



# UNITED OROGEN LIMITED

ACN 115 593 005

## Circular to Shareholders

including

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

## General Meeting of United Orogen Limited

**to be held at Middletons, Level 32, 44 St Georges Terrace, Perth, Western Australia  
on 12 February 2013 commencing at 11.30am (WST).**

This document should be read in its entirety. If after reading this circular to Shareholders, you have any questions or doubts as to how you should vote, you should contact your stockbroker, solicitor, accountant or professional adviser.

# Corporate Directory

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<b>Directors</b>	Mr Zhukov Pervan MBBS (WA), FRACGP, FAICD Chairman  Mr David Zohar BSc, DipEd Director  Mr John Wyatt BA., MSc., F.Aus.IMM Director
<b>Company Secretary</b>	Ms Shoshanna Zohar LLB (Hons)
<b>Head Office</b>	Level 7, 231 Adelaide Terrace, PERTH, WESTERN AUSTRALIA 6000 Phone: (08) 9225 4936 Fax: (08) 9225 6474 Website: <a href="http://www.uog.com.au">www.uog.com.au</a>
<b>Registered Office</b>	Level 7, 231 Adelaide Terrace, PERTH, WESTERN AUSTRALIA 6000
<b>Auditors</b>	Rothsay Chartered Accountants 96 Parry Street PERTH, WESTERN AUSTRALIA 6000
<b>Share Registry</b>	Computershare Investor Services Pty Ltd Level 2, 45 St Georges Terrace, PERTH, WESTERN AUSTRALIA 6000
<b>ASX Code</b>	UOG UOGO

# Notice of General Meeting

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NOTICE IS GIVEN THAT a General Meeting of United Orogen Limited (ACN 115 593 005) (**the Company**) will be held at Middletons, Level 32, 44 St Georges Terrace, Perth, Western Australia on 12 February 2013 commencing at 11.30am (WST).

The Explanatory Memorandum accompanying this Notice of Meeting forms part of the Notice of Meeting. Defined terms used in the Notice of Meeting and Explanatory Memorandum are defined in the Glossary at the end of the Explanatory Memorandum.

## AGENDA

### BUSINESS

#### 1. Sale of Options to Swancove Enterprises Pty Ltd

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

*“That, for the purposes of Listing Rule 10.1, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to sell 30,000,000 options to acquire shares in Iron Mountain Mining Limited (ACN 112 914 459) (**Iron Mountain**) to Swancove Enterprises Pty Ltd (ACN 076 507 849) (a company associated with David Zohar), at \$0.001 per option, on the terms set out in the Explanatory Memorandum.”*

#### Important Notice – Independent Expert’s Report

Nexia Perth Corporate Finance Pty Ltd has prepared an Independent Expert’s Report on the proposed transaction and has concluded that, in its opinion, the Option Sale is **not fair but reasonable to Shareholders entitled to vote on the resolution**.

#### Voting Restriction

For the purposes of Listing Rule 10.1 and Chapter 2E of the Corporations Act, the Company will disregard any votes cast on Resolution 1 by:

- Swancove Enterprises, David Zohar and his spouse Julie Zohar; and
- an associate of any of those parties (including Iron Mountain Mining Limited and David and Julie Zohar’s daughter Shoshanna Zohar who is Iron Mountain’s and the Company’s company secretary).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 1.

#### 2. Sale of Shares to Iron Mountain

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

*“That, subject to Resolution 3 being passed, in accordance with Listing Rule 10.1, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to sell 23,732,341 fully paid ordinary shares in the capital of Iron Mountain to Iron Mountain, at \$0.02 per Share, pursuant to a selective buy-back proposed to be conducted by Iron Mountain.”*

#### Important Notice – Independent Expert’s Report

Nexia Perth Corporate Finance Pty Ltd has prepared an Independent Expert’s Report on the proposed transaction and has concluded that, in its opinion, the Share Sale is **not fair but reasonable to Shareholders entitled to vote on the resolution**.

# Notice of General Meeting (Cont.)

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## **Voting Restriction**

For the purposes of Listing Rule 10.1 and Chapter 2E of the Corporations Act, the Company will disregard any votes cast on Resolution 2 by:

- Iron Mountain; and
- an associate of Iron Mountain (including all Iron Mountain's directors, Julie Zohar and Shoshanna Zohar).

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 2.

## **3. Buy-back Agreement**

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

*"That, subject to Resolution 2 being passed, in accordance with Rule 13.14 of the Company's constitution, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company's entry into, and performance by the Company of its obligations under, the Buy-back Agreement."*

## **Voting Restriction**

The Independent Director has determined that, given Iron Mountain's interest in the outcome of Resolution 3, it is appropriate that Iron Mountain and its associates be excluded from voting on Resolution 3.

The Chairman of the Meeting intends to vote all undirected proxies in favour of Resolution 3.

## **VOTING NOTES**

### **"Snap-Shot" Time**

The Corporations Act permits the Company to specify a time, not more than 48 hours before the Meeting, at which a "snap-shot" of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

The Directors have determined that all shares of the Company that are quoted on ASX at 4.00pm WST on 10 February 2013 shall, for the purposes of determining voting entitlements at the Meeting, be taken to be held by the persons registered as holding the shares at that time.

### **Proxies**

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion is not specified each proxy may exercise half of the votes.

The **enclosed** proxy form provides further details on appointing proxies and lodging proxy forms. The proxy form is to be used by shareholders who wish to appoint a representative (a proxy) to vote in their place. All shareholders are invited and encouraged to attend the Meeting, or if they cannot attend, to send the Company a completed proxy form. Lodgement of a proxy form will not preclude a shareholder from attending and voting in person.

## Notice of General Meeting (Cont.)

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Your completed proxy form (and any necessary supporting documentation) must be received by the Company no later than 11.30am (WST) on 10 February 2013, being 48 hours before the commencement of the Meeting.

If the proxy form is signed by an attorney, the original power of attorney under which the proxy form was signed (or a certified copy) must also be received by the Company by 11.30am (WST) on 10 February 2013 unless it has been previously provided to the Company.

### **Corporate Shareholders**

Corporate Shareholders who wish to appoint a representative to attend the Meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the company's representative.

### **Chairman**

It is proposed that Mr John Wyatt or another independent party with no material personal interest in the Resolutions will act as the Company's Chairman at the Meeting.

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

The Independent Expert's Report annexed to the Explanatory Memorandum is accessible on the Company's website at the following address: [www.uog.com.au](http://www.uog.com.au).

Shareholders may request a hard copy of the Independent Expert's Report from the Company, which will be provided at no cost to the Shareholder.

**DATED:** 7 January 2013

**BY ORDER OF THE BOARD**



**Shoshanna Zohar**  
Company Secretary  
United Orogen Limited

# Explanatory Memorandum

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This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Meeting.

The Directors recommend that Shareholders read this Explanatory Memorandum in full before making any decision in relation to the Resolutions.

## **BACKGROUND TO THE RESOLUTIONS**

On 3 October 2012, Iron Mountain completed its takeover bid for the Company, pursuant to which Iron Mountain acquired 79.12% of the ordinary shares in the Company.

The Company currently holds 23,732,341 Shares in Iron Mountain and 30,000,000 Options in Iron Mountain each exercisable at 20 cents on or before 1 May 2016.

Section 259D of the Corporations Act provides that where a company obtains control of an entity that holds shares or units of shares (including options) in the company then, within 12 months after the date the company gains control of the entity, the entity must cease to hold the shares or units of shares, or the company must cease to control the entity.

Accordingly, given that Iron Mountain obtained control of the Company under its takeover bid, the Company is required to divest its Shares and Options in Iron Mountain within 12 months of the date it became controlled by Iron Mountain (being 3 October 2013 at the latest).

The Shares are proposed to be divested by the Company under the Share Sale, subject to Shareholders approving Resolutions 2 and 3, Iron Mountain shareholders also approving the Share Sale and the parties performing any other actions required by ASX or ASIC.

The Options are proposed to be divested by the Company under the Option Sale, subject to Shareholders approving Resolution 1, Iron Mountain shareholders also approving the Option Sale and the parties performing any other actions required by ASX or ASIC.

## **RESOLUTION 1 – SALE OF OPTIONS TO SWANCOVE ENTERPRISES PTY LTD**

### **1. Overview of the Option Sale**

As set out in more detail in the Background section above, the Options are proposed to be divested by the Company by way of a sale of the Options to Swancove Enterprises (an entity associated with David Zohar, a director of both United Orogen and the Company and his spouse Julie Zohar), subject to Shareholders approving Resolution 1, Iron Mountain shareholders also approving the Option Sale and the parties to the Option Sale Agreement performing any other actions required by ASX or ASIC.

Set out below is the information relevant to the Option Sale in order to assist Shareholders to make a decision as to whether the Option Sale is in the best interests of the Company and should be approved by Shareholders.

### **2. Approvals required for the Option Sale to proceed**

#### **2.1 Chapter 2E of the Corporations Act**

Subject to certain exceptions, Chapter 2E of the Corporations Act prohibits a public company (or an entity controlled by a public company) from giving a financial benefit to a related party (including a director) without shareholder approval.

Swancove Enterprises is an entity controlled by David Zohar (a Director of the Company) and therefore, pursuant to section 228(4) of the Corporations Act, Swancove Enterprises is a related party of the Company. Mr Zohar was excluded from voting on the Option Sale at the Company's Board level for that reason.

David Zohar's spouse Julie is also a related party of the Company pursuant to section 228(2) of the Corporations Act and also holds a 50% equity interest in Swancove Enterprises.

# Explanatory Memorandum (Cont.)

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Given that Swancove Enterprises and David and Julie Zohar are receiving a financial benefit from the Company (by respectively acquiring a direct or indirect interest in the Options), Shareholder approval is sought for the Option Sale under Chapter 2E of the Corporations Act. Approval will also be sought for the Option Sale from Iron Mountain shareholders because Iron Mountain controls the Company. The Option Sale will only be completed if both approvals are obtained.

## **2.2 Listing Rule 10.1**

Listing Rule 10.1 prohibits the Company from disposing of a substantial asset to (amongst other persons) a related party and any of their associates, without the approval of Shareholders.

An asset is a “substantial asset” under the Listing Rules if its value, or the value of the consideration given for it, is 5% or more of the equity interests of the Company as set out in its latest accounts given to ASX under the Listing Rules.

The Options are not of themselves a substantial asset of the Company for the purposes of this test. However, when aggregated with the Shares (the subject of Resolution 2) they together constitute a substantial asset of the Company.

Mr Zohar is a related party of the Company by virtue of his position as a Director and Mrs Zohar is a related party of the Company by virtue of being Mr Zohar’s spouse. Swancove Enterprises is an associate of Mr and Mrs Zohar.

Accordingly, the Company is seeking Shareholder approval for the Option Sale under Listing Rule 10.1.

## **3. Details of the Option Sale**

### **3.1 Consideration**

Pursuant to the Option Sale Agreement, Swancove Enterprises will, subject to satisfaction of certain conditions precedent (including the approval of Resolution 1 by Shareholders) acquire the 30,000,000 Options from the Company in consideration for the payment of \$30,000 cash at completion (being \$0.001 per Option).

### **3.2 Completion**

Completion of the Option Sale is conditional on:

- (a) Shareholders approving Resolution 1;
- (b) Iron Mountain shareholders approving the Option Sale; and
- (c) the parties and Iron Mountain performing all other actions required by ASX and ASIC in respect of the Option Sale.

The time limit for satisfaction of the above conditions is 28 February 2013 unless otherwise agreed between the parties in writing.

Completion is expected to take place 2 business days after satisfaction of the conditions.

If the conditions are not satisfied by 28 February 2013, the Option Sale will not proceed and the Company will be forced to find another way to dispose of the Options in order for it and Iron Mountain to comply with their obligations under section 259D of the Corporations Act.

### **3.3 Representations and warranties**

Under the Option Sale Agreement, the Company provides representations and warranties to Swancove Enterprises, including that:

- (a) the Company is the registered and beneficial owner of the Options, which are free from all encumbrances;
- (b) the Option Sale Agreement and, subject to satisfaction of the conditions precedent described in section 3.2 above, completion of the Option Sale, does not conflict with, or result in, a breach of any obligation or constitute or result in any default under any provision of its constitution or any material provision of any agreement, law, order or otherwise;

## Explanatory Memorandum (Cont.)

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- (c) there is no restriction on the transfer of the Options;
- (d) the Company will not sell, transfer, assign, create or permit to subsist any security interest over or otherwise deal with in any manner the Options on and from the date of the Option Sale Agreement;
- (e) the Company is not in possession of any "inside information" within the meaning given in Part 7.10, Division 3 of the Corporations Act; and
- (f) the Company has the power to enter into and perform the Option Sale Agreement and has obtained all consents and authorisations necessary to enable it do so, subject to the conditions precedent.

Swanrove Enterprises provides representations and warranties to the Company, including that:

- (a) the Option Sale Agreement and, subject to satisfaction of the conditions precedent, completion of the Option Sale, does not conflict with, or result in, a breach of any obligation or constitute or result in any default under any provision of its constitution or any material provision of any agreement, law, order or otherwise;
- (b) it is not in possession of any "inside information" within the meaning given in Part 7.10, Division 3 of the Corporations Act; and
- (c) it has the power to enter into and perform the Option Sale Agreement and has obtained all consents and authorisations necessary to enable it do so.

### 3.4 Termination

The Option Sale Agreement may be terminated if the conditions precedent are not satisfied by 28 February 2013, there is a breach of warranty by a party or by agreement between the parties. If the Option Sale Agreement is terminated, the Option Sale will not proceed unless the parties agree otherwise and each party will bear its own costs incurred up to the termination.

### 3.5 Indemnities

Each party indemnifies the other party and its representatives against all loss suffered or incurred by the other party and its representatives arising directly or indirectly out of or in connection with any breach of the Option Sale Agreement by the indemnifying party or its representatives (including a breach of the warranties given under the Option Sale Agreement), except to the extent the loss is caused by the fraud, negligence or wilful misconduct of the other party or any of its representatives.

### 3.6 Inspection of the Option Sale Agreement

A copy of the Option Sale Agreement is available for inspection by Shareholders at the Registered Office of the Company and will be available for inspection by Shareholders at the Meeting.

## 4. Information for the purposes of Chapter 2E of the Corporations Act

The following information and the information provided in the Independent Expert's Report is provided to Shareholders in accordance with section 219 of the Corporations Act to enable them to assess whether or not it is in the Company's best interests to pass Resolution 1:

- (a) The related parties to whom Resolution 1 would permit a financial benefit to be given are Swanrove Enterprises, a related entity of Mr Zohar (a Director of the Company), Mr Zohar and his spouse Julie Zohar. Swanrove Enterprises is a related party of the Company by virtue of section 228(4) of the Corporations Act. Julie Zohar is a related party of the Company by virtue of section 228(2) of the Corporations Act as the spouse of Mr Zohar.
- (b) The nature of the financial benefit to be given is the sale of the Options from the Company to Swanrove Enterprises as further discussed in this Explanatory Memorandum and the accompanying Independent Expert's Report.
- (c) The Independent Expert has determined that the sale of the Options to Swanrove Enterprises at the price offered by Swanrove Enterprises is not fair but reasonable to non-associated Shareholders.



# Explanatory Memorandum (Cont.)

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- (d) Given that the Company is required to dispose of the Options under section 259D of the Corporations Act, the only alternative to the Option Sale is for the Company to seek to dispose of the Options to another purchaser. As set out in the Independent Expert's Report, given that the Options are significantly "out of the money", the Independent Directors consider there is unlikely to be a third party purchaser for the Options.
- (e) David and Julie Zohar have an interest in the outcome of Resolution 1 because their associate, Swancove Enterprises, will acquire the Options if Resolution 1 is passed (and the Option Sale is also approved by Iron Mountain shareholders). None of the Independent Directors has a material personal interest in the outcome of Resolution 1.
- (f) the aggregated relevant interests of Mr and Mrs Zohar in securities of the Company, including those held through their interests in Swancove Enterprises and Iron Mountain, are set out below:

shares in the Company	options convertible to shares in the Company
86,099,288 fully paid ordinary shares	5,876,274 options exercisable at \$0.20 each and expiring on 31/03/16

- (g) The terms and conditions of the Options are annexed to this Explanatory Memorandum as Annexure A.
- (h) Mr Zohar does not wish to make a recommendation to Shareholders about Resolution 1 in view of his interest in the outcome of Resolution 1. Each of the Independent Directors recommends that Shareholders vote in favour of Resolution 1 for the reasons described in this Explanatory Memorandum.
- (i) Shareholders should have regard to the advantages and disadvantages of the Option Sale set out in the Independent Expert's Report in making a decision whether or not it is in the Company's interests to pass Resolution 1.
- (j) There is no other information known to the Directors or the Company that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interests to pass Resolution 1.

## 5. Valuation of Options and price offered

### 5.1 Valuation

The Independent Expert has determined a valuation of the Options as described in the Independent Expert's Report.

### 5.2 Price offered

Swancove Enterprises has offered \$0.001 per Option for the Options, which is lower than the valuation of the Options in the Independent Expert's Report.

The Independent Expert has determined that the sale of the Options to Swancove Enterprises at the price offered by Swancove Enterprises is not fair but reasonable to non-associated Shareholders.

On the basis of the Independent Expert's conclusion concerning the reasonableness of the Option Sale to non-associated Shareholders, the Independent Directors have determined that, notwithstanding the Independent Expert's valuation and opinion that the Share Sale is not fair to non-associated Shareholders, the price offered by Swancove Enterprises is reasonable in the circumstances. The Company has therefore conditionally accepted the offer from Swancove Enterprises.

## 6. Effect of the Option Sale

The effect of the Option Sale will be to:

- (a) divest the Company of the Options as required by section 259D of the Corporations Act; and
- (b) provide the Company with \$30,000 of additional cash which will be used for working capital and to explore new opportunities.

# Explanatory Memorandum (Cont.)

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## 7. Independent Expert's Conclusion

The Company appointed the Independent Expert to prepare the Independent Expert's Report, a copy of which is annexed to this Explanatory Memorandum. The Independent Expert's Report contains a detailed assessment of the Option Sale and sets out information to enable non-associated Shareholders to assess the merits of, and decide whether to approve, the Option Sale.

Based on its review of the Option Sale, the Independent Expert has come to the conclusion that, in its opinion, the Option Sale is not fair but reasonable for non-associated Shareholders.

Shareholders should carefully read the Independent Expert's Report in its entirety to understand its scope, methodology of assessment and the sources of information used and assumptions made in coming to its conclusions.

## 8. Independent Directors' Recommendation

The Independent Directors, having considered the potential advantages and disadvantages of the Option Sale, the effect of the Option Sale on the Company and the Independent Expert's conclusion, are unanimously of the opinion that the Option Sale is in the best interests of the Company and the non-associated Shareholders.

**The Independent Directors therefore unanimously recommend that non-associated Shareholders vote in favour of Resolution 1.**

## 9. Voting Exclusion

Swan Cove Enterprises, David Zohar and Julie Zohar and all of their associates will be excluded from voting on Resolution 1.

## RESOLUTION 2 – DISPOSAL OF SHARES TO IRON MOUNTAIN

### 1. Overview of the Share Sale

#### 1.1 Background

As set out in more detail in the Background section at the beginning of this Explanatory Memorandum, it is proposed that the Company will sell the Shares to Iron Mountain under the Share Sale (by way of a selective buy-back by Iron Mountain), subject to Shareholders approving Resolutions 2 and 3, Iron Mountain shareholders also approving the Share Sale and the parties complying with any other requirements of ASX and ASIC.

Set out below is the information relevant to the Share Sale in order to assist Shareholders to make a decision as to whether the Share Sale is in the best interests of the Company.

#### 1.2 Reasons for choosing the Share Sale

The Directors (together with the directors of Iron Mountain) considered the various methods available to them in order to divest the Company of the Shares and decided that the Share Sale was the only practical method available because:

- (a) given the illiquid nature of the Shares and the size of the parcel of Shares (being approximately 15.6% of the total Shares in Iron Mountain), an on-market sale of the Shares would "flood" the market and almost certainly significantly decrease the Share price and potential sale proceeds to be received by the Company; and
- (b) it is unlikely that the Company would be able to find a third party to purchase all of the Shares under an off-market transaction. Further, even if the Company could find a third party purchaser, it is likely that the sale would be conducted below the price offered by Iron Mountain under the Share Sale. The Independent Directors note that they have not sought a third party purchaser for the Shares given the likely time and expense involved in conducting a sale process and their view that such a process would not be successful.

# Explanatory Memorandum (Cont.)

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## 1.3 Share price offered by Iron Mountain

### *Independent Expert's opinion*

The Independent Expert has determined, for the reasons (and based on the assumptions) more fully set out in the Independent Expert's Report that the value of the consideration offered by Iron Mountain to purchase the Shares is such that it reduces the value of UOG's shares after the Share Sale.

For the reasons set out in the Independent Expert's Report, the Independent Expert is of the opinion that the Share Sale is not fair, but reasonable to the non-associated shareholders of the Company.

### *Price offered*

The total consideration to be received by the Company under the Share Sale at \$0.02 per Share is \$474,646.82, of which \$397,695.92 will be paid in cash and \$76,950.90 will be set-off against moneys owing by the Company to Iron Mountain.

The funds received by the Company under the Share Sale will provide much needed funding for the Company to explore new opportunities and for its working capital requirements. In addition, it will enable the Company to repay the secured loan advanced to it by Iron Mountain on 29 October 2012.

The Directors are in the process of evaluating new potential opportunities for the Company to pursue and the additional funding would assist in this process.

## 1.4 Mechanics of the Share Sale

If Shareholder approval is given for the Share Sale (and Resolution 3 is approved, Iron Mountain shareholders also approve the Share Sale and any other requirements of ASX and ASIC are complied with – see section 3 below for more), the following will occur:

- (a) total funds of \$397,695.92 will be paid to the Company by Iron Mountain (and the outstanding secured loan from Iron Mountain to the Company will be set off against the balance of the purchase price for the Shares); and
- (b) the Shares bought back from the Company will be cancelled by Iron Mountain pursuant to section 257H(3) of the Corporations Act.

## 2. Information for the purposes of Chapter 2E of the Corporations Act

The following information and the information provided in the Independent Expert's Report is provided to Shareholders in accordance with section 219 of the Corporations Act to enable them to assess whether or not it is in the Company's best interests to pass Resolution 2:

- (a) The related party to whom Resolution 2 would permit a financial benefit to be given is Iron Mountain, a company that holds approximately 79% of the shares in, and therefore controls, the Company. Iron Mountain is a related party of the Company by virtue of section 228(1) of the Corporations Act.
- (b) The nature of the financial benefit to be given is the sale of the Shares from the Company to Iron Mountain as further discussed in this Explanatory Memorandum and the accompanying Independent Expert's Report.
- (c) At the close of trading on [date] (being the last trading day before finalisation of this Circular), the closing price of the Shares was [insert], providing an indicative value of each Share. Further information concerning the historical trading data for Shares is in the Independent Expert's Report. Iron Mountain has offered to pay \$0.02 per Share. The Independent Expert has determined that the sale of the Shares to Iron Mountain at the price offered by Iron Mountain is not fair but reasonable to non-associated Shareholders.
- (d) Given that the Company is required to dispose of the Shares under section 259D of the Corporations Act, the only alternative to the Share Sale is for the Company to seek to dispose of the Shares to another purchaser. As set out in section 1.2 above, given the large parcel of Shares and the illiquidity of the market for Shares, the Independent Directors consider there is unlikely to be a third party purchaser for all the Shares.
- (e) Iron Mountain has an interest in the outcome of Resolution 2 because it will acquire the Shares if Resolutions 2 and 3 are passed (and the Share Sale is also approved by Iron Mountain shareholders and any requirements of ASX and ASIC are complied with). Mr John Wyatt as the only Independent Director has no personal interest in

# Explanatory Memorandum (Cont.)

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the outcome of Resolution 2.

- (f) David Zohar and Zhukov Pervan do not wish to make a recommendation to Shareholders about Resolution 2 in view of their interest in the outcome of Resolution 2 (given that they are also directors and shareholders of Iron Mountain). Mr John Wyatt recommends that Shareholders vote in favour of Resolution 2 for the reasons stated in this Explanatory Memorandum.
- (g) Shareholders should have regard to the advantages and disadvantages of the Share Sale set out in the Independent Expert's Report in making a decision whether or not it is in the Company's interests to pass Resolution 2.
- (h) There is no other information known to the Directors or the Company that is reasonably required by Shareholders to make a decision whether or not it is in the Company's interests to pass Resolution 2.

## 3. Approvals required for the Share Sale to proceed

### 3.1 Company approvals

In order for the Share Sale to proceed, the Company must obtain Shareholder approval under:

- (a) Listing Rule 10.1, in order to dispose of a substantial asset (being the Shares) to a related party and substantial holder (being Iron Mountain) – see section 2.2 of Resolution 1 above for more information on the requirements of Listing Rule 10.1;
- (b) Chapter 2E of the Corporations Act, in order to provide a financial benefit (being the sale of the Shares) to a related party (being Iron Mountain) – see section 2.1 of Resolution 1 above for more information on the requirements of Chapter 2E of the Corporations Act; and
- (c) Section 195(4) of the Corporations Act and rule 13.14 of the Company's constitution, for the entry into by the Company, and performance of the Company's obligations under, the Buy-back Agreement. This approval is the subject of Resolution 3, and Resolutions 2 and 3 are conditional on each other being approved.

In summary, in order for the Share Sale to proceed, among other pre-conditions described in this Circular, those Shareholders eligible to vote must approve Resolutions 2 and 3 by an ordinary resolution (ie by a 50% majority of Shareholders present and voting in person, by proxy or by representative).

The Company is required under the Listing Rules and Corporations Act to disregard any votes cast on Resolution 2 by or on behalf of Iron Mountain and any of its associates.

### 3.2 Iron Mountain approvals

In addition to the above approvals, the Share Sale will only be completed if Iron Mountain shareholders approve the Share Sale as a special resolution (ie by a 75% majority of Iron Mountain shareholders present and voting in person, by proxy or by representative) at the general meeting of Iron Mountain to be held on or around the same day as the Meeting.

The Company and its associates are excluded, under the Corporations Act and Listing Rules, from voting at the Iron Mountain general meeting.

### 3.3 What if the approvals are not granted?

If one or more of the required approvals set out above is not obtained, the Share Sale will not proceed. For the avoidance of doubt, if Resolution 2 is approved by Shareholders but the Share Sale is not approved by Iron Mountain shareholders the Share Sale will not proceed.

## 4. Other relevant information relating to the Share Sale

### 4.1 Consequences if the Share Sale does not proceed

If the Share Sale is not approved by Shareholders and by Iron Mountain's shareholders, the Company will have to dispose of its Shares in another way, which may result in either an increase or decrease in the consideration

## Explanatory Memorandum (Cont.)

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received by the Company from the sale of the Shares. The Independent Director considers, for the reasons set out in section 1.2 above, that it is more likely than not that a disposal of the Shares other than under the Share Sale will result in the Company receiving a lower price than it will receive under the Share Sale.

The Directors will consider the next best alternative for disposing of the Shares if and when required.

### 4.2 Independent Expert's Report

As required by the Listing Rules, the Company has appointed the Independent Expert to prepare an Independent Expert's Report to consider whether the Share Sale is fair and reasonable to Shareholders (other than Iron Mountain and its associates).

The Independent Expert has concluded that, in its opinion, the Share Sale is not fair but reasonable to those Shareholders. The Independent Expert's Report is enclosed with this Notice of Meeting. You are encouraged to read the report in full.

The Independent Expert has given, and has not withdrawn, its consent to the inclusion of its Independent Expert's Report in the Notice in the form and the context in which it appears.

### 4.3 Proposed timetable

The proposed timetable for the Share Sale is as follows:

Date of the Meeting	12 February 2013
Date of the Iron Mountain general meeting	12 February 2013
Completion of the Share Sale (subject to all necessary approvals being obtained and any other requirements of ASX and ASIC being met)	18 February 2013

Note that the above timetable is indicative only and the Company reserves the right to amend the timetable.

### 4.4 Directors associated with United Orogen

Directors David Zohar and Zhukov Pervan are also directors (and shareholders) of Iron Mountain and are therefore associates of Iron Mountain for the purposes of the Corporations Act and Listing Rules.

Mr Zohar and Mr Pervan make no recommendations to Shareholders on how to vote on Resolution 2, and any votes cast by them on Resolution 2 will be disregarded by the Company.

Director John Wyatt is not a director of Iron Mountain and does not hold any shares in Iron Mountain. Mr Wyatt is the only Director not associated with Iron Mountain.

### 4.5 Other information

There is no other information known to the Company that is material to the decision as to how to vote on Resolution 2.

Any shareholder who has any doubt about the information provided in the Notice, Explanatory Memorandum or Independent Expert's Report, or the action that they should take, should consult their financial, taxation or other professional adviser.

## 5. Independent Director's Recommendation

Mr John Wyatt, as the sole Independent Director, having considered the potential advantages and disadvantages of the Share Sale and the effect of the Share Sale on the Company, together with the conclusion of the Independent Expert, is of the opinion that the Share Sale is in the best interests of the Company and the non-associated Shareholders, due to the Independent Expert's opinion that the Share Sale is reasonable, despite not being fair.

**The Independent Director therefore recommends that non-associated Shareholders vote in favour of Resolution 2.**

## 6. Voting Exclusion

Iron Mountain and any associate of Iron Mountain will be excluded from voting on Resolution 2.

## RESOLUTION 3 – BUY-BACK AGREEMENT

### 1. Reason for seeking Shareholder approval

Ordinarily the entry by the Company into, and performance of the Company's obligations under, the Buy-back Agreement would be matters approved by the Directors at a Directors' meeting.

However, under Rule 13.14 of the Company's constitution:

- (a) the number of Directors necessary to constitute a quorum is 2; and
- (b) if there are not sufficient Directors to constitute a quorum because of the operation of section 195(1) of the Corporations Act (namely that Directors with a material personal interest in a transaction must be excluded from voting), the Directors may put the resolution to Shareholders in general meeting. This provision in the Company's constitution mirrors section 195(4) of the Corporations Act.

David Zohar and Zhukov Pervan are both directors and shareholders of Iron Mountain, and are therefore required under section 195(1) of the Corporations Act to be excluded from the Directors' meeting considering the terms of the Buy-back Agreement.

In light of the above, there is not a sufficient number of Directors to constitute a quorum for a Directors' meeting to consider the Buy-back Agreement. The Directors have therefore sought Shareholder approval for the entry into, and performance of the Company's obligations under, the Buy-back Agreement in accordance with Rule 13.14 of the Company's constitution.

### 2. Summary of the Buy-back Agreement

It is proposed that if Resolution 3 is approved, the Buy-back Agreement will be executed by the Company pursuant to the following key terms and such other terms customary for such agreements.

#### 2.1 Number of Shares sold and consideration payable

Under the Buy-back Agreement, the Company will sell 23,732,341 Shares at \$0.02 per Share to Iron Mountain, subject to the conditions precedent set out below being satisfied.

The total consideration payable to the Company is \$474,646.82, of which \$76,950.90 will be set off against money owed by the Company to Iron Mountain and \$397,695.92 will be paid by Iron Mountain to the Company in cash at completion.

#### 2.2 Conditions precedent

Completion of the Share Sale under the Buy-back Agreement is conditional on:

- (a) Resolution 2 and Resolution 3 being approved by an ordinary resolution of Shareholders (excluding Iron Mountain and its associates);
- (b) the Share Sale being approved by a special resolution of shareholders of Iron Mountain (excluding the Company and its associates) as required under the Corporations Act and also Iron Mountain shareholders' approval for the purpose of the Listing Rules; and
- (c) the parties to the Buy-back Agreement performing any other actions required by ASX or ASIC in connection with the Buy-back Agreement.

If the above conditions precedent are satisfied, completion of the Share Sale is expected to occur on or around 14 February 2013. Otherwise, if the conditions precedent are not satisfied by 28 February 2013, the Buy-back Agreement will be automatically terminated unless the parties agree otherwise.

## **2.3 Other provisions of the Buy-back Agreement**

### *Representations and warranties*

Under the Buy-back Agreement, the Company provides representations and warranties to Iron Mountain, including that:

- (a) the Company is the registered and beneficial owner of the Shares the subject of the Buy-back Agreement which are free from all encumbrances;
- (b) the Buy-back Agreement and, subject to satisfaction of the conditions above, completion of the selective buy-back contemplated by it, does not conflict with, or result in, a breach of any obligation or constitute or result in any default under any provision of its constitution or any material provision of any agreement, law, order or otherwise;
- (c) there is no restriction on the transfer of the Shares to Iron Mountain;
- (d) the Company will not sell, transfer, assign, create or permit to subsist any security interest over or otherwise deal with in any manner the Shares on and from the date of the Buy-back Agreement;
- (e) the Company is not in possession of any "inside information" with respect to Iron Mountain within the meaning given in Part 7.10, Division 3 of the Corporations Act; and
- (f) the Company has the power to enter into and perform the Buy-back Agreement and has obtained all consents and authorisations necessary to enable it do so.

Under the Buy-back Agreement, Iron Mountain provides representations and warranties to the Company, including that:

- (a) the Buy-back Agreement and, subject to satisfaction of the conditions precedent, completion of the Share Sale, does not conflict with, or result in, a breach of any obligation or constitute or result in any default under any provision of its constitution or any material provision of any agreement, law, order or otherwise;
- (b) it is in compliance with its obligations under Chapter 2M and section 674 of the Corporations Act and Listing Rule 3.1, and is not relying on an exception in Listing Rule 3.1A to not disclose any price sensitive information known to it;
- (c) it is not in possession of any "inside information" with respect to Iron Mountain within the meaning given in Part 7.10, Division 3 of the Corporations Act; and
- (d) it has the power to enter into and perform the Buy-back Agreement and has obtained all consents and authorisations necessary to enable it do so.

### *Termination*

The Buy-back Agreement may be terminated if the conditions precedent are not satisfied by 28 February 2013, there is a breach of warranty by a party or by agreement between the parties. If the Buy-back Agreement is terminated, the Share Sale will not proceed unless the parties agree otherwise and each party will bear its own costs incurred up to the termination.

### *Indemnities*

Each party indemnifies the other party and its representatives against all loss suffered or incurred by the other party and its representatives arising directly or indirectly out of or in connection with any breach of the Buy-back Agreement by the indemnifying party or its representatives (including a breach of the warranties given under the Buy-back Agreement), except to the extent the loss is caused by the fraud, negligence or wilful misconduct of the other party or any of its representatives.

## **2.4 Inspection of the Buy-back Agreement**

A copy of the Buy-back Agreement is available for inspection by Shareholders at the Registered Office of the Company and will be available for inspection by Shareholders at the Meeting.

## Explanatory Memorandum (Cont.)

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### **3. Independent Director's Recommendation**

The Independent Director John Wyatt recommends that non-associated Shareholders vote in favour of Resolution 3. Mr John Wyatt, as the only Independent Director, has no personal interest in the outcome of Resolution 3.

### **4. Voting Exclusion**

Iron Mountain and any associate of Iron Mountain will be excluded from voting on Resolution 3.



# Glossary

In this Circular, the following terms have the following meaning unless the context otherwise requires:

<b>“ASX”</b>	means ASX Limited (ACN 008 624 691) or, where the context requires, the Australian Securities Exchange operated by ASX Limited.
<b>“ASIC”</b>	means the Australian Securities and Investments Commission.
<b>“Buy-back Agreement”</b>	means the conditional buy-back agreement between the Company and Iron Mountain proposed to be executed on the date of the Meeting, subject to approval by Shareholders and Iron Mountain shareholders and the parties performing any other actions required by ASX or ASIC.
<b>“Circular”</b>	means this circular to Shareholders, including the Notice of Meeting, Explanatory Memorandum, proxy form, corporate representative certificate and Annexures A and B.
<b>“Company”</b>	means United Orogen Limited (ACN 115 593 005).
<b>“Corporations Act”</b>	means the Corporations Act 2001 (Cth).
<b>“Director”</b>	means a director of the Company.
<b>“Explanatory Memorandum”</b>	means the explanatory memorandum included in this Circular.
<b>“Independent Directors”</b>	means:  in respect of Resolution 1, John Wyatt and Zhukov Pervan; and  in respect of Resolutions 2 and 3, John Wyatt.
<b>“Independent Expert”</b>	means Nexia Perth Corporate Finance Pty Ltd.
<b>“Independent Expert’s Report”</b>	means the independent expert’s report prepared by the Independent Expert in respect of the Share Sale and Option Sale, a copy of which forms part of this Circular as Annexure B.
<b>“Iron Mountain”</b>	means Iron Mountain Mining Limited (ACN 112 914 459).
<b>“Listing Rules”</b>	means Listing Rules of ASX, as amended or replaced from time to time, except to the extent of any waiver by ASX.
<b>“Meeting”</b>	means the General Meeting convened by the Notice of Meeting.
<b>“Notice of Meeting”</b>	means the notice of meeting included in this Circular.
<b>“Option Sale”</b>	means the proposed sale by the Company to Swancove Enterprises of all of the Options held by the Company, being the subject of Resolution 1.
<b>“Option Sale Agreement”</b>	means the conditional option sale agreement between the Company and Swancove Enterprises dated 10 December 2012 (as amended).
<b>“Options”</b>	means options to subscribe for Shares.
<b>“Resolution”</b>	means a resolution in the Notice of Meeting.
<b>“Share Sale”</b>	means the proposed sale by the Company to Iron Mountain of all of the Shares held by the Company, being the subject of Resolution 2.
<b>“Shareholder”</b>	means a member of the Company, as defined in the constitution of the Company.
<b>“Shares”</b>	means ordinary fully paid shares in the capital of Iron Mountain.
<b>“Swancove Enterprises”</b>	means Swancove Enterprises Pty Ltd (ACN 076 507 849).
<b>“VWAP”</b>	means volume weighted average price.
<b>“WST”</b>	means Western Standard Time.

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# Proxy Form

## SHAREHOLDER DETAILS »

Name .....

Address .....

Contact Telephone No. ....

Contact Name (if different from above) .....

## PART 1 - APPOINTMENT OF PROXY »

I/We being a shareholder/s of Iron Mountain Mining Limited and entitled to attend and vote appoint

The Chairman  
of the Meeting  
(mark with an 'X')

OR

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of United Orogen Limited to be held at Middletons, Level 32, 44 St Georges Terrace, Perth, Western Australia on 12 February 2013 at 11.30am (WST) and at any adjournment of that meeting.

The Chairman of the Meeting intends to vote all available proxies in favour of each Resolution.

## PART 2 - Voting directions to your proxy – please mark to indicate your directions »

Items of Business	For	Against	Abstain*
Resolution 1      SALE OF OPTIONS TO SWANCOVE ENTERPRISES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2      SALE OF SHARES TO IRON MOUNTAIN	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3      APPROVAL OF BUY-BACK AGREEMENT	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

### PLEASE SIGN HERE

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Shareholder 1

Sole Director and Sole Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

# Proxy Form Instructions

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## Your Name and Address

Please print your name and address as it appears on your holding statement and the company's share register. If shares are jointly held, please ensure the name and address of each joint shareholder is indicated. Shareholders should advise the company of any changes. Shareholders sponsored by a broker should advise their broker of any changes. Please note, you cannot change ownership of your securities using this form.

## Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company.

## Votes on Resolutions

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

## Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company Secretary on (08) 9225 4936 or you may photocopy this form.

To appoint a second proxy you must on each Proxy Form state (in the appropriate box) the percentage of your voting rights which are the subject of the relevant proxy. If both Proxy Forms do not specify that percentage, each proxy may exercise half your votes. Fractions of votes will be disregarded.

## Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the shareholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the company. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting a "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate is included on the following page.

## Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than **11.30am (WST) on 10 February 2013**, being 48 hours prior to the commencement of the meeting. Any Proxy Form received after that time will not be valid for the Meeting.

This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's office at Level 7, 231 Adelaide Terrace, Perth WA 6000 or PO Box 3235, 249 Hay Street, East Perth 6892 or sent by facsimile to the registered office on (08) 9225 6474.

# Certificate of Appointment of Corporate Representative

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

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

the Company has appointed:

.....  
Insert name of corporate representative

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of the Company at the General Meeting of the members of United Orogen Limited to be held on 12 February 2013 commencing at 11.30am (WST) and at any adjournment of that meeting / all meetings of the members of United Orogen Limited (please delete as appropriate).

DATED .....

---

## Please sign here

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

.....  
Signed by authorised representative

.....  
Signed by authorised representative

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

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

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

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

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## Instructions for Completion

1. Insert name of appointor Company and the name or position of the appointee (eg "John Smith" or "each director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (eg director) of each company officer who signs this Certificate on behalf of the company.
4. Insert the date of execution where indicated.

Send or deliver the Certificate to the Company's office at Level 7, 231 Adelaide Terrace, Perth WA 6000 or PO Box 3235, 249 Hay Street, East Perth 6892 or sent by facsimile to the registered office on (08) 9225 6474.

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# Annexure A: Options Terms

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## **TERMS AND CONDITIONS OF OPTIONS EXPIRING 1 MAY 2016 (AMOUNT PAYABLE: 20 CENTS)**

### **1. Entitlement**

Each Option shall entitle the holder the right to subscribe (in cash) for one (1) Share in the capital of Iron Mountain.

### **2. Option Period**

Each Option will expire at 5.00pm WST on 1 May 2016 (such date being referred to as the "Option Expiry Date"). Each Option may be exercised at any time prior to the Option Expiry Date in accordance with the notice provisions set out below and any Option not so exercised shall automatically expire on the Option Expiry Date.

### **3. Ranking of Share Allotted on Exercise of Option**

Each Share allotted as a result of the exercise of an Option will, subject to the Constitution of Iron Mountain, rank in all respects *pari passu* with the existing Shares in the capital of Iron Mountain on issue at the date of allotment.

### **4. Voting**

A registered owner of an Option (herein referred to as an "Option Holder") will not be entitled to attend or vote at any meeting of the members of Iron Mountain unless they are, in addition to being Option Holder, members of Iron Mountain.

### **5. Transfer of an Option**

Each Option is transferable at any time prior to the Option Expiry Date. This right is subject to any restrictions on the transfer of an Option that may be imposed by the ASX in circumstances where Iron Mountain is listed on ASX.

### **6. Method of Exercise of an Option**

- a. Iron Mountain will provide to each Option Holder a notice that is to be completed when exercising the Options (herein such notice being called a "Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of Iron Mountain to be received prior to the Option Expiry Date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of Shares in the capital of Iron Mountain to be allotted; which number of Options must be a multiple of 10,000 if only part of the Option Holders total Options are exercised, or if the total number of Options held by an Option Holder is less than 10,000, then the total of all Options held by that Option Holder must be exercised.
- b. The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of 20 cents (\$0.20) per Share.
- c. Subject to Clause 7 hereof, the exercise of less than all of an Option Holders Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holders entitlement under the Option Holders remaining Options.
- d. Within 14 days from the date the Option Holder properly exercises Options held by the Option Holder, Iron Mountain shall issue and allot to the Option Holder that number of Shares in the capital of Iron Mountain so subscribed for by the Option Holder.
- e. If Iron Mountain is listed on the ASX, Iron Mountain will within seven (7) days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.
- f. Iron Mountain will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.

## Annexure A: Options Terms (Cont.)

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### **7. Reconstruction**

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of Iron Mountain, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

### **8. Participation in New Share Issues**

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by Iron Mountain to its shareholders from time to time prior to the Option Expiry Date unless and until the Options are exercised. Iron Mountain will ensure that during the exercise period of the Options, the Record Date for the purposes of determining Entitlements to any new such issue, will be at least 9 Business Days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

### **9. Change of Options' Exercise Price or Number of Underlying Shares.**

There are no rights to change the exercise price or the number of underlying Shares if there is a pro-rata issue or bonus issue to the holders of Shares.

#### **LODGEMENT INSTRUCTIONS**

Cheques shall be in Australian currency made payable to Iron Mountain Mining Limited and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be forwarded to Iron Mountain Mining Limited, Level 7, 231 Adelaide Terrace, Perth WA 6000.



# Annexure B: Independent Expert's Report

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the next solution

20 December 2012

PRIVATE & CONFIDENTIAL

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

Dear Sirs

**INDEPENDENT EXPERT REPORT**

**1. INTRODUCTION**

Nexia Perth Corporate Finance Pty Ltd ("NPCF") has been requested by United Orogen Ltd ("UOG" or "the Company") to prepare an Independent Expert's Report in relation to an offer of a share buy-back of 23,732,341 fully paid ordinary shares in Iron Mountain Mining Limited ("IRM") ("Proposed Share Sale") and the sale of 30,000,000 options to a company associated with Mr D. Zohar (a director of both UOG and IRM) ("Proposed Option Sale"), which under ASX Listing Rule 10.1 and Chapter 2E of the *Corporations Act 2001* require shareholder approval at the forthcoming Extraordinary General Meeting of Shareholders to be held on or about 8 February 2013. The Proposed Share Sale and Proposed Option Sale are collectively referred to in this report as the "Proposed Transactions".

NPCF has concluded that **both the Proposed Share Sale and the Proposed Option Sale are not fair, but reasonable** having regard to the interests of the non-associated shareholders of UOG.

Resolutions 1, 2 and 3 of the attached Notice of Meeting seek shareholder approval of the Proposed Transactions and are set out below.

Resolution 1 of the Notice of Meeting comprises:

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

*"That, for the purposes of Listing Rule 10.1, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to sell 30,000,000 options to acquire shares in Iron Mountain Mining Limited (ACN 112 914 459) (Iron Mountain) to Swancove Enterprises Pty Ltd (ACN 076 507 849) (a company associated with David Zohar), at \$0.001 per option, on the terms set out in the Explanatory Memorandum."*

Resolution 2 of the Notice of Meeting comprises:

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

*"That, subject to Resolution 3 being passed, in accordance with Listing Rule 10.1, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the Company to sell 23,732,341 fully paid ordinary shares in the capital of Iron Mountain to Iron Mountain, at \$0.02 per Share, pursuant to a selective buy-back proposed to be conducted by Iron Mountain."*

Nexia Perth Corporate Finance Pty Ltd  
ABN 84 009 342 661  
Australian Financial Services Licence No. 289358  
Level 7, The Quadrant, 1 William Street, Perth WA 6000  
GPO Box 2570, Perth WA 6001  
p +61 8 9463 2463, f +61 8 9463 2499  
corporate@nexiapertth.com.au, www.nexia.com.au

Independent member of Nexia International



Nexia Perth Corporate Finance Pty Ltd is an independent Western Australian firm using the Nexia International trademark under licence. It is affiliated with, but independent from, Nexia Australia Pty Ltd, which is a member of Nexia International, a worldwide network of independent accounting and consulting firms. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

# Annexure B: Independent Expert's Report

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United Orogen Limited  
Independent Expert's Report  
Page 2

Resolution 3 of the Notice of Meeting comprises:

*"That, subject to Resolution 2 being passed, in accordance with Rule 13.14 of the Company's constitution, section 195(4) of the Corporations Act and for all other purposes, approval is given for the Company's entry into, and performance by the Company of its obligations under, the Buy-back Agreement."*

To assist shareholders in making a decision on the resolution, the directors have requested that NPCF prepare an independent expert's report, which must state whether, in the opinion of the independent expert, the Proposed Transactions are fair and reasonable having regard to the interests of UOG shareholders other than those involved in the Proposed Transactions or associated with such persons and whose approval the Resolutions giving effect to these transactions are required at the Extraordinary General Meeting ("non-associated shareholders of UOG").

The Summary of our opinion is set out in Section 2 of this Report.

A brief summary of the Proposed Transactions is set out in Section 3 of this Report and a detailed outline is set out fully in the Explanatory Memorandum accompanying the Notice of Meeting of UOG to be held on or about 8 February 2013.

We understand that this Report will accompany the Notice of Meeting and Explanatory Memorandum. NPCF consents to the issue of this report in its form and context and consents to its inclusion in the Explanatory Memorandum.

## 2. SUMMARY OF OPINION

1. Based upon the information set out in this report, we are of the opinion that the **Proposed Option Sale** is **not fair, but reasonable** and the **Proposed Share Sale** is **not fair, but reasonable** having regard to the interests of the non-associated shareholders of UOG.

NPCF has formed the opinion that the Proposed Option Sale is not fair because the value of UOG's shares *post* the Proposed Transaction is less than the value of the Company's shares prior to the Proposed Transaction.

NPCF has formed the opinion that the Proposed Share Sale is not fair because the value of UOG's shares *post* the Proposed Transaction is less than the value of the Company's shares prior to the Proposed Transaction.

NPCF has also had regard to other relevant considerations in assessing the reasonableness of the Proposed Transactions. Further details are set out in Section 8 of this Report.

3. Our opinion is based solely on the information available at the date of the report as detailed in Section 10.
4. The principal factors that we have taken into account in forming our opinion are set out in the supporting detail to this report.
5. The decision of each shareholder as to whether to approve the Proposed Transactions is a matter for individual shareholders. These decisions should be based on each shareholder's views as to matters including value and future market conditions, risk profile, liquidity preferences, investment strategy, portfolio structure and tax positions. In particular, taxation consequences may vary from shareholder to shareholder. If shareholders are in any doubt, they should consult an independent professional adviser.

# Annexure B: Independent Expert's Report

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*United Orogen Limited  
Independent Expert's Report  
Page 3*

6. The opinion should be read in conjunction with the full text of this report which follows after our Financial Services Guide, which sets out our scope and findings.

The supporting detail of our Report (set out in the sections that follow after our Financial Services Guide and Qualifications Declarations and Consents), comprises the following sections:

3. Summary of the Proposed Transactions
4. Purpose of the Report
5. Basis of the Assessment
6. Valuation of United Orogen Limited shares Pre Proposed Transactions
7. Valuation of United Orogen Limited shares Post Proposed Transactions
8. Assessment as to Fairness and Reasonableness of the Proposed Transactions
9. Limitations and Reliance on Information
10. Sources of Information

Appendix 1 – Overview of valuation methodologies

This assignment is a valuation engagement as defined by APES 225 Valuation Services as issued by the Accounting Professional & Ethical Standards Board Limited. Valuation engagement means an engagement or assignment to perform a valuation and provide a valuation report where the independent expert is free to employ the valuation approaches, valuation methods, and valuation procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the engagement or assignment available to the independent expert at that time.

Yours faithfully

**NEXIA PERTH CORPORATE FINANCE PTY LTD**

A handwritten signature in black ink, appearing to read 'TJ Spooner'.

**TJ SPOONER** CA FCA(UK) ACSA ACIS  
DIRECTOR

# Annexure B: Independent Expert's Report



United Orogen Limited  
Independent Expert's Report  
Page 4

## Nexia Perth Corporate Finance Pty Ltd ("NPCF") FINANCIAL SERVICES GUIDE

1. NPCF (ABN 84 009 342 661) provides valuation advice, valuation reports, Independent Expert's Reports and Investigating Accountant's Reports in relation to takeovers and mergers, prospectuses and disclosure documents, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes. NPCF holds Australian Financial Services Licence No. 289358.
2. NPCF has been engaged to provide general financial product advice in the form of the attached report to be provided to you.

### Financial Services Guide

3. The Corporations Act 2001 authorises NPCF to provide this Financial Services Guide (FSG) in connection with its provision of an Independent Expert's Report (IER) to accompany the Notice of Meeting to be sent to UOG shareholders.
4. This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about NPCF generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

### Financial services we are licensed to provide

5. Our Australian financial services licence allows us to carry on a financial services business to provide financial product advice for securities and deal in a financial product by arranging for another person to issue, apply for, acquire, vary or dispose of a financial product in respect of securities to retail and wholesale clients.

### General Financial Product advice

6. The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. It is not intended to take the place of professional advice and you should not make specific investment decisions in reliance upon the information contained in this report.
7. 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. You may wish to obtain personal financial product advice from the holder of an Australian Financial Service Licence to assist you in this assessment.

### Fees, commissions and other benefits we may receive

8. NPCF charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity which engages NPCF to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us.
9. Neither NPCF nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.
10. All of our employees receive a salary and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.
11. We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

### Complaints

12. If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.
13. If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Industry Complaints Services (FICS), an external complaints resolution service. You will not be charged for using the FICS service.

### Contact details

14. NPCF contact details are contained on the first page of our Independent Expert's Report.

## QUALIFICATIONS, DECLARATIONS AND CONSENTS

### Qualifications

1. NPCF is licensed under the Corporations Act to carry on a financial services business to provide the financial services referred to in section 5 of our Financial Services Guide (refer above). NPCF's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have undertaken a significant number of valuations, IER's, IAR's and similar assignments.
2. This report was prepared by Mr TJ Spooner, who is an authorised representative of NPCF. Mr Spooner has substantial experience in the provision of valuation and similar advice and has been a qualified Chartered Accountant (UK and Australia) for over 25 years.

### Declarations

3. This report has been prepared at the request of the Directors of UOG to accompany the Notice of Meeting to be sent to UOG shareholders. It is not intended that this report should serve any purpose other than as stated therein.

### Interest

4. NPCF is not the auditor of UOG. At the date of the attached report, neither NPCF, nor Mr TJ Spooner or any other director, executive or employee of NPCF or NPCF has any material interest in UOG either directly or indirectly, or in the outcome of the offer, other than in the preparation of this Report for which normal professional fees of approximately \$14,000 (excluding GST) will be received. Such fee will be payable regardless of whether or not shareholders approve the Proposed Transaction.

### Indemnification

5. As a condition of NPCF's agreement to prepare this report, UOG agrees to indemnify NPCF in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of UOG which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

### Consents

6. NPCF was not involved in the preparation of any other part of the Explanatory Memorandum to accompany the Notice of Meeting (Explanatory Memorandum), and accordingly makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Explanatory Memorandum. NPCF consents to the inclusion of this report in the Explanatory Memorandum in the form and context in which it is included. At the date of this report, this consent has not been withdrawn.

# Annexure B: Independent Expert's Report

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United Orogen Limited  
Independent Expert's Report  
Page 5

### 3. SUMMARY OF THE PROPOSED TRANSACTIONS

United Orogen Limited ("UOG" or "the Company") is seeking shareholder approval for the sale of the share options in Iron Mountain Limited ("IRM") in accordance with Resolution 1 and shares in IRM in accordance with Resolution 2 in the Notice of General Meeting to be held on or about 8 February 2013.

The background and key provisions of these Proposed Transactions are as summarised below:

- Proposed Option sale:
  - Swancove Enterprises Pty Ltd ("Swancove"), a company controlled by David Zohar and Julie Zohar ("Zohar Group") has offered to purchase 30,000,000 options in IRM from UOG for \$.001 per option; David Zohar is both a shareholder and director of IRM and UOG. For the purposes of Listing Rule 10, David Zohar is a person in a position of influence in both IRM and UOG;
  - Pursuant to Listing Rule 10.1, a company is required to obtain shareholder approval prior to entering into a transaction with a person in a position of influence;
  - Resolution 1 seeks shareholder approval pursuant to ASX Listing Rule 10.1, Chapter 2E of the *Corporations Act 2001* and for all other purposes for the purchase of the share options by Swancove.
- Proposed Share sale:
  - IRM has proposed a share buy-back of 23,732,341 shares in IRM from UOG, subject only to obtaining the required shareholder approval;
  - These shares will be offered at \$0.02 per share for a total consideration of \$474,646.82;
  - Resolution 2 seeks shareholder approval pursuant to ASX Listing Rule 10.1, Chapter 2E of the *Corporations Act 2001* and for all other purposes for the buy-back of the IRM shares by IRM.

### 4. PURPOSE OF THE REPORT

On 3 October 2012, IRM completed its takeover bid for UOG, pursuant to which IRM acquired 79.12% of the ordinary shares in UOG.

UOG currently holds 23,732,341 shares in IRM, representing approximately 15.6% of the issued share capital of IRM. UOG also holds 30,000,000 options in IRM exercisable at 20 cents on or before 1 May 2016 ("Options").

Section 259D of the *Corporations Act 2001* provides that where a company obtains control of an entity that holds shares or units of shares (including options) in the company then, within 12 months after the date the company gains control of the entity, the entity must cease to hold the shares or units of shares (including options), or the company must cease to control the entity.

Accordingly, given that IRM obtained control of UOG under its takeover bid, UOG is required to divest the shares and options within 12 months of the date it became controlled by IRM (being 3 October 2013 at the latest).

# Annexure B: Independent Expert's Report

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*United Orogen Limited  
Independent Expert's Report  
Page 6*

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a related party or a substantial holder (if the person and the person's associates have a relevant interest, or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities), without the approval of holders of the entity's ordinary securities.

An asset is a substantial asset if its value or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the listing rules. The investment in the shares of IRM is in excess of 5% of the net assets of UOG and therefore is a substantial asset.

To assist shareholders in making a decision on the Proposed Transactions, the Directors have requested that NPCF prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the Proposed Transactions are fair and reasonable to the non-associated shareholders of UOG.

## **5. BASIS OF THE ASSESSMENT**

Set out in the Notice of Meeting and Explanatory Memorandum accompanying this Report are the ASX Listing Rules and Corporations Act provisions relevant to the Proposed Transactions and information in relation thereto. In preparing our Report, we have had regard to ASIC Regulatory Guide 111 and 112 relating to Independent Experts' Reports.

The term 'fair and reasonable' has no legal definition although over time a commonly accepted interpretation has evolved. However, fair and reasonable has different meanings for different regulatory purposes.

ASIC Regulatory Guide 111 provides that the assessment of whether a proposal is fair and reasonable should involve a comparison of the likely advantages and disadvantages for non-associated shareholders if the Proposed Transaction is implemented and if it is not.

In essence, the proposal will be "fair and reasonable" if the non-associated shareholders are better off if the proposal is implemented. They will be better off if the expected benefits outweigh the disadvantages to the non-associated shareholders.

ASIC regulatory Guide 111, states, inter alia:

- an offer is considered 'fair' if the value of the offer price or consideration is equal to, or greater than, the value of the securities that are the subject of the offer.
- an offer is considered 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

ASIC Regulatory Guide 111 requires the assessment of 'fair' to be made assuming 100% ownership of the company. It considers it to be inappropriate to apply a discount to the value of the securities under the offer that would normally be considered in the valuation of a minority interest to reflect such factors as a lack of control.

# Annexure B: Independent Expert's Report

---



*United Orogen Limited  
Independent Expert's Report  
Page 7*

ASIC Regulatory Guide 111 also provides examples of factors that are relevant in an assessment of reasonableness. The form of analysis the expert uses to evaluate a transaction should address the issues faced by security holders.

In our opinion, for the purposes of this report 'fairness' is taken to mean a reference to quantification of respective values of consideration being paid compared to the value of assets being transferred. This has been calculated in the context of the impact on UOG shares prior to and subsequent to the Proposed Transactions.

'Reasonableness' is taken to include consideration of other qualitative factors which can be assessed on objective grounds.

The assessment as to the fairness and reasonableness of the Proposed Transactions is set out in Section 8 of this Report.

## **6. VALUATION OF UNITED OROGEN LIMITED SHARES PRE PROPOSED TRANSACTIONS**

### **6.1. VALUATION OVERVIEW**

The usual approach to the valuation of an asset is to seek to determine what a willing but not anxious buyer, acting at arm's length, with adequate information, would be prepared to pay and a willing, but not anxious seller would be prepared to accept in an open market.

RG 111 outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, acquisitions requiring approval by security holders, takeovers and prospectuses. These include:

- Discounted cash flow (DCF) approach;
- Capitalisation of future maintainable earnings (earnings based) approach;
- Orderly realisation of assets (asset based) approach;
- Quoted price of listed securities (market value) approach; and
- Comparable Market Transactions.

We have outlined these methodologies in Appendix 1 to this report. Each of these methodologies is appropriate in certain circumstances. The decision as to which methodology to use generally depends on the methodology most commonly adopted in valuing the asset in question and the availability of appropriate information. This is addressed further in Section 6.2 below.

# Annexure B: Independent Expert's Report

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United Orogen Limited  
Independent Expert's Report  
Page 8

## 6.2 VALUATION APPROACH

The traditional valuation method used to value companies is the capitalisation of future maintainable earnings, with such earnings being estimated using historical results. However, in order to adopt such a basis of valuation, a business must have a track record of profitability. As UOG does not have a track record of profitability, we consider a valuation on this basis to be inappropriate.

NPCF believes that the most appropriate method for valuing the issued shares in UOG is the asset-based approach. The most common form of asset based approach is the Net Realisable Value method. The resultant net realisable assets of the Company can then be expressed in terms of a value per share.

We note that the audit report and accounting policy note in the Company's 2012 Annual Report refer to a material uncertainty regarding the company's ability to continue as a going concern, should the company not be able to obtain additional finance.

As a crosscheck to the valuation on the above basis, NPCF has used the market value approach with reference to the market price of UOG shares. This valuation crosscheck calculation is set out in Section 6.4.5 of this Report.

## 6.3 VALUE OF UOG'S SHARES *PRE* PROPOSED TRANSACTIONS

In establishing the value of UOG prior to the Proposed Transactions, the net asset backing per share has been determined based upon the unaudited position as at 31 October 2012, adjusted for certain significant subsequent events as referred to in the Notice of Meeting and Explanatory Memorandum and in the Notes to section 6.3.1 below.

Valuation assessments were then carried out on assets and liabilities, with no adjustments being made in this respect.

**This has resulted in a net asset backing per share of \$0.00753 (prior to any adjustments and excluding the value of the share options) *pre* Proposed Transactions or a net asset backing per share of between \$0.00663 and \$0.00821 (including any adjustments and the value of the share options), as calculated in the table below:**



# Annexure B: Independent Expert's Report



United Orogen Limited  
Independent Expert's Report  
Page 9

## 6.3.1 UNITED OROGEN LIMITED

Balance Sheet		Unaudited Pre Proposed Transactions 31 October 2012	Adjustment for subsequent events	Adjustment for Option Valuation (Low value)	Adjustment for Option Valuation (High Value)	Pro Forma Pre Proposed Transactions 31 October 2012 (Low value)	Pro Forma Pre Proposed Transactions 31 October 2012 (High value)
		\$		\$	\$	\$	\$
<b>Current Assets</b>							
Cash and cash equivalents	(i)	62,756	20,000			82,756	82,756
Trade and other receivables		17,877				17,877	17,877
Assets held for sale	(ii)	806,900	(142,394)			664,506	664,506
Investment in share options	(iii)	-		60,000	240,000	60,000	240,000
<b>Total Current Assets</b>		<b>887,533</b>				<b>825,139</b>	<b>1,005,139</b>
<b>Non-Current Assets</b>							
Property plant and equipment		3,125				3,125	3,125
Available for sale financial assets							
- Eagle Nickel Limited	(iv)	4,808				4,808	4,808
- Actinogen Limited	(v)	50,000				50,000	50,000
<b>Total Non-Current Assets</b>		<b>57,933</b>				<b>57,933</b>	<b>57,933</b>
<b>Total Assets</b>		<b>945,466</b>				<b>883,072</b>	<b>1,063,072</b>
<b>Current Liabilities</b>							
Trade and other payables		51,476				51,476	51,476
Borrowings	(vi)	75,000	1,951			76,951	76,951
<b>Total Current Liabilities</b>		<b>126,476</b>				<b>128,427</b>	<b>128,427</b>
<b>Net Assets</b>		<b>818,990</b>				<b>754,645</b>	<b>934,645</b>
Total number of shares on issue	(i)	108,825,946	5,000,000			113,825,946	113,825,946
<b>Net asset backing per share (undiluted)</b>		<b>0.00753</b>				<b>0.00663</b>	<b>0.00821</b>

### Notes

- (i) On 11 December 2012 UOG granted a placement of 5,000,000 fully paid ordinary shares in the Company to Global1 Pty Ltd at an issue price of \$0.004 per share for a total investment of \$20,000. The funds were raised for working capital purposes.
- (ii) The Assets held for Sale relate to the shares held in IRM. The value of the investment consists of 23,732,341 shares with a share price of \$0.034 per share on 31 October 2012 for a total carrying value of \$806,900. The subsequent adjustment of \$142,394 represents the revaluation of these shares to their market value of \$0.028 per share on 18 December 2012 (source: [www.tradingroom.com.au](http://www.tradingroom.com.au)).
- (iii) Our valuation of the Share Options in IRM determined that the value of the 30,000,000 options is between \$0.002 and \$0.008 per option, equating to a total value range of \$60,000 to \$240,000. Whilst no carrying amount is included in the unaudited pre – proposed

# Annexure B: Independent Expert's Report

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United Orogen Limited  
Independent Expert's Report  
Page 10

transactions Balance Sheet as at 31 October 2012 in this respect, these have been included for the purposes of determining the fairness of the sale of these share options (see section 6.3.2 below for valuation method and inputs).

- (iv) The investment in Eagle Nickel Limited (ASX: ENL) consists of 600,964 shares with a value of \$0.008 per share on 31 October 2012 (source: [www.tradingroom.com.au](http://www.tradingroom.com.au)). These shares have not subsequently been adjusted to their current market value to ensure their revaluation does not impact the outcome of our calculations.
- (v) The investment in Actinogen Limited (ASX: ACW) consists of 2,000,000 shares with a value of \$0.025 per share on 31 October 2012 (source: [www.tradingroom.com.au](http://www.tradingroom.com.au)). These shares have not subsequently been adjusted to their current market value to ensure their revaluation does not impact the outcome of our calculations.
- (vi) The borrowing of \$76,951 comprises a loan from Iron Mountain Mining Limited and includes accrued interest of \$1,951.

## 6.3.2 VALUATION OF SHARE OPTIONS

NPCF performed a valuation of the unlisted options held in IRM as at 31 October 2012 which resulted in a valuation of the unlisted options of between \$0.002 and \$0.008 per option (with a midpoint of \$0.005 per option). NPCF has adopted the upper and lower range for the purpose of this report.

Our valuation of the unlisted options was calculated using the Black-Scholes option pricing model. The following inputs were used in the calculation:

Key Terms	
Underlying Share Price (\$) <sup>(1)</sup>	0.034
Exercise Price (\$)	0.20
Option expiry date	1 May 2016
Risk Free Rate <sup>(2)</sup>	2.69%
Volatility Factor <sup>(3)</sup>	60% to 90%
Future Dividend Yield	Nil

### Notes:

- (1) IRM's underlying share price has been based on its closing price on 31 October 2012, the date used in the calculation noted in 6.3.1.
- (2) The risk free rate is the yield on the Australian Government Bonds with a life similar to the expected life of the Options at the assumed valuation date.
- (3) Expected future volatility of 60% to 90% was based on our analysis of IRM's historical daily share price movement and an analysis of comparable companies.

# Annexure B: Independent Expert's Report



## 6.4 ISSUED CAPITAL AND SHARE TRANSACTIONS

### 6.4.1 ISSUED CAPITAL

As at 30 June 2012 the total issued share capital of UOG comprised 108,825,946 fully paid ordinary shares. The movements in UOG's issued capital since 30 June 2012, the balance date of its last audited financial report, are provided in the table below.

The values below are net of share issue costs.

	Number of Shares	Note	\$
Balance as at 30 June 2012	108,825,946	Per Annual Report	13,493,263
Subsequent movement	5,000,000	Issued at \$0.004 per share to raise working capital	20,000
As at the date of this report <sup>(1)</sup>	<b>113,825,946</b>	As at the date of this report	<b>13,513,263</b>

(1) This comprises 106,159,279 fully paid ordinary shares listed on ASX, together with 7,666,667 restricted fully paid ordinary shares.

### 6.4.2 OPTIONS

As at 30 June 2012 the Company had 34,386,426 options on issue, comprising 32,386,426 listed options exercisable at \$0.20 on or before 31 March 2016 and 2,000,000 unlisted options exercisable at \$0.20 on or before 1 May 2016. The unlisted options were issued to the company's former managing director Noel Taylor, who resigned on 15 March 2012. The movements in UOG's options since 30 June 2012 are provided in the table below.

Options	Number of Options	Note	\$
Balance as at 30 June 2012	34,386,426	Per Annual Report	-
Subsequent movement	-		-
As at the date of this report	<b>34,386,426</b>	As at the date of this report	-

### 6.4.3 SHARE TRADING

The following summary provides details of the monthly values and average daily volumes of UOG shares being transacted on ASX from 1 January 2012 to 18 December 2012:

# Annexure B: Independent Expert's Report



	Open	High	Low	Close	Average Daily Volume
December 2012 <sup>(1)</sup>	0.01	0.01	0.01	0.01	0
November 2012	0.01	0.01	0.01	0.01	1,500
October 2012	0.01	0.01	0.01	0.01	600
September 2012	0.01	0.01	0.01	0.01	1,700
August 2012	0.01	0.01	0.01	0.01	900
July 2012	0.01	0.01	0.01	0.01	2,500
June 2012	0.01	0.01	0.01	0.01	40,200
May 2012	0.02	0.02	0.01	0.01	16,100
April 2012	0.02	0.02	0.02	0.02	10,300
March 2012	0.02	0.02	0.02	0.02	12,200
February 2012	0.02	0.02	0.02	0.02	1,900
January 2012	0.02	0.02	0.01	0.02	23,200

Source: Yahoo Finance

(1) Based on trading history for the period 1 December 2012 to 18 December 2012.

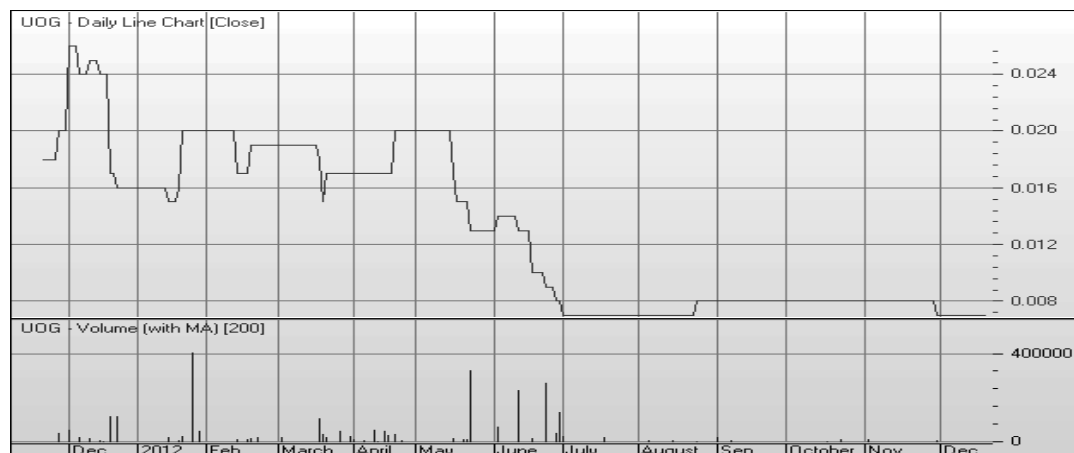
Based on the above table UOG's share price has fluctuated over the past 12 months from a high of 2 cents (rounded) between January 2012 and May 2012 to a low of 1 cent (rounded) between May 2012 and November 2012. The share price peaked at 2.3 cents (2 cents rounded) on 25 January 2012.

Since mid-May 2012 UOG's share price has gradually declined to 0.7 cents (as at 18 December 2012), although trading volumes have not been that significant during the period post 1 January 2012. The highest single day trading volume was recorded on 25 January 2012 when 407,600 shares were traded. The average daily volume of shares traded over the period 1 January 2012 to 18 December 2012 was 9,738 shares, with 199 days (out of 246 days) where no trades were recorded.

The above demonstrates a comparatively thin level of trading in UOG's stock.

UOG Recent Share Price History:

The chart below represents the movement in the share price of UOG listed shares since January 2012:



Source: asx.com.au

# Annexure B: Independent Expert's Report



United Orogen Limited  
Independent Expert's Report  
Page 13

## 6.4.4 SCHEDULE OF RECENT ASX ANNOUNCEMENTS

Company announcements released on the ASX platform since 30 June 2012 are summarised below:

14/12/2012	Response to ASX Query – Appendices 3Y
13/12/2012	Change of Director's Interest Notice
13/12/2012	Change of Director's Interest Notice
12/12/2012	Cleansing Statement
12/12/2012	Appendix 3B
11/12/2012	Placement to Global1 Pty Ltd
10/12/2012	Entry into conditional option sale agreement
05/12/2012	IRM Proposed Selective Buy-back
04/12/2012	Initial Director's Interest Notice
04/12/2012	Final Director's Interest Notice
04/12/2012	Appointment of John Wyatt as Director
04/12/2012	Resignation of John Karajas as Director
29/11/2012	Results of Annual General Meeting
29/10/2012	Quarterly Cashflow Report
29/10/2012	Quarterly Activities Report
29/10/2012	IRM: Secured loan to United Orogen Limited
26/10/2012	Notice of Annual General Meeting/Proxy Form
10/10/2012	Change in substantial holding for IRM
8/10/2012	Annual Report to shareholders
5/10/2012	IRM: Results of Iron Mountain Mining takeover bid
5/10/2012	Results of Iron Mountain Mining takeover bid
2/10/2012	Change in substantial holding from IRM
24/09/2012	Change in substantial holding for IRM
21/09/2012	IRM: Variation of T/O Bid - waiver of defeating conditions
21/09/2012	IRM: Variation of Takeover Bid-waiver of defeating conditions
13/09/2012	Change in substantial holding from IRM
10/09/2012	Change in substantial holding from IRM
6/09/2012	Amendment to Shareholder information included in the Annual
5/09/2012	Change in substantial holding from IRM
3/09/2012	Final Director's Interest Notice
3/09/2012	Managing Director Resignation - Parmesh Vakil
31/08/2012	Change in substantial holding from IRM
31/08/2012	Full Year Statutory Accounts
31/08/2012	Change in substantial holding from IRM
30/08/2012	IRM: Letter to UOG shareholders - Extension of offer period
30/08/2012	IRM: Notice of variation - Extension of offer period
29/08/2012	Change in substantial holding from IRM
27/08/2012	Change in substantial holding from IRM
24/08/2012	Change in substantial holding from IRM
22/08/2012	Change in substantial holding from IRM
21/08/2012	Change in substantial holding from IRM
20/08/2012	Change in substantial holding for IRM

# Annexure B: Independent Expert's Report



United Orogen Limited  
Independent Expert's Report  
Page 14

16/08/2012	Change in substantial holding from IRM
15/08/2012	Change in substantial holding from IRM
13/08/2012	Change in substantial holding from IRM
13/08/2012	Target's Statement
8/08/2012	IRM: notice pursuant to s633(2) - correction
7/08/2012	IRM: Notice pursuant to s633(2)
1/08/2012	IRM: Bidder's Statement
27/07/2012	Quarterly Cashflow Report
27/07/2012	Quarterly Activities Report
6/07/2012	IRM: Intention to Make Takeover Bid
29/06/2012	Appendix 3Y - Z Pervan

Source: [asx.com.au](http://asx.com.au)

## 6.4.5 MARKET VALUE

UOG's share price has fluctuated over the period 1 January 2012 to 18 December 2012 from a high of 2.3 cents (2 cents rounded) on 25 January 2012 to a low of 0.7 cents (1 cent rounded) on 18 December 2012. This includes the following:

- On 6 April 2012 shareholders passed a resolution to acquire 100% of the shares in Orange Hills Resources Limited. The acquisition added the Mt Leeming (Bauxite), Cape Londonderry (Gold), Lawley (Gold) and Vansittart (Gold) projects to the assets of UOG.
- Iron Mountain Mining Limited's takeover of United Orogen Limited issuing 1 Iron Mountain Share for every 4 UOG shares. The takeover bid closed on 3 October 2012 and IRM now holds 79.12% of the total shares in UOG.

The valuation range determined in Section 6.3.1 is not inconsistent with this market value range having regard to the general market trends experienced by the majority of resource-based stocks listed on ASX.

## 7. VALUATION OF UNITED OROGEN LIMITED SHARES *POST* PROPOSED TRANSACTIONS

### 7.1 COMPONENTS OF THE PROPOSED TRANSACTIONS

Proposed Option Sale:

The key component of the Proposed Transaction comprises:

- The Company selling 30,000,000 options to acquire shares in Iron Mountain Mining Limited (ACN 112 914 459) to Swancove Enterprises Pty Ltd (ACN 076 507 849) (a company associated with David Zohar), at \$0.001 per option.

Proposed Share Sale:

The key component of the Proposed Transaction comprises:

- The Company selling 23,732,341 fully paid ordinary shares in the capital of Iron Mountain Mining Limited to Iron Mountain Mining Limited, at \$0.02 per share, pursuant to a selective buy-back proposed to be conducted by Iron Mountain Mining Limited.

# Annexure B: Independent Expert's Report



United Orogen Limited  
Independent Expert's Report  
Page 15

## 7.2 NET ASSET VALUATION POST PROPOSED TRANSACTIONS: PROPOSED OPTION SALE

### 7.2.1 Valuation assessment

In establishing the value of UOG following completion of the Proposed Transactions, the net asset backing per share has been determined based upon the reviewed position in accordance with Section 6.3.1 of this Report including the following adjustments referred to in Section 6.3:

- a) Sale of 30,000,000 share options in IRM  
Swanrove Enterprises Pty Ltd will pay \$30,000 for the purchase of 30,000,000 share options at \$0.001 each in IRM. This is in accordance with the Notice of General Meeting of Shareholders.
- b) No adjustment has been made in respect of any potential taxation consequences in respect of the Proposed Transaction.

**This has resulted in a net asset backing per share of \$0.00637 post the Proposed Option Sale, as calculated below.**

### 7.2.2 Unaudited Adjusted Balance Sheet as at 31 October 2012 Post the Proposed Option Sale

Balance Sheet	Pro Forma Pre Proposed Transaction 31 Oct 2012 (Low value)	Pro Forma Pre Proposed Transaction 31 Oct 2012 (High value)	Proposed Option Sale	Pro Forma Post Proposed Transaction 31 Oct 2012
	\$	\$	\$	\$
<b>Current Assets</b>				
Cash and cash equivalents	82,756	82,756	30,000	112,756
Trade and other receivables	17,877	17,877		17,877
Assets held for sale (IRM shares)	664,506	664,506		664,506
Investment in Share Options	60,000	240,000	(iii)	-
<b>Total Current Assets</b>	<b>825,139</b>	<b>1,005,139</b>		<b>795,139</b>
<b>Non-Current Assets</b>				
Property plant and equipment	3,125	3,125		3,125
Available for sale financial assets				
- Eagle Nickel Limited	4,808	4,808		4,808
- Actinogen Limited	50,000	50,000		50,000
<b>Total Non-Current Assets</b>	<b>57,933</b>	<b>57,933</b>		<b>57,933</b>
<b>Total Assets</b>	<b>883,072</b>	<b>1,063,072</b>		<b>853,072</b>
<b>Current Liabilities</b>				
Trade and other payables	51,476	51,476		51,476
Borrowings	76,951	76,951		76,951
<b>Total Current Liabilities</b>	<b>128,427</b>	<b>128,427</b>		<b>128,427</b>
<b>Net Assets</b>	<b>754,645</b>	<b>934,645</b>		<b>724,645</b>
Total number of shares on issue	113,825,946	113,825,946		113,825,946
<b>Net asset backing per share (undiluted)</b>	<b>0.00663</b>	<b>0.00821</b>		<b>0.00637</b>

# Annexure B: Independent Expert's Report

---



United Orogen Limited  
Independent Expert's Report  
Page 16

Please also refer to the attached notes below.

## Notes

- (i) The pro-forma Balance Sheet comprises the unaudited consolidated balance sheet at 31 October 2012 adjusted for significant subsequent events and the proposed disposal of 30,000,000 IRM share options as described in Section 6.3.
- (ii) The Post transaction cash balance comprises:
- |   |         |
|---|---------|
|   | \$      |
| Cash Balance Pre Proposed Option Sale                   | 82,756  |
| Sale of 30,000,000 share options in IRM at \$0.001 each | 30,000  |
|   | -----   |
| Cash Balance Post Proposed Option Sale                  | 112,756 |
|   | -----   |
- (iii) The share options had a carrying value of \$nil as at 30 June 2012 and for the purposes of this report have been revalued to reflect our valuation range of between \$0.002 and \$0.008 per option as referred to in section 6.3.2 of this report.

## 7.3 NET ASSET VALUATION *POST* PROPOSED TRANSACTIONS: PROPOSED SHARE SALE

### 7.3.1 Valuation assessment

In establishing the value of UOG following completion of the Proposed Transactions, the net asset backing per share has been determined based upon the pro-forma position in accordance with Section 6.3.1 of this Report including the following adjustments referred to in Section 6.3:

- a) Sale of 23,732,341 shares in IRM  
IRM will pay \$474,646.82 for the purchase of 23,732,341 shares at \$0.02 each in IRM. This is pursuant to a selective buy-back in accordance with the Notice of General Meeting of Shareholders.
- b) No adjustment has been made in respect of any potential taxation consequences in respect of the Proposed Transactions.

**This has resulted in a net asset backing per share of \$0.00443 *post* the Proposed Share Sale, as calculated below.**



# Annexure B: Independent Expert's Report



United Orogen Limited  
Independent Expert's Report  
Page 17

## 7.3.2 Unaudited Adjusted Balance Sheet as at 31 October 2012 Post the Proposed Share Sale

Balance Sheet	Pro forma Pre proposed Transaction 31 October 2012 (adjusted for subsequent events)	Proposed Share Sale	Notes	Pro Forma Post Proposed Transaction 31 October 2012
	\$	\$		\$
<b>Current Assets</b>				
Cash and cash equivalents	82,756	397,696	(ii)	480,452
Trade and other receivables	17,877			17,877
Assets held for sale (IRM shares)	664,506	( 664,506)	(iii)	-
<b>Total Current Assets</b>	<b>765,139</b>			<b>498,329</b>
<b>Non-Current Assets</b>				
Property plant and equipment	3,125			3,125
Available for sale financial assets				
- Eagle Nickel Limited	4,808			4,808
- Actinogen Limited	50,000			50,000
<b>Total Non-Current Assets</b>	<b>57,933</b>			<b>57,933</b>
<b>Total Assets</b>	<b>823,072</b>			<b>556,262</b>
<b>Current Liabilities</b>				
Trade and other payables	51,476			51,476
Borrowings	76,951	(76,951)	(ii)	-
<b>Total Current Liabilities</b>	<b>128,427</b>			<b>51,476</b>
<b>Net Assets</b>	<b>694,645</b>			<b>504,786</b>
Total number of shares on issue	113,825,946			113,825,946
<b>Net asset backing per share (undiluted)</b>	<b>0.00610</b>			<b>0.00443</b>

Please also refer to the attached notes below.

### Notes

- (i) The pro-forma Balance Sheet comprises the unaudited consolidated balance sheet at 31 October 2012 adjusted for significant subsequent events and the sale of 23,732,341 IRM shares as described in Section 6.3.
- (ii) The Post transaction cash balance comprises:
- |  |          |
|--|----------|
|  | \$       |
| Cash Balance Pre Proposed Share Sale             | 82,756   |
| Sale of 23,732,341 shares in IRM at 2 cents each | 474,647  |
| Repayment of Loan from IRM                       | (76,951) |
| Cash Balance Post Proposed Share Sale            | 480,452  |

# Annexure B: Independent Expert's Report

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United Orogen Limited  
Independent Expert's Report  
Page 18

- (iii) The assets held for sale as per the Balance Sheet relates to the shares in IRM held at a price of \$0.028 per share (being the market price thereof as at 18 December 2012). Since the offer is lower than the value as per the Balance Sheet, UOG will record a loss on sale of the investment.

## 7.4 Background to Iron Mountain Mining Limited (IRM)

UOG currently holds 23,732,341 shares and 30,000,000 options in IRM, which if approved under Resolutions 1 and 2 the subject of this report, will be disposed of. A brief background summary of IRM and its operations is set out below:

Iron Mountain Mining Limited is a diversified mineral explorer. The Group recorded a loss after tax of \$3,740,920 for the year ended 30 June 2012.

**On 31 October 2012 IRM released its Activity Report for the quarter ended on 30 September 2012. Below is an extract taken directly from that report summarising some of its key projects (Please refer to the relevant ASX announcement for full details of these projects):**

### *Wandoo Projects (Alumina):*

On 24 August 2012, the company announced that the sale of the Wandoo Project tenements to Alpha Bauxite Pte Ltd had been executed following the receipt of \$4,000,000. Following the sale Iron Mountain Mining Ltd retains a royalty of A\$0.75 per Dry Metric Tonne on future production of bauxite ore transported from the Wandoo Project tenements payable within 30 days of the end of each quarterly reporting period. Alpha Bauxite is a private company comprised of Chinese Aluminium Industry and Australian investors led by THTF Australia Mining Pty Ltd ("TAM"). TAM is a Chinese backed Australian company with a mandate to identify mineral resource investment opportunities in Australia and other emerging regions by leveraging their in-house technical capabilities and Chinese funding to invest in or acquire key mining and exploration assets for expedited development. The Chinese shareholders of TAM include Hong Kong THTF Co. Ltd (part of the THTF group), Chengdu Rolar Investment Ltd (a private multiple business) and Hainan Mining Co. Ltd (controlled by the Fosun Group). TAM is working in partnership with a Chinese aluminium industry company interested in securing a safe long-term supply of bauxite.

The Total Inferred Resources of bauxite at Wandoo remain unchanged at 89.3Mt @ 41.75% Al<sub>2</sub>O<sub>3</sub>.

### *Miaree Project (Magnetite and Gold):*

The Miaree Project is currently comprised of 3 exploration licenses (E08/1350, E47/1309 & E47/1707) and cover approximately 25km of the Miaree Magnetite Trend that occurs within the extensive Cleverville Formation, a geological unit of banded iron formation rich in magnetite (eg. 1.6Bt Cape Lambert magnetite deposit<sup>1</sup>).

The project tenements are currently held under a joint venture between IRM and Red River whereby IRM had an option to earn up to 70% of the project by satisfying three earn-in stages with clearly defined timing and expenditure requirements. After surpassing Stage 2 expenditure milestones in the December 2011 quarter and lifting its equity stake in the Miaree Project from 25% to 49%, the company elected not to progress to 70% by committing to sole fund a further \$2,000,000. Instead, the company opted to continue under the non-contributory dilution provisions in the joint venture agreement. As at 30 September 2012, IRM's equity in the Miaree Project was 60.25%.

# Annexure B: Independent Expert's Report

---



United Orogen Limited  
Independent Expert's Report  
Page 19

## *Golden Camel (Gold):*

The Golden Camel Project in Victoria is comprised of Mining Licence MIN5548 that was granted on 9 February 2012. MIN5548 is located on the Mt Camel Range within the Heathcote Greenstone Belt in North-Central Victoria and contains the Cornella gold deposit that was previously delineated within former MIN4149.

On 7 July 2012, the company announced a maiden Indicated & Inferred resource of 246,000t @ 2.5 g/t Au (19,700oz) that was estimated by independent resource consultant Zurkic Mining Consultants Pty Ltd who had been engaged as Resource Estimation and Project Management consultants for the Golden Camel Project. The company is currently in the process of undertaking necessary technical, metallurgical and economic evaluation of the Golden Camel deposit under a proposed toll treatment model to determine whether the project satisfies commercial development requirements.

During the quarter, the company was granted consent for exploration only activities within MIN5548 for a period of two years which will expire on 20 August 2014. This more than adequately covers the proposed geotechnical, metallurgical and resource infill drilling program contained in the work plan submitted in the previous quarter that is considered critical for the technical evaluation of the project and subsequent economic feasibility study. Given its near surface mineralisation, favourable location and current gold prices, ongoing evaluation suggests that the project could be sufficiently robust to deliver a positive NPV at current gold prices under an ore delivery or toll treatment scenario. The company is progressing discussions with all stakeholders and will announce further developments as they occur.

## *Blythe (Iron Ore):*

Following the sale of the Blythe Project in the previous quarter under mutually agreed restructured payment terms (ASX 27 June 2012), Forward Mining Ltd has made considerable progress towards their plans of establishing an iron ore mining and production facility in the Northwest of Tasmania.

On 10 October 2012, The Advocate newspaper in Tasmania reported that Forward Mining Ltd had lodged a Notice of Intent for a proposed mining operation with both state and federal regulatory authorities. Known as the Rogetta Project, the potential mine and mill site is located approximately 30km south of Burnie and would involve extracting and refining iron ore and transporting it to Burnie by road or rail for export. According to the Notice of Intent, the proposed operations would include an open pit mine, a processing plant, waste rock storage, tailings storage, water, access roads and power infrastructure. The total development footprint would be 148 hectares.

Under the amended Blythe sale agreement, the following consideration is payable to the previous 50:50 Project Joint Venture partners Iron Mountain Mining Ltd and Red River Resources Ltd under the following restructured milestones:

- Payment of A\$1,000,000 upon the first shipment of iron ore extracted from the Blythe Project tenements.
- Payment of A\$2,000,000 upon the first anniversary of the first shipment of iron ore extracted from the Blythe Project tenements.
- Payment of A\$2,000,000 upon the second anniversary of the first shipment of iron ore extracted from the Blythe Project tenements.
- A royalty of 1.5% payable on the gross Free on Board revenue from all shipments of iron ore from the Blythe tenements.

IRM is impressed by the progress of Forward Mining Ltd at Blythe and are confident that the Project has the potential to be commercially developed by Forward Mining Ltd.

# Annexure B: Independent Expert's Report



United Orogen Limited  
Independent Expert's Report  
Page 20

The abovementioned information contained in Section 7.4 of this report has been copied directly from the Company's September 2012 quarterly Activity Report. The information within that report as it relates to geology and mineral resources was compiled by the Managing Director, Mr Robert Sebek. Mr Sebek is a Member of the Australian Institute of Mining and Metallurgy. Mr. Sebek has sufficient experience which is relevant to the style of mineralization and the type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code." Mr Sebek is employed by Iron Mountain Mining Ltd and consents to the inclusion in the [quarterly Activity] report of the matters based on information in the form and context which it appears.

- (1) For the avoidance of doubt, it should be noted that IRM does not have an interest in the 1.6Bt Cape Lambert magnetite deposit.

## Share Trading and Share Price

The following summary provides details of the monthly trading volumes of IRM's shares on ASX since 1 January 2012:

	High	Low	Close	Average daily Volume
December 2012 <sup>(1)</sup>	0.03	0.03	0.03	18,700
November 2012	0.04	0.03	0.03	13,100
October 2012	0.05	0.03	0.03	50,400
September 2012	0.03	0.03	0.03	27,500
August 2012	0.04	0.03	0.03	21,800
July 2012	0.04	0.03	0.04	37,200
June 2012	0.04	0.03	0.03	13,000
May 2012	0.04	0.04	0.04	31,700
April 2012	0.05	0.04	0.04	23,100
March 2012	0.05	0.04	0.04	35,100
February 2012	0.05	0.04	0.05	36,500
January 2012	0.05	0.04	0.04	55,000

- (1) Based on trading history for the period 1 December 2012 to 18 December 2012.

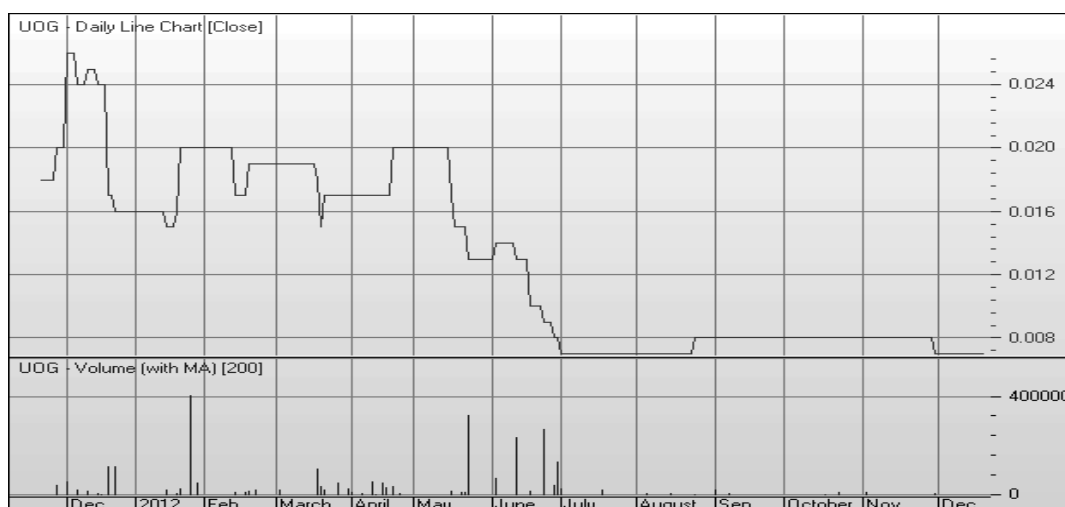
Based on the above table IRM's share price has fluctuated over the period 1 January 2012 to 18 December 2012 from a high of 5 cents on 3 January 2012 to a low of 2.8 cents in early September 2012 and again on 18 December 2012, the most recent trade being \$0.028 (on 18 December 2012).

# Annexure B: Independent Expert's Report



## IRM Recent Share Price History:

The chart below represents the movement in share price of IRM listed shares since 1 January 2012:



Source: asx.com.au

The table above also identifies the low volume of transactions in IRM's listed shares.

## 8. ASSESSMENT AS TO FAIRNESS AND REASONABLENESS OF THE PROPOSED TRANSACTIONS

### 8.1 Assessment as to Fairness

As noted in Section 5 of this Report, an offer is considered "fair" if the value of the consideration being offered is equal to, or greater than, the value of the securities that are the subject of the offer in the context of the impact on UOG shares prior to and subsequent to the Proposed Transactions. NPCF's assessment as to the fairness of the Proposed Transactions is set out below:

	NPCF valuation of UOG shares prior to the Proposed Transactions	NPCF valuation of UOG shares subsequent to the Proposed Transactions	NPCF Opinion
Proposed Option Sale (Resolution 1) based on Low valuation of share options	\$0.00663	\$0.00637	<b>Not Fair</b>
Proposed Option Sale (Resolution 1) based on High valuation of share options	\$0.00821	\$0.00637	<b>Not Fair</b>
Proposed Share Sale (Resolution 2)	\$0.00610	\$0.00443	<b>Not Fair</b>

# Annexure B: Independent Expert's Report

---



United Orogen Limited  
Independent Expert's Report  
Page 22

After consideration of the above, the Proposed Option Sale (Resolution 1) is considered to be **not fair** to the non-associated shareholders of UOG as the preferred value of a share after completion of the Proposed Transaction is less than the value of UOG share prior to the Proposed Transaction.

After consideration of the above, the Proposed Share Sale (Resolution 2) is considered to be **not fair** to the non-associated shareholders of UOG as the preferred value of a share after completion of the Proposed Transaction is less than the value of UOG share prior to the Proposed Transaction.

## 8.2 Assessment as to Reasonableness: Proposed Option Sale (Resolution 1)

ASIC Regulatory Guide 111 states that an offer is reasonable if it is fair. The value of UOG shares after the completion of the proposed transaction is less than the value prior to the proposed transaction and therefore the transaction is not fair. There are a number of other relevant factors to be considered in assessing the reasonableness of the Proposed Option Sale and the transaction could be reasonable despite not being fair. These factors are set out below as advantages and disadvantages.

### 8.2.1 Advantages and Disadvantages of the Proposed Option Sale proceeding:

#### *Advantages of proceeding*

- The sale will be conducted in circumstances where the Options are not listed on ASX and are significantly "out of the money" given an exercise price of \$0.20 each and the closing price of the shares on 18 December 2012 (being the last trading day prior to the finalisation of this Report) was \$0.028. There is therefore unlikely to be any other third party purchaser for the Options;
- The sale of the options will provide UOG with cash which could be used by UOG in meeting its liabilities and/or for continuing exploration activities; and
- The Company is required to cease to hold the Options as required by section 259D of the *Corporations Act 2001*. By disposing of the Options the Company will meet this legal requirement.

#### *Disadvantages of proceeding*

- the Options will be sold to Swancove Enterprises at a price lower than its calculated value; and
- the Company will lose an opportunity to sell the Options at a potentially higher price to a third party purchaser.

### 8.2.2 Advantages and Disadvantages of the Proposed Option Sale not Proceeding:

#### *Advantages of not proceeding*

- UOG will avoid the disadvantages referred to above.

#### *Disadvantages of not proceeding*

- If UOG decides not to proceed, it could lose a valuable opportunity to obtain some consideration for those options, given the difficulty in selling unlisted "out of the money" options; and
- The Company will be forced to find another way to dispose of the Options in order for it to comply with its obligations under section 259D of the *Corporations Act 2001* which could potentially generate less consideration for the disposal of these shares. Finding an alternative way may also take time and resources otherwise available to the Company.

# Annexure B: Independent Expert's Report

---



United Orogen Limited  
Independent Expert's Report  
Page 23

In our opinion, on balance, the advantages of approving the Proposed Option Sale are greater than the disadvantages. These advantages arise both as a result of implementing the Proposed Option Sale and of avoiding the disadvantages that may arise as a result of not implementing the Proposed Option Sale. Accordingly, in our opinion, the Proposed Option Sale is **reasonable** to the non-associated shareholders of UOG.

### 8.3 Assessment as to Reasonableness: Proposed Share Sale (Resolution 2)

ASIC Regulatory Guide 111 states that an offer is reasonable if it is fair. The value of UOG shares after the completion of the proposed transaction is less than the value prior to the proposed transaction and therefore the transaction is not fair. There are a number of other relevant factors to be considered in assessing the reasonableness of the Proposed Share Sale and the transaction could be reasonable despite not being fair. These factors are set out below as advantages and disadvantages.

#### 8.3.1 Advantages and Disadvantages of the Proposed Share Sale proceeding:

##### *Advantages of proceeding*

- The sale of the shares will provide UOG with cash which could be used by UOG in meeting its liabilities and/or for continuing exploration activities, and
- The Company will cease to hold the shares as required by section 259D of the Corporations Act.

##### *Disadvantages of proceeding*

- UOG will not be able to obtain a potentially higher price for the shares on the ASX from another buyer. The shares will be sold at a lower price than the prevailing ASX market price (as at 18 December 2012) of \$0.028.

#### 8.3.2 Advantages and Disadvantages of the Proposed Share Sale not proceeding:

##### *Advantages of not proceeding*

- UOG will avoid the disadvantages referred to above.

##### *Disadvantages of not proceeding*

- UOG is required to sell its shares in IRM before 3 October 2013 to comply with section 259D of the *Corporations Act 2001*. Since the shares are thinly traded, UOG might not be able to find suitable buyers for the shares before 3 October 2013. Selling the share on the ASX is also expected to flood the market and reduce the share price obtained for the IRM shares. The shareholders of UOG would therefore risk receiving a price below the offer of \$0.02 per share.
- UOG will be forced to find another way to dispose of the shares in order to comply with their obligations under section 259D of the Corporations Act.

In our opinion, on balance, the advantages of approving the Proposed Share Sale are greater than the disadvantages. These advantages arise both as a result of implementing the Proposed Share Sale and of avoiding the disadvantages that may arise as a result of not implementing the Proposed Share Sale. Accordingly, in our opinion, the Proposed Share Sale is **reasonable** to the non-associated shareholders of UOG.

# Annexure B: Independent Expert's Report

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United Orogen Limited  
Independent Expert's Report  
Page 24

## 8.4 Conclusion

- a) **Based on the valuation of an UOG share and on the above assessment, NPCF is of the opinion that the Proposed Option Sale is not fair, but reasonable to the non-associated shareholders of UOG.**
- b) **Based on the valuation of an UOG share and on the above assessment, NPCF is of the opinion that the Proposed Share Sale is not fair, but reasonable to the non-associated shareholders of UOG.**

## 9. LIMITATIONS AND RELIANCE ON INFORMATION

Our opinion is based on the economic, stock market, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Our report is also based upon financial and other information provided by UOG and its advisers. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS). We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the Proposed Transaction from the perspective of UOG security holders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. Whilst NPCF has made what it considers to be appropriate enquiries for the purpose of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transactions, rather than a comprehensive audit or investigation of detailed matters.

The opinions and judgement of management of the relevant companies comprise an important part of the information base used in forming an opinion of the kind expressed in this report. This information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.



# Annexure B: Independent Expert's Report

---



*United Orogen Limited  
Independent Expert's Report  
Page 25*

In forming our opinion, we have also assumed that:

- (a) the information set out in the Notice of Meeting is complete, accurate and fairly presented in all material respects
- (b) if the proposed transactions are approved it will be implemented in accordance with the terms set out in the Notice of Meeting.

## **10. SOURCES OF INFORMATION**

In making our assessment as to whether the Proposed Transactions are fair and reasonable to the non-associated shareholders of UOG, we have reviewed relevant published available information and other unpublished information of the Company which is relevant in the circumstances. In addition, we have held discussions with representatives of the Company's Board. Information we have received includes, but is not limited to the following:

- UOG's unaudited management accounts as at 31 October 2012, and the audited financial report for the financial year ended 30 June 2012;
- Recent ASX announcements lodged by IRM and UOG;
- Share Price data for IRM and UOG; and
- Draft Notice of Meeting and Explanatory Memorandum this Report will accompany.

# Annexure B: Independent Expert's Report

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*United Orogen Limited  
Independent Expert's Report  
Page 26*

## **APPENDIX 1 OVERVIEW OF VALUATION METHODOLOGIES**

### Discounted cash flow (DCF) approach

- Discounted cash flow valuations ("DCF") involve projected cash flows being discounted by a discount rate which reflects the time value of money and the risk inherent in the cash flows. DCF valuations are arguably the most technically accurate method of valuing an asset or business, however, they suffer from the practical impediment that few companies have prepared cash flow forecasts of sufficient reliability over the necessary long time frame.
- The DCF methodology is typically the most appropriate valuation methodology where there is adequate information about likely future cash flows and usually over a finite term.

### Capitalisation of future maintainable earnings (earnings based) approach

- The capitalisation of earnings methodology involves capitalising the earnings of the business at a multiple which reflects the risks of the business and the stream of income it generates. This methodology requires the estimation of future maintainable earnings having regard to historical and forecast operating results, including sensitivity to key industry risk factors, future growth prospects and the general economic outlook. The estimated realisable value of any surplus assets is then added to the capitalised earnings.
- The determination of an appropriate capitalisation rate will typically reflect a potential purchaser's required rate of return, risks inherent in the business, future growth prospects and alternative investment opportunities. This methodology is the most commonly used method for the valuation of industrial companies, which have a proven operating history and a consistent earnings trend.

### Orderly realisation of assets (asset based) approach

- The realisation of net assets methodology is considered most appropriate where a business or company is not making an adequate return on its assets, where there are surplus non-operating assets or where investments are the primary asset. This methodology involves determining the net realisable value of the business' or company's assets assuming an orderly realisation of those assets.

### Quoted price for listed securities (market value) approach

- This approach reflects the quoted price for the listed securities of the company being valued and is most suited when there is a liquid and active market in those securities (and allowing for the fact that the quoted price may not reflect their value where 100% of the securities are available for sale).

### Comparable market transactions approach

- This methodology entails obtaining information on any comparable transactions in the same industry for a similar entity to that being valued. If such transactions exist and the entity being valued is directly comparable to that being acquired, then the assets, revenue or earnings multiples, or other relevant measures employed in the actual transaction, can be utilised in the valuation.
- This methodology suffers from the difficulty in sourcing detailed information on the transaction to determine the basis of the consideration and the comparability of the two businesses or entities.

## Annexure B: Independent Expert's Report

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