



(formerly known as Mungana Goldmines Limited)

Diggers and Dealers August 2015



Chillagoe Project

Tony James

Important information and Disclaimer

Change of name to Atherton Resources Limited

This presentation has been prepared by Atherton Resources Ltd (formerly known as Mungana Goldmines Ltd) for information purposes only as at the date of this presentation. On 31 July 2015, the Company's shareholders approved the change of name to Atherton Resources Ltd and the change of name took effect on that date. Accordingly, in this presentation, the name **Atherton** will be used to refer to the Company.

Summary information and not an offer

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Disclaimer regarding forward looking statements

This presentation includes forward looking statements. Forward looking statements are only predictions and the assumptions on which they are based are subject to risk factors related to the conduct of mineral exploration, mining and production activities. Whilst Atherton believes that the expectations as to future matters reflected in these forward looking statements are based on reasonable grounds, they may be affected by changes to underlying assumptions which could cause a material change to actual values, results or events, such as price and currency fluctuation, drilling results, environmental and physical risk, financial market conditions, approvals, legislative and regulatory changes, and cost estimates. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Subject to any continuing obligations under applicable law and ASX Listing Rules, Atherton does not undertake to update or revise any information or any of the forward looking statements in this presentation.

Competent Persons' Statement

The information in this presentation that relates to Mineral Resources is based on information compiled by Mr Andrew Beaton who was a full time employee of Atherton. Mr Beaton is a member of the Australian Institute of Mining and Metallurgy (AusIMM) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Beaton consents to the inclusion in this presentation of the matters based on this information in the form and context in which it appears. Atherton confirms that it is not aware of any new information or data that materially effects the information in relation to Atherton's Mineral Resources. All material assumptions and technical parameters underpinning the Mineral Resources continue to apply and have not materially changed.

The information in this presentation that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Chris Newman, a full-time employee of Atherton, who is a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Newman consents to the inclusion in this presentation of the matters based on this information in the form and context in which it appears.

JORC – Exploration Targets: It is common practice for a company to comment on and discuss its exploration in terms of target size and type. The information in this presentation relating to exploration targets should not be misunderstood or misconstrued as an estimate of Mineral Resources or Ore Reserves. Hence the terms Resource(s) or Reserve(s) have not been used in this context. The potential quantity and grade is conceptual in nature, since there has been insufficient work completed to define them beyond exploration targets and that it is uncertain if further exploration will result in the determination of a Mineral Resource

Production Targets: Production targets in this presentation are based on a combination of indicated and inferred resources, which have not yet been classified as reserves. There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised. A cautionary statement and associated risks for the production target used are set out in slides 22 -25.

Poised for low-cost, high grade zinc production

- Market cap: \$38M at 16c (ASX close 31 July 2015)
- Flagship King Vol zinc project located near Cairns, North Queensland
- Scoping Study indicates King Vol project is financially robust and technically low risk ¹
- King Vol JORC resource: 2.99Mt @ 11.9% zinc, 0.8% copper, 29.9g/t silver ²
- Estimated pre-production capital cost of A\$37.4M; C1 costs of 52c/lb zinc in concentrate after credits¹
- Forecast average annual production: 35,900t zinc, 840t copper, 910t lead and 185,000oz silver in concentrate¹
- Feasibility study due for completion in March 2016; first production planned for early 2017
- Significant additional JORC Resource at nearby Red Cap of 3.8Mt @ 4.8% zinc, 0.7% copper³ plus extensive exploration potential at King Vol, Red Cap, Mungana and Griffiths Hill
- Highly-leveraged to forecast increases in zinc price
- Potentially game changing exploration agreement with Newcrest to unlock Porphyry Gold Copper potential at Chillagoe ⁴



Note A – In relation to the King Vol Scoping Study please refer to cautionary statement in Appendix B and risks in Appendix C; 1 - King Vol Scoping Study (ASX : 23 July 2015); 2 - King Vol Resource (ASX: 28 Jan 2015); 3 - Red Cap Resource (ASX: 27 April 2015); 4 - Mungana signs exploration agreement with Newcrest to unlock Porphyry Gold-Copper potential at Chillagoe (ASX: 25 May 2015)



Corporate Strategy

- Establish a well credentialed and experienced board and management team (February 2015)
- Build a new Australian resources company (Atherton Resources Ltd) based on Chillagoe assets and the well established existing infrastructure
- Optimise assets and develop a detailed working plan up to March 2016 with,
 - Aim to bring King Vol zinc project into production as base case
 - Aim to expand the base case with additional resource conversion including known deposits in the Red Cap and Mungana areas¹
 - Aim to achieve further growth and expansion phases through ongoing exploration and corporate opportunities¹



¹ – Both of these statements are aspirational in nature on the basis that the Company does not yet have reasonable grounds to make a forward-looking statement, such as a production forecast.



Capital Structure

ASX Code	ATE (currently MUX)
Shares on Issue <i>(36M shares to be issued following GM on 31 July 2015. These shares NOT included)</i>	240.9 million
Share Price	16.0 cents ¹
Market Cap	~\$38 million
Cash	~\$2.2 million ²
Options on issue <i>(\$2.00 exercise price)</i>	250,000
Convertible Note <i>(Issued 31 July 2014, 5 year term, unsecured, convertible at \$0.20 per share, coupon 7.5% payable in cash or shares at Atherton's election)</i>	\$7.5 million

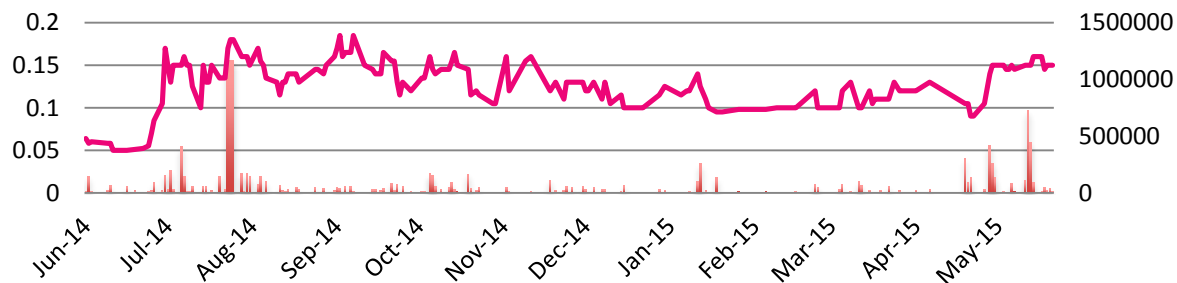
Board

Chairman	John Fitzgerald
Director	Rick Yeates
Director	Justin Jian Yi Wu
Managing Director	Anthony (Tony) James

Major Shareholders

(These share holding figures were determined before issue of shares associated with capital raising approved by shareholders on 31 July 2015)

Kagara (In Liquidation)	72%
GHG	10%
Prosperity Steel	6%



1 - Market close Monday 31 July 2015, 2 - Unrestricted cash, as at 31 June 2015 (ASX:30 June 2015)

Background Pre 2015

- Atherton (then Mungana Goldmines Limited) listed on the ASX in June 2010, as a spin-off of Kagara Ltd (in Liquidation) gold assets in North Queensland. Kagara became a primary shareholder as a result of the transaction
- Kagara entered into voluntary administration in April 2012 and then liquidation in December 2013.
- In December 2013, Atherton announced HOA to acquire Chillagoe assets from Kagara for \$15M, payment by way of two equal convertible notes.
 - Tranche A Note was converted in November 2014, taking Kagara's interest to 72%
 - Unsecured Tranche B Note with a face value of \$7.5m convertible at 20 cents a share and expires in July 2019. Interest of 7.5% per annum (compounded quarterly), which is payable in either cash or shares (at Atherton's election). Atherton has the option to prepay the note.
- Company announces North Queensland Zinc strategy July 2014



Recent Corporate Activity

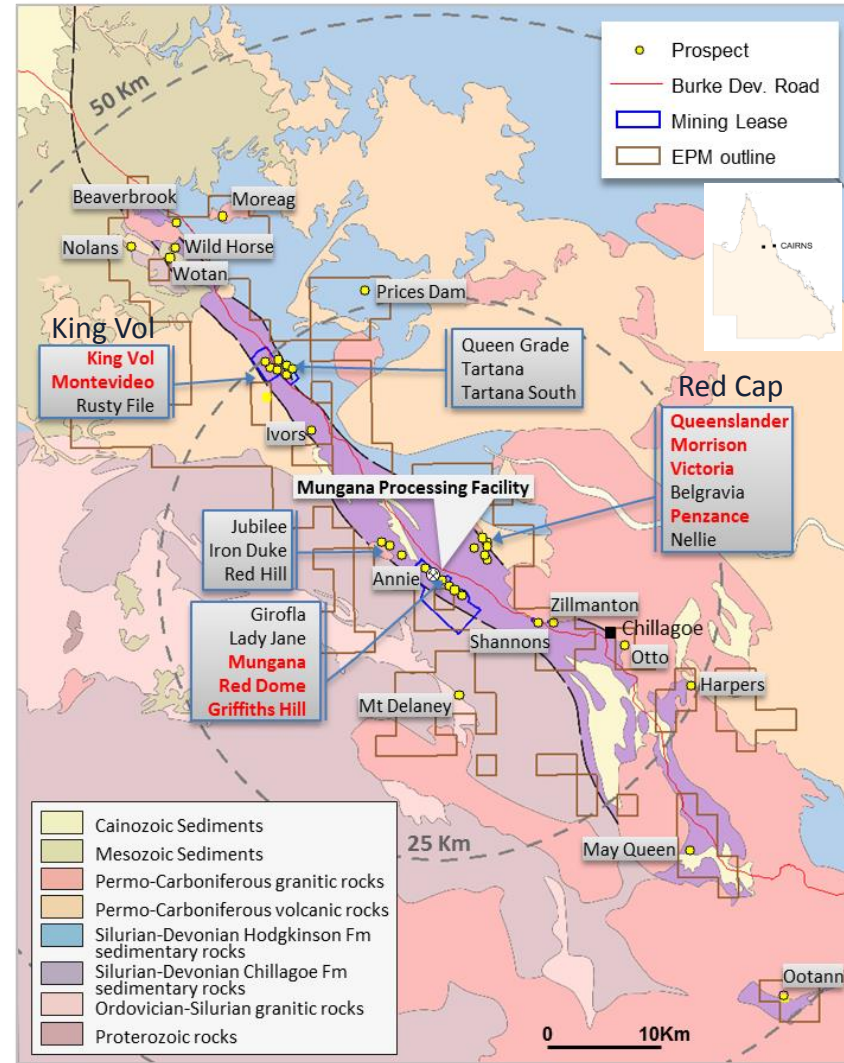
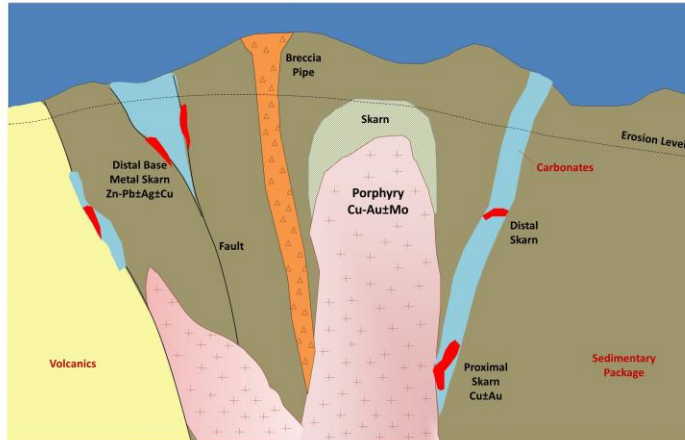
- New management team appointed (ASX: 24 February 2015)
- Auctus' unsolicited, highly conditional takeover bid for Atherton at 13.5cents per share (ASX: 29 April 2015)
- Atherton rejects Auctus' takeover bid (ASX: 11 May 2015)
- Atherton signs exploration agreement with Newcrest (ASX: 25 May 2015)
- Atherton capital raising \$5M subject to shareholder approval (ASX: 28 May 2015)
- Major shareholders reject Auctus' takeover bid (ASX: 26 June 2015)
- Auctus' takeover bid to be conditionally increased to 17cents per share (ASX: 17 July 2015)
- Atherton rejects Auctus revised bid (ASX: 23 July 2015)
- Major shareholders reject bid and bid lapses (ASX: 24 July 2015)
- Shareholders approve (among other things) a \$5M capital raising and name change to Atherton Resources (ASX: 31 July 2015)



Chillagoe Formation

- Large regional crustal structure and system associated with the Parmerville fault
- Highly receptive limestone host
- Fertile porphyry intrusions evident with both copper gold porphyry and base metal skarn mineralisation
- Multiple zinc targets and other opportunities
- Atherton has 607km² coverage, and obvious infrastructure and location advantage

Schematic Porphyry-related Mineralisation Models

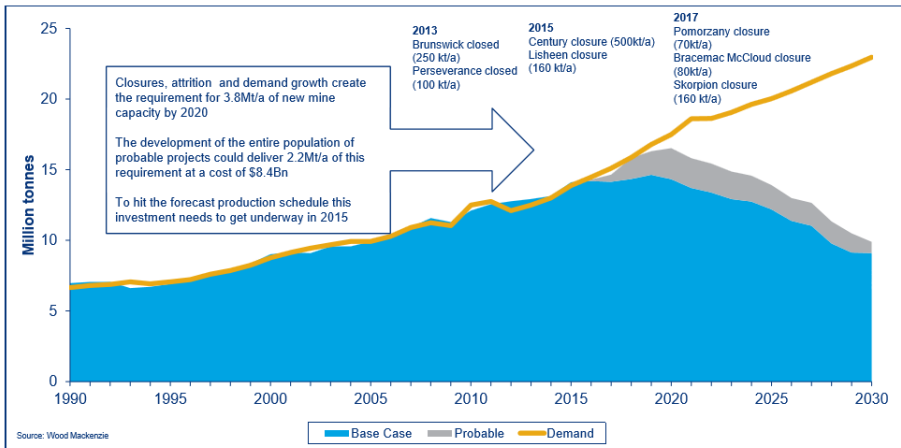


Zinc outlook

(Ref: Wood Mackenzie Jonathon Leng PDAC 1st March 2015)

Closures, attrition and demand growth create requirement for 3.8Mt/a of new mine capacity by 2020

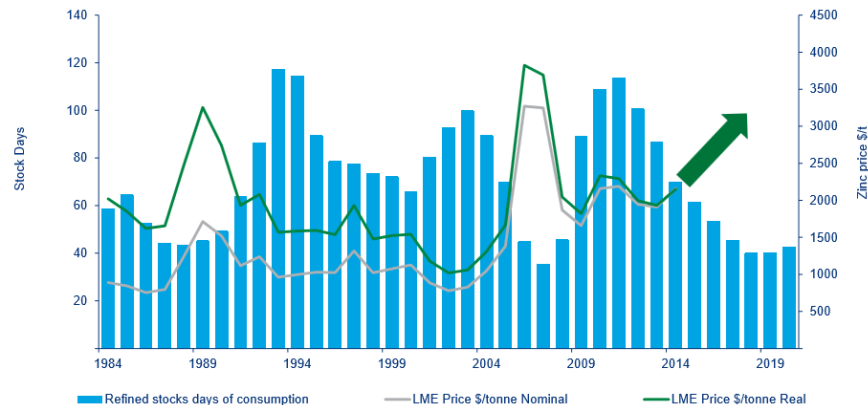
Refined zinc supply and demand



6 Trusted commercial intelligence
www.woodmac.com



Strong demand growth, restricted supply, falling stocks point to bright outlook for the zinc price



16 Trusted commercial intelligence
www.woodmac.com



3 Stage Operating Strategy

1) King Vol

- i. Achieve initial start up for King Vol to ~350ktpa zinc mine King Vol resource GAP analysis¹ & resource conversion drilling²
- ii. King Vol Scoping Study¹, Feasibility study and development approvals to progress in parallel (March 2016)



2) King Vol + Red Cap + Mungana

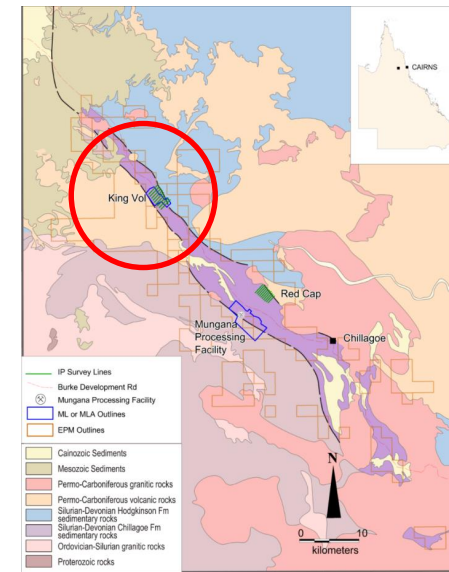
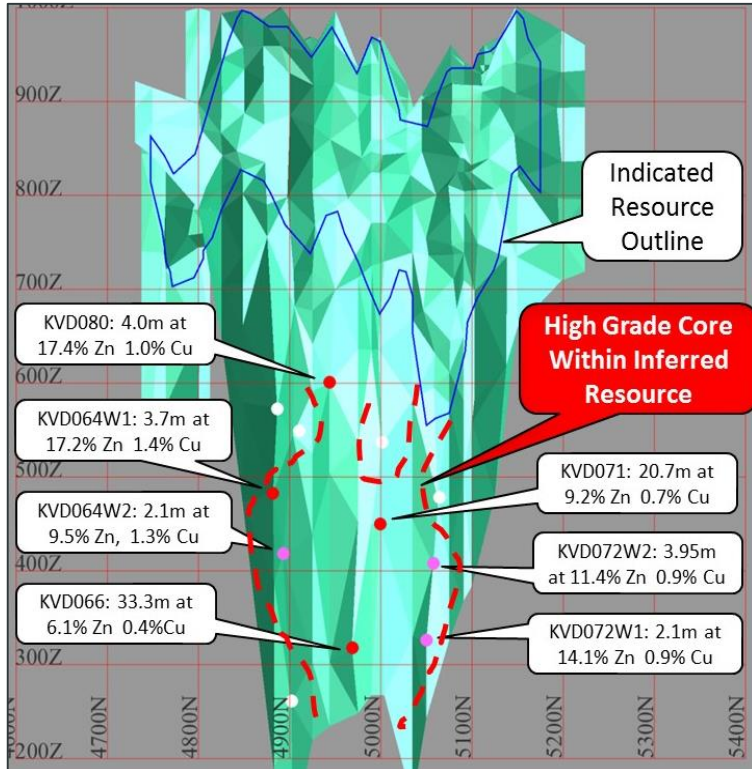
- i. Aim to expand production to achieve nominated plant capacity of ~600ktpa
- ii. King Vol, Red Cap and Mungana existing resources and extensions
- iii. King Vol and Red Cap IP survey completed³

3) King Vol + Red Cap + Mungana + Other

- i. Aim to achieve growth beyond nominated plant capacity and/or value accretion alternatives
- ii. Exploration of zinc and base metal high grade skarns 40+ known targets
- iii. Significant exploration agreement with Newcrest in relation to the large copper-gold porphyry systems⁴

Note A – in relation to paragraphs 1)i and 1)ii, please see cautionary statement in Appendix B and risks in Appendix C; Note B - The statements in paragraphs 2)i and 3)i above are aspirational statements. They are not to be treated as production targets on the basis that the Company does not yet have reasonable grounds to believe that they can be achieved; 1 - King Vol Scoping Study (ASX : 23 July 2015); 2 – Drilling starts at high-grade King Vol project (ASX: 18 June 2015); 3 - Quarterly activities report (ASX: 20 April 2015); 4 - Mungana signs exploration agreement with Newcrest to unlock Porphyry Gold-Copper potential at Chillagoe (ASX: 25 May 2015)

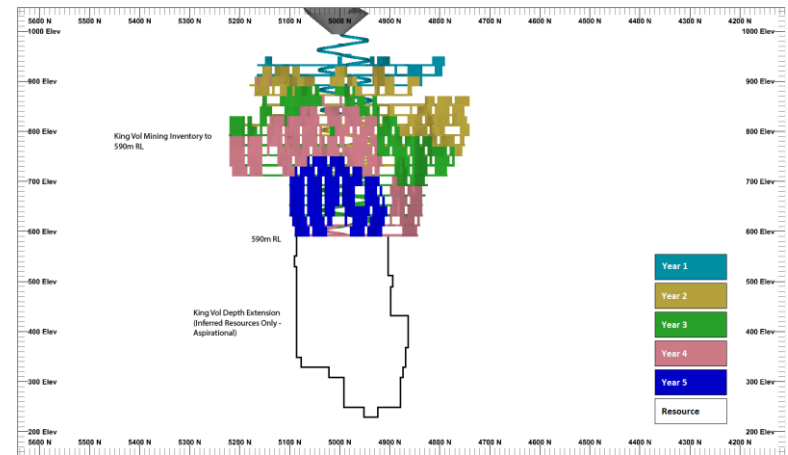
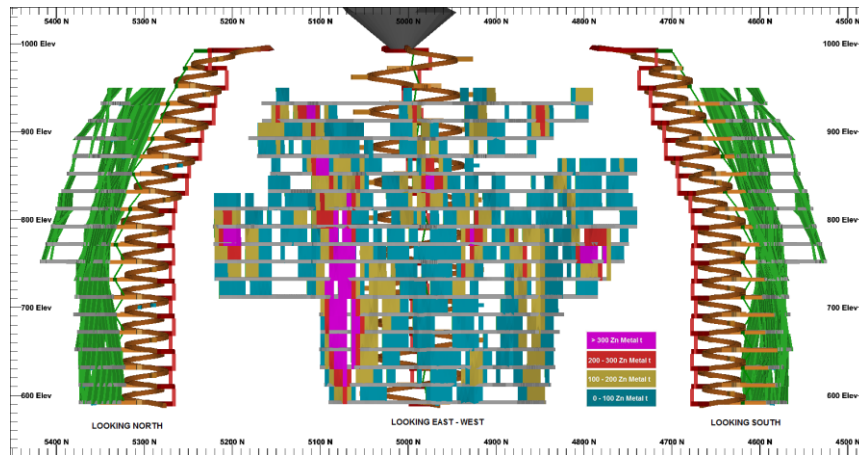
Stage 1 - King Vol



- King Vol located 25km north of the Mungana Processing Facility
- Granted mining lease¹
- Combined resource of 2.99Mt @ 11.9% Zn, 0.8% Cu, 0.6% Pb, 29.9g/t Ag to 800m depth²
- 65 – 75% built Mungana processing facility (zinc, copper, lead concentrator) which has established licenses, access, power and tailings storage³

King Vol Scoping Study ¹

- Scoping Study robust and low risk, initial 4.5year mine life to 410m depth
- Indicative life of mine revenue of A\$349M, net cash flow of \$98M
- Estimated first production by early 2017 at an annualised throughput rate of (225,000 to 370,000)tpa for average 35,900t zinc, 840t copper, 910t lead and 185,000 ozs silver in concentrate
- Aiming for estimated pre-production capex of \$37.4M due to key infrastructure and plant components already in place

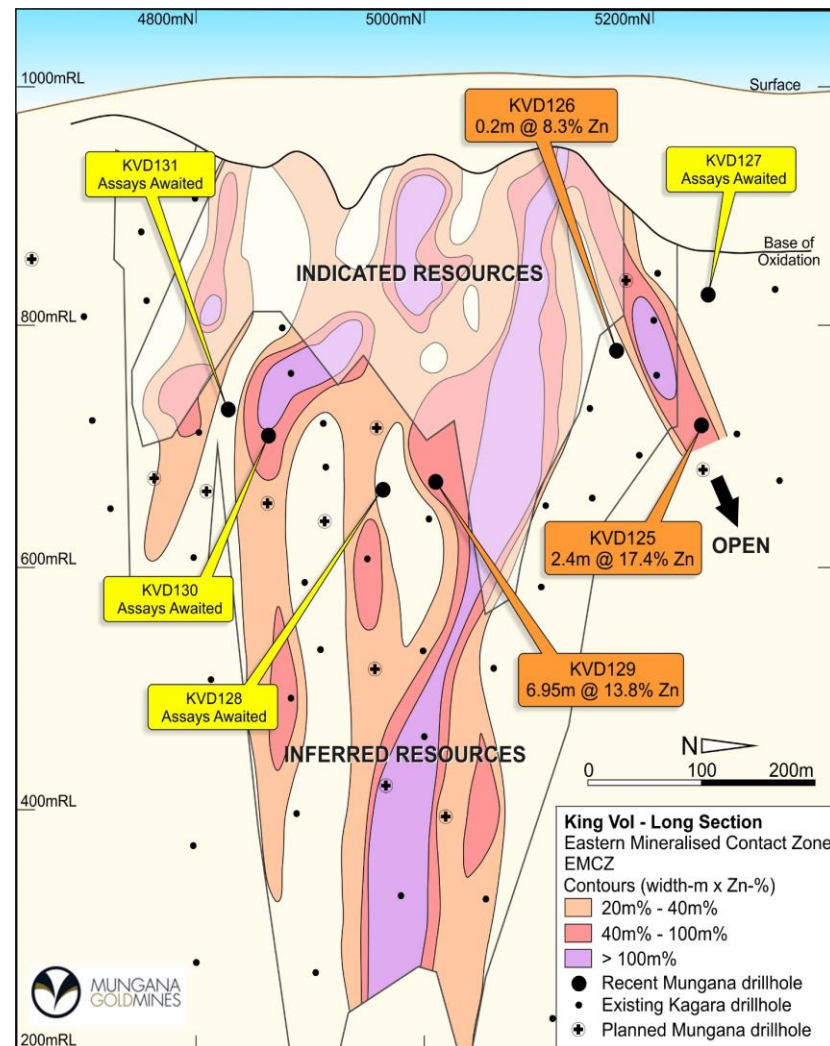


King Vol Drilling Results

- Infill King Vol drilling commenced Jun 2015¹
- Over 2,000m and 7 holes completed to date
- Results of first three holes received²
- Results are likely to achieve dual objectives of converting inferred resources to indicated resources and providing new inferred resources (KVD 125)
- Cautionary statement – the actual estimation of new Mineral Resources and the conversion of the current Inferred Mineral Resources to Indicated Mineral Resources will be subject to a new resource estimation process. It is possible that, when the new estimation process has been completed, there may be no material variations to or increase in the previously estimated Mineral Resources



1 – Drilling starts at high-grade King Vol zinc project (ASX: 18 June 2015); 2 – First drill results King Vol (ASX: 31 July 2015)



Mungana Base Metals Concentrator

- 65 – 75% complete base metals concentrator ~ \$40M spent and \$19M to complete to achieve 350ktpa¹
- Nominated capacity throughput rate up to 600ktpa²
- The processing plant presents low capital cost and quick start up to zinc production relative to a new build scenario
- Key plant components purchased, installed or in storage¹
- Low cost grid power and water available at this location
- Existing TSF and RWS dams on site
- Significant infrastructure in place at Mungana site and nearby Chillagoe township



Stage 2- King Vol + Red Cap + Mungana

- **King Vol**

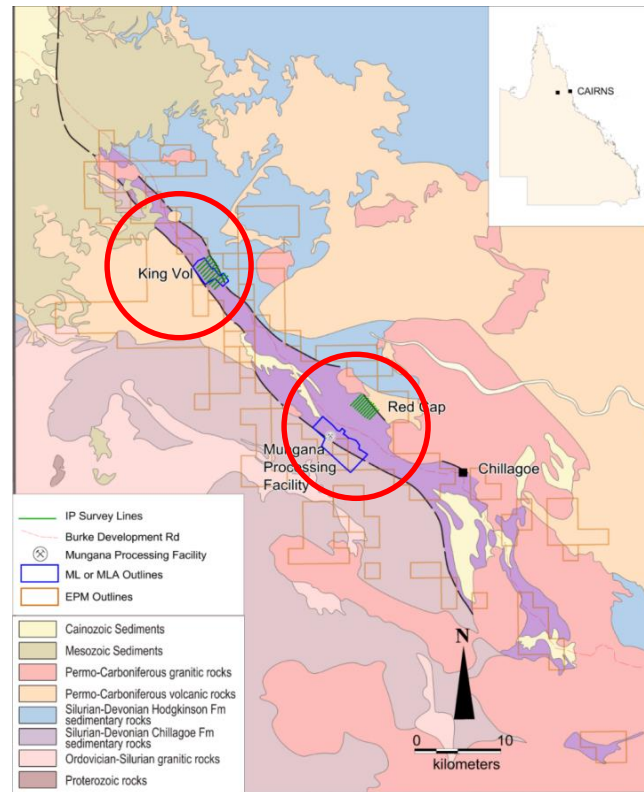
- Resource extension
- Adjacent IP targets to the south requiring follow up (including the Rusty File prospect)¹

- **Red Cap**

- Red Cap high-grade (>8% Zn or >3% Cu) resource investigation and extension
- Penzance, Queenslander and Morrisons resources open in all directions – 4km from the Mungana Processing Facility.
- Victoria resource to be estimated to include recent new high grade intercepts²
- Historic production (pre 1930) 300t Cu, 525t Pb, 24koz Ag

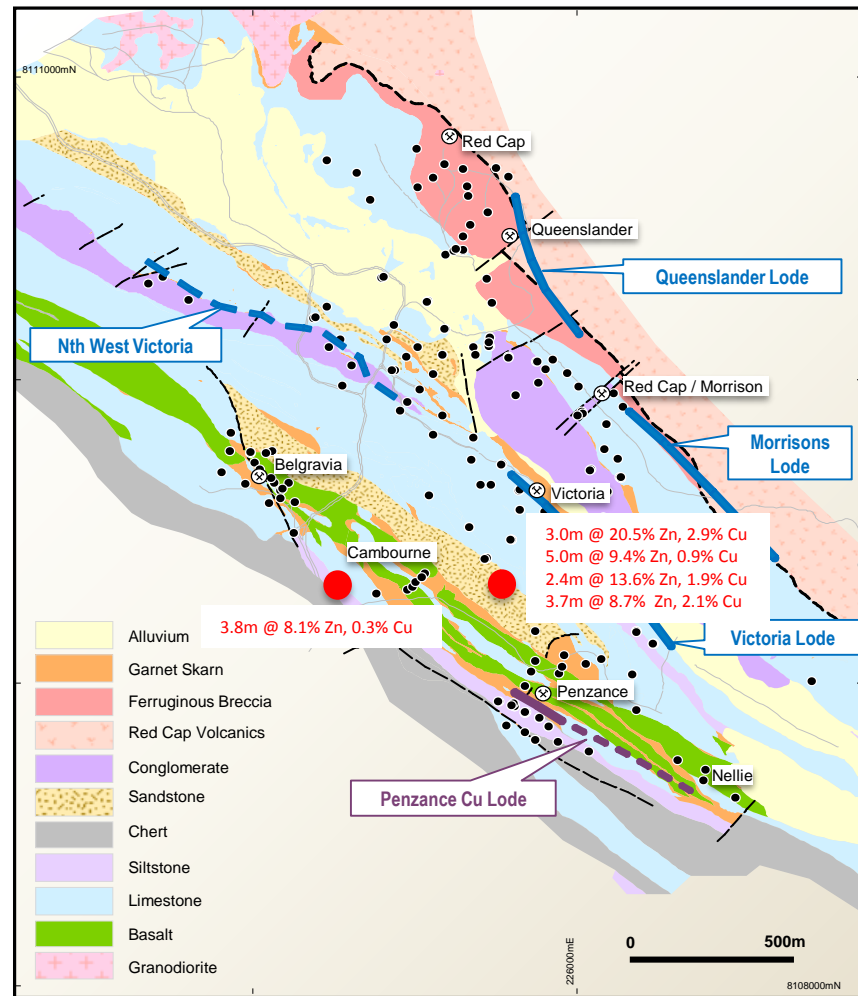
- **Mungana/Red Dome**

- Mungana base metal mine depth extensions, production to date (2008 – 2012) - 0.7Mt @ 11.1%Zn, 1.8% Cu, 1.0% Pb, 1.0g/t Au, 80g/t Ag
- Griffiths Hill copper skarn resource to be estimated
- Mungana and Red Dome high-grade (>3g/t) gold investigation
- Historic Base Metals Production, Lady Jane & Girofla (1896 – 1926) - 0.3Mt @ 3.5% Cu, 14% Pb, 250g/t Ag



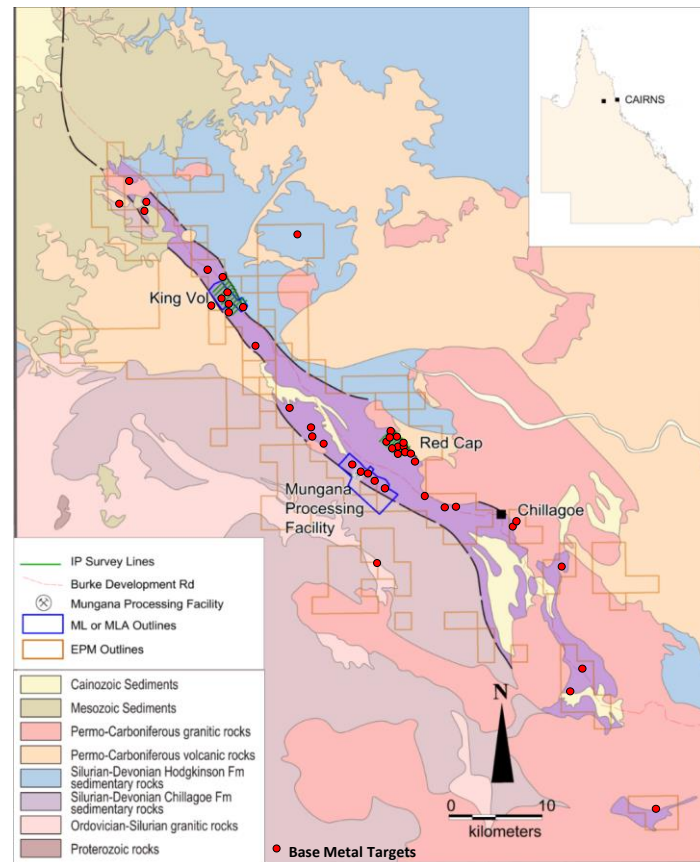
Red Cap Area

- Structure controlled zinc-rich and copper-rich polymetallic skarn mineralisation
- Red Cap high-grade (>8% Zn or >3% Cu) resource investigation
 - Penzance, Queenslander, and Morrisons resources combined total 3.8Mt @ 4.8%Zn, 0.7% Cu, 0.2% Pb, 0.1g/t Au and 19g/t Ag¹
 - Victoria resource to be completed
- Red Cap resource extension
 - Existing Resources open in all directions
 - Anomalous drill intersections and zinc-in-soils open to the northwest and southeast
 - IP surveys completed confirming deposit characteristics and identifying numerous targets²
 - Recent high-grade zinc results from previous drilling confirms Victoria high-grade potential³



Stage 3 - King Vol + Red Cap + Mungana + Other

- Highly prospective district
 - > 100km of strike length of the highly prospective Chillagoe Formation
 - Potential for multiple high grade base metal deposits
 - Potential for large low grade gold copper porphyry deposits
- Base Metals
 - 40+ prospects and exploration targets requiring follow up
 - Strong soil anomalism and IP surveys results²
- Gold
 - Combined copper- gold Porphyry resource of 131Mt @ 0.21% Cu, 0.65 g/t Au, 8.1g/t Ag for 270kt Cu, 2.8Mozs Au and 38Mozs Ag at Mungana and Red Dome¹
 - Multiple additional copper-gold Porphyry targets³



Exploration Agreement with Newcrest ¹

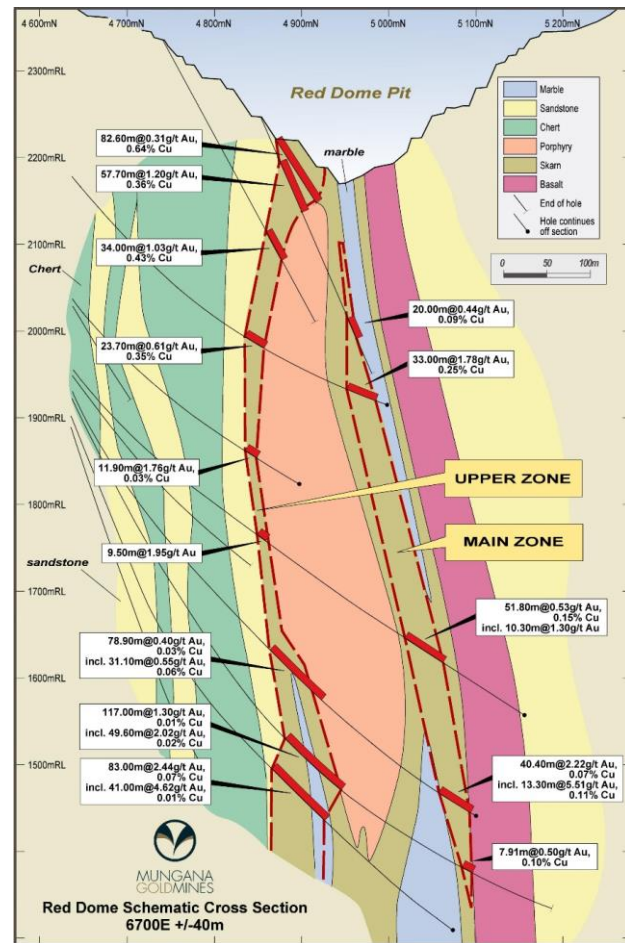
- Atherton and Newcrest signed an exploration agreement for Newcrest to explore for large gold-copper deposits at Chillagoe Project
- The agreement provides for Newcrest to spend up to \$20m on exploration over a period of up to 8 years by way of:
 - an initial \$3m commitment to be spent within the first 18 months; and
 - an option to sign a farm-in agreement and spend up to an additional \$17m over a further 78 months.
- Newcrest will earn a 70% interest in an unincorporated joint venture with Atherton (30%) if the above expenditure requirements are satisfied and a minimum of 1Moz of gold or gold equivalent Mineral Resource is discovered.
- The arrangements with Newcrest exclude King Vol and associated northern tenements, existing Red Cap and Mungana/Red Dome mineral resources, and Atherton's processing facility and associated infrastructure.
- Initial work program commenced, 1,000 geochemistry soil samples, 26,000km airborne geophysics, 10km hyperspectral analysis, 8km diamond drilling



Large Gold Porphyry Potential

- Red Dome and Mungana deposits only 3km apart, granted mining leases
- Further copper-gold potential along Red Dome-Mungana trend at Red Hill
- Historic production Red Dome (1986 – 1996) approximately 15Mt @ 2.0g/t Au, 0.5% Cu, 15g/t Ag
- Newcrest exploration agreement¹ complementary to Atherton's growth strategy. Newcrest has the financial capacity and technical knowledge to undertake deep and large scale exploration

1 – Newcrest Exploration Agreement (ASX:25 May 2015)



Summary

- Chillagoe asset represents an outstanding opportunity for development of new Australian resource company with fast track to high grade zinc production
- Exploration agreement signed with Newcrest to unlock Porphyry Gold-Copper potential
- 3 stage plan consolidates current assets with exceptional growth opportunities to follow
 - King Vol high grade zinc resource and well advanced processing and civil infrastructure
 - Red Cap resources and lead indicators requiring follow up
 - Regional tenure covering multi metal geological field
- New Management team established covering geological, project and mining expertise
- An ASX listed, Australian zinc mining project ready to progress with a back drop of exciting exploration potential and a positive outlook



Appendix A - Resources

Zinc Resources

Deposit	Category	Tonnes	Zn%	Cu%	Pb%	Au g/t	Ag g/t
King Vol Area							
King Vol	Indicated	1,045,000	14.7	0.9	0.7	0.0	36.5
King Vol	Inferred	1,943,000	10.4	0.7	0.5	0.0	26.4
Montevideo	Resource requires upgrade to 2012 JORC compliance						
Total		2,988,000	11.9	0.8	0.6	0.0	29.9
Red Cap Area							
Penzance	Inferred	85,000	6.2	0.7	0.2	0.1	19.1
Queenslander	Inferred	1,570,000	4.4	0.5	0.2	0.0	11.6
Morrison's	Inferred	1,930,000	5.4	0.6	0.3	0.1	21.3
Victoria	Resource requires upgrade to 2012 JORC compliance						
Total		3,585,000	5.0	0.6	0.3	0.1	17.0
TOTAL		6,573,000	8.1	0.7	0.4	0.0	22.9

Copper Resources

Deposit	Category	Tonnes	Zn%	Cu%	Pb%	Au g/t	Ag g/t
Red Cap Area							
Penzance	Inferred	228,000	1.3	3.2	0.0	0.2	58
Mungana Area							
Griffiths Hill	Resource requires upgrade to 2012 JORC compliance						
Total		228,000	1.3	3.2	0.0	0.2	58

Gold Copper Resources

Deposit	Category	Tonnes	Zn%	Cu%	Pb%	Au g/t	Ag g/t
Mungana Area							
Red Dome/Mungana	Measured	41,000,000		0.29		0.79	11.6
	Indicated	49,800,000		0.18		0.58	6.7
	Inferred	40,200,000		0.15		0.58	6.2
TOTAL		131,000,000	0%	0.21	0%	0.65	8.1

The information in this presentation that relates to mineral resources has been extracted directly from the ASX announcements referred to below, in respect of which the consent of a Competent Person was obtained.

The information in this announcement regarding:

- Atherton's Copper and Zinc Resources has been extracted from the ASX announcements dated 27 April 2015 and 28 January 2015.
- Atherton's Gold Copper Resources has been extracted from Mungana Goldmines ASX announcement dated 29 October 2013 (Annual Report).
- Atherton's exploration results has been extracted from the ASX announcements dated 20 April 2015 (Quarterly Activities report), 9 July 2015 and 31 July 2015

All previous ASX announcements are available on the Atherton Resources web site at www.athertonresources.com.au (Mungana Goldmines web site at www.munganagoldmines.com.au) or through the ASX website at www.asx.com.au (using ticker code "MUX". ASX ticker is expected to change to "ATE" during week commencing 3rd August 2015 following company name change on 31st July 2015). Atherton confirms that it is not aware of any new information or data that materially affects the information included in the market announcements and that all material assumptions and technical parameters underpinning the estimates in those market announcements continue to apply and have not materially changed. Atherton confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Kagara estimated Resources associated with Montevideo, Victoria and Griffiths Hill are not included as these resources require upgrading to 2012 JORC compliance. The information in this announcement regarding the Gold Copper Resources have not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Note: Figures are nearest to 1,000 tonnes, 0.1% Zn, Cu, Pb and 0.1g/t Au, Ag. Rounding errors may occur.

Cautionary statement: there is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that any production targets will be realised.

Appendix B – Cautionary statement

The production target and forecast financial information set out in this presentation should be read subject to the cautionary statements, material assumptions and other important information in the King Vol Scoping Study announcement (ASX: 23 July 2015).

Atherton advises that the production target is based on a combination of indicated and inferred Mineral Resources, which have not yet been classified as Ore Reserves. There is a low level of geological confidence associated with inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of indicated Mineral Resources or that the production target itself will be realised.

Atherton confirms that all material assumptions underpinning the production target and forecast financial information in the King Vol Scoping Study announcement continue to apply and have not materially changed as at the date of this presentation.

Appendix C – Key Risks

OVERVIEW - There are a number of risks, both specific to Atherton (Mungana) and of a general nature, which may either, individually or in combination, affect the future operational and financial performance of Atherton (Mungana) and the mining industry in which it operates, and the value of Atherton (Mungana) shares. This section describes some, but not all, of the risks associated with an investment in Atherton (Mungana) which prospective investors should consider together with the publicly available information (including this presentation) before making an investment decision.

COMPANY SPECIFIC RISKS – These risks are those that are specific to an investment in Atherton (Mungana) which may affect Atherton's (Mungana's) financial position, prospects, and the price of Atherton (Mungana) shares.

Development of the King Vol project and other projects	<p>The development of the King Vol zinc project will require a detailed feasibility study, substantial capital expenditure, experienced personnel and a number of regulatory approvals. There are a number of uncertainties inherent in the feasibility stage and the subsequent development stages of the project. These include:</p> <ul style="list-style-type: none"> • the outcome of the initial drill program and subsequent resource estimation update to provide basis for a successful feasibility study to be completed; • availability of adequate funding to complete the work programs associated with the various stages of the project feasibility and development; • obtaining the necessary environmental and other government approvals and the timing of the permits; • addressing any outstanding landholder, native title, cultural heritage and community issues; • unexpected technical, geographical or geological issues not currently apparent; <p>These risks and uncertainties could result in Atherton not realising its feasibility and development plans or the King Vol mine generating less revenue than expected, costing more than expected or taking longer than expected.</p>
Security of tenure and necessary approvals	<p>There is a risk that the necessary mining tenements and environmental permits may not be obtained, granted or renewed within the timeframes anticipated by Atherton (Mungana). Atherton (Mungana) advises that the mining lease associated with the King Vol tenement has been granted (ASX: 28 July 2015) and that the final environmental work and approvals required for an environmental operating licence should be achieved in 8 to 12 months. Although the company is confident in finalising these approvals in the specified timeframe, there is a risk that these may be delayed.</p>
Operating history	<p>Atherton (Mungana) does not currently conduct mining production operations. There is a risk that the company may not be able to bring the King Vol zinc project or any of its other future projects into production or operate the project profitably.</p>
Future capital requirements	<p>The development of the King Vol project including the completion of resource drilling, suitable feasibility studies and the building of the project will require further capital raising activities. The building of the King Vol project following the completion of a positive feasibility study and approval from the Atherton Board will require debt and equity financing in the future, in addition to its current funds.</p> <p>There is no assurance that the company will be able to obtain the additional funding required to complete the current work plan or develop the project in the future.</p>
Offtake agreements	<p>There are no agreements in place for the sale of products from the King Vol project. There are no guarantees that the company will be able to reach agreement on terms satisfactory to it. If the company is not able to enter into offtake agreements on satisfactory terms, this may have an adverse effect on the viability of the King Vol project and in turn Atherton's financial position.</p>
Reliance on key personnel and employees	<p>Retaining and recruiting personnel is critical to the Company's success and growth prospects. If Atherton cannot retain and attract qualified personnel it could adversely affect Atherton's current exploration and development programmes and its future growth plans, as well as development and operation of the King Vol project.</p>

Key Risks cont.

INDUSTRY RISKS – The following risks are broader industry specific risks that could potentially impact Atherton's current work plan and development proposals as well as any future production activities

Operating risks	<p>The current and future operations of the Company, including exploration, appraisal, development and possible production activities may be affected by a range of factors, many of which cannot be foreseen or are beyond Atherton's control, including:</p> <ul style="list-style-type: none"> • adverse weather conditions; • unanticipated operational and technical difficulties; • unexpected maintenance or mechanical failure; • inaccurate mineral reserve or resource estimates; • industrial and environmental accidents or disputes; and • unexpected shortages or increases in the costs of labour. <p>The above operating risks could result in increased costs and, should Atherton commence production activities, decreased production and reduced revenues.</p>
Exploration risks	<p>Exploration is a high risk activity that requires sustained and substantial expenditure. Exploration activities are speculative by nature and there can be no assurance that future commercial quantities of ore will be discovered. There can be no assurance that exploration of the Company's current mineral projects and any other mineral projects acquired in the future will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. If Atherton's exploration activities do not result in additional reserves, this may have an adverse effect on its ability to maintain or increase production into the future.</p>
Mineral reserves and resource estimates	<p>Estimating ore reserves and mineral resources is a subjective process. The accuracy of any reserve or resource estimate is a function of the interpretation and extrapolation of a limited amount of geological data and, as such, is dependent on the quantity and quality of available data.</p>
Environmental impact	<p>Atherton's exploration activities and, in the future, proposed production activities may substantially impact the environment or cause exposure to hazardous materials. Mineral exploration and production can affect the environment and result in substantial costs being incurred for environmental risk management, rehabilitation and damage control. Further, environmental conditions may be attached to mining tenements, and a failure to comply with these conditions may lead to forfeiture of the relevant tenements.</p> <p>There is also a risk that environmental issues already exist in the areas where Atherton is exploring or proposes to operate due to former activities at the relevant sites that could give rise to liability for Atherton. This could have an adverse effect on Atherton's financial and operational performance.</p>
Government regulations and policies and legislative changes	<p>Atherton's mining operations are exclusively in Queensland and are subject to extensive government regulations and policies with respect to matters such as land use, employee health and safety, rehabilitation of mining properties, and environmental damage and pollution. Any failure to comply with regulations or policies may result in penalties for non-compliance, which could have an adverse effect on Atherton's financial and operational performance.</p> <p>These regulations and policies regularly change and may become more restrictive, impose stricter standards and increase penalties for non-compliance. Any future changes in these regulations or policies may increase Atherton's costs of production or adversely affect its ability to produce and sell its products.</p>

Key Risks cont.

GENERAL RISKS – In addition to the above risks, the business activities of Atherton are also subject to general economic and investment risks

General economic and equity market conditions	<p>Economic conditions in both Australia and internationally may affect the performance of Atherton and the trading price of Atherton shares. This may result in the market price for Atherton shares being less or more than their offer price.</p> <p>Generally applicable factors which may affect the market price of shares include: general movements in Australian and international stock markets; investor sentiment; Australian and international economic conditions and outlook; changes in interest rates and rate of inflation; changes in government regulation and policies; variations in commodity prices and currency fluctuations; and geo-political instability, including international hostilities and acts of terrorism.</p>
Commodity price fluctuations	<p>In the event that production commences at the King Vol project, any revenue derived from any future sales of product exposes Atherton to commodity price risk, subject to any commodity price hedging Atherton decides to undertake.</p> <p>Atherton's revenues will be primarily dependent on the price of zinc and copper. Zinc and copper prices are volatile and subject to a variety of factors which are beyond Atherton's control. Depending on hedging practices, future price declines in the market value of zinc and copper may adversely impact on Atherton's profit margins, future development and planned future production, which may in turn adversely impact the price of Atherton's shares.</p>
Exchange rate fluctuation	<p>Exchange rate fluctuations may affect Atherton's profitability. Should Atherton successfully bring the King Vol project in to production, revenues from product sales will likely be received in US dollars, while the majority of its expenses are currently incurred in Australian dollars. Foreign exchange rates are impacted by a number of factors beyond Atherton's control. Depending on hedging practices, if the Australian dollar appreciates in value against the US dollar then Atherton's financial results may be adversely affected due to the potential low Australian dollar receipts available to cover costs.</p>
Changes to taxation	<p>Changes to income tax, GST, duty, environment-related taxes, mining royalties or any other applicable taxation legislation or policies in Queensland and Australia may adversely affect Atherton's financial profitability, net assets and cashflow.</p>

Thank You

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