Resource Development Group

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22 May 2020

Dear Sir/Madam,

IMPORTANT INFORMATION REGARDING SHAREHOLDER VOTING AT THE COMPANY'S UPCOMING GENERAL MEETING

The shareholder meeting is scheduled to be held in Perth on Tuesday, 2 June 2020 at 10:00 am (AWST) (**Meeting**). However, in light of the evolving COVID-19 situation and Government restrictions on public gatherings in place at the time of the Meeting, the Directors have made a decision prior to the Meeting that Shareholders will not be able to attend the Meeting in person, and rather that the Meeting be held by webinar. This means that Shareholders are not invited to physically attend the Meeting but can attend via the webinar electronic platform.

Shareholders will be able to participate in the Meeting by:

1. voting their Shares prior to the Meeting by lodging the proxy form attached to the Notice by no later than 10:00am on Sunday 31 May 2020 (recommended);

2. submitting questions in advance of the Meeting by emailing the questions to **michael.kenyon@resdevgroup.com.au** by no later than Sunday 31 May 2020; and/or

3. by preregistering with the Company at least 48 hours prior to the Meeting to attend via the online webcast and to vote by poll during the Meeting rather than by proxy.

Shareholders are encouraged to use options 1 and 2 above to vote their Shares and submit questions in advance of the Meeting. This will assist, for example, in enabling management to prepare appropriate responses to your questions. If you decide to participate in the Meeting using option 3, you are advised to contact the Company Secretary via email at **michael.kenyon@resdevgroup.com.au** to obtain the necessary log in details.

All Meeting resolutions will be voted upon by poll. Shareholders who have pre-registered to attend the Meeting via the webcast and have elected to vote by poll during the meeting rather than by proxy will, immediately prior to the Meeting, be sent a poll form to complete and email back to the Company during the Meeting, while the poll is being conducted. Shareholders will be able to electronically attend the meeting and vote subject to completing the pre meeting registration procedures at least 48 hours prior to the meeting. To register please contact the Company Secretary via email at the details set out above.

Please note that if you have previously submitted a Proxy Form and you elect to vote online at the Meeting your proxy's authority to vote will be revoked for any resolutions where you have cast an online vote.

The Meeting will be accessible to all Shareholders via the webcast. To access the Meeting by videoconference, or to submit their questions prior to the Meeting Shareholders are advised to contact the Company Secretary via email at **michael.kenyon@resdevgroup.com.au**.

Shareholders are encouraged to participate in the Meeting via the live webcast and submit questions in the manner described above.

Shareholders unable to attend the Meeting via the webcast or who do not wish to vote during the meeting are encouraged to appoint the Chair as proxy ahead of the Meeting. Shareholders can complete the proxy form attached to the Notice to provide specific instructions on how their vote is to be exercised on each item of business and the Chair must follow your instructions. Instructions on how to complete the proxy form are set out in the Notice.

The situation regarding COVID-19 is constantly evolving and the Company is following health advice of the Australian Government. Shareholders are encouraged to monitor the Company's ASX announcements and website for any further updates in relation to the Meeting.

This announcement is authorised for market release by Resource Development Group Limited's Managing Director, Andrew Ellison.

Sincerely,

Michael Kenyon
Company Secretary

RESOURCE DEVELOPMENT GROUP LIMITED

ACN 149 028 142

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 10:00 am (WST)

DATE: Tuesday 2 June 2020

PLACE: Level 1
46 Edward Street
OSBORNE PARK WA 6017

DUE TO THE CURRENT COVID-19 SOCIAL DISTANCING RESTRICTIONS, SHAREHOLDERS WILL NOT BE ABLE TO ATTEND THE MEETING IN PERSON.

SHAREHOLDERS ARE URGED TO VOTE BY LODGING THE PROXY FORM ATTACHED TO THIS NOTICE.

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

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

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 10:00 am (WST) on Sunday 31 May 2020.

Independent Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of the Shareholder approval under section 611 item 7 of the Corporations Act (refer to Resolution 1) and Shareholder approval under ASX Listing Rule 10.1 (refer to Resolution 2). The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of these Resolutions to the non-associated Shareholders. The Independent Expert has determined the transaction the subject of Resolution 1 is <u>not fair but reasonable</u> to the non-associated Shareholders and the grant of the Security the subject of Resolution 2 is <u>fair and reasonable</u> to the non-associated Shareholders.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – APPROVAL OF ISSUE OF RDG SHARES TO MINERAL RESOURCES LIMITED

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

> *"That, subject to the passing of Resolution 2, for the purpose of section 611 item 7 of the Corporations Act and for all other purposes, approval is given for the Company to issue that number of Shares which will be equivalent to 75% of the Company's total issued capital on a fully diluted basis to Mineral Resources Limited on the terms set out in the Explanatory Statement, which will result in Mineral Resources Limited (and its associates) obtaining voting power of 75% in the Company."*

Independent Expert's Report:
Shareholders should carefully consider the Independent Expert's Report included with this Notice of Meeting, prepared by the Independent Expert for the purposes of the Shareholder approval required under section 611 item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the transaction is **not fair but reasonable** to the non-associated Shareholders.

Voting Exclusion:
No votes may be cast in favour of this Resolution by:
(a) the person proposing to make the Acquisition (as defined below) and their associates; or
(b) the persons (if any) from whom the Acquisition (as defined below) is to be made and their associates.

Accordingly, the Company will disregard any votes cast in favour of this Resolution by Mineral Resources Limited and any of its associates.

2. RESOLUTION 2 – APPROVAL FOR GRANT OF SECURITY TO MINERAL RESOURCES LIMITED

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

> *"That, subject to the passing of Resolution 1, for the purpose of ASX Listing Rule 10.1 and for all other purposes, approval is given for the Company to grant the Security in favour of Mineral Resources Limited, on the terms and conditions set out in the Explanatory Statement."*

Independent Expert's Report:
Shareholders should carefully consider the Independent Expert's Report included with this Notice of Meeting, prepared by the Independent Expert for the purposes of the Shareholder approval required under ASX Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of this Resolution to the non-associated Shareholders in the Company. The Independent Expert has determined the grant of the Security as part of the Acquisition is **fair and reasonable** to the non-associated Shareholders.

Voting Exclusion:
The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mineral Resources Limited (or any of its associates) or any other person who will obtain a material benefit as a result of the transaction (except a benefit solely by reason of being

a holder of ordinary securities in the entity). However, this does not apply to a vote cast in favour of this Resolution by:

(a) a person, a proxy or attorney for a person who is entitled to vote on this Resolution, in accordance with the directions given to the proxy or attorney to vote on this Resolution in that way; or

(b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on this Resolution as the chair decides; or

(c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

  (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on this Resolution; and

  (ii) the holder votes on this Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. RESOLUTION 3 – ELECTION OF MRL DIRECTOR – MR MIKE GREY

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

> *"That, subject to and conditional upon completion of the Acquisition, for the purpose of clause 14.3 of the Constitution and for all other purposes, Mr Mike Grey, being eligible, is elected as a Director of the Company with effect from completion of the Acquisition."*

4. RESOLUTION 4 – ELECTION OF MRL DIRECTOR – MR MARK WILSON

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

> *"That, subject to and conditional upon completion of the Acquisition, for the purpose of clause 14.3 of the Constitution and for all other purposes, Mr Mark Wilson, being eligible, is elected as a Director of the Company with effect from completion of the Acquisition."*

5. RESOLUTION 5 – ELECTION OF MRL DIRECTOR – MR PAUL BROWN

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

> *"That, subject to and conditional upon completion of the Acquisition, for the purpose of clause 14.3 of the Constitution and for all other purposes, Mr Paul Brown, being eligible, is elected as a Director of the Company with effect from completion of the Acquisition."*

Dated: 22 May 2020

By the order of the board

Michael Kenyon
Company Secretary
Resource Development Group Limited

Voting in person

Please refer to the cover letter of this Notice in which, in light of COVID-19, the Directors provide that Shareholders will not be able to physically attend the meeting. Instead, Directors are strongly encouraging all Shareholders to submit their votes through proxy voting forms ***prior to the Meeting*** and to participate in an online meeting.

Participation in the Meeting

Shareholders will be able to participate in the Meeting by:

1. voting their Shares prior to the Meeting by lodging the proxy form attached to the Notice by no later than 10:00am on Sunday 31 May 2020 (recommended);
2. submitting questions in advance of the Meeting by emailing the questions to **michael.kenyon@resdevgroup.com.au** by no later than Sunday 31 May 2020; and/or
3. by preregistering with the Company at least 48 hours prior to the Meeting to attend via the online webcast and to vote by poll during the Meeting rather than by proxy. Following registration and provision of requested information (which must be completed by no later than 10am 31 May 2020) the Company will send you a personalised poll form via the email address you provide at registration. The personalised poll form must be completed and returned to the Company during the Meeting after the poll has been called and prior to the close of polling. During the Meeting, the Chair will notify you when and how you are able to complete and return the personalised poll form.

All resolutions will be voted upon by poll. Shareholders who have pre-registered to attend the AGM via the webcast and have elected to vote by poll during the meeting rather than by proxy will, immediately prior to the Meeting, be sent a personalised poll form to complete and email back to the Company during the meeting while the poll is being conducted. Shareholders will be able to electronically attend the meeting and vote subject to completing the pre meeting registration procedures at least 48 hours prior to the meeting. To register please email the Company Secretary on **michael.kenyon@resdevgroup.com.au**.

If you wish to ask the Chair a question with regards to the business of the Meeting, please submit your question in writing to michael.kenyon@resdevgroup.com.au at least 48 hours prior to the commencement of the Meeting.

Please note that if you have previously submitted a Proxy Form and you elect to vote online at the Meeting your proxy's authority to vote will be revoked for any resolutions where you have cast an online vote.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact Michael Kenyon, Company Secretary on +41 795 8059.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

Information concerning MRL, Auvex, mining leases M46/237 and M46/238 and miscellaneous licence L46/67 (the **Tenements**) and MRL's intentions (**Seller Information**) has been provided by Auvex and is the responsibility of Auvex. The Company does not assume any responsibility for the accuracy or completeness of the Seller Information.

All other information contained in this Explanatory Statement (i.e. except for the Independent Expert's Report and the Seller Information) has been prepared by the Company and is the responsibility of the Company. Neither MRL nor Auvex assumes any responsibility for the accuracy or completeness of that information.

The Independent Expert has prepared the Independent Expert's Report and has consented to the inclusion of the report, and references to it, in this Explanatory Statement. The Independent Expert takes responsibility for that report, and references to it, but is not responsible for any other information contained within this Explanatory Statement.

A copy of this Notice of Meeting and Explanatory Statement has been lodged with ASIC pursuant to ASIC Regulatory Guide 74 and with ASX pursuant to the ASX Listing Rules. Neither ASIC, ASX nor any of their officers take any responsibility for the contents of this Notice of Meeting and Explanatory Statement.

1. BACKGROUND TO THE ACQUISITION

1.1 Company Overview

Resource Development Group Limited (ACN 149 028 142) (**RDG** or the **Company**) was incorporated on 28 January 2011 and admitted to the Official List on 17 May 2011.

The Company is headquartered in Perth, Western Australia and operates in the mining services sector, as it has done for a significant period. It provides services to the resource, infrastructure, energy, government, utilities and defence sectors. Further information on RDG can be found at the Company's website at **http://www.resdevgroup.com.au/**.

1.2 Background to the Acquisition

On 19 March 2020, the Company announced that it had entered into an asset sale agreement with Mineral Resources Limited (ASX: MIN) (**MRL**) and its wholly-owned subsidiary, Auvex Resources Pty Ltd (**Auvex**) (**Asset Sale Agreement**) (**Acquisition**).

The Acquisition is conditional, amongst other things, on the Company obtaining all necessary regulatory and shareholder approvals to effect the Acquisition. Accordingly, under this Notice, the Company is seeking the requisite shareholder approvals required to effect the Acquisition.

1.3 Asset Sale Agreement

Under the Asset Sale Agreement, Auvex agreed to transfer to the Company (via its nominee and wholly-owned subsidiary, Comcen Pty Ltd) (**Buyer**) the Tenements, in return for MRL acquiring a 75% shareholding in RDG on a fully diluted basis. Based on the Company's current issued share capital and the issue of an

additional 500,000 Shares proposed to be issued under the Company's Long Term Incentive Plan prior to Completion, a 75% shareholding in RDG is equivalent to 1,897,587,201 Shares.

The material terms of the Asset Sale Agreement are set out in Annexure A to this Notice.

1.4 Additional Acquisition Agreements

As part of the Acquisition, the Company, MRL, Auvex and the Buyer have also entered into or will enter into the following agreements:

(a) a services agreement pursuant to which the Company agrees to engage MRL to undertake resource drilling and to design, construct, supply and commission processing and non-processing infrastructure and equipment for the Company's proposed mining project on the Tenements (**Services Agreement**). The material terms of the Services Agreement are set out in Annexure B to this Notice;

(b) a loan agreement pursuant to which MRL agrees to advance up to $35m to RDG via a secured loan to pay for construction payments and other working costs and expenses (**Loan**) (**Loan Agreement**). The material terms of the Loan Agreement are set out in Annexure C to this Notice; and

(c) a mining mortgage to be registered over the Tenements and general security deeds in which the Company (together with the Buyer) will grant security to MRL over all of their assets and undertakings to secure the repayment of the Loan (**Mining Mortgage** and **General Security Agreements**). The material terms of the Mining Mortgage and General Security Agreements are set out in Annexure C to this Notice,

(considered together with the Asset Sale Agreement, the **Acquisition Agreements**).

Completion of the Acquisition will occur in accordance with the provisions of the Asset Sale Agreement (**Completion**).

If the conditions precedent under the Asset Sale Agreement are not satisfied or waived by 5:00 pm on 30 June 2020 (or such other date as agreed between the parties) then either party may by notice in writing to the other party elect to terminate the Asset Sale Agreement and Completion will not occur.

1.5 About MRL

MRL is an ASX listed diversified mining services and commodity producer based in Perth, Western Australia. MRL principally comprises of two key business segments, Mining Services and Commodities. The Company's Mining Services division is a leading provider of diversified mining infrastructure services in Western Australia and one of the largest specialist crushing contractors globally, with a history of providing safe, high-quality, cost efficient crushing services to some of the world's largest mining companies. The Commodities business is engaged in the exploration, development, production and export of iron ore and lithium in Western Australia and operates a portfolio of Australian mining assets, including two iron ore and two lithium mines. The Company maintains a head office in Perth, Western Australia, and a workshop maintenance and fabrication facility in the industrial estate of Kwinana.

Mining Services

MRL provides an integrated pit-to-port service offering across the mining supply chain and specialised services including crushing and processing, open pit mining, site services and power generation. MRL's flagship service offering is ore crushing and processing, which is primarily provided through MRL's wholly-owned subsidiary, Crushing Services International Pty Ltd (**CSI**). Through these services, MRL performs an important function in the core production phase of the mining value chain for counterparties at a number of iron ore, gold and lithium mines. These third party-owned mines are key assets for some of the world's largest mining companies with contract crushing and processing a core business for most of MRL's 25-year history, with consistent growth achieved through use of proprietary technology, providing high quality service and maintaining high safety standards.

Commodities

MRL operates commodity assets across iron ore and lithium in two separate regions of Western Australia – the Pilbara Region and Southern Region. The Company currently produces c.20mtpa of iron ore from two mine sites: the Koolyanobbing and Iron Valley Iron Ore Projects, where MRL is responsible for the entire pit-to-port operations over life of mine at both projects, including planning, mining and processing of lump and fines iron ore products.

The Company also owns and operates one of the world's largest hard rock lithium portfolios through MRL's Wodgina and Mt. Marion operations. MRL provides a wide range of mining services at each of these mines via exclusive, life-of-mine contracts.

In addition, MRL will own 40% of the Kemerton Lithium Hydroxide facility at Kemerton which is due to come on line in 2021. The facility is managed by the MRL joint venture partner, Albemarle Plc, and will employ around 700 personnel in the initial two train operation.

Following Completion, MRL's core focus will be increasingly on assets with significant scale and mine life to leverage MRL's project execution and mining services capabilities.

Further information on MRL can be found on the MRL website, at **https://www.mineralresources.com.au/** or on the ASX platform (ASX:MIN).

1.6 Tenements

As announced on 19 March 2020, the Company and the Buyer entered into the Asset Sale Agreement (subject to conditions) with MRL and Auvex to acquire a 100% interest in the Ant Hill and Sunday Hill manganese projects located in the Pilbara region of Western Australia comprising of the Tenements.

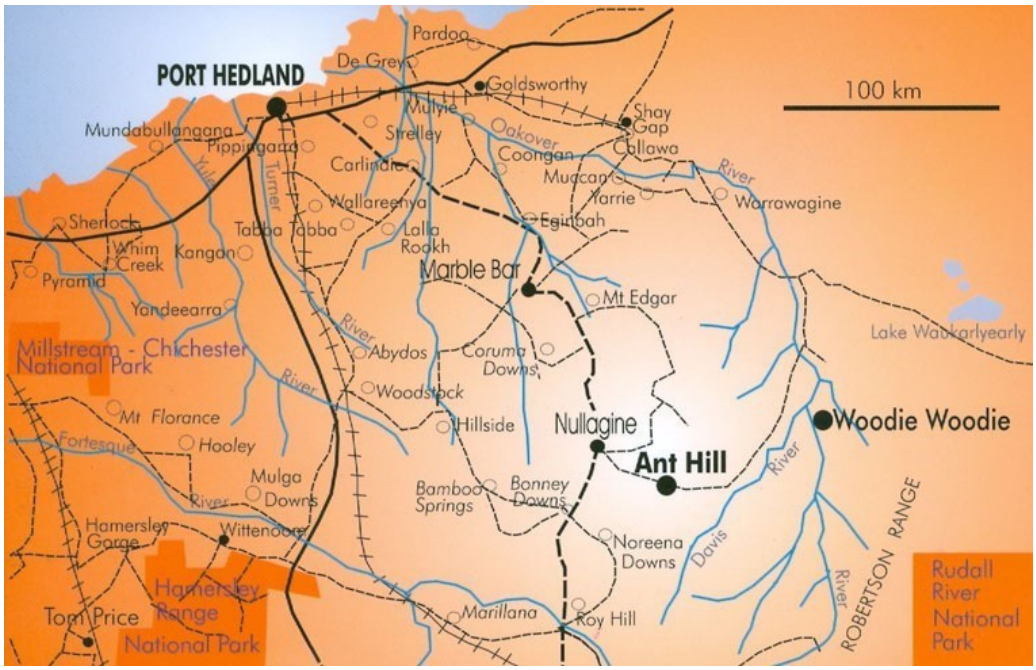
The Ant Hill mining lease (M46/238) (**Ant Hill**) covers 800.15 hectares and is a remnant basinal outlier of mid-Proterozoic sediments comprising the Manganese Group, the Pinjian Chert Breccia and the Hamersley Group. The sediments form a broad NW-plunging syncline and unconformably overlie the Fortescue Group, which is locally dominated by the volcanics of the Nymerina Basalt.

The manganese deposit occurs as a number of discrete podiform bodies of various sizes on the Ant Hill mesa. The mesa is a fault-bounded elongate feature, approximately 1.4km long and 500m wide, with a maximum topographic relief of 50m.

The Sunday Hill mining lease (M456/237) (**Sunday Hill**) is located close to Ant Hill, covers 729.1 hectares and is also a remnant mesa formation that rises 20 to 30 meters above the surrounding plain and has moderate to gentle slopes. The mesa is largely devoid of trees and generally covered by spinifex. The surface consists of skeletal soils to outcrop with some scree slopes and areas covered by colluvium. The geology of Sunday Hill is very similar to that of Ant Hill.

Sunday Hill is an outlier of late Precambrian Manganese and Hamersley Group sediments and covers an area of 5 x 5 square kilometres. The sediments form a broad NW plunging syncline and overlie Fortescue Group banded iron and shale units.

The entire deposit is located 360 km by road from Port Hedland as depicted on the below map.



The Company refers to the Competent Person Statement contained in the MRL announcement titled "Ant Hill Mineral Resource Statement", dated 19 March 2020, and confirms that in relation to this Notice, it is not aware of any new information or data that materially affects the information included in that announcement.

Further details in respect of the Tenements are also included in the Independent Expert's Report accompanying this notice as Annexure D. Further, contained within the Independent Expert's report is an Independent Technical Assessment and Valuation Report (**ITAR**), which contains a technical review of the validity and reasonableness of the technical inputs used in the Independent Expert's financial model used to value the Ant Hill project and a valuation opinion of the Sunday Hill project.

Commencement of Production

Following Completion, RDG will work closely with MRL to finalise a detailed project development plan with respect to taking the mine into production. Key work streams required to achieve first production include securing the relevant approvals required to commence construction and production, additional drilling, detailed design and engineering of the project infrastructure, procurement of key plant and equipment and commencement of construction, commissioning and operations.

Approvals & Licensing

The Ant Hill tenement is a granted mining lease (M46/238), covering 800.15 hectares while the Sunday Hill tenement mining lease (M46/237) covers 729.1 hectares. The project also includes a miscellaneous license (L46/67) which covers the existing access road from the Ant Hill tenement to the shire-maintained road near Nullagine.

The Ant Hill tenement has an approved Mining Proposal and Native Vegetation Clearing Permit in place and relevant approvals to commence certain site-based activities. Full mining activities can commence subject to various start up conditions being met including heritage surveys and environmental pre-clearance surveys.

In addition, RDG will seek a Part V works approval under the Environmental Protection Act to facilitate the commencement of the construction of processing facilities, non-process infrastructure and upgrades to existing access roads. Some Environmental impact assessment studies will need to be completed to support the Part V approval when infrastructure design is finalised.

RDG also intends to work closely with key stakeholders, including traditional landowners, to ensure the project progresses as soon as possible. This will include completion of heritage surveys across areas that currently have not been cleared.

There are currently no approvals in place for mining on the Sunday Hill deposit.

Exploration and Infill Drilling

Subject to the timing of regulatory approvals and Aboriginal heritage surveys, RDG intends to undertake approximately 1,500 metres of reverse circulation (RC) and 500 metres of diamond drilling across the Ant Hill deposit. This drilling has been planned to expand the existing resource base and upgrade a large portion of the existing JORC (2012) resource to indicated status. The upgraded resource is intended to support the initial years of operations. The diamond core drilling will provide additional samples for metallurgical and geotechnical test work programs.

The Ant Hill drill program will take approximately two months using two diamond drill rigs and one reverse circulation drill rig. This program will be managed by a field team of geologists and field assistants based on site for this period of time.

Following on from the drill program all samples will be sent to an external lab for processing and assaying, and upon receiving the assay data, the geological database will be updated and thorough QAQC of the data completed. Once MRL are comfortable that the data from the drill program is sufficient for a resource update, then the geological model will be adjusted to take account of the new drill hole data and the resource estimation model will be updated.

The Sunday Hill deposit will be drilled at a later date in the hope of upgrading the current resource estimate to JORC 2012 status. A works program is yet to be planned on this deposit.

Design and Engineering

RDG will immediately commence design and engineering works for key project infrastructure including crushing, screening and beneficiation plants capable of processing a minimum 1.0 mtpa of run of mine ore to produce a manganese concentrate. RDG will leverage MRL's in-house design and engineering expertise

to optimise the project and minimise capital expenditure. MRL has agreed to provide RDG the key components of the crushing, screening and beneficiation plants from its extensive equipment inventory at book value to RDG reducing the overall capital expenditure required in addition to reducing the lead time on procuring key processing equipment which will bring the project into production earlier. Other key infrastructure required to support mining and processing operations include a minimum 40-person accommodation village, power generation facilities, mobile equipment maintenance facilities, site offices, site laboratory, water gathering infrastructure and other non-process infrastructure. RDG will evaluate the cost benefits of sourcing new versus used infrastructure, particularly in relation to the accommodation village.

Construction

RDG, with assistance of MRL, intends to self-perform the majority of construction activities, leveraging MRL's extensive experience in mining and processing of bulk commodities. Construction of the project infrastructure is expected to occur over a 6 to 9-month period following receipt of the necessary approvals.

Operations

RDG will seek to employ a highly experienced team to operate the project. MRL will provide assistance with commissioning and operational ramp up on an as required basis. The initial mine design and scheduling work will be performed by MRL technical staff in close collaboration with the RDG management team, with a view to transitioning these activities to the RDG technical team within the first 3 months of operations.

The manganese concentrate will be transported using road haulage from the mine through to Port Hedland, with MRL responsible for loading onto ships and using their existing marketing team to sell the manganese concentrate. RDG will utilise MRL's existing capacity and infrastructure at Utah Point to load manganese concentrate onto ocean going vessels for export to offshore markets.

Forfeiture Applications

The Sunday Hill and Ant Hill tenements (**Relevant Tenements**) are currently subject to two separate applications for forfeiture by Black Range Mining Pty Ltd (**Applicant**) (**Forfeiture Applications**). Under the Asset Sale Agreement, Auvex and MRL agreed to use all reasonable endeavours to defend, resolve and/or have the Forfeiture Applications dismissed. Auvex and Mesa Minerals Limited (being the jointly registered holders of the Tenements at the time the Forfeiture Applications were made) (**Defendants**) are currently opposing the Forfeiture Applications and have engaged legal counsel for this purpose.

In the Forfeiture Applications, the Applicant is claiming that the Defendants did not meet the minimum expenditure requirements for the Relevant Tenements for the reporting year between 6 November 2015 and 5 November 2016 (**Relevant Year**) and that accordingly, the Relevant Tenements should be forfeited.

The Defendants accept there was non-compliance with expenditure conditions on the Relevant Tenements in the Relevant Year, however are defending the Forfeiture Applications on various grounds, including that the non-compliance was of insufficient gravity to justify forfeiture and that the mineral deposit on the Relevant Tenements was uneconomic in the Relevant Year.

The three potential outcomes of the Forfeiture Applications are dismissal, a fine not exceeding $20,000 and a recommendation by the Warden to the Minister that the Relevant Tenements be forfeited.

The Company is unable to predict when an outcome of the Forfeiture Applications will be determined. However, based on current circumstances (including COVID-19), legal counsel acting for the Defendants anticipate that the final hearing will be held, at the earliest, in the last quarter of 2020 or the first quarter of 2021. Further, and if necessary, the Defendants intend to exhaust all reasonably available avenues for review and appeal such that a final decision in relation to the forfeiture of the Relevant Tenements may take up to several years to be handed down.

Under the Asset Sale Agreement, it was agreed that if the Relevant Tenements are ultimately forfeited:

(a) RDG and/or the Buyer will retain full legal and beneficial ownership of all plant, equipment, infrastructure and facilities situated on the Ant Hill and Sunday Hill tenements; and

(b) MRL will forgive all outstanding moneys owed to it by RDG under the Loan.

As noted above, the Forfeiture Applications are being vigorously defended by MRL. MRL and Auvex retain full responsibility in relation to conduct of the Forfeiture Applications and will incur all costs and expenses associated with the Forfeiture Applications, including any fine issued as a result.

If Shareholders approve the Acquisition, it will proceed notwithstanding the Forfeiture Applications remaining on foot.

Native Title

The Relevant Tenements encroach on the Palyku native title determination area. As a result of changes in law at the time the Relevant Tenements were granted, these mining leases were granted despite their grant being technically non-compliant with the *Native Title Act 1993* (Cth) (**NTA**) as it relates to the native title of the Palyku People. The mining leases are therefore valid and have full force and effect as against all other persons, except to the extent of any inconsistency with the rights of the Palyku People.

The Palyku native title claim has been the subject of a consent determination, which provides the Palyku People with certain rights to access and use the area the subject of the determination. If the holder of the Relevant Tenements carries out mining operations inconsistent with the native title rights and interests of the Palyku People, the Palyku People will be able to commence legal proceedings. However, the Palyku have indicated willingness to enter into an Indigenous Land Use Agreement (**ILUA**) with Auvex, provided it is accompanied by an ancillary agreement providing for appropriate compensation. Negotiations in regards to an ILUA have not yet commenced.

1.7 Pro forma Statement of Financial Position

A pro-forma statement of Financial Position of the Company following completion of the Acquisition is set out as follows:

Pro-Forma Statement of Financial Position	Reviewed as at 31-Dec-19	Pro-forma Adjustments	Adjusted
Current assets	$	$	$
Cash and cash equivalents[1]	10,384,972	35,000,000	45,384,972
Trade and other receivables	5,953,008		5,953,008
Inventories	536,638		536,638
Total Current assets	**16,874,618**	**35,000,000**	**51,874,618**
Non-current assets			
Property, plant and equipment	10,241,566		10,241,566
Right-of-Use asset	82,719		82,719
Deferred tax asset	313,616		313,616
Manganese Projects[2]		24,300,000	24,300,000
Total non-current assets	**10,637,901**	**24,300,000**	**34,937,901**
Total assets	**27,512,519**	**59,300,000**	**86,812,519**
Current liabilities			
Trade and other payables	4,373,393		4,373,393
Hire purchase liabilities	1,849,818		1,849,818
Lease liabilities	54,395		54,395
Current tax provisions	206,245		206,245
Provisions	601,371		601,371
Total current liabilities	7,085,221		7,085,221
Non-current liabilities			
Hire purchase liabilities	2,323,832		2,323,832
Lease liabilities	28,594		28,594
Provisions	3,532		3,532
Deferred tax liabilities	869,177		869,177
Related Party debt[1]		35,000,000	35,000,000
Total non-current liabilities	**3,225,135**	**35,000,000**	**38,225,135**
Total liabilities	**10,310,356**	**35,000,000**	**45,310,356**
Net assets	**17,202,163**	**24,300,000**	**41,502,163**
Equity			
Issued capital[2]	7,836,308	24,300,000	32,136,308
Reserves	134,135		134,135

Pro-Forma Statement of Financial Position	Reviewed as at 31-Dec-19	Pro-forma Adjustments	Adjusted
Retained earnings	9,263,741		9,263,741
Non-controlling interest	(32,021)		32,021
Total equity	**17,202,163**	**24,300,000**	**41,502,163**

Notes:

1. Proceeds from $35m loan provided by Mineral Resources Ltd.
2. "Preferred" value of Manganese Projects by Independent Expert.

1.8 Pro forma capital structure

The capital structure of the Company following completion of the Acquisition is as follows:

Shares

	Current Number of Shares	Current Relevant Interest/Voting Power	Number of Shares Post Acquisition	Relevant Interest/Voting Power Post Acquisition
Shareholders (excluding MRL)	632,529,067	100%	632,529,067	25.0%
MRL	0	0%	1,897,587,201	75.0%
Total	**632,529,067**	**100%**	2,530,116,268	**100%**

Notes:

1. This assumes 500,000 Shares will be issued under the Company's Long Term Incentive Plan as adopted in 2014 prior to Completion.
2. There are no Options currently on issue, or to be issued pursuant to the Acquisition.

1.9 Indicative Timetable

Subject to the requirements of the ASX Listing Rules, the Company anticipates completion of the Acquisition will be in accordance with the following timetable:

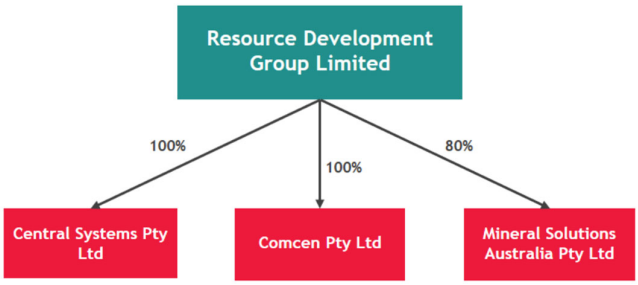
Event	Date*
ASX announcement of Acquisition	19 March 2020
Notice of Meeting despatched to Shareholders	30 April 2020
General Meeting to approve Acquisition	2 June 2020
Completion of Acquisition	14 June 2020

** These dates are indicative only and subject to change.*

1.10 Business Structure

The Company operates through two main business units, Central Systems Pty Ltd (**Centrals**) and Mineral Solutions Australia Pty Ltd (**MSA**). Central represents the primary business of the Company, being multi-disciplinary construction and remedial services, while MSA represents the ore crushing, handling and screening business of which RDG owns an 80% interest. The remaining 20% of MSA is held by

its original owners and operators. The current operating subsidiaries of RDG are reflected in the below diagram.



1.11 Impact on the Company

The Company, through Centrals and MSA, will retain all existing contracts, continue to undertake those contracts as currently disclosed to the market and intends to further develop existing contracting businesses. On Completion, the Company will hold the Projects through the Buyer, Comcen Pty Ltd.

The Acquisition therefore represents a logical extension for the Company as it aligns with its intention to continue to provide construction and management expertise and increases the likelihood of the Company accessing opportunities in its traditional contracting space. The Acquisition also provides the Company with a direct equity interest in the Tenements, which the Company intends to develop so that they are in production in the near term. By virtue of the Acquisition, the Company will also expand into the manganese industry in Australia.

1.12 Composition of the Board

Under the Asset Sale Agreement, RDG and MRL agreed that at Completion, the Board of RDG shall be comprised of five directors, being three directors nominated by MRL, one new independent director and Andrew Ellison, who will remain as managing director.

Under this Notice, the Company is seeking Shareholder approval for the elections of the following directors, as nominated by MRL and appointed by RDG:

(a) Mr Mike Grey – under Resolution 3;

(b) Mr Mark Wilson – under Resolution 4; and

(c) Mr Paul Brown – under Resolution 5,

(the **Proposed MRL Directors**).

It is intended that the Company will appoint the fifth director (being a new, independent director) to the Board by the end of the calendar year.

1.13 Advantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

(a) the consideration under the Asset Sale Agreement is payable in RDG Shares, therefore conserving the Company's cash reserves;

(b) the potential increase in market capitalisation of the Company following completion of the Acquisition may lead to increased coverage from investment analysts, and, in turn, increased liquidity and access to improved equity capital market opportunities beyond those currently available;

(c) the acquisition of the Tenements will allow the Company to develop a separate mining business with the financial backing of a major shareholder, MRL;

(d) the Company will have access to already constructed MRL infrastructure for the mining, processing and, ultimately, sale of the manganese product;

(e) the Company will be in a position to engage with and use MRL's marketing and sales network upon commencement of the manganese project;

(f) the Acquisition will allow the Company to diversify and reduce its reliance on high risk, competitive construction work;

(g) the structure of the Acquisition provides a source of funds to develop the Ant Hill and Sunday Hill manganese projects in a market where financial institutions are either not willing to lend funds or are very restrictive in their approach to lending to entities similar to RDG; and

(h) the Acquisition will allow RDG to consider other opportunities and continue to grow the Company.

The Independent Expert's Report identifies additional advantages of the Acquisition to which Shareholders should have regard.

1.14 Disadvantages of the Acquisition

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolutions 1 and 2:

(a) current Shareholders will have their voting power in the Company diluted;

(b) MRL will own 75% of the Shares on issue in the Company on a fully diluted basis upon Completion. As a result, MRL will be in control of the Company and have significant influence over matters that require approval by the Company's Shareholders, including the election of directors and approval of significant corporate transactions;

(c) there is no guarantee that the exploitation of the Tenements will be successful or that manganese can be economically extracted; and

(d) the Company's introduction to the mining of manganese may not align with the direction Shareholders' view as to the direction that the Company should be heading.

The Independent Expert's Report identifies additional disadvantages of the Acquisition to which Shareholders should have regard.

1.15 Independent Expert's Report

ASX Listing Rule 10.5.10 requires that a notice of meeting approving a transaction under ASX Listing Rule 10.1 must include a report on the transaction from an independent expert.

A report on the transaction from an independent expert is also required where shareholder approval is sought in relation to a transaction under section 611 item 7 of the Corporations Act.

The Independent Expert's Report annexed to this Notice sets out a detailed independent examination of the Acquisition, which includes the grant of the Security to MRL, to enable non-associated Shareholders to assess the merits of, and decide whether to approve, Resolutions 1 and 2. The Independent's Expert Report also contains an assessment of the advantages and disadvantages of the proposed Acquisition. The Independent Expert's Report has concluded that the Acquisition the subject of Resolution 1 is not fair but reasonable to the non-associated Shareholders and the grant of the Security to MRL is fair and reasonable to the non-associated Shareholders.

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

The Independent Expert's Report is also available on the Company's website (**http://www.resdevgroup.com.au/**). If requested by a Shareholder, the Company will send to the Shareholder a hard copy of the Independent Expert's Report at no cost.

1.16 Shareholder Approvals

In accordance with the Asset Sale Agreement, the Company is seeking the following Shareholder approvals under this Notice to effect the Acquisition:

(a) Shareholder approval for the purpose of section 611 item 7 of the Corporations Act to permit MRL to acquire a relevant interest in 75% of the Shares of the Company, through the issue of 1,897,587,201 Shares to MRL at Completion (based on the number of Shares on issue immediately prior to Completion including 500,000 Shares to be issued under the Company's Long Term Incentive Plan) (**Resolution 1**);

(b) Shareholder approval for the purpose of ASX Listing Rule 10.1, to permit the granting of the Security to MRL, to secure repayment of the Loan under the terms of the Loan Agreement (**Resolution 2**); and

(c) Shareholder approval to appoint the Proposed MRL Directors to the Board, being Messrs Mike Grey, Mark Wilson and Paul Brown (**Resolutions 3 - 5**).

The Directors consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolutions 1 and 2 because the Acquisition and Security were negotiated on an arm's length basis and therefore fall within the exception contained in section 210 of the Corporations Act.

Completion of the Acquisition under the Asset Sale Agreement is conditional upon the passing of each of Resolutions 1 and 2 at the Meeting (**Essential Resolutions**). Accordingly, if the Essential Resolutions are not passed, the transaction set out in the Asset Sale Agreement will not proceed. Resolutions 3 – 5 are conditional on

completion of the Acquisition and accordingly, if the Essential Resolutions are not passed, the appointments the subject of Resolutions 3 – 5 will not proceed.

1.17 Key Risk Factors

In assessing the proposed Acquisition, Shareholders need to consider the following non-exhaustive key risk factors:

(a) **Manganese price volatility and exchange rate risk**

Part of the future revenues of the Company will be derived from the sale of manganese ore. The demand for, and price of, manganese is dependent on a variety of factors beyond the control of the Company, including supply levels of the product, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

Manganese prices have fluctuated in recent years. If the price of manganese should drop significantly and remain depressed, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if significant quantities of manganese products are discovered, a profitable market will exist for their sale.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(b) **Plant Development Risk**

The future development of mining operations at the Tenements is dependent on a number of factors including, but not limited to delineation of economically recoverable mineralisation at increasing confidence levels, favourable geological conditions, receiving the necessary approvals from all relevant industry regulators, authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

Further, production operations may be disrupted by a variety of risks and hazards that are beyond the Company's control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions and other accidents. No assurance can be given that the Company will achieve commercial viability through the development and/or mining of the Tenements and treatment of the manganese ore.

(c) **Operating risks**

The production activities may be affected by a range of factors, including:

(i) adverse geological and geotechnical conditions;

(ii) unanticipated operational and technical difficulties encountered in mining and production activities;

(iii) mechanical failure of operating plant and equipment;

(iv) industrial and environmental accidents, industrial disputes and other force majeure events;

(v) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and

(vi) inability to obtain necessary consents or approvals.

(d) **Title Risks and Native Title**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to any tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. Where native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

Refer to Section 1.6 above under the heading 'Native Title' in relation to the native title of the Palyku People in respect of M46/237 and M46/238 and to the references to native title in the Independent Expert's Report.

(e) **Forfeiture**

As set out in Section 1.6, the Relevant Tenements are subject to the Forfeiture Applications. While the Company has assessed the merits of the Forfeiture Applications, there can be no assurance that the Relevant Tenements will not be forfeited. Accordingly, Shareholders should have regard to this issue in assessing the proposed Acquisition.

(f) **Coronavirus (COVID-19) risk**

The outbreak of the coronavirus disease (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Company remains unknown. Any governmental or industrial measures taken in response to COVID-19 may

adversely impact the Company's operations and are likely to be beyond the control of the Company.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the Company's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the Company will continue to update the market in regard to the impact of the coronavirus on its revenue channels and adverse impact on the Company. If any of these impacts appear material prior to the Meeting, the Company will notify investors accordingly.

(g) **Reserve and Resource Estimates**

The Company cannot give any assurances that any estimated mineral resources will be recovered or that they will be recoverable at the rates estimated. Mineral resource estimates entail a degree of uncertainty as they are based on limited samples which may not accurately represent the actual mineral resources in that area. Mineral resource estimates may require revision (either up or down) based on actual production experience. There can be no assurance, based on estimated future reserves and/or resource figures, that such minerals will be present, recoverable, or capable of being brought into profitable production. Furthermore, a decline in the market price for natural resources that the Company may discover or invest in could render reserves containing relatively lower grades of these resources uneconomic to recover and may ultimately result in a restatement of reserves.

(h) **OHS and Environmental**

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest environmental standards, including compliance with all environmental laws.

Mining operations have inherent risks, and may incur liabilities, associated with (a) health and safety; (b) environmental impacts; and (c) the disposal of waste products from mineral exploration and production activities. The occurrence of a safety or environmental incident could delay production or increase production costs. Natural events (such as unpredictable rainfall or bushfires) may impact the Company's ongoing compliance with environmental legislation, regulations and licences. The Company may incur significant liabilities (including damages, clean-up costs or penalties) for any mining activities that result in prohibited waste or discharges, environmental damage or noncompliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations may become more onerous and make the Company's operations more expensive. Approvals are required for land clearing and for ground disturbing activities. Delays in

obtaining such approvals can result in delays to anticipated mining activities.

1.18 Directors' and Proposed Director's interests in the Acquisition

Under the terms of the Constitution, Directors are not required to hold any Shares to be eligible to act as a Director. Details of the Directors' and Proposed Directors' relevant interest in the Shares of the Company, upon Completion, are set out below:

Director / Proposed Director	Current Shares	% of Issued Shares	Shares on Completion	% of Issued Shares
Andrew Ellison (Managing Director)	105,649,724	16.72%[2]	105,649,724	4.17%
Gary Reid (Director)	105,649,724	16.72%[2]	105,649,724	4.17%
Ivan Ruefli (Director)	105,649,724	16.72%[2]	105,649,724	4.17%
Mike Grey (Proposed Director)	Nil	0%	Nil	0%
Mark Wilson (Proposed Director)	Nil	0%	Nil	0%
Paul Brown (Proposed Director)	Nil	0%	Nil	0%

Notes:

1. The Company has no options or performance rights on issue as at the date of this Report. Accordingly, no Directors holds options or performance rights in the Company.
2. Based on the current number of Shares on issue as at the date of this Notice being 632,029,067 Shares (500,000 incentive shares will be issued under the Company's Long Term Incentive Plan as adopted in 2014, prior to Completion).

1.19 Recommendations of the Directors

All of the Directors are of the opinion that the Acquisition is in the best interests of Shareholders and, accordingly, the Directors unanimously recommend Shareholders to vote in favour of Resolutions 1 to 5. The Directors have approved the proposal to put Resolutions 1 to 5 to Shareholders.

2. RESOLUTION 1 – APPROVAL OF ISSUE OF RDG SHARES TO MINERAL RESOURCES LIMITED

2.1 General

A detailed description of the Acquisition is outlined in Section 1 above and further details are available in the Company's announcement made on the ASX on 19 March 2020 and the Independent Expert's Report. The key terms of the Asset Sale Agreement are set out in Annexure A.

Resolution 1 relates to the Shareholder approval required by section 611, item 7 of the Corporations Act to permit MRL to acquire a relevant interest in 75% of the Shares in the Company, through the issue of Shares to MRL at Completion. Based on the issued capital of the Company as at the date of this Notice of Meeting and taking into account 500,000 Shares to be issued under the Company's Long Term

Incentive Plan before Completion, the number of Shares to be issued to MRL at Completion will be 1,897,587,201.

ASX Listing Rule 7.1 prohibits an entity from issuing, in any given year, such number of securities as would exceed 15% of the securities they have on issue at the commencement of that year without shareholder approval. Pursuant to ASX Listing Rule 7.2 (Exception 16), ASX Listing Rule 7.1 does not apply to an issue of securities approved for the purpose of section 611 item 7 of the Corporations Act. Accordingly, if Shareholders approve the issue of securities pursuant to Resolution 1, the Company will retain the flexibility to issue additional equity securities up to the 15% annual placement capacity set out in ASX Listing Rule 7.1, and the additional 10% annual capacity set out in ASX Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

2.2 Sections 606 and 611 of the Corporations Act

Pursuant to section 606(1) of the Corporations Act, a person must not acquire a "relevant interest" in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(a) from 20% or below to more than 20%; or

(b) from a starting point above 20% and below 90%.

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

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

(a) the first person is a body corporate and the second person is:

(i) a body corporate the first person controls;

(ii) a body corporate that controls the first person; or

(iii) a body corporate that is controlled by an entity that controls the person;

(b) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs; or

(c) the second person is a person with whom the first person is acting in concert or proposing to act in concert, in relation to the Company's affairs.

The Corporations Act defines "control" and "relevant agreement" very broadly as follows:

(a) "control" means the capacity to determine the outcome of decisions about the financial and operating policies of the company. In determining the capacity you need to take into account the practical

influence a person can exert and any practice or pattern of behaviour affecting the financial or operating policies of the company;

(b) "relevant agreement" means an agreement, arrangement or understanding:

(i) whether formal or informal or partly informal and partly formal;

(ii) whether written or oral or partly written and partly oral; and

(iii) whether or not having legal or equitable force and whether or not based on legal or equitable rights.

Associates are determined as a matter of fact. For example where a person controls or influences the board or the conduct of the company's business affairs, or acts in concert with a person in relation to the company's business affairs.

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

(a) are the holder of the securities;

(b) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

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

2.3 Section 611 Item 7 of the Corporations Act – Exemption from section 606

Section 611 of the Corporations Act provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the prohibition in section 606(1), including acquisitions with the prior approval of shareholders passed at a general meeting of the company in which the acquisition is made (section 611 item 7).

For the exemption in section 611 item 7 to apply, Shareholders must be given all information known to the person proposing to make the acquisition or their associates, or known to the Company, that was material to the decision on how to vote on the resolution. ASIC has indicated what additional information should be provided to Shareholders in these circumstances.

2.4 Specific Information required by section 611 item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval under section 611 item 7 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report enclosed with this Notice.

(a) **Identity of the Acquirer and its Associates**

It is proposed that MRL will be issued 1,897,587,201 Shares in accordance with the Asset Sale Agreement, the material terms of which are set out in Annexure A to this Notice.

(i) **MRL**

An overview of MRL is set out above in Section 1.5.

(ii) **Associates**

The associates of MRL (within the definition provided above in Section 2.2) are set out in Annexure E to this Notice.

(b) **Relevant Interest**

The relevant interest of MRL and each of its associates in the voting shares of the Company (both current and following the issue of the RDG Shares) is set out in the table below:

	Current Relevant Interest	Current Voting Power	Relevant Interest Post Acquisition	Voting Power Post Acquisition
Existing Shareholders	632,529,067	100%	632,529,067	25.0%
MRL	0	0%	1,897,587,201	75.0%
Total	**632,529,067**	**100%**	**2,530,116,268**	**100%**

1. This assumes that 500,000 Shares will be issued by the Company under its Long Term Incentive Plan prior to Completion.

(c) **Voting Power**

Following the issue of the Shares to MRL, MRL and each of its associates will have a relevant interest in 1,897,587,201 Shares. This will represent 75% of the voting power in the Company.

Further details on the voting power of MRL are set out in the Independent Expert's Report.

(d) **Summary of Increases**

MRL and its associates do not presently hold any Shares.

From the above chart it can be seen that the minimum and maximum number of Shares in which MRL and its associates will have a relevant interest in upon Completion is 1,897,587,201 Shares, and the minimum and maximum voting power that MRL and its associates will hold upon Completion is 75%. This represents a maximum increase in voting power of 75% (being the difference between 0% and 75%).

(e) **Assumptions**

Shareholders should be aware that the following assumptions have been made in calculating the above:

(i) the Company has 632,029,067 Shares on issue as at the date of this Notice of Meeting;

(ii) 500,000 Shares will be issued by the Company under its Long Term Incentive Plan prior to Completion;

(iii) the Company will not issue any additional Shares; and

(iv) no Options are issued.

(f) **Reasons for the proposed issue of securities**

The Shares will be issued in consideration for the proposed Acquisition.

(g) **Material Terms of the proposed issue of securities**

The material terms of the Asset Sale Agreement pursuant to which the Company is issuing Shares to MRL are set out in Annexure A to this Notice. The material terms of the other Acquisition Agreements (being the other relevant agreements relating to the Acquisition) are set out in Annexure B and Annexure C to this Notice.

(h) **Intentions of MRL**

Other than as disclosed elsewhere in this Explanatory Statement, the Company understands that MRL:

(i) has no present intention of making any significant changes to the business of the Company other than the development of the Tenements the subject of the Acquisition;

(ii) will consider participating in further capital raisings of the Company to maintain their shareholding interest;

(iii) has no present intention of making changes regarding the future employment of the present employees of the Company (with future changes, if any, to be made in consultation with the Company's management team);

(iv) does not intend to redeploy any fixed assets of the Company;

(v) does not intend to transfer any property between the Company and any other entity; and

(vi) does not intend to change the Company's existing policies in relation to financial matters or dividends.

These intentions are based on information concerning the Company, its business and the business environment which is known to MRL at the date of this Notice.

These present intentions may change as new information becomes available or as circumstances change. Any changes to these present

intentions will be based on the particular circumstances that exist and the material information available to the Company to the extent necessary to assess the operational, commercial, taxation and financial implications of such changes at the relevant time.

(i) **Identity, associations and qualifications of Proposed MRL Directors**

As noted in Section 1.12 above, in accordance with the terms of the Asset Sale Agreement, the Company will appoint:

(i) Mike Grey as a non-executive director with effect from Completion;

(ii) Mark Wilson as a non-executive director with effect from Completion; and

(iii) Paul Brown as a non-executive director with effect from Completion,

The Proposed MRL Directors as set out above in (A) to (C) are currently part of the management team of MRL. Refer to Resolutions 3 – 5 for the qualifications and relevant professional or commercial experience of the Proposed MRL Directors, any associations with MRL, RDG and any interest in Shareholders approving the Acquisition.

Neither Mike Grey, Mark Wilson, Paul Brown nor any of their associates currently holds or has a relevant interest in any Shares or Options in the Company.

(j) **Date of proposed issue of securities**

The issue of Shares to MRL on the terms set out in this Notice is expected to occur within one month of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules). Refer to the indicative timetable set out in Section 1.9.

(k) **Capital Structure**

The capital structure upon Completion of the Acquisition is set out above in Section 0.

(l) **Interests and Recommendations of Directors**

(i) None of the Directors have a material personal interest in the outcome of this Resolution.

(ii) All the Directors are of the opinion that the Acquisition is in the best interests of Shareholders and accordingly, recommend that Shareholders vote in favour of this Resolution 1. The Directors recommendations are based on the reasons set out in Section 1.13 above.

(iii) The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass this Resolution 1.

2.5 Independent Experts Report

The Independent Expert's Report prepared by BDO Corporate Finance (WA) Pty Ltd (**BDO**) for the purpose of section 611 item 7 of the Corporations Act and ASX Listing Rule 10.5.10 concludes that the proposals outlined in Resolution 1, whereby the Company's shareholders may approve MRL acquiring a relevant interest in such Shares as comprise 75% of the voting power in the Company through the issue of 1,897,587,201 Shares to MRL, is **not fair but reasonable** to Shareholders not associated with MRL. Shareholders are referred to the Independent Expert's Report attached as Annexure D to this Notice of Meeting.

2.6 Failure to Approve Resolution 1

If Resolution 1 is not passed and Completion does not occur, the Company will not proceed with the proposed Acquisition and the Company will continue to focus on its current activities, as well as looking for additional acquisition opportunities to further its disclosed business strategy with an aim to building a cashflow positive and self-sustaining operation.

3. RESOLUTION 2 – APPROVAL FOR GRANT OF SECURITY TO MINERAL RESOURCES LIMITED

The Independent Expert's Report prepared by BDO concludes that the grant of the Security as outlined in this Resolution in favour of MRL, is **fair and reasonable** to Shareholders not associated with MRL. Shareholders are referred to the Independent Expert's Report attached as Annexure D to this Notice of Meeting.

3.1 Secured Loan

An overview of the background to the Acquisition is set out above in Section 1.2.

On 18 March 2020 the Company entered into the Loan Agreement on the terms and conditions as set out on at Section 1.4(b) above.

Resolution 2 seeks Shareholder approval for the grant by the Company of the security interests set out below (**Security**) in favour of MRL to secure repayment of the Loan to MRL pursuant to the Loan Agreement.

3.2 Security Documents

The repayment of the Loan is to be secured by the Security Documents, being the Mining Mortgage and the General Security Agreements. The material terms and conditions of the Security Documents are set out in Annexure B to this Notice.

Under the Loan Agreement, if an event of default occurs on the part of the Company, MRL will have the right to:

(a) if the default is not remedied within 3 days, declare that all or part of the outstanding moneys are immediately due and payable;

(b) cancel the Loan; and

(c) appoint a receiver in relation to the Secured Property.

The Loan Agreement contains otherwise standard terms for an agreement of its nature including undertakings, covenants and default events.

3.3 ASX Listing Rule 10.1

ASX Listing Rule 10 deals with transactions between an entity (or any of its subsidiaries) and persons in a position to influence the entity.

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, any of the following persons without the approval of the entity's security holders:

(a) a related party;

(b) a subsidiary;

(c) 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;

(d) an associate of a person referred to in (a) to (c) above; or

(e) a person whose relationship to the entity is such that, in ASX's opinion, the transaction should be approved by security holders.

Nature of Relationship

MRL is a not a "substantial holder" for the purposes of ASX Listing Rule 10.1 (category (c) above) because it does not currently hold (and has not, at any time in the past six months held) an interest in at least 10% of the Company. However, ASX have advised that MRL is considered a related party for the purposes of ASX Listing Rule 10.1 and in any event, in their opinion, MRL's relationship with the Company is such that the transaction (being the proposed grant of the Security) should be approved by security holders and does not fall within any of the exceptions to the rule.

Substantial Asset

Under ASX Listing Rule 10.2, an asset is "substantial" 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 company as set out in the latest accounts given to ASX under the ASX Listing Rules.

The equity interests of the Company as defined by the ASX Listing Rules and as set out in the latest accounts given to ASX under the ASX Listing Rules (being for the half yearly reporting period ending 31 December 2019 were $17,202,163). A substantial asset is therefore an asset of value greater than $860,108 (5% of above figure).

Although the Company has not entered into any agreement to dispose of any of its assets under the Security Documents or the Asset Sale Agreement, ASX considers, for the purpose of the ASX Listing Rules, that the grant of security over the Company's assets amounts to a 'disposal' of its assets (**Disposal**).

Requirement for shareholder approval

As a result of the above, the Company is required to seek Shareholder approval under ASX Listing Rule 10.1.

ASX Listing Rule 10.5.10 requires a notice of meeting containing a resolution under ASX Listing Rule 10.1 to include a report on the transaction from an independent expert.

The Independent Expert has been asked to prepare a report, for the purpose of ASX Listing Rule 10.5.10, on whether the granting of the Security under the Security Documents in favour of MRL is fair and reasonable. **The Independent Expert has concluded that the granting of the Security as part of the Acquisition is fair and reasonable to Shareholders whose votes are not to be disregarded.**

3.4 Technical information required by ASX Listing Rule 10.5

Pursuant to and in accordance with ASX Listing Rule 10.5 the following information is provided in relation to the Disposal:

(a) MRL does not presently hold any Shares. However, on Completion, MRL will hold 75% of the Shares issued by the Company on a fully diluted basis and will be a substantial shareholder in the Company as well as a related party of the Company;

(b) the Security comprises the security under the Security Documents which the Company is granting in favour of MRL to secure repayment of the Loan;

(c) the consideration being received by the Company for the grant of the Security is the Loan;

(d) the timetable for the grant of the Security is summarised in Section 1.9;

(e) a summary of the material terms and conditions of the Security Deeds pursuant to which the Security is being granted is set out Annexure C to this Notice;

(f) a voting exclusion statement is included in Resolution 2 of this Notice; and

(g) the Independent Expert's Report is included at Annexure D of this Notice.

3.5 Information Required by ASX Listing Rule 14.1A

If Resolution 2 is passed, the Company will be able to proceed with the grant of the Security in favour of MRL and, so far as the other Resolutions the subject of this Notice are approved by Shareholders, be able to complete the proposed Acquisition.

If Resolution 2 is not passed and Completion does not occur, the Company will not be able to proceed with the proposed Acquisition and the Company will continue to focus on its current activities, as well as looking for additional acquisition opportunities to further its disclosed business strategy with an aim to build a cashflow positive and self-sustaining operation.

4. RESOLUTIONS 3-5 – ELECTION OF PROPOSED MRL DIRECTORS

4.1 Board Composition

The Board composition agreed upon at Completion is set out above at Section 1.12.

The Company is seeking shareholder approval under Resolutions 3-5 for the election of Messrs Mike Grey, Mark Wilson and Paul Brown (being the Proposed MRL Directors).

4.2 Election of Directors

The Constitution allows the Company to appoint at any time a person to be a Director by resolution passed in a General Meeting.

In order to be eligible for election, the proposed Director, or a Shareholder intending to propose their nomination, must leave at the Company's registered office at least 30 Business Days before the Meeting, a written notice from the proposed Director consenting to their nomination and signifying their candidature for the office, or a written notice from a Shareholder signifying their intention to nominate the director.

Pursuant to Resolutions 3-5, the Company seeks Shareholder approval for the election of the following Proposed MRL Directors, to take effect from Completion:

(a) Mr Mike Grey – Resolution 3;

(b) Mr Mark Wilson – Resolution 4; and

(c) Mr Paul Brown – Resolution 5.

4.3 Resolution 3 – Mr Mike Grey

(a) **Qualifications and other material directorships**

Mike has over 35 years of experience in the mining industry. He started his career with Alluvial Gold Mining where he was responsible for constructing, operating and maintaining numerous floating gold dredges and hard rock gold mining and processing. After gaining valuable experience in the gold industry, Mike moved into iron ore mining, holding a range of Maintenance Management and Mine Management positions across a number of projects in the Kimberley, Pilbara and Yilgarn regions of Western Australia.

Mike has an in-depth knowledge of the operational side of mining and in 2009 joined MRL as General Manager, Crushing Services International, now trading as CSI Mining Services (CSI), growing it to be one of Australia's most recognised crushing and processing businesses.

Following on from his success in managing CSI, Mike was appointed to MRL's Executive Team and in the role of Chief Operating Officer, Mining Services, is responsible for growing the contract mining, crushing and processing business along with developing the Company's innovation projects including synthetic graphite production through the Hazer project, carbon fibre structural components through CarbonArt, the Bulk Ore Shuttle System (BOSS) as well as managing Asset Management and the Kwinana workshop and support services.

(b) **Independence**

The current Board does not consider that Mr Grey will be an independent director.

(c) **Recommendation**

The current Board supports the election of Mr Grey and recommends that Shareholders vote in favour of Resolution 3.

4.4 Resolution 4 – Mr Mark Wilson

(a) **Qualifications and other material directorships**

Mark joined MRL as Chief Financial Officer in August 2018 and became joint Company Secretary in October 2018. Mark is an experienced senior executive with a strong track record in development and implementation of business strategy, balance sheet management, organisational design, project management, and transaction execution.

Prior to joining MRL, Mark has held senior positions in a number of Australian and international companies, including Laing O'Rourke, Multiplex and Brookfield Multiplex, where he led Multiplex's listing on the ASX.

Mark holds a Bachelor of Commerce (Finance) and Bachelor of Laws from the University of New South Wales and has a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia (FINSIA).

(b) **Independence**

The current Board does not consider that Mr Wilson will be an independent director.

(c) **Recommendation**

The current Board supports the election of Mr Wilson and recommends that Shareholders vote in favour of Resolution 4.

4.5 Resolution 5 – Mr Paul Brown

(a) **Qualifications and other material directorships**

Paul Brown is the Executive General Manager, Mining Services for MRL.

Paul has over 20 years of experience in the mining industry with a strong track record in multiple disciplines including general management, operational management, technical leadership, project/studies management, business improvement, mineral resource evaluation and mine planning.

Prior to joining MRL, Paul held senior operating roles with Leighton, HWE and FMG gaining both contractor and own miner experience through a broad range of technical, operational and construction roles spanning large scale open cut operations across a range of commodities including iron ore, lithium and copper.

Since joining MRL, Paul has held a number of senior leadership roles ranging from managing mining operations and leading both the asset management and technical services areas. Combined, this experience has provided Paul with in-depth knowledge of the business spanning end-to-end mining operations from exploration, through to mine planning,

ramp up and steady state operations, and the rehabilitation process. In his role as Executive General Manager, Mining Services, Paul is responsible for managing MRL's four operating mine sites covering safety, production, mine planning and product quality across multiple commodities as well as overseeing asset management and technical services for the wider MRL group.

Paul is a qualified mining engineer with a Masters in Mine Engineering M.Eng (MI) from Federation University in Victoria and also holds mechanical trade qualifications.

(b) **Independence**

The current Board does not consider that Mr Brown will be an independent director.

(c) **Recommendation**

The current Board supports the election of Mr Brown and recommends that Shareholders vote in favour of Resolution 5.

GLOSSARY

$ means Australian dollars.

Acquisition has the meaning given in Section 1.2.

Acquisition Agreements has the meaning given in Section 1.4.

Asset Sale Agreement has the meaning given in Section 1.2, the material terms and conditions of which are set out in Annexure A.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Auvex means Auvex Resources Pty Ltd (ACN 129 087 832).

Board means the board of directors of the Company.

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

Buyer means Comcen Pty Ltd (ACN 161 487 930).

Chair means the chair of the Meeting.

Company means Resource Development Group Limited (ACN 149 028 142).

Completion has the meaning given in Section 1.4.

Constitution means the Company's constitution.

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

Director means a director of the Company.

Directors means the current directors of the Company.

Disposal means the grant of the Security in favour of MRL, which ASX considers a disposal of the Company's assets for the purposes of the ASX Listing Rules.

Essential Resolutions has the meaning given in Section 1.16.

Explanatory Statement means the explanatory statement accompanying the Notice.

Finance Documents means the Loan Agreement, the Security, or any other document or agreement entered into or given under any of the Finance Documents.

Forfeiture Applications has the meaning given in Section 1.6.

General Meeting or **Meeting** means the meeting convened by the Notice.

General Security Agreements has the meaning given to that term in Section 1.4(c).

Independent Expert means BDO Corporate Finance Pty Ltd (ACN 050 038 170).

Independent Expert's Report means the report prepared for the purposes of ASX Listing Rule 10.1 and section 611 item 7 of the Corporations Act, completed by the Independent Expert in relation to the issues of Shares contemplated by Resolution 1 and the grant of the Security the subject of Resolution 2.

Loan means a secured loan of up to $35,000,000 granted to the Company by MRL, with a five-year term with an interest rate of 8.125% per annum, on the terms and conditions of the Loan Agreement.

Loan Agreement means the agreement entered into between the Company and MRL on 18 March 2020 to advance funds to assist with construction and other working costs and expenses to RDG via the Loan, the material terms and conditions of which are set out in Annexure C.

Mining Act means *Mining Act 1978* (WA) and *Mining Regulations 1981* (WA).

Mining Mortgage has the meaning given to that term in Section 1.4(c).

MRL means Mineral Resources Limited (ACN 118 549 910).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Proposed MRL Directors means the persons nominated by MRL to the Board, for whom the Company is seeking approval to elect as Directors under Resolutions 3 to 5 of this Notice.

Proxy Form means the proxy form accompanying the Notice.

RDG means the Company.

Relevant Tenements has the meaning given in Section 1.6.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Security means the security granted by the Company under the Security Documents.

Secured Party means MRL.

Security Documents means the Mining Mortgage and the General Security Agreements.

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

Shareholder means a registered holder of a Share.

Services Agreement has the meaning given in Section 1.4(a).

Tenements means the tenements set out in Section 1.6, namely mining leases M46/237 and M46/238 and miscellaneous licence L46/67.

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

ANNEXURE A – MATERIAL TERMS AND CONDITIONS OF ASSET SALE AGREEMENT

The material terms and conditions of the Asset Sale Agreement are summarised below:

(a) (**Assets**) The Assets being transferred under the Asset Sale Agreement comprise the Tenements as well as all technical information, the benefit of the relevant contracts, all licences and authorisations and the stockpile, each in relation to or as located on the Tenements.

(b) (**Conditions Precedent**): The Acquisition is conditional upon:

(i) there being no material adverse change to the RDG business;

(ii) ASX providing written confirmation to RDG that ASX Listing Rule 11.1.3 does not apply;

(iii) RDG shareholders approving the Acquisition, as set out in the Notice;

(iv) the Independent Expert finding that the Acquisition is either "fair and reasonable" or "not fair but reasonable" to Shareholders;

(v) all change in control consents to any material contracts for RDG being received;

(vi) the receipt of all necessary consents under the Mining Act; and

(vii) RDG having a cash balance of greater than $10,000,000 and holding assets with a net asset value greater than $15,000,000 as at Completion.

(c) (**Guarantee**): RDG agrees to guarantee the obligations of the Buyer under the Asset Sale Agreement, and also agrees to issue the RDG Shares to MRL on Completion (**Scrip Consideration**);

(d) (**Board Composition**): Upon Completion, the Board shall consist of three directors nominated by MRL, one independent director and Andrew Ellison, who will remain as managing director.

(e) (**Pre-Completion obligations**): The Asset Sale Agreement includes customary pre-Completion obligations, which require each party to provide the other with reasonable access to books, records and information, subject to acceptable carve-outs for unreasonable interference and protecting legal professional privilege. There are also customary obligations and restrictions on each party in relation to the pre-Completion period, which require Auvex to maintain the Tenements in good standing.

(f) (**Assumption of Liabilities**): The Buyer must duly and properly perform, assume, pay and discharge all assumed liabilities and all debts, liabilities and obligations incurred in connection with the Tenements and related assets on Completion.

(g) (**Consideration**): In consideration for the Acquisition, the Company shall issue to MRL that number of RDG Shares which, as at Completion, is equivalent to 75% of RDG's total issued capital on a fully diluted basis.

(h) (**Tenement Litigation**): Auvex and MRL are required to use best endeavours to defend, resolve and/or otherwise have the Forfeiture Applications dismissed and are solely responsible for the costs incurred in defending, resolving and/or concluding the Forfeiture Applications. However, neither MRL nor Auvex will be

liable for any liabilities or obligations in relation to the outcome or result of the Forfeiture Applications, other than any fine issued.

(i) (**Forfeiture**) If the Relevant Tenements are forfeited, otherwise than as set out in paragraph (h) above, neither MRL nor Auvex will be liable under a warranty claim or otherwise for any loss suffered by RDG or the Buyer as a result of the Forfeiture Applications. However:

(i) RDG and/or the Buyer will retain 100% legal and beneficial ownership of all infrastructure on the Tenement areas and will be entitled to remove such infrastructure; and

(ii) MRL will enter into an agreement with RDG to forgive outstanding moneys owed by RDG and the Buyer in accordance with the Loan Agreement.

(j) (**Due Diligence Investigations**): All parties warrant that they have undertaken appropriate due diligence investigations with respect to the transactions contemplated within the Asset Sale Agreement.

(k) (**Termination**): The Asset Sale Agreement contains customary rights of termination, allowing any party to terminate prior to Completion where:

(i) any of the conditions precedent are not satisfied or waived by 30 June 2020 (unless a later date is agreed between the parties);

(ii) a party fails to comply with its Completion obligations (and the required notice period to comply has expired); or

(iii) there is a breach of a fundamental warranty.

The Asset Sale Agreement otherwise contains terms which are considered standard for an agreement of this nature, including terms relating to representations and warranties, limitations on liability, confidentiality and assignment.

ANNEXURE B – MATERIAL TERMS AND CONDITIONS OF SERVICES AGREEMENT

The material terms and conditions of the Services Agreements are summarised below:

(a) (**Services**): The Company engaged the MRL Group (including MRL and any of its related bodies corporate or such other companies as the parties agree in writing) to undertake resource drilling and to contract, supply and commission processing and non-processing infrastructure and equipment for the Company's proposed Ant Hill and Sunday Hill mining projects.

(b) (**Term**): 12 months commencing on 18 March 2020.

(c) (**Fees**): The fees to be paid by the Company to MRL will be MRL's "Actual Cost", which comprises:

(i) total payroll costs (aggregate expenditure incurred in connection with MRL personnel engaged in connection with the Services);

(ii) reasonable out of pocket third party expenses incurred in providing the Services;

(iii) overheads costs (6% of aggregate of payroll cost and out of pocket expenses); and

(iv) plant & equipment charges.

(d) (**Estimated Total Fee**): The estimated total fee to be paid by the Company to MRL for the Services is AU$35 million.

(e) (**Payment**): Upon completion of the provision of services by the MRL Group, or where the provision of the services under the purchase order extends beyond a month, at the end of the month, MRL must provide the Company with a tax invoice with the entire fee payable. This tax invoice must be sent in writing to Andrew Ellison and paid by the Company within 30 days.

(f) (**Insurance**): The Company and MRL both agreed to affect public and products liability insurance, workers compensation insurance and motor vehicle third party liability insurance and to maintain these insurances for the duration of the Services. In addition, the Company agreed to affect contract works insurance.

(g) (**Indemnities**): The Company agreed to be solely liable for, and to keep the MRL Group (including its officers, employees and agents) indemnified against, all losses, costs, expenses, claims etc., which may be brought against the MRL Group in connection with the provision of the Services, unless caused or contributed to by the wilful default or unlawful or negligent act or omission of the MRL Group.

(h) (**Limitation of Liability**): the MRL Group is not liable in any way for any consequential loss, or other losses, costs, expenses, claims etc. which may be brought against the MRL Group in connection with the Services.

The Services Agreement contains otherwise standard terms and conditions for an agreement of this nature.

ANNEXURE C – MATERIAL TERMS AND CONDITIONS OF THE LOAN AGREEMENT AND SECURITY DOCUMENTS

1. LOAN AGREEMENT

On 18 March 2020, the Company entered into an agreement with MRL, pursuant to which MRL (**Lender**) agreed to provide the Company (**Borrower**) with an advance of loan funds to construct and commission the Ant Hill and Sunday Hill manganese projects on the Tenements for an amount of up to $35 million (**Loan Agreement**).

The material terms of the Loan Agreement are summarised below.

1.1 Definitions

As contained in the Loan Agreement:

Finance Document means the Loan Agreement and the Security.

Guarantor means Comcen Pty Ltd.

Secured Property means the property secured by the Security.

Security means the General Security Agreements, the Mining Mortgage and any collateral security.

Transaction Party means the Borrower and Guarantor and any other person that the Borrower and the Lender agree is a Transaction Party.

Quarter means a 3 month period ending on 31 March, 30 June, 30 September or 31 December.

1.2 Summary

(a) (**Loan Amount**): The Lender will advance up to $35 million to the Company under the Loan Agreement;

(b) (**Term**): The Loan has a term of 5 years from the date on which the first drawing is advanced by the Lender.

(c) (**Repayment**): The repayment of the Loan will commence on the last business day of the first full Quarter after the first shipment date (**Repayment Date**) and each Quarter thereafter for the period of the term, unless paid before.

(d) (**Interest**): The interest payable is 8.125%.

(e) (**Early repayment**): No early repayment fees apply.

(f) (**Guarantee**): The Guarantor jointly and severally guarantees the Company's obligations under the Loan Agreement to the Lender.

(g) (**Events of Default**): The specified Events of Default under the Loan Agreement include:

(i) (**failure to pay**): A Transaction Party fails to pay or repay any amount due under the Loan Agreement and this is not remedied within 3 business days upon receiving written notice;

(ii) (**failure**): A Transaction Party fails to perform or observe any other undertaking, obligation or agreement expressed or implied in any Finance Documents, unless the failure is remediable, and is so remedied within 10 days, or such longer period as is determined by the Lender;

(iii) (**misrepresentation**): Any warranty, representation or statement by a Transaction Party is or becomes false or misleading in any respect when made or regarded as made by the Transaction Party under any Finance Document.

(iv) (**suspends payment**): A Transaction Party suspends payment of its debts generally.

(v) (**controller**): A controller is appointed, or steps are taken to appoint a controller over all or substantially all of the property of a Transaction Party or any secured property, the assets or undertakings of a Transaction Party, or any of the Security;

(vi) (**insolvency**): A Transaction Party is or becomes unable to pay its debts when they are due or is presumed to be insolvent under the Corporations Act;

(vii) (**arrangements**): A Transaction Party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors generally;

(viii) (**administrator**): An administrator is appointed; steps are taken to appoint an administrator; a resolution to appoint an administrator is passed; or steps are taken to pass such a resolution to appoint an administrator, in each case to a Transaction Party;

(ix) (**winding up**): Any of the following occur:

(A) an application is made other than an application which the Lender is satisfied is capable of being dismissed or set aside, and it is set aside, within 5 Business Days of the appointment being made;

(B) an order is made;

(C) a resolution is passed or taken to have been passed or any steps are taken to pass a resolution otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Lender; or

(D) a liquidator or provisional liquidator is appointed, for the winding-up of a Transaction Party;

(x) (**ceasing business**): A Transaction Party ceases to carry on its business;

(xi) (**vitiation of Finance Documents**): any of the following occurs:

(A) All or any part of any Finance Document is or becomes illegal, void, unenforceable or otherwise of limited force or effect;

(B) Any person becomes entitled to terminate, rescind or avoid all or any material part or material provision of any Finance Document;

(C) Any person other than the Lender alleges or claims that an event as described in paragraph A above has occurred, or that it is entitled as described in paragraph B; or

(D) The execution, delivery or performance of any Finance Documents by a Transaction Party violated, breaches or results in a contravention of any law, regulation or Authorisation; and

(xii) (**litigation**): Any litigation, arbitration, administration or other proceeding results in any judgment, order or sanction of a court, arbitral or other tribunal or of any governmental or other regulatory body in respect of a Transaction Party or its assets that:

(A) has or is reasonably likely to have a Material Adverse Effect; or

(B) is a claim in excess of $1,000,000.

Upon the occurrence of any of the Event of Default as outlined above, the Lender, may by written notice to the Borrower declare that:

(i) all outstanding moneys are immediately due and payable; or

(ii) the Loan is cancelled.

(h) (**Other**): The Loan otherwise contains terms which are considered standard for an agreement of this nature.

2. SECURITY DEEDS

The material terms and conditions of the General Security Agreements are summarised below. For the purposes of the summary, the term Grantor means either RDG, or the Buyer in respect of each of their respective general security agreements entered into with MRL.

General Security Agreements

(a) (**Grant of security**): The Grantor secures the payment of the secured money and the punctual performance of all obligations owed to MRL under the Security Agreements. The secured money is all money and damages that the Grantor is or may become actually or contingently liable to pay to or for the account of MRL, for any reason under or in connection with a Finance Document, or as a result of a breach of or default under or in connection with a Finance Document.

(b) (**The security**): The Grantor grants to MRL a PPSA security interest over all PPSA personal property and a fixed charge over all other property and the Grantor also assigns all its present and after-acquired interests in 'negotiable instruments' and transfers all its present and after-acquired interests in 'accounts' and 'chattel paper'.

(c) (**The secured property**): The secured property is all PPSA personal property which encompasses all of the Grantor's right title and interest in all present and after-acquired personal property, all proceeds and PPSA retention of title property as well as all other property which includes all present and after-acquired property of the Grantor that is not PPSA personal property.

(d) (**Events of Default**): An event of default occurs where the Grantor fails to pay or repay any part of the secured money when due, or fails to comply with any of the obligations under the Finance Documents or with any condition of any waiver or consent by MRL under or in connection with any Finance Document. If an Event of Default occurs:

(i) the Security is immediately enforceable; and

(ii) all outstanding monies are immediately due and payable by the Grantor,

without the need for any demand or notice to be given to the Grantor, other than (in relation to (ii)), where expressly provided for in a Finance Document.

(e) (**Rights of the Secured Party on Default**): If the Grantor defaults in fully and punctually performing any obligation contained or implied in any Finance Document, the Secured Party may, without prejudice to any Power, do all things necessary or desirable, in the opinion of the Secured Party, to make good or attempt to make good that default to the satisfaction of the Secured Party.

(f) (**Other**): The Security Deeds contain otherwise standard terms and conditions for security deeds of this nature.

3. MINING MORTGAGE

The Mining Mortgage is between Comcen Pty Ltd as mortgagor (**Mortgagor**) and MRL as mortgagee (**Mortgagee**) and offered as part of the Security under the Loan Agreement. The material terms and conditions of the Mining Mortgage are summarised below:

(a) (**Mortgaged Property**): The mortgaged property comprises each of the Tenements and includes all metals, mineral sands and other minerals (including precious stones), buildings, improvements, structures, systems, fixtures, plant, machinery, tools and other personal property from time to time in or on the land the subject of the Tenements (**Mortgaged Property**).

(b) (**Mortgage**): The Mortgagor grants a first ranking mortgage over the Mortgaged Property to secure payment of the outstanding moneys (as defined under the Loan Agreement). To the extent that it is not mortgaged the security interest is a fixed charge.

(c) (**Event of Default**): An event of default occurs where the Grantor fails to pay or repay any part of the secured money when due, or fails to comply with any of the obligations under the Finance Documents or with any condition of any waiver or consent by MRL under or in connection with any Finance Document. If an Event of Default occurs:

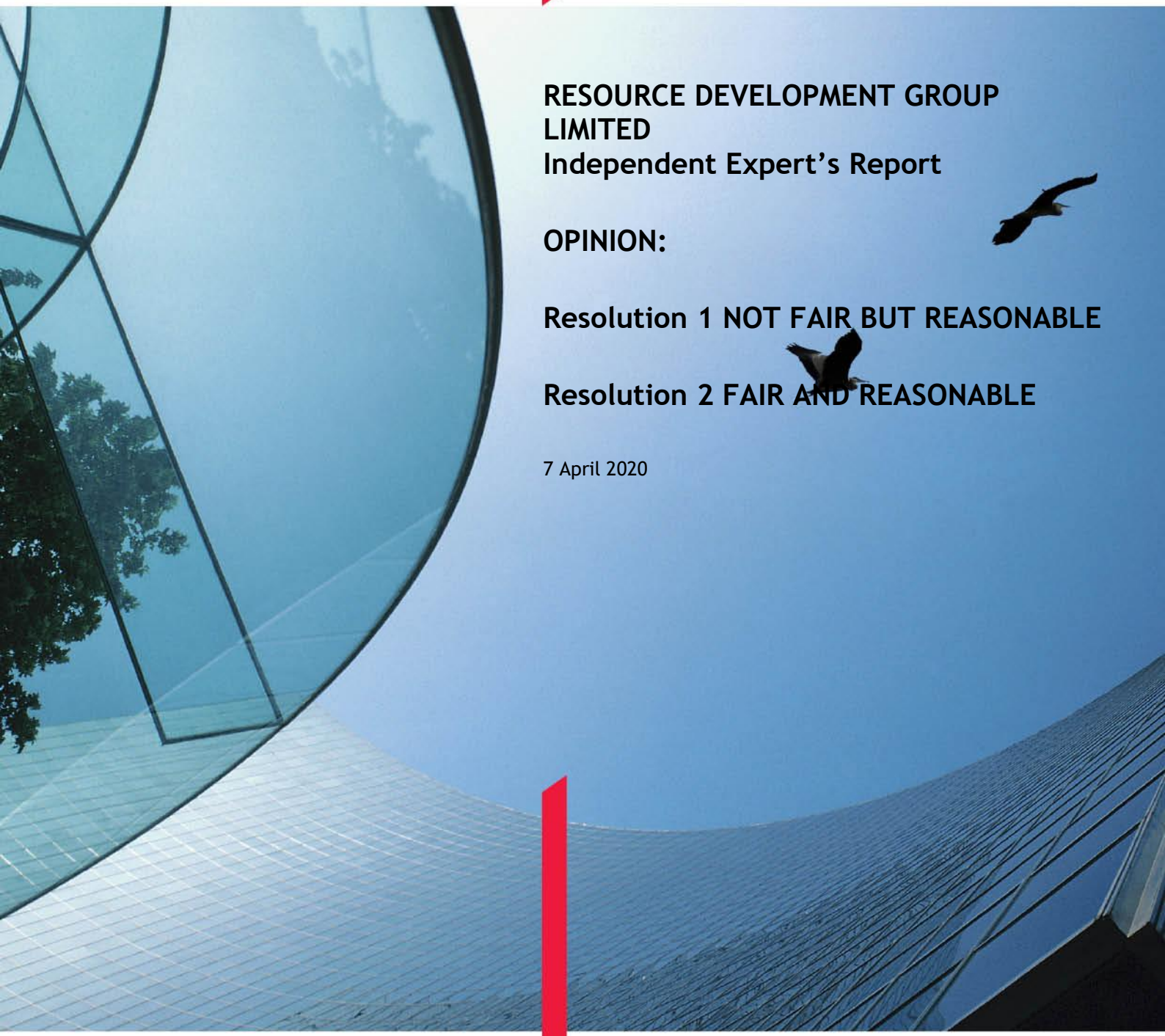
(i) the Mortgage and each Collateral Security is immediately enforceable; and

(ii) all outstanding monies are immediately due and payable by the Mortgagor,

without the need for any demand or notice to be given to the Grantor, other than (in relation to (ii)), where expressly provided for in a Finance Document.

(d) (**Discharge**): The Mining Mortgage must be discharged by the Mortgagee upon the Mortgagor repaying the outstanding moneys in full and fulfilling all obligations under the Mining Mortgage and each of the Finance Documents (as defined in the Loan Agreement).

The Mining Mortgage otherwise contains standard representations and warranties for an agreement of this nature.



RESOURCE DEVELOPMENT GROUP LIMITED
Independent Expert's Report

OPINION:

Resolution 1 NOT FAIR BUT REASONABLE

Resolution 2 FAIR AND REASONABLE

7 April 2020

BDO

Financial Services Guide

7 April 2020

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (**'we'** or **'us'** or **'ours'** as appropriate) has been engaged by Resource Development Group Limited (**'RDG'**) to provide an independent expert's report on the proposal to acquire the Ant Hill and Sunday Hill Manganese Projects (collectively, **'the Projects'**) from Mineral Resources Limited (**'MRL'**), in exchange for 1,897,587,201 RDG shares to be issued to MRL (**'Proposed Transaction'**). You are being provided with a copy of our report because you are a shareholder of RDG and this Financial Services Guide (**'FSG'**) is included in the event you are also classified under the Corporations Act 2001 (**'the Act'**) as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by RDG to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide
This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- Who we are and how we can be contacted;
- The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- Any relevant associations or relationships we have; and
- Our internal and external complaints handling procedures and how you may access them.

Information about us
We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $50,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in RDG.

Other Assignments
In 2018, BDO was engaged by MRL to provide valuation services for a matter unrelated to the Proposed Transaction. BDO was paid $25,500 for these services.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from RDG for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

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

Complaints resolution
Internal complaints resolution process
As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

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

Referral to External Dispute Resolution Scheme
A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ('**AFCA**').

AFCA is an external dispute resolution scheme that deals with complaints from consumers in the financial system. It is a not-for-profit company limited by guarantee and authorised by the responsible federal minister. AFCA was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service ('**FOS**') schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.

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Appendix 1 – Glossary and copyright notice

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7 April 2020

The Directors
Resource Development Group Limited
Level 1, 46 Edward Street
Osborne Park WA 6017

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 19 March 2020, Resource Development Group Limited (**'RDG'** or **'the Company'**) announced that the Company had entered into an asset sale agreement (**'Asset Sale Agreement'**) with Mineral Resources Limited (**'MRL'**) for the acquisition of MRL's manganese assets, the Ant Hill Project and the Sunday Hill Project (collectively, **'the Projects'**). The Projects are located in Western Australia comprising of mining leases M46/237, M46/238 and miscellaneous license L46/67.

In consideration for the purchase of the Projects, MRL will be issued the number of shares equivalent to 75% of RDG's total issued capital, which at completion will be equivalent to 1,897,587,201 ordinary shares in RDG (**'the Proposed Transaction'**). Upon completion of the Proposed Transaction, RDG will own a 100% legal and beneficial interest in the Projects.

In addition to the Asset Sale Agreement, as part of the Proposed Transaction, RDG and MRL have entered into a services agreement for the provision of mining services by MRL (**'Services Agreement'**), a loan agreement whereby MRL will advance a secured loan to RDG of up to $35 million (**'Loan Agreement'**) and security agreements for general security deeds and a mining mortgage (**'Security Agreements'**).

The Proposed Transaction will require the grant of the Company's security interests in favour of MRL, as stipulated in the Security Agreements, to secure repayment of the loan pursuant to the Loan Agreement (**'the Grant of Security'**).

The proposed issue of RDG shares to MRL is presented as Resolution One (**'Resolution One'**) in the Notice of Meeting. The Grant of Security is presented as Resolution Two (**'Resolution Two'**) in the Notice of Meeting. We have provided a separate opinion in relation to each Resolution.

Further details of the Proposed Transaction are outlined in Section 4 of our Report. All figures are quoted in Australian dollars (**'A$'** or **'AUD'**) unless otherwise stated.

2. Summary and Opinion

2.1 Requirement for the report

The directors of RDG have requested that BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) prepare an independent expert's report (**'our Report'**) to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of RDG (**'Shareholders'**).

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Our Report is prepared pursuant to Item 7 Section 611 of the Corporations Act 2001 Cth (**'Corporations Act'** or **'the Act'**) and Australian Securities Exchange (**'ASX'**) Listing Rule 10.1 and is to be included in the Notice of Meeting for RDG in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission (**'ASIC'**), Regulatory Guide 74 'Acquisitions Approved by Members' (**'RG 74'**), Regulatory Guide 76 'Related party transactions' (**'RG 76'**), Regulatory Guide 111 'Content of Expert's Reports' (**'RG 111'**), Regulatory Guide 112 'Independence of Experts' (**'RG 112'**) and ASX Guidance Note 24 (**'GN 24'**).

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of an RDG share prior to the Proposed Transaction on a control basis compares to the value of an RDG share following the Proposed Transaction on a minority interest basis;
- The likelihood of an alternative offer being made to RDG;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction; and
- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

Resolution One – Proposed issue of RDG shares to MRL

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternative offer, the Proposed Transaction is not fair but reasonable to the Shareholders of RDG.

In our opinion, the Proposed Transaction is not fair because the value of an RDG share prior to the Proposed Transaction on a control basis is greater than the value of an RDG share following the Proposed Transaction on a minority interest basis. However, we consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages and the consequences of not approving the Proposed Transaction.

In particular, we note that the Proposed Transaction represents a new strategy for the business of RDG that has potential upside value for Shareholders and allows the Company to diversify its operations in order not to remain fully reliant on the construction industry. We note that this has been the current board's focus in recent years as highlighted in the Company's recent annual and half year reports.

In addition, RDG will have the benefit of a major shareholder in MRL, which is an experienced and successful mining and mining services company with the expertise to develop and support the operations of the Projects. The Services Agreement, Loan Agreement and Security Agreements between RDG and MRL demonstrate MRL's intention to actively support RDG in the successful development of the Projects.

Resolution Two – Grant of Security

We have considered the terms of the Grant of Security as outlined in the body of this Report and have concluded that the Grant of Security is fair and reasonable to the Shareholders of RDG. Given that the

Grant of Security is an integral part of the Proposed Transaction, this further contributes to the advantages of the Proposed Transaction outweighing the disadvantages of the Proposed Transaction.

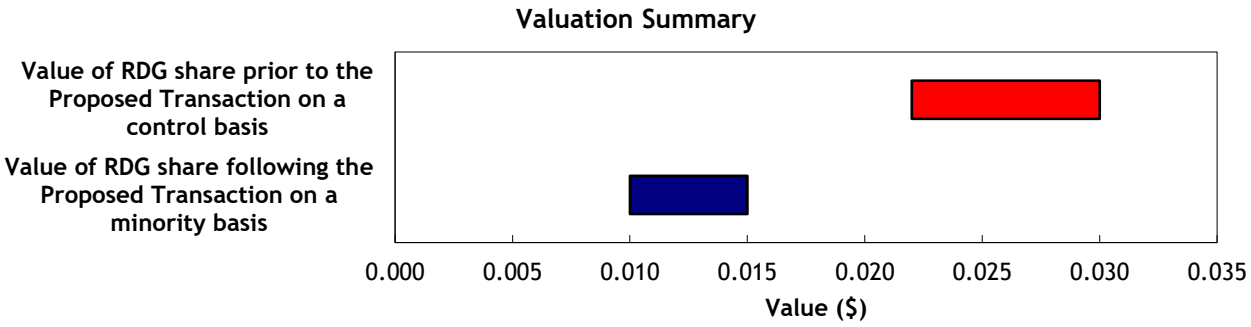
2.4 Fairness

Resolution One – Proposed issue of RDG shares to MRL

In Section 12 of our Report, we determined that the value of an RDG share prior to the Proposed Transaction, on a control basis, compares to the value of an RDG share following the Proposed Transaction on a minority basis, as detailed below.

	Ref	Low $	Preferred $	High $
Value of an RDG share prior to the Proposed Transaction (controlling interest)	10.3	0.022	0.026	0.030
Value of an RDG share following the Proposed Transaction (minority interest)	11.6	0.010	0.012	0.015

Source: BDO Analysis.



Source: BDO Analysis.

The above pricing indicates that, in the absence of any other relevant information, and a superior proposal, we consider that the Proposed Transaction is not fair to Shareholders.

Resolution Two – Grant of Security

We have concluded that the value of the proceeds of the security that would be provided to MRL under the Grant of Security in the event of the security being called is equivalent or lower than the value of the liabilities that would be settled. This is discussed in Section 12 of our Report. Therefore, in absence of any other relevant information, this indicates that the Grant of Security is fair to Shareholders.

2.5 Reasonableness

We have assessed reasonableness in Section 13 of our Report, in terms of both:

- Advantages and disadvantages of the Proposed Transaction; and
- Other considerations, including the position of Shareholders following the Proposed Transaction and the consequences of not approving the Proposed Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or superior proposal we believe the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	**Advantages**	**Section**	**Disadvantages**
13.4	New strategy for RDG, with potential upside	13.5	Dilution of existing Shareholders' interests
13.4	Opportunity to work closely with MRL	13.5	Change of focus to manganese mining may not suit all Shareholders
13.4	Access to MRL's logistics and marketing capability	13.5	Loss of chance for a potential takeover which provides a control premium
13.4	Provision of funding for development of the Projects	13.5	Security granted over RDG's assets
13.4	Shareholder exposure to a new industry being manganese mining		
13.4	Adoption of similar business model to MRL		
13.4	Potential synergies between mining services business and the Projects		
13.4	The Grant of Security is fair and reasonable to Shareholders		
13.4	The Grant of Security allows the Proposed Transaction to proceed		

Other key matters we have considered include:

Section	Description
13.1	Alternative Proposal
13.2	Practical Level of Control
13.3	Consequences of not Approving the Proposed Transaction

3. Scope of the Report

3.1 Purpose of the Report

If the Proposed Transaction is approved, MRL will have a relevant interest in 1,897,587,201 ordinary shares in RDG, equating to 75% of the fully diluted share capital of RDG following the issue.

Section 606 of the Corporations Act ('**Section 606**') expressly prohibits the acquisition of shares or further shares by a party if the party acquiring the interest does so through a transaction and because of the transaction, that party's (or someone else's) voting power in the company increases from 20% or below to more than 20%.

Section 611 of the Corporations Act ('**Section 611**') provides exceptions to the Section 606 prohibition and permits such an acquisition if the shareholders of the company have agreed to the acquisition. This agreement must be by resolution passed at a general meeting at which no votes are cast in favour of the resolution by the party to the acquisition or any party who is associated with the acquiring party. Item 7 of Section 611 states that shareholders of the company must be given all information that is material to the decision on how to vote at the meeting.

RG 74 states that to satisfy the obligation to provide all material information on how to vote on the item 7 of Section 611 resolution the company may commission an Independent Expert's Report. Therefore, the directors of RDG have commissioned this Independent Expert's Report to satisfy this obligation.

In addition, the Grant of Security , as described in the Report is deemed to be a disposal of a substantial asset by RDG under ASX Listing Rule 10.1.

ASX Listing Rule 10.1 requires that a listed entity must obtain shareholders' approval before it acquires or disposes of a substantial asset, when the consideration to be paid for the asset or the value of the asset being disposed of constitutes more than 5% of the equity interest of that entity as set out in the latest accounts given to the ASX under its Listing Rules. Listing Rule 10.1 applies where the vendor or acquirer of the relevant assets is a related party, child entity, substantial holder, associates or person (including body corporate) whose relationship is such that ASX consider the transaction to require security holder approval.

Listing Rule 10.1 approval is required in relation to the Proposed Transaction because:

- MRL will own a 75% interest in RDG following the issue of shares, and will therefore be considered a related party under ASX Listing Rule 10.1; and
- As part of the Loan Agreement and Securities Agreements, RDG will grant security interests to MRL over the Company's assets to secure repayment of the loan to MRL ('**MRL Loan**'), which has been considered by the ASX to be a "disposal" of its assets.

Based on the reviewed accounts as at 31 December 2019, the equity interest of the Company as defined by ASX Listing Rule 10.1 amounts to $17,202,163. A substantial asset is therefore an asset of value greater than $860,108 (5% of the above figure). The total value of the Company's assets based on the reviewed accounts as at 31 December 2019 is $27,512,519. Therefore, the ASX considers, for the purpose of Listing Rule 10.1, that the grant of security over the Company's assets amounts to a "disposal" of a substantial asset to a related party.

Listing Rule 10.5.10 requires the notice of meeting seeking shareholder approval for the requisite Listing Rule 10.1 approval to be accompanied by an independent expert report, which must state the expert's

opinion as to whether the transaction is fair and reasonable to the shareholders whose votes are not to be disregarded.

Accordingly, an independent experts' report is required for the Grant of Security . Under RG 111 the report should provide an opinion by the expert stating whether or not the terms and conditions in relation thereto are fair and reasonable to non-associated shareholders of RDG.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111 which provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

RG 111 suggests that where the transaction is a control transaction, the expert should focus on the substance of the control transaction rather than the legal mechanism used to effect it. RG 111 suggests that where a transaction is a control transaction, it should be analysed on a basis consistent with a takeover bid.

In our opinion, the Proposed Transaction is a control transaction as defined by RG 111 and we have therefore assessed the Proposed Transaction as a control transaction to consider whether, in our opinion, it is fair and reasonable to Shareholders.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities which are the subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length. When considering the value of the securities which are the subject of the offer in a control transaction, it is inappropriate for the expert to apply a discount on the basis that the shares being acquired represent a minority or portfolio interest. Consequently the expert should consider this value inclusive of a control premium. Further to this, RG 111 states that a transaction is 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.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of an RDG share prior to the Proposed Transaction on a control basis and the value of an RDG share following the Proposed Transaction on a minority basis (fairness – see Section 12 'Is the Proposed Transaction Fair?');
- A comparison between the value of the proceeds from the sale of the security that would be provided to MRL under the Grant of Security in the event of the security being called with the value of the liabilities that would be settled (fairness – see Section 12 'Is the Proposed Transaction Fair?'); and
- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution relating to the Proposed Transaction, after reference to the value derived above (reasonableness – see Section 13 'Is the Proposed Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('**APES 225**').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer 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 Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposed Transaction

On 19 March 2020, RDG announced that the Company had entered into an Asset Sale Agreement with MRL for the acquisition of MRL's manganese assets, the Ant Hill Project and the Sunday Hill Project. In consideration for the acquisition of the Projects, MRL will be issued 1,897,587,201 ordinary shares in RDG, equating to 75% of the fully diluted share capital of RDG following the issue.

Upon completion of the Proposed Transaction, RDG, through its wholly-owned subsidiary, Comcen Pty Ltd (**'Comcen'**) will own a 100% legal and beneficial interest in the Projects.

4.1 Conditions precedent

The Asset Sale Agreement is conditional on the satisfaction or waiver of the following conditions:

- No material adverse change in the financial position, performance or prospects of RDG being announced or otherwise becoming known;
- The ASX providing written confirmation to RDG that ASX Listing Rule 11.1.3 does not apply to the Proposed Transaction;
- RDG Shareholder approval for the Proposed Transaction and related ordinary resolutions as required under the Corporations Act;
- The independent expert concluding that the Proposed Transaction is either "fair and reasonable" or "not fair but reasonable" to Shareholders;
- All change in control consents to any material contracts for RDG being received;
- The receipt of all necessary consents, including Ministerial consent to the transfer of the Projects under the Mining Act 1978 (**'Mining Act'**); and
- RDG holding a cash balance greater than $10.0 million and holding assets with a net asset value greater than $15.0 million prior to completion of the Proposed Transaction.

4.2 Material agreements

In addition to the Asset Sale Agreement, RDG and MRL have entered into the following agreements:

- Services Agreement: RDG has agreed to engage MRL to undertake resource drilling, design, supply and construct the processing and non-processing infrastructure, commission the plant and supply the mining equipment to commence mining on the Projects. As at the date of the Services Agreement, the estimated total fee for the services is $35 million;
- Loan Agreement: MRL has agreed to advance RDG up to $35 million on the following key terms:
    - The MRL Loan has a term of 5 years commencing on the date on which the first drawing is advanced by MRL;

- Interest on the MRL Loan will be paid quarterly in arrears on the principal outstanding at a rate of 8.125% per annum;
- The MRL Loan will be secured over the Company's assets as stipulated in the Security Agreements below, which forms the Grant of Security.

- Security Agreements: the MRL Loan will be secured by a mining mortgage between RDG and MRL and two general security deeds in which both RDG and Comcen have agreed to grant security to MRL over all of their assets and undertakings to secure the repayment of the MRL Loan.

4.3 Board composition and existing services

On completion of the Proposed Transaction, the board of RDG will comprise five directors, consisting of three MRL-appointed directors, one independent director and Mr. Andrew Ellison who will remain as managing director of RDG. RDG is seeking shareholder approval for the election of the three MRL-appointed directors at the upcoming general meeting to approve the Proposed Transaction. It is intended that the fifth new, independent director will be appointed by the end of the calendar year.

Following the Proposed Transaction, RDG will continue with its current operations and will retain all of its existing contracts currently disclosed to the market.

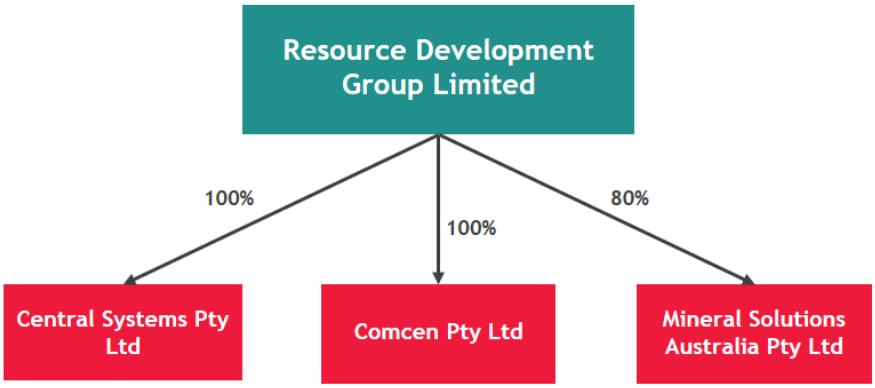
5. Profile of RDG

5.1 History

RDG is an ASX-listed company providing diversified services to the resource, infrastructure, energy, government, utilities, residential housing and commercial sectors within Australia and internationally.

The Company operates through two main business units, Central Systems Pty Ltd (**'Centrals'**) and Mineral Solutions Australia Pty Ltd (**'MSA'**). Centrals represents the primary business of the Company, being multi-disciplinary construction and remedial services, while MSA represents the ore crushing, handling and screening business of which RDG owns an 80% equity interest.

The current operating subsidiaries of RDG is outlined as follows:



Source: Management.

We note that Comcen is the subsidiary, which will hold the Projects if the Proposed Transaction is approved.

The Company was listed on the ASX in May 2011 and is headquartered in Perth, Western Australia (**'WA'**).

The current board of directors and senior management (**'Management'**) of RDG are:

- Mr. Andrew Ellison – Executive Chairman and Managing Director;
- Mr. Gary Reid - Executive Director;
- Mr. Ivan Ruefli - Executive Director; and
- Mr. Michael Kenyon - Company Secretary and Chief Financial Officer (**'CFO'**).

5.2 Centrals

Centrals is the primary operating business of RDG, with a focus on providing construction and remedial services to create and extend the life of assets primarily in the mining and oil & gas sectors. These assets include, but are not limited to:

- Mineral processing plants;
- Rail and port infrastructure;
- Buildings and non-process infrastructure;
- Water treatment plants;
- Power stations; and
- Residential and commercial building.

Centrals undertakes vertically integrated projects as well as individual, discipline-specific projects in Australia. The services and capabilities of the business include:

- Civil and concrete construction;
- Structural, mechanical, piping (**'SMP'**) and tank services;
- Electrical and instrumentation;
- Ancillary services;
- Non-process infrastructure and minor project delivery solutions; and
- Planned maintenance services and remedial works.

5.2.1. Projects

Since Centrals' inception in 2003, it has delivered projects for major clients including BHP Billiton Iron Ore Limited (**'BHP'**), Rio Tinto Limited (**'Rio Tinto'**), Fortescue Metals Group Limited (**'FMG'**), Woodside Petroleum Limited (**'Woodside'**) and Samsung C&T Corporation (**'Samsung C&T'**). Notable completed and ongoing projects include but are not limited to:

- **Solomon ore processing facilities and crushing hubs**: FMG engaged Centrals to provide project management, labour and plant in alliance with Cimeco Group Pty Ltd (**'Cimeco'**) to construct the civil and concrete scope for the ore processing facilities and three iron crushers at FMG's Solomon

Hub project located in Tom Price, WA. The project had a value of $230 million, lasted a duration of 18 months and was completed in May 2013;

- **Roy Hill rail bridges**: Samsung C&T engaged Centrals to construct the eleven bridges associated with the Roy Hill Iron Ore Project, located in Pilbara, WA. This project entailed civil and piling, earthworks, structural works and the development and implementation of a rail safety plan. The project had a value of over $100 million, lasted a duration of 14 months and was completed in November 2014;
- **North Star process plant SMP installation**: FMG engaged Centrals to provide a package of services, which consisted of supply, manufacture, installation, construction testing and pre-commissioning of a magnetite processing plant located in Pilbara, WA. This was inclusive of crushing right through to production of concentrate. The project lasted eight months and was completed in February 2015 with an approximate value of $75 million;
- **Wodgina mine site concrete works:** Centrals has an ongoing engagement with MRL to execute the work package for the placement of all concrete including installation of all cast in the embedment and reinforcing for the concrete for the Wodgina mine site's crushing stations. The project has a value of $26 million; and
- **Ocean Front on South Beach, North Coogee:** Centrals has an ongoing engagement with Blue Ocean Enterprises Inc. (**'BOE'**), to conduct demolition works, as well as the delivery of the detailed building design for 24 townhouses. The project has a value of $25 million.

More recently in 2019, RDG announced that Centrals had been awarded contracts for BHP, FMG and its subsidiary, Chichester Metals Pty Ltd (**'Chichester'**) and Blackham Resources Limited (**'Blackham'**). The total value of these contracts was estimated at approximately $22 million.

The Company has expressed in its half-yearly report for HY20, that RDG has been facing strong headwinds since 2015, with the downturn of the construction market and clients' preference on using larger contractors with stronger balance sheets over small contractors, resulting in a challenge to win quality construction projects with reasonable margins and acceptable commercial terms.

A large proportion of the Company's revenue stems from key clients, particularly in the mining sector. In the half year ended 31 December 2019 (**'HY20'**), four clients had generated 76% of the RDG's revenue. Similarly, for the year ended 30 June 2019 (**'FY19'**), two clients generated 76% of the RDG's revenue, and three clients generated 87% of the RDG's revenue in the year ended 30 June 2018 (**'FY18'**).

5.3 MSA

The Company also holds an 80% equity interest in MSA, which it acquired in August 2018 with the intention of diversifying the Company's revenue stream out of the traditional civil construction industry. The remaining 20% minority interest is held by the original owners of MSA.

MSA is a holding company for three wholly-owned subsidiaries that operate in various forms within the materials handling, screening and ore sorting industries. All subsidiaries are based in Kalgoorlie, WA and provide contracting services to the mining sector. The three wholly-owned subsidiaries of MSA are:

- Crushing Service Solutions Pty Ltd (**'CSS'**) – the main trading entity of the business of MSA;
- Aggregate Crushing Australia Pty Ltd (**'ACA'**) – the entity that holds a majority of MSA's property, plant and equipment (**'PP&E'**); and

- Ore Sorting Australia Pty Ltd (**'OSA'**) – a minor entity within the MSA group which carries some minor costs.

CSS is the main trading entity of MSA, undertaking a number of large and small mobile crushing and screening projects across WA and the Northern Territory. As a contractor, CSS provides mobile crushing and screening, modular crushing and screening, project management and maintenance and field services. In addition, CSS also provides an equipment hire service which provides an extensive and well-maintained fleet including crushers, screens, stackers and material handlers.

5.3.1. MSA Projects

The current projects of MSA (being conducted by its main trading entity CSS) which are currently ongoing, are outlined below:

- **Westgold Mt Henry Project**: A four-stage crushing plant for gold located in Norseman, WA with estimated duration of two months;
- **Esperance Shire Limestone Crushing Project**: A single stage impactor crushing and screening project for limestone located in Esperance, WA with estimated duration of three years;
- **Saracen Thunderbox Project**: A hard rock crushing contract using three stage crushing plant for gold to supply supplementary mill feed to increase project tonnages, located in South Leinster, WA with a six month contract; and
- **Metals X Blue Bird Project**: A two-stage crushing plant for gold located in Meekatharra, WA, which is currently ongoing and has an estimated duration of fourteen months.

In addition to the current projects set out above, CSS has completed several other projects to date.

5.4 Recent Corporate Events

On 26 July 2018, RDG announced that it had acquired an 80% equity stake in MSA for an initial consideration of $2.0 million at completion, with a deferred component of $0.4 million on the six-month anniversary following completion and a further $0.4 million on the 12-month anniversary following completion. The acquisition was completed in August 2018.

On 10 September 2018, RDG announced that it had executed a binding term sheet with Bullseye Mining Limited (**'BML'**) to subscribe for a 30% equity interest in its newly formed entity to be incorporated (termed as **'BML NewCo'**), which was to hold a 100% interest in 36 km^2 of mining leases as part of the North Laverton Gold Project. RDG was to provide its expertise for the design, construction and operation for the BML NewCo project and other future BML projects. The consideration to be paid by RDG for the 30% interest in BML NewCo was $15 million, which was to be subscribed in instalments in a timeframe that has yet to be agreed. We note that this transaction is yet to be finalised.

On 7 November 2018, RDG announced its agreement to provide a loan facility of $1.5 million to BML NewCo (**'BML Loan'**) at an interest rate of 6% p.a., to fund various costs within its business and in anticipation of BML NewCo raising further capital. The repayment date for the loan facility was the earliest of four dates, the latest of which was expected to be 10 July 2019. We note that this date has since been extended to 10 July 2020.

5.5 Historical Statements of Financial Position of RDG

We have presented the financial information of RDG in the sections below primarily based on the audited and reviewed financial statements of the Company. Where relevant to our assessment, we have presented the financial information of RDG on a separate entity level for Centrals and MSA, primarily based on financial information provided by Management.

The historical statements of financial position of RDG are outlined in the table below:

Statement of Financial Position	Reviewed as at 31-Dec-19 $	Audited as at 30-Jun-19 $	Audited as at 30-Jun-18 $
CURRENT ASSETS			
Cash and cash equivalents	10,384,972	10,997,263	13,322,300
Trade and other receivables	5,953,008	5,462,188	5,258,040
Current tax assets	-	-	14,907
Inventories	536,638	385,532	744,951
TOTAL CURRENT ASSETS	**16,874,618**	**16,844,983**	**19,340,198**
NON-CURRENT ASSETS			
Property, plant and equipment	10,241,566	12,818,311	5,669,275
Right-of-Use asset	82,719	-	-
Deferred tax assets	313,616	321,158	710,779
TOTAL NON-CURRENT ASSETS	**10,637,901**	**13,139,469**	**6,380,054**
TOTAL ASSETS	**27,512,519**	**29,984,452**	**25,720,252**
CURRENT LIABILITIES			
Trade and other payables	4,373,392	6,718,368	6,910,220
Borrowings	1,953,923	2,894,049	-
Lease liabilities	54,395	-	-
Current tax liabilities	206,245	59,736	-
Provisions	601,371	623,110	482,745
TOTAL CURRENT LIABILITIES	**7,189,326**	**10,295,263**	**7,392,965**
NON-CURRENT LIABILITIES			
Borrowings	2,219,727	3,536,411	-
Lease liabilities	28,594	-	-
Provisions	3,532	20,154	16,553
Deferred tax liabilities	869,177	789,786	815,774
TOTAL NON-CURRENT LIABILITIES	**3,121,030**	**4,346,351**	**832,327**
TOTAL LIABILITIES	**10,310,356**	**14,641,614**	**8,225,292**
NET ASSETS	**17,202,163**	**15,342,838**	**17,494,960**
EQUITY			
Issued capital	7,836,308	7,836,308	7,836,308
Share-based payments reserve	134,135	134,135	121,689
Retained earnings	9,263,741	7,740,292	9,536,963

Statement of Financial Position	Reviewed as at 31-Dec-19 $	Audited as at 30-Jun-19 $	Audited as at 30-Jun-18 $
Equity attributable to owners of the parent	17,234,184	15,710,735	17,494,960
Non-controlling interests	(32,021)	(367,897)	-
TOTAL EQUITY	**17,202,163**	**15,342,838**	**17,494,960**

Source: Audited financial statements of RDG for the years ended 30 June 2019 and 2018, and reviewed financial statements of RDG for the half year ended 31 December 2019.

Commentary on Historical Statements of Financial Position

- The primary drivers of the change in cash and cash equivalents from 30 June 2018 to 30 June 2019 are outlined below:

Cash and cash equivalents	30-Jun-19 $
Opening balance 1 July 2018	**13,322,300**
Receipts from customers	41,858,699
Payments to suppliers and employees	(33,854,580)
Repayment of hire purchase liabilities	(3,846,247)
GST paid	(2,605,362)
Loan advanced to BML	(1,500,000)
Acquisition of MSA (net outflow)	(1,448,193)
Finance costs	(546,908)
Other net movements	(382,446)
Closing balance 30 June 2019	**10,997,263**

Source: Audited financial statements of RDG for the years ended 30 June 2019.

- Trade and other receivables of $5.95 million as at 31 December 2019 are inclusive of a loan receivable of $1.61 million in relation to the BML Loan.
- The breakdown of inventory over the three periods is outlined below:

Inventories	31-Dec-19 $	30-Jun-19 $	30-Jun-18 $
Raw materials and stores	16,320	13,890	12,891
Work in progress	520,318	371,642	732,060
Total	**536,638**	**385,532**	**744,951**

Source: Audited financial statements of RDG for the years ended 30 June 2019 and 2018, and reviewed financial statements of RDG for the half year ended 31 December 2019.

- The breakdown for Property, Plant & Equipment as at 30 June 2019 is outlined below:

Property, Plant and Equipment	Motor vehicles $	Plant and equipment $	Leasehold improvements $	Total $
Opening balance	765,477	4,902,185	1,613	5,669,275
Assets acquired through business combination	171,822	7,207,357	39,342	7,418,521
Additions	152,025	3,209,881	-	3,361,906

Property, Plant and Equipment	Motor vehicles $	Plant and equipment $	Leasehold improvements $	Total $
Disposals	-	(64,036)	-	(64,036)
Depreciation charge	(187,725)	(3,376,717)	(2,913)	(3,567,355)
Closing value	**901,599**	**11,878,670**	**38,042**	**12,818,311**

Source: Audited financial statements of RDG for the years ended 30 June 2019 and 2018, and reviewed financial statements of RDG for the half year ended 31 December 2019.

As shown in the table above, the increase in Property, Plant & Equipment of approximately $7.15 million from $5.67 million at 30 June 2018 to $12.82 million at 30 June 2019 was primarily due to the increase in plant and equipment assets acquired through the acquisition of MSA of $7.21 million. The plant and equipment acquired from MSA primarily relate to crushing, screening and materials handling equipment.

- The breakdown for Property, Plant & Equipment as at 31 December 2019 is outlined below:

Property, Plant and Equipment	Motor vehicles $	Plant and equipment $	Leasehold improvements $	Total $
Opening balance	901,599	11,878,670	38,042	12,818,311
Additions	99,200	263,246	-	362,446
Disposals	-	(1,652,739)	-	(1,652,739)
Depreciation charge	(84,156)	(1,199,134)	(3,162)	(1,286,452)
Closing value	**916,643**	**9,290,043**	**34,880**	**10,241,566**

Source: Audited financial statements of RDG for the years ended 30 June 2019 and 2018, and reviewed financial statements of RDG for the half year ended 31 December 2019.

As shown in the table above, the decrease in Property, Plant & Equipment of approximately $2.58 million from $12.82 million at 30 June 2019 to $10.24 million at 31 December 2019 was primarily due to the disposals of plant and equipment of $1.65 million We note that the disposal of plant and equipment was primarily due to the sell down of equipment in MSA to reduce debt.

- Right-of-Use assets totalling $0.08 million and the offsetting lease liabilities (current and non-current) relate to the Company recognising its leases under the new accounting standard *AASB 16: Leases* (**'AASB 16'**) starting from 1 July 2019. These leases were previously classified as operating leases under the old accounting standard.
- Current borrowings of $1.95 million and non-current borrowings of $2.22 million at 31 December 2019 are in relation to the hire purchase liabilities from the Company's PP&E assets under hire purchase. These hire purchase liabilities were inherited from MSA earlier in FY19.
- Non-controlling interest of $0.03 million at 31 December 2019 relate to the 20% equity interest of MSA that is not held by the Company.

5.6 Historical Statements of Profit or Loss and Other Comprehensive Income

We have presented the historical financial performance of RDG on a Company-level (Section 5.6.1) as well as on an entity-level for Centrals (Section 5.6.2) and MSA (Section 5.6.3). As MSA was acquired by RDG in August 2018, the financial performance of MSA is only reflected in the financial information of the

Company for FY19 and HY20. For all other periods, the financial performance of MSA is based on unaudited management accounts.

Company level expenses have been included in the financial information of Centrals, such that the sum of the financial information of Centrals and MSA reconciles with the financial information of the Company (for HY20 and FY19 only).

We have presented the historical statements of financial performance over the FY19, FY18, FY17 and HY20.

5.6.1. RDG

The financial information in the table below has been presented in the form consistent with the audited and reviewed financial statements of RDG.

Statement of Profit or Loss and Other Comprehensive Income	HY20 $	FY19 $	FY18 $	FY17 $
Revenue	14,383,080	38,535,695	15,939,479	9,256,201
Cost of sales	(6,054,637)	(11,915,339)	(7,238,678)	(4,022,251)
Gross profit	**8,328,443**	**26,620,356**	**8,700,801**	**5,233,950**
Gross profit margin	*57.9%*	*69.1%*	*54.6%*	*56.5%*
Other income	103,361	316,894	184,671	274,432
Expenses				
Employee benefits expense	(5,399,752)	(20,718,303)	(6,854,491)	(3,629,593)
Profit/(loss) on sale of assets	1,534,346	3,919	(65,468)	153,685
Share based payments	-	(12,446)	(36,415)	(6,915)
Other expenses	(1,074,090)	(2,475,111)	(1,347,474)	(2,250,196)
Impairment charge	-	(1,687,969)	-	(263,402)
Depreciation and amortisation	(1,312,574)	(3,567,355)	(1,163,295)	(1,606,040)
Finance costs	(206,855)	(546,908)	(28,531)	(9,249)
Loss from continuing operations before income tax	**1,972,879**	**(2,066,923)**	**(610,202)**	**(2,103,328)**
Income tax (expense)/benefit	(113,554)	(597,645)	101,756	936,273
Loss from continuing operations after income tax	**1,859,325**	**(2,664,568)**	**(508,446)**	**(1,167,055)**
Other comprehensive (loss)/income	-	-	-	-
Total comprehensive (loss)/profit for the year	**1,859,325**	**(2,664,568)**	**(508,446)**	**(1,167,055)**
Non-controlling interests	335,876	(867,897)	-	-
Owners of RDG	1,523,449	(1,796,671)	(508,446)	(1,167,055)
Total comprehensive (loss)/profit for the year	**1,859,325**	**(2,664,568)**	**(508,446)**	**(1,167,055)**

Source: Audited financial statements of RDG for the years ended 30 June 2019, 2018 and 2017, and reviewed financial statements of RDG for the half year ended 31 December 2019.

Our commentary on the historical statements of profit or loss and other comprehensive income are detailed on an entity level in the sections below relating to Centrals and to MSA.

5.6.2. Centrals

The financial information in the table below has been presented in the form showing the earnings before interest, tax, depreciation and amortisation (**'EBITDA'**) of the business of Centrals.

Statement of Profit or Loss and Other Comprehensive Income	HY20	FY19	FY18	FY17
	$	$	$	$
Revenue	10,054,451	31,383,532	15,939,479	9,066,232
Cost of sales	(4,459,055)	(8,951,665)	(7,238,678)	(4,022,251)
Gross profit	**5,595,396**	**22,431,867**	**8,700,801**	**5,043,981**
Gross profit margin	*55.7%*	*71.5%*	*54.6%*	*55.6%*
Other income	-	17,067	56,969	274,432
Expenses				
Employee benefits expense	(4,179,442)	(17,847,749)	(6,854,491)	(3,629,593)
Profit/(loss) on sale of assets	(3,636)	3,919	(65,468)	153,685
Share based payments	-	(12,446)	(36,415)	(6,915)
Other expenses	(758,866)	(1,491,426)	(1,347,474)	(2,250,196)
Impairment charge	-	(1,687,969)	-	(263,402)
EBITDA	**653,452**	**1,413,263**	**453,922**	**(678,008)**
EBITDA as a % of gross profit	*11.7%*	*6.3%*	*5.2%*	*-13.4%*
Depreciation and amortisation	(462,772)	(1,015,754)	(1,163,295)	(1,606,040)
Finance costs	(38,691)	(45,545)	(28,531)	(9,249)
Interest income	97,653	250,243	127,702	189,969
Loss from continuing operations before income tax	**249,642**	**602,207**	**(610,202)**	**(2,103,328)**
Income tax (expense)/benefit	(69,699)	(615,260)	101,756	936,273
Loss from continuing operations after income tax	**179,943**	**(13,053)**	**(508,446)**	**(1,167,055)**
Other comprehensive (loss)/income	-	-	-	-
Total comprehensive (loss)/profit for the year	**179,943**	**(13,053)**	**(508,446)**	**(1,167,055)**

Source: Audited financial statements of RDG for the years ended 30 June 2019, 2018 and 2017, and reviewed financial statements of RDG for the half year ended 31 December 2019, RDG consolidation workbooks for the year ended 30 June 2019 and half year ended 31 December 2019.

Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income of Centrals

- The historical statements of profit or loss and other comprehensive income above are inclusive of Company-level corporate and administrative expenses on the basis that Centrals is the primary operating entity of the Company.
- Gross profit margins have ranged from a low of 54.6% to a high of 76.9%. However, this variance is much lower when including employee benefits expenses, which primarily comprise of direct labour

costs. The table below shows that when considering both cost of sales and employee benefits expense as a proportion of revenue, the variance in the margin is significantly lower:

Revised Margin	HY20 $	FY19 $	FY18 $	FY17 $
Revenue	10,054,451	31,383,532	15,939,479	9,066,232
Cost of sales	(4,459,055)	(8,951,665)	(7,238,678)	(4,022,251)
Employee benefits expense	(4,179,442)	(17,847,749)	(6,854,491)	(3,629,593)
Gross Profit minus employee benefits expense	**1,415,954**	**4,584,118**	**1,846,310**	**1,414,388**
Revised Margin	*14.1%*	*14.6%*	*11.6%*	*15.6%*

Source: BDO analysis.

- The impairment charge of $1.69 million in FY19 was attributable to the impairment of goodwill from the acquisition of MSA.
- The impairment charge of $0.26 million in FY17 was attributable to the impairment of a loan and investment in a joint venture with a related party, which has since been terminated.

5.6.3. MSA

The financial information in the table below has been presented in the form showing the EBITDA of the business of MSA. The financial information of MSA represents a consolidation of CSS, ASA and OCA.

Statement of Profit or Loss and Other Comprehensive Income	HY20 $	FY19 $	FY18 $	FY17 $
Revenue	4,328,629	7,152,163	8,373,742	15,063,951
Cost of sales	(1,595,582)	(2,963,674)	(4,938,429)	(8,085,960)
Gross profit	**2,733,047**	**4,188,489**	**3,435,313**	**6,977,991**
Gross profit margin	*63.1%*	*58.6%*	*41.0%*	*46.3%*
Other income	-	49,585	64,929	1,596
Expenses				
Employee benefits expense	(1,220,310)	(2,870,554)	(1,910,874)	(2,097,188)
Other expenses	(315,223)	(983,686)	(1,074,420)	(814,383)
Profit/(loss) on sale of assets	1,537,982	-	-	175,000
EBITDA	**2,735,496**	**383,834**	**514,948**	**4,243,016**
EBITDA as a % of gross profit	*100.1%*	*9.2%*	*15.0%*	*60.8%*
Depreciation and amortisation	(849,803)	(2,551,601)	(2,025,827)	(1,714,211)
Finance costs	(168,164)	(501,362)	(446,489)	(281,055)
Interest income	5,708	-	-	7,570
Loss from continuing operations before income tax	**1,723,237**	**(2,669,129)**	**(1,957,368)**	**2,255,320**
Income tax (expense)/benefit	(43,855)	17,613	(6,226)	(28,417)
Loss from continuing operations after income tax	**1,679,382**	**(2,651,516)**	**(1,963,594)**	**2,226,903**

Statement of Profit or Loss and Other Comprehensive Income	HY20 $	FY19 $	FY18 $	FY17 $
Other comprehensive (loss)/income	-	-	-	-
Total comprehensive (loss)/profit for the year	**1,679,382**	**(2,651,516)**	**(1,963,594)**	**2,226,903**

Source: Audited financial statements of RDG for the years ended 30 June 2019 and reviewed financial statements of RDG for the half year ended 31 December 2019, RDG consolidation workbooks for the year ended 30 June 2019 and half year ended 31 December 2019, unaudited financial statements for MSA for the years ended 30 June 2018 and 2017.

Commentary on Historical Statements of Profit or Loss and Other Comprehensive Income

- Other income over the assessed periods primarily relate to fuel tax credits and other miscellaneous income.
- Employee benefits expenses of $1.22 million in HY20 primarily relate to labour costs from MSA operations.
- Other expenses of $0.32 million in HY20 primarily comprise of consulting fees of $0.08 million and insurance expenses of $0.07 million.
- Profit on the sale of assets of $1.54 million in HY20 relates to a sell down of MSA equipment to reduce debt. This profit was the primary driver of the rise in EBITDA over the period.

5.7 Capital Structure

The share structure of RDG as at 31 December 2019 is outlined below:

	Number
Total ordinary shares on issue	632,029,067
Top 20 shareholders	549,889,900
Top 20 shareholders - % of shares on issue	87.00%

Source: Management.

The range of shares held in RDG as at 31 December 2019 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	11	1,986	0.00%
1,001 - 5,000	11	27,873	0.00%
5,001 - 10,000	42	368,932	0.06%
10,001 - 100,000	209	8,132,544	1.29%
100,001 - and over	134	623,497,732	98.65%
Total	**407**	**632,029,067**	**100.00%**

Source: Management.

The ordinary shares held by the most significant shareholders as at 31 December 2019 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Amphora Pty Ltd (Mr. Ivan Ruefli)	105,649,724	16.72%
Matthew Reid Project Management (Mr. Gary Reid)	105,649,724	16.72%

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Seafire Holdings Pty Ltd (Mr. Andrew Ellison)	105,649,724	16.72%
Richard James Eden	61,330,343	9.70%
Subtotal	378,279,515	59.85%
Others	253,749,552	40.15%
Total ordinary shares on Issue	**632,029,067**	**100.00%**

Source: Management.

We note that the Company has no options or performance rights on issue as at the date of our Report and that the total number of ordinary shares on issue of 632,029,067 shares has not changed between 31 December 2019 and the date of our Report.

However, we also note that RDG intends to issue 500,000 shares to an employee under the Company's long term incentive plan as adopted in 2014 prior to completion of the Proposed Transaction. The number of shares to be issued to MRL has therefore been calculated using a pre-transaction total of 632,529,067 shares, which is inclusive of the 500,000 shares intended to be issued. This results in a corresponding issue of 1,897,587,201 shares to MRL, equivalent to 75% of the total issued capital following the Proposed Transaction.

6. Profile of MRL

6.1 History

MRL is an Australian based mining services company listed on the ASX. MRL was borne out of the amalgamation of three companies, being Crushing Services International Pty Ltd (**'CSI'**), PIHA Pty Ltd (**'PIHA'**) and Process Minerals International Pty Ltd (**'PMI'**), which were combined and listed on the ASX in 2006. MRL was founded in 1993 and is based in Applecross, WA.

The current directors and senior management of MRL are:

- Mr. Peter Wade - Non-Executive Chairman;
- Mr. Chris Ellison - Managing Director;
- Mr. Kelvin Flynn – Independent Non-Executive Director;
- Mr. James McClements – Lead Independent Non-Executive Director; and
- Ms. Xi Xi - Independent Non-Executive Director.

MRL operates through three 'core pillars', being mining services, commodities and innovation & infrastructure. Brief descriptions of MRL's mining services and commodities business units are outlined in the paragraphs below.

6.2 Mining services

MRL's range of diversified mining services are primarily offered through its wholly owned subsidiaries, CSI and PMI (together the **'Mining Services Business'**). The Mining Services Business provides long-term contract services to a number of ASX-listed and unlisted clients, including but not limited to:

- Open pit mining services, including mine planning, drill and blast and load and haul services;

- Contract crushing, screening, and processing services, for mining companies on a build-own-operate (**'BOO'**) basis;
- Supply chain services, managing the mine-to-port logistics through rail haulage, road haulage and port operations;
- Design, engineering, and construction services; and
- Mine site services, including catering, accommodation, facilities management, water management, etc.

In addition to the above, the Mining Services Business offers marketing and shipping services for its clients, with a main expertise in marketing iron ore and lithium to the Asian markets. The Mining Services Business, operates from two ports in WA, Utah Point (**'Utah Point'**) and the Esperance Port (**'Esperance Port'**), which MRL uses to export its bulk commodities produced at its projects.

Furthermore, MRL owns a Kwinana workshop and logistics hub, which covers ten hectares and employs over 150 workers. The workshop undertakes the fabrication of mining plant, pipeline equipment and processing plants to support its own operations. It is also the major logistics hub for MRL, as it services MRL's remote operations.

6.3 Commodities and projects

As part of MRL's strategy of growing its core business, MRL has also invested in a diversified portfolio of commodity projects located in the Pilbara and Yilgarn regions in WA. The focus of our Report is on the Ant Hill Project and the Sunday Hill Project specifically, however, we note that these projects represent a small proportion of MRL's commodities business (**'Commodities Business'**). MRL's major projects are detailed in the subsequent paragraphs below.

Iron Valley Iron Ore Project

The Iron Valley Project (**'Iron Valley'**) is located approximately 75 km north-west of Newman in the Central Pilbara Region of WA. Iron Valley is operated by MRL on tenements held by BCI Minerals Limited (**'BCI'**) under a royalty-type agreement. Iron Valley exports between 6.0 Mt and 8.0 Mt per annum (**'Mtpa'**) of iron ore. Product from the mine is transported to Utah Point for export to global markets.

Yilgarn Iron Ore Project

The Yilgarn Iron Ore Project comprises multiple iron ore deposits transported to one of two centrally located processing and train load out hubs at Koolyanobbing and Carina. From there the ore is transported to the Esperance Port. MRL expects an annual run rate of approximately 7.5 Mtpa before a further increase of 4.0 Mtpa to reach 11.0 Mtpa during FY20 at the Koolyanobbing deposit.

Mt Marion Lithium Project

The Mt Marion Lithium Project (**'Mt Marion Project'**) is located approximately 40 km southwest of Kalgoorlie, WA and is jointly owned by MRL (50%), and one of China's largest lithium producers, Jiangxi Ganfeng Lithium Co., Ltd (**'Jiangxi Ganfeng'**) (50%). Upgrades to the Mt Marion Project were completed in March 2019, and production has been at a steady state of around 0.37 Mtpa, producing a mix of 6% and 4% lithium product.

Wodgina Lithium Project

In June 2016, MRL entered into an agreement to purchase the Wodgina mine site and assets (**'Wodgina Project'**) from Global Advanced Metals Pty Ltd (**'Global Advanced Metals'**), with full ownership and control of the site transferred to MRL in September 2016.

On 1 November 2019, MRL completed a transaction with Albemarle Corporation (**'Albemarle'**) for the partial sale of the Wodgina Project and establishment of the **'MARBL Lithium Joint Venture'** for the future development of the Wodgina Project. The transaction resulted in MRL holding a 40% interest and Albemarle holding a 60% interest in the Wodgina Project. On the same date of the announcement, both MRL and Albemarle had decided given the challenging conditions of the current lithium market, to place the project under care and maintenance.

Ant Hill and Sunday Hill Projects

Ant Hill is a manganese ore tenement located in the East Pilbara, WA. The tenement area forms a prominent mesa or flat-topped hill that extends for 1.4 km with a width of 0.5 km.

In April 2008, Mesa Minerals Limited (**'Mesa'**) entered into a farm-in joint venture agreement with Auvex Resources Limited (**'Auvex'**) for the mining of manganese resources at Ant Hill and Sunday Hill, with an initial intention to export medium grade, high iron manganese metallurgical lump ore from Port Headland to markets in South East Asia.

In August 2011, MRL completed an acquisition of Auvex through a scheme of arrangement and as a result acquired its 50% interest in the joint venture. At the time, MRL also held a 64% interest in Mesa, resulting in MRL earning a controlling interest in the Projects. In November 2018, Mesa and Auvex entered into a sale and purchase agreement for the transfer of Mesa's 50% interest in the Projects to Auvex, resulting in MRL owning a 100% interest in the Projects through Auvex.

On 19 March 2020, MRL announced a JORC Code 2012 resource as at 31 December 2019 for the Ant Hill Project, of an estimated 3.1 million tonnes (**'Mt'**) at 24.7% Manganese (**'Mn'**), 23.7% iron (**'Fe'**) and 16.5% silicon dioxide (**'SiO_2'**) (using a 10% Mn cut-off grade). Of this resource, 2.8 Mt are indicated resources and 0.3 Mt are inferred resources. The resource estimate is based primarily on samples collected via reverse circulation (**'RC'**) drilling.

Sunday Hill is located north-west of Ant Hill and is also a remnant mesa formation that rises 20-30 metres above the surrounding plain and has moderate to gentle slopes. The geology of Sunday Hill is very similar to that of Ant Hill, however, less exploration work has been conducted on Sunday Hill since it was placed into care and maintenance in 2012.

The tenements for the Projects are currently subject to two separate applications for forfeiture by Black Range Mining Pty Ltd (**'Black Range Mining'**). Both applications are being defended by MRL. A date for the hearing of those applications has not yet been set. MRL will incur all costs and expenses associated with the applications for forfeiture. The Proposed Transaction will proceed notwithstanding the applications for forfeiture remain on foot.

7. Economic analysis

In the following section, we set out an analysis of the current economic context and outlook in Australia and consider the implications for RDG, the mining services industry and the mining industry.

The Australian economy and COVID-19 outbreak

The Australian economy grew at 2% over 2019. The Reserve Bank of Australia (**'RBA'**) had been predicting Gross Domestic Product (**'GDP'**) growth of around 2.75% over 2020 and around 3% by the end of 2021, based on low interest rates, lower exchange rates, a rise in mining investment, high levels of spending on infrastructure and an expected recovery in residential construction. However, as a result of the COVID-19 outbreak and the Australian bushfires, this momentum has been significantly disrupted. The RBA estimates that GDP growth will be half a percentage point lower in the March quarter due to the impact on tourism and education exports alone. The broader economy is likely to feel the impact in coming months, however, it is too early to predict the long-term effects.

COVID-19 is currently having a significant impact on the Australian economy and financial system, along with creating considerable volatility in financial markets. Equity prices have experienced large declines, and the yield on government bonds has fallen to historic lows.

The federal government announced a $17.6 billion stimulus package on 12 March 2020 to provide short-term support to the economy. On 19 March 2020, the RBA announced it would implement a number of measures including:

- Lowering the cash rate by a further 25 basis points to 0.25%, along with a commitment to maintain it at this level until progress is made towards full employment and it is confident that mid-term inflation will fall within the 2% to 3% target band;
- A target for the yield on 3-year Australian Government bonds of approximately 0.25%, which will be achieved through the purchases of Government bonds in the secondary market;
- A term funding facility for the banking system, with particular support for credit to small and medium-sized businesses, and a complementary program of support for the non-bank financial sector; and
- Exchange settlement balances at the RBA will be remunerated at 10 basis points, rather than zero, which will mitigate the cost to the banking system associated with the large increase in banks' settlement balances at the RBA as a result of the policy actions.

Once the COVID-19 is contained, the RBA expects the Australian economy to recover. In the interim, the RBA is focusing on reducing the economic and financial disruption and supporting jobs, incomes and businesses.

Source: www.rba.gov.au *Statement by Philip Lowe, Governor: Monetary Policy Decision* 19 *March 2020, Statement by Philip Lowe, Governor: Monetary Policy Decision 3 March 2020,* and *Statement on Monetary Policy February 2020.*

8. Industry analysis

RDG currently operates within the contract mining services industry in Australia. Following the Proposed Transaction, RDG will retain all existing contracts and continue to undertake those contracts whilst further developing the existing contracting business. However, following the Proposed Transaction, the Company will also be operating within the manganese mining industry in Australia.

Therefore, we have set out the key trends for these two industries in the following paragraphs.

8.1 Contract Mining Services in Australia

The contract mining services industry carries out the core stages of a mining operation as third parties on a fee or contract basis. Contract miners supply both machinery and skilled employees to undertake mineral and resource extraction activities at mine sites. The primary services these companies supply are surface and underground mining services, as well as oil and gas extraction.

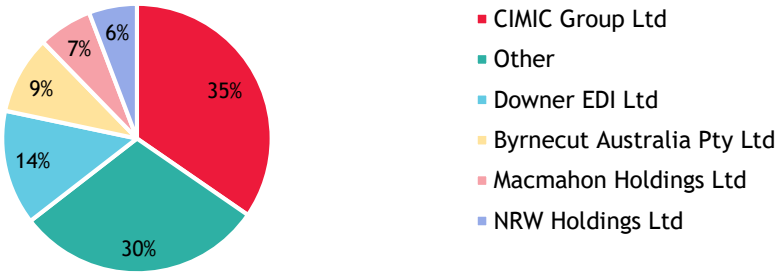
The major demand for the industry currently comes from black and brown coal, iron ore, copper and gold mining in Australia. Furthermore, the majority of supply comes in the form of mining and industrial machinery wholesaling, and transport equipment and large vehicle rental.

According to IBIS World, the Australian contract mining services industry is currently experiencing lower than expected growth due to reduced mine development activity. From 2015 to 2020, the industry has experienced negative annual growth of -7.5% following the extended downturn caused by the end of the mining boom. Following the collapse in iron ore, coal and crude oil prices in 2014-2015, mine expansion and new exploration projects were scaled back, resulting in mining companies moving their core functions back in-house, reducing the demand for contract mining services. Although commodity prices have picked up over the past five years, mining companies remain hesitant to engage in long-term mining contracts with third party providers.

Competitive landscape

The Australian contract mining service industry is currently dominated by five major players according to their share in industry revenue, with major and minor players accounting for 70% and 30% of the total market share respectively. The major player market share is illustrated below:

Australian Contract Mining Services Market Share



Source: IBIS World, December 2019 and BDO Analysis.

As shown above, the industry is characterised by a small number of large operators, with a moderate number of mid-size companies and many small operators. To provide value to mining companies, contract miners typically need to achieve significant economies of scale and scope. Major mining companies tend to favour large contract mining firms, as these firms have access to experienced staff, a larger workforce and extensive mining equipment. This results in a challenge for smaller industry operators with less diversified service offerings to earn contracts in the mining sector, which is already limited and subject to movements in the mining cycle.

Outlook

The recovery in capital expenditure on mining, the rebound of key export commodity prices, and the depreciation of the AUD, will likely cause an increase in activity in the industry over the period. The 11-year low AUD will likely boost Australia's international competitiveness as the price of key commodities

will appear cheap to foreign investors, thus increasing mine activity and demand for mining services. Stronger global economic growth is also anticipated to underpin rising demand for a range of minerals.

Over the next five years, the interaction between demand and supply is likely to be weighted towards greater demand and will likely increase demand for outsourced mining services. As such, annual growth is projected to be approximately 6.5% from 2020 to 2025, boosting industry revenue from $11.0 billion to $15.0 billion.

The industry is currently in the mature stage of its economic life cycle. As a result, IBIS World recognises that the industry faces low short and long-term growth. Additionally, public concern over environmental issues will likely continue to prevail which may cause setbacks and constrain industry revenue growth over the period. For example, concerns regarding the carbon emissions from the Carmichael coal mine in Queensland resulted in the project being delayed by over two years, and the scale of the project being reduced.

Source: IBIS World, December 2019.

8.2 Manganese

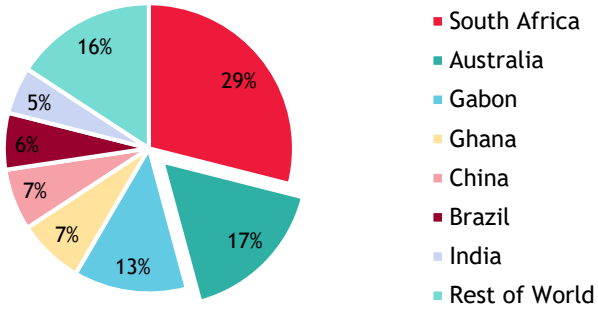
Manganese is a silvery-grey metal that is hard, brittle and paramagnetic. Manganese is alloyed in steel and aluminium and is used in batteries and fertiliser. Manganese ore is the raw material mined through open-cut mining methods and is used in iron smelting and steel manufacturing processes. Manganese has no satisfactory substitute in its major applications providing stable demand for the mineral. According to the Australian Critical Minerals Prospectus, Australia's geological potential for manganese has a rating of 'High', placing Australian miners in an optimal position in the production market if and when this potential is realised.

Manganese ore mining trends

The Australian manganese industry displays high capital intensity. For each dollar required for industry wages in 2018-19, approximately $1.31 will be invested in capital plant, equipment and vehicles. This capital intensity has increased due to capital investment rising and wages falling as a proportion of revenue and is forecast to continue over the next five years. The industry's high depreciation costs compared with wage costs highlights the significant capital inputs required to operate in the industry. Manganese production heavily relies on capital invested in earthmoving equipment and mineral processing facilities. Consequently, a high proportion of the industry's capital is tied up in land and heavy earthmoving equipment and crushing mills.

Since 2016, global manganese ore output has risen by about 30%, highlighting that the industry is experiencing the growth stage in the life cycle. Global manganese production is currently dominated by South Africa, Australia and China, responsible for producing 29%, 17% and 13% of the world's manganese respectively. According to the United States Geological Survey (**'USGS'**), total estimated global manganese ore mine production for 2019 was 19 million metric tonnes.

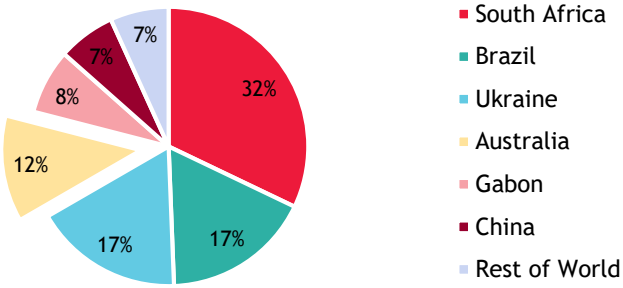
Global Manganese Production



Source: 2020 USGS and BDO analysis.

Australia is also well-placed in terms of global manganese ore reserves. As depicted below, USGS estimates that Australia accounts for approximately 12% of the world's magnesium ore reserves.

Global Manganese Reserves



Source: 2020 USGS and BDO analysis.

The Australian manganese industry is highly concentrated, with a small number of firms accounting for a large proportion of manganese output. South32's Groote Eylandt Mining Company in the Northern Territory currently provides the bulk of Australia's manganese output. IBIS World identifies that barriers to entry in this industry are high due to the large amount of capital required to establish a new industry operation.

Manganese prices

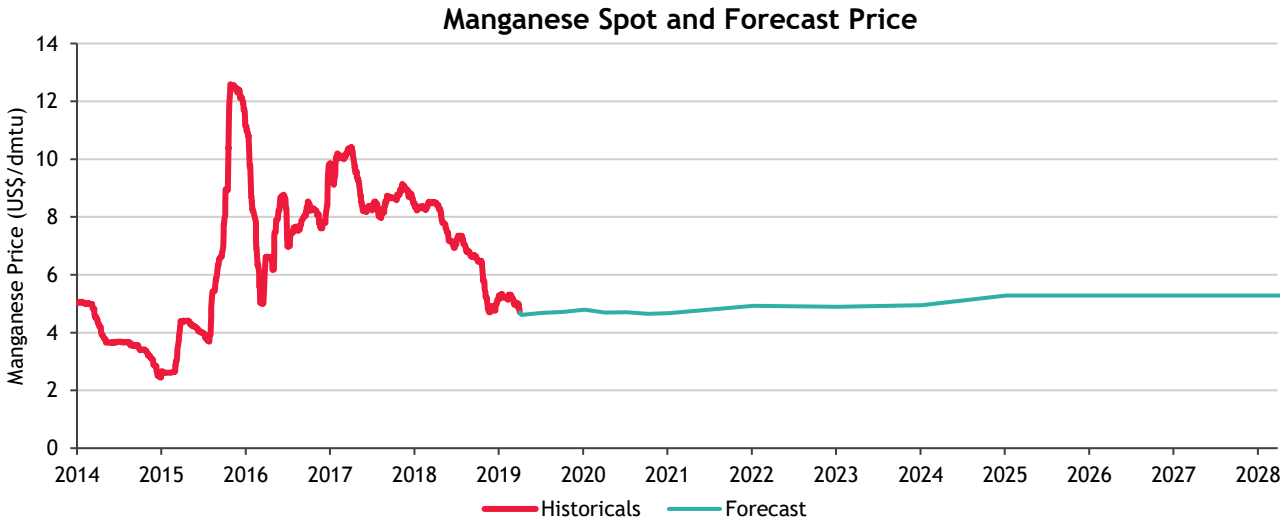
The world price of iron ore and steel acts as a proxy for manganese ore prices. Both iron ore and manganese are required to produce steel, therefore, a decrease in the world price of iron ore often correlates with a decrease in the price of manganese ore. Global prices and demand for steel greatly affect manganese demand, with the volume of Chinese steel output largely driving the manganese industry's performance. Manganese prices are quoted per dry metric tonne units (**'dmtu'**).

During 2014-15, lower manganese prices contributed to a fall in revenue, resulting in several mines being temporarily shut down causing industry volumes and revenue to decline further in 2015-16. This forced some companies to halt production as it was no longer economically feasible to continue operations until manganese prices recovered. As a result of the lower output, manganese prices jumped in late 2016, but normalised quickly after as companies recommenced operations and started exporting stockpiled ore.

Prices remained strong in 2017 before increasing in 2018 to a year-high of US$10.34/dmtu with the increased physical demand from China coupled with financial market speculation of the increased steel

demand from the large infrastructure spending program in the US. However, due to an oversupply in the market and elevated port stocks in China, prices began to decrease throughout 2019.

According to Consensus Economics, global manganese prices are forecast to remain at current low levels over the next five years with the uncertainty around the demand from Chinese steel producers stemming from the coronavirus outbreak. In the long term, the price of manganese is expected to increase marginally to US$5.28/dmtu from 2025-29. The manganese spot and forecast price below is based upon a benchmark ore of 44% manganese content, Cif, Tianjin, China.



Source: Bloomberg, Consensus Economics and BDO Analysis.

9. Valuation approach adopted

9.1 Overview

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings (**'FME'**)
- Discounted cash flow (**'DCF'**)
- Quoted market price basis (**'QMP'**)
- Net asset value (**'NAV'**)
- Market based assessment (such as resource multiples)

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

It is also possible for a combination of different methodologies to be used together to determine overall value, where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as a 'sum-of-parts' valuation (**'Sum-of-Parts'**).

The approach using the Sum-of-Parts involves separately valuing each asset and liability of the company. The value of each asset may be determined using different methods as described above.

The component parts are then valued together using the NAV methodology, which involves aggregating the estimated fair market value of each individual company's assets and liabilities.

9.2 Valuation of an RDG share prior to the Proposed Transaction

In our assessment of the value of an RDG share prior to the Proposed Transaction, we have chosen to employ the following methodologies:

- We have chosen the Sum-of-Parts methodology as our primary methodology, by aggregating the estimated fair market values of RDG's underlying assets and liabilities, having consideration for the following:
  - The value of 100% of the business of Centrals using the FME methodology;
  - The value of 80% of the business of MSA using the FME methodology; and
  - The value of other assets and liabilities held by RDG on a Company level.
- We have chosen the QMP methodology as our secondary methodology and as a cross-check to our Sum-of-Parts methodology.

We have chosen these methodologies for the following reasons:

- Centrals and MSA represent two separate business units within the RDG entity with different operations, therefore, we have elected to value them separately using an FME methodology;
- Centrals and MSA are long-standing businesses with some history of profitability, which means an FME valuation generally provides a good indication of value; and
- The QMP basis is a relevant methodology to consider because RDG shares are listed on the ASX, therefore reflecting the value that a Shareholder will receive for a share sold on the market. This means that there is a regulated and observable market where RDG shares can be traded. However, in order for the QMP to be considered appropriate, the Company's shares should be liquid and the market should be fully informed on the Company's activities.

9.3 Valuation of an RDG share following the Proposed Transaction

In our assessment of the value of an RDG share following the Proposed Transaction, we have chosen to employ the following methodologies:

- We have chosen the Sum-of-Parts methodology as our primary methodology, by aggregating the estimated fair market values of RDG's underlying assets and liabilities, having consideration for the following:
  - The value of 100% of the business of Centrals using the FME methodology;
  - The value of 80% of the business of MSA using the FME methodology;
  - The value of RDG's 100% interest in the Ant Hill Project, applying the DCF methodology;
  - The value of RDG's 100% interest in the Sunday Hill Project, having reliance on the valuation carried out by an independent technical expert; and
  - The value of other assets and liabilities held by RDG on a Company level.

We have chosen these methodologies for the following reasons:

- RDG has advised that Centrals and MSA will continue to operate following the Proposed Transaction, therefore, the valuation of both entities using the FME methodology should be retained in the Sum-of-Parts;
- The Ant Hill Project has an established level of resources and a financial model with varying future cash flows over a finite life of mine, rendering it suitable for a DCF valuation; and
- The Sunday Hill Project is not as advanced as the Ant Hill Project and is therefore more suitably valued using alternative valuation methodologies (including comparable transactions, yardstick approach and the geoscientific factor method) by an independent technical expert as contained in the Report in Appendix 6.

We note in Section 6.3 that the tenements for the Projects are currently subject to separate applications for forfeiture by Black Range Mining. For the purposes of our valuation assessment, we have assumed that the applications are unsuccessful.

Project funding

Pursuant to RG 111.15, an independent expert is required to assess the funding requirements for a company that is not in financial distress when considering its value, especially when using the DCF methodology. Furthermore, ASIC's Information Sheet 214 states that in arriving at the fair value of the Company's securities, the expert takes into account the funding required, such as considering the increase in the number of shares on issue.

We note that funding for the construction and development of the Projects will be provided by MRL through the MRL Loan. We have considered the terms of the Loan Agreement, the current cash balance of RDG, and have compared the size of the MRL Loan facility to the estimated costs of construction, development and production for the Projects under our DCF methodology. Based on our assessment, we consider that RDG will not be required to raise additional funds, through debt or equity, for the development of the Projects.

Technical Expert

In performing our valuation of the Ant Hill Project using the DCF methodology, we have relied on the Independent Technical Assessment and Valuation Report prepared by Valuation and Resource Management Pty Ltd (**'VRM'**) including VRM's review of the technical project assumptions contained in the Ant Hill cash flow model prepared by MRL (**'the Model'**). Additionally, we have relied on VRM's valuation of the Sunday Hill Project, which is included in the Independent Technical Assessment and Valuation Report.

We are satisfied with the valuation methodologies adopted by VRM, which we believe are in accordance with industry practices and compliant with the requirements of the Valmin Code. The specific valuation methodologies used by VRM are referred to in the respective sections of our Report and in further detail in the Independent Technical Assessment and Valuation Report contained in Appendix 6.

9.4 The Grant of Security

Under the Grant of Security, we have assessed how the value of the proceeds of the sale of the secured assets would be provided to MRL to secure the repayment of monies owed under the security provided by RDG, in the event of a breach or default, compares to the value of the liabilities that would be settled.

The value of the financial benefit to be provided by RDG to MRL is the value of the sale of secured assets that would be provided as settlement of amounts payable to MRL in the event of a breach or default (**'Security Provided'**).

The value of the consideration provided to RDG under the MRL Loan is the amounts payable to MRL that would be settled by the sale of secured assets (**'Liabilities Settled'**).

The Grant of Security is fair if the value of the Security Provided to MRL is equal to or less than the value of Liabilities Settled by this security in the event of breach or default.

10. Valuation of an RDG share prior to the Proposed Transaction

10.1 Sum-of-Parts value of RDG

Our Sum-of-Parts valuation of RDG prior to the Proposed Transaction comprises the following:

- The value of 100% of the business of Centrals using the FME methodology;
- The value of 80% of the business of MSA using the FME methodology; and
- The value of other assets and liabilities held by RDG on a Company level.

When performing an FME valuation we must determine what the future maintainable earnings of RDG are and then determine an appropriate capitalisation multiple to apply to these earnings.

In the case of RDG, we have elected to assess the FME value of Centrals and MSA separately on the basis that they represent two different business units within the Company. Company-level corporate and administrative costs have been included in the FME valuation of Centrals on the basis that Centrals is the primary operating entity of the Company.

In calculating future maintainable earnings, the figure selected should represent what is currently sustainable. Any anticipated growth in earnings is accounted for via the capitalisation rate. In determining the sustainable level of future maintainable earnings, we have reviewed the historical financial information of Centrals and MSA for HY20, FY19, FY18, and FY17 (see Section 5.6).

For each period, we have made adjustments to the EBITDA for the following items:

- Non-recurring or one-off items such as profit on sale of assets;
- Non-operating revenues and expenses;
- Unrecorded items; and
- Abnormal or non-commercial transactions.

10.1.1. FME value of Centrals

10.1.1.1. Calculating Future Maintainable Earnings

The objective of normalising earnings is to determine the underlying profitability expected to be maintained by Centrals. Our adjustments were identified from a review of the detailed financial statements and those provided by the management of RDG.

Our normalisation adjustments are set out below:

Centrals Normalisation of EBITDA	Note	HY20 $	FY19 $	FY18 $	FY17 $
Unadjusted EBITDA		653,452	1,413,263	453,922	(678,008)
Normalisation adjustments					
Other income	*a)*	*-*	*(17,067)*	*(56,969)*	*(274,432)*
Profit/(loss) on sale of assets	*b)*	*3,636*	*(3,919)*	*65,468*	*(153,685)*
Accounting fees	*c)*	*-*	*-*	*-*	*96,809*
Rental expenses (AASB 16 adjustment)	*d)*	*-*	*409,861*	*405,010*	*616,695*
Impairment charge	*e)*	*-*	*1,687,969*	*-*	*263,402*
Adjusted EBITDA		**657,088**	**3,490,107**	**867,431**	**(129,219)**
Adjusted EBITDA (annualised)		**1,314,176**	**3,490,107**	**867,431**	**(129,219)**

Source: BDO analysis.

The following normalisation adjustments were made to the EBITDA of Centrals:

Note a) Other income

Other income over the course of the assessed periods were primarily one-off, non-recurring items such as settlement proceeds and forgiven loans. Therefore, we have elected to make a normalisation adjustment to earnings for the historical other income earned over the assessed periods.

Our initial adjustments are outlined below:

Other income	HY20 $	FY19 $	FY18 $	FY17 $
Deduct other income	-	(17,067)	(56,969)	(274,432)
Net normalisation adjustment to earnings	**-**	**(17,067)**	**(56,969)**	**(274,432)**

Source: BDO analysis.

Note b) Profit/(loss) on sale of assets

Over the course of the assessed periods, Centrals has received certain profits and losses in relation to its sale of assets which are not part of the operations of the business. Furthermore, these profits or losses vary significantly from year to year, making it hard to forecast the level of profits or losses received in future periods.

Therefore, we have elected to make a normalisation adjustment to earnings for the historical profit/(loss) made on the sale of assets, on the basis these costs are non-operational and not considered to occur on a maintainable basis.

Our initial adjustments are outlined below:

Profit/(loss) on sale of assets	HY20 $	FY19 $	FY18 $	FY17 $
Add back of losses, deduct gains on sale of assets	3,636	(3,919)	65,468	(153,685)
Net normalisation adjustment to earnings	**3,636**	**(3,919)**	**65,468**	**(153,685)**

Source: BDO analysis.

Note c) Accounting fees

Other expenses as a proportion of revenue in Centrals have remained generally consistent over the assessed periods, ranging from 5% to 8% of revenue each period, except for FY17, where other expenses as a proportion of revenue was approximately 25%. A significant factor contributing to the high expenses incurred in FY17, was accounting fees of $0.23 million within the period due to certain one-off expenses relating to professional fees of $0.03 million for an R&D incentive and professional fees of $0.06 million for a due diligence relating to a potential acquisition. Management has advised that the remaining expenses related to ordinary course of business items.

Therefore, we have elected to make a normalisation adjustment to earnings of $0.10 million on the basis that this represents a one-off accounting expense.

Our initial adjustments are outlined below:

Other expenses	HY20	FY19	FY18	FY17
	$	$	$	$
Add professional fees for R&D incentive	-	-	-	32,809
Add professional fees for due diligence relating to potential acquisition	-	-	-	64,000
Net normalisation adjustment to earnings	**-**	**-**	**-**	**96,809**

Source: BDO analysis.

Note d) Rental expenses (AASB 16 adjustment)

Our FME valuation will be assessed on a basis that accounts for the changes to the accounting standards under AASB 16 Leases. As part of the new accounting standard, companies will no longer recognise rental expenses on leases that are reclassified as right-of-use assets. Any payments or expenses in relation to the company's leases are instead incurred as a depreciation expense of the right-of-use asset, which is not considered in the company's EBITDA. In other words, AASB 16 will usually result in a net increase of the stated EBITDA earnings of a company.

Therefore, we have elected to make a normalisation adjustment to earnings for the historical rental expenses incurred from FY17 to FY19. We note that the earnings of HY20 already reflects the new accounting treatment of leases under AASB 16 and we have therefore not made an adjustment to that period. We have assumed that all historical rental expenses relate to lease liabilities which are deemed relevant to AASB 16. This adjustment is required to ensure that we are consistent with the dataset utilised in determining the earnings multiple which is post the implementation of the new standard.

Our initial adjustments are outlined below:

Other expenses	HY20	FY19	FY18	FY17
	$	$	$	$
Add back rental expenses (AASB 16 adjustment)	-	409,861	405,010	616,695
Net normalisation adjustment to earnings	**-**	**409,861**	**405,010**	**616,695**

Source: BDO analysis.

Note e) Impairment charge

An impairment charge of $1.69 million was incurred in FY19, in relation to the impairment of goodwill on the acquisition of MSA in August 2018. In FY17, an impairment charge of $0.26 million was incurred in

relation to the impairment of a loan and investment in a joint venture with a related party which has since been terminated.

We have elected to make a normalisation adjustment to earnings for the historical impairment charges incurred in FY19 and FY17, on the basis that these are one-off, abnormal expenses.

Our normalisation adjustments are outlined below:

Impairment charge	HY20	FY19	FY18	FY17
	$	$	$	$
Add impairment charge	-	1,687,969	-	263,402
Net normalisation adjustment to earnings	**-**	**1,687,969**	**-**	**263,402**

Source: BDO analysis.

Conclusion on normalised EBITDA

Based on the unadjusted EBITDA and the adjustments set out above we note that the normalised EBITDA for the business of Centrals is as set out below.

Centrals	HY20	FY19	FY18	FY17
Normalisation of EBITDA	$	$	$	$
Adjusted EBITDA (annualised)	**1,314,176**	**3,490,107**	**867,431**	**(129,219)**

Source: BDO analysis.

Over the assessed periods, the normalised EBITDA exhibited a mean of $1.39 million and a median of $1.09 million.

Forecasted EBITDA from FY20 budget

Management has provided us with a budget for FY20 for the business of Centrals and MSA, which contains a forecasted EBITDA for FY20. However, we compared the actual performance of HY20 to the budgeted performance of FY20 and noted a significant variance in the expected revenue, gross profit and EBITDA. Management has advised that the budget has not been revised in consideration for the actual performance in HY20.

Therefore, we have elected not to place reliance on the forecast EBITDA of the FY20 budget, on the basis that the budget is unlikely to be met.

Other considerations

The normalised EBITDA as above provides a starting point for determining our estimated FME. We have also considered the following:

- Cyclical nature of the mining cycle: Given that a significant proportion of Centrals' client base are in the resources sector, the business is exposed to the cyclical fluctuations in the performance of the sector. In general terms, Centrals' lower earnings in FY17 and FY18 to some extent reflects the slowdown in the mining sector that occurred in FY16 and as such are not representative of earnings in the future. The cyclical nature of the mining sector is illustrated by the S&P/ASX 300 Resources Index over the last five years as set out below:

Source: Bloomberg.

- Contractual nature of Centrals' operations: Centrals' earnings are dependent on the business' ability to win contracts for projects in the mining sector. As briefly highlighted in Section 8.1 of our Report, the general trend in the mining services sector has shown that tenders for larger projects have favoured larger contract mining companies. This trend has been reaffirmed by RDG in its FY19 annual report and HY20 half year report.

Conclusion

In consideration for the factors above, and the historical adjusted EBITDA of Centrals, our assessment of the FME for the business is in the range from $1.2 million to $1.7 million.

10.1.1.2. Calculation and Application of an Earnings Multiple

The next step in applying the FME method is to determine an appropriate multiple to apply to our assessed future maintainable 'earnings. Inherently, the multiple should reflect the risks and likely growth associated with a business.

To determine an appropriate multiple, we have analysed:

- Earnings multiples of publicly traded comparable companies ('**Trading Multiples**'); and
- Multiples implied from comparable transactions ('**Transaction Multiples**').

Trading Multiples

We have considered multiples derived from the most comparable companies for which information is publicly available, adjusted to take account of the various ways in which the most comparable companies are different to RDG.

A total of 12 comparable publicly listed companies were identified based on our search criteria and available information. Summary descriptions and brief financial data for these identified 'most comparable companies' are set out in Appendix 3.

The table below sets out the Trading Multiples of the comparable companies to RDG.

Company Name	Market capitalisation as at 20-Mar-20 ($m)	Enterprise value as at 20-Mar-20 ($m)	Revenue for the year ended 31-Dec-19 ($m)	Historical EBITDA for the year ended 31-Dec-19 ($m)	Historical EBITDA multiple
Resource Development Group Limited (not included in analysis)	*8.85*	*2.7*	*30.0*	*2.3*	*1.2*
Perenti Global Limited	463.31	1,092.8	2,020.8	408.6	2.7
Lycopodium Limited	168.86	67.4	187.8	11.0	6.1
Civmec Limited	148.42	267.4	319.7	22.8	11.7*
MACA Limited	140.70	221.1	705.2	80.4	2.7
SRG Global Limited	102.53	132.8	513.0	19.8	6.7
Decmil Group Limited	98.10	19.1	663.3	24.1	0.8*
Austin Engineering Limited	72.38	77.4	212.1	10.3	7.5
Mitchell Services Limited	59.77	101.2	129.9	22.2	4.6
Mastermyne Group Limited	57.28	61.1	253.3	21.8	2.8
AJ Lucas Group Limited	55.03	149.7	144.8	22.1	6.8
Swick Mining Services Limited	39.64	58.7	148.9	18.6	3.2
Primero Group Limited	26.61	32.0	195.8	10.8	3.0
Mean	**119.4**	**190.1**	**457.9**	**56.0**	**4.9**
Median	**85.2**	**89.3**	**232.7**	**22.0**	**3.9**
Mean (excluding outliers*)	**118.6**	**199.4**	**451.2**	**62.6**	**4.6**
Median (excluding outliers*)	**66.1**	**89.3**	**203.9**	**20.8**	**3.9**

**EBITDA multiples of Civmec Limited and Decmil Group Limited are considered to be outliers.*

Source: Capital IQ and BDO analysis

The EBITDA multiples included in the table above have been assessed as at 20 March 2020 using the EBITDA for the latest available historical year as at that date, generally year ended 31 December 2019. We have verified that all reported data above conforms with the new accounting standard, AASB 16.

The data contains a low of 0.8 times and a high of 11.7 times, which we consider outliers. Excluding the outliers, the EBITDA multiples range from a low of 2.7 times to a high of 7.5 times, with a mean of 4.6 times and a median of 3.9 times.

Based on the above, our observed range of EBITDA multiples for comparable listed companies is 4.0 times to 4.5 times.

Multiple Adopted

In order to arrive at our EBTDA multiple range, we have adjusted the observed trading multiple range in order to account for the following factors:

Discount for small size and market share

Smaller companies are generally valued at a discount to comparable larger companies. Larger companies generally have less risk due to the diversification of risk in the various operations of their business, whereas smaller companies are less diversified with a higher concentration of business risk. RDG has a

relatively small market capitalisation as compared to the comparable companies above. Accordingly, we have discounted the multiple to reflect an applicable level of risk associated with small companies.

Key client risk

As outlined in Section 5.2.1, a small number of key clients account for a large proportion of Centrals' revenue and earnings. As such, substantial reliance on its key clients presents a risk for Centrals over the near future. This is in comparison to a majority of the comparable companies in our analysis, which operate on a larger scale with a larger and more diverse client base.

Control

We note that the comparable companies earnings multiple data is based on the market capitalisations of the comparable companies which in turn are determined by the market price of shares which are minority prices. Our valuation of Centrals is on a control basis so it is necessary for us to apply a control premium to our assessed earnings multiples.

Effects of COVID-19

We note that the COVID-19 outbreak resulted in significant declines on Australian share market, resulting in a corresponding decrease in the market capitalisations of listed companies on the ASX. We note that when BDO undertook the above analysis as at 5 March 2020, our assessed trading multiple ranged from 5.5 times to 6.5 times using the same list of comparable companies. While the lower range of multiples reflect the current conditions of the market, we do not consider these multiples to necessarily apply to the business of Centrals in the longer term. Therefore, we have elected to apply a smaller discount than we usually would to our assessed Trading Multiples.

Conclusion

Based on the factors above, we have elected to apply a discount factor of 15% to 20% on our assessed EBITDA multiple range, which results in an adjusted EBITDA multiple ranging from 3.2 times to 3.8 times to apply to the future maintainable earnings of Centrals.

	Low	High
Assessed EBITDA multiple	4.0x	4.5x
Discount factor	20%	15%
Adjusted EBITDA multiple	**3.2x**	**3.8x**

Source: Bloomberg, Capital IQ and BDO analysis.

Transaction Multiples as a crosscheck

Another source of comparative information to assist in determining the appropriate multiple is to consider the multiple implied by publicly available information on actual market transactions. We searched for appropriate transactions based on:

- Recent arm's length transactions;
- Similar business activities, exposure to similar end user market; and
- Those facing similar risks to their ongoing business operations.

A total of six transactions were identified based on our search criteria and available information. We have analysed transactions where the target is located in Australia. Summary descriptions and brief financial data for the transactions are set out in Appendix 4.

The table below sets out the average transaction multiple implied by the identified comparable transactions.

Completion Date	Target	Acquirer	Deal Value (A$m)	Most recent pre transaction EBITDA (A$m)	Implied EBITDA Multiple (x)
29-Jan-20	Pit N Portal Equipment Hire Pty Limited	Emeco Holdings Limited	72.0	20.0	3.6x
09-Dec-19	BGC Contracting Pty Limited	NRW Holdings Limited	310.0	84.0	3.7x
30-Aug-19	Wilson Mining Services Pty Limited	Mastermyne Group Limited	7.6	2.0	3.8x
02-Aug-19	GF Holdings (WA) Pty Ltd (GBF)	Macmahon Holdings Limited	48.0	20.0	2.4x
31-Oct-18	Barminco Holdings Pty Limited	Ausdrill Limited	720.0	167.3	4.3x
21-Dec-16	UGL Pty Limited	CIMIC Group Investments No.2 Pty Limited	525.0	89.4	5.9x
				Mean	**3.9x**
				Median	**3.7x**

Source: Merger Market, S&P Capital IQ and BDO analysis.

From the transactions above, the implied EBITDA multiple ranges from 2.4 times to 5.9 times, with an average of 3.9 times and a median of 3.7 times. We note that Transaction Multiples identified above already include a premium for control.

On the basis of the foregoing, we consider that the EBITDA multiples arising from the observed transactions are broadly supportive of the multiple range derived from the Trading Multiples of comparable companies.

10.1.1.3. Enterprise value of Centrals on a controlling interest basis

Our assessment is based on applying our assessed multiple range to our assessed range for the future maintainable earnings of the business of Centrals.

Our assessed valuation of the enterprise value of Centrals based on the FME methodology is thus in the range from $3.8 million to $6.5 million as summarised in the table below.

	Low	High
	$m	$m
Future maintainable earnings	1.2	1.7
Adjusted EBITDA multiple	3.2x	3.8x
Enterprise value of Centrals (controlling interest)	**3.8**	**6.5**

Source: BDO analysis.

10.1.2. FME value of MSA

10.1.2.1. Calculating Future Maintainable Earnings

Likewise to the above, the objective of normalising earnings is to determine the underlying profitability expected to be maintained by MSA. Our adjustments were identified from a review of the detailed financial statements and those provided by the management of RDG.

Our normalisation adjustments are set out below:

MSA Normalisation of EBITDA	Note	HY20 $	FY19 $	FY18 $	FY17 $
Unadjusted EBITDA		2,735,496	383,834	514,948	4,243,016
Normalisation adjustments					
Other income	*a)*	*-*	*(49,585)*	*(64,929)*	*(1,596)*
Profit/(loss) on sale of assets	*b)*	*(1,537,982)*	*-*	*-*	*(175,000)*
Rental expenses (AASB 16 adjustment)	*c)*	*-*	*82,180*	*75,475*	*103,083*
Adjusted EBITDA		**1,197,514**	**416,429**	**525,494**	**4,169,503**
Adjusted EBITDA (annualised)		**2,395,028**	**416,429**	**525,494**	**4,169,503**

Source: BDO analysis.

The following normalisation adjustments were made to the EBITDA of MSA:

Note a) Other income

Other income over the course of the assessed periods were primarily one-off, non-recurring items such as fuel tax credits and other miscellaneous income. Therefore, we have elected to make a normalisation adjustment to earnings for the historical other income earned over the assessed periods.

Our initial adjustments are outlined below:

Other income	HY20 $	FY19 $	FY18 $	FY17 $
Deduct other income	-	(49,585)	(64,929)	(1,596)
Net normalisation adjustment to earnings	**-**	**(49,585)**	**(64,929)**	**(1,596)**

Source: BDO analysis.

Note b) Profit/(loss) on sale of assets

Over the course of the assessed periods, MSA has received certain profits and losses in relation to its sale of assets which are not part of the operations of the business. HY20 in particular recorded a high level of profit of $1.54 million due to the Company's decision to sell down MSA equipment to reduce debt.

These profits or losses vary significantly from year to year, making it hard to forecast the level of profits or losses received in future periods.

Therefore, we have elected to make a normalisation adjustment to earnings for the historical profit/(loss) made on the sale of assets, on the basis these costs are non-operational and not considered to occur on a maintainable basis.

Our initial adjustments are outlined below:

Profit/(loss) on sale of assets	HY20 $	FY19 $	FY18 $	FY17 $
Add back of losses, deduct gains on sale of assets	(1,537,982)	-	-	(175,000)
Net normalisation adjustment to earnings	**(1,537,982)**	**-**	**-**	**(175,000)**

Source: BDO analysis.

Note d) Rental expenses (AASB 16 adjustment)

Our FME valuation will be assessed on a basis that accounts for the changes to the accounting standards under AASB 16. As part of the new accounting standard, companies will no longer recognise rental expenses on leases that are reclassified as right-of-use assets. Any payments or expenses in relation to the company's leases are instead incurred as a depreciation expense of the right-of-use asset, which is not considered in the company's EBITDA. In other words, AASB 16 will usually result in a net increase of the stated EBITDA earnings of a company.

Therefore, we have elected to make a normalisation adjustment to earnings for the historical rental expenses incurred from FY17 to FY19. We note that the earnings of HY20 already reflects the new accounting treatment of leases under AASB 16 and have therefore not made an adjustment to that period. We have assumed that all historical rental expenses relate to lease liabilities which are deemed relevant to AASB 16. This adjustment is required to ensure that we are consistent with the dataset utilised in determining the earnings multiple which is post the implementation of the new standard.

Our initial adjustments are outlined below:

Other expenses	HY20	FY19	FY18	FY17
	$	$	$	$
Add back rental expenses (AASB 16 adjustment)	-	82,180	75,475	103,083
Net normalisation adjustment to earnings	**-**	**82,180**	**75,475**	**103,083**

Source: BDO analysis.

Conclusion on future maintainable earnings

Based on the unadjusted EBITDA and the adjustments set out above we note that the normalised EBITDA for the business of MSA is as set out below.

MSA	HY20	FY19	FY18	FY17
Normalisation of EBITDA	$	$	$	$
Adjusted EBITDA (annualised)	**2,395,028**	**416,429**	**525,494**	**4,169,503**

Source: BDO analysis.

Over the assessed periods, the normalised EBITDA exhibited a mean of $1.88 million and a median of $1.46 million. We have weighted our analysis to the earnings of FY19 and HY20, on the basis that this represents the financial performance of MSA under RDG Management, since the acquisition in August 2018. In consideration for this and the normalised historical EBITDA of MSA, our assessment of the FME for the business is in the range from $1.0 million to $1.5 million.

10.1.2.2. Calculation and Application of an Earnings Multiple

Given that MSA also operates within the contract mining services sector, and carries a similar exposure to the business of Centrals, we consider it reasonable to adopt the same range of EBITDA multiples derived from the same comparable companies as outlined Section 10.1.1.2.

Therefore, we have applied an EBITDA multiple ranging from 3.2 times to 3.8 times to our assessed FME of MSA.

10.1.2.3. Enterprise value of MSA on a controlling interest basis

Our assessment is based on applying our assessed multiple range to our assessed range for the future maintainable earnings of the business of MSA.

Our assessment of the enterprise value of 80% of MSA (on a pro-rata basis) based on the FME methodology is thus in the range from $2.6 million to $4.6 million as summarised in the table below.

	Low	High
	$m	$m
Future maintainable earnings	1.0	1.5
Adjusted EBITDA multiple	3.2x	3.8x
Enterprise value of MSA (controlling interest)	**3.2**	**5.7**
80% of enterprise value of MSA (controlling interest)	**2.6**	**4.6**

Source: BDO analysis.

10.1.3. Enterprise value of RDG on a controlling interest basis

The enterprise value of the businesses of Centrals and MSA attributable to the Shareholders of RDG is outlined in the table below:

	Ref	Low	High
		$m	$m
Enterprise value of Centrals (controlling interest)	10.1.1.3	3.8	6.5
80% of enterprise value of MSA (controlling interest)	10.1.2.3	2.6	4.6
Total enterprise value attributable to Shareholders (controlling interest)		**6.4**	**11.1**

Source: BDO analysis

10.1.4. Equity value of RDG

Our analysis has assessed the enterprise value of RDG. There are two steps to convert this to an equity value:

- Adding cash and deducting net business debt; and
- Adding assets and deducting liabilities in the business which are surplus to the operations of the business.

As RDG currently owns 80% of MSA, we have restated the statement of financial position of RDG as at 31 December 2019 to show the net asset position of Centrals and MSA separately, in order to attribute 80% of MSA's assets and liabilities to our valuation assessment.

Assets and liabilities held by the parent entity are included in the balance sheet of Centrals on the basis that Centrals is the primary operating entity of the Company.

Statement of Financial Position	Centrals Reviewed as at 31-Dec-19 $	MSA Reviewed as at 31-Dec-19 $	RDG Group Reviewed as at 31-Dec-19 $
CURRENT ASSETS			
Cash and cash equivalents	10,125,405	259,567	10,384,972
Trade and other receivables	4,365,453	1,587,555	5,953,008
Inventories	536,638	-	536,638
TOTAL CURRENT ASSETS	**15,027,496**	**1,847,122**	**16,874,618**
NON-CURRENT ASSETS			
Property, plant and equipment	5,302,404	4,939,162	10,241,566
Right-of-Use asset	-	82,719	82,719
Deferred tax assets	232,591	81,025	313,616
TOTAL NON-CURRENT ASSETS	**5,534,995**	**5,102,906**	**10,637,901**
TOTAL ASSETS	**20,562,491**	**6,950,028**	**27,512,519**
CURRENT LIABILITIES			
Trade and other payables	3,679,811	693,581	4,373,392
Borrowings	107,270	1,846,653	1,953,923
Lease liabilities	-	54,395	54,395
Current tax liabilities	234,017	(27,772)	206,245
Provisions	536,440	64,931	601,371
TOTAL CURRENT LIABILITIES	**4,557,538**	**2,631,788**	**7,189,326**
NON-CURRENT LIABILITIES			
Borrowings	473,821	1,745,906	2,219,727
Lease liabilities	-	28,594	28,594
Provisions	3,532	-	3,532
Deferred tax liabilities	788,531	80,646	869,177
TOTAL NON-CURRENT LIABILITIES	**1,265,884**	**1,855,146**	**3,121,030**
TOTAL LIABILITIES	**5,823,422**	**4,486,934**	**10,310,356**
NET ASSETS	**14,739,069**	**2,463,094**	**17,202,163**

Source: Consolidation workbook provided by Management.

We have adjusted the enterprise value by adding cash and deducting net business debt, and adding the value of any surplus assets and liabilities to derive the equity value of RDG. We note that we have only assessed 80% of the assets and liabilities of MSA, on the basis that this represents the assets and liabilities attributable to RDG Shareholders.

Our derivation of 80% of the assets and liabilities was completed on a pro-rata basis and is outlined below:

Item	Balance $m
Cash and cash equivalents of MSA	
Cash and cash equivalents	259,567
80% of cash and cash equivalents of MSA	**207,654**
Net business debt of MSA	
Current borrowings	1,846,653
Non-current borrowings	1,745,906
Current lease liabilities	54,395
Non-current lease liabilities	28,594
Total business debt	**3,675,548**
80% of net business debt of MSA	**2,940,438**

Source: BDO analysis.

Our assessment of net business debt also includes the lease liabilities of the Company recognised under AASB 16, on the basis that we had also adjusted our earnings to be in line with the new accounting standard. Furthermore, our assessed EBITDA multiples are also calculated using AASB 16.

In addition, we consider the deferred tax assets, current tax liabilities and deferred tax liabilities to be non-operational in nature and have therefore included these as surplus assets and liabilities. Similar to the above, we have only considered 80% of the tax assets and liabilities of MSA in our assessment as outlined below:

Item	Balance $m
Deferred tax assets of MSA	
Deferred tax assets	81,025
80% of deferred tax assets of MSA	**64,820**
Tax liabilities of MSA	
Current tax liabilities	(27,772)
Deferred tax liabilities	80,646
Total tax liabilities	**52,874**
80% of tax liabilities of MSA	**42,299**

Source: BDO analysis.

We also note that the BML Loan receivable by RDG of $1.6 million (inclusive of accrued interest) (see Section 5.4) represents a surplus asset to the business of RDG and have therefore added this back in our assessment of equity value.

The results of our valuation are summarised below:

	Ref	Low $m	High $m
Total enterprise value attributable to Shareholders (controlling interest)	**10.1.3**	**6.4**	**11.1**
Cash, net business debt and surplus assets and liabilities			
Add: Cash and cash equivalents of Centrals		10.1	10.1
Add: 80% of cash and cash equivalents of MSA		0.2	0.2
Deduct: Net business debt of Centrals		(0.6)	(0.6)
Deduct: 80% of net business debt of MSA		(2.9)	(2.9)
Add: Deferred tax assets of Centrals		0.2	0.2
Add: 80% of deferred tax assets of MSA		0.1	0.1
Deduct: Tax liabilities of Centrals		(1.0)	(1.0)
Deduct: 80% of tax liabilities of MSA		(0.0)*	(0.0)*
Add: BML Loan receivable	5.4	1.6	1.6
Value of other assets and liabilities		**7.7**	**7.7**
Equity value of RDG (controlling interest)		**14.1**	**18.8**

**Rounded to nearest 1 decimal place.*

Source: BDO analysis.

In our opinion, the equity value of RDG on a 100% controlling interest basis is in the range from $14.1 million to $18.8 million.

Our assessment of the corresponding value of an RDG share prior to the Proposed Transaction is outlined in the table below:

	Low $m	High $m
Equity value of RDG (controlling interest)	**14.1**	**18.8**
Total number of RDG shares on issue	632,029,067	632,029,067
Value per RDG share ($)	**0.022**	**0.030**

Source: BDO analysis.

We have based the total number of RDG shares on issue based on the current capital structure of the Company, excluding the intended issue of the 500,000 shares to an employee under the Company's long term incentive plan (outlined in Section 5.7 of our Report). This is on the basis that the shares have yet to be issued.

Based on the above, we consider the value per RDG share to range from $0.022 to $0.030 with a midpoint value of $0.026.

10.2 Quoted Market Prices for RDG Securities

To provide a comparison to the valuation of RDG in Section 10.1, we have also assessed the quoted market price for an RDG share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

RG 111.11 suggests that when considering the value of a company's shares for the purposes of approval under Item 7 of s611 the expert should consider a premium for control. An acquirer could be expected to pay a premium for control due to the advantages they will receive should they obtain 100% control of another company. These advantages include the following:

- control over decision making and strategic direction;
- access to underlying cash flows;
- control over dividend policies; and
- access to potential tax losses.

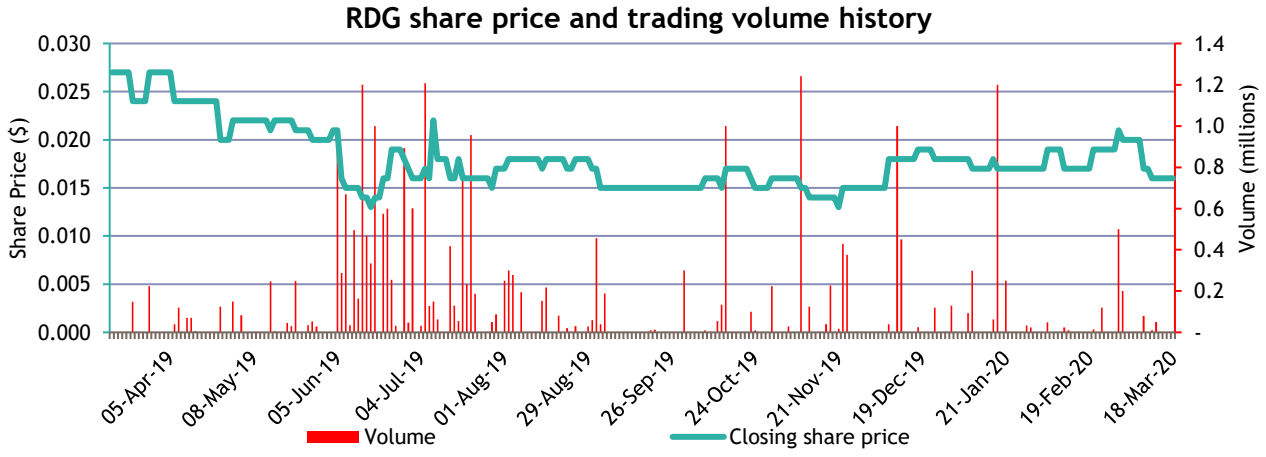
Whilst MRL will not be obtaining 100% of RDG, RG 111 states that the expert should calculate the value of a target's shares as if 100% control were being obtained. The expert can then consider an acquirer's practical level of control when considering reasonableness. Reasonableness has been considered in Section 13 of our Report.

Therefore, our calculation of the quoted market price of an RDG share including a premium for control has been prepared in two parts. The first part is to calculate the quoted market price on a minority interest basis. The second part is to add a premium for control to the minority interest value to arrive at a quoted market price value that includes a premium for control.

Minority interest value

Our analysis of the quoted market price of an RDG share is based on the pricing prior to the announcement of the Proposed Transaction. This is because the value of an RDG share after the announcement may include the effects of any change in value as a result of the Proposed Transaction. However, we have considered the value of an RDG share following the announcement when we have considered reasonableness in Section 13.

Information on the Proposed Transaction was announced to the market on 19 March 2020. Therefore, the following chart provides a summary of the share price movement over the 12 months to 18 March 2020 which was the last trading day prior to the announcement.



Source: Bloomberg.

The daily price of RDG shares over the 12 months to 18 March 2020 has ranged from a low of $0.013 on 18 June 2019 and 21 November 2019, to a high of $0.027 on several dates throughout March and April 2019. The Company's share price entered a gradual downswing in mid-April 2019 to June 2019, falling from $0.027 to $0.020. This was followed by a further decrease in the share price in June 2019, from $0.021 on 4 June 2019 to a low of $0.013 on 18 June 2019.

Following this, RDG's share price remained at generally consistent levels averaging at $0.017 from July 2019 to March 2020. The highest single day of trading occurred on 8 November 2019 when 1,240,939 shares were traded. At 18 March 2020, RDG's share price closed at $0.016.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		$	(movement)		$	(movement)	
28/02/2020	Half Yearly Report and Accounts	0.021	▲	10.5%	0.020	▼	4.8%
22/11/2019	Project Awards	0.015	▲	15.4%	0.015	▶	0.0%
30/08/2019	Preliminary Final Report	0.017	▼	5.6%	0.015	▼	11.8%
25/06/2019	Centrals awarded various contracts with BHP	0.019	▲	18.8%	0.018	▼	5.3%

Source: Bloomberg, BDO analysis.

On 25 June 2019, the Company announced that Centrals had been awarded a contract by BHP for works to be undertaken at BHP's Mount Newman Mine near Newman, Western Australia. On the date of the announcement, the RDG share price rose 18.8%, to close at $0.019, before decreasing by 5.3% over the subsequent three-day trading period to close at $0.018.

On 30 August 2019, the Company released its preliminary final report outlining an increase in revenue from operations of 142% and decrease in comprehensive income of 253% from the previous full year financial results. On the date of the announcement, the RDG share price decreased by 5.6%, to close at $0.017, before decreasing further by 11.8% over the subsequent three-day trading period to close at $0.015.

On 22 November 2019, the Company announced that Centrals and MSA had been awarded two contracts by FMG's subsidiary, Chichester and one contract with Blackham for crushing works with an aggregate value of $8 million. On the date of the announcement, the RDG share price increased by 15.4%, to close at $0.015, and remained the same over the subsequent three-day trading period at $0.015.

On 28 February 2020, the Company released its Half Yearly Report and Accounts outlining that the Company's after-tax profit was $1.86 million up from $0.13 million in HY19. The result included profit on sale of assets of $1.53 million which eventuated as a result of a sell-down of surplus equipment in MSA. On the date of the announcement, the RDG share price increased by 10.5%, to close at $0.021, before decreasing by 4.8% over the subsequent three-day trading period to close at $0.020.

To provide further analysis of the market prices for an RDG share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 18 March 2020.

Share Price per unit	18-Mar-20	10 Days	30 Days	60 Days	90 Days
Closing price	$0.016				
Volume weighted average price (VWAP)		$0.017	$0.019	$0.018	$0.017

Source: Bloomberg, BDO analysis.

The above weighted average prices are prior to the date of the announcement of the Proposed Transaction, to avoid the influence of any increase in price of RDG shares that has occurred since the Proposed Transaction was announced.

An analysis of the volume of trading in RDG shares for the twelve months to 18 March 2020 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	$0.016	$0.016	-	0.00%
10 Days	$0.016	$0.020	140,000	0.02%
30 Days	$0.016	$0.021	1,011,641	0.16%
60 Days	$0.016	$0.021	3,269,711	0.52%
90 Days	$0.013	$0.021	7,238,206	1.15%
180 Days	$0.013	$0.022	15,849,161	2.51%
1 Year	$0.013	$0.027	26,194,471	4.14%

Source: Bloomberg, BDO analysis.

This table indicates that RDG's shares display a low level of liquidity, with 4.14% of the Company's current issued capital being traded in a twelve month period. RG 111.69 states that for the quoted market price methodology to be an appropriate methodology there needs to be a 'liquid and active' market in the shares and allowing for the fact that the quoted price may not reflect their value should 100% of the securities not be available for sale. We consider the following characteristics to be representative of a liquid and active market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria to be considered 'liquid and active', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of RDG, we consider the shares to display a low level of liquidity, on the basis that the shares are not regularly traded and that significantly less than 1% of the total issued capital has been traded weekly on average.

While this implies that the QMP of RDG is not an accurate reflection of the value of the Company, we consider it reasonable to adopt this methodology as a cross-check to our primary FME valuation in Section 10.1.

Our assessment is that a range of values for RDG shares based on market pricing, after disregarding post announcement pricing, is between $0.017 and $0.019.

Control Premium

We have reviewed the control premiums paid by acquirers of companies listed on the ASX. In addition, we have the reviewed the control premiums paid by acquirers of general mining companies, which includes mining services companies. We note that there were insufficient transactions relating to mining services companies only, and have therefore broadened our assessment to general mining companies. We have summarised our findings below:

General mining companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2019	11	156.45	43.07
2018	10	96.04	56.52
2017	5	13.91	35.21
2016	13	59.54	74.92
2015	9	340.82	57.86
2014	16	111.11	47.28
2013	17	117.99	63.99
2012	17	219.10	54.03
2011	21	811.55	37.42
2010	18	634.71	52.83

Source: Bloomberg, BDO Analysis.

All ASX listed companies

Year	Number of Transactions	Average Deal Value (AU$m)	Average Control Premium (%)
2020	4	453.61	32.22
2019	44	3095.32	38.79
2018	44	1126.69	41.66
2017	29	973.72	43.33
2016	42	718.51	49.58
2015	34	828.14	34.10
2014	46	507.34	39.97
2013	41	128.21	50.99
2012	51	481.33	52.19
2011	68	891.85	44.43
2010	42	687.69	45.87

Source: Bloomberg, BDO Analysis.

The mean and median of the entire data sets comprising control transactions from 2010 onwards for gold mining companies and all ASX listed companies, respectively, is set out below.

	General mining companies		All ASX listed companies	
Entire data set metrics	Deal value (A$m)	Control premium (%)	Deal value (A$m)	Control premium (%)
Mean	256.12	52.31	899.31	43.01
Median	137.22	53.43	718.51	43.33

Source: Bloomberg, BDO Analysis.

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

When performing our control premium analysis, we considered completed transactions where the acquirer held a controlling interest, defined at 20% or above, pre transaction or proceeded to hold a controlling interest post transaction in the target company.

The table above indicates that the long term average control premium paid by acquirers of general mining companies and all ASX listed companies is 52.31%, and 43.01%, respectively. However, in assessing the transactions included in the table, we noticed several outliers. These outliers included 16 general mining transactions and 32 ASX listed company transactions, for which the premium was in excess of 100%.

In a population with the presence of outliers, the median can often represent a superior measure of central tendency when compared to the mean. We note the median announced control premium since 2010 was 53.43% for general mining companies and 43.33% for all ASX listed companies.

Based on the above analysis, we consider an appropriate premium for control to be between 30% and 40%.

Quoted market price including control premium

Applying a control premium to RDG's quoted market share price results in the following quoted market price value including a premium for control:

	Low $m	High $m
Quoted market price value	0.017	0.019
Control premium	30%	40%
Quoted market price valuation including a premium for control	**0.022**	**0.027**

Source: BDO analysis.

Therefore, our valuation of an RDG share based on the quoted market price method and including a premium for control is between $0.022 and $0.027, with a rounded midpoint value of $0.025.

10.3 Assessment of the value of RDG prior to the Proposed Transaction

The results of the valuations performed are summarised in the table below:

	Low	Mid	High
	$m	$m	$m
Sum-of-Parts value (Section 10.1)	0.022	0.026	0.030
QMP (Section 10.2)	0.022	0.025	0.027

Source: BDO analysis.

Based on the results above we consider the value of an RDG share prior to the Proposed Transaction on a control basis to be between $0.022 and $0.030, with a midpoint value of $0.026.

Our valuation assessment under the Sum-of-Parts methodology is in a similar range to our assessment under the QMP methodology. However, given the low level of liquidity displayed by RDG shares in our QMP assessment, we consider that this is a less reliable indicator of value than the Sum-of-Parts and have therefore, used the QMP methodology as a secondary crosscheck. We have elected to adopt the Sum-of-Parts valuation as our primary valuation methodology.

11. Valuation of an RDG share following the Proposed Transaction

11.1 Sum-of-Parts value of RDG

Our Sum-of-Parts valuation of RDG following to the Proposed Transaction comprises the following:

- The value of 100% of the business of Centrals using the FME methodology;
- The value of 80% of the business of MSA using the FME methodology;
- The value of RDG's 100% interest in the Ant Hill Project, applying the DCF methodology;
- The value of RDG's 100% interest in the Sunday Hill Project, having reliance on the valuation carried out by an independent technical expert; and
- The value of other assets and liabilities held by RDG on a Company level.

11.2 Enterprise value of Centrals and MSA

As outlined in Section 4.3, the existing business of RDG will continue to operate following the Proposed Transaction. Management has advised that they intend to employ specific personnel to develop the Projects and subsequently put it into operation with overall oversight to be undertaken by the existing RDG management team. Therefore, we consider it reasonable to adopt the same FME valuation assessment for Centrals and MSA as assessed in Section 10.1.

Therefore, our assessment of the total enterprise value of Centrals and MSA is outlined in the table below:

		Low	High
	Ref	$m	$m
Enterprise value of Centrals (controlling interest)	10.1.1.3	3.8	6.5
80% of enterprise value of MSA (controlling interest)	10.1.2.3	2.6	4.6
Enterprise value of Centrals and MSA (controlling interest)		**6.4**	**11.1**

Source: BDO analysis.

Based on the analysis above, we consider the value of Centrals and MSA on a 100% controlling interest basis to range from $6.4 million and $11.1 million with a midpoint value of $8.8 million.

11.3 DCF value of the Ant Hill Project

We have elected to use the DCF approach in valuing the Ant Hill Project. The DCF approach estimates the fair market value by discounting the forecast future cash flows arising from the Ant Hill Project to their net present value. Performing a DCF valuation requires the determination of the following:

- The expected future cash flows that the Ant Hill Project is expected to generate; and
- An appropriate discount rate to apply to the cash flows of the Ant Hill Project to convert them to a present value equivalent.

11.3.1. Future cash flows

MRL has prepared a forecast cash flow model, or **'the Model'** for the Ant Hill Project, which estimates the future cash flows expected from production over the life of mine of the Ant Hill Project. This has been determined based on the JORC Code 2012 compliant resource of 3.1 Mt, which results in a corresponding life of mine of approximately five years including the pre-production construction of the Ant Hill Project and post-mining rehabilitation.

We have assessed the reasonableness of the Model and the material assumptions that underpin it. We have made certain adjustments to the Model where it was considered appropriate, to arrive at an adjusted model (**'the Adjusted Model'**). In particular, we have adjusted the Model to reflect any changes to technical assumptions as a result of VRM's review, in addition to any changes to the economic and other input assumptions that we consider appropriate as a result of our research.

The Model was prepared based on estimates of the Ant Hill Project's production profile, operating costs and capital expenditure. The main assumption underpinning the Model and Adjusted Model include:

- mining and processing volumes;
- commodity prices;
- operating costs inclusive of royalties and corporate costs;
- development and sustaining capital expenditure;
- rehabilitation costs;
- foreign exchange rates;
- inflation rates;
- debt cash flows;
- corporate tax; and
- discount rate.

We undertook the following analysis on the Model:

- analysed the Model to confirm its integrity and mathematical accuracy;
- converted the timing of cash flows in the Model from annual cash flows to quarterly cash flows;
- appointed VRM as technical expert to review, and where required, provide changes to the technical assumptions underpinning the Model;
- conducted independent research on certain economic and other inputs such as commodity prices, exchange rates, inflation and the discount rate applicable to the future cash flows of RDG;

- held discussions with VRM to confirm the reasonableness of MRL's forecast technical inputs; and
- performed sensitivity analysis on the DCF value of the Ant Hill Project as a result of flexing key assumptions and inputs.

11.3.2. Appointment of a technical expert

VRM was engaged to prepare a report providing technical assessment of the assumptions underlying the Model. VRM's assessment involved the review and provision of opinion on the reasonableness of the assumptions adopted in the Model, including but not limited to:

- mining physicals (including volume mined, recovery, and grade);
- processing assumptions (including products recovery);
- operating costs (comprising mining, processing and administration costs);
- capital expenditure (development and sustaining capital required);
- rehabilitation; and
- other relevant assumptions.

VRM's Independent Technical Assessment and Valuation Report is included in Appendix 6.

11.3.3. Limitations

Since forecasts relate to the future, they may be affected by unforeseen events and they depend, in part, on the effectiveness of management's actions in implementing the plans on which the forecasts are based. Accordingly, actual results may vary materially from the forecasts included in the Adjusted Model, as it is often the case that some events and circumstances frequently do not occur as expected, or are not anticipated, and those differences may be material.

In particular, we note the recent increase in volatility of global capital markets as a result of the recent COVID-19 outbreak. This has in turn resulted in a high level of uncertainty around the long-term economic outlook and valuation of assets. Recognising these factors, we consider that the assumptions we have adopted in our Adjusted Model may be more susceptible to change than would normally be the case.

11.3.4. Adjusted Model assumptions

Conversion to quarterly cash flows

We have converted the annual cash flows presented in the Model into quarterly cash flows to improve the accuracy of the assessed net present value over an approximate five-year life of mine, as well as for the purposes of modelling the debt repayments, for which interest is paid on a quarterly basis.

Our assumption is that annual production, revenue and costs from the operations of the Ant Hill Project are divided equally among the four quarters, unless the residual resource is less than the production capacity of 0.4 Mt per annum or 0.1 Mt per quarter, in which case we assume all residual resource will be produced and shipped within that quarter.

Inflation

We note that the all cash flows contained in the Model are calculated on a real basis. Therefore we have applied a forecast inflation rate to the costs in the Model to convert them to nominal cash flows.

The Ant Hill Project is situated in Western Australia, and as such the capital expenditure and operating costs are denominated in AUD. Therefore, we consider the most appropriate inflation rate to apply to the cash flows in the Adjusted Model is the forecast Australian inflation rate.

Having regard to the above, we consider the application of an annual Australian inflation rate of 2% over the life of the Ant Hill Project to be appropriate, based on consensus views of forecast inflation as sourced from Bloomberg.

Foreign exchange

The price of manganese assessed in the Model is denominated in US Dollars (**'USD'** or **'US$'**). As mentioned above, capital and operating expenditure of the Ant Hill Project are denominated in AUD. Given that RDG is an Australian company and we are assessing the value of an RDG share in AUD, we have converted the cash flows from the sale of manganese in the Adjusted Model to AUD at the forecast exchange rates set out in the table below:

Exchange rates	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2022	2023+
AUDUSD	0.60	0.60	0.63	0.65	0.68	0.70	0.73	0.72

Source: Bloomberg and BDO analysis.

In our assessment of foreign exchange rates, we have considered forecasts prepared by economic analysts, forward rates and other publicly available information including broker consensus to arrive at our foreign exchange rate assumptions. We note that as at the date of these forecasts, the high volatility in equity markets resulting from the COVID-19 outbreak had not been fully considered. Although we note that the forecasts above are higher than current levels in the economy, we expect the exchange rate to return to normalised levels in the long-term, and have therefore adopted the latest consensus forecasts in our Adjusted Model.

Pricing

The Ant Hill Project life of mine plan includes revenue from the sale of manganese ore with a product grade of 37% Mn.

In assessing forecast manganese prices, we have considered:

- The most recent Consensus Economics price forecasts; and
- Historical spot and forward prices from Bloomberg.

The manganese price forecasts above are based upon a benchmark ore of 44% manganese content, CIF, Tianjin Port in China. We note that pricing forecasts for 37% manganese are less commonly available.

We have compared the historical prices of both 37% Mn and 44% Mn (both based on Tianjin Port in China) and have assessed an average 10% discount for 37% Mn to the 44% Mn benchmark price. We note that MRL had also applied a 10% discount to the price of 44% Mn in the Model.

Therefore, we consider it reasonable to apply a 10% discount to the pricing forecast of 44% manganese in our pricing assumption for the Adjusted Model.

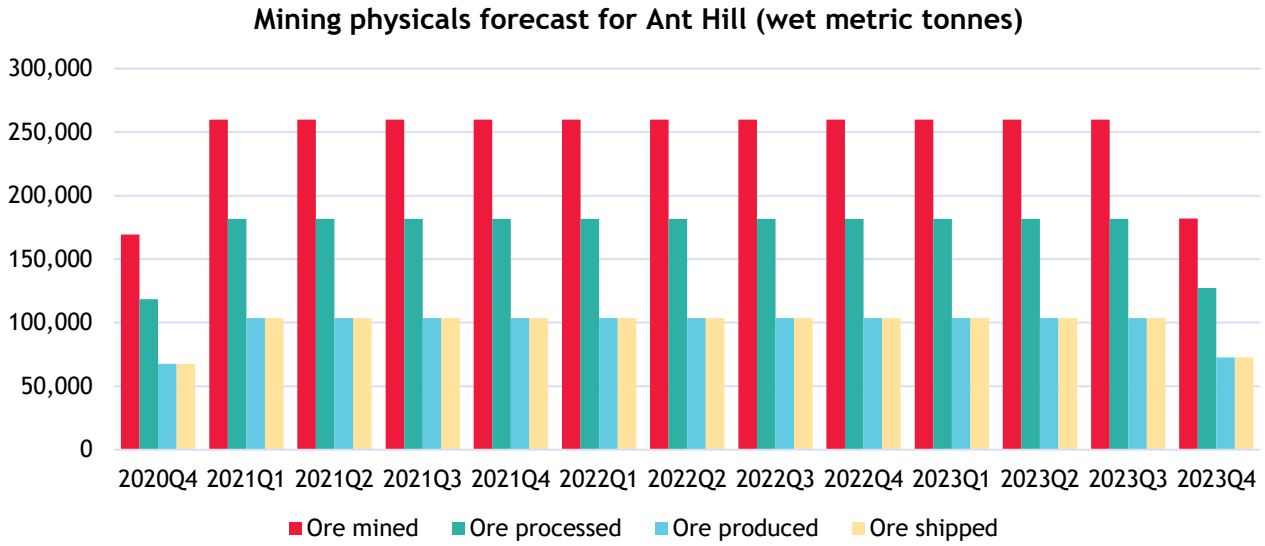
Based on our analysis, we have adopted the following future manganese prices (in nominal terms):

		Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2022	2023	2024	2025+
Manganese price (44% content)	US$/dmtu	4.72	4.79	4.69	4.71	4.65	4.67	4.74	4.89	4.95	5.28
Manganese price (37% content)	**US$/dmtu**	**4.25**	**4.31**	**4.22**	**4.24**	**4.19**	**4.20**	**4.27**	**4.40**	**4.46**	**4.75**

Source: Consensus Economics, Bloomberg and BDO analysis.

Mining physicals

The graphs below show the forecast ore to be mined, processed, produced and shipped over the life of mine of the Ant Hill Project. The Model assumes a production period commencing 1 November 2020 (part way through the fourth quarter of 2020) until 31 December 2023 (fourth quarter of 2023). The figures below are based on the current JORC Code 2012 resource of the Ant Hill Project, a crushing yield of 70%, a beneficiation yield of 55% (as recommended by VRM) and a product moisture content of 3.5%.

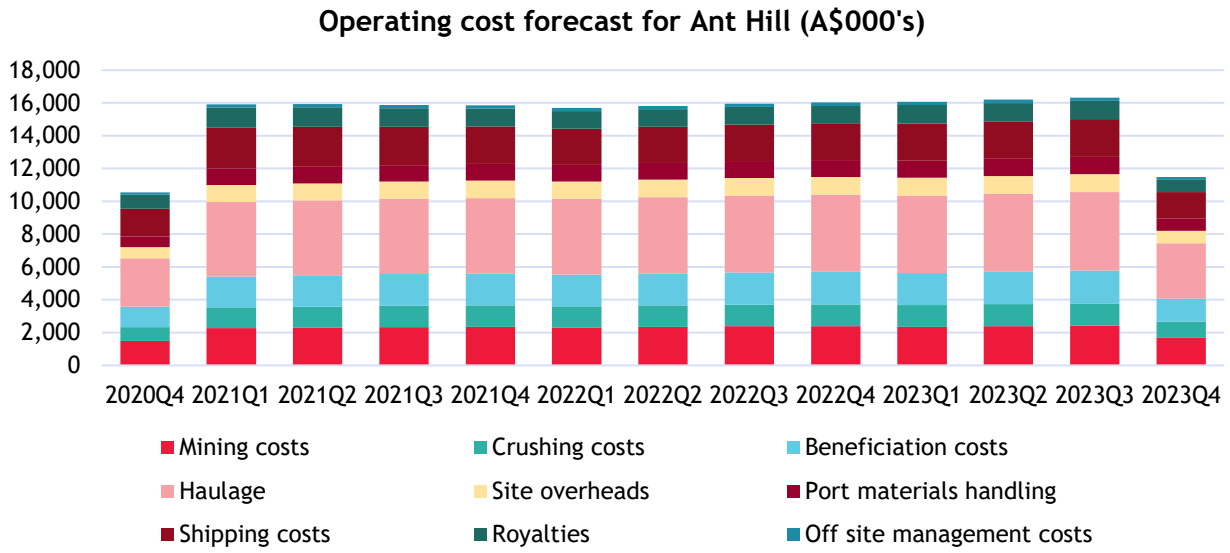


Source: Adjusted Model and BDO analysis.

We note that VRM has highlighted a recommendation to perform a sensitivity analysis around the beneficiation yield and moisture content. We have done so in Section 11.3.6 below.

Operating costs

The operating costs included in the Adjusted Model include mining, crushing, beneficiation, haulage, handling, shipping, site overheads, royalties and off site management costs. In preparing the Adjusted Model, we have applied our inflation assumption of 2.0% per annum to the forecast operating costs. VRM has confirmed the reasonableness of the forecast operating cost assumptions having considered the costs incurred historically and by assessing the forecast per tonne operating costs in the context of their experience with mining projects in Australia. The forecast operating costs for the Ant Hill Project is illustrated in the chart below.



Source: Adjusted Model and BDO analysis.

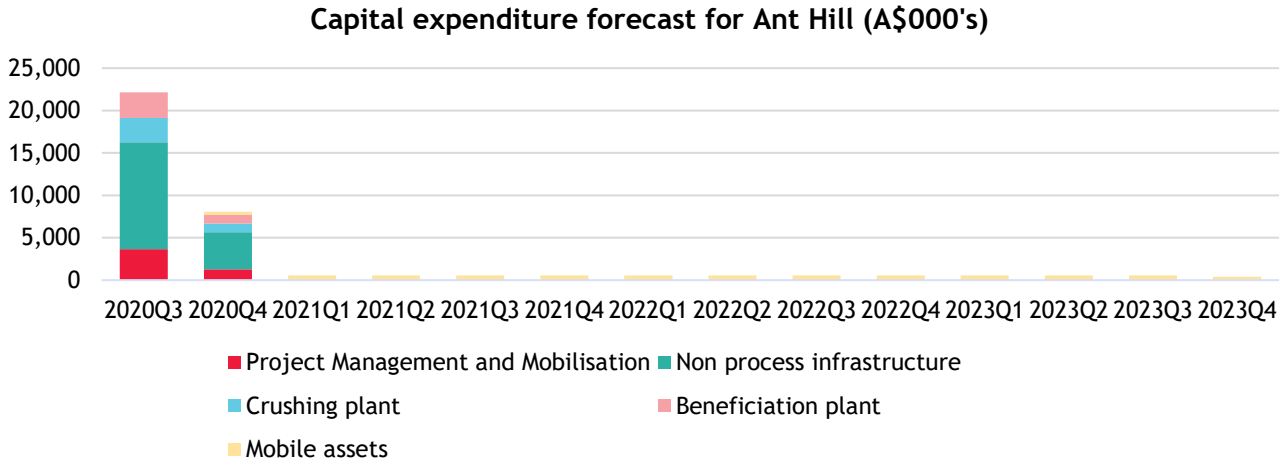
In relation to the royalty expenses above, RDG is liable to pay Western Australia Government royalties of 5% and native title royalties of 0.5% levied on all manganese revenues.

Off site management costs above relate to corporate costs, administrative costs and marketing costs.

Capital expenditure

The capital expenditure requirements for the Ant Hill Project relate to the construction of the crushing plant and beneficiation plant, non-process infrastructure, mobile assets and project management and mobilisation.

The Model assumes a construction period commencing 1 July 2020 until 31 October 2020 (part way through the fourth quarter of 2020), with production commencing immediately after. We note that MRL's adoption of the expected construction period is based on a similar project within the region. We have applied our inflation assumption of 2.0% per annum to the forecast capital expenditure. The forecast capital expenditure for the Ant Hill Project is illustrated in the chart below.



Source: Adjusted Model and BDO analysis.

Total initial capital expenditure for the development of the Ant Hill Project is $30.4 million on a nominal basis while sustaining capital expenditure is expected to be approximately $0.6 million a quarter. We note that the initial capital expenditure will be funded by the MRL Loan.

Debt repayment

We have modelled the debt repayment schedule into the Adjusted Model in accordance with the terms of the Loan Agreement.

The Adjusted Model assumes that the initial capital expenditure of $30.4 million will be funded by the drawdown of the MRL Loan and that interest will be payable on a quarterly basis upon commencement of the first drawdown, at a rate of 8.125% per annum.

In addition, the Adjusted Model assumes that RDG will repay the principal amount on the loan commencing on the first full quarter after the first shipment of manganese product, in instalments. The quantum of the instalments are based on the principal loan amount divided by the number of repayment dates from the repayment of the first instalment until the final repayment date, which is five years after the first drawdown of the MRL Loan.

Management has confirmed that this is the intended repayment schedule of the MRL Loan.

Taxation

Taxation has been applied at the notional rate of 30% which represents the current tax rate for companies operating in Australia. We note that RDG currently does not hold any tax losses.

Rehabilitation costs

The Model also includes total rehabilitation costs of $1.24 million. VRM has confirmed the rehabilitation costs reflected in the Adjusted Model and the timing of these forecast costs to be reasonable.

11.3.5. Discount rate

In our assessment of an appropriate discount rate to apply to the cash flows of the Ant Hill Project, we consider the most appropriate discount rate to be the cost of equity. This is because we are able to model the debt repayments in accordance with the terms of the Loan Agreement and based on discussions with Management. In other words, the cash flows in the Adjusted Model are assessed on a levered basis and represent the cash flows attributable to equity holders of the Ant Hill Project.

We have selected a nominal cost of equity in the range of 9.8% to 14.2% per annum to discount the cash flows of the Ant Hill Project to their present value. We have used a midpoint discount rate of 12.0% in our base case.

In selecting this range of discount rates, we have considered the following:

- the rate of return for comparable ASX listed manganese or iron mining companies; and
- the risk profile of RDG as compared to the comparable companies identified.

A detailed consideration of how we arrived at our adopted discount rate range is shown in Appendix 5.

11.3.6. Sensitivity analysis

Our valuation of the Ant Hill Project is sensitive to changes in the forecast commodity prices, operating expenditure, capital expenditure and foreign exchange rates. We have therefore included a sensitivity analysis to consider the value of the Ant Hill Project under various pricing scenarios and in applying:

- a change of +/- 8% to the manganese price;
- a change of +/- 8% to operating costs;
- a change of +/- 8% to capital costs;
- a change of +/- 8% to the AUD/USD exchange rate; and
- a discount rate in the range of 10.0% to 14.0%.

We have also considered the sensitivities of the value to the beneficiation yield and the product moisture content, as recommended by VRM (see Appendix 6 for details).

The beneficiation yield sensitivity has been addressed within the range of 50% to 75% provided by VRM, noting that VRM's preferred beneficiation yield is 55%.

The product moisture content sensitivity has been addressed within the range of 2.5% to 5.0% provided by VRM, noting that VRM's preferred product moisture content is 3.5%.

The following sensitivities have been prepared to assist Shareholders in considering the potential effects to the value of the Ant Hill Project if our base case assumptions change:

Currency: $'000	Sensitivity Analysis of the value of the Ant Hill Project			
Percentage change	Manganese price (US$/dmtu)	Operating costs	Exchange rate (AUD/USD)	Capital costs
-8%	11,177	31,421	34,166	25,340
-6%	14,086	29,269	31,146	24,708
-4%	16,995	27,116	28,253	24,076
-2%	19,903	24,964	25,477	23,444
0%	22,812	22,812	22,812	22,812
2%	25,721	20,660	20,252	22,180
4%	28,630	18,508	17,790	21,549
6%	31,539	16,356	15,422	20,917
8%	34,447	14,204	13,141	20,285

Source: Adjusted Model and BDO analysis.

Sensitivity Analysis of the value of the Ant Hill Project to the discount rate					
Discount rate (%)	10.00%	11.00%	12.00%	13.00%	14.00%
Value ($'000)	23,212	23,013	22,812	22,611	22,410

Source: Adjusted Model and BDO analysis.

Sensitivity Analysis of the value of the Ant Hill Project to beneficiation yield						
Beneficiation yield (%)	50.00%	55.00%	60.00%	65.00%	70.00%	75.00%

Sensitivity Analysis of the value of the Ant Hill Project to beneficiation yield						
Value ($'000)	19,556	22,812	26,057	29,209	32,213	35,174

Source: Adjusted Model and BDO analysis.

Sensitivity Analysis of the value of the Ant Hill Project to product moisture content						
Product moisture content (%)	2.50%	3.00%	3.50%	4.00%	4.50%	5.00%
Value ($'000)	23,061	22,939	22,812	22,680	22,543	22,401

Source: Adjusted Model and BDO analysis.

In considering the above sensitivities, Shareholders should note the following:

- the variables described above may have compounding or offsetting effects and are unlikely to move in isolation;
- the variables for which we have performed sensitivities are not the only variables which are subject to deviation from the forecast assumptions; and
- the sensitivities performed do not cover the full range of possible variances from the base case assumptions used (i.e. variances could be greater than the percentage increases or decreases set out in this analysis).

We also note that we have presented the above sensitivities to highlight the sensitivity of the value of the Ant Hill Project to changes in pricing and other assumptions. If we were to use the above sensitivities to form the basis of our assessed value, then the range would be so wide such that it would not provide meaningful information for Shareholders.

Based on the above analysis we consider the value of the Ant Hill Project to be in the range of $19.5 million to $26.0 million with a preferred value of $22.8 million.

11.4 Value of the Sunday Hill Project

We have instructed VRM to independently value the Sunday Hill Project. The fair market value of the Sunday Hill Project on a 100% basis lies within the range of $0.73 million to $2.20 million, with a preferred value of $1.47 million. Further information on the methodologies applied and the valuation results obtained can be found in the Independent Technical Assessment and Valuation Report contained in Appendix 6 of our Report.

11.5 Value of other assets and liabilities

Other assets and liabilities of RDG represent the non-operating assets and liabilities, the economic impact of which have not been captured in the FME valuations nor the Adjusted Model. This also includes any cash and net debt items that have been accounted for in our FME valuations or the Adjusted Model.

We do not consider there to be a material change in the value of other assets and liabilities following the Proposed Transaction, which are not already captured in our FME and DCF valuation. Therefore, we consider it reasonable to adopt the same valuation of other assets and liabilities of $7.7 million as assessed in Section 10.1.4.

The $7.7 million worth of assets and liabilities include cash, net business debt and surplus assets and liabilities of RDG. We note that the assessment was conducted on the basis of RDG maintaining an 80% equity interest in MSA following the Proposed Transaction.

11.6 Assessment of the value of RDG following the Proposed Transaction

The total number of shares outstanding following the Proposed Transaction is outlined below:

	Number of shares
Number of shares on issue prior to Proposed Transaction	632,029,067
Number of shares to be issued to employee prior to completion	500,000
Number of shares to be issued to MRL	1,897,587,201
Number of shares on issue following the Proposed Transaction	**2,530,116,268**

Source: BDO Analysis.

The number of shares on issue following the Proposed Transaction includes the 500,000 shares intended to be issued to an employee under the Company's long term incentive plan prior to completion as outlined in Section 5.7 of our Report.

Based on the above, our assessment of the value of an RDG share following the Proposed Transaction using our Sum-of-Parts methodology is outlined below:

	Ref	Low $m	Preferred $m	High $m
Enterprise Value of Centrals and MSA (controlling interest)	11.2	6.4	8.8	11.1
Value of other assets and liabilities	11.5	7.7	7.7	7.7
Value of Ant Hill Project	11.3	19.5	22.8	26.0
Value of Sunday Hill Project	11.4	0.7	1.5	2.2
Sum-of-Parts value of RDG		**34.3**	**40.8**	**47.0**
Total number of RDG shares on issue	11.6	2,530,116,268	2,530,116,268	2,530,116,268
Value per RDG share (controlling interest) ($)		**0.014**	**0.016**	**0.019**
Minority discount	10.2	28.6%	25.9%	23.1%
Value per RDG share (minority interest) ($)		**0.010**	**0.012**	**0.015**

Source: BDO Analysis.

Our assessment of the minority discount is based on the inverse of our assessed control premiums in Section 10.2.

Based on the above analysis, we consider the value of an RDG following the Proposed Transaction on a minority interest basis to be in the range of $0.010 to $0.015 with a preferred value of $0.012.

12. Is the Proposed Transaction fair?

Resolution 1 - Proposed issue of RDG shares to MRL

The value of an RDG share prior to the Proposed Transaction on a controlling interest basis, and the value of an RDG following the Proposed Transaction on a minority interest basis is compared below:

	Ref	Low $	Preferred $	High $
Value of an RDG share prior to the Proposed Transaction (controlling interest)	10.3	0.022	0.026	0.030
Value of an RDG share following the Proposed Transaction (minority interest)	11.6	0.010	0.012	0.015

Source: BDO Analysis.

The above pricing indicates that, in the absence of any other relevant information, and a superior proposal, we consider that the Proposed Transaction is not fair to Shareholders.

Resolution 2 - Grant of Security

As stated in Section 9.4, the Grant of Security is fair if the value of the Security Provided is equal to or less than the value of the Liabilities Settled in the event of a breach or default.

In the scenario that the value of the secured assets is greater than or equal to the amounts owed to MRL, and there is an event of a breach or default, then MRL would only be entitled to recover the amounts owed to MRL under the Grant of Security.

In the scenario that the value of secured assets is less than the amounts owed to MRL, and there is an event of a breach or default, then the secured assets would be sold and the proceeds provided to MRL. This can be summarised as follows:

Scenario			Consequence			Fairness
Secured Assets	>	Liabilities to be settled	Security Provided	=	Liabilities Settled	Fair
Secured Assets	=	Liabilities to be settled	Security Provided	=	Liabilities Settled	Fair
Secured Assets	<	Liabilities to be settled	Security Provided	<	Liabilities Settled	Fair

Source: BDO analysis

Therefore, on the terms of the Grant of Security, specifically if there is an event of a breach or default, then MRL is only entitled to be repaid the amounts outstanding, we consider that the Grant of Security is fair in all scenarios.

13. Is the Proposed Transaction reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of RDG a premium over the value resulting from the Proposed Transaction.

13.2 Practical Level of Control

If the Proposed Transaction is approved then MRL will hold a 75% interest in RDG. When Shareholders are required to approve an issue that relates to a company there are two types of approval levels. These are general resolutions and special resolutions. A general resolution requires 50% of shares to be voted in favour to approve a matter and a special resolution requires 75% of shares on issue to be voted in favour to approve a matter. If the Proposed Transaction is approved, then MRL will be able to block special and general resolutions.

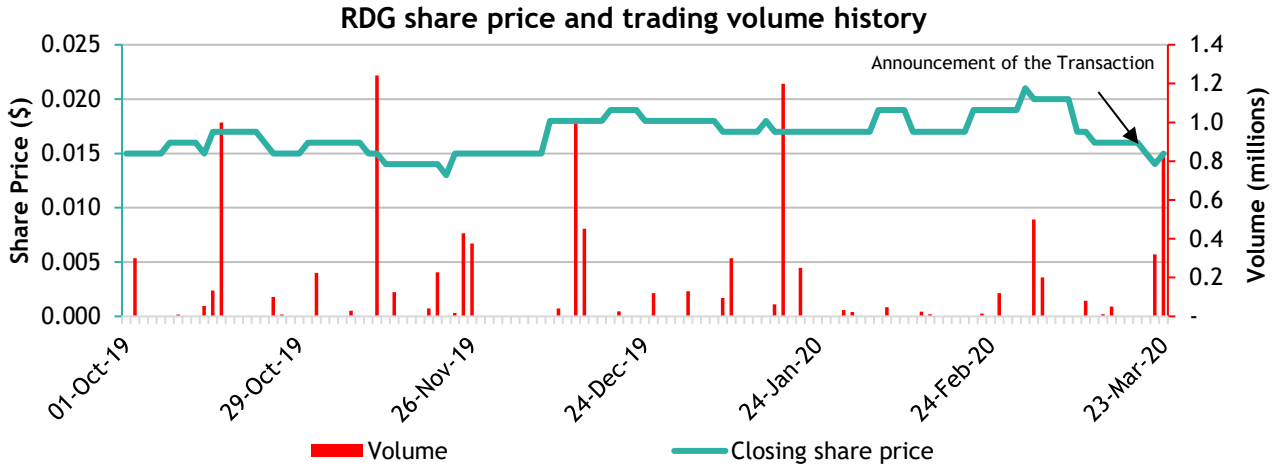
In addition to the 75% interest in RDG which MRL will have, if the Proposed Transaction is approved, MRL will also have three (out of an eventual total of five) board members, which will have been nominated by MRL. This means that MRL-nominated directors will make up 60% of the board. Questions that arise at any meeting of directors are decided by a majority of votes. A resolution passed by a majority of the directors is considered the determination of "the directors". If the Proposed Transaction is approved, the MRL-nominated directors will be able to block any proposed determinations of directors' meetings.

MRL's control of RDG following the Proposed Transaction will be significant when compared to all other Shareholders, therefore, MRL will be able to significantly influence the activities of RDG.

13.3 Consequences of not Approving the Proposed Transaction

Potential decline in share price

We have analysed movements in RDG's share price since the Proposed Transaction was announced on 19 March 2020. A graph of RDG's share price leading up to and following the announcement is set out below.



Source: Bloomberg.

The closing price of an RDG share from 1 October 2019 to 23 March 2020 ranged from a low of $0.013 on 21 November 2019 to a high of $0.210 on 28 February 2020. The Proposed Transaction was announced on 19 March 2020. On the date of the announcement, the share price closed at $0.015, down from a closing price of $0.016 on the previous trading day. On the day of the announcement, 320,255 shares were traded, representing 0.05% of RDG's total issued capital.

Following the trading day of the announcement, the share price decreased further to close at $0.014 on 20 March 2020, before returning to a closing price of $0.015 on 23 March 2020. Over the two days following the announcement date, a total of 1,416,950 shares were traded, representing 0.22% of RDG's total issued capital. We note that the high volatility experienced by equity markets as a result of the COVID-19 outbreak may have led to larger decrease in share price than what would have usually occurred in "normal" economic conditions.

Given the above analysis it is possible that if the Proposed Transaction is not approved then RDG's share price is unlikely to decline.

13.4 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
New strategy for RDG, with potential upside	As highlighted in its recent annual and half year reports, the board of RDG has been focused on diversifying their operations in recent years, in order not to remain fully reliant on the construction industry. The Company has highlighted the challenges of operating within one industry, with clients' preference on using larger contractors with stronger balance sheets. We note that the Proposed Transaction represents a new strategy for the Company with potential upside value for Shareholders.
Opportunity to work closely with MRL	RDG will have the benefit of working closely with MRL, which is an experienced and successful mining and mining services company with the expertise to develop and support the operations of the Projects. With MRL holding a 75% interest in RDG following the Proposed Transaction, it is in MRL's interest that the successful execution of the Projects is achieved. We note that MRL holds a track record of the successful development of similar projects.
Access to MRL's logistics and marketing capability	Upon commencement of production, it is intended that RDG will have access to MRL's logistics and marketing capability. The Company intends to transport the manganese ore using road transport from the mine through to Port Hedland for shipping. RDG will leverage MRL's existing logistics capability to load and ship the

Advantage	Description
	product. Furthermore, it is intended that RDG will be able to engage MRL's marketing and sales network for the sale of its manganese ore.
Provision of funding for development of the Projects	The MRL Loan of up to $35 million to be provided to RDG for the development of the Projects avoids the need for the Company to raise additional capital, whether through debt or equity. The Company has been unable to raise debt to fund the expansion of its current operations through the cycles of the Australian mining industry. As such, access to the funding from MRL is a significant advantage to Shareholders.
Shareholder exposure to a new industry, being manganese mining	If the Proposed Transaction is approved, RDG Shareholders will gain an exposure to the manganese mining industry in addition to their current exposure to the mining services and construction business of RDG. In essence, Shareholders will gain an exposure to a more diversified company with both mining and mining services businesses, which is a similar profile to that which has been successful for MRL.
Adoption of similar business model to MRL	If the Proposed Transaction is approved, RDG will have a new business model with both mining and mining services businesses, which we previously noted to be a similar business model to MRL. If the implementation of this business model is successful, RDG may be able to acquire further smaller scale operations, possibly in partnership with MRL, to further benefit Shareholders.
Potential synergies between mining services business and the Projects	If the Proposed Transaction is approved, RDG will be the owner and operator of the Projects, which may provide synergies with their mining services businesses, Centrals and MSA. RDG will be able to train their staff and management on a live operation, which may in turn support the Company earning more contracted work based on having an experienced workforce.
The Grant of Security is fair and reasonable to Shareholders	As set out in Section 12, the Grant of Security is fair to Shareholders. RG 111.12 states that an offer is reasonable if it is fair.
The Grant of Security allows the Proposed Transaction to proceed	As stated in the Report, the Grant of Security is an integral part of the Proposed Transaction. The Proposed Transaction will not proceed without the provision of the Grant of Security.

13.5 Disadvantages of Approving the Proposed Transaction

If the Proposed Transaction is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Dilution of existing Shareholders' interest	Following the implementation of the Proposed Transaction, Shareholders' interests will be diluted from holding 100% of the Company to holding 25% of the Company. Therefore Shareholders' ability to participate in the potential upside of the existing businesses of RDG will be reduced as a result of the dilution.
Change of focus to manganese mining may not suit all Shareholders	Shareholders may prefer not to gain new exposure to the manganese mining industry based on their individual portfolios.
Loss of chance for a potential takeover which provides a control premium	Takeovers often represent the opportunity for Shareholders to receive a premium for the value of the shares that they hold. Following the implementation of the Proposed Transaction, the Company will be less susceptible to a takeover offer based on MRL's 75% interest in the Company.
Security granted over RDG's assets	The Grant of Security will result in the granting of security interest over all of the assets of the Company in favour of MRL. This will limit the ability of MRL to secure further debt funding in the future, if required.

14. Conclusion

Resolution 1 - Proposed issue of RDG shares to MRL

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternative offer, the Proposed Transaction is not fair but reasonable to the Shareholders of RDG.

In our opinion, the Proposed Transaction is not fair because the value of an RDG share prior to the Proposed Transaction on a control basis is greater than the value of an RDG share following the Proposed Transaction on a minority interest basis. However, we consider the Proposed Transaction to be reasonable because the advantages of the Proposed Transaction to Shareholders are greater than the disadvantages and the consequences of not approving the Proposed Transaction.

In particular, we note that the Proposed Transaction represents a new strategy for the business of RDG that has potential upside value for Shareholders and allows the Company to diversify its operations in order not to remain fully reliant on the construction industry. We note that this has been the current board's focus in recent years as highlighted in the Company's recent annual and half year reports.

In addition, RDG will have the benefit of a major shareholder in MRL, which is an experienced and successful mining and mining services company with the expertise to develop and support the operations of the Projects. The Services Agreement, Loan Agreement and Security Agreements between RDG and MRL demonstrate MRL's intention to actively support RDG in the successful development of the Projects.

Resolution 2 – Grant of Security

We have considered the terms of the Grant of Security as outlined in the body of this Report and have concluded that the Grant of Security is fair and reasonable to the Shareholders of RDG. Given that the Grant of Security is an integral part of the Proposed Transaction, this further contributes to the advantages of the Proposed Transaction outweighing the disadvantages of the Proposed Transaction.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Signed non-binding term sheet between RDG and MRL;
- Audited financial statements of RDG for the years ended 30 June 2019, 2018 and 2017;
- Reviewed financial statements of RDG for the half year ended 31 December 2019;
- Unaudited financial statements of MSA for the years ended 30 June 2018 and 2017;
- Consolidation workbooks for the financial information of RDG for the years ended 30 June 2019, 2018 and 2017, and half year ended 31 December 2019;
- Financial Model for the Ant Hill Project;
- Independent Valuation Report of the Ant Hill Project and Sunday Hill Project dated 7 April 2020 performed by VRM;
- Share registry information of RDG;
- Bloomberg;
- S&P Capital IQ;
- RBA monetary policy decisions for 2019 and 2020;
- IBIS World;
- United States Geological Survey;
- Energy and Metals Consensus Forecast for 2020;
- Information in the public domain; and
- Discussions with Directors and Management of RDG.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of $50,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by RDG in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by RDG, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to RDG and MRL and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of RDG and MRL and their respective associates.

A draft of this report was provided to RDG and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 300 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Natural Resources Leader for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of RDG for inclusion in the Notice of Meeting which will be sent to all RDG Shareholders. RDG engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposed acquisition of the Ant Hill and Sunday Hill Projects from MRL in exchange for 1,897,587,201 ordinary shares in RDG.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to the Ant Hill and Sunday Hill Projects. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time. In particular, we note that at the date of this report, global markets have been significantly impacted by the COVID-19 outbreak and the economic outlook remain uncertain. Although we have discussed the potential impact of the COVID-19 outbreak on the Proposed Transaction in certain sections of our Report, such effects can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by RDG are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of RDG, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by MRL.

The valuer engaged for the mineral asset valuation, VRM, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

Sherif Andrawes

Director

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
AASB 16	AASB 16: Leases
the Act	The Corporations Act 2001 Cth
ACA	Aggregate Crushing Australia Pty Ltd
the Adjusted Model	The Ant Hill cash flow model including certain adjustments made by BDO
AFCA	Australian Financial Complaints Authority
Albemarle	Albemarle Corporation
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
Asset Sale Agreement	The agreement between RDG and MRL for the sale of MRL's manganese assets.
ASX	Australian Securities Exchange
Auvex	Auvex Resources Limited
A$ or AUD	Australian dollars
BCI	BCI Minerals Limited
BDO	BDO Corporate Finance (WA) Pty Ltd
BHP	BHP Billiton Iron Ore Limited
Black Range Mining	Black Range Mining Pty Ltd
Blackham	Blackham Resources Limited
BML	Bullseye Mining Limited
BML Loan	Loan facility of $1.5 million provided by RDG to BMLNewCo at an interest rate of 6% p.a.
BML NewCo	Entity that is a subsidiary of BML which will hold a 100% interest in 36 km^2 of mining leases as part of the North Laverton Gold Project

Reference	Definition
BOE	Blue Ocean Enterprises Inc.
BOO	Build-own-operate
Centrals	Central Systems Pty Ltd
Chichester	Chichester Metals Pty Ltd
Cimeco	Cimeco Group Pty Ltd
CFO	Chief Financial Officer
Commodities Business	MRL's commodities business
Comcen	Comcen Pty Ltd
the Company	Resource Development Group Limited
Corporations Act	The Corporations Act 2001 Cth
CSI	CSI Mining Services, previously Crushing Services International Pty Ltd
CSS	Crushing Service Solutions Pty Ltd
DCF	Discounted Future Cash Flows
Dmtu	Dry metric tonne units
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Esperance Port	MRL's Esperance Port
Fe	Iron
FME	Future Maintainable Earnings
FMG	Fortescue Metals Group Limited
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
FYXX	Year ended 30 June 20XX
GDP	Gross Domestic Product

Reference	Definition
Global Advanced Metals	Global Advanced Metals Pty Ltd
GN 24	ASX Guidance Note 24
the Grant of Security	The grant of the Company's security interests as stipulated in the Security Agreements in favour of MRL to secure repayment of the loan pursuant to the Loan Agreement
the Group	The RDG group including Centrals and MSA
HYXX	Half year ended 31 December 20XX
Iron Valley	Iron Valley Project
Jiangxi Ganfeng	Jiangxi Ganfeng Lithium Co., Ltd
JORC Code 2012	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
Liabilities Settled	The amounts payable to MRL by RDG that would be settled by the sale of secured assets
Loan Agreement	Agreement between RDG and MRL for the provision of a loan from MRL to RDG of up to $35 million for the development of the Projects
Management	Senior management of RDG
MARBL Lithium Joint Venture	Joint Venture involving MRL and Albemarle and the partial sale and future development of the Wodgina Project
Mesa	Mesa Minerals Limited
Mining Act	Mining Act 1978
Mining Services Business	MRL's wholly owned subsidiaries CSI and PMI
Mn	Manganese
The Model	Cash flow model for the Ant Hill Project prepared by the management of MRL
MRL	Mineral Resources Limited
MRL Loan	The loan advanced by MRL to RDG of up to $35 million for the development and mining of the Projects
MSA	Mineral Solutions Australia Pty Ltd

Reference	Definition
Mt	Million tonnes
Mt Marion Project	Mt Marion Lithium Project
Mtpa	Million tonnes per annum
NAV	Net Asset Value
OSA	Ore Sorting Australia Pty Ltd
PIHA	PIHA Pty Ltd
PMI	Process Minerals International Pty Ltd
the Projects	The Ant Hill and Sunday Hill Manganese Projects
the Proposed Transaction	RDG's proposal to acquire the Ant Hill and Sunday Hill Manganese Projects in exchange for RDG issuing to MRL 75% of the fully diluted share capital of RDG, which at completion is currently equivalent to 1,897,587,201 RDG shares
PP&E	Property, plant and equipment
QMP	Quoted market price
RBA	Reserve Bank of Australia
RDG	Resource Development Group Limited
our Report	This Independent Expert's Report prepared by BDO
Resolution One	Approval of issue of RDG shares to MRL in the Notice of Meeting
Resolution Two	Approval for Grant of Security to MRL in the Notice of Meeting
RG 74	Regulatory Guide 74 'Acquisitions approved by Members'
RG 111	Regulatory Guide 111 'Content of Expert's Reports'
RG 112	Regulatory Guide 112 'Independence of Experts'
Rio Tinto	Rio Tinto Limited
Samsung C&T	Samsung C&T Corporation
Section 606	Section 606 of the Corporations Act
Section 611	Section 611 of the Corporations Act

Reference	Definition
Security Agreements	Agreements between RDG and MRL for general security deeds for the benefit of MRL and the mining mortgage
Security Provided	The value of the sale of secured assets that would be provided as settlement of amounts payable to MRL in the event of a breach or default
Services Agreement	Agreement between RDG and MRL for the provision of mining services by MRL to RDG for the advancement of the Projects
Shareholders	The non-associated shareholders of RDG
SiO_2	Silicon dioxide
SMP	Structural, mechanical and piping services
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Trading Multiples	Earnings multiples of publicly traded comparable companies
Transaction Multiples	Multiples implied from comparable transactions
USGS	United States Geological Survey
Utah Point	MRL's Utah Point Port
VRM	Valuation and Resource Management Pty Ltd
WA	Western Australia
Wodgina Project	Wodgina Lithium Project
Woodside	Woodside Petroleum Limited

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Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

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

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

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

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

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

2 *Quoted Market Price Basis ('QMP')*

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

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax (‘**EBIT**’) or earnings before interest, tax, depreciation and amortisation. The capitalisation rate or ‘earnings multiple’ is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows (‘DCF’)*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

The resource multiple is a market based approach which seeks to arrive at a value for a company by reference to its total reported resources and to the enterprise value per tonne/lb of the reported resources of comparable listed companies. The resource multiple represents the value placed on the resources of comparable companies by a liquid market.

Appendix 3 – Comparable Company Analysis

Our selection of comparable companies is primarily based on the selection of public companies with operations in the mining, engineering and construction services industry, which we consider to be similar in nature to the operations of the RDG group.

Descriptions of comparable listed companies are summarised as follows:

Company Name	Business Description
Perenti Global Limited (ASX:PRN)	Perenti Global Limited operates as a mining services company worldwide. It operates through surface mining, underground mining, and investment segments. The surface mining segment offers exploration drilling, blasting, and geotechnical services, as well as end-to-end contract surface mining, including mine planning and exploration, development, production, and reclamation. The underground mining segment provides underground mining services specializing in mine development, production, design planning and scheduling, and equipment supply and maintenance. The investments segment is involved in mining supplies as well as products and services, including equipment rental, equipment parts and sales, and energy drilling and mineral analysis. The company was formerly known as Ausdrill Limited and changed its name to Perenti Global Limited in October 2019. Perenti Global Limited was founded in 1987 and is headquartered in Perth, Australia.
Lycopodium Limited (ASX:LYL)	Lycopodium Limited provides engineering consultancy services in the mining, metallurgical, rail, and manufacturing industries. It operates through four segments: Mineral, Process Industries, Project Services-Africa, and Others. The company provides engineering, project development, and related services to junior exploration companies and multinational producers; design, engineering, and project management solutions to the manufacturing and renewable energy facilities in Australia and South East Asia; and engineering, asset management, architecture, and project delivery services to private and public clients in Australia. Lycopodium Limited was founded in 1992 and is based in East Perth, Australia.
Civmec Limited (SGX:P9D)	Civmec Limited is an investment holding company which provides heavy engineering and construction services for the metals and minerals, oil and gas, water and energy, infrastructure, and marine and defense markets in Australia, Papua New Guinea, and Uganda. The company operates through three segments: Oil and Gas, Metals and Minerals, and Infrastructure. It undertakes fabrication projects, such as structural steel, plate works, tanks and vessels. In addition, the company undertakes structural, mechanical, piping, and electrical instrumentation projects consisting of structural assembly and erection. Further, it offers industrial insulation services, including integrated supply chain solutions to the onshore and offshore drilling industry and maintenance services comprising planned and emergency shutdowns. Civmec Limited was founded in 2009 and is headquartered in Perth, Australia.

Company Name	Business Description
MACA Limited (ASX:MLD)	MACA Limited engages in contract mining and crushing, civil construction, infrastructure, and mineral processing equipment business in Australia, Brazil, and South America. The company offers loading and hauling services; and drilling and blasting services, including production drilling and blasting for surface mining operations or quarries. It also provides crushing and screening services to deliver tailored screening and sizing solutions, as well as materials handling solutions. In addition, the company provides a range of civil works, including construction of roads and bridges, bulk earthworks, aerodromes, drainage, and marine works. Further, it engages in mineral processing equipment business, including the delivery of small to large scale structural, mechanical, and piping projects. MACA Limited was incorporated in 2002 and is headquartered in Welshpool, Australia.
SRG Global Limited (ASX:SRG)	SRG Global Limited operates as an engineering-led specialist construction, maintenance, and mining services company. The company operates through 3 segments: Construction, Asset Services, and Mining Services. The Construction segment supplies integrated products and services to customers involved in the construction of infrastructure. The Asset Services segment supplies integrated services to customers in various sectors comprising oil and gas, energy, major infrastructure, offshore, mining and power generation. The Mining segment provides ground solutions, which includes design engineering, and monitoring services to mining clients. The company was formerly known as Structural Systems Limited and changed its name to SRG Global Limited in November 2014. SRG Global Limited was founded in 1961 and is headquartered in Subiaco, Australia.
Decmil Group Limited (ASX:DCG)	Decmil Group Limited, together with its subsidiaries, provides design, engineering, and construction works for infrastructure, resources, and renewable energy sectors primarily in Australia and New Zealand. The company operates through three segments: Construction and Engineering, Accommodation, and Other. It offers services for government infrastructure projects as well as designs and constructs fuel infrastructure facilities. The company also provides construction of remote non-process infrastructure, including industrial buildings, processing plants, workshops, and storage facilities; and civil work, including site preparation, excavation, and bulk earthworks on brown and greenfield projects. In addition, it offers civil works on brown and greenfield projects, including site preparation, excavation and bulk earthworks in regional and remote areas. Decmil Group Limited was founded in 1978 and is based in Osborne Park, Australia.
Austin Engineering Limited (ASX:ANG)	Austin Engineering Limited manufactures, repairs, overhauls, and supplies mining attachment products, and other associated products and services for the industrial and resources-related business sectors. The company also provides on and off site repair and maintenance, condition monitoring, engineering, product improvements, heavy equipment lifting and transport, specialized fabrication, blasting and painting, and CNC profile cutting and pressing services. It serves miners, mining contractors, and original equipment manufacturers in Australia, the Americas, and Asia. The company was founded in 1982 and is headquartered in Milton, Australia.
Mitchell Services Limited (ASX:MSV)	Mitchell Services Limited, together with its subsidiaries, provides exploration and mine site drilling services to the exploration, mining, and energy industries, primarily in Australia. It offers coal exploration, mineral exploration, mine services, large diameter, coal seam gas, directional drilling services, coal mine gas drainage, and wireline services. The company was formerly known as Drill Torque Limited and changed its name to Mitchell Services Limited in December 2013. Mitchell Services Limited was founded in 1969 and is headquartered in Seventeen Mile Rocks, Australia.

Company Name	Business Description
Mastermyne Group Limited (ASX:MYE)	Mastermyne Group Limited provides contracting services to the underground long wall mining operations and industrial products and services in coalfields and supporting industries of Queensland and New South Wales, Australia. It operates in two segments, Mastermyne and Mastertec. The Mastermyne segment offers project management, labour and equipment hiring, underground mine support services, underground conveyor installation, extension, and maintenance services. The Mastertec segment provides a range of above-ground contracting services to ports, resources, industrial, and infrastructure sectors. Mastermyne Group Limited was founded in 1996 and is headquartered in Mackay, Australia.
AJ Lucas Group Limited (ASX:AJL)	AJ Lucas Group Limited, together with its subsidiaries, provides drilling services in Australia. The company operates through Drilling and Oil and Gas segments. The Drilling segment offers drilling services primarily to the coal and coal seam gas industries for the degasification of coal mines and associated services, as well as commercial extraction of gas. This segment also provides a range of engineering services, including design of wells, drilling optimization, professional steering services, and specialized equipment for directional drilling programs. The Oil and Gas segment engages in the commercialization of unconventional and conventional hydrocarbons in the United Kingdom. It serves energy and resources sectors. The company was incorporated in 1993 and is headquartered in North Sydney, Australia.
Swick Mining Services Limited (ASX:SWK)	Swick Mining Services Limited, together with its subsidiaries, provides mineral drilling contract services to the mining industry in Australia, North America, Europe, and the Asia Pacific regions. The company offers services primarily in the areas of underground diamond drilling and surface reverse circulation drilling. It also carries out research and development activities in mineral analysis technologies. The company is headquartered in South Guildford, Australia.
Primero Group Limited (ASX:PGX)	Primero Group Limited provides design, construction, engineering, and operational services to the minerals, energy, and infrastructure sectors in Australia. Its services include full plant design and feasibility studies; project management and planning; turnkey in-house construction services in civil, structural, mechanical, piping, electrical, instrumentation, and control systems areas; commissioning; and operations and maintenance. The company was founded in 2011 and is headquartered in Osborne Park, Australia.

Source: Capital IQ

Appendix 4 – Comparable Transaction Analysis

Our selection of comparable companies is primarily based on the selection of public companies with operations in the mining, engineering and construction services industry, which we consider to be similar in nature to the operations of the RDG group.

Descriptions of comparable listed companies are summarised as follows:

Target Name	Business Description
Pit N Portal Equipment Hire Pty Limited	Pit N Portal Equipment Hire Pty Ltd is an Australian mining services company. It creates solutions for its clients by bridging their knowledge, equipment and labour gaps. Pit N Portal offers hard-rock underground mining equipment rental services. The company was founded in 2002 and is based in Welshpool, Australia. As of February 28, 2020, Pit N Portal Equipment Hire Pty Ltd operates as a subsidiary of Emeco Holdings Limited.
BGC Contracting Pty Limited	BGC Contracting provides services to the resources, energy and infrastructure sectors across three core businesses: Mining, Construction and DIAB Engineering. The mining business involves open cut contract mining business and contract crushing and processing. The construction business involves a civil construction business with capability across the public infrastructure, energy and resources sectors. The DIAB engineering business involves maintenance and construction and fabrication in the Australian resources sector. Established in 1973, BGC has built a national contractor with a workforce of 2,300 people and maintains a project delivery record across Western Australia, Queensland, South Australia and New South Wales.
Wilson Mining Services Pty Limited	Wilson Mining Services Pty. Limited provides specialist contracting services in the mining services sector. Wilson Mining have 25 years of experience supporting the Australian underground coal industry and supplying and installing cavity fill and strata consolidation phenolic foams and ventilation control devices. The company was founded in 1990 and is based in Gateshead, Australia.
GF Holdings (WA) Pty Ltd	GF Holdings (WA) Pty Ltd provides underground mining services. The company was founded in 1988 and is based in Subiaco, Australia. As of August 2, 2019, GF Holdings (WA) Pty Ltd operates as a subsidiary of Macmahon Holdings Limited.
Barminco Holdings Pty Limited	Barminco Holdings Pty Limited provides mining services in Australia, Egypt, Tanzania, and West Africa. It offers underground contract development and production mining, underground diamond drilling, and surface crushing and screening services for the owners of mining projects. The company serves mining companies operating in the gold, copper, nickel, and zinc ores. It also provides support services, such as maintenance, supply chain management, and planning and advisory services. Barminco Holdings Pty Limited was founded in 1989 and is

Target Name	Business Description
	headquartered in Hazelmere, Australia. As of October 31, 2018, Barminco Holdings Pty Limited operates as a subsidiary of Ausdrill Limited.
UGL Pty Limited	UGL Pty Limited provides outsourced engineering, construction, and asset management and maintenance services to blue-chip companies, government agencies, private enterprise, and public institutions in Australia and internationally. It operates through Rail & Defence, Asset Services, Technology Systems, Engineering & Construction, Asia, and Ichthys CCPP & SMP projects segments. The Rail & Defence segment provides naval ship maintenance services. The Asset Services segment offers maintenance services, and shutdowns and turnarounds services in the liquefied natural gas, minerals processing, petroleum, power, and water sectors. The Technology Systems segment provides road tunnel and rail infrastructure systems; and signalling communications and telecommunications solutions. The Engineering & Construction segment offers procurement, construction, and commissioning services for the power, water, and resources sectors. The company was founded in 1970 and is based in North Sydney, Australia. UGL Pty Limited operates as a subsidiary of CIMIC Group Investments No. 2 Pty Ltd.

Source: Capital IQ

Appendix 5 – Discount Rate

Determining the correct discount rate, or cost of capital, for a business requires the identification and consideration of a number of factors that affect the returns and risks of a business, as well as the application of widely accepted methodologies for determining the returns of a business.

The discount rate applied to the forecast cash flows from a business represents the financial return that will be required before an investor would be prepared to acquire (or invest in) the business.

The capital asset pricing model (‘**CAPM**’) is commonly used in determining the market rates of return for equity type investments and project evaluations. In determining a business’ WACC, the CAPM results are combined with the cost of debt funding. WACC represents the return required on the business, whilst CAPM provides the required return on an equity investment.

In our assessment of the appropriate discount rate for the Ant Hill Project, we consider the most appropriate discount rate to apply to the cash flows of the Ant Hill Project is the cost of equity, being the return required on an equity investment.

Cost of Equity and Capital Asset Pricing Model

CAPM is based on the theory that a rational investor would price an investment so that the expected return is equal to the risk free rate of return plus an appropriate premium for risk. CAPM assumes that there is a positive relationship between risk and return, that is, investors are risk averse and demand a higher return for accepting a higher level of risk.

CAPM calculates the cost of equity and is calculated as follows:

CAPM	
K_e	$= R_f + ß \times (R_m - R_f)$
Where:	
K_e	= expected equity investment return or cost of equity in nominal terms
R_f	= risk free rate of return
R_m	= expected market return
$R_m - R_f$	= market risk premium
B	= equity beta

The individual components of CAPM are discussed below.

Risk Free Rate (R_f)

The risk free rate is normally approximated by reference to a long-term government bond rate with a maturity equivalent to the timeframe over which the returns from the assets are expected to be received.

In the Adjusted Model, the forecast period over which the DCF valuation was conducted over was approximately five years. Therefore, we have adopted a risk free rate based on a five-year maturity period.

In determining an appropriate five-year bond rate to use as a proxy for the risk free rate we have given consideration to the five-year Australian Government Bond rate and projections of the five-year Australian

Government Bond rate based on implied forwards. Based on this analysis, we have used a risk free rate of 0.5% in our discount rate assessment.

Market Risk Premium (R_m - R_f)

The market risk premium represents the additional return that investors expect from an investment in a well-diversified portfolio of assets. It is common to use a historical risk premium, as expectations are not observable in practice. In order to determine an appropriate market risk premium in Australia, we have analysed historical data. Our sample of data included the daily historical market risk premiums in Australia over the last ten years.

The market risk premium is derived on the basis of capital weighted average return of all members of the S&P 200 Index minus the risk free rate, which is dependent on the 10-year Australian Government Bond rate.

Source: Bloomberg and BDO analysis

The graph above illustrates the frequency of observations of the Australian market risk premium over the past ten years. The graph indicates that a high proportion of the sample data for Australian market risk premiums lie in the range of 6% to 8%. This is supported by the long term historical average market risk premium of between 6% and 8%, which is commonly used in practice. For the purpose of our Report we have adopted a market risk premium of between 6% and 8%.

Equity Beta

Beta is a measure of the expected correlation of an investment's return over and above the risk free rate, relative to the return over and above the risk free rate of the market; a beta greater than one implies that an investment's return will outperform the market's average return in a bullish market and

underperform the market's average return in a bearish market. On the other hand, a beta less than one implies that the business will underperform the market's average return in a bullish market and outperform the market's average return in a bearish market.

Equity betas are normally estimated using either an historical beta or an adjusted beta. The historical beta is obtained from the linear regression of a stock's historical data and is based on the observed relationship between the security's return and the returns on an index. An adjusted beta is calculated based on the assumption that the relative risk of the past will continue into the future, and is hence derived from historical data. It is then modified by the assumption that a stock will move towards the market over time, taking into consideration the industry risk factors, which make the operating risk of the company greater or less risky than comparable listed companies.

It is important to note that it is not possible to compare the equity betas of different companies without having regard to their gearing levels. It is generally accepted that a more valid analysis of betas can be achieved by 'ungearing' the equity beta to derive an asset beta (β_a) by applying the following formula:

Asset beta (β_a)	
β_a	= β / (1+(D/E x (1-t))
Where:	
β_a	= ungeared or asset beta
β	= equity beta
D	= value of debt
E	= value of equity
t	= corporate tax rate

Selected Beta (β)

In order to assess the appropriate equity beta for the Ant Hill Project, we have had regard to the equity beta of ASX-listed companies predominantly involved in manganese mining, or iron ore mining which we consider to have a similar exposure, as both industries primarily relate to production of steel. We have selected these comparable companies with consideration for their similarities to RDG, which will be holding the Ant Hill Project following the Proposed Transaction.

The betas below have been assessed over a four-year period using weekly returns against the S&P/ASX All Ordinaries Index.

For RDG, the list of comparable companies we selected are set out below:

Comparable Companies: Beta calculations based on four-year weekly returns					
Company	Market Capitalisation 20-Mar-20 (A$m)	Geared Beta (β)	Gross Debt/Equity (%)	Ungeared Beta (βa)	R^2
South32 Limited	8,636.34	1.04	9%	0.97	0.18
Mineral Resources Limited	2,592.13	1.06	84%	0.67	0.16
Mount Gibson Iron Limited	902.99	0.76	0%	0.75	0.03
Jupiter Mines Limited	479.95	0.70	0%	0.70	0.06
Grange Resources Limited	190.96	0.97	4%	0.94	0.08

Comparable Companies: Beta calculations based on four-year weekly returns					
Company	Market Capitalisation 20-Mar-20 (A$m)	Geared Beta (β)	Gross Debt/Equity (%)	Ungeared Beta (βa)	R^2
OM Holdings Limited	184.66	1.52	95%	0.91	0.06
Bryah Resources Limited	2.52	1.42	0%	1.42	0.12
Valor Resources Limited	1.92	1.58	0%	1.58	0.03
Mean	**1,623.93**	**1.13**	**24%**	**0.99**	**0.09**
Median	**335.46**	**1.05**	**2%**	**0.93**	**0.07**

Source: Bloomberg and BDO analysis.

Descriptions of the comparable companies are provided at the end of this appendix.

In selecting an appropriate beta for the Ant Hill Project, we have considered the similarities and differences between RDG and their set of comparable companies as set out above. The comparable similarities and differences noted are:

- South32 Limited operates at a significantly larger scale than RDG with a higher level of diversification, however, it has been included in our analysis as the company is the largest producer of manganese in Australia;
- MRL also operates at a much larger scale compared to RDG, however, we consider the nature of the business of RDG following the Proposed Transaction to be similar to that of MRL and therefore have included it in our analysis;
- Mount Gibson Limited and Grange Resources Limited are iron ore producers which we consider to be a similar industry, as a primary driver of the industry is demand for steel; and
- Jupiter Mines Limited, OM Holdings Limited, Byrah Resources Limited and Valor Resources Limited are primarily exposed to the manganese mining industry and are therefore included in our analysis.

In selecting an appropriate ungeared beta for the Ant Hill Project, we have considered the ungeared betas of the companies listed above along with the above factors.

As set out in the table above, the ungeared beta for the list of comparable companies ranges from 0.67 to 1.58 with a mean of 0.99 and a median of 0.93.

Based on our analysis, we consider an appropriate ungeared beta to be in the range of 0.95 to 1.05 for the Ant Hill Project.

We have then regeared the ungeared beta based on a forecast debt to equity structure for RDG over the life of the Ant Hill Project. Although we have considered applying the debt to equity ratio based on the expected debt and equity of RDG, we note that we are unable to forecast the book value of equity of RDG in the long term, given that RDG concurrently runs its contract mining services business. Therefore, we have elected to instead apply a debt to equity ratio based on the average debt to equity ratios of the most comparable companies above.

In relation to debt to equity structure, we consider MRL and OM Holdings Limited to be most comparable to RDG following the Proposed Transaction. This is on the basis that RDG will have a similar business structure to MRL and will be operating a manganese mine in Australia like OM Holdings Limited.

Our assessment of an appropriate debt to equity structure is outlined in the table below:

Company	Debt/Equity Ratio
Mineral Resources Limited	84%
OM Holdings Limited	95%
Mean	**89%**

Source: Bloomberg and BDO analysis.

Consequently, we have regeared the betas above using a 90% forecast debt to equity ratio, which gives an assessed range of betas from 1.55 to 1.71 for the Ant Hill Project.

Cost of Equity

We have assessed the cost of equity of the Ant Hill Project to be in the range of 9.8% to 14.2% with our preferred value being a rounded midpoint of 12.0%.

Input	Value adopted	
	Low	High
Risk free rate of return	0.5%	0.5%
Equity market risk premium	6.0%	8.0%
Beta (regeared)	1.55	1.71
Cost of Equity	**9.8%**	**14.2%**

Source: Bloomberg and BDO analysis

Set out below are the company descriptions of the companies we considered in our comparable company analysis.

Company name	Company description
South32 Limited	South32 Limited operates as a diversified metals and mining company primarily in Australia, Southern Africa, North America, and South America. The company has a portfolio of assets producing alumina, aluminium, bauxite, energy and metallurgical coal, manganese ore and alloy, ferronickel, silver, lead, and zinc. It also exports its products. South32 Limited was incorporated in 2000 and is headquartered in Perth, Australia.
Mineral Resources Limited	Mineral Resources Limited operates as a mining services and processing company in Australia and internationally. It operates through three segments: Mining Services and Processing, Mining, and Central. The company offers contract crushing, screening, and processing services on build-own-operate basis for mining companies. It also manages the processing, production, logistics, ship loading, marketing, and export of resource products on behalf of tenement owners. In addition, the company has a portfolio of iron ore assets, and owns interests in the Mount Marion and Wodgina lithium projects located in Western Australia. The company was founded in 1993 and is based in Applecross, Australia.
Mount Gibson Iron Limited	Mount Gibson Iron Limited, together with its subsidiaries, engages in mining and processing of hematite iron ore deposits in Australia. The company primarily operates the Extension Hill mine site in the Mid-West region of Western Australia and haulage of the ore via road and rail for export from the Geraldton Port. It is also

Company name	Company description
	involved in mining and direct shipment of hematite iron ore at the Koolan Island mine site in the Kimberley region of Western Australia. The company was founded in 1996 and is based in West Perth, Australia.
Jupiter Mines Limited	Jupiter Mines Limited engages in the development and operation of mineral resource properties in Australia and South Africa. It explores for iron ore and manganese deposits. The company's flagship project is the Tshipi Manganese mine located in South Africa. Jupiter Mines Limited is based in Perth, Australia.
Grange Resources Limited	Grange Resources Limited engages in the integrated iron ore mining and pellet production business in the northwest region of Tasmania. The company is involved in the mining, processing, and sale of iron ore and exploration, evaluation, and development of mineral resources at the Southdown Magnetite and related Pellet plant projects. It owns interests in the Savage River magnetite iron ore mine located to the southwest of the city of Burnie. The company is based in Burnie, Australia.
OM Holdings Limited	OM Holdings Limited, an investment holding company, engages in mining, smelting, trading, and marketing ores and ferroalloys. The company operates through Mining, Smelting, and Marketing and Trading segments. It owns Bootu Creek manganese mine located in the Northern territory of Australia. The company also provides manganese ferroalloys, ferrosilicon, and manganese sinter ore. In addition, it trades in manganese ore, manganese ferroalloys, ferrosilicon, sinter ore, chrome ore, and iron ore. OM Holdings Limited was founded in 1994 and is based in Singapore.
Byrah Resources Limited	Bryah Resources Limited operates as a mineral exploration company in Australia. The company explores for copper, gold, manganese, nickel, and base metal deposits. It primarily holds interests in the Bryah Basin project covering an area of 880 square kilometers located to the north of the town of Meekatharra and the Gabanintha project covering an area of 200 square kilometers situated to the south of the town of Meekatharra, Western Australia. Bryah Resources Limited was incorporated in 2017 and is based in West Perth, Australia.
Valor Resources Limited	Valor Resources Limited engages in the exploration and examination of mineral resource properties. It primarily holds a 100% interest in the Berenguela copper-silver-manganese project located in the Puno Department of southeastern Peru. The company was formerly known as The Carajas Copper Company Limited and changed its name to Valor Resources Limited in February 2017. Valor Resources Limited is based in Perth, Australia.

Source: S&P Capital IQ and BDO analysis.

Appendix 6 – Independent Valuation Report by VRM

Valuation & Resource Management

INDEPENDENT TECHNICAL SPECIALISTS REPORT & VALUATION

Presented To:

Resource Development Group

Resource Development Group

Date Issued:

7 April 2020

Document Reference	Ant Hill Valuation Report Final
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	Date: 7 April 2020
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Valuation Date	19 March 2020

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Executive Summary

BDO Corporate Finance (WA) Pty Ltd (BDO) engaged Valuation and Resource Management Pty Ltd (VRM) to prepare an Independent Technical Assessment and Valuation report (ITAR or the Report) on the proposed acquisition of the Ant Hill Project (Ant Hill) and Sunday Hill Project (Sunday Hill) by Resource Development Group (RDG or the Company) (ASX: RDG) from Mineral Resources Ltd (MRL) (ASX: MIN). BDO was engaged by RDG to prepare an Independent Expert's Report (IER) for inclusion in a Notice of Meeting to assist the shareholders of RDG in relation to the proposed transaction.

This Report is a public document, in the format of an ITAR and is prepared in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – The VALMIN Code (2015 edition) (VALMIN). As the authors of this report are members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) they are required to ensure that all public reports comply with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC). VRM understands that BDO will include the Report within its IER relating to the proposed transaction, pursuant to Item 7 Section 611 of the Corporations Act 2001 Cth and Australian Securities Exchange (ASX) Listing Rule 10.1.

This Report is a technical review and valuation opinion of the Ant Hill and Sunday Hill Projects, located in the Pilbara region of Western Australia. Applying the principles of the VALMIN code VRM has used several valuation methods to determine the value for the manganese mineral assets. The other assets of MRL have not been valued as part of this Report. Importantly, as neither the principal author nor VRM hold an Australian Financial Securities Licence, this valuation is not a valuation of MRL but rather an asset valuation of the Ant Hill and Sunday Hill tenements.

This valuation is current as of 19 March 2020, being the date that RDG and MRL announced the proposed transaction. BDO had previously engaged VRM to undertake the Report in preparation and prior to the announcement of the transaction. As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by RDG along with publicly available data including ASX releases and published technical information. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading. The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the likely value of the mineral projects and not an absolute value. A range of likely values for the various mineral assets is provided with that range indicating the accuracy of the valuation.

Ant Hill and Sunday Hill Tenements

The Ant Hill tenement included in this Report a granted mining lease number M46/238, which covers 800.15 hectares, hosts a low grade manganese Mineral Resource reported in accordance with the JORC Code 2012. The Sunday Hill tenement (M46/237), which covers 729.1 hectares hosts a low grade manganese Mineral Resource estimate reported in accordance with the JORC Code 2004. These tenements are in the East Pilbara shire of Western Australia. Both tenements are subject to forfeiture applications lodged by Black Range Mining Pty Ltd on 10 May 2017. This report assumes that these applications are rejected and Auvex Resources Pty Ltd (a subsidiary of MRL) retains a 100% interest in the tenements which as a part of the proposed transaction will, if the transaction finalises, be owned by RDG. VRM has reviewed the previous expenditure (Form 5 expenditure) associated with the tenements.

For the Ant Hill tenement, the validity and reasonableness of the technical inputs provided by MRL and RDG and used in the BDO financial model have been checked by VRM. Most of the inputs are considered by VRM to be reasonable however it is recommended that two specific inputs be subjected to sensitivity analysis, these are the beneficiation yield for the low-grade manganese material and the moisture content of the mineralisation. The former input is based on sampling in 2009 however how representative the samples are to the entire JORC 2012 resource, released in March 2020, is unknown. Therefore, VRM recommends that BDO use a beneficiation yield range of 50% to 75% in its analysis with a preferred yield being 55%. The RDG and MRL model has assumed a yield of 60% while the 2009 samples provided a yield of approximately 65.5% for the crushed material that is between 8mm and 16mm while the yield for the >16mm material was approximately 75%. As the moisture content of 3.5% has been assumed and is not based on any testwork VRM recommends that it is stress tested to determine if changing the moisture content from 2.5% to 5% creates a material variation in the valuation of the project. It is considered by VRM that it is likely that moisture content would not make a material change in the overall project valuation.

VRM has estimated the value of the Sunday Hill tenement based on the technical information supporting the prospectivity of the licence on a 100% interest basis. As at the valuation date there are historical Mineral Resource estimates prepared applying the guidelines of the JORC Code (2004 Edition) at Sunday Hill for the manganese mineralisation these have been considered within the primary valuation technique. Due to the Mineral Resource Estimates (MRE) being reported in accordance with the 2004 JORC Code a discount to the resource multiplies for early stage manganese projects has been applied. Secondary valuations have been determined based on geoscientific and prospectivity enhancement multiplier methods to support the primary valuation.

This report documents the technical aspects of the Ant Hill and Sunday Hill Tenements along with determining a valuation for the Sunday Hill tenement applying the principles and guidelines of the 2015 VALMIN Code. The technical aspects of the Ant Hill tenement and the proposed exploitation of the existing MRE at the Ant Hill deposit have been used by BDO to determine the value of the Ant Hill tenement. No additional value was added to the Ant Hill tenement to account for the exploration potential within the Ant Hill tenement.

Conclusions

The Ant Hill tenement covers 800.15 hectares with a low-grade manganese Mineral Resource estimate reported in accordance with the JORC Code 2012. The Sunday Hill tenement, covering 729.1 hectares hosts a low-grade manganese Mineral Resource estimate reported in accordance with the JORC Code 2004.

The tenements are being acquired by RDG from MRL. MRL released the Ant Hill Mineral Resource Estimate in accordance with the 2012 JORC code on 19 March 2020, the same day the transaction was announced.

Based on the Ant Hill Indicated Mineral Resource estimates, MRL has carried out a preliminary economic evaluation of the project with the assumptions from those studies used in the financial model used by BDO to determine the value of the Ant Hill tenement. No Ore Reserves have been declared at this time. VRM considers that other than the beneficiation yield and the moisture content most of the technical inputs into the financial model used by BDO in the IER to which this Report is appended are reasonable.

The JORC 2004 Mineral Resource estimates within the Sunday Hill tenement have been valued by VRM applying several approaches as detailed within the body of this Report.

In VRM's opinion, the Sunday Hill tenement has a market value of between $0.73 million to $2.20 million with a preferred value of $1.47 million on a 100% equity basis.

1. Introduction

Valuation and Resource Management Pty Ltd (VRM), was engaged by BDO Corporate Finance (WA) Pty Ltd (BDO) to undertake an Independent Technical Assessment and Valuation Report (Report or ITAR) on the Ant Hill and Sunday Hill Tenements for Resource Development Group (RDG or the Company) (ASX: RDG). RDG are proposing to acquire the Ant Hill and Sunday Hill tenements from Mineral Resources Limited (MRL) (ASX: MIN) and require an ITAR to support this transaction.

VRM understands that this ITAR will be included in the Independent Experts Report (IER) being prepared by BDO. BDO will refer to, and rely on, the VRM report and mineral asset valuation which will be attached to its IER to inform the RDG shareholders as to the fairness and reasonableness of the proposed transaction.

Paul Dunbar and Deborah Lord of VRM were contacted to undertake a valuation of the Ant Hill and Sunday Hill Tenements, being manganese projects located in the Pilbara Region of Western Australia. Sherif Andrawes of BDO engaged VRM for the purposes of the ITAR and all correspondence was directed through BDO.

VRM has estimated the value of the Sunday Hill tenement and provided technical input to BDO regarding the reasonableness of the inputs used in a Financial Model for Ant Hill initially presented to BDO and VRM by RDG. The technical information supporting the prospectivity of the licences and the valuation of the tenements is on a 100% interest basis to determine a market value for the licences as at 19 March 2020.

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITAR is prepared applying the guidelines and principles of the 2015 VALMIN Code and the 2012 JORC Code. Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). These codes are also requirements under Australian Securities and Investments Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by RDG and MRL and previous owners and associated Competent Persons as referenced in this ITAR and additional publicly available information.

1.2. Scope of Work

VRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the project.

VRM has compiled the valuation based upon the principle of reviewing and interrogating both the documentation of RDG, MRL and previous exploration within the area. This Report is a summary of the work conducted, completed and reported by the various explorers to 19 March 2020 based on information supplied to VRM by RDG and MRL and other information sourced from the public domain, to the extent required by the VALMIN and JORC Codes.

VRM understands that the objectives of this study are to provide:

- A summary of the regional and local geology, the security of the tenure, a summary of the recent and previous exploration,
- An assessment of the reasonableness of the technical inputs into the Ant Hill financial model presented to BDO and VRM by RDG; and
- An independent valuation on the Sunday Hill Tenement as at 19 March 2020.

VRM has prepared an Independent Valuation of the Sunday Hill tenement and provided BDO with an analysis of the reasonableness of the inputs into the Ant Hill preliminary economic analysis undertaken by MRL and RDG. VRM understands that its reviews and valuations will be relied upon and appended to an IER prepared by BDO for inclusion in a notice of meeting, to assist RDG shareholders in their decision regarding the approval of the proposed transaction. As such, it is understood that VRM's review and valuation will be a public document.

1.3. Statement of Independence

VRM was engaged to undertake an ITAR of the Ant Hill and Sunday Hill manganese tenements. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of expert reports (RG111) and ASIC Regulatory guide 112 Independence of experts (RG112).

Ms Deborah Lord and Mr Paul Dunbar of VRM have not had any association with RDG or MRL, their individual employees, or any interest in the securities of RDG or MRL which could be regarded as affecting their ability to give an independent, objective and unbiased opinion. Neither VRM, Ms Lord nor Mr Dunbar hold an Australian Financial Services Licence (AFSL) and the valuation contained within this Report is limited to a valuation of the mineral assets being reviewed. VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee is not contingent on the results of this review and is estimated at $23,000 to $25,000.

1.4. Competent Persons Declaration and Qualifications

This Report was prepared by Mr Paul Dunbar as the primary author and peer reviewed by Ms Deborah Lord.

The Report and information that relates geology, exploration and the mineral asset valuation is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). Mr Dunbar is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code) and a specialist under the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The 2015 VALMIN Code). Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Report and information that relates to geology, exploration and the mineral asset valuation is based on information reviewed by Ms Deborah Lord, BSc (Hons), a Competent Person who is a fellow of the AusIMM and a member of the AIG. Ms Lord is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the 2012 JORC Code and a specialist under the 2015 VALMIN Code.

Between 19 March 2020 and the date of this Report, nothing has come to the attention of VRM that would cause any material change to the conclusions.

1.5. Reliance on Experts

VRM has relied upon the previous Competent Person for the Ant Hill and Sunday Hill tenements including for a site visit to the Project area. As RDG is acquiring the Project from a large listed company the associated Mineral Resource estimates for Sunday Hill were not considered material and have not been publicly reported since 2009, while the Ant Hill Resource was reported in accordance with the JORC Code 2012 on 19 March 2020 in conjunction with the proposed transaction. VRM has therefore placed reliance on the Competent Person sign off for the Ant Hill JORC 2012 MRE while the MRE within the Sunday Hill tenement has been reported under the 2004 JORC Code, therefore it is considered by VRM to be a historic resource estimate.

Mr Dunbar and Ms Lord, the authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the legislative environment and permitting in Western Australia. In relation to the tenement standing, VRM has relied on the documentation of the Competent Person for Mineral Resources and associated JORC Table 1 documentation and supporting resources reports. In addition to relying on the Competent Person and JORC Table 1 associated with the MRE on 21 March 2020 VRM undertook an independent review of the Department of Mines, Industry Regulation and Safety (DMIRS) online tenement database, Mineral Titles online. As required by the VALMIN Code the status of the tenements is detailed within this Report.

1.6. Sources of Information

All information and conclusions within this report are based on information made available to VRM to assist with this report by RDG, MRL and other relevant publicly available data to 19 March 2020. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the preparation of this Report and to ensure that it had access to all relevant technical information. VRM has relied on the information contained within the reports, articles and databases provided by RGD and MRL as detailed in the reference list. A draft of this Report was provided to RGD, via BDO to identify and address any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to the companies until the technical aspects were validated and the Report was declared final.

1.7. Site Visit

No specific site visit has occurred as a part of this Report or valuation. VRM has relied on the site visit of the Competent Person for the Mineral Resource estimates as described in the body of this Report.

Limited recent exploration has been conducted on the tenement area and VRM is satisfied that a site visit would not provide any additional material information that would modify the opinion or valuation of the assets.

2. Mineral Assets

The mineral assets included in this valuation include the Ant Hill and Sunday Hill tenements and a miscellaneous licence all owned by Auvex Resources Pty Ltd, a 100% owned subsidiary of MRL. These tenements cover the Sunday Hill and Ant Hill manganese mineralisation. The Ant Hill project is considered an advanced exploration project. As the Sunday Hill resource has not been updated to JORC 2012 it is considered an early stage project. The location of the Property in relation to major infrastructure is shown below Figure 1.

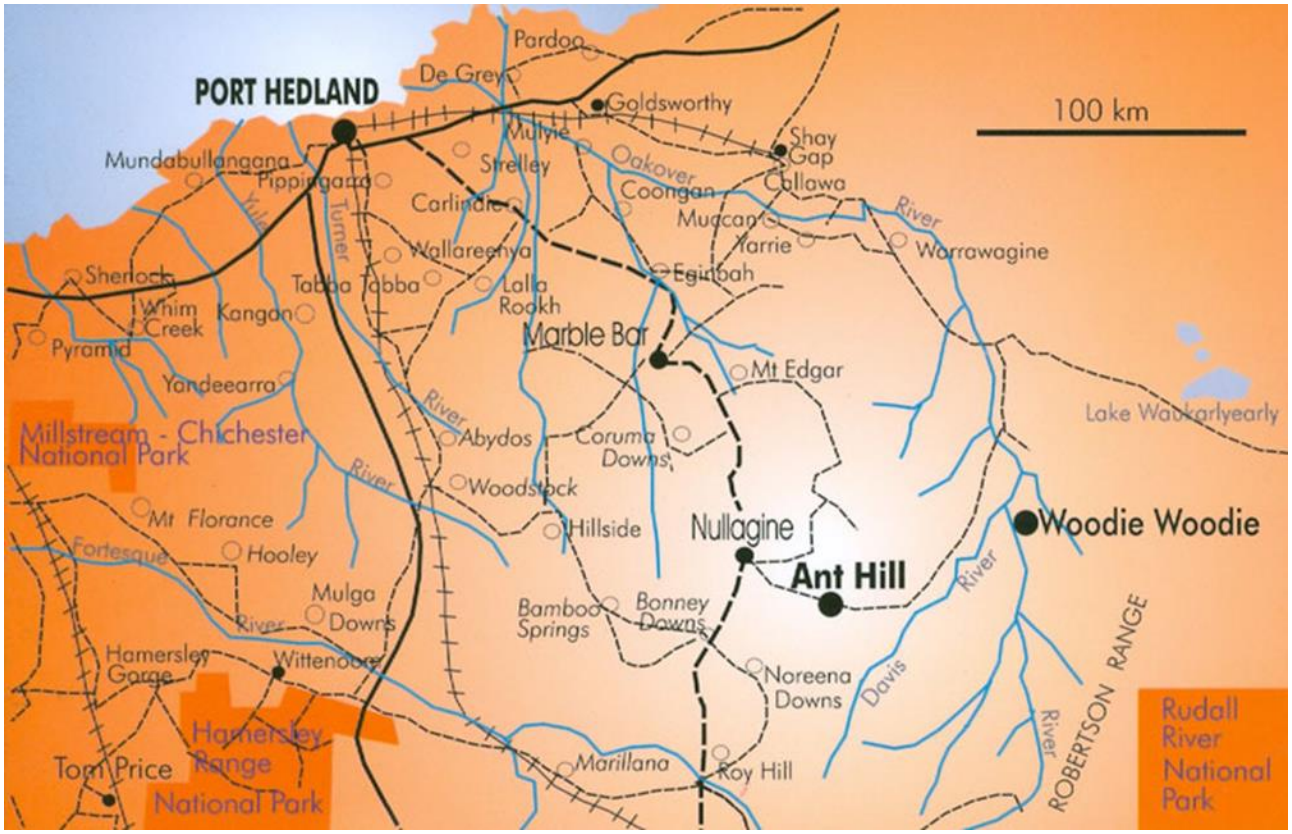

Figure 1 – Location of the Ant Hill and Sunday Hill tenements including the main infrastructure and access (Source MRL 2020)

2.1. Tenure

The Ant Hill and Sunday Hill Mining Leases and associated Miscellaneous Lease are all 100% owned by Auvex Resources Pty Ltd, a 100% owned subsidiary of MRL, which is subject of this valuation, with tenement information summarised below (Table 1).

Table 1 Tenement schedule as at 21 March 2020

Tenement Schedule for The Ant Hill and Sunday Hill Projects					
Licence Number	Licence Holder	Tenement Name	Area (ha)	Grant Date (Period)	Tenement Status
M46/237	Auvex Resources Pty Ltd	Sunday Hill	729.1	6/11/2000 (21 years)	Live
M46/238	Auvex Resources Pty Ltd	Ant Hill	800.15	6/11/2000 (21 years)	Live
L46/67	Auvex Resources Pty Ltd		220	27/04/2012 (21 years)	Live

VRM independently confirmed the current status of these three tenements on the DMIRS online tenement database, Mineral Titles Online via the website http://www.dmp.wa.gov.au/Mineral-Titles-online-MTO-1464.aspx on accessed on 21 March 2020 as shown in Figure 2.

Figure 2 – Location of the Ant Hill and Sunday Hill tenements
(Source https://landtracker.com.au/service/#)

M46/237 and M46/238 are both subject forfeiture proceedings initiated by Black Range Mining Pty Ltd on 10 May 2017. The forefiture application has been made pursuant to Section 98 of the *Mining Act 1978* (WA). MRL has reported in the JORC table 1 associated with the Ant Hill Mineral Resource Estimate that "*The forfeiture proceedings are being vigorously defended.*"

Also included in the JORC Table 1 is a statement regarding the actions of the Department of Mine and Petroleum (DMP) (now DMIRS) in granting the tenement and to the extent that the grant affects native title. Table 1 details "*M46/238 was invalidly granted to the extent that it affects native title as it was granted during a period in which the State Government was not enforcing compliance with procedural requirements under the Native Title Act 1993 (Cth) as a result of the decision in Western Australia v Ward (2000) 170 ALR 159 and prior to the High Court overturning that decision in Western Australia v Ward (2002) 213 CLR 1.*"

It is assumed by VRM that this statement would also apply to M46/237 which hosts the Sunday Hill mineralisation.

VRM understands the tenement granting remains valid however the native title negotiations would be required to determine any native title royalties. In the financial model associated with the preliminary economic assessment RDG and MRL have included a native title royalty. It is unclear if that royalty is the result of a native title agreement or if it is an assumed native title royalty.

2.2. Accessibility

The licences are located approximately 360 kilometres by road southeast of Port Hedland and 120 southeast of Marble Bar in the Pilbara of Western Australia. Access to the tenements from Port Hedland is via Marble Bar and Nullagine on gazetted shire - maintained roads, access to site from Nullagine is via station and exploration tracks. The miscellaneous licence which is a part of the proposed transaction covers the current access road from Ant Hill to the shire - maintained road near Nullagine. The nearest populated town is Nullagine.

There is minimal infrastructure in the area with no power, water, airstrip or accommodation currently on site. All accommodation, transport and infrastructure would be required to be constructed as a part of any development.

Topography in the area is generally flat lying other than directly associated with the mineralisation where the deposits (both Ant Hill and Sunday Hill) occur as discrete mesas consisting of fault bound outliers of mid - Proterozoic sediments.

3. Geological Setting

The Ant Hill and Sunday Hill tenements are located near the eastern edge of the Pilbara craton in the Pilbara region of Western Australia (Figure 1).

Ant Hill is a remnant basin outlier of mid-Proterozoic sediments of the Manganese Group, Pinjian Chert Breccia, and underlying Hamersley Group in the Pilbara, WA. The contacts between these three units are all unconformable. The outlier forms an in-warped, partly structurally controlled, depression surrounded by and unconformably overlying much older rocks of the Fortescue Group. These are locally dominated by the Nymerina Basalt.

The Ant Hill mesa is 1.4km in length and is at some points up to 0.5km wide. It rises up to 50 metres above the surrounding plain, with the hill flanked by talus material slumped under gravity from erosion of the manganiferous chert breccia, other chert breccias, sandstone, and fault material. The general rocky surface has rare patches of partially developed skeletal soils and is thus largely devoid of trees and mainly covered by spinifex.

The local geology is shown in Figure 3 while Figure 4 is a schematic cross section.

Within the outlier and unconformably underlying the main manganese horizon, which at Ant Hill formed at the base of the Pinjian Chert Breccia (PcB), are shales, mudstones, thin bands of manganiferous mudstones, and thin cherts of the Marra Mamba Iron Formation (Hmm) of the Hamersley Group. In the regional stratigraphy the Carawine Dolomite, unconformably overlies the Marra Mamba Iron Formation however it is not recognised at Ant Hill and has been completely replaced by Pcb. The Pcb consists of a basal horizon of massive manganese rock comprising manganese oxides bound closely with iron oxides. As this ferruginous manganese breccia gives way to an interim manganese matrix breccia, then in turn to a silica-iron matrix breccia, with the dominant clasts composed of angular cherty fragments, the manganese grades fall away significantly.

Overall, the stratigraphy dips at between 0 – 20 degrees to the west from the eastern side of Ant Hill, and oppositely at 0–20 degrees eastwards from the western side of Ant Hill. However, locally dips steepen and/or are contorted by sub-vertical to steep west dipping faults. These faults are the dominant structures at Ant Hill.

Detailed mapping of Ant Hill by geological consultants Ravex Pty Ltd (Ravex) in 2008 to 2009, covered the southern third of Ant Hill and showed the generally shallow geometry, but with several steep N- and NE-trending fault structures. Further mapping of the whole hill in 2011 confirmed the repetition of this geology over the entire deposit.

The known area of manganese outcrop extends over the entire mesa for a strike length of 1,470 metres. The area that was drilled for the 2008-2009 resource estimate occupies approximately one quarter of the total surface extent of the manganese at Ant Hill. Ground mapping and ore body modelling work carried out previously provided the information for the reverse circulation (RC) drilling program carried out from May to November 2014.

The elevation of Sunday Hill is about 20 to 30 metres above the surrounding plain. It has moderate to gentle slopes, is largely devoid of trees and generally covered by spinifex. The surface consists of skeletal soils and outcrop with some scree slopes and areas that are covered by laterite and colluvium materials.

Sunday Hill has similar geology to Ant Hill. Sunday Hill is a remnant basin outlier of mid-Proterozoic sediments of the Manganese Group unconformably overlying Pinjian Chert Breccia, which in turn unconformably overlies Hamersley Group sediments. These stratigraphic units collectively form an outlier which occurs as a warped, partly structurally controlled basin surrounded by and unconformably overlying the Maddina Formation (mainly basalt) and Jeerinah Formation (a mix of sediments and volcanics) of the Fortescue Group. Broadly the Sunday Hill outlier is a syncline, but there are some sub-vertical faults and low angle thrusts, and variable folding.

On the NE slope of Sunday Hill, there is a 1200 metre long outcrop of NW/SE striking ferruginous manganese at the base of the Pinjian Chert Breccia and within manganiferous shales in the underlying Hamersley Group sediments. The surface width of the ferruginous manganese outcrop varies from 20 to 70 metres and is stratigraphically overlain by silica-rich Pinjian Chert Breccia or directly unconformably overlain by ferruginous sediments (mudstones, sandstones, pebbly conglomerates) of the Manganese Group's Coondoon Formation.

4. Previous Exploration and Mining

Manganese was first identified and extracted in the late 1950's from a number of pits at Ant Hill. Campaign mining activities continued through to 1975, with the tonnages extracted also including, some ore from nearby Mt Cooke, Davis River, Bee Hill and possibly other sites. By 1975, a total of 717,716 tonnes of manganese ore, at an average grade of 48.3% Mn was extracted from the district. By late 1970's the manganese price was low discouraging further mining.

In 1977-1978 Dampier Mining Company carried out geological mapping and drilling to investigate manganese mineralisation at Sunday Hill. Twenty-four open-hole rotary percussion holes were drilled for an aggregate of 1112.5 metres on a grid approximating 200 by 200 metres.

In 1992 Valiant Consolidated Ltd in Joint Venture with Sovereign Resources (Australia) NL drilled the manganese deposits at Sunday Hill and Ant Hill.

Work on product beneficiation and other tests were conducted in 1995 and 1996 by Micron Research (WA) and it was concluded that a low- grade product of about 35% Mn and 20% Fe could be achieved from Ant Hill.

In 2003, a 50m x 50m ground gravity survey over a 1350x650 metre area extending from the manganese outcrops along the NE ridge of Sunday Hill was completed. Five anomalies were defined.

In 2007 HiTec Energy Limited (HiTec) (now Mesa Minerals Limited (Mesa)) reported a JORC 2004 Inferred Mineral Resource for Sunday Hill of 4.7 million tonnes at 18.4% manganese. (Hitec 2007)

Between 2008 and mid-2013, the following studies or activities were completed within the Ant Hill and Sunday Hill tenements.

- Trial mining at Ant Hill
- 96 RC holes for 3002 metres and two diamond holes for 14.3 metres in 2008 at Ant Hill
- Completion of Inferred and Indicated Mineral Resource at Ant Hill, now updated to JORC 2012
- Geological Mapping and scout exploration drilling at Sunday Hill, 14 RC holes for 605m
- Heritage Surveys completed on both leases

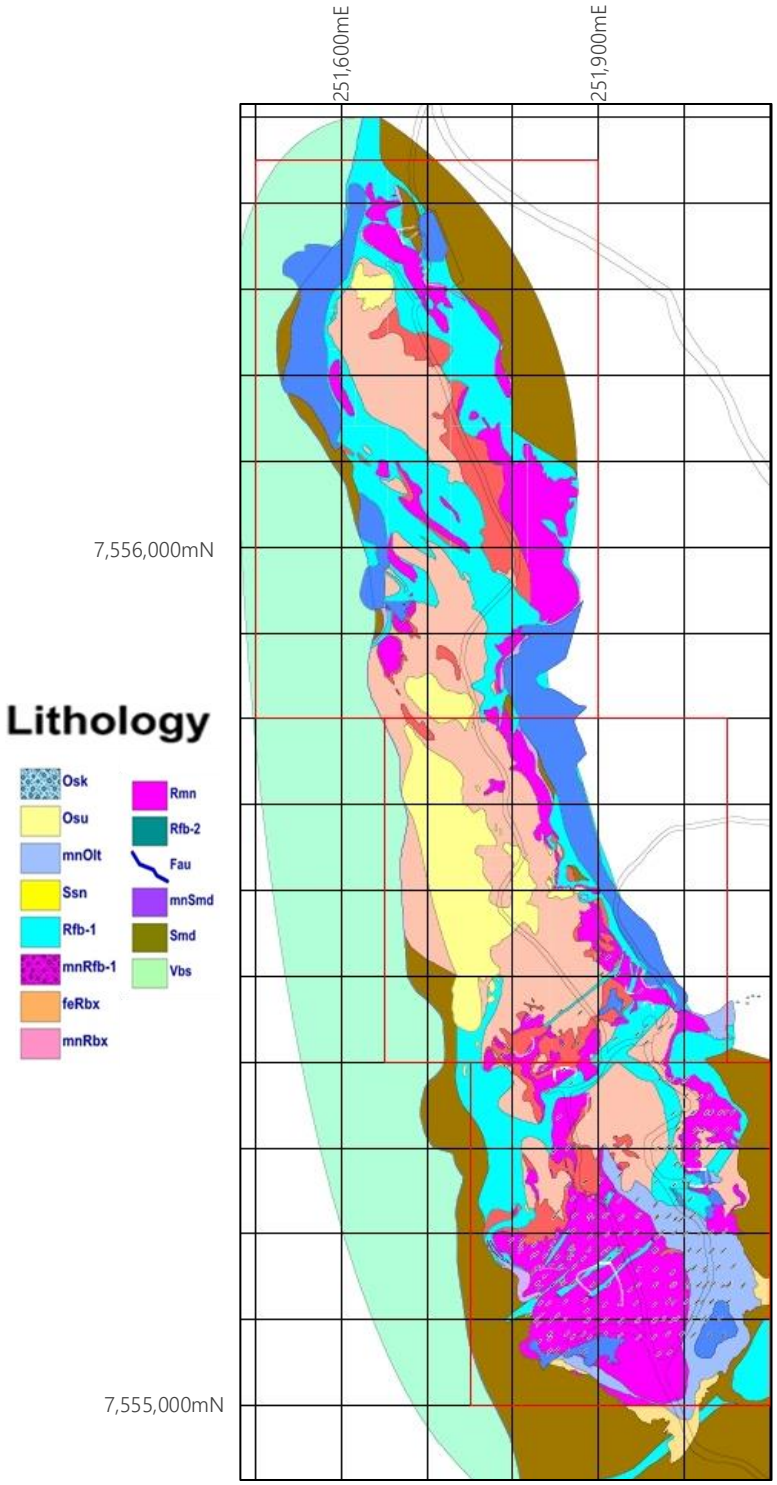

Figure 3 Detailed geology of the Ant Hill region (source MRL mapping by Ravex Pty Ltd)

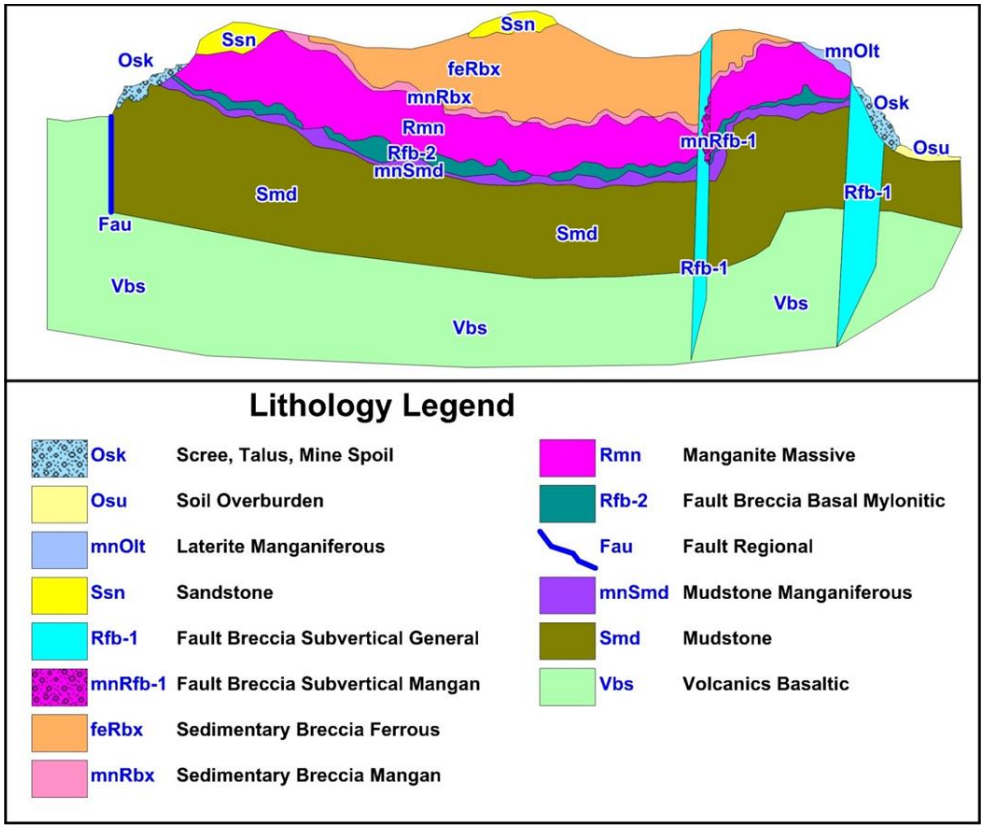

Figure 4 – Schematic cross section of Ant Hill. (Source MRL geology by Ravex Pty Ltd)

- Completion of the Stage 1 Environmental (Flora & Fauna) survey for Ant Hill and Sunday Hill
- Submitting a Project Management Plan (PMP), Environmental Management Plan (EMP) and Mining Proposal (MP) for both leases. After completion of the trial mining the Ant Hill project was placed on care and maintenance.
- A campaign of mining, crushing and stockpiling of lump manganese ore
- Haulage of manganese ore to Port Hedland
- Marketing activities and sales of manganese product to Chinese buyers
- Design and initial construction of an interim camp
- Licenses granted for design and drilling of 4 water bores
- Two trial shipments of manganese ore exported to China
- Demobilisation of all mobile and crushing equipment
- Follow up surveys to the Stage 1 Flora and Fauna report
- Geological mapping
- Extensive metallurgical testwork in Australia, Germany and China, both on bench and pilot plant scale
- Process plant design work including modelling

- Mineralogical studies to better understand the mineralogy and metallurgy of the mineralisation
- Stage 2 flora and Stage 1 fauna studies at Ant Hill and Sunday Hill
- Hydrology studies for surface water and 100 year flood level events at Ant Hill
- MRL undertook a number of studies on the Ant Hill project for the Mesa Mining JV, including;
- Ant Hill manganese deposit modelling
- Completion of a blast design for fragmentation and metallurgical assessment,
- Flora and fauna investigations of the site and tenement
- Preparation of environmental approvals for Ant Hill
- Extended beneficiation testwork for upgrading project ore had been undertaken by ALS (Ammtec) and Nagrom in Perth using Heavy Liquid testing, DMS and jigging. The result from these investigations have furthered and progressed development of the crushing and beneficiation flowsheets.

In 2013 the Ant Hill mine briefly came out of care and maintenance for a trial fragmentation blast.

At Sunday Hill GPS-based reconnaissance mapping in the southwest of the tenement located some new manganese mineral outcrops hosted within basal Pinjian Chert Breccia (as at Ant Hill) as well as large areas with Manganese Group slight-to-moderately folded sediments resting unconformably on, or in down-thrown fault contact with, silica-iron facies Pinjian Chert Breccia. Preliminary interpretations are that the Sunday Hill tenement geology is more complicated than at Ant Hill. However, the area underlain by potentially manganiferous Pinjian Chert Breccia is larger than at Ant Hill. The area of outcropping manganese bearing units is similar to the total outcropping manganese bearing units at Ant Hill.

During 2014 an RC drilling program was conducted over both the Ant Hill and Sunday Hill tenements. For Ant Hill (M46/238) 236 RC holes were completed for 11,489 metres. The majority of these holes were vertical with East and West angled holes on the ends of each line. This drilling resulted in the main southern area being closed in, and abutting historic drilling, at 20 m x 10 m grid spacing. For Sunday Hill (M46/237) 58 RC holes were drilled for 3,273 metres, with a mixture of angled and vertical holes. Most holes at Sunday Hill were angled towards the NE. Chip trays as 2 m composites were collected for all the 14,762 m of drilling.

MRL has continued testwork programmes relating to the development and application of proprietary processes for the production of high value manganese based products.

The Ant Hill project remains on care and maintenance.

5. Mineral Resource Estimates

The Project Tenements host two distinct mineralised zones, one being within the Sunday Hill tenement and the second within the Ant Hill tenement. The Ant Hill MRE was announced by MRL on 19 March 2020, and

has been reported in accordance with the 2012 version of the JORC Code. The Sunday Hill MRE was first reported in an ASX release in 2007 under the JORC Code (2004) and is considered historical.

As required by the VALMIN Code, Clause 4.1, VRM is required to undertake an assessment of the reasonableness of the inputs into our valuation. VRM has undertaken a high - level review of the Mineral Resource estimation reports and technical data to provide an assessment of the reasonableness of the Mineral Resource estimates for the Ant Hill manganese Project. An assessment of the Sunday Hill Mineral Resource Estimate is limited due to the estimate being done in 2009 in accordance with JORC 2004. No resource report has been located and there is insufficient detail in the public reports to provide a detailed assessment of the Sunday Hill Resource.

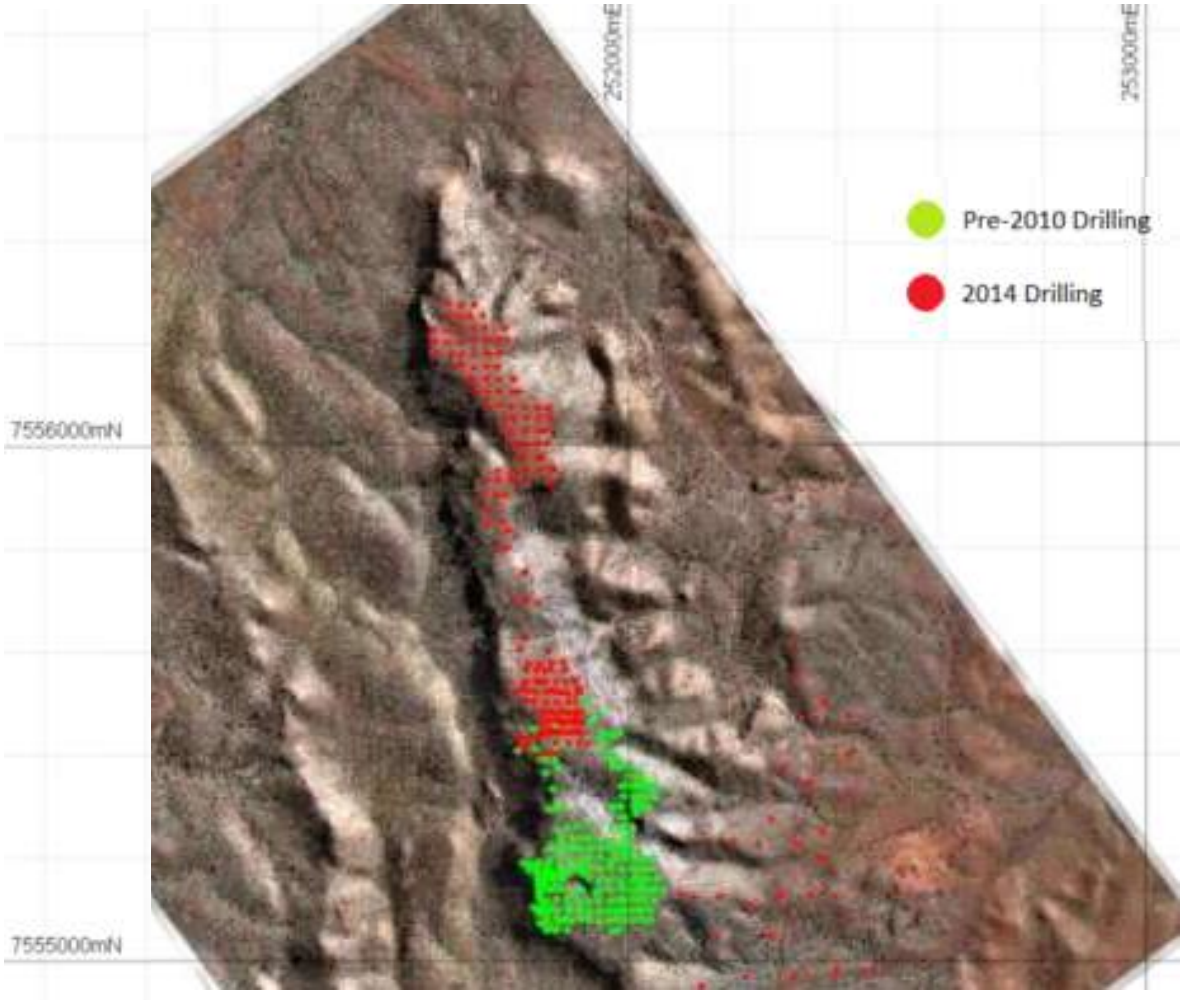

Figure 5 – Location of the Drilling at Ant Hill (Source MRL 2020)

The contents of this Review have been undertaken using the following reports:

- MRL, 2020, Ant Hill Resource Report ASX release and associated JORC table 1. dated 19 March 2020.
- MRL, 2020, Ant Hill and Sunday Hill summary presentation. unpublished report

- Mineral Processors (WA) Pty Ltd, 2008, Recommendations for Advancement in Processing Potential at Anthill and Sunday Hill Manganese. unpublished report
- Mineral Processors (WA) Pty Ltd, 2009, Interpretation of IPP Densimetric Analysis on 12 Samples from Anthill.
- Geraghty, D., 2015 Mesa Mining Joint Venture Combined Annual Report No C1/2001 Ant Hill (M46/238) and Sunday Hill (M46/237) Combined Annual Report. unpublished report
- Montezuma Mining, 2009, ASX release titled Ant Hill Deposit Global Resource Tonnage Increased by over 400%. ASX release 26 March 2009

In VRM's opinion, the information provided was of reasonable quality and satisfactorily addressed the requirements for an assessment of the reasonableness of the approach to the various Mineral Resource estimates. The underlying geological or geochemical datasets have not been validated, nor has there been a complete audit or reassessment of the resource. The Mineral Resources for the Project have not been re reported or re estimated as a part of this report. The technical data was reviewed at a high level, however full due diligence was not undertaken.

5.1. High Level Review - Overview

The Ant Hill Project sediment hosted manganese Mineral Resource estimate has been reported in compliance with the JORC Code (2012) reporting standard and is summarised in Table 2. The Mineral Resource estimate was completed by MRL and first announced on 19 March 2020 and is reported as at 31 December 2019.

Table 2 Ant Hill Project JORC 2012 Mineral Resource Estimates at 10% Mn Cut-off (Source: MRL 2020)

Ant Hill Sediment Hosted Manganese Mineral Resources as at 31 December 2019					
Resource Classification	Tonnes (Mt)	Mn (%)	Fe (%)	SiO_2 (%)	Cut-off (Mn%)
Indicated	2.8	24.4	23.9	16.7	10
Inferred	0.3	28.7	21.6	14.2	10
Total	3.0	24.6	23.8	16.7	10

Note the figures in the table above may not sum due to rounding errors

The Sunday Hill Project Mineral Resource estimate, summarised in Table 3, has been reported in compliance with the JORC Code (2004). The Mineral Resource estimate was reported in an ASX release by Montezuma Mining Limited (ASX: E25, previously MZM) on 26 March 2009 with another ASX release by HiTec in the 2007 March Quarterly Report (HiTec 2007) stated that a recently announced a Resource estimate for Sunday Hill was completed however it is unclear who undertook the estimate.

Table 3 Sunday Hill Project Mineral Resource Estimates at 10% Mn Cut-off (Source: Montezuma Mining 2009)

Sunday Hill Manganese Mineral Resources MZM ASX release 26 March 2009					
Resource Classification	Tonnes (Mt)	Mn (%)	Fe (%)	SiO_2 (%)	Cut-off (Mn%)
Unknown	4.7	18.4	-	-	15
Total	4.7	18.4	-	-	15

5.2.Ant Hill Mineral Resource Estimate

This section of the report is based on an assessment of the Mineral Resource Estimate released by MRL on 19 March 2020. The Mineral Resource Estimate informaiton is a summary and assessment of the data from the JORC 2012 Table 1 and a summary of the informaiton from previous annual exploration reports.

5.2.1.Informing Data

The Mineral Resource estimate is supported by samples collected from 78 percussion holes (1,435m) in 1992, 74 RC holes for 2,018m in 1998, 96 RC holes for 2,966m and 2 diamond holes for 14.1m (HQ size) in 2008 and 236 RC holes for 11,489m in 2014. Since 1998 all RC holes have been using face sampling hammers. Drilling collars and geology is shown in Figure 6 below.

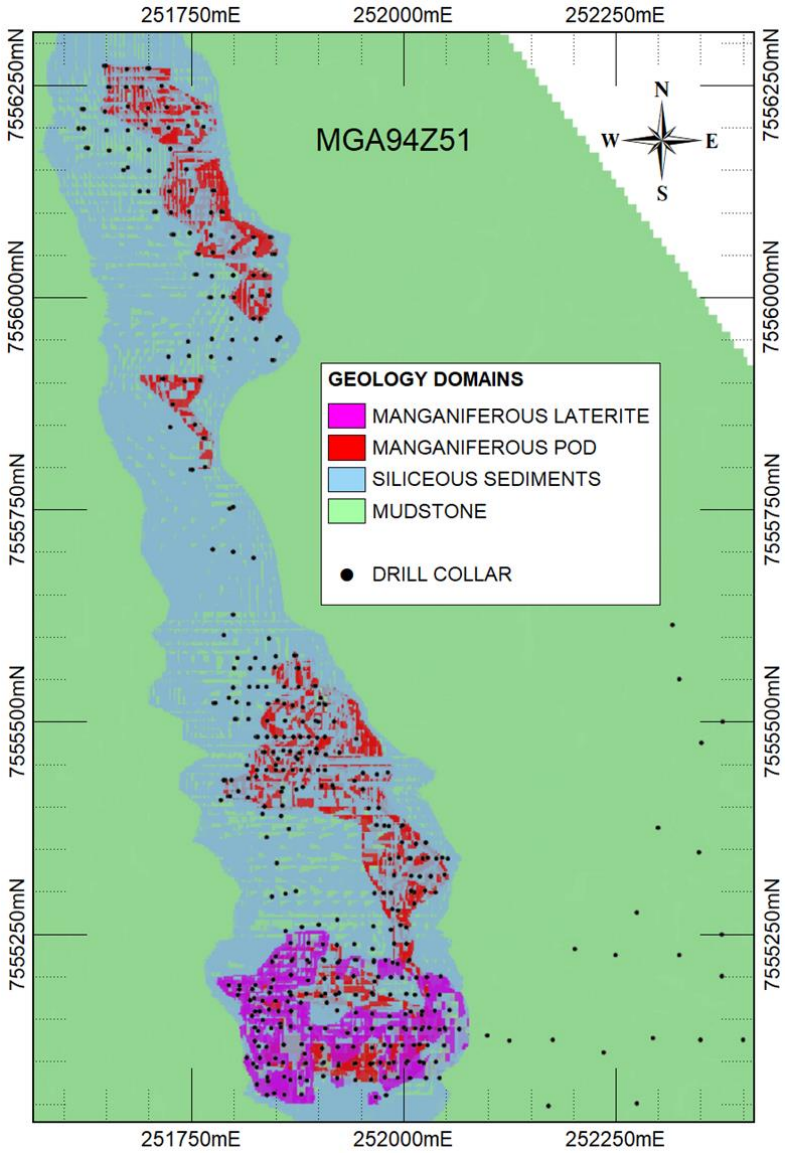

Figure 6 Ant Hill Geology wireframes and drill collar locations

RC samples were dominantly collected on a 1 metre sample interval with minor 2 metres sample intervals. All drill samples were collected from a fixed cyclone. Pre-2004 RC samples were obtained via a 3 way riffle splitter. Post-2004 RC samples were obtained via an inverted cone splitter. Sample weights were not recorded. Diamond core recocery was measured by comparing tape measured core runs against the drill runs as recorded by the driller. Recovery was reported as very good.

Geological logging was qualitative with drill core and chip trays photographed with all sample intervals logged. RC and Percussion drill holes from 1992 and 1998 have been relogged in 2011 to ensure consistent geological logging and allowing consistent geological interpretation.

5.2.2.Sample Preparation and Analysis

Preparation and assaying of the samples were carried out in line with the procedures set down by the Intertek Genalysis commercial lab in Perth.

Samples were analyzed using X-Ray Spectrometers and Thermogravimetric analysers. Prefixed AHP, BAH AHRC & 2014AHRC drill hole samples were analyzed for Al_2O_3, CaO, Fe, K_2O, LOI, MgO, Mn, Na_2O and SiO_2. AHRC and 2014AHRC drill hole samples were additionally analyzed for As, Ba, Cl, Co, Cr, Cu, Fe_2O_3, Ni, P, S, Sn, TiO_2, Total, V and Zn.

5.2.3.QA/QC

BAH (1998) and AHRC (2008) drill hole assays were submitted to Genalysis where standards, lab coarse repeats, blanks and pulp repeats were taken at regular intervals. The raw QAQC data is not available, however the BHP Exploration report concluded that for the BAH holes the assays were within expected tolerance limits, and the 2009 Geologica resource report concluded that the variability of the AHRC standard assays is very low, while most of the repeat standards were within 5% of the original value.

2014AHRC drill hole assays were submitted to Intertek Genalysis where lab standards, field duplicates and pulp repeats were taken at regular intervals. The reproducibility of the field duplicates was reported as showing no obvious bias.

5.2.4.Bulk Density

BHP Exploration collected 50 bulk density measurements obtained from rock samples from the Ant Hill Project with these determined based on the Archimedes method. An additional 84 samples from three RC holes were analysed using a pycnometer analysis. Mesa collected an additional 26 measurements from rock samples and 12 from metallurgical samples. A variable bulk density was assigned to the ore based on the manganese grades. The waste was assigned a density based on rock type. The density assigned to the ore is summarised in below.

Table 4 Manganese grade In-situ Density within the Ant Hill mineralisation.

Mn%	Density (insitu)
0-10	2.6
10-15	2.8
15-20	3.0
20-25	3.2
25-30	3.4
30-35	3.6
35-40	3.8
40-45	4.0
45-50	4.1

5.2.5.Mineral Resource Estimation, Classification and Reporting

The Ant Hill Project Mineral Resource estimate was undertaken by an Ordinary Kriging (OK) model with the block model dimensions being 5m East, 10m North and 3m elevation. The OK model was independently validated by an Inverse Distance squared estimation.

The resource is classified as an Indicated and Inferred Mineral Resource. Based on this assessment of the input data, geological interpretation and quality of grade estimation the classification appears reasonable. The classification has been determined by Geological continuity, data quality, drill hole spacing, modelling technique and estimation properties.

VRM has identified the resource has been reported based on a 10% Mn cut-off grade, this cut-off appears reasonable. The resource is constrained by optimised open pit shells developed using operating costs, beneficiation parameters and a long term manganese price assumption of USD$7.125/dmtu.

5.2.6.VRM Comment

The information included in the 19 March 2020 ASX release and the assumptions within the Mineral Resource Estimate all appear reasonable. In VRM's opinion it would be preferable to have more diamond drilling into the resource and additional twin drill holes. The density measurements from drill core would also add confidence in the resource. The Resource estimate has excluded the assay results from the percussion drill holes from 1992 however these holes were used in the geological interpretation. There has been no top cut of any of the assay results.

Overall, in VRM's opinion, the data presented in the JORC Table 1 is adequate.

5.3. Sunday Hill Mineral Resource Estimation

In the various public reports, the date that the Sunday Hill Resource was initially reported has not been consistently documented. One ASX release by Montezuma Mining Limited (ASX: MZM, now ASX: E25) in 2009 announced the Resource increase for the Ant Hill project which included the Sunday Hill resource however other public reports document the Sunday Hill Resource as being first released in 2007 by HiTec. VRM has been unable to locate the 2007 ASX release other than a March 2007 Quarterly Report by Hitec which states that the Sunday Hill resource 'was recently announced'. The reported JORC 2004 resource is as documented in Table 3 above. The Mesa website (www.mesaminerals.com.au/products/manganese-ore/) reports the Sunday Hill resource was reported in 2006 however no ASX releases have been located to confirm this release date.

5.3.1. VRM Comment

The Sunday Hill Mineral Resource Estimate was reported in 2009 in accordance with the JORC Code (2004). As it has not been updated and re estimated to the 2012 JORC Code there is minimal information available regarding the technical information that forms the basis of the estimate. Neither RDG and MRL have provided VRM with the 2004 JORC resource report for the Sunday Hill deposit and there are no resource reports in the public domain. The resource was classified as an Inferred Mineral Resource Estimate. Due to the lack of recent work on Sunday Hill the current resource would usually be downgraded to a lower classification for the valuation of the deposit. As the resource is at the lowest classification VRM has elected to use a slightly lower resource multiple in the valuation of the Sunday Hill Resource than would have been used if the resource was reported in accordance with the 2012 JORC Code.

The Mineral Resource is believed to be reported above a cut-off grade of 10% Mn and an open pit mining method is assumed.

6. Metallurgy

In 2008 and reported in 2009 several studies into the beneficiation of the Ant Hill mineralisation were undertaken. Below is extracted from section 5.3 Beneficiability of Ore, page 9 from Mineral Processors (WA) Pty Ltd (2008).

"If an ore is able to be beneficiated the ore may vary widely, for example if an ore contains only high-grade/high-density manganese and massive nearly barren gangue that can be liberated, then "ore" of a very low cut-off chemical grade can be economically beneficiated. Conversely, if much of the manganiferous material is as siliceous species or has large contamination of gangue and deleterious elements in the mineral structure, then beneficiation may be uneconomic despite a high un-beneficiated chemical grade." Mineral Processors (WA) Pty Ltd (2008)

Section 2.1 titled "Representativeness of samples for amenability to beneficiation" on page 3 of the final report by Mineral Processors (WA) Pty Ltd (2009) details that;

"To demonstrate the amenability of an ore to densimetric beneficiation it is necessary that the sample should be:

• Either representative of a block of ore that has actually been mined by the mining technique to be used in production, or
• A channel (or diamond drill hole) sample through the entire ore zone and including the proportion of uneconomic hanging and foot-wall zones that would be mined with ore."

Regarding the representativity of the samples tested as a part of the study the report documents how the samples were collected, below is extracted from Section 2.1 on page 4 of the Mineral Processors (WA) Pty Ltd (2009) report;
"Examination of the "before" photographs for each sample site (with the exception of the low-grade stockpile which was not reported) generally indicated that the sample was of selected individual particles of ore which were presumably of one ore type. Whilst these samples may demonstrate the densimetric distribution and grade of density fractions within that ore type, such samples do not comply with the requirements stated above. It is unlikely that densimetric analysis of these samples result in a true indication of the beneficiability of bulk as-mined ore (including "overbreak")."

The beneficiation tests indicated that the crushed samples between 8mm and 16mm on average can be beneficiated to a ≈37% Mn concentrate with ≈65% yield while the >16mm crushed material on average produce a yield of ≈75% with a concentrate grade of ≈37%.

Given the concerns raised in the final beneficiation report, as detailed above, in VRM's opinion the samples used in the beneficiation testwork may not be representative of the global Mineral Resource Estimate as reported on 19 March 2020. On that basis VRM has recommended sensitivity analysis be undertaken on the beneficiation yield assumed in the financial model. VRM recommends that a range of yields be tested from 50% to 75% and considers it prudent to assume a 55% yield in the economic analysis.

7. Technical Studies and Assumptions

Extensive technical studies and tests have been undertaken to evaluate the viability of the Ant Hill deposit. These include trial mining and export of manganese ore approximately 10 years ago which also included fragmentation testing from blasting of the ore, metallurgical testing including beneficiation tests to determine the most suitable methods to determine if the mineralisation could be beneficiated to a saleable manganese concentrate.

The financial model has assumed that mining and crushing would operate on a single shift per day while the beneficiation plant would operate with two shifts per day. The model takes into account lost time for weather delays, availability rates that would be expected for the mining equipment and overall staff effective hours per shift. All these inputs are considered reasonable.

In validating the various technical assumptions used in the economic analysis of the project most of the have been confirmed as being reasonable with the costs of mining, crushing, beneficiation, haulage, port handling

and freight all being considered current, valid and within the expected ranges for these activities in the Pilbara. These costs appear to me mostly derived by either current or very recent similar mining activities by MRL in the region. MRL has recently operated crushing and beneficiation plants on other manganese operations in the Pilbara and currently operates other mining operations in the region. Until recently MRL was exporting spodumene concentrates from its Wodgina lithium mine via Port Hedland, with the concentrates trucked to port. MRL currently exports Iron Ore from Port Hedland which it transports to port via conventional haulage contracts. These are all similar activities to those proposed for the Ant Hill development. Therefore, in VRM's professional opinion, the costs associated with potential Ant Hill development are considered reasonable and current.

8. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 5 and provides a guide as to the most applicable valuation techniques for different assets.

Table 5 VALMIN Code 2015 valuation approaches suitable for mineral Properties

Valuation Approaches suitable for mineral properties				
Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

The Ant Hill manganese project is best described as advanced exploration to pre-development stage while the Sunday Hill manganese project is an earlier stage exploration or evaluation stage. There are Mineral Resource estimates within both projects with the Ant Hill resource reported under the JORC Code (2012), the Sunday Hill resource reported according to the JORC Code (2004) guidelines. There are no Ore Reserve estimates on either project.

As discussed above, given the Mineral Resources for the Ant Hill deposit have been classified as both Indicated and Inferred Mineral Resources, in VRM's opinion these could be valued using an income approach. BDO has requested that VRM comment on the reasonableness of the technical inputs into the Discounted Cash Flow Model (DCF) that BDO will use in determining a market value for the Ant Hill deposit. These inputs are discussed in Section 7 above and 9.1 below.

The mineral resource within the Sunday Hill project was first announced in 2009 and has been reported in accordance with the 2004 version of the JORC Code. VRM does not consider an income valuation methodology is appropriate for the Sunday Hill deposit given the historical nature and resource classification. On that basis the valuation of the Sunday Hill tenement is based on a comparable transaction (market - based approach) with supporting valuation methods used including a geoscientific (Kilburn) approach and a prospectivity enhancement multiplier. The supporting valuation methods are cost based valuations.

For the Sunday Hill tenement the market - based valuation approach is detailed in Section 9.2.1 below with the supporting cost - based valuation in Section 9.2.2 and Section 9.2.3 below.

8.1. Previous Valuations

VRM is not aware of any relevant valuation reports on either the Ant Hill or Sunday Hill tenements. VRM considers that the evaluation work including additional drilling (2014), beneficiation testwork (2009) and changed market for manganese concentrates (since approx. 2005) has fundamentally changed the value of the Ant Hill project therefore making any pre 2009 valuation reports no longer relevant. One of the fundamental changes in the value of the project is the market for low grade concentrates of approximately 37% manganese.

8.2. Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 19 March 2020 being the valuation date of this Report. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the Property, the current and future manganese concentrate prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

8.3. General assumptions

The Mineral Assets of Ant Hill and Sunday Hill are valued using appropriate methodologies as described Table 5 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon,
- The valuations only relate to the Ant Hill and Sunday Hill tenements and not the companies (RDG or MRL) nor their shares or market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral licences will remain active,
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe,
- That the owners of the mineral assets can obtain the required funding to continue exploration activities,
- The manganese concentrate price assumed (where it is used / considered in the valuation) is as at 19 March 2020, being CNY 32.50/t (www.tradingeconomics.com/commodity/manganese),
- The CNY - AUS$ exchange rate of 4.1849 (www.xe.com) resulting in an Australian dollar price of $7.77/t.
- All currency in this report are Australian Dollars or AUD, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with USD.

8.4. Market Based Valuations

As the projects being valued in this Report are dominantly prospective for manganese it is important to note the current market conditions of the manganese concentrates and supply and demand fundamentals of the manganese markets.

8.4.1. Manganese Market

The manganese market conditions have been quite volatile over the past five years. External events have had a significant impact on the supply and demand dynamics. Overall, there has been an increase in global steel production and hence an increase in manganese and Iron Ore demand. The increased demand has been somewhat offset by a very large increase in the overall manganese concentrate production, especially from southern Africa. The dominant use of manganese is as a hardening component in steel; therefore the manganese market usually corresponds to the iron ore demand.

According to Chinese government data China produces more crude steel than the rest of the world combined, reaching 996.3 million tonnes in 2019, up 8.3% over the prior year. In 2019 Chinese imports of Iron Ore, the steelmaking raw material, was 1.069 billion tonnes, this was the second highest on record with the highest import being 1.075 billion tonnes in 2017. Customs data showed China's iron ore purchases in December 2019 totalled 101.3m tonnes, up nearly 12% from July 2019. The iron ore purchases in recent months is expected to be impacted by the Covid-19 pandemic that is currently having a significant impact on public life. The demand for multiple raw commodities including iron ore and manganese concentrates is likely to be significantly impacted by the economic slowdown created by the pandemic.

Below is a graph (Figure 7) of the manganese concentrate price over the past five years (https://tradingeconomics.com/commodity/manganese). The manganese price refers to concentrates (South Africa) of 32% Mn, 20% Fe CFR China.

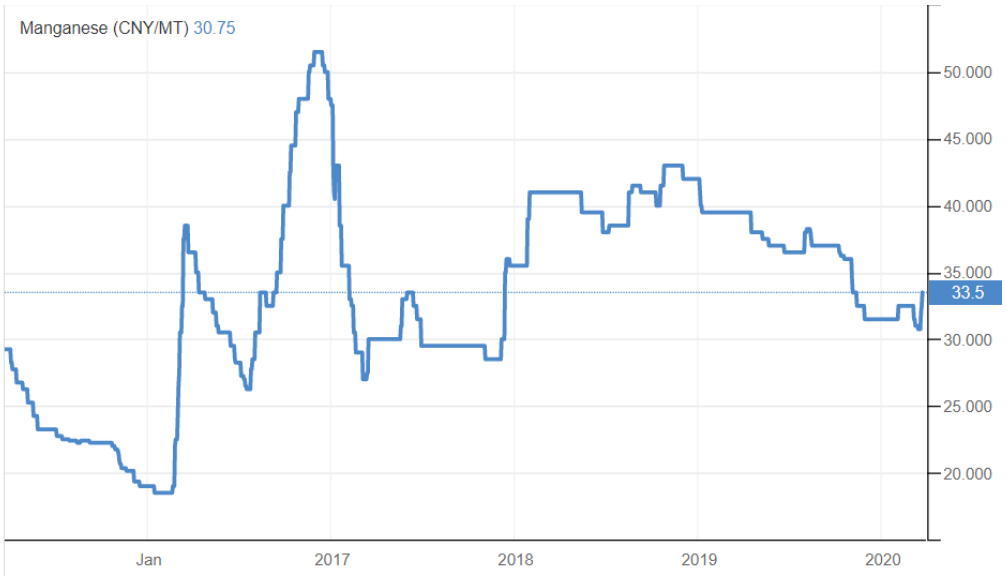

Figure 7 – Five year CNY manganese price graph 32% manganese (20% Fe) CFR Tianjin China (Source: https://tradingeconomics.com/commodity/manganese)

While the manganese price is quite strong, particularly in Australian dollars there are very limited number of transactions and interest in the junior manganese exploration companies. Therefore, in VRM's opinion the overall manganese market is considered to be slightly depressed, especially due to the uncertain economic climate created by the recent Covid-19 pandemic.

8.5. Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties these include;

- Financial modelling including discounted cash flow (DCF) valuations (generally limited to Properties with published Ore Reserves),
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

As there are no current Ore Reserves estimated for the Sunday Hill project VRM does not consider an income - based valuation approach is suitable as a primary valuation method. There are significant modifying factors that impact the viability and economic returns of a mining operation. Until the modifying factors are updated to account for the current market conditions and identified and quantified by additional studies, typically completed as a part of an Ore Reserve Estimation, it is VRM's opinion that any assumptions in critical

modifying factors could, and often would, have a material impact on a valuation using an income approach. Even if an income approach were used the variables would create a very wide range in valuations therefore limiting the usefulness in assessing a primary fair market valuation.

While there are no Ore Reserves estimated within the Ant Hill project there have been extensive studies into most of the modifying factors and there is historical bulk sampling within the deposit it is considered that an income approach would be suitable for the Ant Hill Project. BDO requested VRM to review the reasonableness of the inputs into the DCF model that BDO has used in determining the market value of the Ant Hill Deposit.

8.5.1.Comparable Market Based Transactions – Resource Based

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource Estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

However, is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method. For Iron Ore projects the differences would occur with different mineralogy including hematite mineralisation compared to magnetite mineralisation.

The information for the comparable transactions has been derived from various sources including the ASX and other securities exchange releases associated with these transactions, a database compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

This valuation method is the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated but no current Ore Reserves have been declared. More advanced projects would typically be valued using an income approach due to the modifying factors for a mining operation being better defined.

The preference is to limit the transactions and resource multiples to completed transactions from the past two to three years in either the same geopolitical region or same geological terrain however due to the limited number of recent completed manganese transactions VRM has used all transactions that could be considered comparable.

The comparable transactions have been compiled where Resources have been estimated. Appendix A details the Resource Multiples for a series of transactions that are considered at least broadly comparable with the Ant Hill and Sunday Hill projects.

8.6. Exploration Asset Valuation

To generate a value of an early stage exploration Property or the exploration potential away from a mineral deposit it is important to value all the separate parts of the mineral assets under consideration. In the case of the advanced Properties the most significant value drivers for the overall Property are the declared Mineral Resources or Ore Reserves, while for earlier stage Properties a significant contributor to the Property's value is the exploration potential. There are several ways to determine the potential of pre-resource Properties, these being;

- A Geoscientific (Kilburn) Valuation
- Comparable transactions (purchase) based on the Properties' area
- Joint Venture terms based on the Properties' area
- A prospectivity enhancement multiplier (PEM)
- A Yardstick valuation approach

The methodology to determine the Comparable transactions based on a projects area is undertaken using the same methodology as that described for the Comparable transactions' valuation for advanced projects section; however transactional value is applied to the project's area rather than the resources. The Joint Venture terms valuation is similar to the comparable transactions based on the project area, other than a discount to the Joint Venture terms is applied to account for the time value of money (an appropriate discount rate is applied) and a discount to the earn-in expenditure to account for the chance that the Joint Venture earn-in expenditure is not completed in the agreed timeframe.

VRM considers the comparable transaction multiples as detailed above to be a robust valuation technique especially where there are similar geological, geopolitical and geographical projects. A Geoscientific or Kilburn valuation method is also considered a robust valuation method. It is the view of VRM that the least transparent and most variable valuation method is a PEM valuation as this depends on an assessment of the effectiveness of the expenditure.

8.6.1.Geoscientific (Kilburn) Valuation

One valuation technique that is widely used to determine the value of a project that is at an early exploration stage without any mineral resources or reserve estimates was developed and is described in an article published in the CIM bulletin by Kilburn (1990). This method is widely termed the geoscientific method where a series of factors within a project are assessed for their potential.

While this technique is somewhat subjective and open to interpretation it is a method that when applied correctly by a suitably experienced specialist enables an accurate estimate of the value of the project. There are five critical aspects that need to be considered when using a Kilburn or Geoscientific valuation, these are the base acquisition cost, which put simply is the cost to acquire and continue to retain the tenements being valued. The other aspects are the proximity to both adjacent to and along strike of a major deposit (Off Property Factors), the occurrence of a mineral system on the tenement (On Property Factors), the success of previous exploration within the tenement (Anomaly Factors) and the geological prospectivity of the geological terrain covered by the mineral claims or tenements (Geological Factors). In early stage projects often the anomaly factors and geological factors have limited information.

While this valuation method is robust and transparent it can generate a very wide range in valuations, especially when the ranking criteria are assigned to a large tenement. This method was initially developed in Canada where the mineral claims are generally small therefore reducing the potential errors associated with spreading both favourable and unfavourable ranking criteria to be spread over a large tenement. Therefore, VRM either values each tenement or breaks down a larger tenement into areas of higher and lower prospectivity.

Table 6 documents the ranking criteria while the inputs and assumptions that were used to derive the base acquisition cost (BAC) for each tenement are detailed in the valuation section below.

VRM determines the BAC based on the holding cost of maintaining the tenement for the next year. That cost is determined by the tenement rents, any shire rates and the minimum exploration commitment required on the tenement. For the Ant Hill and Sunday Hill tenements the BAC has been determined from the current tenement holding costs. The BAC is derived from the DMIRS (previously the Department of Mines and Petroleum).

The technical valuation derived from the Kilburn ranking factors are frequently adjusted to reflect the geopolitical risks associated with the location of the project and the current market conditions toward a specific commodity or geological terrain. These adjustments can either increase or decrease the technical value to derive the fair market valuation.

Using the ranking criteria from Table 6 along with the base acquisition costs tabulated in the appendices an overall technical valuation is determined.

Table 6 Ranking criteria are used to determine the geoscientific technical valuation

Geoscientific Ranking Criteria				
Rating	Off-property factor	On-property factor	Anomaly factor	Geological factor
0.1				Generally unfavourable geological setting
0.5			Extensive previous exploration with poor results	Poor geological setting
0.9			Poor results to date	Generally unfavourable geological setting, under cover
1.0	No known mineralisation in district	No known mineralisation within	No targets defined	Generally favourable geological setting
1.5	Mineralisation identified	Mineralisation identified	Target identified; initial indications positive	
2.0	Resource targets identified	Exploration targets identified		Favourable geological setting
2.5			Significant intersections – not correlated on section	
3.0	Along strike or adjacent to known mineralisation	Mine or abundant workings with significant previous production		Mineralised zones exposed in prospective host rocks
3.5			Several significant ore grade intersections that can be correlated	
4.0	Along strike from a major mine(s)	Major mine with significant historical production		
5.0	Along strike from world class mine			

The technical valuation was discounted to derive a market valuation. A market factor was derived to account for the status of the manganese concentrate market and any impediments to progressing the projects. While the Ant Hill and Sunday Hill projects have minimal existing infrastructure on site, they are located reasonably close to an export port, with road access, they are on granted mining leases with environmental approvals progressing. Therefore, it is considered reasonable to have a lower discount than for projects that are remote or are stranded from an infrastructure solution to provide transport to export markets.

On that basis, the technical valuations are discounted by 20% for the status of the manganese market conditions while there has been a 5% discount applied for the locational risks associated with the projects.

For early stage Projects (where there are no Mineral Resources estimated), VRM considers the Geoscientific (Kilburn) Valuation method to be the most robust and is commonly the primary valuation method used. The Geoscientific (Kilburn) Valuation method is checked using the other valuation methods with a preference toward Joint Venture terms and comparable transactions. The reason VRM usually prefers the geoscientific

valuation method over comparable transaction valuations is that it is very rare to identify two truly comparable Properties. Therefore, care is required in selecting comparable transactions. Where completed transactions for broadly comparable Properties have been identified a discount or premium can be assigned to a comparable transaction multiple based on observed differences between the various comparable transactions.

8.6.2.Prospectivity Enhancement Multiplier (PEM) Valuation

As outlined in Table 5 above and in the VALMIN Code a cost - based or appraised value method is an appropriate valuation technique for early stage exploration Properties. Under this method, the previous exploration expenditure is assessed as either improving or decreasing the potential of the Property. The prospectivity enhancement multiplier (PEM) involves a factor which is directly related to the success of the exploration expenditure to advance the Property. There are several alternate PEM factors that can be used depending on the specific Property and commodity being evaluated. Onley, (1994) included several guidelines for the use and selection of appropriate PEM criteria. The PEM ranking criteria used in this report are outlined in Table 7 below. VRM considers the PEM valuation method as a secondary valuation method and no higher PEM ranges are used once a JORC 2012 resource has been estimated. In the opinion of the author, it is preferable to use resource multiples for comparable transactions once a JORC 2012 resource has been estimated. Table 9 documents the criteria and PEM used to determine the upper and lower valuation. The preferred valuation is the midpoint between the upper and lower valuations. When using reported exploration expenditure, it is preferable to remove administrative costs from the reported expenditure, a discount to the total reported expenditure has been applied to account for the administrative costs as they do not add to a project's potential.

Table 7 Prospectivity Enhancement Multiplier (PEM) ranking criteria

PEM Ranking Criteria	
Range	Criteria
0.2 – 0.5	Exploration downgrade the potential
0.5 – 1	Exploration has maintained the potential
1.0 - 1.3	Exploration has slightly increased the potential
1.3 – 1.5	Exploration has considerably increased the potential
1.5 – 2.0	Limited Preliminary Drilling intersected interesting mineralised intersections
2.0 – 2.5	Detailed Drilling has defined targets with potential economic interest
2.5 – 3.0	A Mineral Resource has been estimated at an Inferred category

8.6.3.Comparable Market Based Transactions – Area Based

As for advanced projects described above a comparable transactional valuation can be undertaken on a contained commodity basis or on an area basis. If a project is early stage and no Mineral Resource Estimates have been undertaken, then this valuation method can be based on the area of the project with the comparable transactions analysed on a basis of area (block, claim, hectare or square kilometre).

The information for the comparable transactions has been derived from various sources including the ASX and TSX releases associated with these transactions, compiled into a database compiled by VRM for exploration stage projects. The preference is to limit the transactions to completed transactions for the past two to three years in either the same geopolitical region or same geological terrain. An area-based comparison is considered by VRM as a less reliable means of considering the value of an exploration property compared to its geological setting, which is ultimately what drives the prospectivity of the ground. Therefore, this approach is usually only used to apply as a secondary valuation method for early stage (pre resource) projects.

9. Ant Hill and Sunday Hill Manganese Project Valuation

9.1.Ant Hill Manganese Project Technical Inputs

VRM was engaged by BDO to determine the validity of the various technical inputs that have been used in the preliminary financial model provided by RDG and MRL that BDO has interrogated and modified to generate an income - based valuation of the Ant Hill project.

VRM has reviewed the technical inputs with the objective to determine the reasonableness of these inputs and the modifying factors used in the analysis of the viability of the project.

As detailed above the project is envisaged to be an open pit operation with the manganese ore extracted and the lower grade portions of the resource being processed by scrubbing and beneficiation to derive a higher grade beneficiated manganese concentrate at a nominal 37% manganese grade. The site is planned to operate on two weeks on site one week off roster with mining and crushing operations both planned as a single shift per day while the beneficiation plant would operate two shifts per day. The initial planning has suggested that an optimal concentrate production rate of 400,000 tonnes per year would be supported by mining approximately 1Mt of ore per year with a crushing yield of 70% and a beneficiation yield of 60%.

The crushing and beneficiation would all occur on site with the concentrate trucked to Port Hedland for export. All expected costs have been included in the financial model.

From the analysis of the technical inputs, other than two of the inputs, most of the material aspects of the proposed activities are reasonable and well supported by the ongoing and comparable activities of MRL and RDG in the general region. MRL is currently operating several crushing and screening operations in the Pilbara region of Western Australia and therefore the costs and assumptions are all generally based on the actual costs that either MRL charges other clients in the region or are based on an accurate owner operator cost structure. As MRL has current and active operations in the area it is considered that all these costs are reasonable and accurately represent the actual costs of operating in the area.

Two of the technical inputs have been identified that, in VRM's opinion, would be best checked by sensitivity analysis of the overall valuation. These inputs are the beneficiation yield which while supported by testwork undertaken in 2009 it may not be representative of the global resource estimated in 2020 after additional drilling in 2014. The beneficiation test work on Run of Mine (ROM) stockpiles from previous trial mining activities has indicated that the crushed material between 8mm and 16mm could be beneficiated to a concentrate grade of ≈ 37% Mn with a yield of ≈65%. The >16mm crushed material could be beneficiated to ≈ 37% Mn with a yield of ≈ 75%. The financial model provided by RDG and MRL has assumed a concentrate grade ≈ 37% Mn with a yield of ≈ 60%. In VRM's opinion, and as documented in the metallurgical reports, the representativity of the samples used to determine the concentrate grade and yield may not accurately represent the global resource. Therefore, VRM recommends that BDO undertake a sensitivity analysis on the beneficiation yield using a range of between 50% and 75% yield. Given the uncertainty of the beneficiation samples it is recommended that the preferred beneficiation yield be modified to 55% from the original 60%. If the beneficiation yield is as per the testwork rather than the conservative preferred yield recommended by VRM then this would likely provide a material improvement in the economics of the project.

VRM also identified that the moisture content of the ore and the concentrate does not appear to be supported by any test work. RDG has assumed a 3.5% moisture content. While VRM recommends that a sensitivity analysis be undertaken on the moisture content it is unlikely to generate a material change to the overall project valuation.

The costs of transport are a significant cost of the overall operation, especially given the requirement to transport approximately 400,000t of concentrate to Port Hedland. The distance to the port via the proposed trucking route which is largely existing roads is 360 km to the port with approximately 120km of that route being on unsealed shire - maintained roads. The trucking cost of $0.12 per tonne of ore per kilometre is within the expected range for a combined unsealed and sealed road transport. The transport cost is in line with other operations in the area and is considered reasonable. Haulage, shipping and port materials handling accounts for approximately 46% of all operating costs.

9.2.Sunday Hill Manganese Project Valuation

The mineral asset valued as a part of this ITAR is the Sunday Hill Manganese Project which consists of a single Mining Lease. The project includes a manganese Mineral Resource Estimate that was reported in 2009 in accordance with the 2004 JORC Code.

There are no Ore Reserves. In VRM's opinion an income valuation approach is not considered a viable valuation method for the Sunday Hill tenement. Therefore, VRM has undertaken a valuation based on three separate techniques, these being a comparable transaction (resource multiplier) method, a Kilburn or Geoscientific valuation method and a Prospectivity Enhancement Multiplier (PEM) method.

9.2.1.Comparable Transactions – Manganese Resource Multiples

As detailed in Appendix A, VRM has reviewed a series of transactions involving manganese resources. There are very few transactions and in some context the market could be considered illiquid. The manganese transactions that VRM has identified range from operating tier one projects to early stage resource projects. As would be expected there is a very wide range in resource (and Reserve) multiples derived from these transactions. From these transactions VRM has made a professional judgement regarding the likely resource multiples that would be expected for the Ant Hill and Sunday Hill projects.

All the projects that have been identified produce either high - grade manganese concentrates or lower - grade concentrates from mineralisation that varies widely in its mineralogy and metallurgy. The Ant Hill project and the Sunday Hill projects would require beneficiation to produce a saleable low - grade manganese concentrate. There would likely be some blending of the high - grade material within the deposit with the lower grade concentrate produced from the beneficiation of the lower grade mineralisation.

From the analysis of the completed transactions from comparable projects VRM has determined that the resource multiples range considerably from USD$22.38/t contained Mn to USD $0.66/t contained Mn. Given the tier 1 operating mines transacted at between USD $3/t contained Mn to USD $22/t contained Mn it is considered reasonable to assign a significant discount to these resource multiples to account for the low grade of the Sunday Hill Resource and the short potential mine life when compared to the long life high grade tier 1 deposits.

The smaller lower grade deposits generally have transacted at resource multiples between USD$0.66/t of contained Mn and USD$7.41/t of contained Mn. The difference in these multiples are generally explained by the development stage of the projects with the upper resource multiples occurring around 10 years ago and relating to long - life large scale projects. Most of the small to moderate size and grade deposits have transacted at between USD$0.66/t of contained Mn and USD$1.99/t of contained Mn. On that basis VRM considers that a resource multiple for the Sunday Hill project would fall within a range of USD$0.5/t of contained Mn and USD$1.5/t of contained Mn.

VRM has critically reviewed the potentially comparable transaction and considers that to generate a fair market valuation for manganese projects in a similar location with similar quality the lower valuation should be based on the lowest resource multiple from the comparable transactions. Therefore, in our professional opinion the lower valuation has been determined based on a resource multiple of USD$0.5/t of contained Mn. The upper valuation is based USD$1.5/t contained Mn. The preferred valuation for the project is the average of these two multiples.

The resource multiples detailed above and supported by the information in Appendix A have been used along with the Sunday Hill JORC 2004 Mineral Resources detailed in section 3 above to determine the valuations shown in Table 8.

Table 8 Comparable transaction valuation summary for Sunday Hill Resources

Comparable Manganese Transactions Summary			
	Lower	Preferred	Upper
Manganese Resource (Mt contained Mn)	0.865	0.865	0.865
Resource Multiple (USD$/t contained Mn)	$0.5	$1.0	$1.5
Exchange Rate (20 March 2020)	0.5887	0.5887	0.5887
Resource Valuation (AUD$ million)	$0.73	$1.47	$2.20

Note appropriate rounding has been applied to the Resource estimate and the valuation.

Therefore, VRM considers the Manganese Mineral Resource Estimates within the Sunday Hill to be valued, based on comparable transactions, at between $0.73 million and $2.20 million with a preferred valuation of $1.47 million.

9.2.2.Geoscientific Valuation

There are several specific inputs that are critical in determining a valid geoscientific or Kilburn valuation, these are ensuring that the specialist undertaking the valuation has a good understanding of the mineralisation styles within the overall region, the tenements and has access to all the exploration and geological information to ensure that the rankings are based on a thorough knowledge of the project. In addition to ensuring the rankings are correct deriving the base acquisition costs (BAC) is critical as that is the primary driver of the final value. In this case the BAC is derived by the exploration commitment to maintain the tenement in good standing and annual tenement rents while the costs of the tenement applications and

targeting have not been included. Therefore, in VRM's opinion the Kilburn valuation of the tenement associated with the Sunday Hill Project is considered to be a reasonable fair market valuation.

In VRM's opinion the value of the exploration potential within the mining lease that contains the Sunday Hill manganese deposit has been captured by this Kilburn valuation.

The Geoscientific rankings were derived for each of the Kilburn ranking criteria with the off property criteria considered to be between 2.0 and 2.5, the on Property criteria between 2.0 and 2.5, the anomaly factor between 2.5 and 3.0 while the geology criteria are considered to be between 3 and 3.5. When these ranking criteria are combined with the base acquisition cost as detailed in Appendix B this has determined the technical value as shown in Table 9.

Table 9 details the technical value of the exploration potential of the Mining Lease while the Fair Market Value of the project is based on a location and market discount. The technical valuation has been discounted by 5% while a 20% discount has been applied for due to the current manganese supply and demand uncertainty. Overall, the fair market valuation is detailed in Table 10. The base acquisition cost used in this valuation is based on the tenement rents and exploration commitments in Western Australia.

Table 9 Technical Valuation of the Sunday Hill Manganese Project

Tenement	Technical Valuation (A$)		
	Lower	Preferred	Upper
M 46/237	$2,190,000	$3,490,300	$4,790,600

Note the table above is the technical valuation which is the base acquisition cost multiplied by the ranking factors outlined in Appendix B

Table 10 Fair Market Valuation of the Sunday Hill Manganese Project

Tenement	Market Valuation (A$ million)		
	Lower	Preferred	Upper
M 46/237	$1.66	$2.65	$3.64

Note appropriate rounding to the total valuation has been undertaken.

The fair market valuation as determined by the Geoscientific or Kilburn valuation method has determined a value between $1.66 million and $3.64 million with a preferred valuation of $2.65 million.

9.2.3.PEM Valuation

VRM has undertaken a PEM valuation of the tenements based on the reported exploration expenditure over the five years prior to the forfeiture for application being lodged. These expenditures are detailed in Appendix C. Once a forfeiture application is lodged then the exploration commitment on the tenement is zero until the application is determined. Therefore, VRM considers using the past five years expenditure (including the three years where there was only tenement rents and minor other costs) does not reflect the exploration potential. Due the limited exploration expenditure over the three years since the forfeiture

application was lodged VRM has used the expenditure for the five years prior to the forfeiture application. This reported expenditure has been based on the Form 5 expenditure which has been reported to the DMIRS. The expenditure over the past five years from the Form 5 expenditures was compiled by VRM from the Mineral Titles Online database. This expenditure has been multiplied by and Prospectivity Enhancement Multiplier as detailed in Table 7 above. To generate a range in in the PEM valuation VRM has made an assessment of the effectiveness of the exploration expenditure and therefore used an upper and lower PEM multiple to generate a range in likely values of the project. The preferred valuation is the average of the upper and lower PEM valuation. Table 11 below details the expenditure, the PEM multiples and the valuations for the project.

Table 11 PEM Valuation of Sunday Hill Manganese Project

Tenement	Expenditure		PEM		Valuation (AUD$)		
	2015 – 2019	2012 - 2016	Low	High	Low	Preferred	Upper
M 46/237	$344,478	$1,139,195	2.0	2.5	$2,278,390	$2,563,189	$2,847,988

Note the administration expenses including in the Form 5 expenditure reports have been removed from the expenditure used to determine the valuation.

Therefore, based on the PEM valuation method with appropriate rounding VRM considers the fair market valuation to be between $2.28 million and $2.85 million with a preferred valuation of $2.56 million.

10.Risks and Opportunities

As with all mineral assets there are several risks and opportunities associated with the Ant Hill and the Sunday Hill Manganese Projects and therefore the valuation of those assets.

Some of the non-geological or mining related technical risks and opportunities that are common to most projects include the risks associated with the security of tenure, native title claims, environmental approvals, social, geopolitical and regulatory approval risks.

A significant risk to the Ant Hill project is the representativity of the beneficiation samples that form the basis of the beneficiation yield determined from the 2009 metallurgical sampling. The 2009 sampling has indicated that the yield for the 8mm – 16mm crushed fraction would be approximately 65% while the yield for the >16mm material would be approximately 75%. Both these crushed samples produced a concentrate grade of 37%. Some of the samples from the same test work failed to produce a concentrate of 37% which is considered to be the lower grade manganese concentrate that is readily marketable. VRM has recommended that BDO undertake sensitivity analysis on the yield as a part of their IER.

The Ant Hill and Sunday Hill Projects have several project specific technical risks associated with the resources including the physical properties of the manganese ore.

As with all exploration projects, a key technical risk is that further exploration will not result in identifying a body of mineralisation sufficiently large to be considered an economic resource.

The largest opportunity within the projects is the significant exploration potential that has yet to be determined. There has been minimal modern exploration.

11.Preferred Valuations

Based on the valuation techniques detailed above Table 12 provides a summary of the valuations using three separate valuation techniques. The preferred valuations for the Sunday Hill Project are documented in Table 13. Figure 8 shows the various valuations and VRM's preferred valuation range for the project. VRM has not been requested to provide a valuation of the Ant Hill Project which BDO will be valuing using an income valuation approach.

Table 12 Summary of the Sunday Hill Manganese Project Valuations.

Valuation Technique	Report Section	Lower Valuation (AUD$ M)	Preferred Valuation (AUD$ M)	Upper Valuation (AUD$ M)
Comparable Transactions Resource Multiples	9.2.1	$0.73	$1.47	$2.20
Geoscientific / Kilburn Valuation	9.2.2	$1.66	$2.65	$3.64
PEM Valuation	9.2.3	$2.64	$2.97	$3.31

Note Appropriate rounding has been applied.

Table 13 VRM's Preferred Valuation of the Sunday Hill Project

	Lower Valuation (AUD$ million)	Preferred Valuation (AUD$ million)	Upper Valuation (AUD$ million)
Sunday Hill Project Valuation	$0.73	$1.47	$2.20

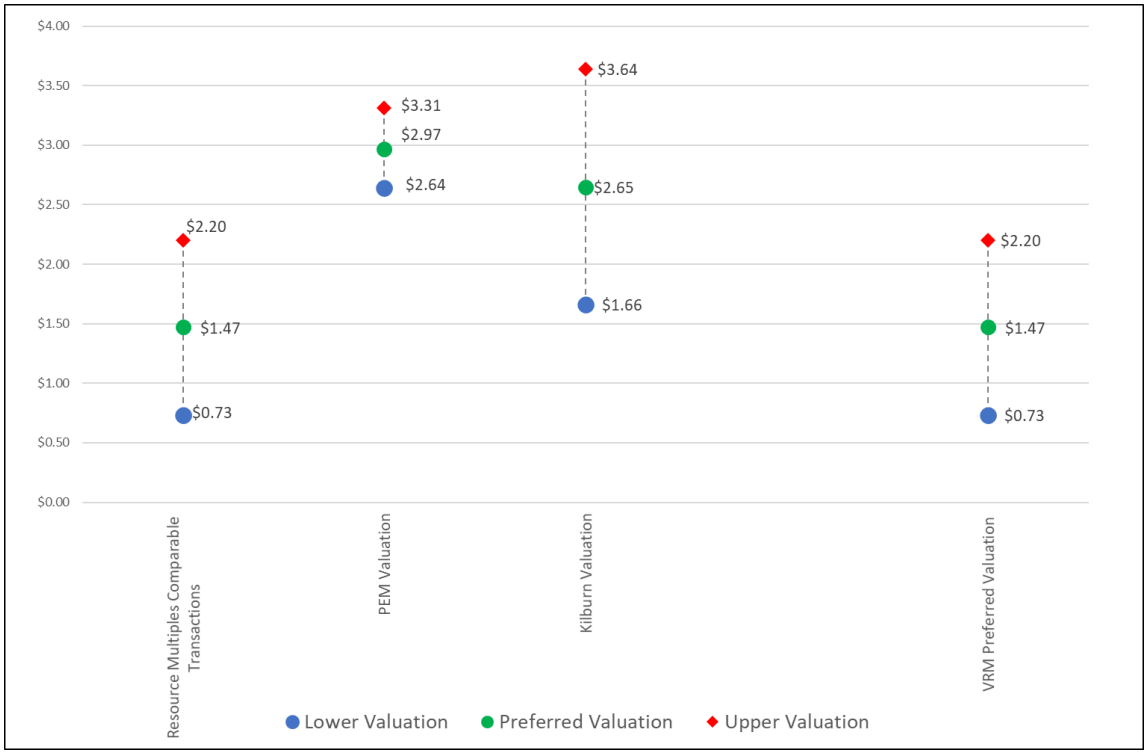

Figure 8 Sunday Hill Project Valuation Summary

12.Conclusion

VRM considers the Sunday Hill Project to have a fair market value within a range of $0.73 million to $2.20 million with a preferred Project value of $1.47 million.

13.References

The references below document the main documents referred to in this report however the various ASX releases for the various companies including MRL and RDG have not been included in the reference list

Geraghty, D., 2015 Mesa Mining Joint Venture Combined Annual Report No C1/2001 Ant Hill (M46/238) and Sunday Hill (M46/237) Combined Annual Report. unpublished report

Hitec Energy Limited, 2007, ASX Release March Quarterly Report 2007, released April 2007

JORC, 2012. Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code). Available from: http://www.jorc.org

Mineral Processors (WA) Pty Ltd, 2008, Recommendations for Advancement in Processing Potential at Anthill and Sunday Hill Manganese. unpublished report

Mineral Processors (WA) Pty Ltd, 2009, Interpretation of IPP Densimetric Analysis on 12 Samples from Anthill.

Mineral Resources Limited, 2020, Ant Hill Resource Report ASX release and associated JORC table 1. dated 19 March 2020.

Mineral Resources Limited, 2020, Ant Hill and Sunday Hill summary presentation. unpublished report

Montezuma Mining, 2009, ASX release titled Ant Hill Deposit Global Resource Tonnage Increased by over 400%. ASX release 26 March 2009

VALMIN, 2015. Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (The VALMIN Code). Available from http://valmin.org/

14.Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org,

The following terms are taken from the 2015 VALMIN Code

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.
Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.
Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.
Corporations Act means the Australian Corporations Act 2001 (Cth).
Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.
Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.
Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.
Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.
Independent Expert Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.
Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

(a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;

(b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category;

(c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken;

(d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study;

(e) **Production Projects** – Tenure holdings – particularly mines, wellfields and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power and other technical requirements spanning commissioning, operation and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis or composition.

Mineral Project means any exploration, development or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Mining means all activities related to extraction of Minerals by any method (e.g. quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to http://www.jorc.org for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council and the Society of Petroleum Evaluation Engineers. Refer to http://www.spe.org for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:
(a) admits members primarily on the basis of their academic qualifications and professional experience;
(b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
(c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.
Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade or build good will.
Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.
Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.
Reasonableness implies that an assessment which is impartial, rational, realistic and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.
Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.
Securities has the meaning as defined in the Corporations Act.
Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.
Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.
Specialist are persons whose profession, reputation or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.
Status in relation to Tenure means an assessment of the security of title to the Tenure.
Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.
Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.
Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.
Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or

extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

Appendix A - Comparable Manganese transactions

Date	May-15	May-15	May-15	Nov-16	Feb-15	Jul-13	May-10	Mar-10
Parties	BHP	BHP	BHP	Reunion Gold	Shaw River	Segue Resources	Ntsimbintle	Pallinghurst Resources
	South 32	South 33	South 34	Bosai Minerals	Bryve Resources	Emang	OM Holdings	Jupiter Mines
Project/Mine	Groote Island	Mamatwam	Wessels	Matthews Ridge	Otjozondu	Emang	Tshipi	Tshipi
Status	Operating Tier 1	Operating Tier 1	Operating Tier 1	Feasibility Complete	Resource Defined, Trial Mining	Resource Defined, Trial Mining	Feasibility completed Funding secured	Feasibility completed Funding secured
Transaction Value / Assigned Value (US$ million)	$1700	$324	$187	$10.0	$1.1	$2.0	$53.0	$223.9
Percentage Acquired (%)	100%	100%	100%	100%	43.8%	30%	13%	49.9%
Resource (Mt)	169.9	109.20	139.90	35.7	17	16.5	163.2	163.2
Mn Grade (%)	44.70%	35.00%	42.40%	14.10%	22.50%	24.80%	37.10%	37.10%
Contained Mn (Mt)	75.95	38.22	59.32	5.03	3.83	4.09	60.55	60.55
Resource US$/T Mn Contained	$22.38	$8.48	$3.15	$1.99	$0.64	$1.61	$6.71	$7.41

Appendix B - Geoscientific Valuation

Technical Ranking Criteria

Tenement	Area (Ha)	BAC (AUS$)	Equity	Off Property		On Property		Anomaly Factor		Geology Factor	
				Low	High	Low	High	Low	High	Low	High
M46/237	729.1	73,000	100%	2	2.5	2	2.5	2.5	3	3	3.5

Technical and Market Valuations

Tenement	Technical Valuation (AUS$)			Fair Market Valuation (AUS$M)		
	Lower	Preferred	Upper	Lower	Preferred	Upper
M46/237	$2,190,000	$3,490,300	$4,790,600	$1.66	$2.65	$3.64
Total	$2,190,000	$3,490,300	$4,790,600	$1.66	$2.65	$3.64

The market value is the technical value discounted by 5% for the project location while an additional discount of 20% has been applied due to the manganese market conditions.

Appendix C - PEM Valuation and Previous Expenditure

Previous Expenditure from Lodged Form 5's

M46/237 Previous Expenditures

Tenement Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	Total Past Five Years	Total Five Years Pre Plaint
Lodged Form 5	$281,456	$324,921	$231,822	$475,641	$212,208	$77,430	$46,235	$31,488	$31,517	$398,878	$1,322,022
Admin from lodged Form 5	$9,060	$90,000	$22,564	$28,319	$27,344	$14,600	$6,083	$1,120	$5,253	$54,400	$182,827
Expenditure Ex. Admin.	$272,396	$234,921	$209,258	$447,322	$184,864	$62,830	$40,152	$30,368	$26,264	**$344,478**	**$1,139,195**

PEM Valuation

M46/237 PEM Valuation

Tenement Year	Total Past Five Years	Total Five Years Pre Plaint	PEM		Valuation - Pre Plaint Expenditure		
			Low	High	Low	Preferred	Upper
Expenditure Ex. Admin.	**$344,478**	**$1,139,195**	**2**	**2.5**	**$2.28**	**$2.56**	**$2.85**

The PEM valuation has been determined based on the lodged Form 5 Expenditure for the five years prior to the forfeiture notice being lodged less the administration component included in the Form 5

ANNEXURE E – MRL ASSOCIATES

Name and ACN	Holding by MRL	Registered Office
Crushing Services International Pty Ltd (ACN 069 303 377)	100%	1 Sleat Rd, Applecross WA 6153
P.I.H.A. Pty Ltd (ACN 061 356 812)	100%	1 Sleat Rd, Applecross WA 6153
Process Minerals International Pty Ltd (ACN 063 988 894)	100%	1 Sleat Rd, Applecross WA 6153
Polaris Metals Pty Ltd (ACN 085 223 570)	100%	1 Sleat Rd, Applecross WA 6153
Eclipse Minerals Pty Ltd (ACN 097 974 813)	100%	1 Sleat Rd, Applecross WA 6153
Auvex Resources Pty Ltd (ACN 129 087 832)	100%	1 Sleat Rd, Applecross WA 6153
Mineral Resources (Equipment) Pty Ltd (ACN 162 993 080)	100%	1 Sleat Rd, Applecross WA 6153
Everthere Pty Ltd (ACN 130 421 091)	100%	1 Sleat Rd, Applecross WA 6153
PIHA (Water) Pty Ltd (ACN 162 627 358)	100%	1 Sleat Rd, Applecross WA 6153
Steelpile Pty Ltd (ACN 169 849 987)	100%	1 Sleat Rd, Applecross WA 6153
Kumina Iron Pty Ltd (ACN 169 725 973)	100%	1 Sleat Rd, Applecross WA 6153
MRL Asset Management Pty Ltd (ACN 169 725 964)	100%	1 Sleat Rd, Applecross WA 6153
Vigor Materials Handling Pty Ltd (ACN 602 182 463)	100%	1 Sleat Rd, Applecross WA 6153
MRL Rail Pty Ltd (ACN 169 516 296)	100%	1 Sleat Rd, Applecross WA 6153
MIS. Carbonart Pty Ltd (ACN 160 456 922)	60%	1 Sleat Rd, Applecross WA 6153
Flotar Pty Ltd (ACN 608 310 014)	90%	1 Sleat Rd, Applecross WA 6153
ACN 611 495 268 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 611 494 912 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
Wodgina Lithium Pty Ltd (ACN 611 488 932)	100%	1 Sleat Rd, Applecross WA 6153
Mineral Resources Transport Pty Ltd (ACN 158 718 195)	100%	1 Sleat Rd, Applecross WA 6153
ACN 616 667 442 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 616 677 797 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 616 678 249 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
Reed Industrial Minerals Pty Ltd (ACN 138 805 722)	50%	1 Sleat Rd, Applecross WA 6153
Reed Advanced Minerals Pty Ltd (ACN 142 876 211)	30%	1 Sleat Rd, Applecross WA 6153
ACN 612 668 201 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
Bulk Ore Shuttle Systems Pty Ltd (ACN 621 413 803)	50%	1 Sleat Rd, Applecross WA 6153

Name and ACN	Holding by MRL	Registered Office
Cattamarra Farms Pty Ltd (ACN 158 097 431)	90%	1 Sleat Rd, Applecross WA 6153
Energy Resources Limited (ARBN 009 475 423)	100%	1 Sleat Rd, Applecross WA 6153
ACN 623 115 088 Pty Ltd (ACN 623 115 088)	100%	1 Sleat Rd, Applecross WA 6153
ACN 625 973 006 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
Yilgarn Iron Pty ltd (ACN 626 035 078)	100%	1 Sleat Rd, Applecross WA 6153
Iron Resources Pty ltd (ACN 626 063 796)	100%	1 Sleat Rd, Applecross WA 6153
Graphite Resources Pty Ltd (ACN 627 948 332)	100%	1 Sleat Rd, Applecross WA 6153
Magnetite Mineral Resources Pty Ltd (ACN 627 948 832)	100%	1 Sleat Rd, Applecross WA 6153
Lithium Mineral Resources Pty Ltd (ACN 627 949 535)	100%	1 Sleat Rd, Applecross WA 6153
Bauxite Mineral Resources Pty Ltd (ACN 627 949 544)	100%	1 Sleat Rd, Applecross WA 6153
ACN 629 927 911 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 629 928 150 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 629 923 753 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 632 334 037 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 632 334 671 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 632 334 975 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 634 817 244 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
ACN 634 841 811 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153
MARBL Lithium Operations Pty Ltd (ACN 637 077 608)	40%	1 Sleat Rd, Applecross WA 6153
Mineral Marine Pty Ltd (ACN 638 643 919)	100%	1 Sleat Rd, Applecross WA 6153
Mineral Resources Rail Pty Ltd (ACN 638 631 259)	100%	1 Sleat Rd, Applecross WA 6153
ACN 638 657 486 Pty Ltd	100%	1 Sleat Rd, Applecross WA 6153

Resource Development Group | ACN 149 028 142

GM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: RDG

Your proxy voting instruction must be received by **10.00am (WST) on Sunday, 31st May 2020,** being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at https://investor.automic.com.au/#/loginsah

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: **https://investor.automic.com.au/#/home** Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

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

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at https://automic.com.au.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

Contact

Return your completed form

BY MAIL
Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON
Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL
meetings@automicgroup.com.au

All enquiries to Automic

WEBCHAT
https://automic.com.au/

PHONE
1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

AUTOMIC

STEP 1: Appoint Your Proxy

Complete and return this form as instructed only if you do not vote online

I/We being a Shareholder entitled to attend and vote at the General Meeting of Resource Development Group Limited, to be held at **10.00am (WST) on Tuesday, 2nd June 2020 at Level 1, 46 Edward Street, Osborne Park WA 6017** hereby:

Appoint the Chairman of the Meeting (Chair) OR if you are not appointing the Chairman of the Meeting as your proxy, please write in the box provided below the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.
Unless indicated otherwise by ticking the "for"," against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

STEP 2: Your Voting Direction

Resolutions		For	Against	Abstain
1.	Approval of Issue of RDG Shares to Mineral Resources Limited	☐	☐	☐
2.	Approval for Grant of Security to Mineral Resources Limited	☐	☐	☐
3.	Election of MRL Director – Mr Mike Grey	☐	☐	☐
4.	Election of MRL Director – Mr Mark Wilson	☐	☐	☐
5.	Election of MRL Director – Mr Paul Brown	☐	☐	☐

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

STEP 3: Sign Here + Contact Details

SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name:

Email Address:

Contact Daytime Telephone

Date (DD/MM/YY) ☐☐ / ☐☐ / ☐☐

By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).

RDG