Company, Cape Lambert, Rhodopi and MinSec have entered into the Share Sale Agreement pursuant to which Cape Lambert agreed to sell, and the Company agreed to acquire, 100% of the issued share capital of Scarborough Minerals Overseas Holdings Ltd (**Scarborough**) from MinSec for:

- $32,500,000 cash;
- 16,000,000 Shares;
- $5,000,000 in cash or the equivalent issue of Shares[1] (at the election of MinSec) upon the granting of all necessary approvals and consents of governmental authorities to enable Thrace to commence mining the Sapes Gold Project; and
- $5,000,000 in cash or the equivalent issue of Shares[1] (at the election of MinSec) upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper and/or silver) from the Sapes Gold Project.

1. Such number of Shares equal to $5,000,000 divided by a price equal to the weighted average trading price of Shares on ASX on the 5 days before satisfaction of the relevant milestone.

The material terms of the Share Sale Agreement are as follows:

(a) (**Conditions Precedent**): Settlement of the Share Sale Agreement is subject to and conditional upon (amongst other things):

(i) the Company obtaining all necessary Shareholder approvals at the General Meeting required by the Corporations Act and the Listing Rules for all transactions contemplated by the Share Sale Agreement, including the issue of the Consideration Shares and up to 15,100,000 Options;

(ii) MinSec and / or the Company obtaining all necessary consents, authorizations and approvals of all governmental authorities and third parties (if any), to transfer Scarborough to Glory; and

(iii) the Company successfully completing the Offer and obtaining conditional approval to be requoted on ASX and for the Consideration Shares to be admitted to ASX (subject to ASX imposed escrow restrictions) and subject to standard conditions acceptable to the Company (acting reasonably),

(together, the **Sale Conditions**).

If the Sale Conditions are not satisfied (or waived, to the extent that any Sale Condition is capable of waiver) by 5.00pm on 31 December 2011 (or such other date as may be agreed by the parties in writing), the Share Sale Agreement shall immediately terminate;

(b) (**Consideration**): in consideration for the acquisition of 100% of Scarborough, the Company will:

(i) allot and issue MinSec (or its nominee) 16,000,000 Consideration Shares; and

(ii) pay, or issue and allot to MinSec, the Deferred Consideration (outlined further in item (c) below).

(iii) The Company will also be required to pay back the Dempsey Loan (outlined further in item (d) below).

(c) (**Deferred Consideration**): The Company has agreed to pay Cape Lambert (or its nominee):

(i) $5,000,000 in cash or the equivalent issue of Shares (at the election of MinSec) upon the granting of all necessary approvals and consents of governmental authorities to enable Thrace to commence exploitation of minerals in respect of the Sapes Gold Project (**Stage 1 Deferred Consideration**); and

(ii) $5,000,000 in cash or the equivalent issue of Shares (at the election of Minsec) upon the sale of the first 1,000oz of gold (or gold equivalent in the case of copper concentrate and/or silver) from the Sapes Gold Project (**Stage 2 Deferred Consideration**);

(d) (**Dempsey Loan**): as at the date of the Share Sale Agreement a loan will be created (**Dempsey Loan**) pursuant to which the Company will owe Dempsey Resources Pty Limited (**Dempsey**), a wholly owned subsidiary of Cape Lambert, $32,500,000 (**Loan Funds**). The Dempsey Loan is repayable under the Share Sale Agreement in immediately available funds within 3 business days of settlement of the Share Sale Agreement. The repayment of the Dempsey Loan will be payable by the Company in part consideration for the Acquisition;

(e) (**Settlement**): settlement of the Share Sale Agreement is to occur on that date which is 10 business days after the satisfaction or waiver of the last of the Sale Conditions (or such other date as agreed between the parties) (**Settlement**);

(f) (**Transitional Funding**): Cape Lambert will provide funding to the Company to operate in the normal course of business until such day before the date on which the Company is re-admitted to Official Quotation. The Transitional Funding will be repaid by Glory at the same time the Dempsey Loan is repaid;

(g) (**Company Acknowledgements and Undertakings**): Amongst other things, the Company acknowledges, covenants and agrees:

(i) nothing in the Share Sale Agreement will prevent Cape Lambert from engaging in or being involved in similar activities to the Company (including in Greece); and

(ii) to repay the Dempsey Loan and Transitional Funding in accordance with the Share Sale Agreement.

(h) (**Cape Lambert Acknowledgements and Undertakings**): Amongst other things, MinSec acknowledges and agrees:

(i) the Company owes MinSec or Cape Lambert no duty to explore, develop or mine the Sapes Gold Project, or to do so at any rate or in any manner other than that which the Company may determine in its sole discretion; and

(ii) the Company may but is not obliged to sell any gold extracted from the Sapes Gold Project.

(i) (**Stage 1 Deferred Settlement**): the Company acknowledges and agrees that:

(i) it will keep MinSec and Cape Lambert reasonably informed as the status of the requisite operating approvals and consents;

(ii) as soon as practicable after Thrace has obtained an indication from the relevant governmental authority that the operating approvals and consents are to be granted, the Company must notify the Seller and Cape Lambert of such fact; and

(iii) as soon as practicable after receiving this notice the Seller must notify the Company in writing whether it (or its nominee) elects to receive the Stage 1 Deferred Consideration in cash or Shares.

(j) (**Stage 2 Deferred Settlement**): the Company acknowledges and agrees that:

(i) it will keep MinSec and Cape Lambert reasonably informed of the gold production at the Sapes Gold Project and provide them with updates of the production at the Sapes Gold Project upon reasonable request;

(ii) Thrace must provide at least 5 business days notice to MinSec and Cape Lambert of the sale of the 1,000 ounces of gold (or gold equivalent in the case of copper concentrate and / or silver metal) from the Sapes Gold Project; and

(iii) as soon as practicable after receiving this notice the Seller must notify the Company in writing whether it (or its nominee) elects to receive the Stage 2 Deferred Consideration in cash or Shares.

MinSec and Cape Lambert have provided warranties and representations in favour of the Company in relation to Scarborough, its subsidiaries and its interests in the Sapes Gold Project in the Share Sale Agreement. The Share Sale Agreement otherwise contains standard clauses typical for an agreement of this nature.

10.2 Eldorado Subscription Agreement

As outlined in section 2.4, the Company and Eldorado have entered into a Subscription Agreement, whereby, subject to the terms and conditions noted therein, Eldorado has agreed to subscribe for such number of Shares pursuant to the Offer such that it will hold a relevant interest in 19.9% of the Company's Shares upon completion of the Offer.

The material terms of the Subscription Agreement are as follows:

(a) (**Subscription**): Subject to the terms and conditions of the Subscription Agreement, the Company must allot and issue Eldorado and Eldorado must subscribe pursuant to the Prospectus for such number of Shares representing 19.9% of the Shares on issue upon completion of the Offer at $0.25 per Share (**Subscription Shares**).

(b) (**Conditions precedent**): The Company and Eldorado are only obliged to perform their obligations in relation to the completion of the issue and allotment of the Subscription Shares in accordance with the Subscription Agreement (**Completion**) if the following conditions are satisfied or waived by both the Company and Eldorado:

(i) Minimum Subscription – The Company has received subscriptions for Shares pursuant to the Offer which, when aggregated with the number of Subscription Shares multiplied by $0.25 per Share (**Subscription Amount**), will exceed $42,500,000 and such subscriptions remaining in full force and effect on Completion.

(ii) Shareholder Approvals – The Shareholder approvals obtained at the general meeting of the Shareholders of the Company held on October 24, 2011 remain in full force and effect on Completion.

(c) (**Company Warranties**): In addition to warranties provided by the Company to Eldorado that are considered standard for an agreement of this type, the Company has provided a range of representations and warranties to Eldorado that provide Eldorado with the benefit of:

(i) those representations and warranties provided by Cape Lambert to the Company pursuant to the Share Sale Agreement in relation to Scarborough, its subsidiaries and its interests in the Sapes Gold Project; and

(ii) those representations and warranties provided by Glory to Mirabaud Securities LLP pursuant to the Offer Management Agreement.

(d) (**Eldorado Warranties**): Eldorado has provided representations and warranties to the Company that are considered standard for an agreement of this type.

(e) (**Termination by the Company**): The Company may terminate the Subscription Agreement at any time prior to Completion by notice in writing to Eldorado if:

(i) material breach: Eldorado commits a material breach of the Subscription Agreement and that breach is incapable of remedy or, if capable of remedy, is not remedied by Eldorado within 5 business days of receiving written notice by the Company specifying the breach and stating an intention to terminate the Subscription Agreement;

(ii) unable to issue: the Company is unable to issue the Subscription Shares as a result of a court order or direction of a government authority;

(iii) no minimum subscription: the Minimum Subscription Amount of $42,500,000 (when aggregated with the Subscription Amount) under the Prospectus is not achieved; or

(iv) no acquisition of the Sapes Gold Project: the acquisition of the Sapes Gold Project from Cape Lambert is not completed.

(f) (**Termination by Eldorado**): Eldorado may terminate the Subscription Agreement at any time prior to Completion by notice in writing to Glory if:

(i) material breach: Glory commits a material breach of the Subscription Agreement and that breach is incapable of remedy, or if capable of remedy, is not remedied by Glory within 5 business days of receiving written notice from Eldorado specifying the breach and stating an intention to terminate the Subscription Agreement;

(ii) no minimum subscription: the Minimum Subscription Amount of $42,500,000 (when aggregated with the Subscription Amount) under the Prospectus is not achieved;

(iii) no acquisition of the Sapes Gold Project: the acquisition of the Sapes Gold Project from Cape Lambert is not completed; or

(iv) material adverse change: there is a material adverse change in the affairs of Glory.

(g) (**Director Appointments**): So long as Eldorado and its associates hold a relevant interest in Shares of at least equal to 10% of the issued and outstanding Shares as at the relevant calculation date (**Threshold Amount**), Eldorado will have the right, but not the obligation, to nominate one representative to the Board of the Company. If at any time Eldorado and its associates hold a relevant interest in Shares less than the Threshold Amount, Eldorado must procure that its nominee appointed to the Board of the Company immediately resign as a Director.

(h) (**Participation Rights**): So long as Eldorado and its associates hold a relevant interest at least equal to the Threshold Amount then:

(i) the Company agrees that it will provide Eldorado with no less than 7 business days notice of any intention to carry out any public or private equity financing to raise capital for cash consideration undertaken by the Company through the issue of Shares, or securities convertible into Shares, for cash consideration (**Financing**);

(ii) without Eldorado's prior written consent, the Company will not issue any Shares or securities convertible into Shares pursuant to any Financing before the expiry of 7 business days referred to above; and

(iii) the Company agrees that it will consult with Eldorado in good faith with a view to the participation of Eldorado (or of an associate nominated by Eldorado) in any proposed Financing in a fair and equitable manner (having regard to the relevant interest then held by Eldorado).

(i) (**Negotiation of Joint Venture**): Whilst Eldorado and its associates hold a relevant interest in the Company's Shares at least equal to the Threshold Amount, if the Company resolves to seek a joint venture party for the Sapes Gold Project, the Company and Eldorado shall use their commercially reasonable efforts to negotiate in good faith and conclude, subject to necessary Shareholder approvals required by the ASX Listing Rules, a joint venture agreement for the Sapes Gold Project.

10.3 Offer Management Agreement

The Company has entered into an offer management agreement with Mirabaud Securities LLP pursuant to which Mirabaud Securities LLP has been appointed, and has agreed to act as, Lead Manager and to exclusively arrange and lead manage, and act as book runner for the Offer (**Offer Management Agreement**). The material terms of the Offer Management Agreement are as follows:

(a) (**Conditions**) The Offer Management Agreement is subject to and conditional upon various matters including the following:

(i) the Share Sale Agreement being unconditional (save for the completion of the Offer) not being void, voidable, terminated, rescinded or materially breached or amended prior to Settlement; and

(ii) the Company obtaining all necessary Shareholder approvals at the General Meeting, amongst, other things, for the Acquisition and for all other purposes under the ASX Listing Rules and the Corporations Act.

(b) (**Fees & Expenses**) In consideration for the services to be provided by the Lead Manager in relation to the Offer, the Company has agreed:

(i) to pay to the Lead Manager, a total Management and Selling Fee equal to:

a) 5% of the total amount raised under the Offer from investors that were not introduced to the Offer by the Company; and

b) 1% of the total amount raised under the Offer from investors that were introduced to the Offer by the Company;

(ii) to issue the Lead Manager (or its nominee) Options equal to 3% of the Shares issued by the Company pursuant to the Offer (excluding Shares subscribed for by applicants introduced to the offer by the Company) each exercisable at $0.25 each on or before 31 October 2014.

The Company must also pay, or reimburse the Lead Manager for, any costs, expenses and disbursements incurred by the Lead Manager and directly related to the Offer (**Costs**).

(c) (**Termination Fee**): In the event that the obligations of the Lead Manager are terminated or the Offer is withdrawn or does not proceed or is not completed for any reason:

(i) the Company shall not be obliged to pay the fees referred to sub-clauses (i) and (ii), except to the extent that the fees had accrued at the relevant date; and

(ii) the Company is obliged to pay to the Lead Manager within five Business Days of termination the balance of any Costs.

(d) (**Sub-Agents**): The Lead Manager may, after consulting with the Company, appoint sub-agents, brokers or co-managers to the Offer.

10.4 Interests of Directors

Other than as set out below or elsewhere in this Prospectus, no Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with:

(i) its formation or promotion; or

(ii) the Offer; or

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(a) as an inducement to become, or to qualify as, a Director; or

(b) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

10.5 Remuneration

The Company's Constitution provides that the remuneration of Non Executive Directors will be not more than the aggregate fixed sum initially set by the Constitution and subsequently varied by ordinary resolution of Shareholders in general meeting. In addition, a Director may be paid fees or other amounts as the Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

As at the date of this Prospectus, the current and proposed Directors have a relevant interest in the Securities of the Company, and have been paid remuneration (inclusive of superannuation) by the Company, as set out in the table below:

Director/Proposed Director	Shares	Options[1, 2]
Mr Bernard Aylward[3]	Nil	1,200,000
Mr Jason Bontempo[4]	1,400,000	3,000,000
Mr Jeremy King	15,000	1,000,000
Mr Jeremy Wrathall	Nil	Nil

Notes:

1. Options are exercisable at $0.17 each on or before 27 July 2016, other than 200,000 held by Mr Aylward, which are exercisable at $0.30 each on or before 31 March 2013.

2. Having received approval by Shareholders at the General Meeting to approve the acquisition of the Sapes Gold Project, Messrs Aylward, Bontempo, King and Wrathall shall be granted 800,000, 1,500,000, 500,000 and 1,500,000 Options respectively exercisable at $0.25 each on or before 31 October 2014.

3. Held indirectly by Mr Aylward as trustee for the Galbraith Family Trust A/C.

4. Held indirectly by BR Corporation Pty Ltd (as to 450,000 Shares) a company of which Mr Bontempo is a director with the balance of Shares and Options held by Tiziana Battista on behalf of Mr Bontempo. Ms Battista is Mr Bontempo's wife.

Director/Proposed Director	Remuneration FY2011[1]	Remuneration FY2010
Mr Bernard Aylward	$17,600	N/A
Mr Jason Bontempo	$32,151	N/A
Mr Jeremy King	$33,227	N/A
Mr Jeremy Wrathall	Nil	N/A

1. Remuneration for the year ended 30 June 2011. Excludes non-monetary and Share / Option based remuneration. Mr Aylward received $17,600 for services provided as a geological consultant to the Company. Mr Aylward was appointed as Director on 24 May 2011 and will receive $24,000 per annum for services as a Technical Director to the Company.

10.6 Director's Deeds of Indemnity

The Company has entered into deeds of insurance, indemnity and access which each of its Directors (**Deeds**).

Pursuant to these Deeds, the Company indemnifies each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting as an officer of the Company. The Company will be required under the Deeds to maintain insurance policies for the benefit of the relevant Director for the term of the appointment and for a period of seven years after the relevant Director's retirement or resignation.

The Deeds will also provide for the Director's right of access to Board papers.

10.7 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no:

(a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(b) promoter of the Company; or

(c) financial services licensee named in this Prospectus as a financial services licensee involved in the Offer, holds or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

(i) the formation or promotion of the Company;

(ii) any property acquired or proposed to be acquired by the Company in connection with:

(A) its formation or promotion; or

(B) the Offer;

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

(d) the formation or promotion of the Company; or

(e) the Offer.

Mirabaud Securities LLP has acted as the Lead Manager in relation to the Offer. The Company estimates it will pay Mirabaud Securities LLP a total of $2,150,000 (excluding GST) for these services, based on the Minimum Subscription Amount being raised. In addition to these fees, Mirabaud Securities LLP will be entitled to Options equal to 3% of the Shares issued by the Company pursuant to the Offer (excluding Shares subscribed for by applicants introduced to the offer by the Company) exercisable at $0.25 each on or before 31 October 2014. Further details in respect to the arrangements with Mirabaud Securities LLP are summarised in the Offer Management Agreement in Section 10.2. During the 24 months preceding lodgement of this Prospectus with the ASIC, Mirabaud Securities LLP has not received any fees from the Company.

Al Maynard & Associates has acted as Independent Geologist in relation to the Sapes Gold Project and has prepared the Independent Geologist's Report, which is included in Section 6 of this Prospectus. The Company has paid Al Maynard & Associates a total of $19,800 (including GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Al Maynard & Associates has not received any other fees from the Company.

BDO Corporate Finance (WA) Pty Ltd has acted as Investigating Accountant and has prepared the Investigating Accountant's Report, which is included in Section 7 of this Prospectus. The Company estimates it has and will pay BDO Corporate Finance (WA) Pty Ltd a total of $20,000 (including GST) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Corporate Finance (WA) Pty Ltd has received fees from the Company in the amount of $8,000.

BDO Audit (WA) Pty Ltd has been appointed as Auditor to the Company for which it will be paid usual commercial rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, BDO Audit (WA) Pty Ltd has received fees from the Company in the amount of $41,366.

Watson, Farley & Williams have prepared the Solicitor's Report on the Sapes Gold Project, which is included in Section 8 of this Prospectus. The Company estimates it will pay Watson, Farley & Williams $25,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Watson, Farley & Williams has not received any fees from the Company.

Gilbert + Tobin have acted as the solicitors to the Offer and the Australian solicitors to the Company in relation to the Offer. The Company estimates it will pay Gilbert + Tobin $100,000 (excluding GST) for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Gilbert + Tobin has received fees from the Company in the amount of $41,253.

Grange Consulting Group Pty Ltd (Grange) is acting as corporate advisor to Glory. The Company estimates it will pay Grange $60,000 (excluding GST) for corporate advisory services provided to the Company in relation to the Offer. During the 24 months preceding lodgement of this Prospectus with the ASIC, Grange has received fees from the Company in the amount of $146,957.

10.8 Consents

Each of the parties referred to in this Section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section; and

(b) to the maximum extent permitted by law, expressly disclaim, and take, no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Mirabaud Securities LLP has given its written consent to being named as Lead Manager to the Offer, in the form and context in which it is named. Mirabaud Securities LLP has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC. Mirabaud Securities LLP was not involved in the preparation of any part of this Prospectus and did not authorise or cause the issue of this Prospectus. Mirabaud Securities LLP makes no express or implied representation or warranty in relation to the Prospectus or the offer and does not make any statement in this Prospectus, nor is any statement in it based on any statement made by Mirabaud Securities LLP

Al Maynard & Associates Pty Limited has given its written consent to being named as Independent Geologist in this Prospectus and to the inclusion of the Independent Geologist's in Section 6 of this Prospectus in the form and context in which the report is included, and to the inclusion of those statements in this Prospectus attributable to it in the form and context in which they are included. Al Maynard & Associates Pty Limited has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

BDO Corporate Finance (WA) Pty Ltd has given its written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 7 of this Prospectus in the form and context in which the information and report is included. BDO Corporate Finance (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

BDO Audit (WA) Pty Ltd has given its written consent to being named in the Prospectus as the Company's auditor and to the inclusion in the Prospectus of audited financial statements of the Company for the year ending 30 June 2011, and to all statements based on those financial statements in the form and context in which they appear. BDO Audit (WA) Pty Ltd has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Watson, Farley & Williams has given its written consent to being named as the Greek solicitors to the Company in this Prospectus and to the inclusion of the Solicitor's Report in Section 8 of this Prospectus. Watson, Farley & Williams has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Gilbert + Tobin has given its written consent to being named as the solicitors to the Offer and the Australian solicitors to the Company in this Prospectus. Gilbert + Tobin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Dr Mike Armitage has given his written consent to the inclusion in this Prospectus of all statements made by him or attributed to or derived from those statements in the form and context in which they are included in this Prospectus and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Malcolm Dorricott has given his written consent to the inclusion in this Prospectus of all statements made by him or attributed to or derived from those statements in the form and context in which they are included in this Prospectus and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

Grange Consulting Group Pty Limited has given, and not withdrawn, its written consent to being names as corporate advisor to the Company in this Prospectus. Grange Consulting Group Pty Limited has not authorised or caused the issue of the Prospectus or the making of the Offer and takes no responsibility for any part of the Prospectus. Grange makes no representation regarding, and to the maximum extent permitted by law excludes responsibility for, any statements in or omissions from any part of this Prospectus.

10.9 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $2.5 million and are expected to be applied towards the items set out in the table below:

Item of Expenditure	$
ASX and ASIC fees	80,000
Broker Commissions	2,125,000[1]
Australian Legal Fees	140,000
Greek Legal Fees	40,000
Independent Geologist's Fees	20,000
Investigating Accountant's Fees	20,000
Corporate Advisor Fees	60,000
Miscellaneous	15,000
TOTAL	**2,500,000**

Notes:

1. Broker commissions have been estimated based on 5% commission payable on the Minimum Subscription Amount of $42,500,000. Should the Maximum Subscription Amount be raised commissions payable are expected to be $2,500,000.

10.10 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.11 ASX Waiver

The Company has been granted a waiver by ASX from ASX Listing Rule 1.1 Condition 11 which provides that the exercise price of options must be at least $0.20. This waiver has been granted in relation to the 15 million Options currently on issue that have an exercise price of $0.17.

10.12 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the website of the Company at www.gloryresources.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.13 Taxation

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

10.14 Continuous Disclosure Obligations

Following the re-quotation of the Company to the Official List, the Company will be a "disclosing entity" (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's Securities.

Price sensitive information will be publicly released through ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

11. DIRECTORS' AUTHORISATION

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors and Proposed Directors.

In accordance with Section 720 of the Corporations Act, each Director and Proposed Director has consented to the lodgement of this Prospectus with the ASIC.

Jason Bontempo
Executive Director
For and on behalf of
GLORY RESOURCES LIMITED

12. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

$ means an Australian dollar.

Acquisition means the acquisition by Rhodopi (an indirectly wholly owned subsidiary of the Company) of Scarborough Minerals Overseas Holdings Ltd pursuant to the Share Sale Agreement.

Application Form means the application form attached to or accompanying this Prospectus relating to the Offer.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

ASX Listing Rules means the official listing rules of ASX.

Ag means silver

Au means gold

Board means the board of Directors as constituted from time to time.

Cape Lambert means Cape Lambert Resources Limited (ABN 71 095 047 920).

Cash Consideration means $32,500,000 payable to Cape Lambert in part consideration for the acquisition of all the issued capital in to Scarborough Minerals Overseas Holdings Ltd in accordance with the terms and conditions of the Share Sale Agreement.

Closing Date means the closing date of the Offer as set out in Section 1.4 of this Prospectus (subject to the Closing Date being extended or the Offer being closed early).

Company or **Glory** means Glory Resources Limited (ABN 38 142 870 102) (to be renamed Chrysos Limited).

Consideration Shares means 16,000,000 Shares to be issued to Cape Lambert in part consideration for the acquisition of all the Sapes Gold Project in accordance with the terms and conditions of the Share Sale Agreement.

Constitution means the constitution of the Company.

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

Cu means copper

Directors means the current directors of the Company at the date of this Prospectus.

Existing Options means the Options currently on issue on the terms set out in Section 9.3.

Feasibility Study means the feasibility study completed in 2001 by Thrace and subsequently updated in March 2010, with cost assumptions further updated in September 2010.

General Meeting means the annual general meeting of Shareholders held on 24 October 2011 (and any adjournment of that meeting) to consider, amongst other things, a change in nature and scale of the Company's activities, issue of the Consideration Shares and the issue of Shares the subject of the Offer.

JORC Code means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004) prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Lead Manager means Mirabaud Securities LLP.

Lease means the lease upon which the Sapes Gold Project is located principally comprised of Lease Contract No. 850 for the E5 Area located in Sapes, Greece.

Maximum Subscription Amount means $50,000,000.

Minimum Subscription Amount means $42,500,000.

MinSec means Mineral Securities (UK) Limited company number 1862971.

Ni means nickel

Offer means the offer of Shares pursuant to this Prospectus as set out in Section **2** of this Prospectus.

Official List means the official list of ASX.

Offer Management Agreement means the agreement between the Company and the Lead Manager as summarised in Section 10.3.

Official Quotation means official quotation by ASX in accordance with the ASX Listing Rules.

Opening Date means 4 November 2011, being the date of this Prospectus.

Option means an option to acquire a Share.

Option holder means a holder of Options.

PGE means platinum group elements.

Proposed Director means the proposed Director of the Company following completion of the Acquisition as set out in Section 5.2.

Prospectus means this prospectus.

Rhodopi means Rhodopi Minerals Ltd (a company incorporated in England and Wales).

Sapes Gold Project means the gold project contained within lease contract No. 850/11-62-1993 regarding research and exploitation of the state owned mine named “E5”, situated in the areas of Rhodope and Evros Prefectures, Greece, held by Thrace Minerals SA.

Securities means Shares and Options.

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

Shareholder means a holder of Shares.

Share Sale Agreement means the agreement in respect of the Acquisition, a summary of which is set out in Section **10.1** of this Prospectus.

Subscription Agreement means the agreement in respect of the subscription by Eldorado of the Subscription Shares, a summary of which is set out in Section 10.2 of this Prospectus.

Thrace Minerals means Thrace Minerals SA (a company incorporated in Greece).

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

APPLICATION FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535, APPLECROSS WA 6953
770 Canning Highway, APPLECROSS WA 6153
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

GLORY RESOURCES LIMITED

ABN 38 142 870 102

BROKER STAMP

Broker Code

Advisor Code

PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM

No shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.
Before completing this Application Form you should read the accompanying Prospectus and the instructions overleaf. Please print using BLOCK LETTERS.

I/We apply for:

, , Shares at AUD $0.25 per share

or such lesser number of Shares which may be allocated to me/us by their Directors.

I/We lodge full application of monies of:

A$, , .

Full Name of Applicant / Company
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #2
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Joint Applicant #3
Title (e.g.: Dr, Mrs) Given Name(s) or Company Name

Account Designation (e.g.: THE SMITH SUPER FUND A/C)

< >

Postal Address
Unit / Street Number Street Name or PO BOX

Suburb/Town/City State Postcode

Country Name (if not Australia)

CHESS HIN (where applicable)

X

If an incorrect CHESS HIN has been provided (e.g.: incorrect number, registration details do not match those registered) any securities issued will be held on the Issuer Sponsored subregister.

Contact Name

Contact Number

( )

Email Address

@

Tax File Number / Australian Business Number

Tax File Number of Security Holder #2 (Joint Holdings Only)

Declaration and Statements:
(1) I/We declare that all details and statements made by me/us are complete and accurate.
(2) I/We agree to be bound by the Terms & Conditions set out in the Prospectus and by the Constitution of the Company.
(3) I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Securities to me/us.
(4) I/We have received personally a copy of the Prospectus accompanied by or attached to this Application form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Securities.
(5) I/We acknowledge that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus.
(6) I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Securities in the Company and that no notice of acceptance of the application will be provided.

REGISTRY DATE STAMP

E & O.E.

0871122157

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON
UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 4 NOVEMBER 2011 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

This Application Form relates to the Offer of Fully Paid Shares in Glory Resources Limited pursuant to the Prospectus dated 4 November 2011.

APPLICATION FORMS

Please complete all parts of the Application Form using BLOCK LETTERS. Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected. Current CHESS participants should complete their name and address in the same format as they are presently registered in the CHESS system.

Insert the number of Shares you wish to apply for. The application must be for a minimum of 8,000 Shares and thereafter in multiples of 500 Shares. The applicant(s) agree(s) upon and subject to the terms of the Prospectus to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

Please provide us with a telephone contact number (including the person responsible in the case of an application by a company) so that we can contact you promptly if there is a query in your Application Form. If your Application Form is not completed correctly, it may still be treated as valid. There is no requirement to sign the Application Form. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it shall be final.

PAYMENT

All cheques should be made payable to ***GLORY RESOURCES LIMITED - SHARE OFFER ACCOUNT*** and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured. Do not forward cash as receipts will not be issued.

LODGING OF APPLICATIONS

Completed Application Forms and cheques must be:

Posted to:	**OR**	**Delivered to:**
Glory Resources Limited C/- Security Transfer Registrars Pty Ltd PO Box 535 APPLECROSS WA 6953		Glory Resources Limited C/- Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153

Applications must be received by no later than 5.00pm WST on the Closing Date 5.00pm WST which may be changed immediately after the Opening Date at any time and at the discretion of the Company.

CHESS HIN/BROKER SPONSORED APPLICANTS

The Company intends to become an Issuer Sponsored participant in the ASX CHESS System. This enables a holder to receive a statement of holding rather than a certificate. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave this box blank and your Shares will automatically be Issuer Sponsored on allotment.

TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.
If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold securities. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Glory Resources Limited. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT	INCORRECT
Individual Use given names in full, not initials.	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations.	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names.	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use trustee(s) personal name(s), Do not use the name of the trust.	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Estate John Smith A/C>	Estate of Late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners' personal names. Do not use the name of the partnership.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Superannuation Funds Use the name of the trustee(s) of the super fund.	Jane Smith Pty Ltd <JSuper Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

PRIVACY STATEMENT Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

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