ACN 115 593 005

This is an important document. If you do not understand it or are in doubt how to act, you should consult your stockbroker, solicitor or financial adviser immediately.

# TARGET'S STATEMENT

In response to the off-market takeover offer by

## IRON MOUNTAIN MINING LIMITED

ACN 112 914 459

**to acquire all of your ordinary shares in United Orogen Limited**

**for the consideration of 1 Iron Mountain Mining share for every 4 United Orogen Shares**

---

# ACCEPT

## IRON MOUNTAIN MINING'S OFFER

in the absence of a superior proposal

**Legal Adviser:**
Lawton Gillon
Level 11
16 St Georges Terrace
PERTH WA 6000

**Date: 13th August 2012**

# Key Dates & Important Notices

## KEY DATES

| | |
|---|---|
| **Date of Iron Mountain Mining's Offer** | 7 August 2012 |
| **Date of this Target's Statement** | 24 August 2012 |
| **Close of Iron Mountain Mining's Offer (unless extended)** | 7.00 pm WST on 7 September 2012 |

## IMPORTANT NOTICES

### Nature of this document

This document is a Target's Statement issued by United Orogen Limited (ACN 115 593 005) under Part 6.5 Division 3 of the Corporations Act in response to Iron Mountain Mining's Bidder's Statement dated 27 July 2012.

### Defined terms and interpretation

Capitalised terms used in this Target's Statement are defined in section 9, Definitions and Interpretation. Section 9 also sets out some rules of interpretation which apply to this Target's Statement.

### Investment decision

This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Shareholder. You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept Iron Mountain Mining's Offer.

### Forward looking statements

These forward looking statements are, however, subject to risks (both known and unknown), uncertainties, assumptions and other important factors that could cause the actual conduct, results, performance or achievements to differ materially from the future conduct, results, performance or achievements expressed or implied by such forward looking statements.

None of United Orogen, its respective Directors, officers and advisers, and any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this Target's Statement will actually occur. Accordingly, you are cautioned not to place undue reliance on these forward looking statements.

### Responsibility

The Independent Expert's Report set out in Annexure B of this Target's Statement has been prepared by the Independent Expert for the purposes of this Target's Statement and the Independent Expert takes full responsibility for that report. United Orogen does not accept or assume any responsibility for the accuracy or completeness of the Independent Expert's Report, other than the factual information provided by United Orogen to the Independent Expert for the purposes of the Independent Expert's Report.

### Australian Securities and Investments Commission and ASX

A copy of this Target's Statement was lodged with the ASIC and provided to the ASX on 24 August 2012. Neither ASIC, ASX nor any of their officers takes any responsibility for the content of this Target's Statement.

Shareholder Information Line
Any questions regarding the Target's Statement should be directed to
(08) 9225 4936 Monday to Friday between 9.00 am and 3.00 pm (Perth time).

# Contents

# Independent Director's Letter

Dear Shareholder,

On 6 July 2012, Iron Mountain Mining Limited (Iron Mountain Mining) announced a takeover offer (the Offer) for your United Orogen Limited (United Orogen) ordinary Shares. The Offer was one (1) Iron Mountain Mining Share for every four (4) United Orogen Shares.

The Offer consideration is Iron Mountain Mining shares. This means that you will become a shareholder in Iron Mountain Mining if you accept the Offer and the conditions of the Offer are satisfied or waived. You will find information about Iron Mountain Mining contained in the Independent Expert's Report included with this Target's Statement and the Bidder's Statement provided by Iron Mountain Mining.

When the offer was announced, this represented a value of about A$0.0075 per United Orogen share and has now increased to about A$0.008 per United Orogen share based on the last closing price of Iron Mountain Mining shares on 10 August 2012.

The Independent Expert has concluded that the Offer is not fair but it is reasonable.

This Target's Statement sets out United Orogen's Independent Director's recommendation that you ACCEPT the Offer in the absence of a superior offer and the reasons for that recommendation.

Each of the Directors who holds shares in United Orogen intends to ACCEPT the Offer in respect of the United Orogen Shares they control, in the absence of a superior proposal.

The offer represents an opportunity for United Orogen shareholders to acquire tradeable shares in Iron Mountain Mining.

There will be benefits within the Combined Group. By accepting the Offer you will share in the ongoing benefits of the Combined Group.

The Offer is scheduled to close at 7.00 pm (WST) on 7 September 2012. To accept the Offer, simply follow instructions outlined in the Bidder's Statement or section 1 of this Target's Statement.

Yours sincerely

**PARMESH VAKIL**

**Director**

# 1. How to accept Iron Mountain's Offer

You should read this Target's Statement and the Iron Mountain Mining Bidder's Statement before making a decision on whether to accept the Offer.

To accept you must complete and sign the Acceptance Form included with the Iron Mountain Mining Bidder's Statement in accordance with the instructions on the form. Once completed and signed, return the Acceptance Form to one of the addresses specified on the form.

To validly accept the Offer for your United Orogen Shares, your acceptance must be received before 7.00 pm (WST) on 7 September 2012, unless the Offer Period is extended.

# 2. Key reasons why you should accept the Iron Mountain Mining offer

## 2 KEY REASONS WHY YOU SHOULD ACCEPT THE IRON MOUNTAIN MINING OFFER

### 2.1 United Orogen Shareholders can share in the substantial ongoing benefits which the Combined Group is expected to generate

Under the terms of the Offer, United Orogen Shareholders will receive one Iron Mountain Mining share for every four United Orogen Shares held. If the Offer is successful and Iron Mountain Mining acquires all of the Shares in United Orogen then United Orogen Shareholders will collectively hold an interest of approximately 14% in the enlarged Iron Mountain Mining. The United Orogen Shares currently held by Iron Mountain Mining have been excluded from the 14% interest calculation. This will allow United Orogen Shareholders to retain a continuing (although diluted) exposure to United Orogen's asset base and to participate in the benefits arising from the combination of the two companies' operations.

### 2.2 Certainty and share trading

Shareholders who accept the offer have certainty that they will receive one share in Iron Mountain for every four shares in United Orogen (subject to the conditions of the Offer including that Iron Mountain receives acceptance for at least 80% of the issued United Orogen shares on issue or waives that condition). The shares in United Orogen are thinly traded as compared with Iron Mountain (although the trading in Iron Mountain is still not high enough on a weekly/monthly basis to say there is a "deep" market in trading shares in Iron Mountain). In broader terms there is a more active market for shares in Iron Mountain as compared with United Orogen.

### 2.3 There are risks in not accepting the Offer

If the conditions of the Offer are not satisfied or waived, Iron Mountain Mining does not have to acquire United Orogen Shares from any United Orogen shareholder who has already accepted the Offer. There is a risk that in the absence of the Offer, or another proposal, United Orogen shareholders may have difficulty in selling their shares.

If you do not accept the Offer and Iron Mountain Mining declares the Offer unconditional (having obtained a relevant interest in at least 80% of all United Orogen Shares) but does not obtain a relevant interest in 90% of all United Orogen Shares, then you would remain a minority Shareholder in United Orogen and there are a number of possible implications including:

- It will be difficult for you to dispose of your shares.
- United Orogen will be controlled by Iron Mountain Mining.

However, the risks in not accepting the Offer need to be weighed against the risks in accepting the Offer. The risks in accepting the Offer are discussed in section 16 of the Bidder's Statement.

### 2.4 Future prospects

By accepting the Takeover Offer, United Orogen's shareholders will become shareholders of Iron Mountain which has more exploration areas of interest and arguably a brighter future at this stage than United Orogen. United Orogen is cash poor and needs to raise a reasonable amount of cash soon to continue in business. In the current market, raising cash may be difficult and may need to be at a discount to the current share price.

### 2.5 The Independent Expert has concluded that the Offer is not fair but it is reasonable

Your independent Directors appointed Stantons International to prepare an independent assessment of the Offer.

The Independent Expert has concluded that the Offer by Iron Mountain Mining is not fair but reasonable.

The Independent Expert's Report is set out in Annexure B and you are encouraged to read this in its entirety.

### 2.6 Only proposed transaction

The Takeover Offer is the only proposed transaction before United Orogen. This Takeover Offer provides a United Orogen shareholder an option to exit their investment in United Orogen with no transaction costs such as commissions.

### 2.7 Administration costs

There may well be synergistic benefits as there is the potential to save costs such as ASX listing fees, corporate overheads and rationalisation of the management structures.

# 3. Frequently asked questions

You may have questions regarding the Offer. The following set of questions and answers is intended to assist in your understanding of the Offer. If you have other questions, please call (08) 9225 4936, available Monday to Friday between 9.00 am to 3.00 pm (WST).

| | Query | Answer |
|---|---|---|
| **1.** | 1. Who is the bidder? | The Bidder is Iron Mountain Mining Limited.<br>Iron Mountain Mining is a listed public company, listed on the ASX in May 2007 with currently 1997 shareholders. |
| **2.** | What is the Offer price? | The price offered for each of your Shares is 1 Iron Mountain Mining ordinary share for every 4 United Orogen ordinary Shares. Accordingly, the implied Offer price is a function of the prevailing Iron Mountain Mining share price. The closing price of Iron Mountain Mining shares on ASX of $0.032 on 10 August 2012 implies an Offer price of $0.008 per Share. |
| **3.** | What choices do I have as an United Orogen Shareholder in relation to the Iron Mountain Mining Offer? | As an United Orogen Shareholder you have the following choices:<br>Accept Iron Mountain Mining's Offer, in which case you should follow the instructions in the Bidder's Statement or in section 1 of the Target's Statement;<br>Take no action: if you decide not to accept the Offer you do not need to take any action. Your Shares may be compulsorily acquired by Iron Mountain Mining in the event that the level of acceptances reaches 90% of all United Orogen Shares. In this case you would receive the same consideration as other Shareholders who accepted the Offer; or<br>Do nothing, in which case you will retain your United Orogen Shares.<br>You may wish to take advice in relation to the Iron Mountain Mining Offer from your own professional advisers. |
| **4.** | What is the recommendation of the Directors of United Orogen? | All the Directors except for Dr Zhukov Pervan and David Zohar recommend that you ACCEPT the Offer in the absence of a superior proposal for the reasons set out at paragraphs 11.2 to 11.7 of the Independent Expert's Report and at section 2 of this Target Statement. Dr Zhukov Pervan and David Zohar feel that they are not sufficiently independent to make a recommendation. |
| **5.** | What does the Independent Expert say? | The Independent Expert has concluded that the Iron Mountain Mining Offer is not fair but it is reasonable.<br>The Independent Expert's Report accompanies this Target's Statement in Annexure B. |
| **6.** | What will happen if Iron Mountain Mining increases its Offer? | If you accept the Offer and Iron Mountain Mining subsequently increases the consideration under the Offer, you will receive the Increased consideration in respect of your United Orogen Shares. |
| **7.** | What happens if I accept the Offer now? | If you accept the Offer you will be unable to sell your United Orogen Shares or accept any other bid for United Orogen Shares, unless the Offer is extended by a period of more than one month whilst conditional. If such an extension occurs you will have an opportunity of one month to withdraw your acceptance.<br>If you accept the Offer and it becomes unconditional your obligation to sell your Shares at the Offer Price becomes absolute and you will receive the Offer Consideration. |

# 3. Frequently asked questions

| | Query | Answer |
|---|---|---|
| **8.** | Can I withdraw my acceptance? | Generally, no you are only allowed to withdraw your acceptance if Iron Mountain Mining extends the period for acceptance of Offers by more than one month and only if the Offer is still conditional at that time. |
| **9.** | What if there is a competing transaction? | The Directors will carefully consider the merits of any competing transaction and send you a supplementary target's statement advising whether the competing transaction affects their recommendations. If you have already accepted the Offer you may not be able to participate in that competing transaction. See question 8 for further information. |
| **10.** | Can I accept the Offer for only some of my Shares? | No. |
| **11.** | If I choose not to accept the Offer now, but I change my mind later, can I still accept the Offer? | You can accept the Offer up until the end of the Offer Period, which is currently scheduled to end at 7.00 pm (WST) on 7 September 2012. The Offer Period may be extended by Iron Mountain Mining at any time until 8 days before the scheduled close of the Offer, when Iron Mountain Mining must state what conditions apply and what Shares it holds. If the Offer is declared free of its conditions, the Offer period may be extended at any time. |
| **12.** | Can I sell the shares I receive from accepting the Offer on the market? | Yes. You will be able to sell the Iron Mountain Mining Shares you receive on ASX. You may be charged brokerage on these transactions. |
| **13.** | When does the Offer close? | The closing date for the Offer is currently 7.00 pm (WST) on 7 September 2012, but the Offer can be extended or withdrawn before that date (subject to the Corporations Act). |
| **14.** | If I accept, when do I receive the Offer Consideration? | If you accept the Offer, you will be allotted the Offer Consideration by the earlier of:<br>• one month after the Offer is validly accepted by you, or if the Offer is still subject to a condition when accepted, within one month after the Offer becomes unconditional; and<br>• 21 days after the end of the Offer Period, provided that the Offer has become unconditional<br>You should read section 11.1 of the Bidder's Statement which contains further information about the dates for payment of the Offer Consideration. |
| **15.** | Will I need to pay brokerage or stamp duty if I accept the Offer? | You will not pay brokerage or stamp duty if you accept the Offer (unless you are a Foreign United Orogen Shareholder, in which case the proceeds you will receive will be net of sale costs including brokerage). |

# 3. Frequently asked questions

| | Query | Answer |
|---|---|---|
| **16.** | What are the tax implications of accepting the Offer? | A general description of the taxation implications for certain Australian resident United Orogen Shareholders accepting the Iron Mountain Mining Offer is set out in section 8.3 of this Target's Statement and section 14 of the Bidder's Statement. You should not rely on these sections as advice for your own affairs.<br>You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for your United Orogen Shares |
| **17.** | Can I sell my United Orogen shares on ASX? | Yes. |

# 4. Your choices as a United Orogen Shareholder

## 4 YOUR CHOICES AS A UNITED OROGEN SHAREHOLDER

As an United Orogen shareholder you have two choices available to you:

### 4.1 Accept Iron Mountain Mining's Offer

You may choose to accept Iron Mountain Mining's Offer. If you accept Iron Mountain Mining's Offer:

- you will not be able to sell your United Orogen Shares; and
- you may be liable for capital gains tax or income tax as a result of your acceptance. However for those United Orogen Shareholders who hold their United Orogen Shares on capital account and would otherwise make a capital gain on the disposal of those Shares, CGT rollover relief is likely to be available if Iron Mountain Mining acquires at least 80% of the total United Orogen Shares as a result of the Offer.

### 4.2 Take No Action

If you do not wish to retain your United Orogen Shares and do not wish to accept Iron Mountain Mining's Offer, you should take no action.

You should note that:

- if you choose not to accept Iron Mountain Mining's Offer, you will not receive any Iron Mountain Mining shares unless Iron Mountain Mining holds 90% of the United Orogen Shares at the end of the Offer Period. In this event, Iron Mountain Mining will become entitled to compulsorily acquire those United Orogen Shares that it does not already own;
- if Iron Mountain Mining holds 90% of the United Orogen Shares at the end of the Offer Period and elects to compulsorily acquire your Shares, your receipt of the Iron Mountain Mining Shares may be delayed; and
- if Iron Mountain Mining acquires more than 50% but less than 90% of the United Orogen Shares and all of the defeating conditions of Iron Mountain Mining's Offer are satisfied or waived, and you continue to hold United Orogen Shares, you will be exposed to the risks associated with being a minority shareholder of United Orogen.
- United Orogen encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your United Orogen Shares.

# 5. Information on United Orogen

## 5.1 Overview

United Orogen Limited listed on the ASX on 18 October 2006.

United Orogen is an ASX listed diversified mineral exploration company focussed on gold, bauxite and base metals.

## 5.2 Financial Performance

For the half year ended 31 December 2011 United Orogen had incurred an operating loss of $1,080,400.

For the quarter ended 30 June 2012 United Orogen had:

(a) negative operating cash flows of $157,000;

(b) cash at the end of the quarter of $111,000;

(c) estimated cash outflows for the next quarter of $40,000; and

(d) receipts from product sales of nil.

## 5.3 United Orogen's current reserves and resources

(a) **Tambellup Project** (E70/4173, E70/4174)
Two exploration licences were granted in October 2011 – Tambellup E70/4173 and Tambellup East E70/4174.

The Company is targeting structural targets for gold mineralisation.

(b) **Redmond Project** (E70/4073)
This application (E70/4073) went through the Native Title process during the quarter ended 31 March 2012 and covers approximately 37 $km^2$ which is centred on the Blue Gum gold prospect and which was reported on in newspapers in the late 1890s.

The project area lies within the Albany-Fraser Proterozoic Mobile Belt and is prospective for gold and base metals.

(c) **Victoria Desert Project** (E39/1528, E39/1594)
The Project is situated 250 km ENE of Kalgoorlie, covers an area of approximately 185 $km^2$ and is prospective for gold, base metals and uranium.

(d) **Horseshoe Project** (E52/2016, E52/2569)
This area is now being targeted for north-west striking structurally controlled gold mineralisation due to the vicinity of known deposits in the area, however field checking and a data review of previous soil geochemistry, mapping and drilling carried out by Dominion Mining in this area did not produce encouraging results. Additional work will be required in the north-west area of the tenement to determine the prospectivity of the project area.

(e) **Gunnedo Project** (E69/2825)
The tenement was granted in July 2010. The tenement is located within the Eucla Basin approximately 450 km east of Kalgoorlie and covers an area of 132 $km^2$.

(f) **Oil and Gas Exploration Western Australia** (EP448)
Key Petroleum, on behalf of the EP 448 Joint Venture, (of which UOG holds 10%), are negotiating with potential farm-in groups to progress exploration within the EP448 Permit in the Canning Basin. This permit is located in the southern part of the basin where other companies have committed large exploration programs in the search for shale gas reserves.

This part of the Canning Basin has rich oil source rocks of the Goldwyer Formation which are considered some of the richest source rocks in Western Australia. The West Anketell 8,000 line km Aeromagnetic Survey was completed and existing seismic is being evaluated to delineate carbonate reef type prospects in the Nita and structural development in carbonates of the Nullara Formation as well as the Goldwyer Formation for Shale Oil/ Shale Gas potential. RPS Energy Consultants have been appointed by Key Petroleum to undertake Shale Oil Maturation Studies.

(g) **Other Projects**

The acquisition of Orange Hills Resources Limited in April 2012 has added the Mt Leeming (bauxite), Cape Londonderry (gold), Lawley (gold), Frederick Hills (gold) and Vansittart (gold) projects. These areas of the Kimberley will provide prospective areas of gold, bauxite, base metals and diamonds. The key bauxite project at Mt Leeming, located south of Kalumburu, can be developed at low costs from identified resources. The existing data consists of results from 80 air core drill holes and test work results from bulk sampling.

The Cape Londonderry project has been explored for gold and alumina and volcanic hosted sulphides have been identified. The Lawley prospect has a diamond occurrence and anomalous gold values. Exploration on the Vansittart prospect has identified polymetallic mineralisation.

# 6. Iron Mountain Mining's Offer

## 6.1 Iron Mountain Mining's offer is one (1) fully paid Iron Mountain Mining ordinary share for every four (4) United Orogen shares held.

## 6.2 Conditions to Iron Mountain Mining's Offer

Iron Mountain Mining's Offer is subject to a number of conditions. These conditions are set out in full in section 10.1 of the Iron Mountain Mining Bidder's Statement.

By way of a broad overview, the conditions of the offer include:

**(a) Minimum acceptance condition:** At the end of the Offer Period, Iron Mountain Mining has a relevant interest in more than 80% (by number) of the sum of the number of United Orogen Shares on issue at that time and the number of United Orogen Shares required to be issued on the exercise of rights attached to all United Orogen Options in existence at that time.

**(b) Approvals by Public Authorities:** Before the end of the Offer Period:

(i) Iron Mountain Mining receives all Approvals which are required by law or by any Public Authority to permit the Offers to be made to and accepted by United Orogen shareholders in all applicable jurisdictions; and

(ii) Iron Mountain Mining receives all Approvals which are required by law or by any Public Authority as a result of the Offers or the successful acquisition of the United Orogen Shares,

and, in each case, those Approvals are on an unconditional basis and remain in force in all respects and there is no notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

**(c) No action by Public Authority adversely affecting the Offer:** During the Condition Period:

(i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;

(ii) no action or investigation is instituted, or threatened by any Public Authority; or

(iii) no application is made to any Public Authority (other than an application by Iron Mountain Mining),

in consequence of, or in conjunction with, the Offer, which:

(iv) restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon:

(a) the making of the Offers; or

(b) the rights of Iron Mountain Mining in respect of United Orogen or the United Orogen Shares to be acquired under the Offer or otherwise; or

(v) seeks to require the divestiture by Iron Mountain Mining of any United Orogen Shares, or the divestiture of any assets by United Orogen or Iron Mountain Mining.

**(d) Change of control:** During the Condition Period, every person who has or will have any right (whether subject to conditions or not) under any Material Agreement as a result of Iron Mountain Mining acquiring United Orogen Shares to:

acquire, or require the disposal of, or require United Orogen or a subsidiary of United Orogen to offer to dispose of, any material asset of United Orogen or a subsidiary of United Orogen Resources; or

terminate, or vary the terms or performance of, any material agreement or arrangement with United Orogen or a subsidiary of United Orogen (including without limitation by accelerating any payment required to be made under that agreement or arrangement),

provides in writing an enforceable, irrevocable and unconditional waiver or release of that right to United Orogen Resources, and United Orogen provides a copy of that release or waiver to Iron Mountain Mining.

# 6. Iron Mountain Mining's Offer

**(e)** **Disclosure of the existence of certain rights:** On or before the date that United Orogen sends its Target's Statement in respect of the Offer to shareholders, either:

(i) United Orogen makes an announcement to the ASX containing details of every right of the kind referred to in paragraph (d), including (to the extent known to United Orogen):

(a) the parties, purpose and term of any agreement, arrangement or other matter giving rise to that right;

(b) the consequences and potential consequences of an exercise of that right; and

(c) the provisions which give rise to that right, those consequences or those potential consequences; or

(ii) United Orogen makes an announcement to the ASX that there are no rights of the kind referred to in sub-paragraph (i).

**(f)** **No Prescribed Occurrences:** that, between the Announcement Date and the end of the Offer Period, none of the events listed in sections 652C(1)(a) to (h) of the Corporations Act inclusive and 652C(2)(a) to (e) of the Corporations Act inclusive occur (other than the issue of United Orogen Shares pursuant to the exercise or conversion of options or other securities which had been issued and notified to ASX prior to the Announcement Date).

### 6.3 Consequences of conditions not being satisfied

Even if the conditions to Iron Mountain Mining's Offer are not satisfied (or are triggered, as appropriate), they may be waived by Iron Mountain Mining.

If any condition is unsatisfied (or has been triggered), and has not been waived, Iron Mountain Mining will have an option as to whether to proceed with the acquisition of United Orogen Shares under its Offer or allow its Offer to lapse with unsatisfied conditions. In those circumstances, generally speaking, Iron Mountain Mining would not have to decide whether to proceed with the acquisition of United Orogen Shares under its Offer until the date that it is required to provide its Notice of Status of Conditions (namely, 30 August 2012) which can be postponed if the Offer Period is extended.

### 6.4 Notice of status of conditions

The Iron Mountain Mining Bidder's Statement indicates that Iron Mountain Mining will give a Notice of Status of Conditions on 30 August 2012.

Iron Mountain Mining is required to set out in its Notice of Status of Conditions:

* whether the Offer is free of any or all of the conditions to the Offer;
* whether, to its knowledge, any of the conditions have been fulfilled; and
* Iron Mountain Mining's voting power in United Orogen at that time.

If the Offer Period is extended before the time by which that notice is to be given, the date that Iron Mountain Mining must give its Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Iron Mountain Mining is required, as soon as reasonably practicable after the extension, to give notice to the ASX and United Orogen that states the new date for giving the Notice of Status of Conditions.

If a condition of Iron Mountain Mining's Offer is fulfilled during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Iron Mountain Mining must, as soon as practicable, give the ASX and United Orogen a notice that states that the particular condition has been fulfilled.

### 6.5 Status of Bid Conditions

At the date of this Target's Statement, the Directors of United Orogen are not aware of any non-fulfilment of any of the

Bid Conditions or any matter which would result in non-fulfilment.

### 6.6 Extension of the Offer Period

While the Offer is subject to conditions, Iron Mountain Mining may generally extend the Offer Period only before giving the Notice of Status of Conditions. However, if the Offer is unconditional (that is, all the conditions are satisfied or waived), Iron Mountain Mining may extend the Offer Period at any time before the end of the Offer Period.

There will also be an automatic extension of the Offer Period if, within the last seven days of the Offer Period:

Iron Mountain Mining improves the consideration under the Offer; or

Iron Mountain Mining's voting power in United Orogen increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

### 6.7 Rights of withdrawal

Under the Corporations Act, you may withdraw your acceptance of Iron Mountain Mining's Offer if Iron Mountain Mining varies its Offer in a way that postpones, for more than one month, the time when Iron Mountain Mining needs to meet its obligations under the Offer. This will occur if Iron Mountain Mining extends the Offer Period by more than one month and Iron Mountain Mining's Offer is still subject to conditions.

In those circumstances, you will have a period of one month after the date that Iron Mountain Mining's Offer is extended to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you may receive further statutory withdrawal rights.

### 6.8 Iron Mountain Mining's intentions

(a) Intentions upon becoming entitled to compulsory acquisition.

Iron Mountain Mining has disclosed in section 5.2 of its Bidder's Statement that if it becomes entitled to compulsorily acquire all outstanding United Orogen Shares, United Orogen Options, and any other convertible securities of United Orogen, then subject to satisfaction or waiver of the other conditions of the Offer, Iron Mountain Mining intends to do the following:

(i) Proceed with compulsory acquisition of the outstanding United Orogen Shares in accordance with the provisions of the Corporations Act.

(ii) Conduct a thorough review of the combined exploration tenement holdings.

(b) Intentions for United Orogen as a non-wholly-owned subsidiary

If Iron Mountain Mining does not become entitled to compulsorily acquire all outstanding United Orogen Shares but waives that condition and obtains control of the United Orogen Board, its intentions are listed at section 5.3 of its Bidder's Statement.

# 6. Iron Mountain Mining's Offer

## 6.9 Compulsory Acquisition

### (a) Post-bid compulsory acquisition

Iron Mountain Mining has stated in the Bidder's Statement that it intends to compulsorily acquire your United Orogen shares if it becomes entitled to do so.

Under the Corporations Act, Iron Mountain Mining will be entitled to compulsorily acquire United Orogen Shares if, during or at the end of the Offer Period, Iron Mountain Mining (taken together with its associates):

(i) has a relevant interest in at least 90% (by number) of United Orogen Shares; and

(ii) has acquired at least 75% (by number) of the United Orogen Shares that it offered to acquire under the Offer.

If Iron Mountain Mining is entitled to proceed with compulsory acquisition, Iron Mountain Mining will have one month from the end of the Offer Period within which to send the compulsory acquisition notice to all remaining United Orogen Shareholders. Iron Mountain Mining will be required to pay the final Offer Price under the Offer for United Orogen Shares it compulsorily acquires.

United Orogen Shareholders have statutory rights to challenge compulsory acquisition, but if Iron Mountain Mining establishes to the satisfaction of a court that the consideration being offered for the securities represents fair value, the court must approve the compulsory acquisition on those terms.

If your United Orogen Shares are compulsorily acquired, you are unlikely to receive any payment until at least one month after the compulsory acquisition notices are sent.

### (b) Compulsory acquisition by 90% holder

Alternatively, it is also possible that Iron Mountain Mining will, at some time after the end of the Offer Period, become the beneficial holder of 90% of the Shares. Iron Mountain Mining would then have rights to compulsorily acquire Shares not owned by it within six months of becoming the holder of 90% of the Shares. An independent expert would need to consider and provide a report on the consideration to be paid by Iron Mountain Mining to United Orogen shareholders under this procedure.

# 7. Directors' Recommendations and Interests

## 7. DIRECTORS' RECOMMENDATION AND INTERESTS

### 7.1 Details of Directors

The Directors of United Orogen as at the date of this Target's Statement are:

| Name | Position |
|---|---|
| Dr Zhukov Pervan | Chairman |
| Parmesh Vakil | Director |
| John Karajas | Director |
| David Zohar | Director |

Dr Zhukov Pervan and Mr David Zohar are directors of both United Orogen and Iron Mountain Mining and, accordingly, have abstained from consideration of the Offer and provision of a recommendation to United Orogen Shareholders.

### 7.2 Recommendation

All the directors, except Dr Zhukov Pervan and Mr David Zohar, recommend that you accept the Offer in the absence of a superior proposal for the reasons set out in the Independent Expert's Report and section 2 of this Target Statement.

### 7.3 Intentions of the Directors

Each of the Directors intends to ACCEPT Iron Mountain Mining's Offer for any United Orogen Shares held by them or in which they have a relevant interest.

### 7.4 Interests of Directors

#### (a) Interests in United Orogen securities

The only securities that United Orogen has on issue are United Orogen Shares and United Orogen Options. As at 23 August 2012, United Orogen had 108,825,946 million United Orogen Shares and 32,386,426 million United Orogen Options on issue.

The number, description and amount of marketable securities of United Orogen in which each Director has a relevant interest are as follows.

| Director | United Orogen Shares | United Orogen Options |
|---|---|---|
| Dr Zhukov Pervan | 1,666,667 | 725,000 at 20c each expiring 31 March 2016 |
| Parmesh Vakil | Nil | Nil |
| John Karajas | 5,525,000 | Nil |
| David Zohar | 28,596,221 | 5,876,274<br>at 20c each expiring 31 March 2016 |

Please note: David Zohar holds a relevant interest of more than 15% in Eagle Nickel Limited and Iron Mountain Mining Limited, therefore both companies are deemed associates of David Zohar. Both of these companies hold shares in United Orogen. Iron Mountain Mining Limited holds 20,526,361 shares in United Orogen and Eagle Nickel Limited holds 1,904,250 shares in United Orogen.

# 7. Directors' Recommendations and Interests

**(b) Dealings in United Orogen securities**

In the four months preceding the date of this Target's Statement, no Director other than those mentioned below provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities of United Orogen under a sale, purchase or agreement for the sale or purchase of such securities.

On 23 May 2012 David Zohar purchased 328,000 United Orogen Shares at 1.3 cents per share.

**(c) Interests in Iron Mountain Mining**

The number, description and amount of marketable securities of Iron Mountain Mining in which each Director has a relevant interest are as follows:

| Director | Iron Mountain Mining Shares | Iron Mountain Mining Options |
|---|---|---|
| Dr Zhukov Pervan | 2,100,000 | Nil |
| Parmesh Vakil | Nil | Nil |
| John Karajas | 3,200,000 | Nil |
| David Zohar | 31,139,438 | Nil |

## 7.5 Payments and Benefits

As a result of the Offer, no benefit (other than a benefit permitted by section 200F or 200G of the Corporations Act) will or may be given to a person:

(a) in connection with the retirement of a person from a board or managerial office in United Orogen or a related body corporate of United Orogen; or

(b) who holds, or has held a board or managerial office in United Orogen or a related body corporate, spouse, relative or associate of such a person, in connection with the transfer of the whole or any part of the undertaking or property of United Orogen,

other than as described in the Section 8.

# 8. Additional Information

### 8.1 Change in financial position of United Orogen since last financial report

United Orogen's last published financial statements are for the half year ended 31 December 2011. Except as disclosed in this Target's Statement and in any announcement made by United Orogen to the ASX since 30 June 2011, the Directors are not aware of any material change to the financial position of United Orogen since 31 December 2011.

### 8.2 Impact of Offer on United Orogen Options

United Orogen has issued Options. The Offer does extend to these Options. If Iron Mountain Mining acquires 100 % of the shares in United Orogen it will be required to make a separate offer to United Orogen optionholders.

### 8.3 Taxation considerations for United Orogen Shareholders

#### (a) Introduction

This section generally describes the Australian capital gains tax (CGT) consequences for United Orogen Shareholders arising from their acceptance of the Offer.

The comments below in this section are relevant only to United Orogen Shareholders who hold their United Orogen Shares as capital assets for the purpose of investment. Certain United Orogen Shareholders (such as those engaged in business of trading, those who acquired their United Orogen Shares for the purpose of resale at a profit and those which are banks, insurance companies, tax exempt organisations, superannuation funds, persons who are temporary residents for Australian income tax purposes or persons who acquired their United Orogen Shares in connection with their employment of the United Orogen Group) may be subject to special or different tax treatment. They should therefore seek specialist advice tailored to their circumstances.

The following summary is intended only for United Orogen Shareholders who are residents of Australia for income tax purposes.

This section is based on the law in effect as at the date of this Target's Statement, although it is not intended to be an authoritative or complete statement of laws applicable to the particular circumstances of every United Orogen Shareholder. Accordingly, you should seek your own independent financial and taxation advice, which takes into account your personal circumstances, before making a decision as to whether or not to accept Iron Mountain Mining's Offer for your United Orogen Shares.

#### (b) Acceptance of Offer and disposal of United Orogen Shares

##### (i) Capital gains tax

Acceptance of the Offer will result in a disposal by way of transfer of United Orogen Shares by United Orogen Shareholders to Iron Mountain Mining. The change of ownership of the United Orogen Shares will constitute a CGT event for Australian CGT purposes. That CGT event will occur at the time of acceptance of the Offer.

United Orogen Shareholders may make a capital gain (subject to roll-over relief: see (iii) below) or capital loss on the transfer of their United Orogen Shares, depending on whether the capital proceeds from the transfer exceeds or is less than the relevant cost base of the United Orogen Shares.

The capital proceeds of the CGT event will be the value of the Iron Mountain Mining shares received by the United Orogen Shareholder for the transfer of their United Orogen Shares. For these purposes, the value of Iron Mountain Mining shares will be their market value at the time of acceptance of the Offer.

Capital gains and capital losses of a United Orogen Shareholder in a year of income are aggregated to determine whether the United Orogen Shareholder has made a net capital gain. Any net capital gain is then included in the United Orogen Shareholder's assessable income and is subject to income tax. However, a 'CGT Discount' may be available to reduce the taxable gain for certain United Orogen Shareholders (see (ii) below).

Capital losses may not be deducted against other income for tax purposes, but may be carried forward and offset against future capital gains.

# 8. Additional Information

**(ii) The CGT Discount**

In general, if United Orogen Shares have been held for less than 12 months before disposal, the capital gain or loss on the disposal of the United Orogen Shares will be the difference between the capital proceeds received for the United Orogen Shares and the cost base of the United Orogen Shares.

If a United Orogen Shareholder is an individual, a complying superannuation entity or trust and has held the United Orogen Shares for 12 months or more before the disposal, the United Orogen Shareholder will be entitled to a 'CGT Discount' for the United Orogen Shares disposed of under the Offer. The 'CGT Discount' will entitle these United Orogen Shareholders to reduce their capital gain on the disposal of the United Orogen Shares (after deducting available capital losses of the United Orogen Shareholder) by half, in the case of individuals and trusts, or one-third in the case of complying superannuation entities. However, trustees should seek specific advice regarding the tax consequences of distributions made in respect of a trust which is attributed to discounted capital gains.

The 'CGT Discount' will not be available to companies. Further, special rules apply to determine whether United Orogen Shares have been held for the requisite 12 month period. United Orogen Shareholders should seek their own advice in this regard.

**(iii) CGT roll-over relief**

If, as a result of the Offer, Iron Mountain Mining owns 80% or more of the United Orogen Shares and certain other pre-conditions are satisfied, United Orogen Shareholders who would otherwise make a capital gain on the disposal of their United Orogen Shares may choose 'scrip for scrip' roll-over relief. United Orogen Shareholders cannot choose scrip for scrip roll-over relief if they make a capital loss on the disposal of their United Orogen Shares. If roll-over relief is chosen, the capital gain will be disregarded and effectively deferred until the disposal of the Iron Mountain Mining shares received under the Offer.

A choice to obtain roll-over relief must be made before the lodgement of the tax return for the income year in which the relevant CGT event occurred. The exclusion of the capital gain from a United Orogen Shareholder's tax return is regarded as sufficient evidence of the making of the choice.

United Orogen Shareholders should note that Iron Mountain Mining has reserved the right to declare the Offer free from the 80% Minimum acceptance condition referred to in section 6.3 of this Target's Statement if it and its associates have a relevant interest in more than 50% (by number) of the United Orogen Shares. Accordingly, there is no guarantee that CGT roll-over relief will be available with respect to the Offer.

**(c) CGT consequences of owning Iron Mountain Mining shares**

The disposal of Iron Mountain Mining shares will be subject to the same Australian CGT consequences as are described above in relation to the disposal of United Orogen Shares, subject to the following differences in the case of a United Orogen Shareholder who chooses roll-over relief.

For the United Orogen Shareholders who choose roll-over relief, the cost base of the Iron Mountain Mining shares received under the Offer will be the cost base of their United Orogen Shares plus any relevant incidental costs (see above).

United Orogen Shareholders who are individuals, complying superannuation entities or trusts who have chosen roll-over relief may determine their compliance with the 12 month ownership requirement for the 'CGT Discount' by reference to the time of their acquisition of the United Orogen Shares until their disposal of the Iron Mountain Mining shares.

Where roll-over relief is not chosen or is not available, the cost base of the Iron Mountain Mining shares received under the Offer will be the value of the United Orogen Shares at the time of acceptance of the Offer.

# 8. Additional Information

### 8.4 Consent to Inclusion of Statements

The following persons have given and have not, before the date of this Target's Statement, withdrawn their consent to:

(a) be named in this Target's Statement in the form and context in which they are named;

(b) the inclusion of their respective reports or statements noted next to their name in the table below, and the references to those reports of statements in the form and context in which they are included in this Target's Statement; and

(c) the inclusion of other statements in this Target's Statement which are based on or referable to statements made in those reports or statements, or which are based on or referable to other statements made by those persons in the form and context in which they are included.

| Name of person | Named as | Report or Statement |
|---|---|---|
| Stantons International | Independent expert | Independent Expert's Report |
| John Van Dieren | Key person | Independent Expert's Report |
| Malcolm Castle | Independent valuer | Mineral Asset Valuation Report |

### 8.5 Disclaimers regarding responsibility

Each person listed in section 8.4 as having given consent to the inclusion of a statement in this Target's Statement:

(a) does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and

(b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

### 8.6 Publicly available information

As permitted by ASIC Class Order 01/1543, this Target's Statement contains statements which are made, or based on statements made, in documents lodged with ASIC, or given to the ASX. Those documents are:

- the Iron Mountain Mining Bidder's Statement;
- the Iron Mountain Mining announcement to ASX on 6 July 2012 in which Iron Mountain Mining publicly announced its intention to make the offer.

As required by ASIC CO 01/1543, United Orogen will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to United Orogen Shareholders who request it during the Offer Period. To obtain a copy of these documents (or the relevant extracts), United Orogen Shareholders may telephone United Orogen on (08) 9225 4936.

### 8.7 Other information

This Target's Statement is required to include all the information that United Orogen Shareholders and their professional advisers would reasonably require in order to make an informed assessment as to whether or not to accept Iron Mountain Mining's Offer, but:

(a) only to the extent to which it is reasonable for United Orogen Shareholders and their professional advisers to expect to find this information in this Target's Statement; and

(b) only if the information is known to any of the Directors.

# 8. Additional Information

The Directors are of the opinion that the information that United Orogen Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept Iron Mountain Mining's Offer is:

- the information contained in the Bidder's Statement (to the extent that the information is not inconsistent with or superseded by information in this Target's Statement);
- the information contained in United Orogen's releases to the ASX prior to the date of this Target's Statement; and
- the information contained in this Target's Statement, including the annexures to this Target's Statement.

The Directors have assumed, for the purposes of preparing this Target's Statement, that the information contained in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the Directors do not take any responsibility for the contents of the Bidder's Statement and are not to be taken as endorsing, in any way, any or all statements contained in it. In deciding what information should be included in this Target's Statement, the Directors have had regard to:

- the nature of the United Orogen Shares;
- the matters United Orogen Shareholders may reasonably be expected to know;
- the fact that certain matters may reasonably be expected to be known to the professional advisers of United Orogen Shareholders; and
- the time available to United Orogen to prepare this Target's Statement.

# 9. Definitions and Interpretation

## 9.1 Defined Terms

*A$, $, Australian Dollars* or *AUD* means the lawful currency of Australia, unless otherwise specified.

*Acceptance Form* means the acceptance and transfer form enclosed with the Bidder's Statement which forms part of the Offer.

*Announcement Date* means 6 July 2012, being the date on which Iron Mountain Mining publicly announced its intention to make the Offer.

*ASIC* means the Australian Securities and Investments Commission.

*ASX* means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.

*Bid Conditions* means the conditions of the Offer stated at section 6.2 of this Target's Statement.

*Iron Mountain Mining* means Iron Mountain Mining Limited (ACN 112 914 459).

*Iron Mountain Mining Bidder's Statement* or *Bidder's Statement* means the bidder's statement relating to Iron Mountain Mining's Offer, prepared by Iron Mountain Mining and dated 27 July 2012.

*Combined Group* means Iron Mountain Mining following Iron Mountain Mining's acquisition of all or a majority of the United Orogen Shares.

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

*Director* means a member of the United Orogen Board.

*Implied Offer Price* means the implied value of each United Orogen share of $0.008 as at 10 August 2012 (the last trading day prior to the date of this Target's Statement).

*Independent Expert* means Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities (ACN 144 581 519) (AFSL 418019).

*Independent Expert Report* means the report prepared by the Independent Expert and included in United Orogen's Target's Statement.

*IPO* means initial public offering.

*Iron Mountain Mining* means Iron Mountain Mining Limited (ACN 112 914 459).

*Iron Mountain Mining's Offer* or *Offer* means the off-market takeover bid by Iron Mountain Mining for United Orogen Shares under Chapter 6 of the Corporations Act, as described in the Iron Mountain Mining Bidder's Statement.

*Nominee* means a nominee to be appointed by Iron Mountain Mining and approved by ASIC pursuant to section 619 of the Corporations Act.

*Offer Period* means the period during which Iron Mountain Mining's Offer remains open for acceptance in accordance with the Iron Mountain Mining Bidder's Statement.

*Offer Price* means the consideration offered under Iron Mountain Mining's Offer for each United Orogen Share. As at the date of this Target's Statement, that consideration is ONE (1) Iron Mountain Mining Share for each FOUR (4) United Orogen Shares.

*Stantons International* means the Independent Expert.

# 9. Definitions and Interpretation

*Target's Statement* means this document, being the statement of United Orogen under Part 6.5 of the Corporations Act relating to Iron Mountain Mining's Offer.

*United Orogen* or *Company* means United Orogen Limited (ACN 115 593 005).

*United Orogen Board* or *Board* means the board of directors of United Orogen.

*United Orogen Options* or *Options* means options to subscribe for United Orogen Shares.

*United Orogen Shareholder* or *Shareholder* means a person registered in the register of members of United Orogen as a holder of one or more United Orogen Shares.

*United Orogen Shares* or *Shares* means fully paid ordinary shares in the capital of United Orogen.

### 9.2 Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise.

(a) Headings are for convenience only and do not affect interpretation.

(b) The singular includes the plural, and the converse also applies.

(c) A gender includes all genders.

(d) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

(e) A reference to a person includes a corporation, trust, partnership, unincorporated body or association or other entity, whether or not It comprises a separate legal entity.

(f) A reference to a section or annexure is a reference to a section or annexure of this Target's Statement.

(g) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.

(h) A reference to an instrument or document includes any variation or replacement of it.

(i) A term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act.

(j) A reference to a right or obligation of any two or more people comprising a single party confers that right, or imposes that obligation, as the case may be, on each of them severally and each two or more of them jointly.

(k) All references to time are to Perth time.

# 10. Approval of Target Statement

This Target's Statement has been approved by a resolution passed by the directors of United Orogen Limited.

DATED: August 2012

SIGNED

for and on behalf of United Orogen Limited:

**PARMESH VAKIL**

**Director**

# Annexure A - List of ASX Announcements

**UNITED OROGEN LIMITED ASX ANNOUNCEMENTS SINCE 30 JUNE 2011**

| Date Lodged | Description |
|---|---|
| 6.7.11 | Project update |
| 18.7.11 | Change in substantial holding |
| 21.7.11 | Notice of general meeting / proxy form |
| 29.7.11 | Quarterly activities and cashflow report |
| 26.8.11 | Results of meeting |
| 29.8.11 | UOG Shortfall Offer – closed 27 August 2011 |
| 30.8.11 | Appendix 3B |
| 30.8.11 | Post rights issue shortfall offer – Top 20 and distribution |
| 1.9.11 | Change in substantial holding |
| 1.9.11 | Becoming a substantial holder from IRM |
| 1.9.11 | Becoming a substantial holder from IRM amended |
| 1.9.11 | Change in substantial holder |
| 14.9.11 | Full year statutory accounts |
| 14.10.11 | Change in managing director |
| 20.10.11 | Annual report to shareholders |
| 20.10.11 | Notice of annual general meeting / proxy form |
| 26.10.11 | Quarterly activities and cashflow report |
| 3.11.11 | Change in director's interest notice |
| 3.11.11 | Change in director's interest notice |
| 9.11.11 | Change in director's interest notice |
| 9.11.11 | Change in director's interest notice |
| 18.11.11 | Annual general meeting presentation |
| 18.11.11 | Results of meeting |
| 18.11.11 | Initial director's interest notice |
| 16.12.11 | Company secretary appointment/resignation |
| 30.1.12 | Quarterly activities and cashflow report |
| 5.3.12 | Half year accounts |

# Annexure A - List of ASX Announcements

| Date Lodged | Description |
|---|---|
| 9.3.12 | Notice of annual general meeting / proxy form |
| 15.3.12 | Director resignation – N. Taylor |
| 15.3.12 | Final director's interest notice |
| 10.4.12 | Results of meeting |
| 24.4.12 | Proceedings issued – D. Zohar |
| 30.4.12 | Quarterly activities and cashflow report |
| 30.4.12 | Issue of shares to Orange Hills Resources Limited shareholders |
| 30.4.12 | Appendix 3B |
| 1.5.12 | Appendix 3Y – D. Zohar |
| 1.5.12 | Appendix 3Y – Z. Pervan |
| 2.5.12 | Change in substantial holding – D. Zohar |
| 10.5.12 | Response to ASX query re Appendix 5B |
| 25.5.12 | Appendix 3Y – D. Zohar |
| 14.6.12 | Appendix 3Y – D. Zohar (replacement for 3Y lodged 25.5.12) |
| 21.6.12 | Change in substantial holding from IRM |
| 21.6.12 | Change in substantial holding from IRM amended |
| 29.6.12 | Appendix 3Y – Z. Pervan |
| 6.7.12 | IRM: intention to make takeover bid |
| 27.7.12 | Quarterly activities report |
| 27.7.12 | Quarterly cashflow report |
| 1.8.12 | IRM Bidder's Statement |

Stantons International Securities

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
AFS Licence No: 418019
www.stantons.com.au

7 August 2012

The Directors
United Orogen Limited
Level 7, 231 Adelaide Terrace
PERTH WA 6000

Dear Sirs

**RE: UNITED OROGEN LIMITED ("UOG" OR "THE COMPANY") (ACN 115 593 005) - INDEPENDENT EXPERT'S REPORT RELATING TO THE TAKEOVER OFFER TO THE SHAREHOLDERS OF THE COMPANY BY IRON MOUNTAIN MINING LIMITED ("IMM" OR "IRON MOUNTAIN")**

## 1. Introduction

1.1 We have been requested by the Independent (Non Interested) Directors of UOG to prepare an Independent Expert's Report in accordance with Section 640 of the Corporations Act 2001 ("TCA") to determine whether the proposed off market bid under Part 6.5 of TCA for all the remaining shares in UOG not already held by Iron Mountain ("Takeover Offer") is fair and reasonable to the ordinary shareholders of UOG. The full details of the Takeover Offer are included in the Iron Mountain Bidders Statement dated 27 July 2012 and served on the Company on 1 August 2012. All shareholders of UOG should read the Bidder's Statement of Iron Mountain and the Target's Statement prepared by UOG to fully understand the implications of the Takeover Offer.

1.2 Under the Takeover Offer, Iron Mountain ordinary shareholders other than Iron Mountain will be entitled to receive one (1) Iron Mountain share for every four (4) UOG ordinary shares held.

1.3 The Directors of UOG are required to issue a Target's Statement in response to the Bidder's Statement, which will include their recommendation as to whether the UOG shareholders not associated with Iron Mountain should accept the Takeover Offer.

1.4 Iron Mountain is a publicly listed company on the Australian Securities Exchange ("ASX") and has some common directors in that David Zohar ("Zohar") and Zhukov Pervan ("Pervan") are directors of both Iron Mountain and UOG. Iron Mountain owns 20,526,361 shares in UOG and 20,012,775 share options in UOG.

Iron Mountain's focus is mineral exploration in Australia. Further information regarding Iron Mountain can be found in section 5.1 of this report. We have not independently verified the information on Iron Mountain.

David Zohar and his spouse Julie Zohar, his daughter Shoshanna Zohar and Swancove Enterprises Pty Ltd, a company controlled by David Zohar and Julie Zohar ("Zohar Group") owns, as at 30 July 2012, 30,955,712 shares in Iron Mountain representing approximately 22.83% of Iron Mountain's shares on issue at that date and 28,331,820 shares in UOG representing approximately 26.03% of the shares on issue in UOG.

Pervan and his deemed associates own 2,100,000 shares in Iron Mountain and 1,666,667 shares (and 725,000 share options) in UOG. As at 31 July 2102, UOG owns a total of 23,732,341 shares in Iron Mountain (approximately 17.50% of the issued share capital of Iron Mountain) and a total of 30,000,000 share options in Iron Mountain (out of 32,000,000 share options exercisable at 20 cents each, on or before 1 May 2016).

1.6 Further information regarding UOG can be found in the Target's Statement at "Section 5 - "Information on United Orogen" and the Company's website at www.uog.com.au.

1.7 In assessing the Takeover Offer for UOG, we have had regard to relevant Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111: Content of Expert Reports ("RG 111"). RG 111 suggests that an opinion as to whether transactions are fair and reasonable should focus on the purpose and outcome of the transaction, that is, the substance of the transaction rather than the legal mechanism to affect the Takeover Offer.

1.8 An offer (in this case the Takeover Offer made by Iron Mountain through the takeover bid for UOG) is fair if the value of the offer price or consideration is equal to or more than the value of the securities the subject of the Takeover Offer (for the ordinary shares in UOG). An offer is reasonable if it is fair. In this situation, we are reporting on the proposals to the ordinary shareholders of UOG as to whether the proposed Takeover Offer is fair and reasonable to the ordinary shareholders not associated with Iron Mountain (this would include the Zohar Group and Pervan).

1.9 The Independent Directors of UOG have requested Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities ("SIS") to prepare an Independent Expert's Report providing an opinion on whether the Takeover Offer to the UOG shareholders by Iron Mountain is fair and reasonable to UOG shareholders not associated with Iron Mountain. The report should not be used for any other purpose. Our independent expert's report will be included in the Target's Statement to be issued to the shareholders of UOG on or about 24 August 2012.

1.10 Apart from this introduction, this report includes the following:

- Summary of opinion
- Implications of the proposed Takeover Offer by Iron Mountain
- Profile of UOG
- Profile of Iron Mountain
- Methodology
- Valuation of UOG and Iron Mountain shares
- Value and Fairness of Consideration Compared to Value of Assets Acquired
- Notionally Combined Equity
- Reasonableness of the Takeover Offer to UOG shareholders
- Conclusion as to Fairness and Reasonableness of the Takeover Offer
- Sources of information
- Appendices A and B (the Independent Valuation Report of Agricola Mining Consultants Pty Ltd as noted below) and our Financial Services Guide.

**2. Summary Opinion**

2.1 In determining the fairness and reasonableness of the Takeover Offer relating to the UOG shareholders we have had regard to the guidelines set out by ASIC in its Regulatory Guide 111. RG 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). An offer is "fair" if the value of the consideration offered is equal to or greater than the value of the securities that are subject to the offer and an offer is "reasonable" if it is "fair", or where it is not fair, it may still be "reasonable" after considering other significant factors which support the acceptance of the offer in the absence of a higher bid.

Our report relating to the Takeover Offer by Iron Mountain regarding UOG shareholders is concerned with the fairness and reasonableness of the Takeover Offer. The advantages, disadvantages and other factors determined to arrive at our opinions are outlined in detail under Section 11 of this report.

2.2 **After taking into account all of the factors noted in this report and in the absence of a more superior Offer, we are of the opinion that on an adjusted net asset value basis of valuing the UOG shares, the proposed Takeover Offer by Iron Mountain to the UOG shareholders not associated with Iron Mountain is <u>not fair but is reasonable</u> to the shareholders of UOG as at the date of this report.**

SIS's opinion should not be construed to represent a recommendation as to whether or not UOG shareholders should accept the Takeover Offer by Iron Mountain. Shareholders uncertain as to the impact of accepting the Takeover Offer should seek separate advice from their financial and/or taxation adviser.

2.3 The opinion expressed above must be read in conjunction with the more detailed analysis and comments made in this report, including the Independent Valuation Report of Agricola Mining Consultants prepared by Malcolm Castle ("Castle Valuation Report") dated 17 July 2012 (Appendix B to this report).

**3. Implications of the proposed Takeover Offer by Iron Mountain**

3.1 As at 6 August 2012, there are 108,825,946 ordinary shares on issue in UOG (of which 101,159,279 shares are quoted on the Australian Securities Exchange ("ASX")) with approximately 1,642 shareholders.

3.2 As at 30 July 2012, the top nine fully paid shareholders of UOG as disclosed in the top 20 shareholder report are as follows:

| | **No. of fully paid shares** | **% of issued fully paid shares** |
|---|---|---|
| Iron Mountain Mining Limited | 20,526,361 | 18.86 |
| Julie Zohar | 7,500,002 | 6.89 |
| David Zohar (Zohar Family Trust) | 7,000,000 | 6.43 |
| David Zohar | 7,331,818 | 6.74 |
| Swancove Enterprises Pty Ltd | 6,500,000 | 5.97 |
| John Karajas | 5,525,000 | 5.08 |
| Timothy Vincent Tatterson | 2,000,000 | 1.84 |
| Eagle Nickel Limited | 1,904,250 | 1.75 |
| Geotech International Pty Ltd | 1,460,000 | 1.34 |
| | 59,747,431 | 54.90 |

The top 20 shareholders at 30 July 2012 owned approximately 62.15% of the ordinary issued capital of the Company.

Details on the Directors' interests in UOG are outlined in the Target's Statement under the heading of Section 7.1- "Directors' Recommendations and Interests".

3.3 According to the Bidder's Statement, Iron Mountain is an Australian public listed company. **The effect of the Takeover Offer by Iron Mountain for UOG is that UOG would become a wholly owned subsidiary of Iron Mountain.**

UOG owns 23,732,341 shares in Iron Mountain and these shares will probably be cancelled in the event that the Takeover Offer was successful.

**4. Profile of UOG - Background**

4.1 Principal Activities

UOG is listed on the ASX. Its focus is mineral exploration in Australia. Its more significant areas of interest are:

- Horseshoe Project in WA - gold targets
- Victoria Desert Project in WA -gold, base metals and uranium targets
- Gunnado Project in WA - gold and base metal targets
- Redmond Project and the Jacup Project – gold targets near Mt Barker

- 10% interest in a oil play joint venture – Canning Basin EP448
- Tambellup Project in WA – gold targets
- The exploration tenement interests of Orange Hills (acquired in April 2012 following shareholders approval) are as follows:
    - Cape Londonderry - E80/4372
    - Vansittart - E80/4434
    - Mt Leeming - E80/4243
    - Frederick Hills – E80/4439
    - Lawley - E80/4435

As at 3 August 2012, UOG owns a total of 23,732,341 shares in Iron Mountain (approximately 17.50% of the issued share capital of Iron Mountain) and a total of 30,000,000 share options in Iron Mountain (out of 32,000,000 share options exercisable at 20 cents each, on or before 1 May 2016). Iron Mountain owns 20,526,361 shares in UOG and 20,012,775 share options in UOG.

It is noted that Iron Mountain is associated with UOG via David Zohar and Pervan being directors of both companies. In addition, as at 30 July 2012, the Zohar Group owns approximately 22.83% of Iron Mountain (approximately 41.31% including the shareholding held by UOG, Eagle Nickel Limited and Actinogen Limited) and approximately 25.96% of UOG (approximately 46.64% including the shareholding held by Iron Mountain, Actinogen Limited and Eagle Nickel Limited). In effect, control of UOG is already in the hands of the Zohar Group.

4.2 Share Options

UOG has 32,386,426 listed share options exercisable at 20 cents each on or before 31 March 2016 and 2,000,000 unlisted share options exercisable at 20 cents each on or before 1 May 2016 on issue at the date of this report. No Offer is to be made to the share option holders.

4.3 Directors of UOG

The directors of UOG are Parmesh Vakil, Dr Zhukov Pervan, John Karajas and David Zohar.

4.4 State of Affairs

There were no significant changes in the state of affairs of the Company during the year ended 30 June 2012 other than the acquisition by the Company of Orange Hills Pty Ltd as noted below. During this period the Company made the following more significant announcements:

- Various quarterly reports to 30 June 2011, 30 September 2011, 31 December 2011, 31 March 2012 and 30 June 2012 and released its annual report for 2010/11 and half year financials to 31 December 2011;
- Issue of shares to acquire Orange Hills. All of the shares in Orange Hills Resources Limited were acquired following shareholder approval in April 2012 at a cost of $233,333 (issue of 11,666,667 UOG shares at 2.0 cents each). The acquisition has been accounted for at cost; and
- Change in substantial shareholders by Iron Mountain and the Zohar Group.

Details of all announcements made by UOG are set out in Annexure A of the Target's Statement and copies are available from UOG's website www.uog.com.au.

4.5 Change in Consolidated Net Worth

During the nine month period ended 31 March 2012, the shareholders equity decreased by approximately $931,000 to a balance totalling approximately $1,567,000, primarily due to the loss after tax incurred in the nine months to 31 March 2012 of approximately $1,212,000 and offset by the increase in share equity due to the acquisition of Orange Hills Pty Ltd in April 2012 (but adjusted in the March 2012 financials).

4.6 Financial Position

Set out below is a condensed unaudited statement of financial position of the UOG Group as at 31 March 2012 adjusted for the acquisition of Orange Hills Pty Ltd at a cost of $233,333 and valuing the shares in other listed companies based on the closing price of such companies shares as at 31 March 2012 (or last sale in March 2012).

| | **UOG Unaudited 31 March 2012 $000's** |
|---|---|
| **Current Assets** | |
| Cash | 268 |
| Receivables | 39 |
| Prepayments | 18 |
| | 325 |
| **Non Current Assets** | |
| Fixed assets | 5 |
| Capitalised acquisition (mineral) costs | 233 |
| Investments | 1,072 |
| | 1,310 |
| Total Assets | 1,635 |
| **Current Liabilities** | |
| Trade and other payables | 64 |
| Employee entitlements | 4 |
| Total Current Liabilities | 68 |
| Total liabilities | 68 |
| **Net Assets** | 1,567 |
| **Equity** | |
| Issued capital | 7,836 |
| Reserves | 167 |
| Accumulated losses | (6,436) |
| **Net Equity** | 1,567 |

The unaudited adjusted book net tangible asset backing as at 31 March 2012 equates to approximately 1.44 cents per share based on 108,825,946 ordinary shares on issue. Due to cash outlays post 31 March 2012, the book net asset backing at the date of this report is substantially lower (refer paragraph 7.2 for an estimated net asset position).

4.7 Financial Performance

The summarised consolidated statements of comprehensive income of UOG for the periods ended 30 June 2010, 30 June 2011 and 31 March 2012 are set out in the table below.

| | Unaudited 9 months ended 31 March 2012 $000 | Audited 12 months ended 30 June 2011 $000 | Audited 12 months ended 30 June 2010 $000 |
|---|---|---|---|
| Interest Income | 12 | 12 | 34 |
| Sales revenue | 47 | 717 | 34 |
| Revenue from continuing operations | 59 | 729 | 68 |
| Other income | - | 1 | 1 |
| Profit on sale of property | - | 551 | - |
| Total other revenue | - | 552 | 1 |
| Administration | (204) | (155) | (151) |
| Exploration costs | (31) | (136) | (146) |
| Occupancy costs | (5) | (15) | (8) |

| | Unaudited 9 months ended 31 March 2012 $000 | Audited 12 months ended 30 June 2011 $000 | Audited 12 months ended 30 June 2010 $000 |
|---|---|---|---|
| Depreciation | (3) | (11) | (12) |
| Employment costs | (308) | (541) | (501) |
| Impairment of available for sale investments | (720) | (689) | (256) |
| Profit/(loss) before income tax | (1,212) | (266) | (1,005) |
| Income tax expense benefit | - | - | - |
| Profit/(loss) after income tax | (1,212) | (266) | (1,005) |
| Other comprehensive income- changes in fair value of available for sale financial assets | - | 387 | (70) |
| Total comprehensive income/ (loss) | (1,212) | 121 | (1,075) |

In assessing UOG's financial position, UOG's projects and the various stages of exploration and evaluation, UOG is unlikely to be in a position to pay dividends on the ordinary shares in the foreseeable future.

**5. Profile of Iron Mountain - Background**

5.1 Iron Mountain is listed on the ASX. Iron Mountain's focus is mineral exploration in Australia. Its more significant areas of interest are:

- Wandoo Project in WA - Alumina target, however Alpha Bauxite Pty Ltd ("Alpha") had an option to acquire the Wandoo Project for $4,000,000 and the option expired on 31 July 2012. A royalty of 75 cents per dry metric tonne on future bauxite production of bauxite ore transported from the Wandoo Project tenements is payable within 30 days of the end of each quarterly reporting period. Iron Mountain has been notified by Alpha that Alpha has exercised the option and settlement will take place on 17 August 2012;
- Miaree Project in WA - Iron ore and gold targets. Iron Mountain earning a 70% interest from Red River Resources Limited;
- Mt Richardson in WA – 2% royalty right on iron ore;
- Wongan Hills Project in WA – 20% interest in an iron ore target;
- Treasure JV Project – Mithril Resources Ltd earning a 60% interest;
- Mt Elvire Project – iron ore prospect near Port Hedland;
- Heavy Mineral Sands Project – mineral sands prospects in Victoria;
- Golden Camel Project – gold prospect in Victoria- Mining Licence MIN5548 (announced an indicated and inferred resource of 236,000t at 2.5g/t o 17 July 2012); and
- Koree Limestone Project – up for sale.

In addition, on 27 June 2012, Iron Mountain announced the sale of the Blythe River Iron Ore Project ("BRIOP") in Tasmania. The BRIOP was a 50/50 joint venture with Red River Resources Limited ("Red River") (another ASX listed company associated with the Zohar Group). The BRIOP was sold by Iron Mountain and Red River to Forward Mining Limited ("Forward"). An initial payment of $1,300,000 ($650,000 to each of Iron Mountain and Red River) has been made and the following contingent payments are due by Forward:

- Payment of $1,000,000 ($500,000 each) upon the first shipment of iron ore extracted from the BRIOP tenements;
- Payment of $2,000,000 ($1,000,000 each) upon the first anniversary first shipment of iron ore extracted from the BRIOP tenements;
- Payment of $2,000,000 ($1,000,000 each) upon the second anniversary first shipment of iron ore extracted from the BRIOP tenements; and
- A 1.5% royalty on the gross Free on Board revenue from all shipments of iron ore from the BRIOP tenements.

In the announcement to the ASX on 27 June 2012, Iron Mountain stated "the company is confident that the Blythe Project has the potential to be commercially developed by Forward Mining Ltd and thus deliver all outstanding milestone payments as well as an ongoing royalty revenue stream" - End of Quote. We cannot give any assurance that the milestone payments will be paid by Forward.

As at 30 July 2012, Iron Mountain owns 20,526,361 shares in UOG and 20,012,775 share options in UOG.

5.2 The directors of Iron Mountain are Simon England, Dr Zhukov Pervan, Robert Sebek and David Zohar.

5.3 As at 3 August 2012, there are 135,586,881 ordinary shares on issue in Iron Mountain (of which all shares are quoted on ASX) with approximately 1,987 shareholders as at 30 July 2012.

5.4 As at 30 July 2012, the top seven fully paid shareholders of Iron Mountain are believed to be:

| | No. of shares | % interest in shares |
|---|---|---|
| United Orogen Limited | 23,732,341 | 17.50 |
| David Alan Zohar | 11,415,210 | 8.42 |
| Julie Zohar | 10,300,002 | 7.60 |
| Swancove Enterprises Pty Ltd | 9,240,500 | 6.81 |
| Paul Winston Askins | 5,640,633 | 4.16 |
| John Karajas | 3,200,000 | 2.36 |
| Callum Baxter | 3,000,000 | 2.21 |
| | 66,528,686 | 49.06 |

The top 20 shareholders at 30 July 2012 owned approximately 59.01% of the ordinary issued capital of Iron Mountain (top 200 shareholders total approximately 79.43%). The Zohar Group owns approximately 22.83% of the issued capital of Iron Mountain at that date.

5.5 There are 32,000,000 share options outstanding in Iron Mountain, exercisable at 20 cents each, on or before 1 May 2016. UOG owns 30,000,000 of such share options.

**6. Methodology**

6.1 Criteria for assessment of fairness and reasonableness

In forming our opinion as to whether the UOG Takeover Offer by Iron Mountain is in the best interest of the shareholders of UOG, we have considered the following definitions of "fair" and "reasonable" outlined in RG 111 issued by the Australian Securities and Investments Commission.

- an offer is "fair" if the value of the offer price or consideration being offered is equal to or greater than the value of the securities that are the subject of the offer; and
- an offer is "reasonable" if it is fair, or where it is "not fair", it may still be "reasonable" after considering other significant factors which support the acceptance of the offer in the absence of a higher bid.

6.2 Under these definitions, the Takeover Offer for all of the ordinary shares in UOG would be considered fair and reasonable to the shareholders of UOG and in the best interests of all such shareholders if the cash consideration under the Takeover Offer is an amount that is equal to, or greater than, the assessed value of the ordinary shares in UOG being acquired via the Takeover Offer.

6.3 Valuation Methodology – UOG

In assessing the value of UOG we have considered a range of valuation methods. RG 111 states that it is appropriate for an independent expert to consider various methods of valuation. The valuation methodologies we have considered in determining a theoretical value of a UOG share are noted below.

6.3.1 Capitalisation of Future Maintainable Earnings ("FME")

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data. The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives. The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

6.3.2 Discounted Future Cash Flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks. A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate. DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

6.3.3 Net Tangible Asset Value on a Going Concern Basis

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner. The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimate the market values of the net assets of an entity, but do not take into account any realisation costs. Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life.

All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity's assets are liquid or for asset holding companies.

6.3.4 Quoted Market Basis

Another alternative valuation approach that can be used in conjunction with (or as a replacement for) any of the above methods is the quoted market price of listed securities. Where there is a ready market for securities such as ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a "deep" market in that security.

6.3.5 Alternative Takeover Offer

Where any recent genuine offers have been received for the shares being valued it is appropriate to consider those offers in determining the value of the shares. In considering any alternative offers it is necessary to assess the extent to which the alternative offers are truly comparable and to make adjustments accordingly.

**7. Valuation of UOG Shares**

7.1 Valuation Method Adopted for UOG

The preferred valuation method used to value the shares of UOG is the net asset value method although consideration has also been given to the share price at which UOG shares have transacted in the one month and three month period before the announcement of the Takeover Offer. In order to determine the net asset value of UOG, we have instructed an independent technical expert, Malcolm Castle of Agricola Mining Consultants Pty Ltd specialising in the valuation of mineral assets to provide a range of values for UOG's mineral assets ("the Castle Valuation Report"). The Castle Valuation Report dated 17 July 2012 is appended to this report as Appendix B.

The valuation of a target should be based upon a 100% interest in that target which should include a premium for control.

We have not considered the FME and DCF methods as appropriate to value the shares of UOG due to the lack of profit history arising from business undertakings and the lack of a reliable future cash flow from a current business activity.

It is possible that a potential bidder for UOG could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no other current bids in the market place (other than the bid by Iron Mountain), thus the use of this valuation method is not relevant for the purposes of this report. There is always the possibility of another bid emerging however to 6 August 2012 no other Takeover Offer has been made.

We set out in section 7.3 a summary of the fully paid share prices of UOG trading on ASX (on extremely low volumes) since January 2012.

7.2 Adjusted Net Asset Value of UOG Shares

We set out below UOG's unaudited net assets as at 31 March 2012 based on UOG being a going concern. The low, preferred and high valuation figures have been adjusted for the technical valuations of the mineral tenement interests of the UOG Group and estimated income and expenditures to 31 July 2012, as noted below. As there is no intention to wind up the Company, we have not considered wind up values for the purposes of this report. We have been advised that UOG has not been involved in any significant (material) transactions subsequent to 31 March 2012 not already referred to in this report or the Target's Statement.

| | Ref | Unaudited 31 March 2012 $000 | Low Valuation $000 | Preferred Valuation $000 | High Valuation $000 |
|---|---|---|---|---|---|
| **Current Assets** | | | | | |
| Cash assets | 7.2.1 | 268 | 27 | 27 | 27 |
| Trade and other receivables | | 57 | 57 | 57 | 57 |
| Total Current Assets | | 325 | 84 | 84 | 84 |
| | | | | | |
| **Non -Current Assets** | | | | | |
| Plant and equipment | | 5 | 5 | 5 | 5 |
| Deferred exploration expenditure | 7.2.3 | 233 | 4,300 | 5,200 | 6,100 |

Stantons International Securities

| | Ref | Unaudited 31 March 2012 $000 | Low Valuation $000 | Preferred Valuation $000 | High Valuation $000 |
|---|---|---|---|---|---|
| Available for sale financial assets | 7.2.2 | 1,072 | 785 | 785 | 785 |
| Total Non Current Assets | | 1,310 | 5,090 | 5,990 | 6,890 |
| **Total Assets** | | 1,635 | 5,174 | 6,074 | 6,974 |
| **Current Liabilities** | | | | | |
| Trade and other payables | | 64 | 64 | 64 | 64 |
| Provisions | | 4 | 4 | 4 | 4 |
| Total Current Liabilities | | 68 | 68 | 68 | 68 |
| Total Liabilities | | 68 | 68 | 68 | 68 |
| **Net Assets** | | 1,567 | 5,106 | 6,006 | 6,906 |
| | | | | | |
| Shares on Issue: | | 108,825,946 | 108,825,946 | 108,825,946 | 108,825,946 |
| Value of a UOG Share (in cents) | | 1.44 | 4.69 | 5.51 | 6.34 |

The unaudited 31 March 2012 contributed equity (as adjusted) is disclosed at approximately $7,836,000, accumulated losses are approximately at $6,436,000 and reserves approximate $167,000 with total net assets of approximately $1,567,000. Thus the net asset (book value) backing per fully paid share as at 31 March 2012 was approximately 1.44 cents per share. On an adjusted fair value basis, the technical value of a UOG share may fall in the range of 4.69 cents to 6.34 cents with a preferred technical value of approximately 5.51 cents (but being a company with virtually no cash) and approximately 0.73 cents after allowing for estimated cash outflows to 30 September 2012 and valuing ASX listed investments (including shares in Iron Mountain) based on 10 July 2012 share prices and ignoring the technical values of the mineral interests.

The following further adjustments were made to the 31 March 2012 (as adjusted) unaudited consolidated statement of financial position (balance sheet) of UOG to arrive at the range of valuations.

7.2.1 The cash balance was reduced to reflect the forecasted administration, corporate and exploration expenses of approximately $241,000 for the period 1 April 2012 to 30 September 2012.

7.2.2 The investments in available for sale assets (investments in other ASX listed companies) has been adjusted to account for the value of the investments as last traded on the ASX as at 10 July 2012. The adjusted values include a value of the 20,526,361 shares in Iron Mountain of $711,970 (3.0 cents per Iron Mountain share). The shareholding is a substantial shareholding in Iron Mountain and could probably only be sold by way of a private off-market sale(s). In addition, UOG also owns 500,000 shares in Eagle Nickel Limited and 2,000,000 shares in Actinogen Limited, companies that are associated with the Zohar Group.

7.2.3 Deferred exploration expenditure is adjusted to reflect the values indicated by the Castle Valuation Report. Agricola Mining Consultants Pty Ltd was commissioned by us in July 2012 to provide a market valuation of UOG's mineral assets in order to assist us in assessing the market value of UOG when considering the Takeover Offer by Iron Mountain. Agricola Mining Consultants Pty Ltd (author Malcolm Castle) has provided three market indications as to the potential value of the mineral projects, which have been disclosed in the table above. Accordingly, the consolidated statement of financial position has been adjusted to reflect the valuation ranges.

7.2.4 There have not been any other material changes in the values of other assets.

7.2.5 We have used and relied on the Castle Valuation Report on the UOG Group tenements and have satisfied ourselves that:

- Agricola Mining Consultants Pty Ltd is a suitable geological consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the author of the report, Mr Malcolm Castle is suitably qualified and experienced);

- Agricola Mining Consultants Pty Ltd and Malcolm Castle are independent from UOG and Iron Mountain; and
- Agricola Mining Consultants Pty Ltd and Malcolm Castle have employed sound and recognised methodologies in the preparation of the Castle Valuation Report on the UOG Group tenements.

7.2.6 The above table indicates the technical net asset value of a UOG share is between 4.69 cents and 6.34 cents, with a preferred value of 5.51 cents per UOG share. However, UOG has little cash and in the absence of a new capital raising or UOG selling all or some of its investments in ASX listed companies (that includes Iron Mountain), the Company may not survive being a going concern.

7.3 Quoted Market Price Basis – UOG Share Price

7.3.1 In addition to the adjusted net asset valuation of UOG shares in Section 7.2 of this report, we normally consider the quoted market price of a share where the shares are quoted.

We set out below a summary of the fully paid share prices of UOG trading on ASX (on extremely low volumes) since January 2012 to 5 July 2012, the day before the announcement of the Takeover Offer by Iron Mountain.

| 2012 | High Cents | Low Cents | Last Sale Cents | Volume Trade (000's) |
|---|---|---|---|---|
| January | 2.0 | 1.5 | 2.0 | 522 |
| February | 2.0 | 1.7 | 1.9 | 76 |
| March | 1.9 | 1.5 | 1.7 | 280 |
| April | 2.0 | 1.7 | 2.0 | 217 |
| May | 1.7 | 1.3 | 1.3 | 372(i) |
| June | 1.4 | 0.8 | 0.8 | 778(ii) |
| July (to 5th) | 0.8 | 0.7 | 0.7 | 30 |

(i) On 23 May 2102, 328,000 shares were acquired by the Zohar Group at 1.3 cents per share.
(ii) In June 2012, the shares in UOG only traded on 8 trading days (5 trading days in May 2012, 8 trading days in April 2012, 6 trading days in March 2012, 5 trading days in February 2012 and 5 trading days in January 2012).

7.3.2 The volume of trades in UOG shares is extremely low and the share price can be affected by relatively small volumes. However, UOG is a listed entity and it would be remiss not to refer to the share prices in evaluating the fairness of the proposed Takeover Offer by Iron Mountain. It is noted that the adjusted book net book asset backing per share as at 31 March 2012 approximates 1.44 cents (and approximately 0.73 cents after allowing for the value of investments as at 10 July 2012 and estimated cash movements to 30 September 2012 but ignoring the technical range of values of the mineral interests) but with a company that has minimal working capital and has an urgent need to raise new working capital to continue in existence. The last sale share price of a UOG share trading on ASX was on 18 July 2012 and the closing price was 0.7 cents (25,000 shares traded).

7.3.3 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. In the case of UOG, current liquidity is not strong and it is noted that cash and receivables as at 31 March 2012 (as adjusted) totalled $325,000 whilst trade creditors and other liabilities totalled $68,000. The cash position is weak and the Company requires an urgent inflow of additional funds. Based on preliminary cash flow forecasts, UOG will in the absence of a capital raising or realising shares in ASX listed companies, run out of money in October 2012. Arguably, the quoted market value of a UOG share lies in the range of 0.7 cents to 0.8 cents but this price could not be sustained unless the Company raises further funds. In the absence of sufficient cash resources, the Company cannot continue an exploration programme and meet on-going working capital requirements. The share price would drift downwards until cash is received. However, in order for a quoted market price to be a reliable indicator of a company's value, that company's shares must trade in a liquid and fully informed market. Trading in UOG's shares is quite illiquid.

7.3.4 The future value of an UOG share will depend upon, inter alia:

* The successful exploitation of the current mineral assets of UOG;
* The state of the gold, iron ore and base metal markets (and prices) in Australia and overseas;
* The cash position of the UOG Group;
* The realisable values of UOG's share investments in Iron Mountain, Eagle Nickel and Actinogen;
* The state of Australian and overseas stock markets;
* Membership and control of the Board and management of UOG;
* General economic conditions; and
* Liquidity of shares in UOG.

7.4 Conclusion on the Value of UOG Shares

7.4.1 In Sections 7.2 and 7.3 of our report we have discussed the adjusted net asset value and quoted market prices of UOG shares trading on ASX. These values are summarised below:

| | Low value per share<br>Cents | Preferred value per share<br>Cents | High value per share<br>Cents |
|---|---|---|---|
| Adjusted Net Asset Value basis (preferred basis) (Section 7.2) | 4.69 | 5.51 | 6.34 |
| Quoted Market Price basis (cents) (Section 7.3) | 0.700 | 0.800 | 1.400 |
| Off Market Bid by Iron Mountain (refer paragraph 8.7 below) | 0.750 | 0.800 | 1.100 |

If we applies a control premium of between 20% and 30% (generally premiums offered on takeovers for small cap mineral companies are in the range of 20% to 30% although premiums can be less or more), then based on a market price of an UOG share, the adjusted UOG share price to reflect the premium may be in the range of:

20% premium 0.84 cents to 1.68 cents (preferred, 0.96 cents)
30% premium 0.91 cents to 1.82 cents (preferred, 1.04 cents)

However, it should be noted that our preferred methodology is not a market based methodology (as noted above) due to the thinness of trades in UOG shares as traded on ASX.

7.4.2 In assessing the reasonableness of the Takeover Offer by Iron Mountain, we have considered the share prices of UOG share transactions as a guide as to reasonableness or otherwise. However the number of shares transacted on market has been low and the prices are not necessarily indicative of a market price. It is considered more suitable to assess a target's underlying technical value in assessing whether a Takeover Offer is fair and reasonable. Therefore, it is considered appropriate to use the adjusted net asset value for UOG, ranging from 4.41 cents to 6.34 cents per share, with a preferred value of 5.51 cents per share. Some shareholders may consider that technical values are just that and that a market based approach is more suitable. We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between UOG and other parties, including dealings with Iron Mountain. We also note it is not the present intention of the Directors of UOG to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical.

7.4.3 The shareholders', existing and future, must acquire or sell shares in UOG based on the market perceptions of what the market considers a UOG share to be worth. The market has either generally valued the vast majority of mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years. However we note that as the shares are illiquid, Iron Mountain already controls approximately 18.86% of the UOG shares and the Zohar Group controls approximately 26.03% of the UOG shares, a reliable market value is not readily ascertainable.

8. **Valuation of Shares in Iron Mountain**

8.1 We are unable to value Iron Mountain on a net asset backing basis as we do not have access to the books and records of Iron Mountain, in particular information in relation to exploration and evaluation assets on which an independent specialist geologist's valuation can be performed. In any event, the Takeover Offer by Iron Mountain for all of the UOG shares it does not own is on a share swap basis on the ratio of one (1) Iron Mountain share for every four (4) UOG shares. UOG shareholders would be receiving shares and no cash and thus we have chosen to use the quoted market price methodology.

8.2 Iron Mountain is an ASX listed company and therefore the quoted market price method is considered an appropriate valuation method. When assessing non-cash consideration, in control transactions, RG 111.31 suggests that a comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:

(a) the acquirer is obtaining or increasing control of the target; and
(b) the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

RG 111.32 suggests that if the quoted market price of securities is used to value the offered consideration, then we must consider and comment on:
(a) the depth of the market for those securities;
(b) the volatility of the market price; and
(c) whether or not the market value is likely to represent the value if the takeover bid is successful.

RG 111.34 states that if, in a scrip bid, the target is likely to become a controlled entity of the bidder, the bidder's securities can also be valued assuming a notionally combined entity. The comparison should include the assets and liabilities of the target and the dilution effect of the acquisition on the target's earnings, asset backing and dividends.

If the Takeover Offer is accepted, we note that the UOG shareholders will not hold a majority of the merged entity (however, the Zohar Group would have an approximate 28.59% interest in the merged entity assuming 100% acceptances and the 23,732,341 shares held by UOG in Iron Mountain are cancelled). Notwithstanding that we are unable to value Iron Mountain on a net asset backing basis as we do not have access to the books and records of Iron Mountain, in particular information in relation to exploration and evaluation assets on which an independent geologist's valuation can be performed, we have combined the assets and liabilities of both Iron Mountain and UOG and taken into account the dilution effect of the Takeover Offer to obtain a value per share of the notionally combined entity.

8.3 We set out below a summary of the fully paid share prices of Iron Mountain trading on ASX since January 2012 to 5 July 2012, the day before the announcement of the Takeover Offer of UOG.

| 2012 | High Cents | Low Cents | Last Sale Cents | Volume Trade (000's) |
|---|---|---|---|---|
| January | 5.0 | 4.2 | 4.2 | 1,307 |
| February | 4.7 | 4.1 | 4.6 | 897 |
| March | 4.7 | 4.3 | 4.3 | 843 |
| April | 4.5 | 4.1 | 4.1 | 498 |
| May | 4.4 | 3.5 | 4.2 | 907 |
| June | 3.9 | 2.8 | 3.1 | 239 |
| July (to 5th) | 3.2 | 3.0 | 3.0 | 186 |

8.4 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. Arguably, the market value of an Iron Mountain share based on trades over the last three months' generally lies in the range of 3.0 cents to 4.4 cents.

We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Iron Mountain and other parties. We also note it is not the present intention of the Directors of Iron Mountain to liquidate the company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Iron Mountain based on the market perceptions of what the market considers an Iron Mountain share to be worth. The market has either generally valued the vast majority of junior/mid size mineral exploration and development companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for Iron Mountain shares (on low volumes) and the market is kept fully informed of the activities of Iron Mountain. The market has ascribed a current value as noted above.

8.5 However, in order for a quoted market price to be a reliable indicator of a company's value, that company's shares must trade in a liquid and fully informed market. Trading in Iron Mountain's shares is not high and like UOG there are days (maybe not as often) when no shares are traded on ASX. Normally a "deep" market is where shares in a company traded on a recognised exchange exceeds 1% of a company's securities traded on a weekly basis, regular trading in a company's shares occur, the spread is sufficient so that a single trade does not affect significantly the market capitalisation of a company and there is no significant unexplained movements on share prices. This has not occurred in relation to Iron Mountain as it is a junior exploration company where many of the shares are tightly held by a small number of shareholders including the Zohar Group and those associated with other directors or the original promoters of Iron Mountain. Notwithstanding the lack of a "deep" market, we believe that it is appropriate to use quoted market values (over the past few months) to ascertain the "value" of Iron Mountain's shares for the purposes of this report.

8.6 The future value of an Iron Mountain share will depend upon, inter alia:

* The successful exploitation of the current mineral assets of Iron Mountain;
* The state of the gold, iron ore and base metal markets (and prices) in Australia and overseas;
* The cash position of the Iron Mountain Group;
* The realisable values of Iron Mountain's share investments in UOG, Eagle Nickel and Red River Resources;
* The state of Australian and overseas stock markets;
* Membership and control of the Board and management of Iron Mountain;
* General economic conditions; and
* Liquidity of shares in Iron Mountain.

8.7 Our assessment is that a range of values for Iron Mountain' shares based on market pricing, after disregarding post announcement pricing, is between 3.0 cents and 4.4 cents. As noted above, the consideration for the Takeover Offer is that UOG shareholders will receive one (1) Iron Mountain shares for every four (4) UOG share held. The value of the consideration offered is shown below:

| | **Low** | **High** |
|---|---|---|
| Market value per Iron Mountain share | 3.0 cents | 4.4 cents |
| Number of shares offered as consideration | 1 for 4 | 1 for 4 |
| **Value of Consideration offered to the Shareholders of UOG** | **0.75 cents** | **1.1 cents** |

**Using the Iron Mountain share price on 5 July 2012, the value of the consideration offered would equate to 0.75 cents per UOG share (same deemed consideration as at 26 July 2012 as the closing share price of a Iron Mountain share traded on ASX at that date was 3.0 cents). The last sale price of an Iron Mountain share trading on ASX as at 7 August 2012 was 3.2 cents and thus this would equate to 0.80 cents per UOG shares (was 3.8 cents on 2 August 2012 that equates to 0.95 cents per UOG share).**

8.8 We also set out an unaudited consolidated statement of financial position of Iron Mountain as at 31 March 2012 adjusted to reflect the market values of share investments in various listed companies based on the last share price of such companies as traded on ASX as at 10 July 2012, adjusting for estimated cash operating costs and depreciation on plant from 1 April 2012 to 30 September 2012 of $860,000 and $50,000 respectively, accounting for the gross proceeds from the sale of shares in Terrain Minerals Limited for $180,900 and accounting for the $650,000 proceeds from Forward Mining as noted in paragraph 5.1 above.

| | Iron Mountain Unaudited Adjusted 31 March 2012 $000 |
|---|---|
| **Current Assets** | |
| Cash assets | 2,795 |
| Trade and other receivables | 179 |
| Assets held for resale | 4,000 |
| Total Current Assets | 6,974 |
| **Non -Current Assets** | |
| Receivables/bonds | 46 |
| Property, plant and equipment | 1,726 |
| Deferred exploration expenditure | 30 |
| Investments accounted for using the equity accounting method | 143 |
| Available for sale financial assets | 144 |
| Total Non Current Assets | 2,089 |
| **Total Assets** | 9,063 |
| **Current Liabilities** | |
| Trade and other payables | 347 |
| Provisions | 32 |
| Total Current Liabilities | 379 |
| Total Liabilities | 379 |
| **Net Assets** | 8,684 |
| | |
| Shares on Issue: | 135,568,881 |
| Value of a Iron Mountain Share (in cents) | 6.40 |

**9. Notionally Combined Entity**

9.1 In the table below as an alternative valuation methodology, we have combined the assets and liabilities of both UOG and Iron Mountain and taken into account the dilution effect if the Takeover Offer is accepted to obtain a value per share of the notionally combined entity. This value represents the value per share that UOG shareholders will receive if the Takeover Offer is successful. The Low, Preferred and High valuations include the values of mineral projects of UOG as per the Castle Valuation Report but the figures for Iron Mountain are book values as at 31 March 2012 as noted in section 8.8 of this report. Further details of adjustments are noted below.

| | Ref | Unaudited 31 March 2012 $000 | Low Valuation $000 | Preferred Valuation $000 | High Valuation $000 |
|---|---|---|---|---|---|
| **Current Assets** | | | | | |
| Cash assets | 9.2 | 3,063 | 2,822 | 2,822 | 2,822 |
| Trade and other receivables | | 236 | 236 | 236 | 236 |
| Assets held for resale | | 4,000 | 4,000 | 4,000 | 4,000 |
| Total Current Assets | | 7,299 | 7,058 | 7,058 | 7,058 |
| **Non -Current Assets** | | | | | |
| Receivables | | 46 | 46 | 46 | 46 |
| Property, plant and equipment | | 1,731 | 1,731 | 1,731 | 1,731 |
| Deferred exploration expenditure | 9.4 | 263 | 4,330 | 5,230 | 6,130 |
| Investments accounted for using the equity accounting method | 9.3 | 143 | - | - | - |
| Available for sale financial assets | 9.3 | 1,216 | 214 | 214 | 214 |
| Total Non Current Assets | | 3,399 | 6,321 | 7,221 | 8,121 |

Stantons International Securities

| | Ref | Unaudited 31 March 2012 $000 | Low Valuation $000 | Preferred Valuation $000 | High Valuation $000 |
|---|---|---|---|---|---|
| **Total Assets** | | 10,698 | 13,379 | 14,279 | 15,179 |
| **Current Liabilities** | | | | | |
| Trade and other payables | | 411 | 411 | 411 | 411 |
| Provisions | | 36 | 36 | 36 | 36 |
| Total Current Liabilities | | 447 | 447 | 447 | 447 |
| Total Liabilities | | 447 | 447 | 447 | 447 |
| **Net Assets** | | 10,251 | 12,932 | 13,832 | 14,732 |
| Number of shares in Iron Mountain post merger (see below) | | 133,929,436 | 133,929,536 | 133,929,436 | 133,929,436 |
| Value of an Iron Mountain share incorporating UOG (in cents) | | 7.65 | 9.65 | 10.32 | 11.00 |

9.2 The UOG cash balances were reduced to reflect the forecasted administration, corporate and exploration expenses of approximately $241,000 for the period 1 April 2012 to 30 September 2012 (Iron Mountain cash already adjusted as part of the cash of $3,063,000 noted above).

9.3 The UOG investments in available for sale assets (investments in other ASX listed companies) has been adjusted to account for the value of the investments as last traded on the ASX as at 10 July 2012. The 31 March 2012 values in the books of UOG include a value of the 20,526,361 shares in Iron Mountain of approximately $1,102,000 (and approximately $712,000 as at 10 July 2012). The pro-forma combined entity figures have removed this figure. The shareholding in Iron Mountain by UOG is a substantial shareholding in Iron Mountain and such investment will probably be cancelled. If such shares are not cancelled they may be made available for sale to external parties (however, we have not ascribed any value in the above adjusted calculations of fair values to determine a range of values of a merged entity). The investments accounted for using the equity accounting method has been adjusted to eliminate the investment in UOG by Iron Mountain ($143,000).

9.4 Deferred exploration expenditure is adjusted to reflect the UOG values indicated by the Castle Valuation Report. Agricola Mining Consultants Pty Ltd (author, Malcolm Castle) has provided three market indications as to the potential value of the UOG mineral projects, which have been disclosed in the table above. Accordingly, the consolidated statement of financial position has been adjusted to reflect the valuation ranges. The unaudited book value of Iron Mountain's deferred exploration expenditure is included in the above figures (book values $30,000).

9.5 There have not been any other material changes in the values of other assets.

9.6 The interests of the existing UOG shareholders (that excludes the UOG shares already held by Iron Mountain) in Iron Mountain post the merger will be as follows:

| | |
|---|---|
| No. of UOG shares on issue | 108,825,946 |
| Less: owned by Iron Mountain | (20,526,361) |
| | 88,299,585 |
| Ratio of 1 Iron Mountain share for every 4 UOG shares | |
| Iron Mountain shares to be issued to the remaining UOG shareholders | 22,074,897 |
| Iron Mountain shares on issue | 135,586,881 |
| No. of shares to be issued to the remaining UOG shareholders | 22,074,897 |
| | 157,661,778 |

| | |
|---|---|
| Less: shares held by UOG in Iron Mountain to be cancelled | (23,732,341) |
| Shares in issue in Iron Mountain post merger | 133,929,437 |

9.7 The UOG shareholders interest (16.482%) in the merged entity will vary between approximately $2,131,000 and $2,428,000 (preferred amount $2,279,000) as compared with an 81.14% interest (Iron Mountain owns 18.86%) in UOG's adjusted net assets at fair value (refer paragraph 7.2 above) of between approximately $4,143,000 and $5,603,000 with a preferred value of $4,873,000 ($1,271,000 based on book values only). However, the mineral assets of Iron Mountain are in the books at $30,000 and have not been independently valued. There would be some expectation that there could be a large increase in value of the Iron Mountain mining assets had they been independently valued.

## 10. Value and Fairness of Consideration Compared To Value of Assets Acquired

10.1 Value of Consideration Compared to Value of Assets Acquired

The value of the share consideration offered by Iron Mountain being one (1) Iron Mountain share for every four (4) UOG shares is compared below:

| | Section Ref | Low Cents | Preferred Cents | High Cents |
|---|---|---|---|---|
| Technical Valuation Method | | | | |
| Value of Share Consideration for 1 UOG share | | 0.750 | 0.800 | 1.100 |
| Value of a UOG share on a technical net asset value basis | 7.2 | 4.69 | 5.51 | 6.34 |
| Discount received by Iron Mountain (cents) | | 3.94 | 4.71 | 5.24 |
| **Discount received by Iron Mountain (percentage)** | | **84.00** | **85.4** | **82.6** |

The value of the notionally combined entity is in the range of 9.65 cents to 11.0 cents with a preferred valuation of 10.32 cents (refer section 9 above).

We have examined anecdotal evidence of premiums for control paid in Australia and globally for junior and mid cap exploration companies. The range paid for control oscillates between approximately 20% and 30%, although on occasions the premium may be lower or higher. A 20% premium is often considered a "normal expected" premium in relation to takeovers. Iron Mountain is not paying a premium for control based on the low, preferred and high technical values for a UOG share.

10.2 Fairness of Consideration Compared to Value of Assets Acquired

**The above table indicates that the value on a cents per share basis of the Takeover Offer by Iron Mountain for all of the shares in UOG not held by Iron Mountain is less than the assessed preferred technical fair value of a UOG share. Therefore the Takeover Offer for all of the shares in UOG is not considered to be fair as at the date of this report.**

## 11. Reasonableness of the Takeover Offer to UOG Shareholders

11.1 Under RG 111, an offer may be considered 'reasonable' if despite being 'not fair', sufficient reasons exist for security holders to accept the offer in the absence of any higher bid before the close of the offer.

In considering the reasonableness of the Takeover Offer, we have considered, inter-alia the following factors:

- Significant shareholdings in UOG;
- Cash position of UOG;
- Liquidity of the market in UOG's securities;

- Risks associated with developing the mineral projects of UOG and Iron Mountain;
- Any special value of UOG to Iron Mountain; and
- The value to an alternative bidder and likelihood of an alternative offer being made for the shares in UOG.

We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Takeover of UOG as they apply to the shareholders of UOG.

**Advantages**

11.2 Shareholders who accept the offer have certainty that they will receive one share in Iron Mountain for every four shares in UOG (subject to the condition, inter-alia that Iron Mountain receives acceptance for at least 80% of the issued UOG shares on issue). The shares in UOG are thinly traded as compared with Iron Mountain (although the trading in Iron Mountain is still not high enough on a weekly/monthly basis to say there is a "deep" market in trading shares in Iron Mountain). In broader terms there is a more active market for shares in Iron Mountain as compared with UOG.

11.3 As noted above, UOG shares are thinly traded. UOG shareholders who do not accept this Takeover Offer may find it difficult to trade their shares in UOG.

11.4 By accepting the Takeover Offer, the UOG shareholders will become shareholders of Iron Mountain that has more exploration areas of interest and arguably a brighter future at this stage than UOG. UOG is cash poor and needs to raise a reasonable amount of cash soon to continue in business. In the current market, raising cash at a commercial issue price is quite difficult and UOG may need to offer a substantial discount pursuant to a share placement or rights issue. This could result in a massive increase in shares on issue in UOG and the market may reset the UOG share price at or around the new issue price until positive exploration results are announced (if any). UOG shareholders are exposed to a larger portfolio of mineral exploration targets but at the same time will have exposure to the existing mineral assets of the UOG Group albeit with a lower percentage interest (approximately 16.482%).

11.5 We are informed by UOG that the Takeover Offer is the only proposed transaction before the Company. This Takeover Offer provides a UOG shareholder an option to exit their investment in UOG with no transaction costs such as commissions.

11.6 Iron Mountain is more cashed up than UOG and thus has funds to spend on the mineral interests of both UOG and Iron Mountain. However, Iron Mountain in the future will need to raise further capital that may dilute the shareholding interests of the existing UOG shareholders and the existing Iron Mountain shareholders.

11.7 If the Takeover Offer is accepted, the merged entity will have a stronger balance sheet (statement of financial position) and cash and listed investments totalling approximately $3,036,000 along with an asset held for resale with a current value of $4,000,000 (to be settled on 17 August 2012). This may enable it to advance current exploration activities and pursue growth opportunities when they arise. Being a larger entity, it may attract new investors, improve the ability to raise new share equity and have increased media coverage although it is noted that even the merged entity is not of a large size.

11.8 The merged entity has a greater range of mineral exploration assets as compared with UOG or Iron Mountain pre merger. This to some extent reduces risk but at the same time Iron Mountain is taking on UOG's exploration commitments.

11.9 The market capitalisation, if the Takeover Offer is successful of the merged entity (Iron Mountain incorporating UOG), will increase relative to UOG's market capitalisation on a stand-alone basis.

11.10 There may well be synergistic benefits as there is the potential to save costs such as ASX listing fees, corporate overheads and rationalisation of the management structures.

**Disadvantages**

11.11 The Takeover Offer of one Iron Mountain share for every four UOG shares represents a discount of 4.71 cents (85.4%) to our preferred technical valuation of a UOG share of 5.51 cents. Iron Mountain is not paying a premium for control based on the fair asset value basis that includes valuing the mineral assets of UOG (but not the mineral assets of Iron Mountain). As stated above, a premium for control is normally 20% or more. Further details are outlined in section 10.1 of this report. On a technical basis of a UOG share, the Takeover Offer by Iron Mountain is considered not fair. However, it is noted that based on a market price basis for UOG shares (not a preferred methodology for the reasons outlined above), Iron Mountain is paying close to the share ratio under the Takeover Offer (one Iron Mountain shares for every four UOG shares) but there is no significant premium for control.

11.12 UOG shareholders will be selling their interest in a company that has mineral exploration targets that may have potential value in excess of the current market capitalisation of UOG. However, UOG shareholders by accepting the Takeover Offer from Iron Mountain will retain a reduced exposure to such assets (16.482% compared with 87.14%). Prior to the Takeover Offer, the UOG shareholders (excluding Iron Mountain) owned 81.14% of the Company with Iron Mountain owning 18.86%. If the Takeover Offer is accepted, the UOG shareholders' interests will reduce to 16.48% of the merged entity assuming the 23,732,341 shares held by UOG in Iron Mountain are cancelled on completion of the Takeover (merger).

11.13 Should the Takeover Offer be accepted, UOG shareholders will no longer hold any shares in UOG. Accordingly they will have no exposure to any improved offers that may be made in future by Iron Mountain or any other party.

**Other Factors**

11.14 The Australian tax consequences for UOG shareholders who accept the Takeover Offer for all of their shares in UOG will depend on a number of factors, including:

- whether the UOG shareholder holds their UOG shares on capital account, revenue account or as trading stock;
- the nature of the UOG shareholder (i.e. individual, company, trust, complying superannuation fund); and
- the tax residency status of the UOG shareholder (i.e. Australian resident or not).

Each UOG shareholder should seek their own independent tax advice on the consequences of accepting the Takeover Offer and receiving cash in exchange for UOG shares. For further information on the taxation position, please refer to Section 8.3 - Taxation Considerations for United Orogen Shareholders" in the Target's Statement.

11.15 There are other risks associated with the Takeover Offer and these are outlined in "Part F – Risk Factors" of the Iron Mountain Bidder's Statement. and the UOG Target's Statement section 2.4 also refers to risks that will continue to be applicable to UOG if the Takeover Offer is not successful or if current UOG shareholders remain as shareholders of UOG.

11.16 There is uncertainty that UOG could achieve the full underlying value for its assets in an orderly disposal of its assets. UOG is an exploration and mining company and is obliged to fulfil minimum mineral expenditure conditions in order to maintain the exploration leases listed in Section 5.3 of the Target's Statement.

11.17 There are inherent risks involved in UOG pursuing other transactions to seek to unlock the value in UOG shares, and there can be no guarantees that any alternative transaction will be pursued or that UOG will have sufficient financial and other resources to pursue alternative transactions. Any new financing arrangements may result in significant dilution for existing shareholders. It is expected that in the absence of a capital raising or the realisation by UOG of some or all of the shares in ASX listed companies, UOG will run out of cash in October 2012.

11.18 The unaudited net asset backing of a share in Iron Mountain as at 31 March 2012 as adjusted approximates 6.40 cents (refer paragraph 8.8) and after taking into account the 1 for 4 ratio, the value would be equivalent to 1.6 cents (compared with a share price of a UOG share as traded on ASX of around 0.7 cents). It is noted that the assessed fair values may be higher if the mineral interests of Iron Mountain were valued by an independent geological firm (the carrying value by Iron Mountain is only $30,000).

11.19 The current shareholders of UOG, other that Iron Mountain and the Zohar Group, only hold approximately 55.11% of the shares in UOG (approximately 1,634 shareholders). These shareholders have limited ability to influence the control and direction of the Company. The Takeover Offer may further increase Iron Mountain's effective control, which may increase the risks associated with being a minority shareholder. Should Iron Mountain increase its shareholding in UOG to over 90%, Iron Mountain will have the ability to compulsorily acquire the remaining shareholding which it does not already control.

11.20 Conclusion as to the Reasonableness of the Takeover Offer

**It is noted that ultimately the advantages of accepting the Takeover Offer noted in Section 11 of this report, arguably exceed the disadvantages, although the financial effects cannot be determined with any degree of certainty. In our view the Takeover Offer is reasonable.**

**12. Conclusion as to Fairness and Reasonableness of the Takeover Offer**

12.1 **We have considered the terms of the Takeover Offer as outlined in the body of this report and have concluded that the Takeover Offer by Iron Mountain to offer 1 Iron Mountain share for every 4 UOG Shares held on the Record Date is, on balance, not fair but reasonable to the non associated shareholders of UOG at the date of this report.**

SIS's opinion should not be construed to represent a recommendation as to whether or not UOG shareholders should accept the Takeover Offer by Iron Mountain. Shareholders uncertain as to the impact of accepting the Takeover Offer should seek separate advice from their financial and/or taxation adviser. Shareholders should be aware that other offers may be made by other parties after the preparation of this report. The shareholders of UOG will need to compare the current Takeover Offer and consider whether any other offer(s) are more superior.

**13. Sources of Information**

13.1 In making our assessment as to whether the Takeover Offer to UOG shareholders by Iron Mountain is fair and reasonable to the non associated shareholders we have reviewed relevant published available information and other unpublished information of the Company and Iron Mountain which is relevant to the current circumstances. In addition, we have held discussions with the management of UOG about the present and future operations of UOG. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of UOG and Iron Mountain.

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

* Discussions with management and directors of UOG;
* Details of historical market trading of UOG, Iron Mountain, Actinogen Limited, Red River Resources Limited and Eagle Nickel Limited shares as recorded by ASX to 7 August 2012 (1pm) (and as at 31 March 2012 and 10 July 2012);
* Shareholding details of UOG and Iron Mountain as supplied by the share registries as at 10 July 2012;
* Audited annual reports of UOG and Iron Mountain for the years ended 30 June 2010 and 30 June 2011;
* Half year reports of UOG and Iron Mountain for the half year ended 31 December 2011;
* Announcements made by UOG and Iron Mountain for the period from 1 January 2010 to 7 August 2012 (to 1pm);
* Bidder's Statement dated 27 July 2012 (and served on UOG on 1 August 2012) produced by Iron Mountain relating to the Takeover Offer for UOG;
* Draft unaudited financial statements of UOG and Iron Mountain prepared by UOG and Iron Mountain management respectively as at 31 March 2012;

* The Castle Valuation Report on the mineral assets of UOG prepared by Agricola Mining Consultants Pty Ltd;
* Drafts of the Target's Statement prepared by UOG and its legal advisers in August 2012 (to 6 August 2012); and
* Cash flows (actual) from 1 April 2012 to 30 June 2012 and forecasted cash flows for the years ended 30 June 2013 (on a monthly basis) for both UOG and Iron Mountain.

13.3 Our report includes Appendices A, our Financial Services Guide and Appendix B being the Castle Valuation Report attached to this report.

Yours faithfully
**STANTONS INTERNATIONAL AUDIT AND CONSULTING**
**(Trading as Stantons International Securities)**

**John P Van Dieren- FCA**
**Director**

**APPENDIX A**

**AUTHOR INDEPENDENCE AND INDEMNITY**

This annexure forms part of and should be read in conjunction with the report of Stantons International Audit and Consulting Pty Ltd trading as Stantons International Securities dated 7 August 2012, relating to the proposed Takeover Offer via a share offer by Iron Mountain of one Iron Mountain share for every four shares in UOG which it already does not own on the Record Date as stated in the Bidder's Statement dated 27 July 2012 and served on UOG on 1 August 2012.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with UOG other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated not to exceed $20,000. The fee is payable regardless of the outcome. With the exception of that fee, neither Stantons International Securities nor John P Van Dieren have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the making of this report. Stantons International Securities has prepared independent expert's reports for both UOG and Iron Mountain over the past few years but this has not affected our independence to prepare this report.

Stantons International Securities does not hold any securities in UOG or Iron Mountain. There are no pecuniary or other interests of Stantons International Securities that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons International Securities and Mr John Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

**QUALIFICATIONS**

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (No 418019) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. A number of the directors of Stantons International Audit and Consulting Pty Ltd are the directors and authorised representatives of Stantons International Securities. Stantons International Securities and Stantons International Audit and Consulting Pty Ltd (also trading as Stantons International) have extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

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

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

## DECLARATION

This report has been prepared at the request of the independent Directors of UOG in order to assist the shareholders of UOG to assess the merits of the Takeover Offer to which this report relates. This report has been prepared for the benefit of UOG and those persons only who are entitled to receive a copy for the purposes of Section 640 of the Corporations Act and does not provide a general expression of Stantons International Securities opinion as to the longer term values of UOG and its subsidiaries and assets. Stantons International Securities does not imply, and it should not be construed, that is has carried out any form of audit on the accounting or other records of UOG, Iron Mountain or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

## DISCLAIMER

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

## DECLARATION AND INDEMNITY

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

(a) to make no claim by it or its officers against Stantons International Securities (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which UOG may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by UOG; and

(b) to indemnify Stantons International against any claim arising (wholly or in part) from UOG or any of its officers providing Stantons International Securities any false or misleading information or in the failure of UOG or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

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

Stantons International Securities

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
AFS Licence No: 418019
www.stantons.com.au

**FINANCIAL SERVICES GUIDE**
**DATED 7 AUGUST 2012**

## 1. STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD (TRADING AS STANTONS INTERNATIONAL SECURITIES)

Stantons International Securities (ABN 84 144 581 519 and AFSL Licence No 418019) (**"SIS"** or **"we"** or **"us"** or **"ours"** as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

## 2. Financial Services Guide

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 418019;**
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

## 3. Financial services we are licensed to provide

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

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

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

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

## 4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report you should seek advice from a registered financial adviser.

**5. Benefits that we may receive**

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

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

**6. Remuneration or other benefits received by our employees**

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

**7. Referrals**

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

**8. Associations and relationships**

SIS is a trading name owned by Stantons International Audit and Consulting Pty Ltd a professional advisory and accounting practice. From time to time, SIS and Stantons International Audit and Consulting Pty Ltd (also trades as Stantons International) may provide professional services, including audit, accounting, probity management, corporate and financial advisory services, to financial product issuers in the ordinary course of its business.

**9. Complaints resolution**

**9.1 Internal complaints resolution process**

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

The Complaints Officer
Stantons International Securities
Level 2
1 Walker Avenue
WEST PERTH WA 6005

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

**9.2 Referral to External Dispute Resolution Scheme**

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

Further details about FOSL are available at the FOSL website www.fos.org.au or by contacting them directly via the details set out below.

Stantons International Securities

Financial Ombudsman Service Limited
PO Box 3
MELBOURNE VIC 3001

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

**10. Contact details**

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

**APPENDIX B**

**AGRICOLA MINING CONSULTANTS PTY LTD CONSULTING GEOLOGIST TECHNICAL VALUATION REPORT (CASTLE VALUATION REPORT) ON THE UOG MINERAL ASSETS DATED 19 JULY 2012**

Malcolm Castle
Agricola Mining Consultants Pty Ltd
P.O. Box 473, South Perth, WA 6951
Phone: 61 (8) 9474 9351
Mobile: 61 (4) 1234 7511
Email: mjcastle@castleconsulting.com.au
ABN: 84 274 218 871

19 July 2012

The Directors
Stantons International Securities
Level 2, 1 Walker Avenue
West Perth, WA, 6005

Dear Sirs,

**Re: INDEPENDENT VALUATION OF THE MINERAL ASSETS of UNITED OROGEN LIMITED in WESTERN AUSTRALIA**

I have been commissioned by the Directors of Stantons International Securities ("Stantons") to provide a Mineral Asset Valuation Report ("Report") of the mineral assets of United Orogen Ltd ("the Company") in Western Australia. This report serves to comment on the geological setting and exploration results on the properties and presents a technical and market valuation for the exploration assets based on the information in this Report.

The present status of the tenements/licenses listed in this report is based on information provided by the Company. The Report has been prepared on the assumption that the tenements are lawfully accessible for evaluation. Details in respect to the legal status and tenure of the tenements comprising the Project were reviewed from documents issued by the respective governments and included in the data supplied by the Company.

***DECLARATIONS***

***Relevant codes and guidelines***

This report has been prepared as a technical assessment and valuation in accordance with the *Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the "VALMIN Code")*, which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and

Investments Commission ("ASIC") and the ASX Limited ("ASX") which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112).

Where mineral resources have been referred to in this report, the classifications are consistent with the *"Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"),* prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective December 2004.

Under the definition provided by the VALMIN Code, the properties are classified as 'exploration areas', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential.

***Sources of Information***

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports by consultants, previous tenements holders and other relevant published and unpublished data for the area. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company, along with a written request to identify any material errors or omissions prior to lodgement.

In compiling this report, I did not carry out a site visit to any of the Company's Project areas. Based on my professional knowledge and experience and the availability of extensive databases and technical reports made available by various Government Agencies, I consider that sufficient current information was available to allow an informed appraisal to be made without such a visit.

The independent technical report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears. I have no reason to doubt the authenticity or substance of the information provided.

***Qualifications and Experience***

The person responsible for the preparation of this report is:

*Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM*

> **Malcolm Castle** has over 40 years' experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 20 years ago and specialises in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including uranium, gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical Audits in many countries. He has completed numerous Independent Geologist's Reports and mineral asset valuations

over the last decade as part of his consulting business and a list of recent assignments is included at the end of this report.

Mr. Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc.(Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Mr. Castle is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has the appropriate relevant qualifications, experience, competence and independence to be considered as an “Expert” and “Competent Person” under the Australian Valmin and JORC Codes, respectively.

***Competent Persons Statement***

The information in this report that relates to Exploration Results and Mineral Resources of the Company has been reviewed by Malcolm Castle, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Castle has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves., Mr Castle consents to the inclusion in this report of the matters based on the information in the form and context in which they appear.

***Independence***

I am not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the Projects or the Company. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully

***Malcolm Castle***

B.Sc.(Hons) MAusIMM, GCertAppFin (Sec Inst)

## PROJECT REVIEW

### PROJECT OVERVIEW

The Company's projects include the Mt Leeming (Bauxite), Cape Londonderry (Gold), Lawley (Gold) and Vansittart (Gold) projects in the Kimberley area of Western Australia.

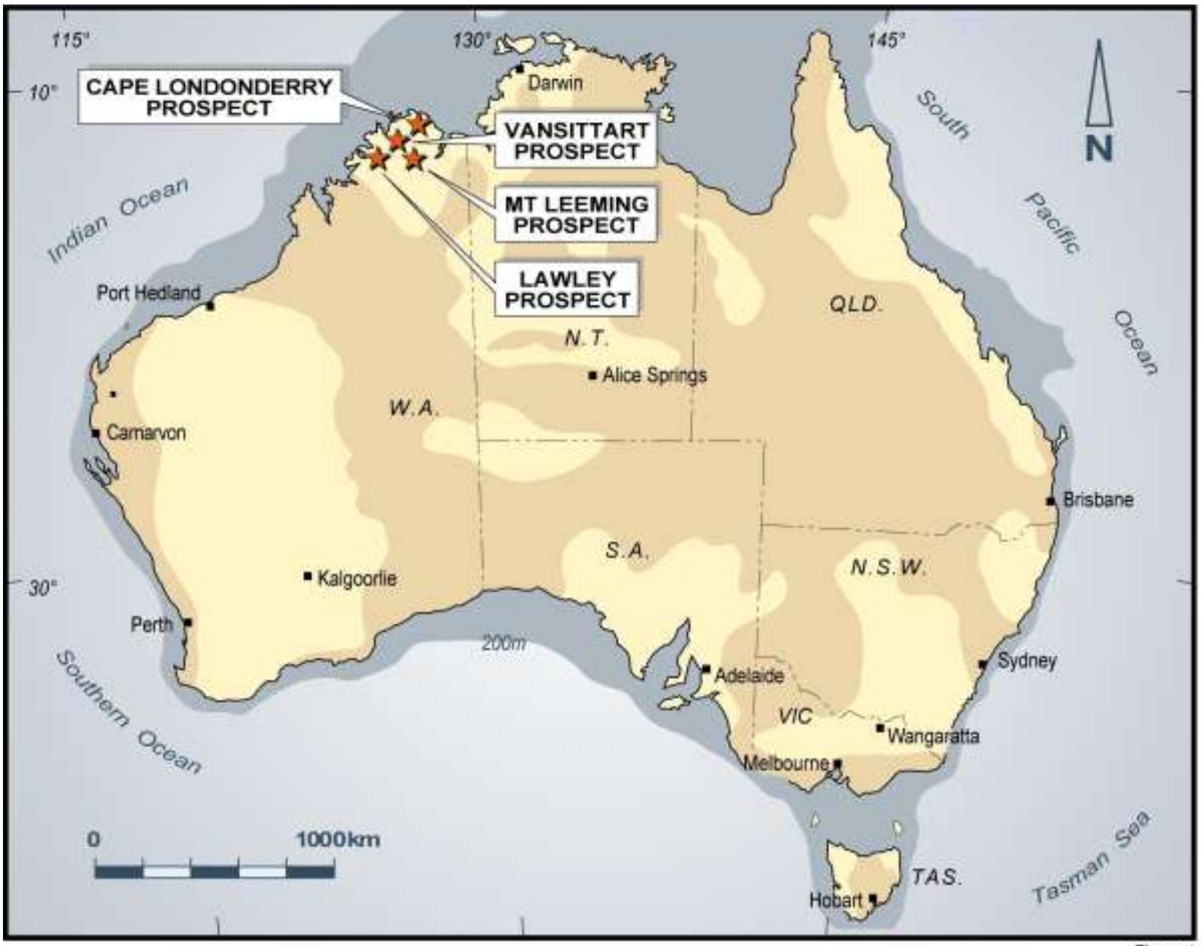



Figure 1

PROJECT LOCATION PLAN

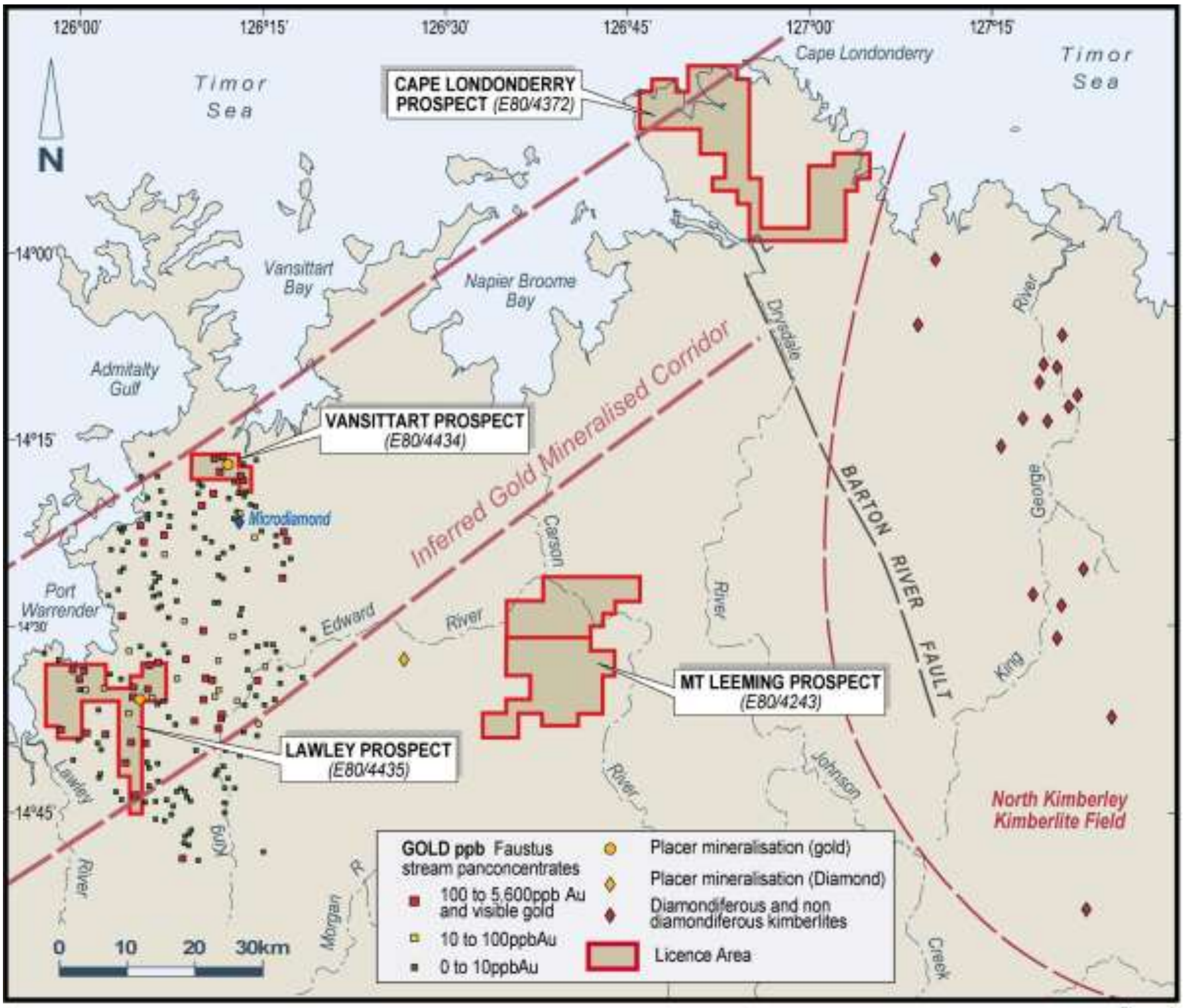
**TENEMENT SHEDULE**

| Tenement | Project | State | Km2 | Grant Date | Ownership |
|---|---|---|---|---|---|
| E80/4372 | Cape Londonderry | WA | 288 | 18/04/2011 | 100% |
| E80/4243 | Mt Leeming | WA | 179 | 10/11/2010 | 100% |
| E80/4439 | Frederick Hills | WA | 139 | 14/06/2011 | 100% |
| E80/4434 | Vansittart | WA | 33 | 10/08/2011 | 100% |
| E80/4435 | Lawley | WA | 159 | 10/08/2011 | 100% |
| E69/2825 | Gunnedo | WA | 146 | 6/07/2011 | 100% |
| E52/2569 | Horseshoe South | WA | 6 | 18/06/2010 | 100% |
| E39/1528 | Victoria Desert | WA | 74 | 29/07/2010 | 100% |
| E39/1594 | Victoria Desert North | WA | 74 | 3/05/2011 | 100% |
| E70/4073 | Redmond | WA | 42 | 2/04/2012 | 100% |
| E70/4140 | Jacup | WA | 90 | Application | 100% |
| E70/4173 | Tambellup | WA | 194 | 4/10/2011 | 100% |
| E70/4174 | Tambellup East | WA | 169 | 4/10/2011 | 100% |
| EP448 | Canning Basin | WA | 8,427 | 16/06/2006 | 10% |

The status of a cross section of the tenements has been verified pursuant to paragraph 67 of the Valmin Code, by Agricola Mining Consultants Pty Ltd by reference to the Department of Mines and Petroleum, Western Australia. The tenements are in good standing as represented by United Orogen.

## PROPOSED DEVELOPMENT OF WEST KIMBERLEY RESOURCES

The Cape Londonderry, Mt Leeming, Frederick Hills, Vansittart and Lawley projects are located in the Kimberley area of Western Australia.




TENEMENT AND MINERALISATION MAP

Figure 6

In 2005, a report on the West Kimberley was commissioned by the West Australian Department of Industry and Resources within the framework of the Australian Government Regional Minerals Program (RMP). A review of this study provided the following positive information concerning the long term potential of the area. The report referred to this extensive but relatively remote part of Australia's northwest that contains significant but as yet, largely unexploited mineral and energy resources, within a region of great aesthetic, environmental and cultural diversity and significance.

Reference is made to the traditional owners who wish to both preserve the region and ensure that the cultural responsibilities are upheld, but at the same time explore opportunities for economic self-determination by way of the development of identified petroleum and mineral resources.

Both the gas and mineral (bauxite) occurrences are acknowledged, with especial reference to the Mitchell Plateau and Mt Leeming bauxite mineralisation and a wide range of both precious and base metals as well as on-shore petroleum.

This report, and the more recent Federal Government Kimberley Heritage Listing announcement in August 2011, confirms that the West Kimberley area is currently being looked upon with renewed interest, with both the Australian Federal and West Australian Governments giving high priority to the Development of the Browse Basin gas fields that, once developed, could provide an important energy source, for any planned mineral processing, especially alumina processing.

Attendant to this proposed access to known mineralisation of the area, would be the development of a much needed infrastructure, namely all-weather access, port development, airfield rehabilitation and construction and mine site development.

The existence of such a comprehensive proposal framework as contained in this Regional Minerals Proposal report provides valuable supporting evidence that, even in the light of possible environmental and Native Title objections to mineral exploitation in the area, development of this remote area of Western Australia has been under consideration at both State and Federal Government levels.

## MT LEEMING AND FREDERICK HILLS - BAUXITE

Reconnaissance exploration by previous explorers between 1965 and 2007 identified significant lateritic bauxite minerals hosted by Carson Volcanic rock sequences. Only limited sampling and assessment has been carried out. The North Kimberley Region is currently being assessed for bauxite deposits adjacent to Mt Leeming (West Kalumburu, Couchman Range and Grass Hills), the prospectivity of the project area is considered to be significant and more detailed exploration and sampling is warranted.

**Location and Access**

The Mt Leeming and Frederick Hills bauxite prospect is located in the North Kimberley area, about 10kms south of Mt Leeming, between the Carson and King Edward Rivers.

Access from Kalumburu Mission, situated some 40kms to the north is by the Gibb River – Kalumburu Road that passes the prospect area to the west. Tenement access is largely overland and by drilling access road constructed in 2004 constructed by Aldoga/Cape Alumina Pty Ltd that carried out reconnaissance exploration. Access during the wet-season is frequently restricted by river flooding. The refurbished, 2,42km long Truscott airstrip, located on Anjo Peninsula, is 65km to the north of E80/4243.

Kalumburu is situated in the Kalumburu Aboriginal Reserve and part of the Mt Leeming Prospect falls within this reserve. A 'Permit to Enter' is necessary prior to entry and any exploration activity is restricted to site access only.

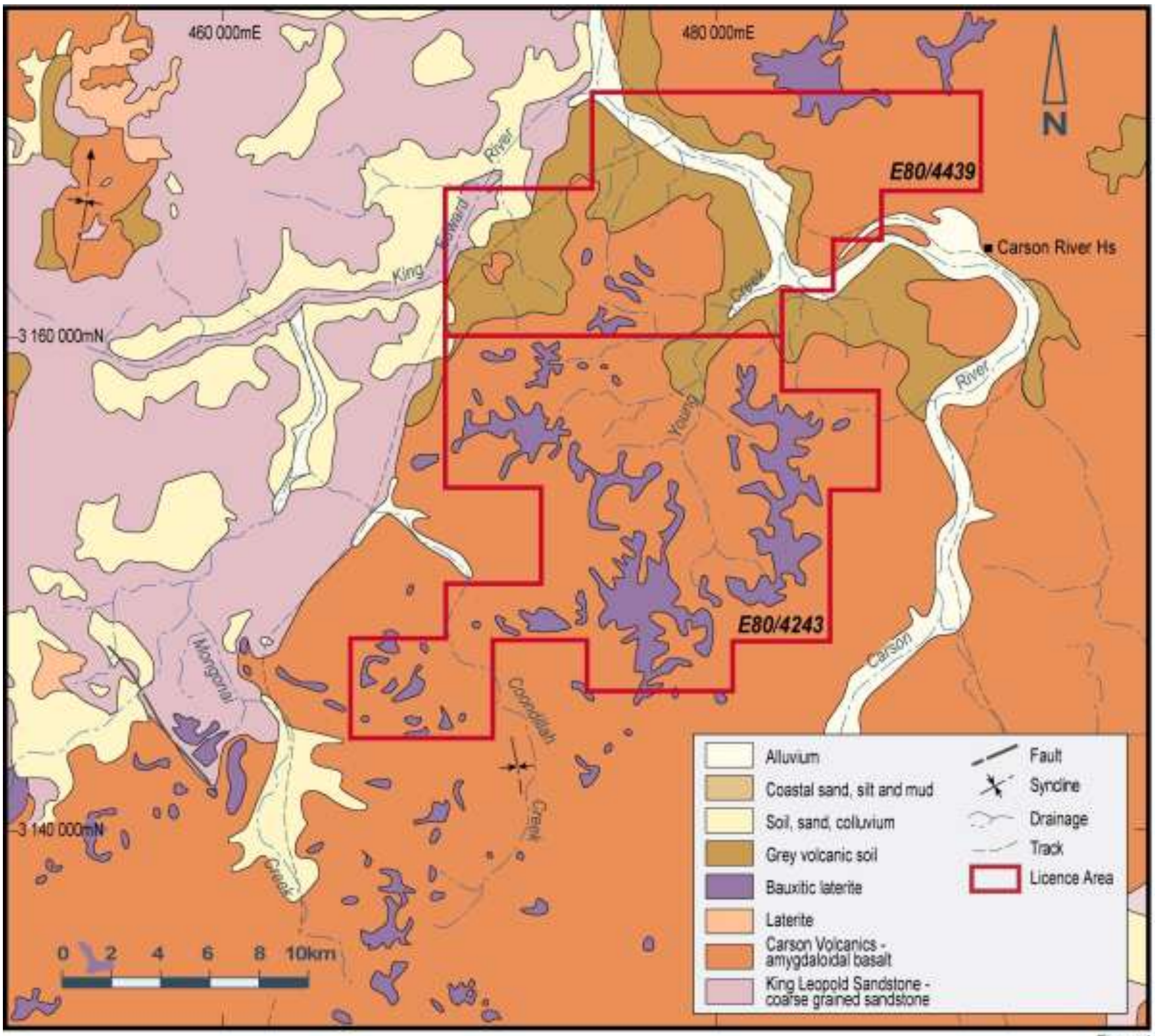



Figure 4

**MT LEEMING**
**E80/4243**

**Tenement Details**

The Mt Leeming project includes two granted Exploration Licences covering 318.7 square kilometres.

| Tenement N° | Date Registered | Area | Tenement Holder |
|---|---|---|---|
| E80/4243 | 03/04/2009 | 54 blocks (179.3km$^2$) | T. Tatterson P. Askins |
| E80/4439 | 21/04/2010 | 42 blocks (139.4km$^2$) | Swancove Enterprises Pty Ltd |

**Geological Setting**

The project tenements are largely underlain by Palaeo-proterozoic Kimberley Group, Carson Volcanic rock sequences, on which occur irregular outcrops of bauxite-rich laterite. The bauxite reportedly generally forms a continuous layer commonly separated by clay-filled interstices. At depth, the percentage of clay usually increases and the bauxite occurs as boulders embedded in clay.

The bauxite has been formed by weathering of the Carson Volcanics as a result of groundwater movement and leaching during the Tertiary. During this weathering process iron moved to the surface to form a ferruginous crust whilst the bauxite formed below following removal of the silica that left the clay zone enriched in alumina.

The maximum thickness of the alumina-rich zone is reported to be around 7 metres with the better grade material commonly found in the upper 5 metres. The deposits are flat-topped and with a variable vegetative cover. The surface generally comprises bauxitic iron-rich rubble with a thin soil profile that is reportedly only a few tens of centimetres thick.

**Previous Exploration**

In 1965, **American Metals Climax, Inc** ("AMAX") carried out a reconnaissance exploration program in northern Western Australia that located bauxite mineralisation at Mitchell Plateau and Cape Bougainville. Bauxite was then also identified in the Kalumburu area in 1967 during exploration by **BHP** that held two groups of tenements comprising 62 claims, each 122ha in area. These claims covered irregular bauxite deposits which occurred as plateau remnants and like the Mitchell Plateau, they were derived from Carson Volcanics. The BHP deposits were referred to as the West Kalumburu and Mt Leeming bauxites. In 1980, Pacific Exploration Consultants Pty Ltd reviewed the BHP/AMAX data and estimated the volume of the bauxite mineralisation for Mt Leeming deposits. This historical estimate was completed well before the introduction of the JORC code.

Exploration of the bauxite was by drilling, shallow bulldozed costeans and hand dug pits that penetrated the full bauxite profile. The bauxite was found to be predominantly gibbsite and was considered to be suitable for treatment via the Bayer Process.

The Mt Leeming metallurgical test work completed by BHP, although limited to 27.4 square kilometres, was reportedly very successful producing a significantly enhanced bauxite grade. However, it was suggested by United Minerals Corporation NL., that there were insufficient test pits examined by BHP to produce a reliable geological picture of the extent of the better quality bauxite.

The BHP Kimberley Bauxite Project deposits were tested by 50 pits spaced approximately 500m apart. Pitting was restricted to the larger deposits. Pit spoil was collected and the samples then dry screened and mostly separated into -37.5mm + 6.25mm and -6.25mm for analyses of total alumina and total silica. The 50 pits were tested in part for total $Al_2O_3$, available $Al_2O_3$ at 143°C, available $Al_2O_3$ at 180°C, total $SiO_2$, reactive $SiO_2$, as well as quartz, iron and ignition loss. Much of the results of the test work are not complete in the available files.

Grades of bauxite concentrate from the scrubbed and screened (>1/16") product returned average results of 46.1% total alumina, 37.2% 180°C alumina,33.5% 143°C alumina, 25% $Fe_20_3$ and 5% total silica of which only 0.3% was a reactive silica.

The BHP combined West Kalumburu and Mt Leeming test results showed that processing reduced the total silica from 1.3% to 0.5%. Both the reactive and non-reactive silica were reduced in the concentrate to 0.3% reactive silica and 5% total silica for the samples selected by the BHP laboratories. Average grades of the other impurities were 25% $Fe_2O_3$ and 3.9% $TiO_2$.

Overall the iron content was stated as high but not exceptional, however it tended to concentrate "unfavourably" in the coarser fractions. The reactive and non-reactive alumina appeared to be tied up in the clays.

In 2004, **Aldoga/Cape Alumina Pty Ltd** carried out a check reconnaissance sampling of the original BHP ground and the area adjacent to and north of E80/4243. Aldoga drilled 80 holes at Mt Leeming for a total of 660.5m. Most holes were terminated at 9m except where they were clearly in basal clays. Air core was used in all holes except in the rare instance of very hard ironstone occurring down hole, which required an RC hammer. The 90mm aircore bit produced sufficient coarse chips, commonly in the 5 to 30mm size range to permit good visual logging whereas the hammer produced mainly fine dust. The maximum performance recorded was 20 holes in one day.

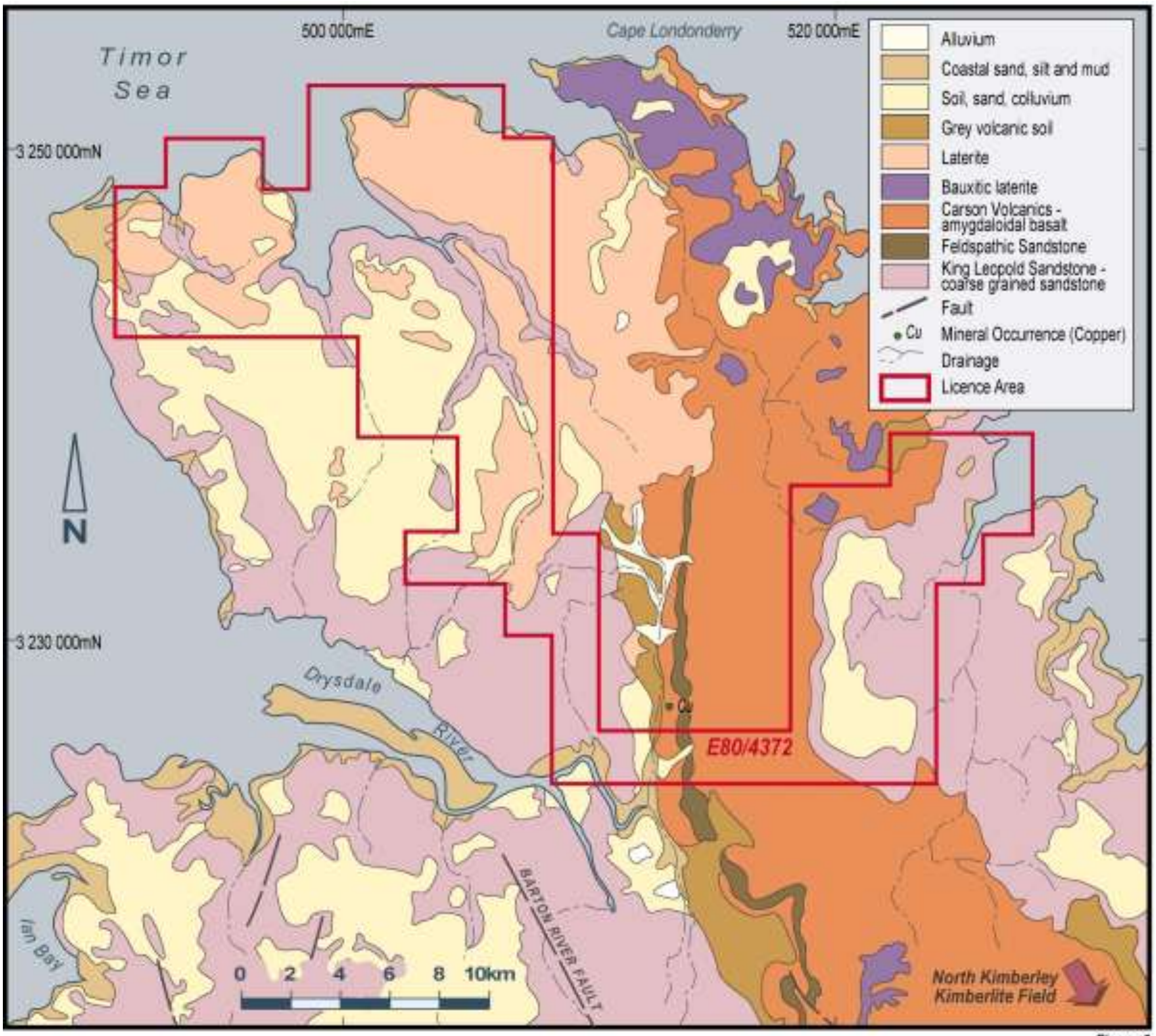
Samples from each hole, comprising five 25 litre drums filled from each of the four vertical 1m intervals down the pit, were collected for metallurgical testing. One further 25 litre drum of handpicked lump specimens was collected from each 1m interval for bulk density tests. A total of 472 samples were assayed for low temperature reactive silica and alumina recoveries from the Mt Leeming drill holes. At Mt Leeming, the highest alumina assay was 43.3% in Hole K80.

| CUT OFF | Weighted Average Grade | |
|---|---|---|
| | $Al_2O_3$ | $SiO_2$ |
| 20% alumina | 26.1 | 11.2 |
| 25% alumina | 29.9 | 10.8 |

Bulk samples were collected from each of two pits dug by excavator to 4m – Pit LB1 in D deposit close to holes L40 and Pit LB2 in E deposit near Hole L20. Pit LB1 was dug on the site of an old BHP pit, with the excavator using that pit to break up the hard material more effectively than by digging a hole down from an undisturbed surface.

## CAPE LONDONDERRY – GOLD

The Cape Londonderry project covers Proterozoic-aged King Leopold Sandstone and Carson Volcanic rock sequences are prospective for both gold and alumina. Reconnaissance exploration by earlier explorers has identified gold and volcanic-hosted sulphide mineralisation, in prospective rock sequences that occur within the tenement area. Exploration of known gold occurrences suggests that the Cape Londonderry Prospect may be located at the northeastern end of a postulated northeasterly trending gold-corridor believed to be at least 25kms wide and some 100kms in length.




CAPE LONDONDERRY
E80/4372

**Location and Access**

The Cape Londonderry Prospect is located in the northernmost part of the North Kimberley Bauxite Province, centred 70kms northeast of Kalumburu Mission, partly within the Kalumburu Aboriginal Reserve. Access is by helicopter traverses from a base camp located at Kalumburu, or by sea, where a small sandy cove and drainage channels will allow limited access. There are no obvious tracks or roads visible within the prospect area.

**Tenement Details**

| Tenement N$^{o}$ | Date Registered | Area | Tenement Holder |
|---|---|---|---|
| E80/4372 | 06.11.2009 | 87 blocks (288.8km$^2$) | 50% T.V. Tatterson<br>50% Geotech International Pty Ltd |

**Geological Setting**

The geology of the prospect area comprises Proterozoic Kimberley Group King Leopold Sandstone that underlies the western side of the project area with Carson Volcanics underlying the eastern side of the project area. Miscellaneous discrete areas of Tertiary-aged ferruginous laterite, Quaternary alluvium and Cainozoic sandy and red brown volcanic soils cover the remainder of the prospect.

**Previous Exploration**

The Cape Londonderry Prospect has been the subject of exploration by others and in particular BHP and CRA, who carried out reconnaissance sampling for bauxite within E80/2960 in the mid-1960's. Thirteen BHP sample locations fall within Cape Londonderry project area, with one-third of E80/4372 mapped as being underlain by Carson Volcanic rock sequences that are known hosts for bauxite mineralisation.

In addition to bauxite, the area is reportedly prospective for gold, diamonds and stratabound volcanic sedimentary (VMS) mineralisation. Stream sediment sampling has reportedly identified a number of gold anomalies in similar geological environments to the southwest of E80/4372, in what was described as a gold mineralised corridor.

## LAWLEY – GOLD

The geological setting of the Lawley Prospect comprises King Leopold Sandstone rock sequences prospective for both gold and diamonds. Although relatively unexplored, work by others has identified a number of anomalous gold values ranging up to 5600ppb, together with at least one diamond occurrence. The Lawley Prospect is also located within the postulated gold corridor that includes Orange Hills Cape Londonderry and Vansittart prospect areas.

Areas that have outcropping (and faulted) Hart Dolerite will be the subject of detailed mapping and sampling in the search for hydrothermal alteration and vein type base metal mineralisation.

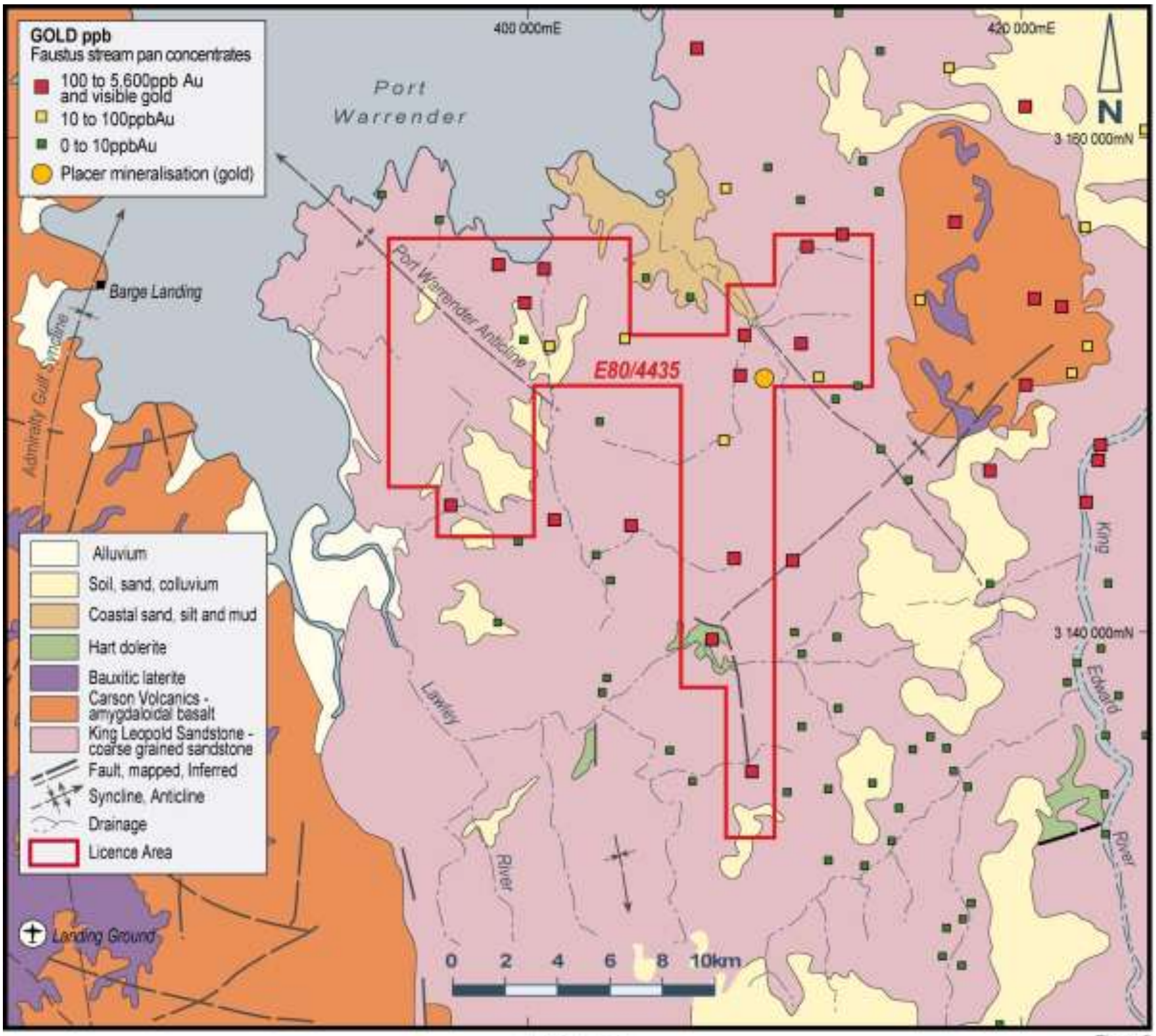



Figure 5

LAWLEY
E80/4435

**Location and Access**

The Lawley Prospect is located in the northwestern part of the North Kimberley area straddling the Drysdale – Londonderry 1:250,000 scale Geological Map Series. The tenement is situated 10kms southeast of Walsh Point on the eastern side of the Mitchell Plateau in the southernmost parts of Admiralty Gulf. Four-wheel drive access is available by way of the Port Warrender Road, a northwesterly turnoff from the main Gibb River-Kalumburu Road. The prospect area is essentially underlain by King Leopold Sandstone, and has only sparse vegetation. There is no evidence of any access tracks within actual the tenement area, and servicing of all supplies and equipment would depend on either helicopter or sea transport.

Sea access may be possible either by way of a small creek or a passage through nearby fringing mangroves, to a sandy beach and thence by way of rock-strewn slopes onto the plateau appear to be feasible.

**Tenement Details**

| Tenement N$^{o}$ | Date Registered | Area | Tenement Holder |
|---|---|---|---|
| E80/4435 | 07/04/2010 | 48 blocks (159.4km$^2$) | T. Tatterson<br>P. Askins |

**Geological Setting**

The local lithologies include prominently-jointed King Leopold Sandstone in places lateritised as outstanding hillocks. Outcrops of Hart Dolerite occur in the southern part of the prospect area. The major joint sets associated with the sandstone rock sequences strike east-west and northeast-southwest with numerous minor cross-jointing. Dips appear to range from steep to near vertical.

Within the tenement area there are small hillocks capped with laterite, with an elevated range of laterite capped hillocks located just east of the tenements eastern boundary. The bedding appears to be near horizontal. Small, excised, dry, drainage channels, largely joint-controlled, traverse the area. The number and extent of the joint-drainage system indicates that internal access of the tenement will be difficult especially for drilling equipment.

**Previous Exploration**

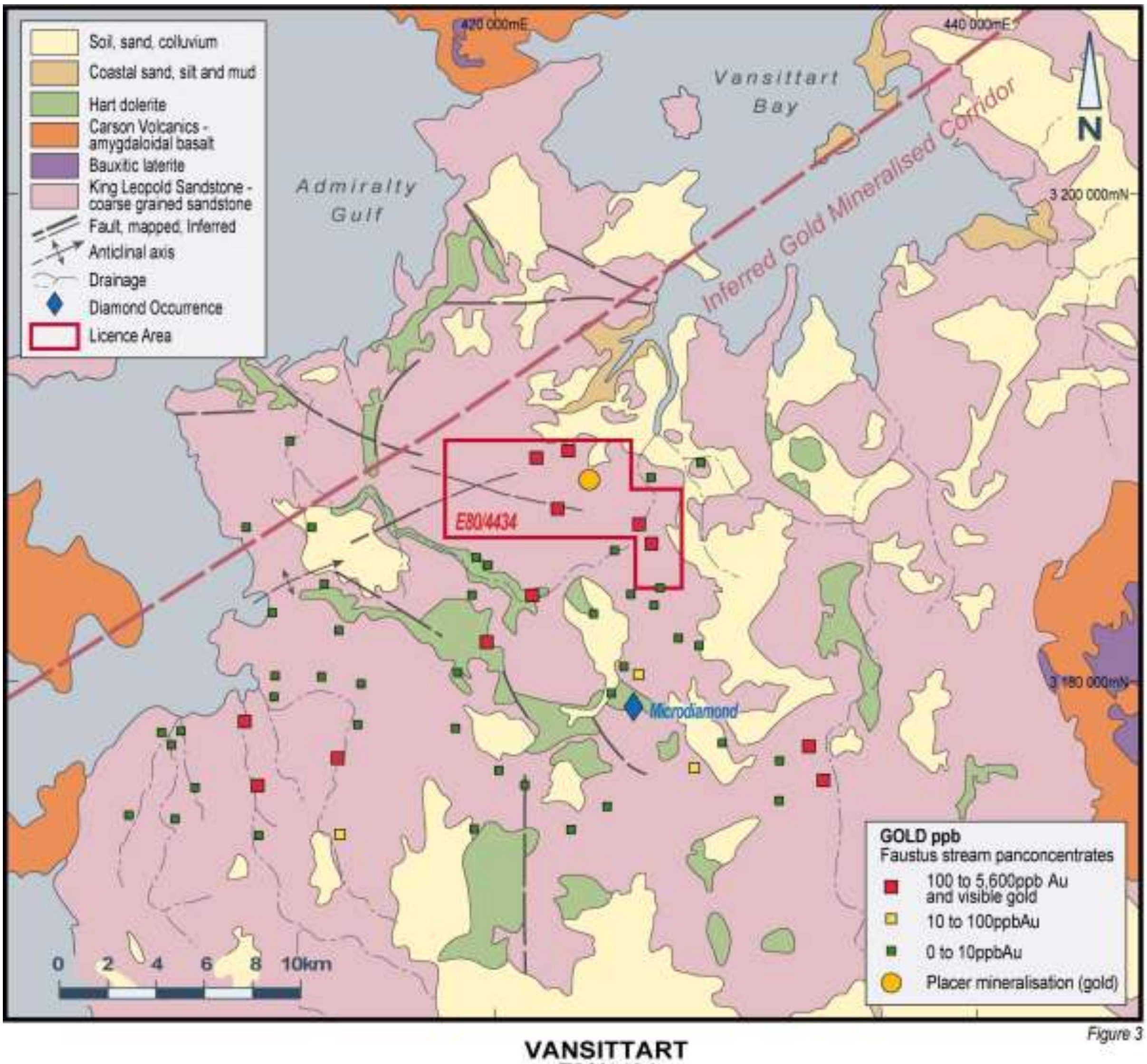
Exploration by others for both gold and diamonds resulted in identification of a number of gold anomalies ranging up to 5,600ppb visible gold. Similar gold and diamondiferous stream sediment samples have been identified by others along a northeasterly trend zone that trends through both the Company's Vansittart and Cape Londonderry project areas. This zone has been depicted by others on sampling maps as a possible gold mineralised corridor, although at this stage of exploration the zone is only inferred.

Small occurrences of faulted Hart Dolerite, elsewhere host to both gold and base metal mineralisation, provide targets for more detailed investigation and sampling.

## VANSITTART – GOLD

The Vansittart Prospect is believed to be prospective for gold hosted by King Leopold Sandstone and possibly base metals in the Hart Dolerite, where hydrothermal veins elsewhere in that rock sequence reportedly contain identified, polymetallic (gold, silver and base metal) mineralisation. Extensive areas of the Hart Dolerite surround the prospect and detailed exploration is warranted in the search for these prospective rock sequences within the Company's tenement area.

The Vansittart Prospect reportedly contains gold identified by others and is located at the south-eastern part of the same postulated gold corridor that is believed to extend from Cape Londonderry southwesterly to the Vansittart and Lawley project areas to the Admiralty Gulf.




**VANSITTART**
**E80/4434**

**Location and Access**

The Vansittart Prospect is located 40kms due west of Kalumburu Mission, in the northwestern corner of the North Kimberley region, Western Australia, adjacent to Admiralty Gulf. The prospect falls within the Kalumburu Aboriginal Reserve and extends along its northern boundary. The area is remote and until a road has been constructed, any access, other than by helicopter, will be difficult.

Access by sea from either the Admiralty Gulf in the west, or by way of Vansittart Bay in the north is viable and one small sandy beach, at Symons Point, offers coastal access onto adjacent outcropping King Leopold Sandstone.

**Tenement Details**

| Tenement N$^{o}$ | Date Registered | Area | Tenement Holder |
|---|---|---|---|
| E80/4434 | 07.04.2010 | 10 blocks (33.2km$^2$) | T. Tatterson<br>P. Askins |

**Geological Setting**

The local geological setting comprises extensive and relatively bare, prominently jointed, King Leopold Sandstone that is intruded by dolerite, either close to or along its western and southern boundaries. Major east-west and north-south trending, jointing is common, together with abundant, but less prominent, cross- jointing.

**Previous Exploration**

The Vansittart Prospect is believed to be prospective for gold and possibly diamonds. Exploration by others report on the presence of anomalous gold values and microdiamond occurrences, within the postulated gold mineralised corridor that extends northeast-southwest, along a line between E80/4372 and E80/4434 (Figure 6).

## OTHER WESTERN AUSTRALIAN PROJECTS

### THE HORSESHOE SOUTH PROSPECT (100%) (EL52/2569)

The Horseshoe West prospect being explored by United Orogen is occupied by Thaduna Greywackies of the Ravelstone Formation where exposed but much of the ground is covered by sands, clays and gravels. Rock chip sampling has produced up to 52ppb gold and soil sampling has given up to 38ppb gold.

The Horseshoe South prospect lies 3km south of the old Horseshoe Lights mine. It occupies 3km² and it is known to contain Narracoota Volcanics. This prospect will be targeted for north west trending gold bearing structures.

A Helicopter borne XTEM Electromagnetic Airborne Geophysical survey was completed by GPX Surveys that determined no deep conductors were detected and therefore no massive sulphides would be present. The survey covered an area of 15km² at the Horseshoe West tenement in an area of anomalous soil samples produced from the earlier work and a smaller area of 3km² on the Horseshoe South tenement. Regional geophysical and the tenement soil geochemical data are being examined within a structural framework for possible associated gold targets.

The area is being targeted for north-west striking structurally controlled gold mineralisation based on the comparison with other deposits in the area. Earlier exploration by Dominion Mining did not produce encouraging results.

### VICTORIA DESERT PROJECT (100%) (VICTORIA DESERT E39/1528 & VICTORIA DESERT NORTH E39/1594)

The Project area is situated 250km ENE of Kalgoorlie and covers an area of approximately 144km² and is prospective for gold, base metals and uranium.

E39/1528 contains a north west trending magnetic high interpreted to be part of a remnant greenstone belt that would be prospective for gold. Previous exploration identified gold and base metals anomalies which were delineated from 900 short vacuum drilling holes varying in depth from 3 to 6 metres. Follow up closer spaced infill surface sampling is planned with the aim of identifying drill targets in the vicinity of the previous Gold and base metals anomalies.

The northern part of the project E39/1594 is underlain by narrow belts of north west trending greenstone within granites interpreted from aeromagnetic surveys. The area is therefore prospective for gold and base metals.

A previous explorer identified 6 regional untested gold targets 2 of which fall within the Company's tenements and both of which target pressure shadows associated with an interpreted north-west trending ovoid intrusive. Also associated with either side of this structure, are two prospective interpreted north-west trending shear zones.

### GUNNEDO PROJECT (100%) (EL69/2808)

The exploration licence covers a coincident gravity and magnetic anomaly within the Eucla Basin. The basement is thought to be an Achaean craton. The targets are base metals and gold. Gunnedo is situated 450km east of Kalgoorlie and lies partly on the Gunnedorah Pastoral Lease; access is along the Transcontinental Railway line. The targets are deep and are based on geophysical responces such as gravity and magnetic. This exploration area is grass roots and new but the potential is for large deposits.

### REDMOND PROJECT (100%) (E70/4073) AND JACUP (100%) (ELA70/4140)

This project covers approximately 37km² and is centered on the Blue Gum gold prospect which was reported on in newspapers in the late 1890's. The historical workings are reported to be situated approximately 24km south west of Mt Barker in Western Australia and consisted of several vertical shafts and small pits. With the passage of time all surface evidence has since disappeared due to farming activity.

The workings pre-date official Mines Department records, therefore besides the noted 1890's newspaper reports lodged at the department there are no official mining lease records.

The project area lies within the Albany-Fraser Proterozoic Mobile Belt and is prospective for gold and base metals.

Exploration within the tenement area has been limited to some soil sampling carried out by Wilga Mines NL in 1995 which did not yield encouraging results and 4 Rotary Air Blast (RAB) holes drilled in 1997 to approximate depths of 20m each by Tramore Bay Pty Ltd. It was reported these holes were drilled to determine the nature of the geology and the magnetic anomaly situated adjacent to and between the Redmond Road and Blue Gum Creek. The results indicated that mafic rocks were present over a wider area than originally interpolated and not enough information had been collected to determine the areas potential and recommended further exploration. The gold reef reportedly mined in the 1890's has therefore not been adequately tested.

## TAMBELLUP PROJECT (100%) (TAMBELLUP E70/4173 TAMBELLUP EAST E70/4174)

The two exploration licenses cover approximately 395km² situated 100km north of Albany and approximately 30km south of Katanning. The project area lies within the Yilgarn Craton South West Terrane with the Albany-Fraser Proterozoic Mobile Belt lying to the south and is prospective for gold and base metals.

The Company is targeting structural targets for gold mineralisation namely the north west trending Darken fault zone which is interpreted from geophysical work to trend from Boddington situated 137km to the north west and the lesser Kojonup fault which lies 5-6km to the south and runs parallel to the Darken fault.

The only recorded historical exploration of the western project area E70/4173 is an exploration license which was held by Goldport Pty Ltd for a year and surrendered due to financial constraints in 2009. They carried out desktop studies to attempt to identify if structural similarities exist with the Blackburn/Badgebup and Boddington gold deposits. No fieldwork was completed.

The eastern project area E70/4174 was held for a year by Falcon Minerals. They were interested in the area after identifying regionally elevated Ni-Cu values located to the east of Tambellup from the CSIRO/CRC LEME regional laterite geochemical database for the Western Yilgarn Craton. They interpreted an analogy to the Voisey's Bay Nickel project in Canada and analysed historic water bores for whole rock, rare earth, base metal and trace elements and concluded that the project contained the essential ingredients to form a mafic hosted Nickel sulphide system. Subsequent geochemical soil sampling over the prospective part of the project area defined nine nickel and copper anomalous areas, eight of which fall within the Company's tenement area. They concluded that there appeared to be a mafic source generating the anomalism and recommended a moving loop EM survey to be conducted to better define the targets; this survey or any additional work was not carried out and the tenement was surrendered in 2008.

Other gold deposits and mineralisation in the region besides the world class Boddington mine 137km to the north west include the Badgebup gold mine located 50km to the north of E70/4174, some recorded gold mining near Wagin 50km to the north of E70/4173 carried out in the early 1900's and there was also exploration success (3m @ 11g/t Au) in drilling at Nanicup 48km to the north east.

## JOINT VENTURES

Canning Basin EP448, in which United Orogen Limited has a 10% interest is in joint venture with Gulliver Productions Pty Ltd and Indigo Oil Pty Ltd. Gulliver Productions Pty Ltd is the operator of a major exploration program for oil and gas in the West Australian Canning Basin of which EP448 is part.

The project is strategically located in the Canning Basin with a large potential market in the Pilbara and Mid West regions of WA due to expanding and new resource projects. The permit contains rich source rocks in the Goldwyer and Laurel Formations and is prospective for accumulations of large quantities of oil and gas. The West Anketell 8,000 line km aeromagnetic survey was completed and existing seismic data is being evaluated to delineate carbonate reef type prospects in the Nita

Formation and structural development in carbonates of the Nullara Formation as well as the Goldwyer Formation for shale oil/shale gas potential.

The project is at an early stage and Key Petroleum, on behalf of the EP448 Joint Venture (United Orogen 10%), is negotiating with potential farm-in groups to commence exploration.

## VALUATION ASSESSMENT

The Mt Leeming and Frederick Hills projects are advanced exploration projects for bauxite with significant earlier exploration. Historical resource estimates have been completed prior to the introduction of the JORC code and insufficient evidence is available to categorise those estimates in accordance with the JORC code.

The Cape Londonderry, Lawley and Vansittart projects are aimed at gold exploration and are early stage exploration projects. Other projects in the southern part of the state are early stage exploration Projects.

The 'Geoscientific Rating' method of valuation for exploration tenements is the preferred valuation method as it focusses on the prospectivity of the area.

The method systematically assesses and grades of four key technical attributes of a tenement to arrive at a series of multiplier factors. The Basic Acquisition Cost (BAC) is the important input to the method and it is calculated by summing the application fees, annual rent, work required to facilitate granting (e.g. native title, environment etc) and statutory expenditure for a period of 12 months. Equity and grant status are also taken into account. Each factor then multiplied serially to the BAC. The 'Base Value is multiplied by the prospectivity rating to establish the overall technical value of each mineral property.

Paragraph 65 of RG 111 discusses a preference for the use of more than one valuation methodology. In the absence of a resource estimate in accordance with the JORC code an alternative method to the Geoscientific Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result.

Past expenditures for the lead project at Mt Leeming are not available from the previous explorers and reliance is mainly placed on the Geoscientific method.

A nominal value has been ascribed to EP445 in the Canning basin and the project is not considered to be a significant contribution the asset value due to the very early stage and high risk of the exploration.

### MT LEEMING AND FREDERICK HILLS- VALUATION ASSESSMENT

The Mt Leeming and Frederick Hills prospects have been the subject of ongoing exploration by others that commenced in 1965, when BHP first carried out exploration for bauxite and other mineralisation.

Since that time, reassessment of the project area (E80/4243) by others has confirmed, but significantly down-graded, BHP's initial tonnage estimates. The acquisition of a further tenement, E80/4439 that covers significant areas of bauxite-prospective Carson Volcanics rock sequences, not yet explored but that are expected to result in the discovery of additional bauxite mineralisation based on the area of bauxite prospective rock sequence within E80/4439 and the results of current and past exploration by others in mineralised Carson Volcanic Rock Sequences elsewhere in the area.

## CAPE LONDONDERRY - VALUATION ASSESSMENT

The prospect may be located at the northeastern end of a postulated gold mineralised corridor, adjacent to and north-northwest of the North Kimberley diamond field and having a geological setting comprising Carson Volcanics and King Leopold Sandstone rock sequences, that elsewhere in the mineral field are host to both base and precious metal mineralisation. There are no significant mineral occurrences reported within the Cape Londonderry project area.

## LAWLEY - VALUATION ASSESSMENT

The Lawley prospect is located at the southwestern end of an inferred gold corridor that extends from Cape Londonderry through Vansittart. Reconnaissance exploration by others has identified Cape Leopold Sandstone sequences together with Hart Dolerite intrusive rocks. To date anomalous gold values have been identified at 17 locations whilst base metal potential exists in faulted Hart Dolerite outcrops.

## VANSITTART - VALUATION ASSESSMENT

The Vansittart Prospect is located southwest of Cape Londonderry within the same inferred gold corridor and with a similar geological setting, namely King Leopold Sandstone sequences, that on the basis of exploration by others, hosts gold mineralisation. The prospect area is much smaller than Cape Londonderry; however it has been the subject of reconnaissance stream sampling by others that detected anomalous gold values.

## PROJECTS IN THE SOUTHERN PART OF WESTERN AUSTRALIA

The Gunnedo, Horseshoe, Victoria Desert, Richmond, and Tambellup projects are early stage exploration projects with a small amount of work so far completed. Some anomalous zones are indicated but require more detailed work to define the mineralization, if present.

## BASE VALUE

This represents the exploration cost for the current period of the tenements. The current Base Acquisition Cost (BAC) for exploration projects is considered to be the average expenditure for the first year of the licence tenure. Exploration Licences in Western Australia, for example, attract a minimum annual expenditure for the first three years of $300 per square kilometre and annual rent of $43.50. A 10% administration fee is taken into account to imply a BAC of $360 to $400 per square kilometre. A similar approach based on expenditure commitments is taken for Prospecting Licences and Mining Leases.

| Licence Type | Expend. | Rent | Admin | Total | $/km$^2$ | BAC - Low | BAC - High |
|---|---|---|---|---|---|---|---|
| Exploration Licence (E, $/km$^2$) | 300 | 43.50 | 34.35 | 377.85 | 378 | **360** | **400** |
| Prospecting Licences (P, $/Ha) | 40.00 | 2.20 | 4.22 | 46.42 | 4,642 | **4,400** | **4,900** |
| Mining Lease (M, $/Ha) | 100.00 | 15.00 | 11.50 | 126.50 | 12,650 | **12,000** | **13,300** |

The Company has 100% equity in all tenements. All tenements except for the Other Projects are granted as shown in the tenement schedule. A 40% discount is applied to applications.

*Base Value = [Area]*[Grant Factor]*[Equity]*[Base Acquisition Cost]*

United Orogen Limited
Tenement Factors

| Project | Location | State | Equity | Km2 | Status | Grant | Base Value A$ Low | High |
|---|---|---|---|---|---|---|---|---|
| E80/4372 | Cape Londonderry | WA | 100% | 288 | Granted | 100% | 104,000 | 115,000 |
| E80/4243 | Mt Leeming | WA | 100% | 179 | Granted | 100% | 64,000 | 71,000 |
| E80/4439 | Frederick Hills | WA | 100% | 139 | Granted | 100% | 50,000 | 56,000 |
| E80/4434 | Vansittart | WA | 100% | 33 | Granted | 100% | 12,000 | 13,000 |
| E80/4435 | Lawley | WA | 100% | 159 | Granted | 100% | 57,000 | 64,000 |
| E69/2825 | Gunnedo | WA | 100% | 146 | Granted | 100% | 52,000 | 58,000 |
| E52/2569 | Horseshoe South | WA | 100% | 6 | Granted | 100% | 2,000 | 2,000 |
| E39/1528 | Victoria Desert | WA | 100% | 74 | Granted | 100% | 27,000 | 30,000 |
| E39/1594 | Victoria Desert North | WA | 100% | 74 | Granted | 100% | 27,000 | 30,000 |
| E70/4073 | Redmond | WA | 100% | 42 | Granted | 100% | 15,000 | 17,000 |
| E70/4140 | Jacup | WA | 100% | 90 | Pending | 60% | 19,000 | 22,000 |
| E70/4173 | Tambellup | WA | 100% | 194 | Granted | 100% | 70,000 | 78,000 |
| E70/4174 | Tambellup East | WA | 100% | 169 | Granted | 100% | 61,000 | 67,000 |
| | | | | 1,592 | | | 560,000 | 623,000 |

## PROSPECTIVITY ASSESSMENT FACTORS

A detailed assessment of the prospectivity of tenements was carried out. The geoscientific rating chosen for each element are included in the following table.

This includes a consideration of

- Regional mineralization, old and current workings and the validity of conceptual models.
- Local mineralization within the tenements and the application of conceptual models within the tenements.
- Identified anomalies warranting follow up within the tenements.
- The proportion of structural and lithological settings within the tenements and difficulty encountered by cover rocks and other factors.

| KILBURN RATING CRITERIA - SIMPLIFIED | | | | |
|---|---|---|---|---|
| Rating | Off Site Factor | On Site Factor | Anomaly Factor | Geological Factor |
| 1 | Indications of Prospectivity | Indications of Prospectivity | No targets outlined | Generally favourable geological environment |
| 2 | Resource targets Identified | Targets identified with successful early drilling | Exposure of mineralised zones or surface drilling (RAB) | Generally favourable lithology with structures or exposures of mineralised zones |
| 3 | Along Strike or adjacent to known mineralization | Grade intercepts on adjacent sections - Exploration Targets Estimated from sound evidence | Significant grade intercepts not yet linked on cross and long sections | Significant mineralised zones exposed in prospective host rocks |
| 4 | | Inferred Resource identified not yet estimated | Grade intercepts on adjacent sections | |

Assessments in each category are based on a set scale (see above and appendix) and are multiplied together to arrive at a "prospectivity index".

*Prospectivity Index = [Off Site Factor]*[On Site Factor]*[Anomaly Factor]*[Geology Factor]*

## PROSPECTIVITY ASSESSMENT FACTORS:

| **United Orogen Limited** | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Prospectivity Factors** | | | | | | | | | | |
| **Project** | **State** | **Tenement ID** | **Off Site** | | **On Site** | | **Anomaly** | | **Geology** | |
| | | | **Low** | **High** | **Low** | **High** | **Low** | **High** | **Low** | **High** |
| E80/4372 | Cape Londonderry | WA | 1.00 | 1.10 | 1.25 | 1.35 | 1.25 | 1.35 | 1.75 | 1.85 |
| E80/4243 | Mt Leeming | WA | 2.75 | 2.85 | 2.25 | 2.35 | 2.75 | 2.85 | 2.00 | 2.10 |
| E80/4439 | Frederick Hills | WA | 2.75 | 2.85 | 2.25 | 2.35 | 2.75 | 2.85 | 2.00 | 2.10 |
| E80/4434 | Vansittart | WA | 1.00 | 1.10 | 1.25 | 1.35 | 1.25 | 1.35 | 1.75 | 1.85 |
| E80/4435 | Lawley | WA | 1.00 | 1.10 | 1.25 | 1.35 | 1.25 | 1.35 | 1.75 | 1.85 |
| E69/2825 | Gunnedo | WA | 1.00 | 1.10 | 1.00 | 1.10 | 1.00 | 1.10 | 1.25 | 1.35 |
| E52/2569 | Horseshoe South | WA | 1.25 | 1.35 | 1.10 | 1.20 | 1.25 | 1.35 | 1.25 | 1.35 |
| E39/1528 | Victoria Desert | WA | 2.00 | 2.10 | 1.50 | 1.60 | 1.50 | 1.60 | 1.25 | 1.35 |
| E39/1594 | Victoria Desert North | WA | 2.00 | 2.10 | 1.50 | 1.60 | 1.50 | 1.60 | 1.25 | 1.35 |
| E70/4073 | Redmond | WA | 1.00 | 1.10 | 1.75 | 1.85 | 1.25 | 1.35 | 1.25 | 1.35 |
| E70/4140 | Jacup | WA | 1.00 | 1.10 | 1.00 | 1.10 | 1.00 | 1.10 | 1.25 | 1.35 |
| E70/4173 | Tambellup | WA | 1.10 | 1.20 | 1.00 | 1.10 | 1.00 | 1.10 | 1.25 | 1.35 |
| E70/4174 | Tambellup East | WA | 1.10 | 1.20 | 1.00 | 1.10 | 1.00 | 1.10 | 1.25 | 1.35 |

## TECHNICAL VALUE

An estimate of technical value has been compiled for the tenements based on the base acquisition cost, area, grant status, equity and ratings for prospectivity.

*Technical Value = [Base Value]*[Prospectivity Index]*

**United Orogen Limited**
**Technical Value**

| Tenement | Prospect Name | State | Technical Value, $m | | |
|---|---|---|---|---|---|
| | | | Low | High | Preferred |
| E80/4372 | Cape Londonderry | WA | 0.28 | 0.43 | 0.36 |
| E80/4243 | Mt Leeming | WA | 2.18 | 2.85 | 2.51 |
| E80/4439 | Frederick Hills | WA | 1.70 | 2.25 | 1.97 |
| E80/4434 | Vansittart | WA | 0.03 | 0.05 | 0.04 |
| E80/4435 | Lawley | WA | 0.16 | 0.24 | 0.20 |
| E69/2825 | Gunnedo | WA | 0.07 | 0.10 | 0.08 |
| E52/2569 | Horseshoe South | WA | 0.00 | 0.01 | 0.01 |
| E39/1528 | Victoria Desert | WA | 0.15 | 0.22 | 0.19 |
| E39/1594 | Victoria Desert North | WA | 0.15 | 0.22 | 0.19 |
| E70/4073 | Redmond | WA | 0.04 | 0.06 | 0.05 |
| E70/4140 | Jacup | WA | 0.02 | 0.04 | 0.03 |
| E70/4173 | Tambellup | WA | 0.10 | 0.15 | 0.12 |
| E70/4174 | Tambellup East | WA | 0.08 | 0.13 | 0.11 |
| | | | 4.97 | 6.74 | 5.85 |

### Exploration Tenements – Alternative Valuation Methods:

There is a preference for the use of more than one valuation methodology for the same tenements expressed in Paragraph 65 of Regulatory Guide 111. An alternative method to the Geo-factor Rating method might consider past expenditure on the tenements and the uplift of value provided by encouraging result indicated by the Prospectivity Enhancement Multiplier (PEM.

| PEM Range | Criteria |
|---|---|
| 1.3 – 1.5 | Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical) |
| 1.5 – 2.0 | Scout Drilling has identified interesting intersections of mineralization |
| 2.0 – 2.5 | Detailed Drilling has defined targets with potential economic interest. |
| 2.5 – 3.0 | A resource has been defined at Inferred Resource Status, no feasibility study has been completed |

Complete records of past expenditure for the Projects are not available from the previous explorers. The project has been extensively explored in the past with mapping, satellite imagery, geophysics, surface geochemistry and historical drilling forming part of the data base.

It is considered reasonable to suggest that the current value of these work elements would be as shown in the following table. This is considered speculative (but plausible) and the successful results of the work indicate that detailed drilling has defined targets with potential economic interest with the potential to contain medium sized deposits and small Inferred Resources may be estimated. This would attract Prospectivity Enhancement Multipliers as set out below.

**United Orogen Limited**

**Technical Value - Prospectivity Enhancement Method**

| **Tenement** | **Expenditure, A$M** | | **PEM** | | **Technical Value, A$M** | | |
|---|---|---|---|---|---|---|---|
| | Low | High | Low | High | Low | High | Preferred |
| E80/4372 | 0.25 | 0.30 | 1.25 | 1.30 | 0.31 | 0.39 | 0.35 |
| E80/4243 | 1.50 | 2.00 | 1.50 | 1.60 | 2.25 | 3.20 | 2.73 |
| E80/4439 | 1.50 | 2.00 | 1.50 | 1.60 | 2.25 | 3.20 | 2.73 |
| E80/4434 | 0.10 | 0.15 | 1.25 | 1.30 | 0.13 | 0.20 | 0.16 |
| E80/4435 | 0.15 | 0.20 | 1.50 | 1.60 | 0.23 | 0.32 | 0.27 |
| E69/2825 | 0.15 | 0.20 | 1.00 | 1.20 | 0.15 | 0.24 | 0.20 |
| E52/2569 | 0.15 | 0.20 | 1.00 | 1.20 | 0.15 | 0.24 | 0.20 |
| E39/1528 | 0.15 | 0.20 | 1.00 | 1.20 | 0.15 | 0.24 | 0.20 |
| E39/1594 | 0.15 | 0.20 | 1.00 | 1.20 | 0.15 | 0.24 | 0.20 |
| E70/4073 | 0.15 | 0.20 | 1.00 | 1.20 | 0.15 | 0.24 | 0.20 |
| E70/4140 | 0.15 | 0.20 | 1.00 | 1.20 | 0.15 | 0.24 | 0.20 |
| E70/4173 | 0.15 | 0.20 | 1.00 | 1.20 | 0.15 | 0.24 | 0.20 |
| E70/4174 | 0.15 | 0.20 | 1.00 | 1.20 | 0.15 | 0.24 | 0.20 |
| | 4.70 | 6.25 | | | 6.36 | 9.23 | 7.79 |

## MARKET VALUE

In arriving at a fair market value for a particular exploration tenement, I have considered the current market for exploration properties in Australia and overseas. It is considered appropriate to apply a small market premium to the technical value of the exploration potential of the tenements.

The current market value for mineral projects in Western Australia is considered to be neutral to mildly buoyant and a base market factor of 5% to 10% has been applied to the basic technical value.

A further adjustment is considered appropriate for the Mt Leeming, Frederick Hills and Cape Londonderry tenements to take account of the significant issues of access to the leases due to the very remote location and lack of infrastructure; as well as the possibly protracted native title related permission to access, for the Mt Leeming and Frederick Hills leases which appear to fall within the Kalumburu Aboriginal Reserve. The base market factor of 5%-10% has been reduced by ~25% to provide an adjusted market factor multiple of 80% to 85% to allow for delays and difficulty in access to the tenements.

The valuation for Mt Lawley has taken into consideration the risk that the current vendors of the tenements (over which United Orogen holds an option to purchase) may not comply with their obligations to transfer the tenements once the option is exercised by United Orogen under the option agreements. The base market factor of 5%-120% has been reduced by ~10% to provide an adjusted market factor multiple of 95% to 100% to allow for additional risk in tenement acquisition.

No adjustments to the market factor were considered necessary for the remaining tenements.

*Market Value = [Technical Value]*[Adjusted Market Factor]*

**United Orogen Limited**
**Market Value**

| Tenement | Prospect Name | State | Market Value, $m | | | | |
|---|---|---|---|---|---|---|---|
| | | | Market Premium | | Low | High | Preferred |
| E80/4372 | Cape Londonderry | WA | 80.0% | 85.0% | 0.23 | 0.36 | 0.30 |
| E80/4243 | Mt Leeming | WA | 80.0% | 85.0% | 1.74 | 2.42 | 2.08 |
| E80/4439 | Frederick Hills | WA | 80.0% | 85.0% | 1.36 | 1.91 | 1.63 |
| E80/4434 | Vansittart | WA | 105.0% | 110.0% | 0.03 | 0.05 | 0.04 |
| E80/4435 | Lawley | WA | 95.0% | 100.0% | 0.15 | 0.24 | 0.19 |
| E69/2825 | Gunnedo | WA | 105.0% | 110.0% | 0.07 | 0.11 | 0.09 |
| E52/2569 | Horseshoe South | WA | 105.0% | 110.0% | 0.00 | 0.01 | 0.01 |
| E39/1528 | Victoria Desert | WA | 105.0% | 110.0% | 0.16 | 0.24 | 0.20 |
| E39/1594 | Victoria Desert North | WA | 105.0% | 110.0% | 0.16 | 0.24 | 0.20 |
| E70/4073 | Redmond | WA | 105.0% | 110.0% | 0.04 | 0.07 | 0.06 |
| E70/4140 | Jacup | WA | 105.0% | 110.0% | 0.03 | 0.04 | 0.03 |
| E70/4173 | Tambellup | WA | 105.0% | 110.0% | 0.10 | 0.17 | 0.13 |
| E70/4174 | Tambellup East | WA | 105.0% | 110.0% | 0.09 | 0.14 | 0.12 |
| | | | | | 4.16 | 6.01 | 5.08 |

## VALUATION OF THE CANNING BASIN PROJECT

Canning Basin EP448, in which United Orogen Limited has a 10% interest is in joint venture with Gulliver Productions Pty Ltd and Indigo Oil Pty Ltd. Gulliver Productions Pty Ltd is the operator of a major exploration program for oil and gas in the West Australian Canning Basin of which EP448 is part.

The project is at an early stage with aeromagnetic survey completed and existing seismic data being evaluated to delineate carbonate reef type prospects. Key Petroleum, on behalf of the EP448 Joint Venture (United Oeogen 10%), is negotiating with potential farm-in groups to commence exploration.

It is considered appropriate to allocate a nominal value of $0.10 million for United Orogen's 10% in the project in recognition of the likely budget of ~$1 million in the first phase of work.

## VALUATION OPINION

In this report, I have systematically established the value of the mineral assets as at 19 July 2012.

***Based on an assessment of the factors involved I estimate the value for the project areas is in the range A$4.3 million to A$6.1 million with a preferred value of A$5.2 million.***

This compares with an earlier valuation for the Kimberley projects alone of a range of $5.1m to $6.8m and a preferred value of $5.9m. The reduction is considered to be due to a decline in market sentiment over the last five to six months leading to lower market factor multiples.

***APPENDIX***

## MINERAL ASSETS VALUATION METHODOLOGY

### FAIR MARKET VALUE OF MINERAL ASSETS

Mineral assets include, but are not limited to, mining and exploration tenements held or acquired in connection with the exploration, the development of, and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

| Mineral assets classification | |
|---|---|
| Exploration areas | Mineralization may or may not have been identified, but where a mineral resource has not been defined. |
| Advanced exploration areas | Mineral resources have been identified and their extent estimated (possibly incompletely). This includes properties at the early stage of assessment. |
| Pre-development projects | A positive development decision has not been made. This includes properties where a development decision has been negative, properties on care and maintenance and properties held on retention titles. |
| Development projects | Committed to production, but which, are not yet commissioned or not initially operating at design levels. |
| Operating Mines | Mineral properties, particularly mines and processing plants, which have been fully commissioned and are in production. |

The fair market value, of a mineral asset is the estimated amount of money or the cash equivalent or some other consideration for which the mineral asset should change hands between a willing buyer and a willing seller in an arm's length transaction. Each party is assumed to have acted knowledgeably, prudently and without compulsion.

The value of a mineral asset usually consists of two components,

- The underlying or Technical Value which is an assessment of a mineral asset's future net economic benefit under a set of appropriate assumptions, excluding any premium or discount for market, strategic or other considerations.
- The Market Component, which is a premium relating to market, strategic or other considerations which, depending on circumstances at the time, can be either positive, negative or zero.

When the technical and market components of value are combined the resulting value is referred to as the market value. A consideration of country risk should also be taken into account for overseas projects.

The value of mineral assets is time and circumstance specific. The asset value and the market premium (or discount) changes, sometimes significantly, as overall market conditions, commodity prices, exchange rates, political and country risk change.

## REGULATORY AUTHORITIES

Mineral asset valuations are governed by the VALMIN code and ASIC Practice Note 43 in Australia and by the CIMVAL code, NI43-101 and TSXV Appendix 3G in Canada

### THE VALMIN CODE

The four main requirements of the *VALMIN Code* are

*Transparency* The report needs to explain how the valuation was done and the assumptions used in calculating the value. The objective is to provide sufficient information that other people can come up with the same answer.

*Materiality* This means the valuer has to ensure that all important data that could have a significant impact on the valuation is included in the report.

*Competence* The valuer must be competent at doing valuations. The person needs to be an expert in the particular exploration target being evaluated. Typically the person needs at least 5 years experience in that commodity.

*Independence*. The valuer must act in a professional manner and not favour the buyer or the seller. In other words the price must be set at a “fair market value”. To achieve independence, the valuer must not receive any special benefit from doing the study.

The decisions as to the valuation methodology or methodologies to be used and the content of the Report are solely the responsibility of the Expert or Specialist whose decisions must not be influenced by the Commissioning Entity. The Expert or Specialist must state the reasons for selecting each methodology used in the Report. Methods chosen must be rational and logical and be based upon reasonable grounds.

The Expert or Specialist should make use of valuation methods suitable to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration. Selection of the appropriate valuation method will depend on, inter alia:

(a) the purpose of the Valuation;

(b) the development status of the Mineral or Petroleum Assets;

(c) the amount and reliability of relevant information;

(d) the risks involved in the venture; and

(e) the relevant market conditions for commodities and/or shares.

The Expert or Specialist should choose, discuss and disclose the selected valuation method(s) appropriate to the Mineral or Petroleum Assets or Mineral or Petroleum Securities under consideration, stating the reasons why the particular valuation method(s) have been selected in relation to those factors set out in Paragraph 39 and to the adequacy of available data. It may also be desirable to discuss why a particular valuation method has not been used. The disclosure should give a sufficient account of the valuation method(s) used so that another Expert could understand the procedure used and assess the Valuation. Should more than one valuation method be used and different valuations result, the Expert or Specialist should comment on the reason(s) for selecting the Value adopted.

**Australian Securities and Investment Commission – Regulatory Guides RG111 and RG112**

It is not the ASIC's role or intention to limit the expert's exercise of skill and judgment in selecting the most appropriate method or methods of valuation. However, it is appropriate for the expert to consider:

(a) the discounted cash flow method;

(b) the amount which an alternative acquirer might be willing to offer if all the securities in the target company were available for purchase;

The ASIC does not suggest that this list is exhaustive or that the expert should use all of the methods of valuation listed above. The expert should justify the choices of valuation method and give a sufficient account of the method used to enable another expert to replicate the procedure and assess the valuation. It may be appropriate for the expert to compare the figures derived by more than one method and to comment on any differences.

The complex valuations in an expert's report necessarily contain significant uncertainties. Because of this an expert who gives a single point value will usually be implying spurious accuracy to his or her valuation. An expert should, however, give as narrow a range of values as possible. An expert report becomes meaningless if the range of values is too wide. An expert should indicate the most probable point within the range of values if it is feasible to do so.

The expert should carry out sufficient enquiries or examinations to establish reasonable grounds for believing that any profit forecasts, cash flow forecasts and unaudited profit figures that are used in the expert's report, and have been prepared on a reasonable basis. If there are material variations in method or presentation the expert should adjust for or comment on them in the report.

The expert should discuss the implications to his or her valuation if:

(a) the current market value of the subject of the report is likely to change because of market volatility (for example, boom or depression); or

(b) the current market value differs materially from that derived by the chosen method.

## VALUATION METHODOLOGY FOR EXPLORATION TENEMENTS

Valuation of exploration properties is exceptionally subjective. If an economic resource is subsequently identified then a new valuation will be dramatically higher, or alternatively if expenditure of further exploration dollars is unsuccessful then it is likely to decrease the value of the Tenements. There are a number of generally accepted procedures for establishing the value of exploration properties and, where relevant, the use of more than one such method to enable a balanced analysis and a check on the result has been undertaken. The value will always be presented as a range with the preferred value identified. The preferred value need not be the median value, and will be determined by the Independent Expert based on his experience.

The Independent Expert, when determining a value for a mineral asset, must assess a range of technical issues prior to selection of a valuation methodology. Often this will require seeking advice from a specialist in specific areas. The key issues are:

- geological setting and style of mineralization
- level of knowledge of the geometry of mineralization in the district
- mining history, including mining methods
- location and accessibility of infrastructure
- milling and metallurgical characteristics of the mineralization
- results of exploration including geological mapping, costeaning and drilling of interpretation of geochemical anomalies
- parameters used to identify geophysical and remote sensing data anomalies
- location and style of mineralization identified on adjacent properties
- appropriate geological models

In addition to these technical issues the Independent Expert needs to make a judgement about the market demand for the type of property, commodity markets, financial markets and stock markets. The technical value of a property should not be adjusted by a "market factor" unless there is a marked discrepancy between the technical value and the market value. When this is done the factor should be clearly identified.

Where there are identified reserves it is appropriate to use financial analysis methods to estimate the net present value (NPV) of the properties. This technique has deficiencies which include assessment of only a very narrow area of risk, namely the time value of money given the real discount rate, and the underlying assumption that a static approach is applicable to investment decision making, which is clearly not the case.

When assessing value of exploration properties with no identified mineral resources or only inferred resources it is inappropriate to prepare any form of financial analysis to determine the net present value. The valuation of exploration tenements or licences, particularly those without identified resources, is highly subjective and a number of methods are appropriate to give a guide as discussed below.

All of these valuation methods are relatively independent of the location of the mineral property. Consequently the valuer will make allowance for access to infrastructure etc when choosing a preferred value. It is observed that the Prospectivity Exploration Multiplier (PEM) is heavily based on the expenditure, while the Kilburn Geoscience Rating (Kilburn) is more heavily based on opinions of the prospectivity hence tenements can have marked variation in value between the methods. If the Kilburn assessment is high and the PEM is low it indicates effective well focussed exploration, if the Kilburn is low and the PEM high it suggests that the tenement is considered to have lower prospectivity.

## PROSPECTIVITY ENHANCEMENT MULTIPLIER (PEM) OR MULTIPLE OF EXPLORATION EXPENDITURE (MEE)

Past expenditure on a tenement and/or future committed exploration expenditure can establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented results a PEM can be derived which takes into account the valuer's judgment of the prospectivity of the tenement and the value of the database. Future committed exploration expenditure is discounted to 60% by some valuers to reflect the uncertainty of results and the possible variations in exploration programmes caused by future undefined events. Expenditure estimates for tenements under application are often discounted to 60% of the estimated value by some valuers to reflect uncertainty in the future granting of the tenement. The PEM Factors are defined in the following table.

***PEM Factors Used in this valuation method***

| PEM Range | Criteria |
|---|---|
| 0.2 – 0.5 | Exploration (past and present) has downgraded the tenement prospectivity, no mineralization identified |
| 0.5 – 1.0 | Exploration potential has been maintained (rather than enhanced) by past and present activity from regional mapping |
| 1.0 – 1.3 | Exploration has maintained, or slightly enhanced (but not downgraded) the prospectivity |
| 1.3 – 1.5 | Exploration has considerably increased the prospectivity (geological mapping, geochemical or geophysical) |
| 1.5 – 2.0 | Scout Drilling has identified interesting intersections of mineralization |
| 2.0 – 2.5 | Detailed Drilling has defined targets with potential economic interest. |
| 2.5 – 3.0 | A resource has been defined at Inferred Resource Status, no feasibility study has been completed |

| | |
|---|---|
| 3.0 – 4.0 | Indicated Resources have been identified that are likely to form the basis of a prefeasibility study |
| 4.0 – 5.0 | Indicated and Measured Resources have been identified and economic parameters are available for assessment. |

## KILBURN GEOSCIENCE RATING METHOD

Valuation is based on a calculation in which the geological prospectivity. Commodity markets, financial markets, stock markets and mineral property markets are assessed independently.

The Basic Acquisition Cost (BAC) is the important input to the Kilburn Method This represents the exploration cost for the current period of the tenements. The current Base Acquisition Cost (BAC) for exploration projects is considered to be the average expenditure for the first year of the licence tenure. Exploration Licences in Western Australia, for example, attract a minimum annual expenditure for the first three years of $300 per square kilometre and annual rent of $43.50. A 10% administration fee is taken into account to imply a BAC of $360 to $400 per square kilometre. A similar approach based on expenditure commitments is taken for Prospecting Licences and Mining Leases.

| Licence Type | Expend. | Rent | Admin | Total | $/km$^2$ | BAC - Low | BAC - High |
|---|---|---|---|---|---|---|---|
| Exploration Licence (E, $/km$^2$) | 300 | 43.50 | 34.35 | 377.85 | 378 | **360** | **400** |
| Prospecting Licences (P, $/Ha) | 40.00 | 2.20 | 4.22 | 46.42 | 4,642 | **4,400** | **4,900** |
| Mining Lease (M, $/Ha) | 100.00 | 15.00 | 11.50 | 126.50 | 12,650 | **12,000** | **13,300** |

The Kilburn method is essentially a technique to define a value based on geological prospectivity. The method appraises a variety of mineral property characteristics:

- location with respect to any off-property mineral occurrence of value, or favourable geological, geochemical or geophysical anomalies;
- location and nature of any mineralization, geochemical, geological or geophysical anomaly within the property and the tenor of any mineralization known to exist on the property being valued;
- number and relative position of anomalies on the property being valued;
- geological models appropriate to the property being valued.

The Kilburn Method systematically assesses and grades these four key technical attributes of a tenement to arrive at a series of multiplier factors. The multipliers or ratings and the criteria for rating selection across these 6 factors are summarised in the following table.

| KILBURN GEOSCIENTIFIC RATING CRITERIA - MODIFIED | | | | | |
|---|---|---|---|---|---|
| | **Rating** | **Address - Off Property** | **Mineralization - On Property** | **Anomalies** | **Geology** |
| | **0** | | No possibility of mineralization in this environment | | |
| Low | **0.5** | Very little chance of mineralization, Concept unsuitable to environment | Very little chance of mineralization, Concept unsuitable to environment | Extensive previous exploration with poor results - no encouragement | Generally Unfavourable lithology |
| | **0.75** | No known Mineralization, Concept feasible | No known Mineralization, Concept feasible | Extensive previous exploration with good results - encouraging outlook | Generally Unfavourable lithology with structures |
| Average | **1** | Indications of Prospectivity, Concept validated | Indications of Prospectivity, Concept validated | Extensive previous exploration with encouraging results - regional targets | Deep alluvium Covered Generally favourable geology |
| | **1.25** | Exploratory sampling with encouragement, Concept validated | Prospective ground mapped, Concept validated | Single early stage targets outlined from geochemistry and geophysics | |
| | **1.5** | RAB Drilling with some scattered results | Exploratory sampling with encouragement, Concept validated | Several early stage targets outlined from geochemistry and geophysics | Shallow alluvium Covered Generally favourable geology (50-60%) |
| | **1.75** | RAB &/or RC Drilling with encouraging intercepts reported | RAB Drilling with some scattered results | Several broad targets outlined with some drilling | Exposed favourable lithology (50-60%) |
| | **2** | Significant RC drilling leading to advance project status | RAB &/or RC Drilling with encouraging intercepts reported | Several well defined surface targets with some RAB drilling | Exposed favourable lithology (60-70%) |
| | **2.25** | Diamond Drilling after RC with encouragement | Significant RC drilling leading to advance project status | Several well defined surface targets with some RAB & RC drilling | Exposed favourable lithology (70-80%) |
| | **2.5** | Grid drilling with encouraging results on adjacent sections | Diamond Drilling after RC with encouragement | Several well defined surface targets with encouraging drilling results | Strongly favourable lithology (70-80%) |
| | **2.75** | Advanced Resource definition drilling - early stage | Grid drilling with encouraging results on adjacent sections | Several well defined surface targets with encouraging drilling results on adjacent sections | Strongly favourable lithology (80-90%) |

| | | | | | |
|---|---|---|---|---|---|
| High | 3 | Resource areas identified | Advanced Resource definition drilling - early stage | Several significant subeconomic targets - no indication of volume | Highly prospective geology (90 - 100%) |
| | 3.5 | Along strike or adjacent to known mineralization at Pre Feasibility Stage | Resource areas identified | Subeconomic targets of possible significant volume - early stage drilling | |
| | 4 | Along strike or adjacent to Resources at Definitive Feasibility Stage | Along strike or adjacent to known mineralization at Pre Feasibility Stage | Marginal economic targets of significant volume - advanced drilling | |
| | 4.5 | Along strike or adjacent to Development Stage Project | Along strike or adjacent to Resources at Definitive Feasibility Stage | Marginal economic targets of significant volume - well drilled at Inferred Resource stage | |
| Very High | 5 | Along strike or adjacent to Operating Mine | Along strike or adjacent to Development Stage Project | Several significant ore grade correlatable intersections with estimated resources | |

In arriving at a fair market value for a particular exploration tenement, it is necessary to consider the current market for exploration properties in Australia and overseas. It is considered appropriate to apply a market premium or discount to the technical value of the exploration potential of the tenements.

Estimate of project value is carried out on a tenement by tenement basis and uses four calculations as shown mellow.

*Base Value = [Area]*[Grant Factor]*[Equity]*[Base Acquisition Cost]*

*Prospectivity Index = [Off Site Factor]*On Site Factor]*[Anomaly Factor]*[Geology Factor]*

*Technical Value = [Base Value]*[Prospectivity Index]*

*Market Value = [Technical Value]*[Market Factor]*

## VALUATION OF RESOURCES BY COMPARABLE TRANSACTIONS

If a property in the recent past was the subject of an arms-length transaction, for either cash or shares (i.e. from a company whose principal asset was the mineral property) then this forms the most realistic starting point, provided that the deal is still relevant in today's market. Complicating matters is the knowledge that properties rarely change hands for cash, except for liquidation purposes, estate sales, or as raw exploration property when sold by an individual prospector, or entrepreneur.

Any underlying royalty or net profits interests or rights held by the original vendor of the claims should be deducted from the resultant property value before determination of the company's interest. Also, reductions in value should be made where environmental, legal or political sensitivities could seriously retard the development of exploration properties.

It should be noted again that exploration is cyclical, and in periods of low metal prices there is often no market, or a market at very low prices, for ordinary exploration acreage (inventory property) unless it is combined with a significant mineral deposit, or with other incentives.

Truly Comparable Transactions are rare for early stage properties without defined drill targets. This is natural in a recession, as companies focus on brownfields exploration. Inflated prices paid for property in fashionable areas should not be discounted because they reflect the true market value of a property at the transaction date. If however, the market sentiment is not so buoyant then adjustments must be made.

When only a resource or defined body of mineralisation has been outlined and its economic viability has still to be established (i.e. there is no ore reserve) then a **Comparable Transactions** approach is usually applied, often stated as a percentage of metal value. This can be applied to Mineral Resource estimates and Exploration Targets in accordance with the JORC code with appropriate discounts for risk in the different categories.

| **Resource Category Discounts** | |
|---|---|
| Measured Resource | 80% |
| Indicated Resource | 70% |
| Inferred Resource | 60% |
| Exploration Target | 50% |

With gold projects the method requires allocating a dollar value to resource ounces of gold in the ground. This may also apply to well established zones of mineralisation which have not formally been categorised under the JORC code. An additional risk weighting may be appropriate in these circumstances.

The dollar value must take into account a number of aspects of the resources including:

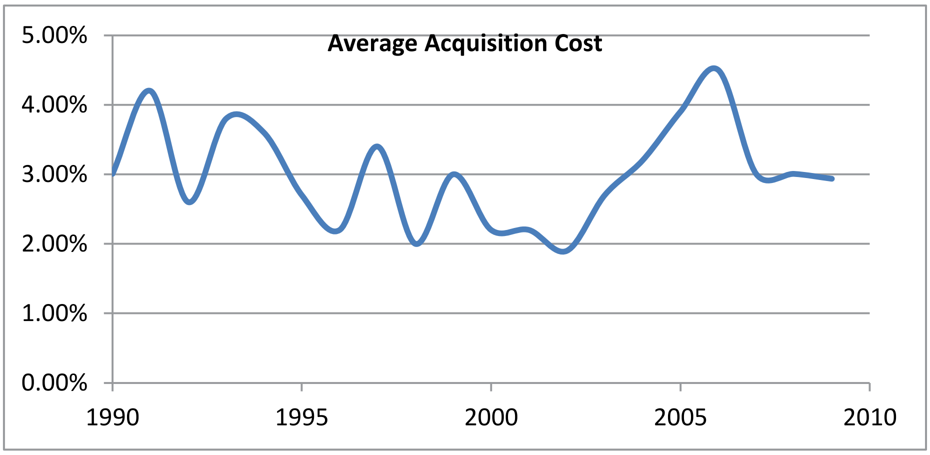
- The confidence in the resource estimation (the JORC Category).
- The quality of the resource (grade and recovery characteristics)
- Possible extensions of the resource in adjacent areas
- Exploration potential for other mineralisation within the tenements
- Presence and condition of a treatment plant within the project
- Proximity of toll treatment facilities, infrastructure, development and capital expenditure aspects

A similar approach can be taken with other metals including uranium or base metals sold on the spot market and benchmarks are similar to gold properties. Value is estimated as a percentage of contained value once appropriate discounts for uncertainty relating to resource categorisation are taken into account. An example of appropriate discounts for Rare Earths, Iron Ore and Base Metals is included below but these must be considered on a case-by-case basis.

| **Operations Factors** | Rare Earths | Iron Ore | Base Metals |
|---|---|---|---|
| Recovery | 60% | 88.00% | 100% |
| Mining | 100% | 90.00% | 100% |
| Processing | 50% | 80.00% | 90% |
| Rail | 75% | 80.00% | 90% |
| Port | 90% | 70.00% | 90% |
| Capex | 50% | 70.00% | 90% |
| Marketing | 75% | 85.00% | 90% |
| **Total Operating Discount** | **7.6%** | **21.10%** | **59.0%** |

The AAC for gold projects lies in the range of 2% to 5%. The data set does not differentiate between resource categories and it is implicit that this has been taken into account with risk related discounts. Information on sales internationally has shown a pattern for 'Apparent Acquisition Cost' (AAC) over the last twenty years as shown in the following chart.

*Comparative transactions in the gold industry over the last 20 years*




For the purpose of valuation the Average Acquisition Cost for the lower, preferred and higher value is selected at the 25th, 50th and 75th percentiles.

| AAC Percentiles | | | | | |
|---|---|---|---|---|---|
| Percentile | 10th | 25th | 50th | 75th | 90th |
| Average Acquisition Cost | 2.2% | 2.5% | 3.0% | 3.4% | 3.9% |

## VALUATION REFERENCES


AusIMM, (2004), "Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code), prepared by the Joint Ore Reserves Committee (JORC) of the AusIMM, the Australian Institute of Geoscientists (AIG) and the Minerals Council of Australia (MCA)", (The JORC Code) effective December 2004.

AusIMM. (2005), "Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code)" 2005 Edition

AusIMM, (1998), "Valmin 94 – Mineral Valuation Methodologies"

Barnett, D W and Sorentino, C, 1994. Discounted cash flow methods and the capital asset pricing model, in Proceedings Mineral Valuation Methodologies 1994 (VALMIN '94) pp 17-35 (The Australasian Institute of Mining and Metallurgy: Melbourne).

CANADIAN INSTITUTE OF MINING, METALLURGY AND PETROLEUM, (2000), "CIM Standards on Mineral Resources and Reserves-Definitions and Guidelines". Prepared by the CIM Standing Committee On Reserve Definitions. Adopted by CIM Council August 20, 2000.

CIM, (April 2001), "CIM Special Committee on Valuation of Mineral Properties (CIMVAL)" Discussion paper

CIM, (2003) – "Standards and Guidelines for Valuation of Mineral Properties. Final Version, February 2003" Special Committee of the Canadian Institute of Mining, Metallurgy and Petroleum on Valuation of Mineral Properties (CIMVAL)

Goulevitch J and Eupene G S; 1994; Geoscience rating for valuation of exploration properties – applicability of the Kilburn Method in Australia and examples of its use; Proceedings of VALMIN 94; pages 175 to 189; The Australasian Institute of Mining and Metallurgy, Carlton, Australia.

Kilburn, LC, 1990, "Valuation of Mineral Properties which do not contain Exploitable Reserves" CIM Bulletin, August 1990.

McKibben J A J., Snowden P A. July 2007. Updated independent valuation of the mineral assets of Territory Resources Ltd. www.territoryresources.com.au

Lawrence, M.J, 2007. Valuation methodology for Iron Ore Mineral Properties – thoughts of an Old Valuer: Iron ore Conference, Perth WA, 20 – 22 August 2007

Rudenno, (1998), "The Mining Valuation Handbook"

Rudenno, (2009), "The Mining Valuation Handbook" 3rd Edition.

Wellmer, F., 1989, "Economic Evaluations in Exploration", Springer.

IRON MOUNTAIN
mining limited

**Address** Level 7 I 231 Adelaide Terrace Perth I Western Australia I 6000

**Mailing address** PO Box 3235 I 249 Hay St East Perth I Western Australia I 6892

**t** +61 (8) 9225 6475 **f** +61 (8) 9225 6474

**e** info@ironmountainmining.com.au

**www** ironmountainmining.com.au

ACN 112 914 459