

**UNITED OROGEN LIMITED**

**ACN 115 593 005**

of Level 7, 231 Adelaide Terrace, Perth WA 6000

**Circular to Shareholders**

**including**

**NOTICE OF GENERAL MEETING**

**EXPLANATORY MEMORANDUM**

**PROXY FORM**

**General Meeting of United Orogen Limited to be held at  
The Goodearth Hotel, 195 Adelaide Terrace, Perth, Western Australia  
on Thursday, the 27th day of May 2011 commencing at 11.00 am (WST).**

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

DATE: 14 April 2011

UNITED OROGEN LIMITED  
ACN 115 593 005

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## Corporate Directory

|                          |   |
|--------------------------|---|
| <b>Directors</b>         | Zhukov Pervan MBBS (WA), FRACGP, FAICD<br>Chairman  |
|                          | David Zohar BSc DipEd<br>Director   |
|                          | Noel Taylor BSc, MAusIMM, MAIG<br>Director  |
|                          | John Karajas BSc (Hons) MAIG<br>Director  |
| <b>Secretary</b>         | Mark Killmier MBA(UWA), FCPA, GAICD, Grad Dip Corp Gov ASXLE, Grad<br>Dip App Finance, BEc(Adel)  |
| <b>Head Office</b>       | Level 7<br>231 Adelaide Terrace<br>PERTH<br>WESTERN AUSTRALIA 6000<br>Phone: (08) 9225 6475<br>Fax: (08) 9225 6474<br>Website: <a href="http://www.uog.com.au">www.uog.com.au</a> |
| <b>Registered Office</b> | Level 7<br>231 Adelaide Terrace<br>PERTH<br>WESTERN AUSTRALIA 6000  |
| <b>Auditors</b>          | Rothsay Chartered Accountants<br>96 Parry Street<br>PERTH<br>WESTERN AUSTRALIA 6000   |
| <b>Solicitors</b>        | Lawton Gillon<br>Level 11<br>16 St Georges Terrace<br>PERTH<br>WESTERN AUSTRALIA 6000   |
| <b>Share Registry</b>    | Computershare Investor Services Pty Ltd<br>Level 2<br>45 St Georges Terrace<br>PERTH<br>WESTERN AUSTRALIA 6000  |
| <b>ASX Code</b>          | UOG   |

## Notice of General Meeting

NOTICE IS GIVEN THAT a General Meeting of the Company will be held at The Goodearth Hotel, 195 Adelaide Terrace, Perth, Western Australia on 27 May 2011 commencing at 11:00am WST.

Information on the proposals to which the resolutions set out below relate is contained in the Explanatory Memorandum which accompanies and forms part of this Notice of Meeting.

### 1. SALE OF 113 MACKIE STREET, VICTORIA PARK, WA

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

“That for the purposes of Listing Rule 10.1 of the Listing Rules of the ASX and sections 208 and of the Corporations Act and for all other purposes, the Company be authorised to sell to Iron Mountain Mining Limited the property situated at and known as 113 Mackie Street, Victoria Park, Western Australia for the payment of \$85,000, the issue of 10 million fully paid ordinary shares in Iron Mountain Mining Limited and the grant of 15 million options exercisable at 20 cents each on or before 1 May 2016 on the terms set out in the Explanatory Memorandum.”

#### Voting Exclusion

For the purposes of ASX Listing Rule 10.1 in relation to Resolution 1, the Company will disregard any votes cast by any party who is a party to the transaction and any associate of such person. However, the Company need not disregard a vote if:

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

### 2. SALE OF MINING TENEMENTS TO IRON MOUNTAIN MINING LIMITED

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

“That for the purposes of Listing Rule 10.1 of the Listing Rules of the ASX and sections 208 of the Corporations Act and for all other purposes, the Company be authorised to sell to Iron Mountain Mining Limited the mining tenements as particularised in the Explanatory Memorandum for the issue of 3.5 million fully paid ordinary shares in Iron Mountain Mining Limited and the grant of 15 million 20 cent options exercisable on or before 1 May 2016 on the terms set out in the Explanatory Memorandum.”

#### Voting Exclusion

For the purposes of ASX Listing Rule 10.1 in relation to Resolution 2, the Company will disregard any votes cast by any party who is a party to the transaction and any associate of such person. However, the Company need not disregard a vote if:

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

### 3. GRANT OF OPTIONS TO NOEL TAYLOR

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

“That for the purposes of Listing Rule 10.11 of the Listing Rules of the ASX and section 208 of the Corporations Act and for all other purposes, the Company be authorised to grant to Noel Taylor 2 million 20 cent options exercisable on or before 1 May 2016 on the terms set out in the Explanatory Memorandum attached.”

#### **Voting Exclusion**

For the purposes of ASX Listing Rule 10.11 in relation to Resolution 3, the Company will disregard any votes cast by any party who is to receive securities and any associate of such person. However, the Company need not disregard a vote if:

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

#### **“Snap-Shot” Time**

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

The Company’s directors have determined that all shares of the Company that are quoted on ASX at 10 am WST, 26 May 2011 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the shares at that time.

## PROXIES

Please note that:

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

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms.

**DATED:** 14 April 2011

**BY ORDER OF THE BOARD**



**DAVID ALAN ZOHAR**  
Director  
United Orogen Limited

**UNITED OROGEN LIMITED**  
ACN 115 593 005

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## **Explanatory Memorandum**

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the General Meeting to be held at The Goodearth Hotel, 195 Adelaide Terrace, Perth, Western Australia on 27 May 2011 commencing at 11:00am WST.

The purpose of this Explanatory Memorandum is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolution.

This Explanatory Memorandum should be read in conjunction with the accompanying Notice of General Meeting.

### **Background**

A company may not enter into a transaction with a related party without the prior approval of the shareholders of the Company. Iron Mountain Mining Limited (IRM) is a related party to the Company. David Zohar and Zhukov Pervan are directors of both IRM and the Company and they hold securities in both companies.

*Table 1.1 Interests of David Zohar and Zhukov Pervan in Iron Mountain Mining Limited*

| <b>Name</b>   | <b>Total No of shares held</b> | <b>% held</b> | <b>Total No of options held</b> | <b>% held</b> |
|---|--------------------------------|---------------|---------------------------------|---------------|
| David Zohar and associates  | 31,096,530                     | 25.5          | 12,428,335                      | 30.9          |
| Zhukov Pervan and associates  | 2,100,000                      | 1.7           | 2,500,000                       | 6.2           |
| United Orogen Limited (David Zohar and associates currently hold a 23.8% relevant interest) | 10,232,341                     | 8.4           | 0                               | 0             |
| <b>TOTAL ON ISSUE</b>   | <b>122,086,881</b>             |               | <b>40,186,250</b>               |               |

*Table 1.2 Interests of David Zohar and Zhukov Pervan in United Orogen Limited*

| Name   | Total No of shares held | % held | Total No of options held | % held |
|--|-------------------------|--------|--------------------------|--------|
| David Zohar and associates   | 15,391,947              | 23.8   | 0                        | 0      |
| Zhukov Pervan and associates   | 275,000                 | 0.4    | 0                        | 0      |
| Iron Mountain Mining Limited (David Zohar and associates currently hold a 25.5% relevant interest) | 513,586                 | 0.79   | 0                        | 0      |
| <b>TOTAL ON ISSUE</b>  | <b>64,772,853</b>       |        | <b>0</b>                 |        |

IRM holds 513,586 shares in the Company and therefore has a relevant interest of 0.79% in the Company. David Zohar and associates hold a 25.5% voting power in IRM and therefore have a relevant interest in the securities in the Company and in other securities under s608(3).

The Company beneficially holds 10,232,341 shares in IRM and therefore has a relevant interest of 8.4% in IRM. After resolution 1 is passed, the Company will hold a 15.3% relevant interest in IRM. David Zohar and associates have a 23.8% voting power in the Company and therefore have a relevant interest in other securities held by the Company under s608(3).

*Table 1.3 Interests of the Company in IRM currently*

| Name                  | Total No of shares held | % held | Total No of options held | % held |
|-----------------------|-------------------------|--------|--------------------------|--------|
| United Orogen Limited | 10,232,241              | 8.4    | 0                        | 0      |
| Total on issue        | 122,086,881             |        | 40,186,250               |        |

*Table 1.4 Interests of the Company in IRM after resolution 1 is passed*

| Name                  | Total No of shares held | % held | Total No of options held | % held |
|-----------------------|-------------------------|--------|--------------------------|--------|
| United Orogen Limited | 20,232,241              | 15.3   | 15,000,000               | 27.2   |
| Total on issue        | 132,086,881             |        | 55,186,250               |        |

## **RESOLUTION 1 – SALE OF 113 MACKIE STREET, VICTORIA PARK**

### **Background to Resolution 1**

The Directors of the Company have resolved to sell to IRM the property situated at and known as 113 Mackie Street, Victoria Park, Western Australia. The consideration to be provided by IRM to the Company is as follows:

- (a) the payment of \$85,000;
- (b) the issue of 10 million fully paid ordinary shares in IRM; and
- (c) the grant of 15 million options to acquire a share in IRM at an exercise price of 20 cents each on or before 1 May 2016.

The full terms and conditions of the options are as set out in Annexure “A” to this Explanatory Memorandum.

David Zohar and Zhukov Pervan are directors of IRM and are also directors of United Orogen Limited. For the purposes of Listing Rule 10, David Zohar and Zhukov Pervan are persons in a position of influence in both IRM and United Orogen Limited. Pursuant to Listing Rule 10.1 a company is required to obtain shareholder approval prior to entering into a transaction with a person in a position of influence.

In the circumstances the Company is required to obtain the approval of shareholders to enable the transaction contemplated by Resolution 1 to proceed.

Pursuant to Listing Rule 10.10, to obtain the approval of shareholders pursuant to Listing Rule 10.1, the Company has obtained a report on the transaction from an independent expert, being Stantons International Securities. Stantons International Securities have concluded that the transaction is fair and reasonable to the shareholders of United Orogen Limited. A copy of the Stantons International Securities report in its entirety appears as Annexure “C” to this memorandum.

Two valuation reports of 113 Mackie Street, Victoria Park, Western Australia are contained in this circular. The first valuation was performed in September 2010 by the Independent Valuers of Western Australia and appears as Annexure “F” to this memorandum. An overview of the valuation was performed by Mr Keith Wilson of Pember, Wilson & Eftos on 25 February 2011 and appears as Annexure “E” to this memorandum.

## Regulatory Requirements

### *Corporations Act – Chapter 2E*

See Tables 1.1 and 1.2 above for the amounts of shares and options held by David Zohar and Zhukov Pervan in the Company and IRM.

The Company currently holds 10,232,241 shares in IRM. If Resolution 1 is approved by shareholders of the Company, the Company will hold 20,232,241 shares in IRM. This will increase the Company's shareholding in IRM from 8.4% to 15.3%. David Zohar and associates will also therefore increase their relevant interest in IRM because they hold a 23.8% relevant interest in the Company.

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party, unless it has the approval of its members. IRM is a related party to the Company and has common directors and shareholders, being David Zohar and Zhukov Pervan.

The following information in respect of the proposed share issue is provided to meet the requirements of Chapter 2E of the Corporations Act:

- (a) Who is the related party?

The related party is IRM.

- (b) What is the nature of the financial benefit?

The financial benefit to IRM is the transfer of the title to 113 Mackie Street in exchange for \$85,000 exclusive of GST, the issue of 10 million fully paid ordinary shares in IRM and the grant of 15 million options to acquire a share in IRM at an exercise price of 20 cents each on or before 1 May 2016.

- (c) What do the directors recommend?

In relation to Resolution 1:

- Noel Taylor recommends that shareholders vote in favour of Resolution 1. Noel Taylor bases his recommendation on the information contained in the experts' reports and on the belief that it is in the best interests of the Company to sell 113 Mackie Street, Victoria Park to meet the long term objectives of the Company. Further, Mr Taylor is of the view that the Company will secure a strategic shareholding in IRM and that shareholding should be readily realisable at any time in the future should the Company need additional working capital.
- John Karajas recommends that shareholders vote in favour of Resolution 1. John Karajas bases his recommendation on the information contained in the experts' reports and on the belief that it is in the best interests of the Company to sell 113 Mackie Street, Victoria Park to meet the long term objectives of the Company. Further, Mr Karajas is of the view that the Company will secure a strategic shareholding in IRM and that shareholding should be readily realisable at any time in the future should the Company need additional working capital.

- David Zohar makes no recommendation as he has an interest in the outcome.
  - Zhukov Pervan makes no recommendation as he has an interest in the outcome.
- (d) Do any directors have an interest in the outcome of the proposed resolution?

None of the directors have a personal interest in the outcome of the proposed resolutions, save for David Zohar and Zhukov Pervan in that they are directors and shareholders of IRM and the Company.

- (e) What other information known by the directors would reasonably be required by members regarding the resolution?

If 10,000,000 Shares contemplated under Resolution 1 are issued to the Company, the percentage of shares on issue in which the Company would have a relevant interest would increase from 8.4% to 15.3% on the assumption that no further shares are issued by IRM.

### ***Corporations Act – Part 6.1***

Section 606 of the Corporations Act prohibits a person, from acquiring a "relevant interest" (defined in the Corporations Act as holding or controlling the vote attached to or the disposal of a security) in issued voting shares in a company where as a result of that acquisition that person's or some other person's voting power in the company increases from a level that is below 20% to above 20% or from a level above 20% to below 90%.

A person's "voting power" for these purposes is defined as the total number of votes attached to voting shares in the company in which that person or his associate has a relevant interest expressed as a percentage of the total number of votes attached to all voting shares in the relevant company.

### ***The Company's interests in IRM***

As at the date hereof the Company beneficially holds 10,232,241 shares in IRM. The Company currently holds no options to acquire shares in IRM.

The issued capital of IRM is currently 122,086,881 shares of which the Company has an interest of 8.4%. If Resolution 1 is passed, the Company will hold 20,232,241 shares in IRM with an interest of 15.3%. This increase in the shares held by the Company in IRM will mean that David Zohar and associates will potentially increase their relevant interest in IRM because they hold a 23.8% relevant interest in the Company. If resolution 1 is passed, David Zohar and associates' relevant interest in IRM will increase from 23.8% plus the 8.4% relevant interest through the Company's shareholding in IRM, to a total of 23.8% plus the 15.3% relevant interest through the Company's shareholding in IRM.

If the Company exercises their 15 million options from Resolution 1 before 1 May 2016 and assuming that no other shares were issued in that time, the Company would hold 35,232,241 shares out of 147,086,881 total shares in IRM and have a relevant interest in 24.0% of IRM. If the options are exercised, David Zohar and associates will have a relevant interest of 23.8% in the Company plus a 24.0% relevant interest through the Company's shareholding in IRM.

## **RESOLUTION 2 – SALE OF MINING EXPLORATION TENEMENTS TO IRON MOUNTAIN MINING LIMITED**

### **Background to Resolution 2**

The Directors of the Company have resolved to sell to IRM the Company's interests in three mining exploration tenements. Details of the Company's interests in the mining exploration tenements are:

- Exploration Licence 25329 "Lucky U": the Company currently holds a 70% interest and IRM holds a 30% interest.
- Exploration Licence 25894 "Florence Creek": the Company currently holds a 50% interest and IRM holds a 50% interest.
- Exploration Licence 25346 "Treasure": the Company and IRM originally held interests of 70% and 30% respectively prior to entering into a joint venture agreement with Mithril Resources Limited ("Mithril") whereby Mithril has the right to earn up to 80% in Treasure by spending \$2 million over 5 years.

Lucky U, Florence Creek and Treasure are discussed in more detail in the valuation report prepared by Geological Investigations Pty Ltd, which appears as Annexure "D" to this memorandum.

The consideration for Lucky U, Florence Creek and Treasure to be provided by IRM to the Company is the issue of 3.5 million fully paid ordinary shares in IRM to the Company and the grant of 15 million 20 cent options exercisable on or before 1 May 2016.

David Zohar and Zhukov Pervan are directors of IRM and also directors of the Company. For the purposes of Listing Rule 10, David Zohar and Zhukov Pervan are persons in a position of influence in both Iron Mountain Mining Limited and United Orogen Limited. Pursuant to Listing Rule 10.1 a company is required to obtain shareholder approval prior to entering into a transaction with a person in a position of influence.

After resolution 1 is passed, the Company will hold 20,232,241 shares in IRM with a 15.3% interest in IRM. After resolution 2 is passed, the Company will hold 23,732,241 shares in IRM with an interest of 17.5%. This increase in the shares held by the Company in IRM will mean that David Zohar and associates may increase their voting power in IRM because they hold a 23.8% interest in the Company.

After resolutions 1 and 2 are passed, David Zohar and associates' relevant interest in IRM will be diluted from 25.5% to 22.9%.

If the Company holds a 17.5% relevant interest in IRM and David Zohar and associates hold a 22.9% relevant interest in IRM, David Zohar and associates could potentially have a relevant interest of 40.4% of IRM after resolutions 1 and 2 are passed. Similarly, if the options held by the Company in resolutions 1 and 2 are exercised, David Zohar and associates could potentially hold a 51.2% relevant interest in IRM. David Zohar and associates also hold options in IRM (see Table 1.1 above) and if these exercised in the future they could obtain approximately a further 4% interest in IRM, giving David Zohar and associates voting power of 54.6% in IRM. These figures are all based on the assumptions that no further shares are issued in IRM between the current time and the time that any options held by David Zohar and associates or the Company are exercised (if they are exercised).

In the circumstances the Company is required to obtain the approval of shareholders to enable the transaction contemplated by Resolution 2 to proceed.

Pursuant to Listing Rule 10.10, to obtain the approval of shareholders pursuant to Listing Rule 10.1, the Company has obtained a report on the transaction from an independent expert, being Stantons International Securities. Stantons International Securities have concluded that the transaction is fair and reasonable to the shareholders of United Orogen Limited. A copy of the Stantons International Securities report in its entirety appears as Annexure "C" to this memorandum.

## Regulatory Requirements

### *Corporations Act – Chapter 2E*

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party, unless it has the approval of its members.

The following information in respect of the proposed share issue is provided to meet the requirements of Chapter 2E of the Corporations Act:

(a) Who is the related party?

The related party is IRM.

(b) What is the nature of the financial benefit?

The financial benefit to IRM is the transfer of the Company's interests in 3 mining exploration tenements, in exchange for the issue of 3.5 million fully paid ordinary shares in IRM and 15 million options to acquire a share in IRM at an exercise price of 20 cents each on or before 1 May 2016.

(c) What do the directors recommend?

In relation to Resolution 2:

- Noel Taylor recommends that shareholders vote in favour of Resolution 2 as he is of the view that the sale will increase the Company's strategic shareholding in IRM.
- John Karajas recommends that shareholders vote in favour of Resolution 2 as he is of the view that the sale will increase the Company's strategic shareholding in IRM.
- David Zohar makes no recommendation as he has an interest in the outcome in that he is a director of IRM.
- Zhuhov Pervan makes no recommendation as he has an interest in the outcome in that he is a director of IRM.

- (d) Do any directors have an interest in the outcome of the proposed resolution?

None of the directors have a personal interest in the outcome of the proposed resolutions, save for David Zohar and Zhukov Pervan in that they are directors and shareholders of IRM.

- (e) What other information known by the directors would reasonably be required by members regarding the resolution?

If 3.5 million Shares contemplated under Resolution 2 are to be issued to the Company, the percentage of shares held by the Company in IRM would increase from 15.3% to 17.5% on the assumption that the 10 million shares contemplated under Resolution 1 are also issued to the Company.

### ***Corporations Act – Part 6.1***

Section 606 of the Corporations Act prohibits a person, from acquiring a "relevant interest" (defined in the Corporations Act as holding or controlling the vote attached to or the disposal of a security) in issued voting shares in a company where as a result of that acquisition that person's or some other person's voting power in the company increases from a level that is below 20% to above 20% or from a level above 20% to below 90%.

A person's "voting power" for these purposes is defined as the total number of votes attached to voting shares in the company in which that person or his associate has a relevant interest expressed as a percentage of the total number of votes attached to all voting shares in the relevant company.

### ***The Company's interests in IRM***

As at the date hereof the Company beneficially holds 10,232,241 shares in IRM. The Company currently holds no options to acquire shares in IRM.

The issued capital of IRM is currently 122,086,881 shares of which the Company has an interest of 8.4%. If Resolutions 1 and 2 are passed, the Company will hold 23,732,241 shares in IRM with an interest of 17.5%. This increase in the shares held by the Company in IRM will mean that David Zohar and associates will potentially increase their voting power in IRM because they hold a 23.8% interest in the Company.

If the Company exercises their 30 million options from Resolutions 1 and 2 before 1 May 2016 and assuming that no other shares were issued in that time, the Company would hold 53,732,241 shares out of the 165,586,881 total shares in IRM and have a relevant interest of 32.5% in IRM.

After resolutions 1 and 2 are passed, David Zohar and associates' relevant interest in IRM will be diluted from 25.5% to 22.9%.

Once the Company holds a 17.5% relevant interest in IRM and David Zohar and associates hold a 22.9% relevant interest in IRM, David Zohar and associates could potentially have a voting power of 40.4% in IRM after resolutions 1 and 2 are passed. This is based on the assumption that David Zohar and associates have the majority of voting power in the Company from their 23.8% relevant interest. Similarly, if the options held by the Company in resolutions 1 and 2 are exercised, David Zohar and associates could potentially hold a 51.2% interest in IRM. David Zohar and associates also hold options in IRM (see Table 1.1 above) and if these exercised in the future they could obtain a further 54.6% interest in IRM (see Tables 1.6 and 1.7 below).

*Table 1.5 Interests of the Company and David Zohar and associates in IRM after resolutions 1 and 2 are passed*

| Name                       | Total No of shares held | % held | Total No of options held | % held |
|----------------------------|-------------------------|--------|--------------------------|--------|
| United Orogen Limited      | 23,732,241              | 17.5   | 30,000,000               | 42.7   |
| David Zohar and associates | 31,096,530              | 22.9   | 12,428,335               | 17.7   |
| Total on issue             | 135,586,881             |        | 70,186,250               |        |

The combination of voting power in IRM of the Company and David Zohar and associates is 40.4% after resolutions 1 and 2 are passed.

*Table 1.6 and 1.7 Potential interests of the Company and David Zohar and associates in IRM after resolutions 1 and 2 are passed*

Table 1.6 is the voting power in IRM if the 30,000,000 options from Table 1.5 are exercised by the Company in the future and assuming that no further shares or options are issued in IRM.

| Name                       | Total No of shares held | % held | Total No of options held | % held |
|----------------------------|-------------------------|--------|--------------------------|--------|
| United Orogen Limited      | 53,732,241              | 32.4   | 0                        | 0      |
| David Zohar and associates | 31,096,530              | 18.8   | 12,428,335               | 30.9   |
| Total on issue             | 165,586,881             |        | 40,186,250               |        |

Table 1.7 is the voting power in IRM if David Zohar and associates decide to exercise their options from Table 1.1 and assuming that no further shares or options are issued in IRM.

| Name                       | Total No of shares held | % held | Total No of options held | % held |
|----------------------------|-------------------------|--------|--------------------------|--------|
| United Orogen Limited      | 53,732,241              | 30.2   | 0                        | 0      |
| David Zohar and associates | 43,524,865              | 24.4   | 0                        | 0      |
| Total on issue             | 178,015,216             |        | 27,757,915               |        |

***Rights issue prospectus***

The Company is offering its shareholders the opportunity to subscribe for new shares in the Company. The Company has prepared a Replacement Prospectus for the rights issue, which is available on the ASX website. The number of shares being offered under the replacement prospectus for the rights issue is 32,386,426. Assuming no other shareholders besides David Zohar and associates take up their entitlements and exercise their options, they would have a 37.91% voting power in the Company. If IRM decides to take up its entitlements in addition to David Zohar and associates, its voting power in the Company would increase from 0.79% to 1.27%. Table 1.8 below shows the possible increase in David Zohar and associate's voting power in the Company which would result from the rights issue if David Zohar and associates and IRM were the only shareholders to take up their entitlements.

*Table 1.8*

|  | Total No of shares held currently | % held | Total No of shares held if no shareholder other than David Zohar takes up their entitlements and David Zohar exercises his Options | % held |
|--|-----------------------------------|--------|--|--------|
| David Zohar and associates   | 15,391,947                        | 23.8   | 30,783,894   | 37.91  |
| Iron Mountain Mining Limited (David Zohar and associates currently hold a 25.5% relevant interest) | 513,586                           | 0.79   | 1,027,172  | 1.27   |
| TOTAL ON ISSUE   | 64,772,853                        |        | 81,191,972   |        |

**RESOLUTION 3 – GRANT OF OPTIONS TO NOEL TAYLOR**

**Background to Resolution 3**

The Directors of the Company have resolved to grant 2 million options to Noel Taylor, the current Managing Director of the Company. The terms and conditions of the options are set out as Annexure "B".

The options are granted as an incentive to Mr Taylor and are exercisable at 20 cents each on or before 1 May 2016.

Pursuant to Listing Rule 10.11, a company must not issue or agree to issue securities to a director without first obtaining the approval of shareholders. For the purposes of Listing Rule 10.13 the Company provides the following information:

- (a) The options will be granted to Mr Noel Taylor.
- (b) 2 million options will be granted to Mr Noel Taylor.
- (c) The options do not have a deemed grant price and the exercise price is 20 cents each.
- (d) The options will be granted within 1 month of the meeting if shareholder approval is obtained.
- (e) Mr Noel Taylor is the Managing Director of United Orogen Limited.

### **Corporations Act – Chapter 2E**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party, unless it has the approval of its members. Noel Taylor is a director of the Company and therefore a related party.

The following information in respect of the proposed grant of options is provided to meet the requirements of Chapter 2E of the Corporations Act:

- (a) Who is the related party?

Noel Taylor.

- (b) What is the nature of the financial benefit?

The grant of 2 million options to acquire a share in the Company at an exercise price of 20 cents per share on or before 1 May 2016.

- (c) What do the directors recommend?

In relation to Resolution 3:

- John Karajas recommends that shareholders vote in favour of Resolution 3 because it will give Noel Taylor an incentive to have the Company's share price increase over time, which will benefit all shareholders.
- David Zohar recommends that shareholders vote in favour of Resolution 3 because it will give Noel Taylor an incentive to have the Company's share price increase over time, which will benefit all shareholders.
- Zhukov Pervan recommends that shareholders vote in favour of Resolution 3 because it will give Noel Taylor an incentive to have the Company's share price increase over time, which will benefit all shareholders.
- Noel Taylor makes no recommendation as he has an interest in the outcome.

- (d) Do any directors have an interest in the outcome of the proposed resolution?

Other than Noel Taylor, none of the directors have a personal interest in Resolution 3.

- (e) What other information known by the directors would reasonably be required by members regarding the resolution?

Noel Taylor currently earns a salary of \$150,000.00 per year plus compulsory superannuation. Noel Taylor does not hold any shares or options in the Company currently.

## GLOSSARY

In this Explanatory Statement, the following terms have the following unless the context otherwise requires:

- “ASX”** means ASX Limited (ABN 98 008 624 691).
- “Board”** means board of Directors.
- “Company”** means United Orogen Limited (ACN 115 593 005).
- “Corporations Act”** means the Corporations Act 2001 (Cth) and all regulations made pursuant to such legislation, as amended from time to time.
- “Director”** means a director of the Company.
- “Iron Mountain Mining”** means Iron Mountain Mining Limited (ACN 112 914 459).
- “Listing Rules”** means Listing Rules of ASX, as amended or replaced from time to time, except to the extent of any waiver by ASX.
- “Shareholder”** means a member of the Company, as defined in the constitution of the Company.
- “Shares”** means ordinary fully paid shares in the capital of the Company.
- “WST”** means Western Standard Time.

## ANNEXURE "A"

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

1. **Entitlement**  
Each Option shall entitle the holder the right to subscribe (in cash) for one (1) Share in the capital of the Company.
2. **Option Period**  
Each Option will expire at 5.00pm WST on 1 May 2016 (such date being referred to as the "Option Expiry Date"). Each Option may be exercised at any time prior to the Option Expiry Date in accordance with the notice provisions set out below and any Option not so exercised shall automatically expire on the Option Expiry Date.
3. **Ranking of Share Allotted on Exercise of Option**  
Each Share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
4. **Voting**  
A registered owner of an Option (herein referred to as an "Option Holder") will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being Option Holder, members of the Company.
5. **Transfer of an Option**  
Each Option is transferable at any time prior to the Option Expiry Date. This right is subject to any restrictions on the transfer of an Option that may be imposed by the ASX in circumstances where the Company is listed on ASX.
6. **Method of Exercise of an Option**
  - a. The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (herein such notice being called a "Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company to be received prior to the Option Expiry Date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of Shares in the capital of the Company to be allotted; which number of Options must be a multiple of 10,000 if only part of the Option Holders total Options are exercised, or if the total number of Options held by an Option Holder is less than 10,000, then the total of all Options held by that Option Holder must be exercised.
  - b. The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of 20 cents (\$0.20) per Share.
  - c. Subject to Clause 7 hereof, the exercise of less than all of an Option Holders Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holders entitlement under the Option Holders remaining Options.
  - d. Within 14 days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
  - e. If the Company is listed on the ASX, the Company will within seven (7) days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.
  - f. The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
7. **Reconstruction**  
In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
8. **Participation in New Share Issues**  
There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Option Expiry Date unless and until the Options are exercised. The Company will ensure that during the exercise period of the Options, the Record Date for the purposes of determining Entitlements to any new such issue, will be at least 9 Business Days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
9. **Change of Options' Exercise Price or Number of Underlying Shares.**  
There are no rights to change the exercise price or the number of underlying Shares if there is a pro-rata issue or bonus issue to the holders of Shares.

**LODGEMENT INSTRUCTIONS**

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

## ANNEXURE "B"

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

10. **Entitlement**  
Each Option shall entitle the holder the right to subscribe (in cash) for one (1) Share in the capital of the Company.
11. **Option Period**  
Each Option will expire at 5.00pm WST on 1 May 2016 (such date being referred to as the "Option Expiry Date"). Each Option may be exercised at any time prior to the Option Expiry Date in accordance with the notice provisions set out below and any Option not so exercised shall automatically expire on the Option Expiry Date.
12. **Ranking of Share Allotted on Exercise of Option**  
Each Share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
13. **Voting**  
A registered owner of an Option (herein referred to as an "Option Holder") will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being Option Holder, members of the Company.
14. **Transfer of an Option**  
Each Option is transferable at any time prior to the Option Expiry Date. This right is subject to any restrictions on the transfer of an Option that may be imposed by the ASX in circumstances where the Company is listed on ASX.
15. **Method of Exercise of an Option**
  - a. The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (herein such notice being called a "Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company to be received prior to the Option Expiry Date. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of Shares in the capital of the Company to be allotted; which number of Options must be a multiple of 10,000 if only part of the Option Holders total Options are exercised, or if the total number of Options held by an Option Holder is less than 10,000, then the total of all Options held by that Option Holder must be exercised.
  - b. The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of 20 cents (\$0.20) per Share.
  - c. Subject to Clause 7 hereof, the exercise of less than all of an Option Holders Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holders entitlement under the Option Holders remaining Options.
  - d. Within 14 days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
  - e. If the Company is listed on the ASX, the Company will within seven (7) days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.
  - f. The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
16. **Reconstruction**  
In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
17. **Participation in New Share Issues**  
There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Option Expiry Date unless and until the Options are exercised. The Company will ensure that during the exercise period of the Options, the Record Date for the purposes of determining Entitlements to any new such issue, will be at least 9 Business Days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.
18. **Change of Options' Exercise Price or Number of Underlying Shares.**  
There are no rights to change the exercise price or the number of underlying Shares if there is a pro-rata issue or bonus issue to the holders of Shares.

**LODGEMENT INSTRUCTIONS**

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

"C"

Stantons International Pty Ltd trading as:

# Stantons International Securities

ABN: 41 794 158 297

ACN: 115 593 005

LEVEL 11, 111 NORTH BRIDGE ROAD

SINGAPORE 048621

TEL: 65 6336 1111 • FAX: 65 6336 1100

WWW.STANTONS.COM

9 March 2011

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

Dear Sirs

**Re: UNITED OROGEN LIMITED ("UOG" OR "THE COMPANY") (ACN 115 593 005) ON THE PROPOSALS TO SELL THE REAL ESTATE PROPERTY AT 113 MACKIE STREET VICTORIA PARK AND VARIOUS MINERAL TENEMENT INTERESTS TO IRON MOUNTAIN MINING LIMITED ("IRON MOUNTAIN" OR "THE COMPANY"). MEETING OF SHAREHOLDERS PURSUANT TO AUSTRALIAN SECURITIES EXCHANGE LIMITED ("ASX") LISTING RULE 10.1**

## 1. Introduction

1.1 We have been requested by the Directors of UOG to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposals to sell to Iron Mountain the property owned by UOG at 113 Mackie Street Victoria Park, Western Australia ("Mackie Street Property") and sell to Iron Mountain various interests in mining tenements as noted below and in resolutions 1 and 2 in the Notice of Meeting of Shareholders ("the Notice") and Explanatory Statement to Shareholders ("ES") of UOG of March 2011. We are not reporting on the fairness and reasonableness of the proposed issue of share options to Noel Taylor as noted in resolution 3 in the Notice.

1.2 It is proposed that UOG will sell the Mackie Street Property to Iron Mountain for the consideration of:

- \$85,000 cash paid to UOG by Iron Mountain ("Property Cash");
- 10,000,000 ordinary shares in Iron Mountain ("Property Shares"); and
- 15,000,000 share options in Iron Mountain, exercisable at 20 cents each, on or before 1 May 2016 ("Property Options").

In addition, UOG is to sell its interest in various tenements ("Tenements") to Iron Mountain for the consideration of 3,500,000 ordinary shares (Tenement Shares) in Iron Mountain and 15,000,000 share options in Iron Mountain, each option exercisable at 20 cents each, on or before 1 May 2016 ("Tenement Options"). The Tenements to be sold are as follows:

- Exploration Licence 25329 – 70% interest (the remaining 30% is already held by Iron Mountain) ("Lucky U Prospect")
- Exploration Licence 25894 - 50% interest (the remaining 50% is already held by Iron Mountain) ("Florence Creek Prospect"); and
- Exploration Licence 25346 ("Treasure Prospect") - UOG and Iron Mountain held interests of 70% and 30% respectively prior to entering into a joint venture with Mithril Resources Limited ("Mithril") who has the right to earn a 80% interest in EL25346 by spending \$2,000,000 over five years.

Further details on the Tenements are referred to in the Valuation Report noted in paragraph 1.8 below and the ES attached to the Notice.

The proposed sale of the Mackie Property and the sale of the Tenements to Iron Mountain are known for the purpose of this report as the Sales.

- 1.3 David Zohar ("Zohar") and Zhukov Pervan ("Pervan") are directors of both Iron Mountain and UOG. In addition David Zohar and his spouse Julie Zohar and Swancove Enterprises Pty Ltd, a company controlled by David Zohar and Julie Zohar ("Zohar Group") own, as at 8 March 2011, 31,096,530 shares in Iron Mountain representing approximately 25.47% of Iron Mountain's shares on issue at that date and 15,391,947 shares in UOG representing approximately 23.76% of the shares on issue in UOG as at 8 March 2011. In addition, the interests of the Zohar Group own a total of 12,428,335 share options in Iron Mountain that if exercised (and no other share issues occurred) would result in the Zohar Group's shareholding interest in Iron Mountain approximating 32.36%. Pervan and his deemed associates own 2,100,000 shares in Iron Mountain and 275,000 shares in UOG. Pursuant to ASX Listing Rule 10.1 a company is required to obtain shareholder approval prior to entering into a transaction with a person in a position of influence.
- 1.4 Therefore a notice prepared in relation to a meeting of shareholders convened for the purpose of ASX Listing Rule 10.1 must be accompanied by an Independent Expert's Report stating whether the Sales noted under resolutions 1 and 2 are fair and reasonable. To assist shareholders in making a decision on the Sales, the directors have requested that Stantons International Securities prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the Sales as noted in resolutions 1 and 2 are fair and reasonable to the non-associated shareholders of UOG (not associated with the Zohar Group and Pervan).
- 1.5 Apart from this introduction, this report considers the following:
- Summary of opinion
  - Implications of the proposals
  - Corporate history and nature of business of UOG and Iron Mountain
  - Future direction of UOG
  - Basis of valuation of Iron Mountain shares and share options
  - Value of consideration as to the Sales
  - Basis of valuation of the Mackie Street Property and the Tenements
  - Conclusion as to fairness of the Sales
  - Reasonableness of the Sales
  - Conclusion as to reasonableness of the Sales
  - Conclusion as to the fairness and reasonableness of the Placement
  - Sources of information
  - Appendix A and Financial Services Guide
- 1.6 In determining the fairness and reasonableness of the Sales of the Mackie Property and the Tenements to Iron Mountain, we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Regulatory Guide 111, "Content of Expert Reports". Regulatory Guide 111 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). The concept of "fairness" is taken to be the value of the offer price, or the consideration, being equal to or greater than the value of the securities in the above mentioned offer. Furthermore, this comparison should be made assuming 100% ownership of the "target" and irrespective of whether the consideration is scrip or cash. An offer is "reasonable" if it is fair. An offer may also be reasonable, if despite not being "fair", there are sufficient grounds for security holders to accept the offer in the absence of any higher bid before the close of the offer.

Accordingly, our report relating to the receipt of cash and shares to Iron Mountain as part of the Sales to Iron Mountain is concerned with the fairness and reasonableness of the proposals with respect to the existing non-associated shareholders of UOG (not associated with Iron Mountain, the Zohar Group and Pervan).

- 1.7 In our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 11 of this report, the proposals as outlined in paragraph 1.2 and resolution 1 may on balance be considered to be fair and reasonable.

In our opinion, taking into account the factors noted elsewhere in this report including the factors (positive, negative and other factors) noted in section 11 of this report, the proposals as outlined in paragraph 1.2 and resolution 2 may on balance be considered to be fair and reasonable.

- 1.8 The opinions expressed above in relation to resolution 1 must be read in conjunction with the more detailed analysis and comments made in this report, including the 30 September 2010 Independent Property Valuation Report ("IWA Valuation Report") on the Mackie Property owned by UOG prepared by Independent Valuers of Western Australia Pty Ltd and the letter report prepared by Pember Wilson & Eftos ("PWE") of 25 February 2011, copies of which are attached as appendices to the Notice of Meeting.

The opinions expressed above in relation to resolution 2 must be read in conjunction with the more detailed analysis and comments made in this report, including the 3 March 2011 Independent Technical Valuation Report ("Valuation Report") on the Tenements owned by UOG prepared by Geological Investigations Pty Ltd, a copy of which is attached as an appendix to the Notice of Meeting.

## 2. Implications of the Proposals

- 2.1 As at 8 March 2011, there were 64,772,853 ordinary fully paid shares on issue in UOG. The significant fully paid shareholders as at that date based on the top 20 shareholders list were believed to be:

|                              | No. of fully paid shares | % of issued fully paid shares |
|------------------------------|--------------------------|-------------------------------|
| John Karajas                 | 5,525,000                | 8.53                          |
| David Alan Zohar             | 5,000,001                | 7.72                          |
| Julie Zohar                  | 5,000,001                | 7.72                          |
| Swanrove Enterprises Pty Ltd | 5,000,000                | 7.72                          |
| Eagle Nickel Limited         | 1,269,500                | 1.96                          |
|                              | <u>21,794,503</u>        | <u>33.65</u>                  |

The top 20 shareholders at 28 February 2011 owned approximately 45.26% of the ordinary issued capital of the Company. Iron Mountain owns 513,586 shares in UOG. The consummation of resolutions 1 and 2 do not affect the number of shares on issue in UOG.

- 2.2 As at 8 March 2011, there were 122,086,881 ordinary fully paid shares on issue in Iron Mountain. The significant fully paid shareholders as at that date based on the top 20 shareholders list were believed to be:

|                              | No. of fully paid shares | % of issued fully paid shares |
|------------------------------|--------------------------|-------------------------------|
| David Alan Zohar             | 11,556,027               | 9.47                          |
| Julie Zohar                  | 10,300,001               | 8.44                          |
| United Orogen Limited        | 10,232,341               | 8.38                          |
| Swanrove Enterprises Pty Ltd | 9,240,500                | 7.57                          |
| Paul Wilson Askins           | 5,943,400                | 4.87                          |
| John Karajas                 | 3,200,000                | 2.62                          |
| Calum Baxter                 | 3,100,000                | 2.54                          |

Dr Zhukov Pervan

|                   |              |
|-------------------|--------------|
| 2,000,000         | 1.64         |
| <u>55,572,369</u> | <u>45.53</u> |

The top 20 shareholders at 28 February 2011 owned approximately 53.90% of the ordinary issued capital of Iron Mountain.

- 2.3 If the Sales are completed by selling 100% of the Mackie property and all of UOG's interest in the Tenements, UOG would increase its ordinary shareholding interest from 10,232,341 ordinary shares to 23,732,341 ordinary shares representing an approximate 17.50% shareholding interest in the expanded capital of Iron Mountain (before the exercise of any share options, including the Mackie Options and the Tenement Options) (135,586,881 shares in Iron Mountain will then be on issue).

In the event that UOG exercises all of the Mackie Options and all of the Tenement Options, the shareholding interest of UOG in Iron Mountain could increase to approximately 48,732,341 shares representing an approximate 30.35% (assuming no other share options in Iron Mountain are exercised and there are no further share issues by Iron Mountain) (assumes that 160,586,881 Iron Mountain shares would be on issue). However, UOG would need to pay Iron Mountain the total sum of \$5,000,000 to exercise all of the Mackie Options and Tenement Options.

- 2.4 The current Board of Directors of UOG is not expected to change in the near future as a result of the Sales.
- 2.5 The Company would cease to own the Mackie Property and the Tenements but would acquire an additional 13,500,000 shares in Iron Mountain (10,000,000 Property Shares and 3,500,000 Tenement Shares) and a total of 25,000,000 share options in Iron Mountain (15,000,000 Property Options and 10,000,000 Tenement Options). The \$85,000 Property Cash would pay the GST on the sale of the Mackie Property.

### 3. Corporate History and Nature of Business

#### UOG

- 3.1 UOG is listed on the ASX. Its focus is mineral exploration in Australia. Its more significant areas of interest are:
- Horseshoe Project in WA - gold targets
  - Victoria Desert Project in WA— gold, base metals and uranium targets
  - Gunnado Project in WA – gold and base metal targets
  - The Tenements as noted above all of which are in the Northern Territory

#### Iron Mountain

- 3.2 Iron Mountain is listed on the ASX. Its focus is mineral exploration in Australia. Its more significant areas of interest are:
- Wandoo Project in WA - Alumina targets with a global announced inferred resource of 80 million tonnes
  - Miaree Project in WA - Iron ore and gold targets. Iron Mountain earning a 70% interest from Red River Resources Limited
  - Mt Richardson in WA – 2% royalty right on iron ore
  - Wongan Hills Project in WA – 20% interest in an iron ore target
  - Blythe Project – iron ore project that is planned to be sold in 2011
  - Bona Well Project – iron ore and uranium targets
  - Kunanalling Project – may be surrendered in 2011

#### **4. Future Directions of UOG**

4.1 We have been advised by the directors and management of UOG that:

- There are no proposals currently contemplated either whereby UOG will sell any further properties or assets to Iron Mountain (however UOG will sell the Mackie Property and the tenements to Iron Mountain for the considerations noted above) or where UOG would acquire assets from Iron Mountain. The composition of the Board will not change in the short term as noted above;
- The Company may seek to raise further working capital via a rights issue and/or share placement in the near future;
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company will endeavour to enhance the value of its interests in its existing mineral assets (excludes the Tenements).

#### **5. Basis of Valuation of Iron Mountain Shares and Share Options**

##### **5.1 Shares**

5.1.1 In considering the proposals to sell the Mackie Property and the Tenements to Iron Mountain, we have sought to determine if the considerations payable by Iron Mountain to UOG are fair and reasonable to the existing non-associated shareholders of UOG.

5.1.2 The offer would be fair to the existing non-associated shareholders if the value of the shares and share options in Iron Mountain are greater than the implicit value of Mackie Property and Tenements being sold to Iron Mountain. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Iron Mountain shares and share options for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of an Iron Mountain share are:

- Capitalise maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net backing and windup value; and
- The market price of Iron Mountain shares.

5.2 Capitalise maintainable earnings and discounted cash flows.

5.2.1 Due to Iron Mountain's current operations, a lack of profit history arising from business undertakings and the lack of a reliable future cash flow from a current business activity, we have considered these methods of valuation not to be relevant for the purpose of this report.

##### **5.3 Takeover Bid**

5.3.1 It is possible that a potential bidder for Iron Mountain could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of UOG have formed the view that there is unlikely to be any takeover bids made for Iron Mountain in the immediate future. We concur with that view in the absence of any evidence on the market place to date. However, if the agreement to sell the Mackie Property and the Tenements to Iron Mountain is concluded, UOG will control approximately 17.50% of the expanded ordinary issued capital of Iron Mountain. In addition, the interests of the Zohar Group control approximately 25.47% of Iron Mountain. The combined shareholding interests of UOG and the Zohar Group could control approximately 40.44% after the Sales are completed and up to approximately 51.23% if UOG exercises the Property Options and the Tenement Options (would need to pay 20 cents per Iron Mountain share equivalent to a total of \$5,000,000). In the event that such options were exercised and the Zohar Group exercised its 12,428,335 share options it holds in Iron Mountain (would also need to pay 20

cents per share or \$2,485,667) and the combined UOG/Zohar Group's shareholding interest in Iron Mountain could rise to approximately 54.63% (in the absence of any other share issues by Iron Mountain).

#### 5.4 Adjusted Net Asset Backing

- 5.4.1 We set out below an unaudited statement of financial position of Iron Mountain as at 31 December 2010, adjusted for estimated administration and exploration costs for the period 1 January 2011 to 30 April 2011 of \$850,000.

|                                      | <b>Iron Mountain<br/>(as adjusted)<br/>31 December<br/>2010<br/>\$000's</b> |
|--------------------------------------|---|
| <b>Current Assets</b>                |   |
| Cash                                 | 5,271   |
| Receivables                          | 203   |
| Prepayments                          | 5   |
|                                      | <u>5,479</u>  |
| <b>Non Current Assets</b>            |   |
| Receivables                          | 53  |
| Fixed assets                         | 920   |
| Deferred tax asset                   | 1,332   |
| Capitalised exploration costs        | 5,578   |
| Goodwill                             | 114   |
| Available for sale financial assets  | 977   |
|                                      | <u>8,974</u>  |
| <b>Total Assets</b>                  | <u>14,452</u>   |
| <b>Current Liabilities</b>           |   |
| Trade and other payables             | 203   |
| Provisions                           | 880   |
| <b>Total Current Liabilities</b>     | <u>1,083</u>  |
| <b>Non current liabilities</b>       |   |
| Deferred tax                         | 224   |
| <b>Total non current liabilities</b> | <u>224</u>  |
| <b>Total liabilities</b>             | <u>1,307</u>  |
| <b>Net Assets</b>                    | <u>13,145</u>   |
| <b>Equity</b>                        |   |
| Issued capital                       | 12,981  |
| Reserves                             | 1,255   |
| Accumulated losses                   | (1,091)   |
| Non controlling interest             | -   |
| <b>Net Equity</b>                    | <u>13,145</u>   |

- 5.4.2 The book net tangible asset backing as at 31 December 2010 (as adjusted as noted above) equates to approximately 11.01 cents (122,086,881 ordinary shares on issue) (ignoring the value, if any, of non-booked tax benefits).
- 5.4.3 We have accepted the amounts for all current assets and non current assets. We have been assured by Mark Killmier of Iron Mountain that he believe the carrying value of all current assets, fixed assets and liabilities at 31 December 2010 (as adjusted as noted above) are fair and not materially misstated. Iron Mountain expenses its exploration and evaluation costs as incurred and there is arguably value in the tenement interests of Iron Mountain.
- 5.4.4 We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Iron Mountain and other parties. We also note it is not the present intention of the directors of Iron Mountain to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must

acquire shares in Iron Mountain based on the market perceptions of what the market considers an Iron Mountain share to be worth.

The market has either generally valued the vast majority of junior mineral exploration companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market for Iron Mountain shares and the market is kept fully informed of the activities of the Company. Furthermore, for accounting purposes under Australian Equivalents to International Financial Reporting Standards ("IFRS"), the consideration for the issue of Iron Mountain shares to acquire the Mackie Property and the Tenements from UOG will be booked at the fair value of the Mackie Property and the Tenements or at the share price of an Iron Mountain share and share option at the date of acquisition and not any perceived technical value. Accordingly, for the reasons outlined above, we believe that for the purpose of this report, it is not appropriate to use any technical value of an Iron Mountain share in assessing whether the proposal for UOG to sell the Mackie Property and the Tenements are fair and reasonable. We believe a market-based approach is a more suitable basis of assessing whether the proposed Sales are fair and/or reasonable. In the case of the Sales, the pre announcement prices have been taken as prior to 26 May 2010 in the case of the sale of the Mackie Property and 3 June 2010 in the case of the sale of the Tenements. As the announcements were close together we have used pre 26 May 2010 share prices. However as there has been a significant delay in seeking shareholder approval by both Iron Mountain and UOG (Iron Mountain shareholder approval gained to acquire the Mackie Property and Tenements on 3 December 2010 but due to a change in the proposed consideration and time delays the shareholders of Iron Mountain will need to vote on the acquisition of the Mackie property and Tenements and the issue of the Property Shares and Options and the Tenement Shares and Options to UOG), we have also considered share prices of Iron Mountain pre 3 December 2010 and to 8 March 2011. As the acquisition of the Mackie Property and the Tenements by Iron Mountain are not considered major acquisitions and due the long time delay between announcements of the Sales and the date shareholders of UOG will vote on the Sales to Iron Mountain, we consider that it would be more appropriate to ascribe values to the Iron Mountain shares being received by OUG based on more recent Iron Mountain share prices, particularly from mid December 2010 (refer paragraph 5.1.1 below).

## 5.5 Market Price of Iron Mountain Fully Paid Ordinary Shares

### 5.5.1 We set out below a summary of the fully paid share prices of Iron Mountain since 1 March 2010.

| 2010           | High Cents | Low Cents | Last Sale Cents | Volume Trade (000's) |
|----------------|------------|-----------|-----------------|----------------------|
| March          | 11.0       | 6.4       | 9.0             | 4,559                |
| April          | 8.7        | 7.5       | 7.8             | 1,713                |
| May            | 7.6        | 6.0       | 7.5             | 2,485                |
| June           | 7.2        | 5.0       | 5.1             | 1,731                |
| July           | 6.4        | 5.0       | 6.4             | 1,692                |
| August         | 7.3        | 5.5       | 6.8             | 2,387                |
| September      | 7.5        | 6.3       | 7.0             | 1,550                |
| October        | 8.5        | 6.3       | 8.5             | 2,483                |
| November       | 8.7        | 7.1       | 7.9             | 4,812                |
| December       | 13.5       | 7.9       | 13.5            | 6,215                |
| <b>2011</b>    |            |           |                 |                      |
| January        | 23.0       | 13.5      | 17.5            | 6,072                |
| February       | 18.0       | 14.0      | 15.0            | 830                  |
| March (to 8th) | 17.0       | 14.0      | 15.0            | 563                  |

On 9 December 2010, Iron Mountain announced positive gold bearing results in relation to the Miaree Gold Project and the shares rose from below 9 cents and from that date, investors have appeared to re-rate the shares in Iron Mountain and its prospectivity. The volumes of shares trading on ASX is however quite low (except for November 2010 to January 2011).

5.5.2 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher. It is noted that over the past several years, the vast majority of mineral exploration companies listed on the ASX are trading at significant discounts or premiums to appraised technical values and in some cases have traded at a discount to cash asset backing. In the case of Iron Mountain, the monthly volume of trades on the ASX is not high but arguably large enough (considering that a large parcel of shares is tied up in the hands of UOG and the Zohar Group) to argue that an orderly market exists for Iron Mountain's shares. The "market" arguably is fully informed of its activities. It is our opinion that it is appropriate to use a range of recent pre-announcement trading market values as fair values to attribute to the Property and Tenement Shares to be issued to UOG.

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

- The successful exploitation of the current mineral assets of Iron Mountain and/or the Tenements being acquired from UOG;
- The state of the gold, uranium and base metal markets (and prices) in Australia and overseas;
- The cash position of the Iron Mountain;
- The state of Australian and overseas stock markets;
- Membership and control of the Board and management of Iron Mountain;
- General economic conditions; and
- Liquidity of shares in Iron Mountain.

The future value of a UOG share also will depend on similar factors.

5.5.4 We thus consider the fair value of an Iron Mountain share for the purposes of this report (based on share prices in the few months leading up to the announcements in late May 2010 and early June 2010) to lie in the range of 6.5 cents and 7.5 cents. However, it is noted that the share price of an Iron Mountain share since mid December 2010 has traded mainly in the range of 13.5 cents and 17 cents. For the purposes of this report, we have considered that it is appropriate to use a range of prices for the Iron Mountain ordinary shares in determining our opinion on fairness. The Directors will need to consider the accounting standards in determining the final price attributable to the Shares to be received from Iron Mountain resulting from the Sales. It is noted that the Directors of UOG considered that the fair value of an Iron Mountain share at the time of discussions to enter into the Sales to be approximately 6 cents but the number of shares to be received from Iron Mountain was a higher figure. The closing share price of an Iron Mountain share on ASX as at 26 May 2010 (date of announcement of the proposed sale of the Mackie Property) was 6.1 cents (the last day of trading of shares in Iron Mountain before the announcement was on 25 May 2010 and the closing price was 6.9 cents). The closing share price of an Iron Mountain share on ASX as at 3 June 2010 (date of announcement of the proposed sale of the Tenements) was 7.0 cents (the last day of trading of shares in Iron Mountain before the announcement was on 2 June 2010 and the closing price was 7.0 cents). The closing price of an Iron Mountain share on 8 March 2011 was 15 cents. As stated above a far greater weighting has been made to the share trading prices of an Iron Mountain share post mid December 2010 when the Iron Mountain shares have traded between 11 cents and a high of 23 cents with many trades (on low volumes) over the past 4 weeks to 8 March 2011 at between 14 cents and 16 cents. It is assumed that the Property Shares and Tenement Shares will be escrowed for a period of between 12 months and 24 months and a discount for restricted trading should be applied at between 20% and 40%. Thus the discounted value of the Property and Tenement Shares from UOG's point of view may be between 8.4 cents and 12.8 cents. The preferred discounted value is in our view around 10.5 cents (70% of 15 cents).

## 5.6 Options

- 5.6.1 The Company is also to receive 15,000,000 Property Options from Iron Mountain as part of the consideration to sell the Mackie Property and 10,000,000 Tenement Options as part consideration to sell the Tenements to Iron Mountain.

The key assumptions we have used to ascribe a value to the Property and Tenement Options include:

- Share price of an Iron Mountain share of 15 cents;
- Risk free interest rate of 4.8%;
- Volatility factor of 50% based on the range of share prices of Iron Mountain since mid December 2010 where it appears the market has re-rated its mineral prospects. In the main, the share price has ranged between 14 cents and 18 cents with some minor trades below and above the above range;
- Exercise price of 20 cents per Property Options and Tenement Options;
- Discount of 65% for non listed status of the Property and Tenement Options and the fact that such share options will be escrowed and the shares in Iron mountain are thinly traded; and
- Expiry date of 1 May 2016 and an assumed issue date of say 1 May 2011 (that would allow for the time for UOG and Iron Mountain to hold shareholder meetings).

Based on the above, the value of the Property Options is valued at approximately 2.16 cents each. Thus the total "value" regarding the issue of the 15,000,000 Property Options approximates \$324,000 and the value of the 10,000,000 Tenement Options is valued at approximately \$216,000. It should be noted that UOG has little cash and even if it raises some funds in the near future as is planned, the Company could not afford to exercise the Property and Tenement Options at a cost of \$5,000,000. They will only have value to UOG in the event that the share price of an Iron Mountain share exceeds 20 cents for some time before 1 May 2016.

## 6. Value of Consideration as to the Sales

- 6.1 Based on discounted post mid December 2010 share prices the considerations (excluding the Property Cash that would pay the GST) range would be:

|   | Low<br>\$               | Preferred<br>\$         | High<br>\$              |
|---|-------------------------|-------------------------|-------------------------|
| <b>Mackie Property</b>                                |                         |                         |                         |
| 10,000,000 Property Shares at pre-announcement prices | 840,000                 | 1,050,000               | 1,280,000               |
| 15,000,000 Property Options (no range)                | <u>324,000</u>          | <u>324,000</u>          | <u>324,000</u>          |
|   | <b><u>1,164,000</u></b> | <b><u>1,374,000</u></b> | <b><u>1,604,000</u></b> |
| <b>Tenements</b>                                      |                         |                         |                         |
| 3,500,000 Tenement Shares                             | 294,000                 | 367,500                 | 448,000                 |
| 10,000,000 Tenement Options (no range)                | <u>216,000</u>          | <u>216,000</u>          | <u>216,000</u>          |
|   | <b><u>510,000</u></b>   | <b><u>583,500</u></b>   | <b><u>664,000</u></b>   |
| Discounted Share price assumed to be                  | <u>8.4 cents</u>        | <u>10.5 cents</u>       | <u>12.8 cents</u>       |

## 7. Basis of Valuation of the Mackie Property and interests in the Tenements

- 7.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.
- 7.2 The Company had commissioned Independent Valuers of Western Australia Pty Ltd ('IWA') to prepare a Valuation Report of the Mackie Property owned by UOG. The IWA Valuation Report of 30 September 2010 should be read in its entirety and a full copy of the

IWA Valuation Report is attached as an Appendix to the Notice and forms part of the Explanatory Statement to Shareholders. The Valuation Report ascribes a range of values to the interests to the Mackie Property and for the purposes of our report we have used the low, high and mid range market valuations referred to in the IWA Valuation Report. In addition, a letter report was prepared by Pember Wilson & Eftos ("PWE") of 25 February 2011 that concluded that the preferred valuation by IWA was not unreasonable. The PWE letter report is also attached as an appendix to the Notice.

- 7.3 The Company has commissioned Geological Investigations Pty Ltd ("GIPL") (author of the Valuation Report is John Wyatt to prepare a Valuation Report of the Tenements. The Valuation Report of 3 March 2011 should be read in its entirety and a full copy of the Valuation Report is attached as an Appendix to the Notice and forms part of the Explanatory Statement to Shareholders. The Valuation Report ascribes a range of values to the interests to the Tenements and for the purposes of our report we have used the low, high and mid range market valuations referred to in the Valuation Report.
- 7.4 We have used and relied on the Valuation Report on the Tenements and have satisfied ourselves that:
- GIPL is a suitably qualified geological consulting firm and has relevant experience in assessing the merits of mineral projects and preparing mineral asset valuations (also the authors of the report, Mr John Wyatt is suitably qualified and experienced);
  - GIPL is independent from UOG and Iron Mountain although it is noted that GIPL also valued the Tenements for Iron Mountain in a report dated 17 September 2010 ; and
  - IPL has employed sound and recognised methodologies in the preparation of the valuation report on the Tenements.

We are also satisfied on the experience, independence and qualifications of IWA (and the author of the IWA Valuation Report) and PWE (and the author of the letter).

- 7.5 IWA has provided a range of market values of the Mackie Property. IWA has ascribed a range of values (excluding GST) to the Mackie Property as follows:

|                   | Low<br>\$      | Preferred<br>\$ | High<br>\$     |
|-------------------|----------------|-----------------|----------------|
| 113 Mackie Street | <u>769,000</u> | <u>850,000</u>  | <u>884,800</u> |

- 7.6 GIPL has provided a range of market values of the Tenements. GIPL has ascribed a range of values to the Tenements as follows:

|                 | Low<br>\$      | Preferred<br>\$ | High<br>\$     |
|-----------------|----------------|-----------------|----------------|
| Tenements (all) | <u>550,000</u> | <u>725,000</u>  | <u>900,000</u> |

## 8. Conclusion as to Fairness on the proposals relating to the sale of the Mackie Property and the Tenements to Iron Mountain

- 8.1 The proposal to sell the Mackie Property and the Tenements for the considerations noted in paragraph 6.1 is believed fair to UOG's non-associated shareholders if the value of the consideration offered is equal to or greater than the value of the Mackie property and Tenements being sold to Iron Mountain. The valuation of mineral interests and valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation.
- 8.2 We have examined below the values attributable to the shares and options proposed to be issued by Iron Mountain to UOG and the value of the Mackie Property being acquired by Iron Mountain.

|   | Low<br>\$ | Preferred<br>\$ | High<br>\$ |
|---|-----------|-----------------|------------|
| Assessed value of Consideration being received on sale of the Mackie Property | 1,164,000 | 1,374,000       | 1,604,000  |
| Assessed value of Mackie Property   | 769,000   | 850,000         | 884,800    |

If the undiscounted share price of an Iron Mountain share was used of 15 cents as at 8 March 2011, the value attributable to the Property Shares would be \$1,500,000 but whether UOG could sell the 15,000,000 Property Shares on market is questionable at this point of time as the volumes of trades of Iron Mountain shares on ASX is quite low.

- 8.3 **On a pre-announcement and 8 March 2011 market value approach, the proposed sale of the Mackie Property for 10,000,000 Property Shares and 15,000,000 Property Options in Iron Mountain as outlined in resolution 1 to the Notice is considered on balance to be fair.**
- 8.4 We have examined below the values attributable to the shares and options proposed to be issued by Iron Mountain to UOG and the value of the Tenements being acquired by Iron Mountain.

|   | Low<br>\$ | Preferred<br>\$ | High<br>\$ |
|---|-----------|-----------------|------------|
| Assessed value of Consideration being received on sale of the Tenements | 510,000   | 583,500         | 664,000    |
| Assessed value of Tenements   | 355,000   | 467,500         | 580,000    |

If the undiscounted share price of an Iron Mountain share was used of 15 cents as at 8 March 2011, the value attributable to the Tenement Shares would be \$525,000 but whether UOG could sell the 3,500,000 Tenement Shares on market is questionable at this point of time as the volumes of trades of Iron Mountain shares on ASX is quite low.

- 8.5 **On a post mid December 2010 market value approach, the proposed sale of the Tenements for 3,500,000 Tenement Shares and 10,000,000 Tenement Options in Iron Mountain as outlined in resolution 2 to the Notice is considered on balance to be fair.**

**9. Reasonableness of the proposals in relation to resolutions 1 and 2 (Sales of Mackie Property and the Tenements)**

- 9.1 We set out below some of the advantages and disadvantages and other factors pertaining to the proposed Sales.

Advantages

- 9.2 The Sales as note above are considered fair. UOG is to receive a total of 13,500,000 shares in Iron Mountain that have a current undiscounted market value lying between 14 cents and 18 cents and are exposed to the potential upside of the share price of an Iron Mountain share (this can also be a downside as the shares in Iron Mountain may fall in value). The combined valuations of the Mackie Property and the Tenements by the various valuers are in excess of the consideration receivable.
- 9.3 The Company's interest in Iron Mountain increases to an initial approximate 17.50% and combined with the Zohar Groups shareholding interest in Iron Mountain UOG/Zohar Group's interest in Iron Mountain increases to approximately 40.44%. This is a substantial holding and provides UOG with the opportunity to influence investment decisions of Iron Mountain.
- 9.4 The Company avoids the carrying costs and commitments relating to the Mackie Street Property and the Tenements. UOG has little cash and by selling the Tenements, the minimum expenditure commitments are reduced to nil. At the same time, UOG may benefit from commercial success of the Tenements and other mineral assets of Iron Mountain,

some of which appear promising based on recent announcements to the ASX (as reflected by the increased share price of an Iron Mountain share since mid December 2010).

#### Disadvantages

- 9.5 The volume of share trading on ASX in Iron Mountain is not high and it may be difficult to sell a large parcel of shares in Iron Mountain. It would probably require an off-market sale by UOG to dispose of the shares it holds and would hold in Iron Mountain so that the ASX share prices are not unduly affected.
- 9.6 The Company would lose any direct benefit of an increase in the market value of the Mackie Street Property. However it is noted that there has been virtually no increase in value of the property since UOG acquired it several years ago and the property market is not strong at the present time.
- 9.7 In general terms, investments in listed mineral exploration companies are high risk and for those shareholders who consider that the proposed increased investment in Iron Mountain is a risk worth taking, then the proposed Sales under resolutions 1 and 2 may be reasonable.

#### Other Factors

- 9.8 If the 15,000,000 Property Options and 10,000,000 Tenement Options are to be exercised, UOG would need to pay Iron Mountain a total of \$5,000,000. To exercise the relevant share options, UOG would need to seek further funds but it would also be expected that the share options would not be exercised unless the share price of an Iron Mountain share was well in excess of the 20 cent exercise price for a period of time before exercise and that there was sufficient trading liquidity in Iron Mountain shares. UOG would of course benefit from a rise in the share price of an Iron Mountain share.

#### **10. Conclusion as to Reasonableness as to the proposals under resolutions 1 and 2**

- 10.1 **After taking into account the factors referred to in 11 above and elsewhere in this report, we are of the opinion that the proposed Sales as noted in paragraph 1.2 and resolutions 1 and 2 in the Notice may be considered, on balance, to be reasonable to the non-associated shareholders of UOG.**

#### **11. Sources of Information**

- 11.1 In making our assessment as to whether the proposals under resolutions 1 and 2 as noted in paragraph 1.2 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company, the Mackie Property, the Tenements and Iron Mountain that is relevant to the current circumstances. In addition, we have held discussions with the management of UOG about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of UOG.

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

- Draft Notice's of UOG and draft Explanatory Statements to Shareholders prepared in March 2011;
- Discussions with management and directors of UOG;
- Details of historical market trading of UOG and Iron Mountain's ordinary fully paid shares recorded by ASX for the period 1 March 2010 to 8 March 2011;
- Shareholding details of UOG and Iron Mountain as supplied by the Company's share registry as at 28 February 2011;
- Un-audited balance sheet of UOG and Iron Mountain as at 31 December 2010;
- Announcements made by UOG and Iron Mountain to the ASX from January 2010 to 8 March 2011;
- The Independent Valuation Report of GIPL of 3 March 2011;
- The cash flow forecasts of UOG for 2011 and 2012; and

- The independent IWA Valuation Report of September 2010 and the PWE letter of 25 February 2011.

11.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES**



**J P Van Dieren - FCA  
Director**

## APPENDIX A

### AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons International Securities dated 9 March 2011, relating to the proposals outlined in paragraph 1.2 of the report and resolutions 1 and 2 in the Notice of Meeting to Shareholders to be distributed to shareholders in March 2011.

At the date of this report, Stantons International Securities does not have any interest in the outcome of the proposal. There are no relationships with UOG or Iron Mountain other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stantons International Securities and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at \$10,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stantons International Securities nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

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

### QUALIFICATIONS

We advise Stantons International Securities is the holder of an Australian Financial Services Licence (no 319600) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. A number of the directors of Stantons International Pty Ltd are the directors of Stantons International Securities and its affiliated company Stantons International Audit and Consulting Pty Ltd. Stantons International Securities has extensive experience in providing advice pertaining to mergers, acquisitions and strategic for both listed and unlisted companies and businesses.

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

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

### DECLARATION

This report has been prepared at the request of the directors of UOG in order to assist the shareholders of UOG to assess the merits or otherwise of the proposals as outlined in resolutions 1 and 2 and the ES to which this report relates. This report has been prepared for the benefit of UOG's shareholders and does not provide a general expression of Stantons International Securities opinion as to the longer term value of UOG, its assets and Iron Mountain, its subsidiary and their mineral assets. Stantons International Securities does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of UOG or Iron Mountain. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons International Securities to the form and context in which it appears.

### **DISCLAIMER**

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

### **DECLARATION AND INDEMNITY**

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

- a) To make no claim by it or its officers against Stantons International Securities (and Stantons International Pty Ltd) to recover any loss or damage which UOG may suffer as a result of reasonable reliance by Stantons International Securities on the information provided by UOG; and
- (b) To indemnify Stantons International Securities (and Stantons International Pty Ltd) against any claim arising (wholly or in part) from UOG or any of its officers providing Stantons International Securities any false or misleading information or in the failure of UOG or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons International Securities.

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

# Stantons International Securities

ACN 103 088 697

Australian Licence No: 319600

EVILU 11 PAVTICOK STROM  
AUST FINANCIAL SERVICES LICENCE  
PO BOX 12489 SYDNEY NSW 1585  
www.stantons.com.au

## FINANCIAL SERVICES GUIDE FOR STANTONS INTERNATIONAL PTY LTD (Trading as **Stantons International Securities**) Dated 9 March 2011

1. Stantons International Securities ACN 103 088 697 ("SIS" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.
2. Financial Services Guide

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

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No: 319600;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

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

- Securities (such as shares, options and notes)

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

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

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before

you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

**5. Benefits that we may receive**

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

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

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

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

**7. Referrals**

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

**8. Associations and relationships**

SIS is ultimately a wholly division of Stantons International Pty Ltd a professional advisory and accounting practice. Our directors may be directors in Stantons International Pty Ltd and Stantons International Audit and Consulting Pty Ltd and Stantons International Audit and Consulting Pty Ltd charges Stantons International management fees.

From time to time, SIS, Stantons International Pty Ltd and Stantons International Audit and Consulting Pty Ltd and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

**9. Complaints resolution**

**9.1 Internal complaints resolution process**

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

The Complaints Officer  
Stantons International Securities  
Level 1  
1 Havelock Street  
WEST PERTH WA 6005

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

**9.2 Referral to External Dispute Resolution Scheme**

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

Further details about FOSL are available at the FOSL website [www.fos.org.au](http://www.fos.org.au) or by contacting them directly via the details set out below.

Financial Ombudsman Service Limited  
PO Box 3  
MELBOURNE VIC 8007

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

**10. Contact details**

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

" D "

**GEOLOGICAL INVESTIGATIONS PTY LTD  
ABN 69 008 727 820**

**INDEPENDENT VALUATION  
OF  
NORTHERN TERRITORY PROSPECTS  
LUCKY U  
FLORENCE CREEK  
TREASURE**

**PREPARED FOR  
UNITED OROGEN LIMITED**

**VALUATION DATE – 3<sup>RD</sup> MARCH 2011**

**AUTHOR  
JOHN D WYATT BA., MSc., F.AUS.IMM  
PRINCIPAL  
GEOLOGICAL INVESTIGATIONS PTY LTD**

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The Directors  
United Orogen Ltd,  
Level 7  
231 Adelaide Terrace  
Perth Western Australia

3<sup>rd</sup> March 2011

Dear Sirs,

Further to your request, this report has been prepared by Geological Investigations Pty Ltd to provide an Independent Valuation for 100% of three Northern Territory Prospects namely Lucky U, Florence Creek and Treasure (Figures 1 and 2).

The valuation range assigned for the three prospects is:-

**\$0.550M - \$0.900M**

With a preferred value of:-

**\$0.725M**

It is understood that United Orogen Mining Limited currently holds the following percentages whose worth is calculated as follows:-

- |                                   |                  |
|-----------------------------------|------------------|
| • 70% of Lucky U (EL25329)        | <b>\$87,500</b>  |
| • 70% of Treasure (EL25346)       | <b>\$280,000</b> |
| • 50% of Florence Creek (EL25894) | <b>\$100,000</b> |

**Total Preferred Values:- \$467,500**

The Treasure (uranium/tungsten) Prospect (Figures 2 and 4) is currently the subject of a joint venture agreement with Mithril Resources Ltd (Mithril), whereby Mithril have the right to earn an 80% interest in Treasure on expenditure of \$2M over five years. These investigations are currently in progress and all public information available to date has been assessed and discussed in the writer's personal communication with Mithril.

The latest reported results from drilling at Baldrick, adjacent to the Treasure Prospect (EL 25346), were the subject of an open file report dated 14<sup>th</sup> Feb 2011, released through Mithril's website following significant base metal intersections, namely 9m@ 0.48% Ni and 0.37%Cu.

**These anomalous values were obtained from a major gabbro intrusive body that extends northwesterly into the Treasure Prospect area (pers. comm. Mithril 1<sup>st</sup> March 2011).**

**These encouraging follow-up drilling results are in addition to anomalous base metal values obtained for surface rock chip sampling of Mithril's Huckitta Project (Figures 5).**

**This valuation has been prepared in accordance with the requirements of the Valmin Code (2005) as adopted by the Australasian Institute of Mining and Metallurgy (The Aus. I.M.M).**

**This valuation is valid as at 3<sup>rd</sup> March 2011 and provides the writer's opinion of the worth of the mineral assets at this date. The valuation could change over time depending on political, economic, market and other factors. The valuation assigned could also vary due to the success, or otherwise of mineral exploration either within or nearby the prospect area.**

**The assigned valuation could also be affected by consideration of exploration data, not at this time in the public domain and therefore not available to the author.**

**The methodology available for the valuation of mineral properties is commonly subjective, for example if an economic reserve or resource is subsequently identified then this valuation will be low relative to any later valuations. However, if ongoing exploration is unsuccessful then the value of the tenements will almost certainly decrease.**

**The valuation presented in this document is restricted to a statement of the fair value of the tenement package. The values obtained are estimates of the amount of money, or cash equivalent, which would be likely to change hands between a willing buyer and a willing seller in an arm's length transaction, wherein each party had acted knowledgeably, prudently and without compulsion. This is the required basis for the estimation to be in accordance with the provisions of the Valmin Code (2005).**

**Geological Investigations Pty Ltd (GI) is an independent geological consultancy that has been in operation since 1967, providing services in the field of geology. Mr. John D Wyatt, the author of this valuation is a Fellow of The Aus.I.M.M having the necessary qualifications, competence and experience to qualify as an Independent Expert under Clauses 20 and 26 of the Valmin Code. Mr. Wyatt has in excess of 56 years experience in mineral exploration, both in Australia and overseas and more than 40 years experience in mineral asset valuation.**

**Neither the writer nor his family or associates have any interest in the prospects reported on, nor in United Orogen Mining Ltd (UOM).**

**Fees for the preparation of this report are charged at a normal commercial daily rate, together with expenses at cost, for a total of \$7,500. Payment is not contingent on the content of this valuation report.**

The information presented in this report is based on technical data provided by UOM, together with current information researched by the writer. None of the data provided by UOM have been classified as confidential.

The most relevant data sources referred to are:-

- Aluminex Resources Limited (2008)
- Iron Mountain Mining Limited Valuation (17/09/2010)
- Register of Australian Mining (p. 686) (2010-2011)
- Mithril Resources Ltd ASX Statements (up until February 2011)

In accordance with Valmin Code, Clause 56, where relevant, permission has been granted in writing to quote from the above information sources.

There are a number of accepted procedures for establishing the value of mineral properties with the method selected depending on the circumstances of the property and its degree of development. For example, with a project in the earliest stages of exploration, the empirical method based on comparison of the price paid for a similar property in the same area having comparable geology and potential may be appropriate. For a property having identified resources or reserves, the net present value of discounted cash flows would be more appropriate and certainly more accurate.

Because there are no identified JORC-compliant resources, under JORC guidelines for reporting terminology, the valuations assigned will be constrained to the assessment of only 'Exploration Results' as described in Section 16 of the JORC Code (2005), and based on the reported work of others.

The Valmin Code identifies the following methods of valuing mineral assets that include:-

- Discounted cash flow
- Joint venture and farm-in terms for arms length transactions
- Precedents from similar asset sales/valuations
- Multiples of exploration expenditure
- Ratings systems related to perceived prospectivity
- Empirical Method (Yardstick – Real Estate)

In the absence of any JORC-compliant resources the discounted cash flow method is not applicable. Furthermore, whereas depending on exploration results of the current joint venture with Mithril, and/or farm-in negotiations that may be negotiated in the future, currently mainly prospectivity, empirical methodology, and possibly assessment of similar transactions have been used in establishing a value for these, still relatively unexplored prospects.

#### **1. Empirical (Yardstick) Method**

The market value determinations may be made in accordance with the Independent Expert's knowledge of the particular property. This may include a discount applied to values arrived at by way of consideration of conceptual target models of the area. The market value may

also be rated in terms of dollar value per unit area or dollar value of the estimated resource in the ground.

This method considers the range of values that can be assigned to an exploration property based on the current market price worth of similar (equivalent) properties, existing or previous joint venture and/or sales agreements, geological potential, resource potential and the current value of recognised areas of mineralisation. These methods are termed "Yardstick" or "Real Estate" assessments of the prospects worth.

Both methods are inherently subjective and arrive at a valuation range based on technical considerations and the informed opinion of the valuer.

## **2. Joint Venture Terms**

The terms of a proposed joint venture agreement may be used to provide a market value based upon the amount an incoming partner is prepared to spend to earn an interest in part or all of the property. This supposes some form of subjectivity on the part of the incoming party when grass roots properties are involved.

## **3. Similar Transactions**

When commercial transactions concerning properties in similar circumstances have recently occurred, the market value precedent may be applied in part or in full to the property under consideration.

## **4. Multiple of Exploration Expenditure**

The multiple of exploration expenditure method (MEE) can be used whereby a subjective factor (also called the Prospectivity Enhancement Multiplier or PEM) based on previous expenditure on a tenement with or without future committed exploration expenditure is used to establish a base value from which the effectiveness of exploration can be assessed. Where exploration has produced documented positive results a MEE multiplier can be selected that takes into account the valuer's judgement of the prospectivity of the tenement and the worth of the database.

Alternatively, the assessed value of the available data based on its replacement cost provides a guide to the worth of the mineral property. Exploration results may be either positive or negative, in which case they may downgrade the potential and as such the worth of the project.

## **5. Ratings System of the Prospectivity (Kilburn)**

This is a rating method based on the basic acquisition cost (BAC) of the tenement that applies incremental, fractional or integer ratings to a BAC cost with respect to various prospectivity factors to derive a value. Under the Kilburn method the valuer assess four key technical factors that either enhance, downgrade or have no impact on the value of the property. The factors are then applied serially to the BAC of each

tenement in order to derive a value for the property. The factors used are; off-property attributes on-property attributes, anomalies and geology. A fifth factor that may be applied is the current state of the metals market.

The aims of the various valuation methods are to provide an independent opinion as to the 'fair value' for the property under consideration and further, to provide as much detail as possible as to the manner in which the value is reached. It is necessarily subjective according to the degree of risk perceived by the property valuer in addition to all other commercial considerations. Efforts to construct a transparent valuation using sophisticated financial models are still hindered by the nature of the original assumptions where a known resource exists, and are not applicable to properties without an identified resource.

The assigned valuation ranges proposed in this report are largely based on information provided by UOM and IMM, relevant data contained in Aluminex Resources Replacement Prospectus together with independent examination of available open file reports held by the Northern Territory Mines Department and preliminary exploration results reported by Mithril Resources Ltd.

Site visits were not made to the project areas; however the author's knowledge of the locations from past work in the general area, lack of any significant exploration reports by others, together with the absence of JORC-compliant identified resources, indicated that on-site inspections at this time would not significantly affect the valuations assigned.

Information contained in the Aluminex Resources Replacement Prospectus and the Mithril Resources Report was provided by the client, whilst additional data was researched by the author. Because to date, only reconnaissance sampling has been carried out by others, the assigned valuations are necessarily subjective and as a result the assigned valuation ranges and the preferred valuations selected are all in the lower ranges and reflect current prices that would likely to be paid to acquire similar, relatively unexplored prospect areas.

However, even though exploration is limited it is believed that the Treasure Prospect host rock sequences have so far demonstrated potential to host base metal mineralisation and because of this encouraging evidence, this prospect has been valued accordingly somewhat above a perceived base worth.

In October 2009, the Northern Territory tenements were the subject of a desktop valuation by the author who, in view of the paucity of exploration data available at that time, subjectively valued these, largely speculative, tenements on their committed exploration expenditure and tenement upkeep costs, which at that time totalled \$220,000.

Since then, four of the prospect areas, EL 25368, EL 25504, EL 25723 and EL 25382 have been surrendered, with three prospects, Lucky U, Florence Creek and Treasure being retained. Current ownership details are shown in the attached tenement information summary.

**TENEMENT INFORMATION SUMMARY**

**Northern Territory Projects**

| NORTHERN TERRITORY PROJECTS |                |                      |                      |                          |                    |   |                   |             |            |               |                     |               |
|-----------------------------|----------------|----------------------|----------------------|--------------------------|--------------------|---|-------------------|-------------|------------|---------------|---------------------|---------------|
| Lucky U                     |                |                      |                      |                          |                    |   |                   |             |            |               |                     |               |
| Tenement No.                | Tenement Name  | Tenement Holder      | Tenement Area        | JV Partner               | IRM Current Paying | IRM Interest  | Account Cost Code | Appl'n Code | Granted    | Due to Expire | Upcoming Commitment | Upcoming Rent |
| EL25329                     | Lucky U        | Brilich Holdings Ltd | 28.4km <sup>2</sup>  | UOG                      | 30%                | 30%<br>(100% once share holder approved weight)   | 851               | 24/04/2006  | 5/02/2007  | 4/02/2013     | \$19,800            | \$748.00      |
| Florence Creek              |                |                      |                      |                          |                    |   |                   |             |            |               |                     |               |
| EL25344                     | Florence Creek | Brilich Holdings Ltd | 252.8km <sup>2</sup> | UOG                      | 50%                | 50%<br>(100% once share holder approved weight)   | 852               | 19/03/2007  | 19/10/2007 | 19/10/2013    | \$24,136.00         | \$1760.00     |
| Treasure                    |                |                      |                      |                          |                    |   |                   |             |            |               |                     |               |
| EL25346                     | Treasure       | Brilich Holdings Ltd | 101km <sup>2</sup>   | UOG & Mitchell Resources | 30%                | 30%<br>(20% once shareholder approved weight, including to 40%, then 30% are initial earning to relevant) | 853               | 8/05/2008   | 5/02/2007  | 4/02/2013     | \$34,000.00         | \$1,408.00    |

In 2010, the Treasure Prospect (EL25346), under the joint venture agreement with Mithril was the subject of reconnaissance exploration comprising rock chip and soil sampling that returned significant anomalous base metal values from what Mithril called their Huckitta Project. This programme of work involved sample collection close to, and along the southern boundary of the Treasure tenement, EL25346. Mithril Company Quarterly (open file) reports information was researched from the Register of Australian Mining (2009-2010, 2010-2011).

In addition to an agreement entered into between Mithril and Iron Mountain it was reported in the Register of Australian Mining (2010-2011) that Mithril had also reached a farm-in agreement with Sammy Resources Pty Ltd (wholly owned subsidiary of Cazaly Resources Ltd) to earn 80% interest in the Huckitta Project, by expending \$2M on exploration over 5 years. The Huckitta Project adjoins the Treasure Project (EL 25346) to the southeast. This interest by others is believed to reflect and enhance the perceived prospectivity of the area to host economic mineralisation.

This transaction, together with Iron Mountain's, similar JV with Mithril to carry out exploration of the Treasure Prospect is considered to also provide confirmation concerning the prospectivity of UOM's Northern Territory's areas.

Enquiries by the author concerning the results of Mithril's current exploratory drilling programme in the Treasure (southeast) area confirm anomalous base metal (Cu, Ni) drill intersections. These results are believed to at least indicate, although not prove, that the Treasure Prospect rock sequences have the potential to host anomalous mineralisation.

### **Valuation Assessment**

The Valmin Code (2005) sets out the recommended guidelines for the Independent Assessment of the 'fair value' of mineral assets and further relevant details concerning the manner in which the assigned valuations were reached.

However, in the absence of any Identified JORC-compliant resources either informed, indicated, measured or proven that would allow a more sophisticated analysis, in this instance the Code only allows the valuation of 'Exploration Results'.

By definition (JORC Clause 16), exploration results include data and information generated by early stage exploration programmes.

These exploration results may, or may not, be part of a formal declaration of Mineral Resources or Ore Reserves. In this case, only preliminary geochemical, rock chip sampling, limited reconnaissance drilling and some geophysical (gravity) surveys have been carried out at this time. Because of this, only a subjective assessment can be made as to the current worth of the three Northern Territory prospects.

The values assigned in this report were derived following consideration of the following:-

- The geological settings of each prospect and their perceived exploration potential
- Work by others, especially Mithril Resources JV agreements with Iron Mountain Mining (and others) to spend exploration funds to acquire a percentage of Prospects and especially the Treasure Prospect
- Current commodity prices and demands that includes uranium. It may be significant that the objections to uranium mining appear to be easing in Australia as world demand grows.
- Market prices for similar mineral prospects in Australia and especially the Northern Territory
- Environmental issues -  
There are no known environmental issues that indicate that the project areas contain any endangered fauna or flora species.
- Native Title Issues -  
Any such issues will be addressed by others however, the writer is not aware of any sacred sites within the prospect area that are likely to significantly affect the assigned valuation.
- Results of current exploration by Mithril Resources Limited as reported on that Company's website, together with personal communication with Mithril Resources personnel in South Australia concerning the most recent, February 2011, exploration results.
- Review of the author's independent valuation of the same prospect commissioned by Iron Mountain Mining Limited in September 2010.
- Review of Iron Mountain Mining Ltd Company information as contained in The Register of Australian Mining 2010-2011 relating to Mithril's ongoing JV agreement.

### **Lucky U – Uranium Prospect EL 25329**

The Lucky U Prospect is prospective for uranium mineral mineralisation as evidenced from preliminary rock chip sampling and review of geophysical (radiometric) airborne surveys (Figure 3).

The geological setting comprises Proterozoic/Paleozoic-aged Arunta Block metamorphic sequences that elsewhere host both base and precious metal mineralisation.

Structurally numerous east-west trending faults and rock contact zones provide favourable sites for Cu, Au and Zn mineralisation.

The area is relatively poorly explored; however, available open-file reports record exploration by Stockdale Prospecting Limited (Stockdale) and by PNC Exploration (Australia) Pty Ltd (PNC).

In 1992, Stockdale carried out a programme of stream sediment sampling and limited rock chip sampling in the search for gold and copper mineralisation. From the 960 samples collected, anomalous gold and anomalous copper mineralisation was identified in surface exposures.

The Stockdale tenement, EL 7572 is located adjacent to and west of the Lucky U.

Stockdale refer to a previous investigation by Kinex that consisted of detailed geological mapping and rock chip sampling however, this report has not been sighted. The reported mineralisation has been described as malachite and chrysocolla (copper) staining in biotite-garnet-gneiss. The staining occurred in lenticular zones up to 1.5m thick.

Stockdale concluded that whereas strike extensions of the nearby Copper Queen gold prospect did not continue into EL 7572, the coincident BLEG and base metal anomalies to the south and east warranted further investigation.

In 1996, PNC carried out investigations over a large area that encompassed Aluminex's "Lucky U" tenement. PNC's exploration was directed at urananite mineralisation in felsic hosts within discrete fault structures and intrusive pegmatite's.

A programme of reconnaissance diamond drilling tested for uranium in nearby prospects but no significant mineralisation was identified.

In January 2011, UOL reported on a reconnaissance stream sampling programme carried out in the Lucky U and Florence Creek prospect areas, by way of a helicopter traverse. It was reported that this work cost in the vicinity of \$100,000. No sample results have been sited to date.

**Valuation Range:-**

**\$0.10M - \$0.15M**

**Preferred:-**

**\$0.125M**

#### **Florence Creek Prospect – EL 25894**

The Florence Creek uranium, zinc prospect is adjacent to and north of Lucky U (Figure 3).

Past exploration by others comprising reconnaissance geochemical and BLEG sampling has identified a number of gold and base metal anomalies within a geological setting of similarly aged rock sequences to those occurring at the Lucky U Prospect.

Exploration by others reported copper/zinc mineralisation specifically hosted by the Gough Dam Schist that occurs as a fault bounded block in the northwestern part of the prospect area.

In assigning a valuation to the Florence Creek Prospect consideration was given to the much larger size of the Florence Creek prospect area and the very little exploration, apart from data review and acquisition that has been completed to date

Valuation Range:-

**\$0.150M - \$0.250M**

Preferred:-

**\$0.2M**

### **Treasure Prospect – EL 25346**

Until recently the Treasure prospect was believed to be only prospective for pegmatite and calcilicate quartzite-hosted mineralisation, however recent work by others suggests the area has the potential for base metals, copper and nickel and silver (Figure 2).

In 2010, Mithril Resources entered into a JV with IML to earn 80% of the Treasure Prospect on expenditure of \$2M over five years. Mithril were at the time carrying out extensive exploration of their Huckitta Project centred both around and to the west of Treasure. Their reconnaissance chip sampling and exploratory drilling reportedly returned a number of anomalous nickel and copper results from gabbroic/metasedimentary host rocks and prospective contact zones (Figure 4).

Based in Mithril's work and proposed ongoing drill exploration, the Treasure Prospect was therefore assigned a valuation range that at least reflected these encouraging preliminary results of:-

**\$0.30M - \$0.50M**

And with a preferred value of:-

**\$0.40M**

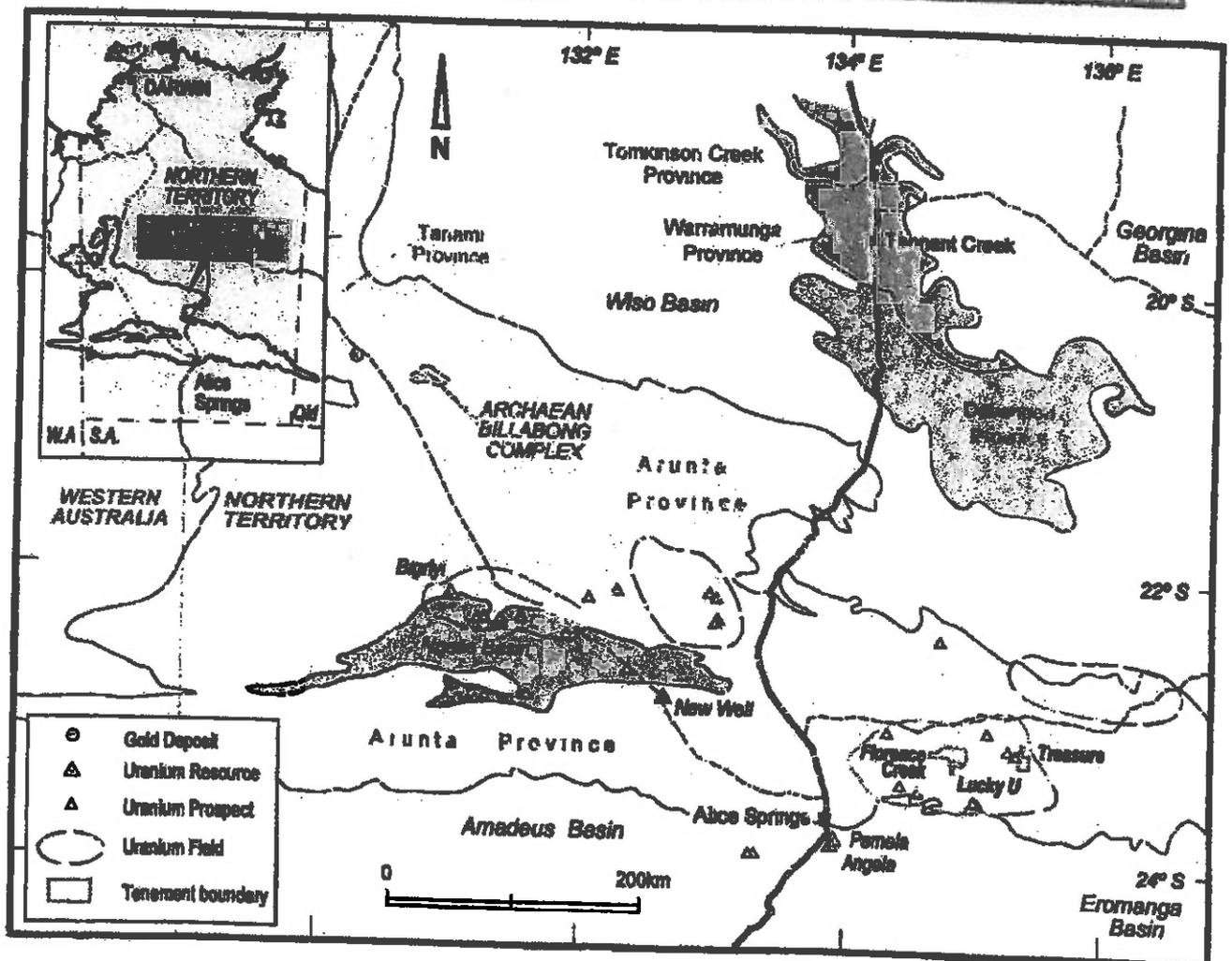
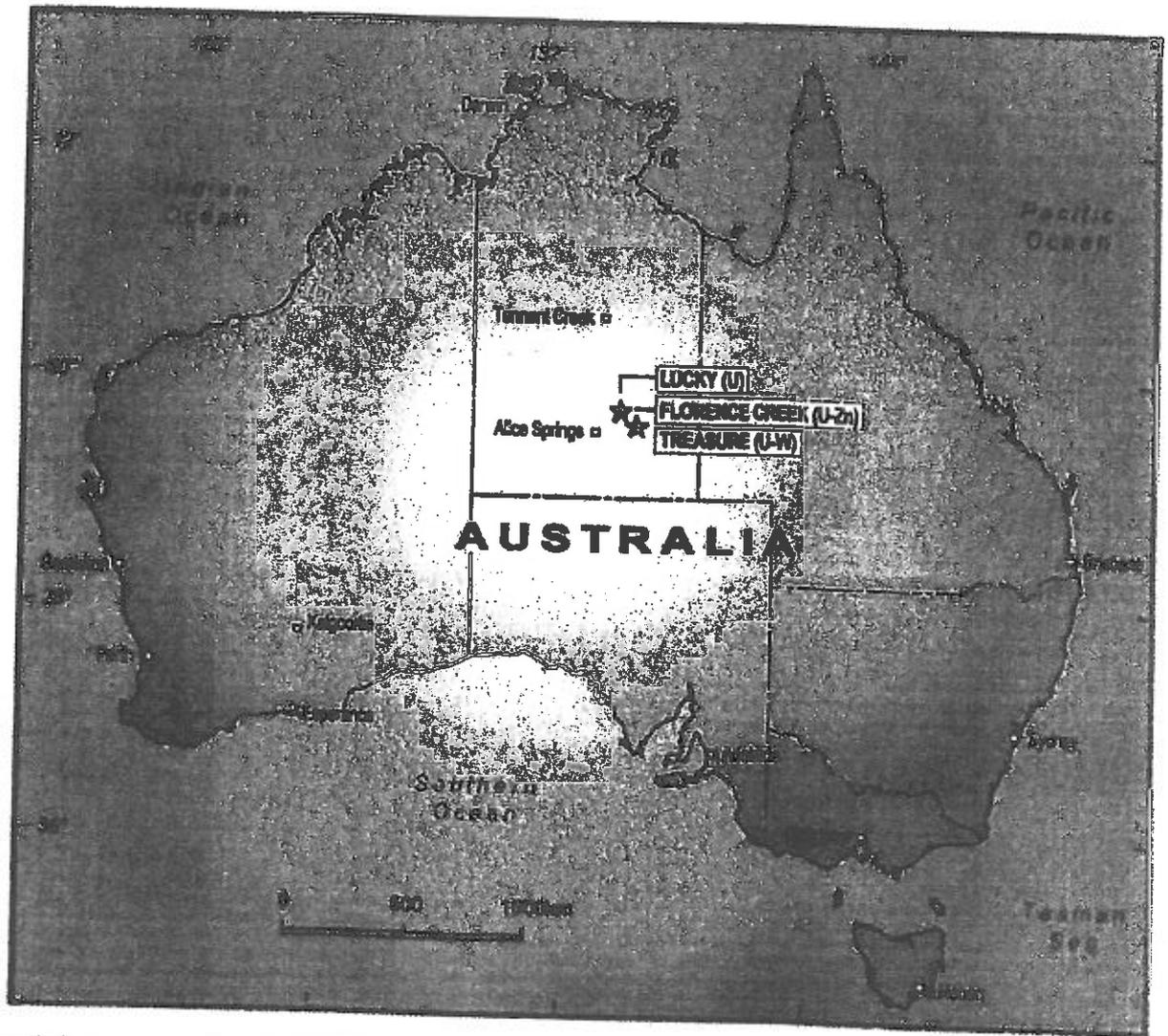
Yours faithfully,



JD Wyatt (BA., MSc., FAus.IMM.)  
Principal  
Geological Investigations Pty Ltd

#### **DISCLAIMER**

The opinions expressed in this report have been based on the information supplied to Geological Investigations Pty Ltd (GIPL) by United Orogen Limited and are provided in response to a specific request from United Orogen. GIPL has exercised all due care in reviewing the supplied information, however whereas GIPL has compared key data supplied, the accuracy of the results and conclusions arrived at from this review are entirely reliant on the accuracy and completeness of the supplied data. GIPL does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.



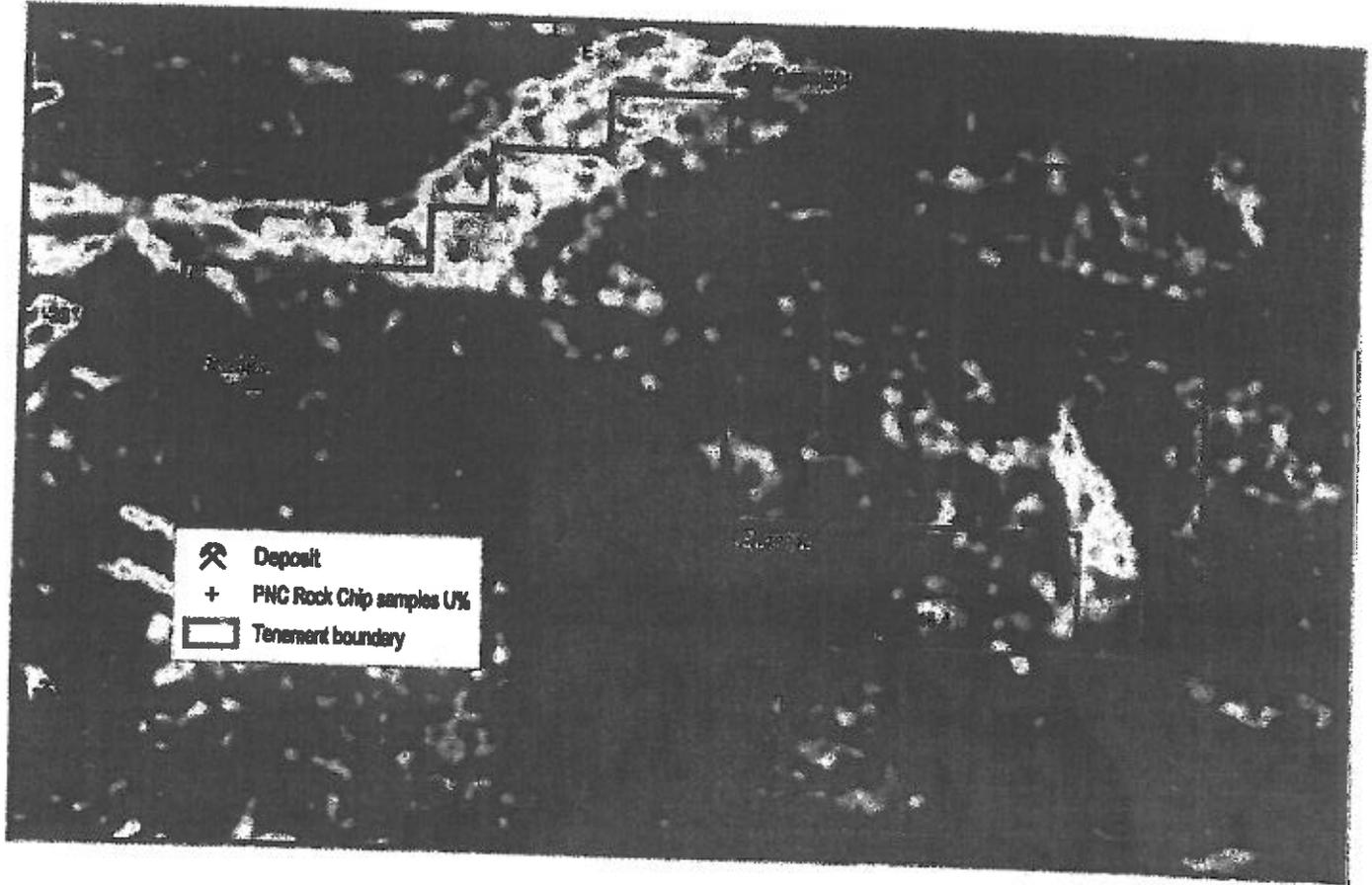
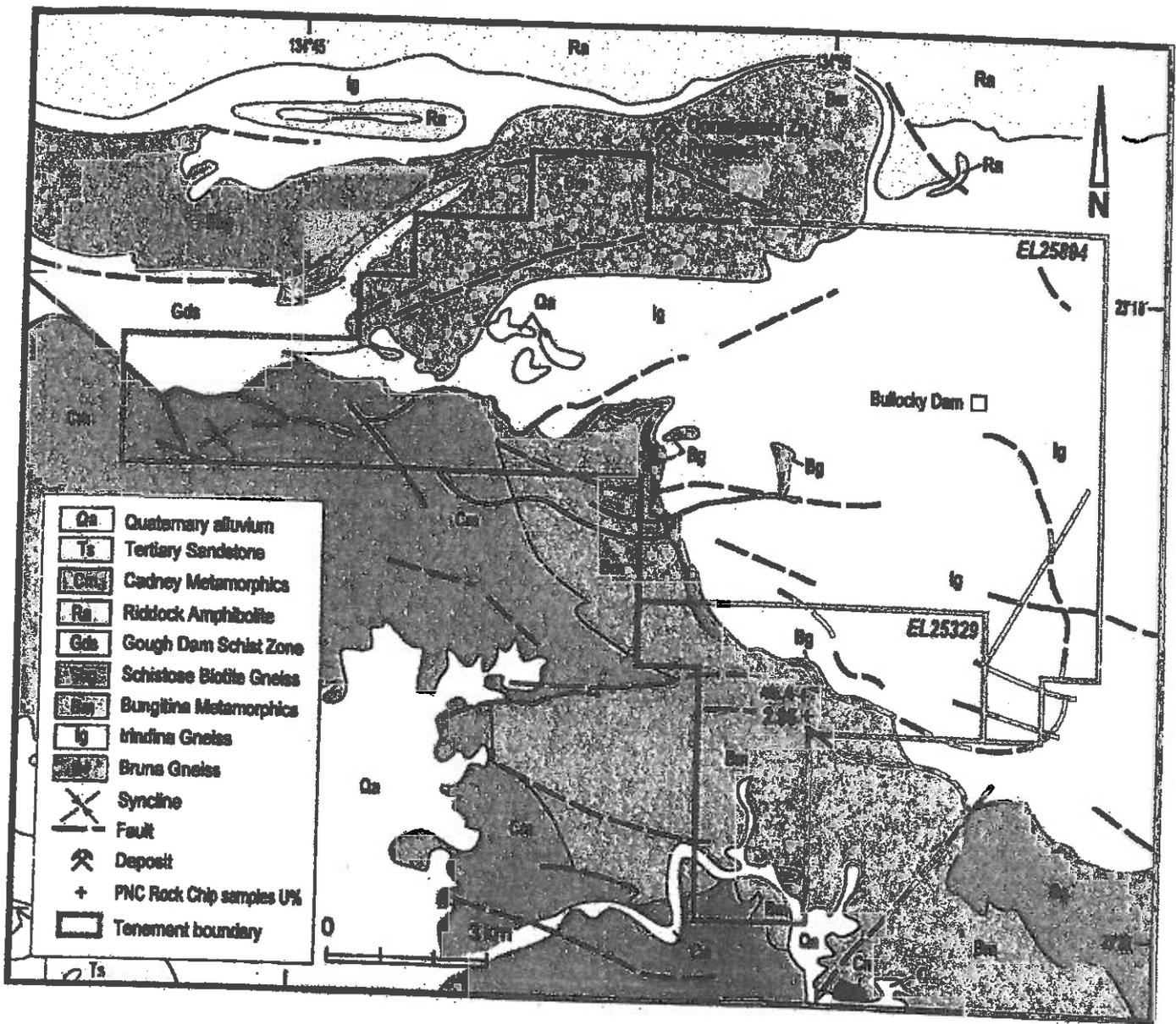


Figure 2

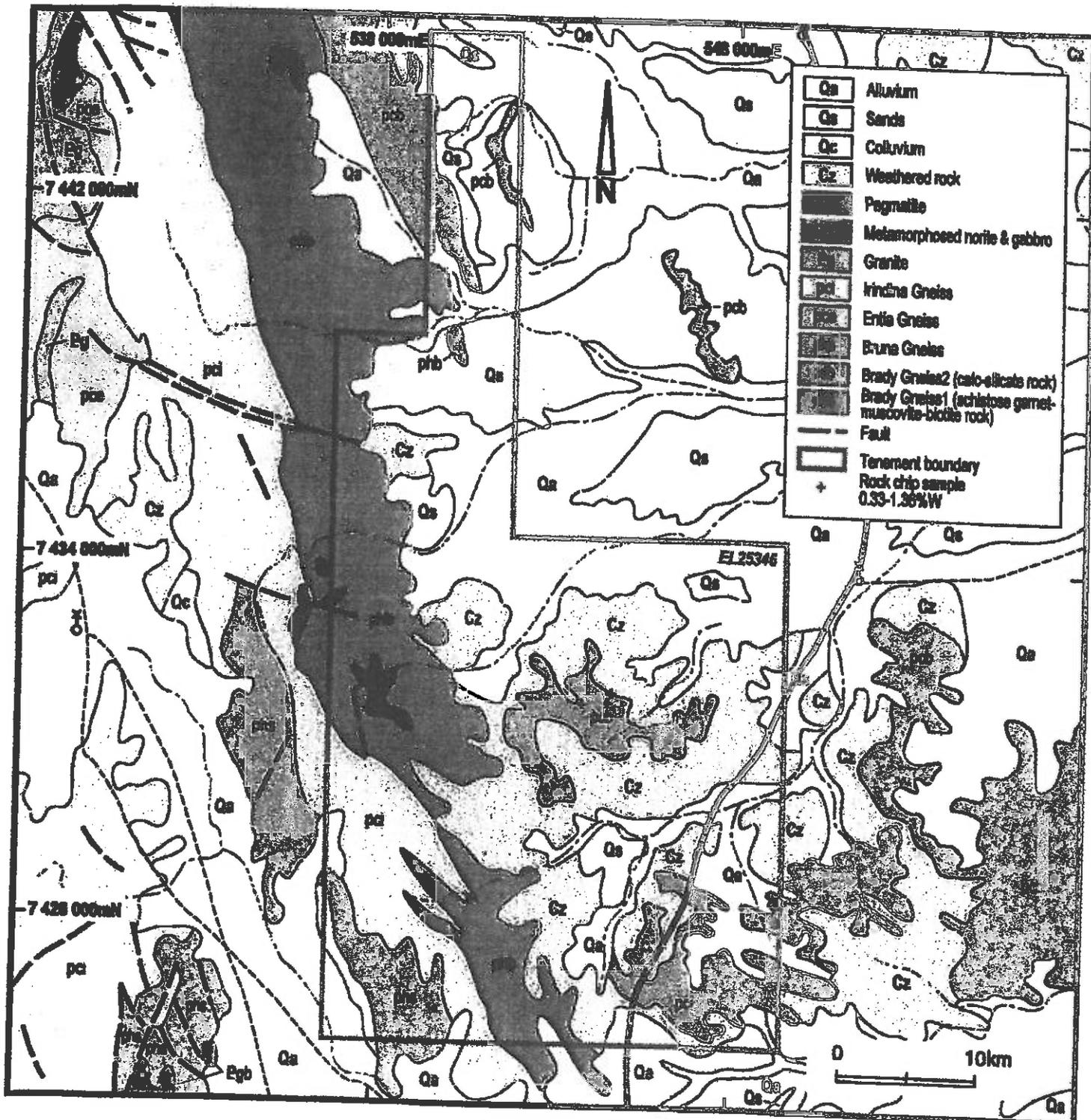


Figure 3

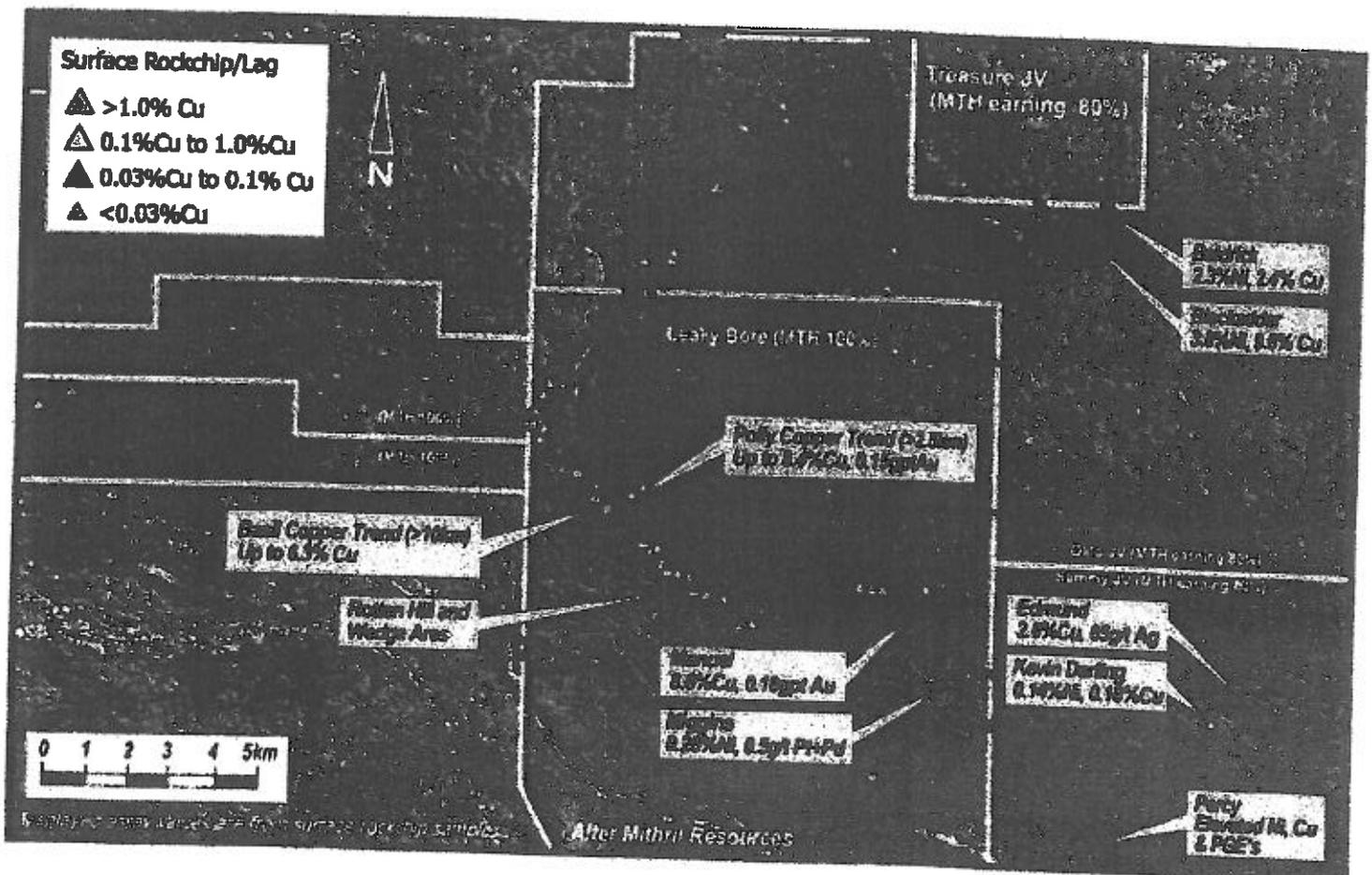
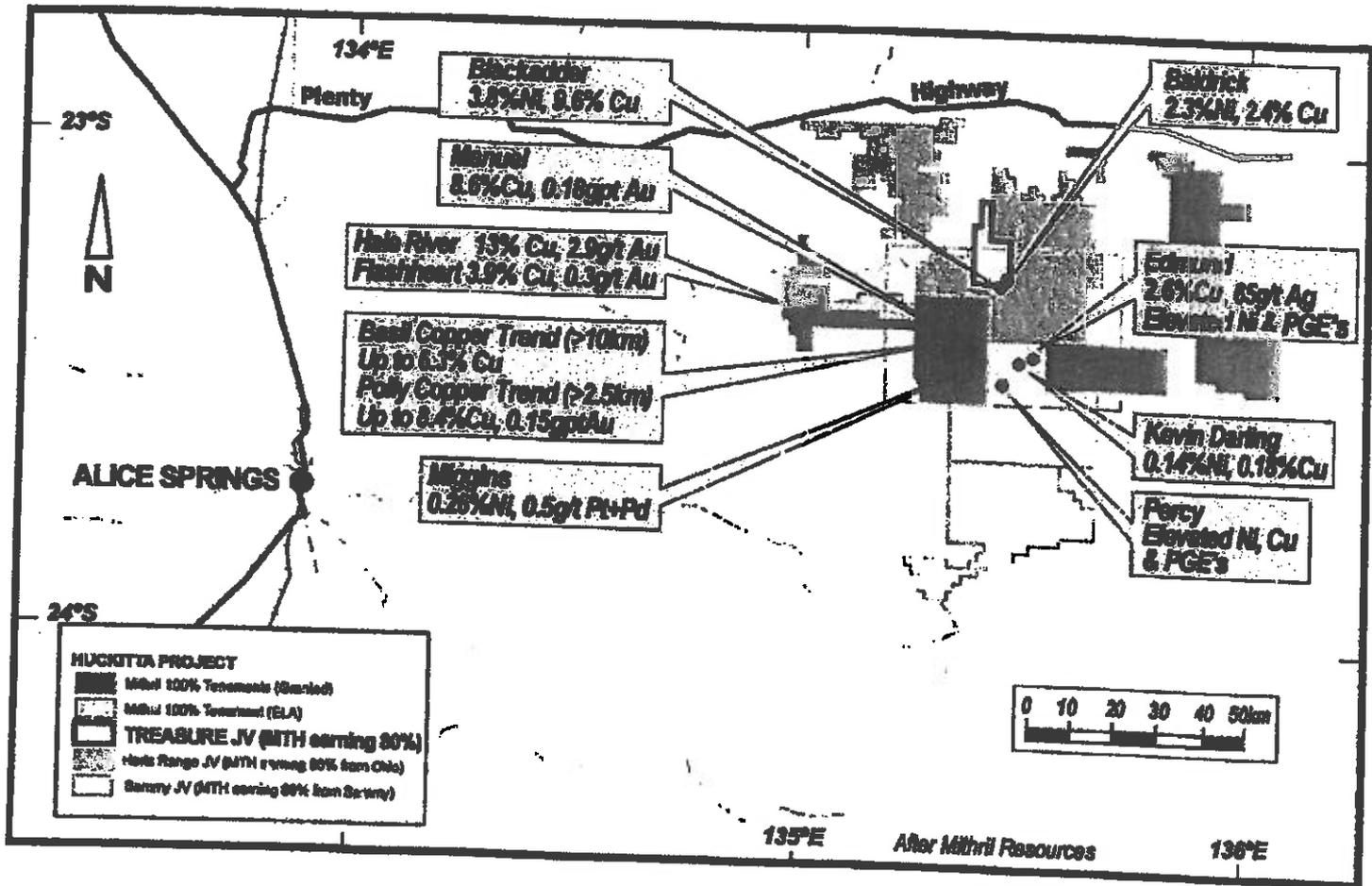


Figure 4

" E "



**Pember Wilson & Eftos**

Chartered Valuers and Auctioneers  
113 Mackie Street, Victoria Park, Perth, Western Australia 6107

PRINCIPALS

Rod Pember FAPV Keith Wilson FAPV Don Eftos FAPV

*Formerly Valuers Pemberton & Eftos*

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V1041-2011

25 February 2011

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

Dear Sirs

**113 Mackie Street, Victoria Park**

We are in receipt of emailed instructions from the Directors of United Orogen Limited dated 24 February 2011 requesting that we provide an overview of a formal valuation report which was undertaken by Independent Valuers of Western Australia on behalf of Iron Mountain Mining Limited in September 2010. We understand this report is to be included in a notice of meeting to assist shareholders in their consideration of a resolution to be put at a general meeting of United Orogen Limited.

You have made available to us a copy of that report. We have perused the valuer's comments and confirm that in our opinion the valuation report accurately describes the land, title particulars, zoning, description of the property and the improvements. The title has been searched and a current copy is appended to this report.

You have requested a quick response and we inspected the property in the afternoon of 24 February 2011. We confirm that the property remains as previously reported by Independent Valuers of Western Australia.

In arriving at a valuation assessment for the property as at 24 September 2010 the valuer investigated a number of property sales, although they could be described as being somewhat dated for the purposes of the current exercise.

We have investigated recent sales in the general locality to support a level of value applicable in the current market and details of the properties analysed are listed below.



The property at 111 Mackie Street, Victoria Park, immediately adjoining the subject property, sold for \$775,000 in November 2010. Improvements comprise a 1921 single storey 3-bedroom, 1-bathroom brick residence, which has been refurbished. Land area is 598 sq m and, like the subject property, the sale property has vehicle access from a rear ROW.

The subject property has the advantage of a large detached rear building. From our observation the main building is also larger than the residence on the sale property and in our opinion it would support a higher value.

The property at 101 Mackie Street, Victoria Park sold for \$720,000 in June 2010. Land area is also 598 sq m, with rear ROW vehicle access. The improvements comprise a 1921 single storey brick residence with 3-bedroom, 1-bathroom accommodation. The home is nicely presented, although not as good as the property at No 111 Mackie Street.

Both of these properties are residential, with an R30 zoning density, but both are refurbished older residential buildings and, even though the subject property is now used for offices, the overall standard of construction and presentation is not dissimilar to the above sale properties.

The property at 111 Mackie Street reflected an improved land value rate of \$1,296 per sq m and the property at 101 Mackie Street reflected an improved land value rate of \$1,204 per sq m.

An older single storey brick and tile home at 973 Albany Highway, East Victoria Park is situated on a site of 709 sq m. It has been converted to office, but does not have the same standard of upgrading or presentation as the subject property. It sold for \$700,000 in November 2010, reflecting an overall improved value rate of \$987 per sq m.

The property at 989 Albany Highway, East Victoria Park sold for \$850,000 in September 2010. Land area is 547 sq m and the property is situated on the corner of the highway and Bailie Street. Improvements comprise a substantial single storey brick and tile residence on a site with an R30 zoning.

The property has a detached brick and tile building (garage or storeroom) in the back yard and there is also access from a rear ROW. This sale reflected an improved land value rate of \$1,554 per sq m applied to the total site area.

We would draw a fairly close comparison between this property and the subject. Perhaps the improvements and location of the sale property are superior, but the R30 zoning density applied to the site area will only permit a maximum of one dwelling unit, whereas the subject property, with a land area greater than 600 sq m will support two dwelling units.

Sale prices of "inside" refurbished residential homes within the immediate proximity of the subject property reflect values ranging from \$720,000 to \$775,000 and, on a similar residential basis we believe those sales would support an improved value for the subject property in the range of \$775,000 - \$800,000.



However the subject property has been refurbished for commercial use and it has the benefit of good exposure in a prominent corner location. It would not be unreasonable to apply a 10% premium for that corner exposure, which would increase the value range to \$852,500 - \$880,000.

Independent Valuers of Western Australia assessed a market value of \$850,000 for the property as at September 2010. In our opinion the valuation report was well structured and we agree with the valuer's conclusions at that time.

Since September 2010 the market has remained fairly static as evidenced by the most recent sales in the locality. We have used these sales and still draw the conclusion that a fair market value in the order of \$850,000 would be appropriate. This value reflects an overall improved rate of \$1,350 per sq m applied to the land area.

We trust that this brief overview is satisfactory for your records. Should you require a more detailed response please do not hesitate to contact us.

#### **Disclaimer**

This valuation is for the use only of the party to whom it is addressed and to be used for a notice of a general meeting and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation.

The real estate market fluctuates and is likely to demonstrate activity, which cannot be accurately forecast. Except as may be specifically nominated, no liability is extended to the addressee or any other person for events which have occurred or will occur subsequent to the date of valuation which may affect the value of the property or properties the subject of this report.

Also, neither the whole nor any part of this Valuation Report or any reference thereto may be included in any published document, circular or statement nor published in part or in full in any way without written approval of Pember Wilson & Eftos of the format and context in which it may appear.

**PEMBER WILSON & EFTOS**

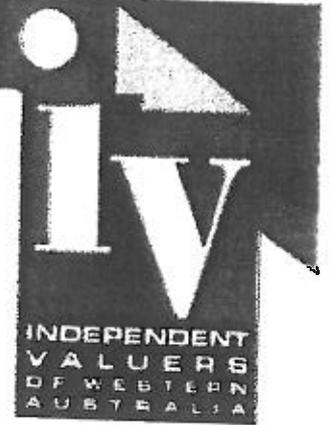
A handwritten signature in black ink, appearing to read 'Keith Wilson', is written over a horizontal line.

**Keith Wilson FAPI  
Certified Practising Valuer  
Licensed Valuer No 76  
Director**

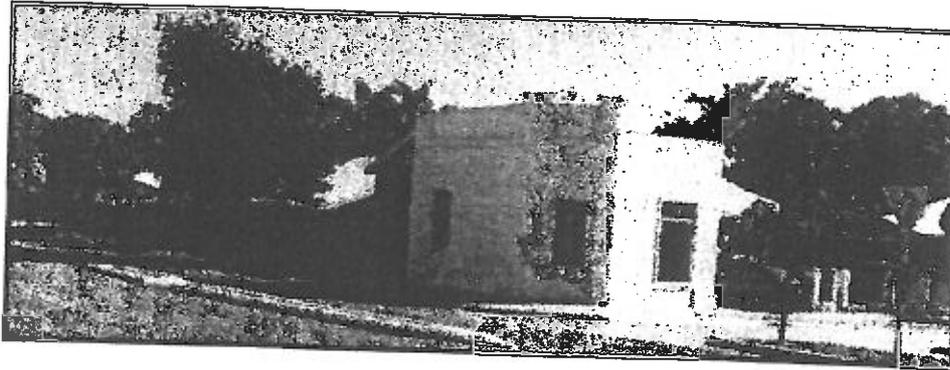
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V9.3.20

Your Reference: Your instructions dated 23 September 2010  
Our Reference: 201009032  
Date of Issue: 29 September 2010  
Enquiries: Peter Murphy Ph: 9271 9500



## VALUATION REPORT



**113 MACKIE STREET  
CORNER OF BERWICK STREET  
VICTORIA PARK WA 6100**

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Prepared for

Iron Mountain Mining Limited  
Level 7, 231 Adelaide Terrace  
PERTH WA 6000

Attention

Mark Killmier

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**INDEPENDENT VALUERS OF WESTERN AUSTRALIA**

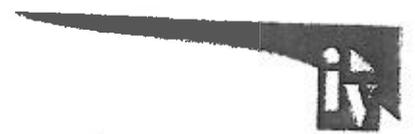
PO Box 277 Mt Lawley WA 6929  
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Email [admin@iwa.com.au](mailto:admin@iwa.com.au)

INDEPENDENT VALUERS OF WESTERN AUSTRALIA PTY LTD (ACN 104 498 151)  
ATF HOULAHAN FAMILY TRUST (ABN 76 857 321 350)



## EXECUTIVE SUMMARY

|   |  |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
|---|--|---------|--------------------|-----------|-------------------|---------|-------------------------|----------|--------------------|---------------------------|-------------------------|-------|--------------------|
| <b>PROPERTY ADDRESS</b>                     | <b>113 Mackie Street, Victoria Park WA 6010</b>  |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| <b>CERTIFICATE OF TITLE</b>                 | Volume: 787      Folio: 124  |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| <b>REGISTERED PROPRIETORS</b>               | Uranium Oil and Gas Limited  |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| <b>ENCUMBRANCES</b>                         | • Nil  |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| <b>LAST SALE(S) WITHIN LAST THREE YEARS</b> | \$650,000 – October 2006   |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| <b>CURRENT CONTRACT OF SALE</b>             | This report has been prepared for transfer of the property to a related company at market value.   |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| <b>ZONING</b>                               | <p>"Residential R30 and approved for offices" – Town of Victoria Park</p> <p>Approval to use the premises as offices was obtained when the building was upgraded and refurbished and contained in Building Licence No 06/0865.</p>   |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| <b>DESCRIPTION OF THE PROPERTY "AS IS"</b>  | <p>Initially the property was developed as a shop residence and has been upgraded and extended to comprise the following:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Offices</td> <td style="text-align: right;">136 m<sup>2</sup></td> </tr> <tr> <td>Amenities</td> <td style="text-align: right;">40 m<sup>2</sup></td> </tr> <tr> <td>Storage</td> <td style="text-align: right;"><u>38 m<sup>2</sup></u></td> </tr> <tr> <td>Subtotal</td> <td style="text-align: right;">214 m<sup>2</sup></td> </tr> <tr> <td>Free standing shed/garage</td> <td style="text-align: right;"><u>49 m<sup>2</sup></u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">263 m<sup>2</sup></td> </tr> </table> <p>The offices adjoin the Berwick Street and Mackie Street frontages of the 632m<sup>2</sup> site. Development continues in a westerly direction through to the rear boundary which adjoins a right of way.</p> | Offices | 136 m <sup>2</sup> | Amenities | 40 m <sup>2</sup> | Storage | <u>38 m<sup>2</sup></u> | Subtotal | 214 m <sup>2</sup> | Free standing shed/garage | <u>49 m<sup>2</sup></u> | Total | 263 m <sup>2</sup> |
| Offices                                     | 136 m <sup>2</sup>   |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| Amenities                                   | 40 m <sup>2</sup>  |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| Storage                                     | <u>38 m<sup>2</sup></u>  |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| Subtotal                                    | 214 m <sup>2</sup>   |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| Free standing shed/garage                   | <u>49 m<sup>2</sup></u>  |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| Total                                       | 263 m <sup>2</sup>   |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |
| <b>COMMENTS</b>                             | <p>The property is zoned "Residential" and Town of Victoria Park records disclose the property was approved for use as a shop/residence. Subsequently the house has been upgraded and converted from a shop/house to offices and storage. Correspondence accompanying Building Licence No. 06/0865 issued 16 November 2007 states for "internal alterations to shop/house for office use" and the property is currently used as offices which concur with the approval.</p>  |         |                    |           |                   |         |                         |          |                    |                           |                         |       |                    |



The property is currently owner occupied providing a combination of accommodation including offices, storage and fenced yard/parking.

**INTEREST VALUED**

An unencumbered estate in fee simple subject to vacant possession.

**DATE OF VALUATION**

24 September 2010

**MARKET VALUE "AS IS"**

\$850,000 (GST EXCLUSIVE)

**MARKET VALUE "AS IS"**

\$935,000 (GST INCLUSIVE)

**INDEPENDENT VALUERS OF WESTERN AUSTRALIA**

**VALUER**

Peter Murphy AAPI  
Certified Practising Valuer  
Licensed Valuer 487 (WA)

**AUTHORISED FOR ISSUE BY**  
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## SCOPE

### Instruction to Value

We have received instructions from Mark Killmier, Company Secretary and Chief Financial Officer, Iron Mountain Mining Limited to undertake a valuation of 113 Mackie Street, Victoria Park for inter-company transfer purposes and submission to ASIC. Instruction to value was received dated 23 September 2010.

### Interest to Be Valued

An unencumbered estate in fee simple subject to vacant possession.

### Date of Inspection

The property was inspected on 24 September 2010.

### Date of Valuation

The date of valuation is 24 September 2010 being the date of inspection.

### Assumptions, Conditions and Limitations

Particular assumptions, limitations or qualifications applicable to the specific property which is the subject of this valuation are set out below. These are in addition to general assumptions, conditions and limitations made elsewhere in this report.

- The Town of Victoria Park building licence was issued for "internal alterations to shop/house for office use" and we have prepared our valuation on the basis use of the property as offices is approved.

### Definition of Market Value

The International Valuation Standards Council defines Market Value (which is adopted by the Australian Property Institute<sup>1</sup>) as:

The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. (ANZ Valuation and Property Standards 2008, p3.4.4)

<sup>1</sup> Australia and New Zealand Valuation and Property Standards 2008 ([www.api.org.au](http://www.api.org.au))



### **Goods and Services Tax**

A Goods and Services Tax (GST) became effective in Australia on 1 July 2000.

The non-residential market is generally discussed in net terms due to the variation of liability between the 3 different methods that may be applied. The application of GST varies according to the individual circumstances of the vendor (the supplier). The vendor is required to pay the GST liability.

The assessment of a supplier's GST is based on one of the three (3) following methods:

- Standard or normal method ie  $1/11^{\text{th}}$  of the GST inclusive sale price;
- The margin scheme; or
- As a going concern.

Existing residential properties, designed and used for residential purposes, are exempt from GST. The sale of a rural property can be a GST-free supply under certain circumstances. Analyses and values of these classes of property are usually considered to be made inclusive of nil GST.

Values of englobo parcels (subdivisional/development land) are usually determined on a GST Inclusive basis. GST on the sale of englobo land is often based on the Margin Scheme. Since there are numerous factors that can vary dependent upon vendor and purchaser circumstances, indicative GST only is shown based on the standard method. If the vendor elects to pay GST under the Margin Scheme, we reserve the right to review our valuation.

The relevant amount of GST should be determined by taxation professional and, where appropriate, should be added to a GST Exclusive value or deducted from a GST Inclusive value.

Unless stated otherwise, all analyses and values in this valuation are made exclusive of GST.



## **TITLE DETAILS**

The Certificate of Title was searched on 24 September 2010 and a copy is attached to the end of this report.

### **Description**

The property is legally described as Lot 16 on Plan 2796 and is all of the land comprised in Certificate of Title Volume 787 Folio 124.

### **Registered Proprietor**

Uranium Oil and Gas Limited of 160 Crawford Road, Inglewood registered the 26<sup>th</sup> February 2007.

### **Interests and Encumbrances**

The following encumbrance was registered on the Title at the date of searching:

- A copy of the unencumbered Certificate of Title is attached to this report.

This valuation is made on the basis of an estate in fee simple subject to encumbrances which affect the use or value of the land (if any) registered on the Title at the date of search and subject to current leases (if any) remaining in place (fee simple in reversion). It is assumed that there are no mortgages, charges or memorials.



## CONTRACTUAL AGREEMENTS

### Contract of Sale

We have not been provided with a copy of the Contract to transfer the property to Iron Mountain Mining Ltd.

### Tenancy Details

The property is occupied by the owner and our report is prepared on a basis that it is unencumbered by lease or binding tenancy agreements.

## PLANNING CONTROLS

### Metropolitan Region Scheme

The subject property is zoned "Urban" under the Metropolitan Region Scheme.

### Local Government Town Planning Scheme

The land falls within the boundaries of the Town of Victoria Park and is governed by Town Planning Scheme No 1.

Enquiries to Council indicate the land is zoned 'Residential R30' and has approval for use as an Office. A copy of the Town of Victoria Building Licence 06/0865 dated 16 November 2006 is appended.





The "R30" density permits the development of one dwelling per 300m<sup>2</sup> or two on the subject site. Perusing approval for construction of a dwelling on the northern portion of the site may conflict with the office use and we consider any further residential development on the site is inappropriate in the short to medium term.

We are not aware of any proposed amendments to the scheme that would adversely affect the property. Having regard to the relevant provisions, we are satisfied that, in the event of major or partial demolition or total destruction, that a similar extent of improvements could again be erected upon the site.

### Heritage

The Heritage Council of Western Australia maintains a register of Heritage Places under the Heritage of Western Australia Act 1990. The register is available at <http://www.heritage.wa.gov.au/>.

The State Register also includes places listed in Local Government Municipal Inventories, the Commonwealth's Register of the National Estate and the National Trust's List of Classified Places.

A search of the State Register of Heritage Places indicates that the subject property is not currently registered.

### Native Title

The value and utility of land can be adversely affected by the presence of Aboriginal Sacred Sites. Aboriginal requirements can only be determined by the appointment of an appropriate expert. Therefore, it cannot be warranted that there are no such sites on the land.

An Aboriginal Heritage Sites Register is determined under Section 38 of the State's *Aboriginal Heritage Act 1972* and is maintained by the Department of Indigenous Affairs. In accordance with information from the Department of Indigenous Affairs, the Register is not considered conclusive evidence.

Under the *Native Title Act 1993*, native title has been extinguished over land which is held in freehold. Enquiries with the Department of Planning and Infrastructure reveals that Special Leases under Section 116 of the *Land Act 1993* also extinguish native title.

Accordingly, this valuation has been undertaken on a freehold fee simple basis and any allowance for possible native title claim over the land has not been considered. If it is determined that the property is so affected, the right to review this valuation is reserved.



## **ENVIRONMENTAL/CONTAMINATION ISSUES**

The Western Australian *Contaminated Sites Act 2003* (the Act) took effect on 1 December 2006.

The Act defines a 'contaminated site' as,

In relation to land, water or a site, having a substance present in or on that land, water or site at above background concentrations that presents, or has the potential to present, a risk of harm to human health, the environment or any environmental value.

Where past or present land use activities involve, or have involved, the storage, handling or disposal of chemicals, there is an increased risk of contamination. Although a property may not be listed, potential contamination may not have been noted or reported at this point.

### **Environmental Issues**

A search of the Western Australian Department of Environment and Conservation Contaminated Sites Database (<https://secure.dec.wa.gov.au/idelve/css/>) revealed that the subject property is not currently listed.

Whilst our inspection of the site surface confirms this, we have not investigated the site beneath the surface or undertaken vegetation or soil sampling.

In the absence of an environmental consultant's report, this valuation is made on the assumption that there is no health risk from contamination within the property.

### **Petroleum Products**

The subject property does not appear to have been used for the storage or distribution of petroleum based products. Therefore, fuels, oils and other products capable of causing contamination are or were used on the site as part of normal operations.

There are no visible signs of any pollution on the property; however, we are unable to certify that there is no contamination of the property beneath the surface of the soil.

### **Asbestos**

Inspection of the improvements showed no apparent use of asbestos products in the building.

In the absence of an environmental consultant's report concerning the presence of any asbestos fibre within the subject property, this valuation is made on the assumption that there is no health risk from asbestos within the property.



**Pest Control Issues**

Inspection of the subject improvements did not reveal any apparent termite infestation.

The valuer is not a qualified expert in this field and it is recommended that this should be confirmed by a certified pest control firm.

This valuation assumes that the premises are free from pest infestation.

**Right to Review**

The right is reserved to review and, if necessary, vary the valuation figure if contamination or other environmental hazard is found to exist.



## LOCATION

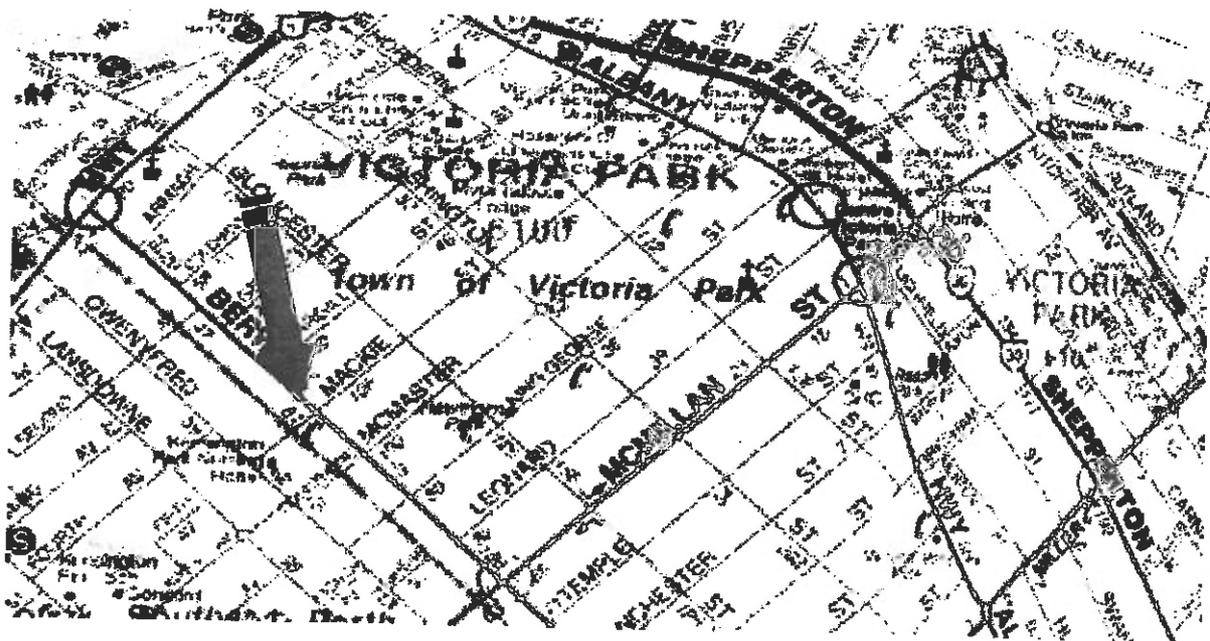
The property is located in the Town of Victoria Park which is situated some 3 kilometres east of Perth CBD. Vehicle access is via St Georges Terrace, Adelaide Terrace, the causeway and Albany Highway or Shepperton Road.

Development in Victoria Park is primarily of a residential nature with extensive retailing on Albany Highway through Victoria Park and East Victoria Park. Commercial and showroom development is established at Burswood in the vicinity of Great Eastern Highway and Burswood Road and continues in a southerly direction into Victoria Park.

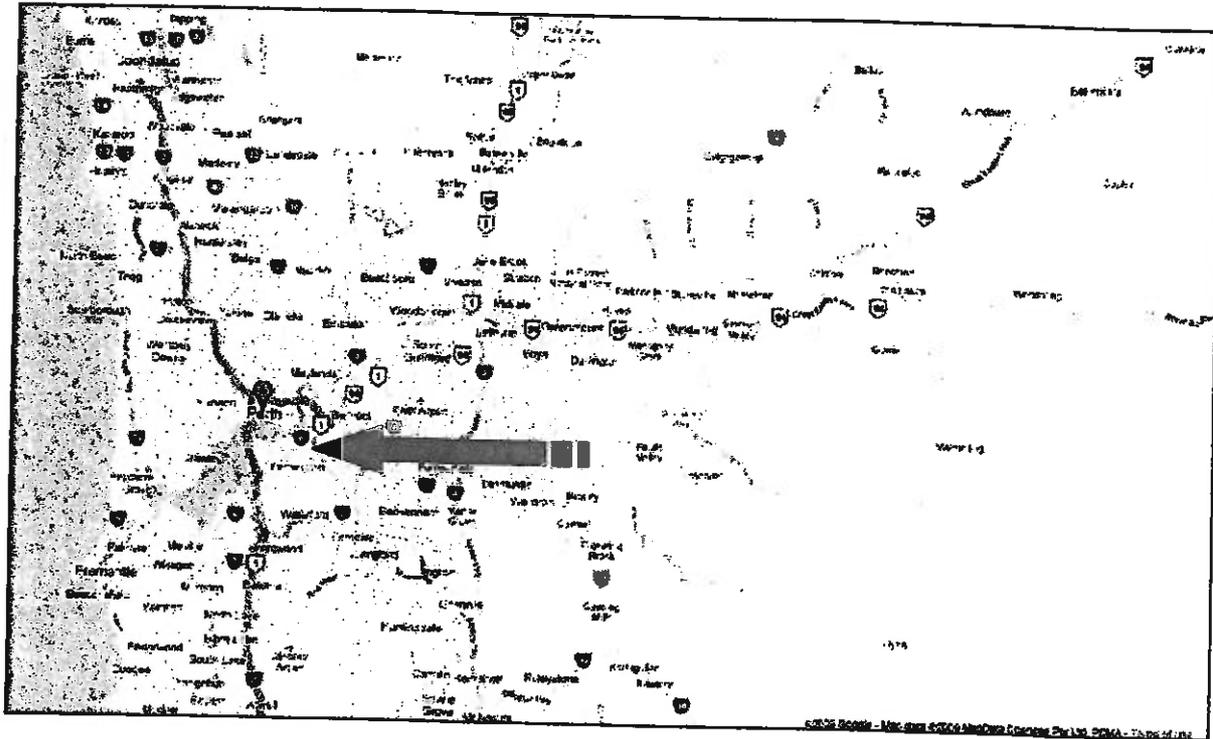
Attractive residential development is located in the vicinity of Raphael Park between the commercial precinct in the vicinity of Albany Highway, Canning Highway and Berwick Street.

The subject property is located on the northern side of Mackie Street and the eastern side of Berwick Street on the western periphery of the town.

The maps below shows the location of the subject property in Victoria Park and in relation to the CBD.



Google Maps 2010



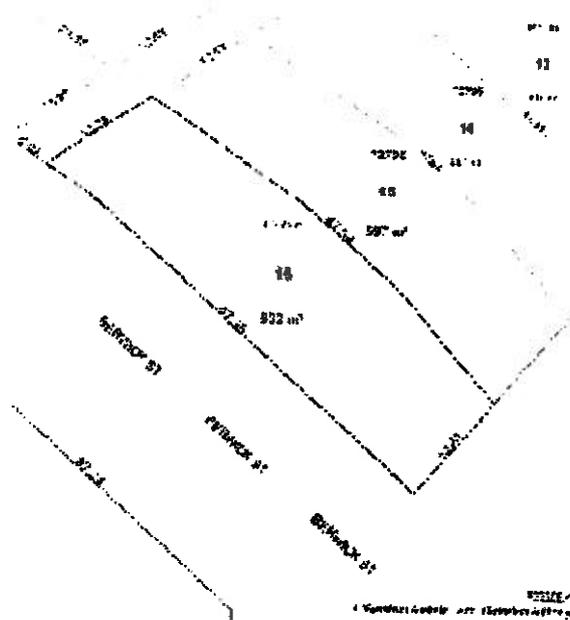


## SERVICES

Utility service available in the locality and connected to the subject property includes electricity, water, telephone and sewer.

## SITE DESCRIPTION

The property has been identified from the Certificate of Title, a Cadastral Plan and on-site inspection.



Landgate Cadastre 2010

**Area** The site area is 632 m<sup>2</sup>.

We note the dimensions on the sketch contained within the Certificate of Title are imperial and we have used the area of 632m<sup>2</sup> as shown on the Landgate plan above for reporting purposes.

**Configuration**

The site is of generally rectangular configuration having a frontage of 13.28m to Mackie Street and 47.96m to Berwick Street. A slight fall is apparent through the site in a north westerly direction toward the rear boundary which adjoins a right of way.

Vehicle access is formed in the north western corner at the intersection of the Berwick Street boundary and the right of way. Pedestrian access and vehicle access to a single parking bay are available on Mackie Street.



**Flood Risk**

We have no reason to suspect any major flood problems.

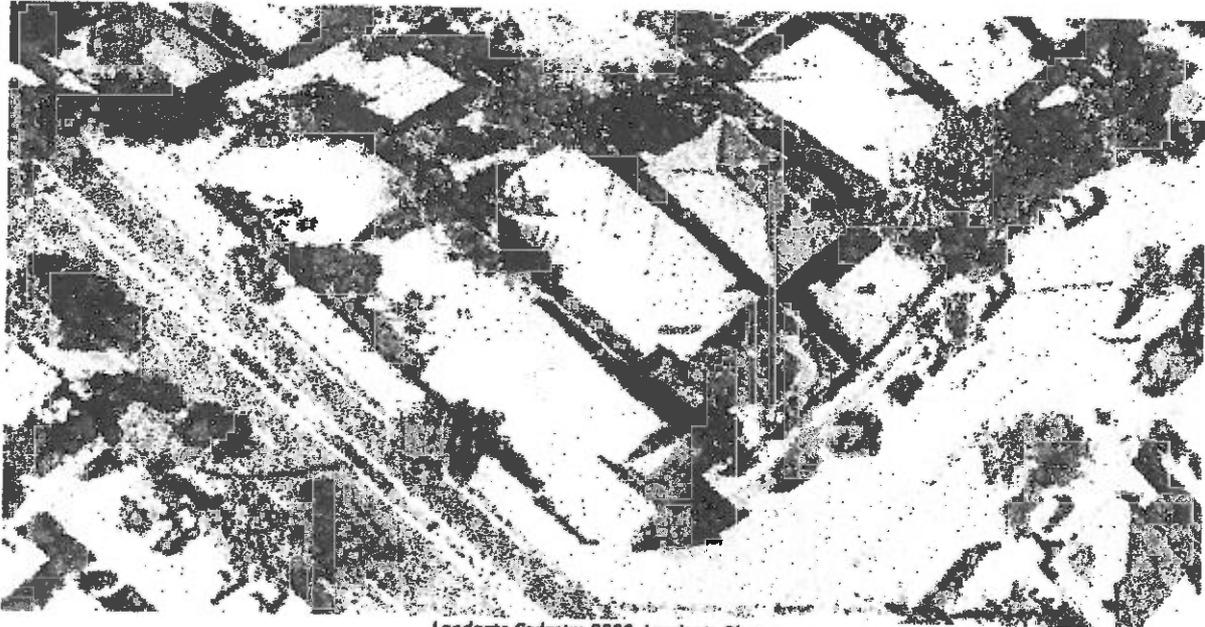
**Title Boundaries**

Inspection of the property indicates that the buildings are correctly sited within the legal lot boundaries.

It should be noted that, whilst careful inspection of the property has been carried out, a detailed site survey has not been completed. The valuer's inspection does not constitute a site survey and is not intended as such. Prospective purchasers, mortgagors or mortgagees need to make their own enquiries in this regard.

This valuation is made on the basis that there are no encroachments by or upon the property and this should be confirmed by a current survey report and/or advice from a Registered Surveyor. If any encroachments are noted or confirmed in a survey report, any effect on the value stated in this report will need to be reassessed.

## IMPROVEMENTS



*Landgate Cadastre 2009, Landgate Photo*

Initially developed as a shop/residence the building has been upgraded and extended to comprise offices, amenities and storage having combined area of 214 m<sup>2</sup>. A free standing garage/shed of brick construction is located near the rear boundary.

Development has been upgraded and extended to comprise the following:

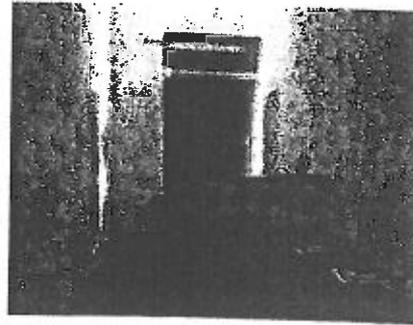
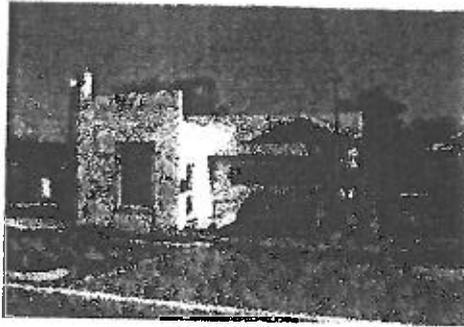
|           |                         |
|-----------|-------------------------|
| Offices   | 136 m <sup>2</sup>      |
| Amenities | 40 m <sup>2</sup>       |
| Storage   | <u>38 m<sup>2</sup></u> |
| Subtotal  | 214 m <sup>2</sup>      |

|                           |                         |
|---------------------------|-------------------------|
| Free standing shed/garage | <u>49 m<sup>2</sup></u> |
| Total                     | 263 m <sup>2</sup>      |

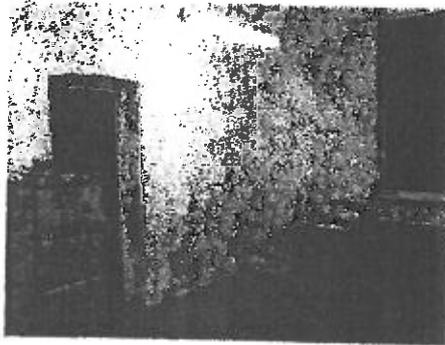
The offices adjoin the Berwick Street and Mackie Street frontages and development continues in a westerly direction through to the rear boundary which adjoins a right of way.

### Offices

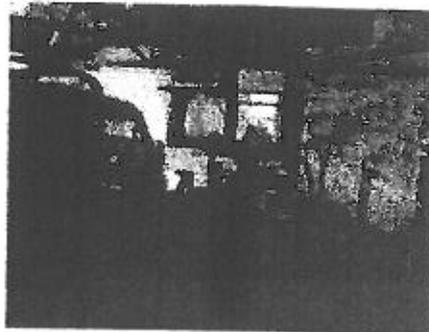
The original section of the building appears to date to the 1920's and construction comprises timber floor boards, brick elevations and a zincalume roof. The interior has been extensively upgraded and refurbished inclusive of new plasterboard ceilings as per Building Licence B/A 06/0865. The five panel interior doors in the front section reflect the era the building was originally constructed and artificial lighting comprises modern fluorescent fixtures.



Part of the upgrading includes compliance and provision of amenities and access for the disabled. We note that a new disabled toilet is located in the offices and links to the storage and lunch room via a ramp. Accommodation comprises four individual offices, open plan offices/walkways and reception.



Male and female toilets occupy the south western corner of the building together with a lunch room. The storage area is located on the opposite side of the ramp in the north western corner of the building. Vehicle access is via a roller door and the under side of the roof is insulated.

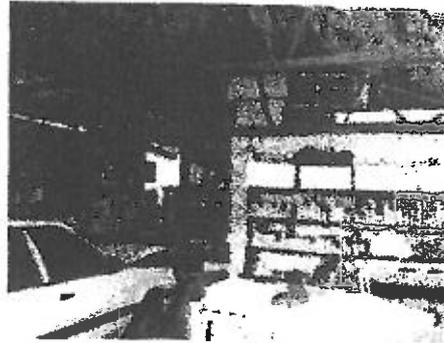


A detached garage /shed is located towards the rear of the property and construction is of concrete floor, brick elevations and zincalume on a steel roof frame. Vehicle access is available via sliding doors on the south east elevation.



### **Site Improvements**

Extensive concrete paving is located between the rear of the offices, free standing garage/shed and rear boundary. Boundary fencing includes fibro cement and colorbond with double gates located on the Berwick Street and right of way corner truncation.



### **State of Repair**

It should be noted that, whilst careful inspection of the improvements has been carried out, a detailed structural survey and testing of any of the services or inspection of unexposed or inaccessible portions of the building have not been completed. Therefore, it is not possible to confirm that these are free from defect, rot or infestation. The Valuer's inspection does not constitute a structural survey and is not intended as such. Prospective purchasers, mortgagors or mortgagees need to make their own enquiries in this regard.

This valuation is made on the basis that the property is structurally sound and maintained to a reasonable state of repair relative to its age. If any structural issues are noted or confirmed in a structural survey, any effect on the value stated in this report will need to be reassessed.



## **COMMENTARY**

### **General Commentary**

An attractive standard of office accommodation is provided in the front of the building and services are relatively modest comprising instantaneous hot water and window mounted packaged air conditioner and wall mounted split system air conditioner. The male and female toilets and the lunch room appear to date to the 1970's and finishes are plain and dated. The storage section of the building is of similar age and is functional and secure.

The detached garage/shed provides a similar style of functional secure storage accommodation. Extensive concrete paving is located through to the rear of the property and is suitable for parking and/or open storage.

The property provides a versatile combination of offices and storage suitable for use by a variety of contractors and consultants in the building, construction and mining industries. Although zoned 'Residential R 30' approval to use the premises as offices is in place (Building Licence B/A 06/0865) and the property is conveniently located in relation to South Perth, Victoria Park and the CBD. Similar properties providing offices and storage are available in Burswood and Belmont or further south in Welshpool/Carlisle and Bentley.

### **Real Estate Market Commentary**

It is well documented that the fallout in global financial markets during 2009 had a rapid and, in many cases, unexpected negative impact on advanced economies around the world. At Australian Federal Government level, the current economic conditions are being referred to as the "Global Financial Crisis" (GFC).

These factors resulted in the Federal Government downgrading economic growth forecasts and implementing strategies that they hoped would stave off recessionary pressures. The Reserve Bank also acted by reducing interest rates in an attempt to stimulate the economy.

The above measures by the Federal Government coupled with a rise in worldwide demand for minerals, particularly by China for iron ore, have resulted in the Australian and West Australian economies not retracting to the levels experienced by most other developed economies throughout the world. More recently, the local economies have begun showing signs of improvement with unemployment rates falling, retail spending moderately increasing and property prices within Capital cities rising.

Throughout this time, valuation of many asset classes, including property, has been particularly challenging due in part to a reduction in the number of sale transactions available for comparison. It is also acknowledged that, in some markets, the "Normal Selling Period" of a property is likely to have increased.

Market volatility, although showing signs of improvement in some sectors, has remained high in some areas particularly for properties along the periphery of the Perth metropolitan area.



In respect to commercial property, the effects of the GFC appear to have impacted on local demand in late 2008 and early 2009 with the number of property sales reducing significantly and, as noted above, normal selling periods increasing. At the same time, monetary constraints flowing on from international banking and investment slowdown resulted in a sharp reduction in loan approvals by local lenders. This reduction in the amount of credit available coupled with general lender conservatism brought on by the GFC resulted in increasing scrutiny of investment proposals with numerous property purchases subject to finance not proceeding to settlement. These lending practises resulted in a reduction in the number of qualified buyers in the marketplace and contributed to a decline in the liquidity of real estate. Many transactions that did occur or are occurring are resultant from vendors who are having compelling reasons to sell in the current economic climate, and many of the purchasers who are active in the marketplace are opportunistic and will purchase only at a discount.

As a result of all of these factors, the commercial market retracted appreciably during this period with capital values falling and capitalisation rates easing out on average 1.5 to 3.0 percentage points across most property types depending on asset type, location and overall risk.

In respect to shopping centres, we note that there were a number of these types of properties coming onto the market throughout 2009 and into 2010. This was due to varying reasons including the GFC, projected falls in retail spending that would put downward pressure on rents as well the possibility of rising vacancy rates.

Economic indicators released toward the end of 2009, appear to indicate that the Australian economy had "bottomed out" and that it was showing signs of improvement with mineral exports rising, unemployment rates falling, job advertisements beginning to rise again and the retail sector showing improvement. Increasing mineral exports, particularly iron ore to China and the formal approval of the Gorgon Gas Project, have contributed to a turnaround in public and consumer sentiment.

By late 2009, the economic outlook for Australia began to improve with investors once again entering the market. Our review of commercial property sales over the last eighteen months has identified a significantly lower volume of sales than in the previous eighteen months.

In respect to yields, demand for commercial properties was firm, particular during the eighteen months up until mid 2008. With the impact of the GFC, the volume of property transactions slowed significantly with the few sales proceeding showing an easing in yields of between 1.5% and 3%. By late 2009, the market began reflecting a more positive sentiment resulting in some firming of yields.

Enquiries indicate that this sentiment has improved further since the beginning of 2010, however, a longer analysis period is required before any firm trends can be established.

Whilst the federal government stimulus package and a resurging minerals export market has helped the Australian economy avert a major recession, overall buyer and investor sentiment remains cautious albeit with some optimism. There still exists some volatility in the commercial markets and, whilst selling times have shortened, particular for prime properties, longer than normal selling times may still be required, particularly for secondary quality properties or those with higher risk profiles.



## SWOT ANALYSIS

|               |   |
|---------------|---|
| Strengths     | - Convenient location<br>- Versatile and functional layout                                    |
| Weaknesses    | - Adjoins properties occupied as houses<br>- Kerbside parking only available on Mackie Street |
| Opportunities | - Ongoing growth in the resource sector   |
| Threats       | - Increasing interest rates   |

## VALUATION

### Methodology

This valuation has been approached on the following bases:

- Direct comparison to sales of similar properties in the locality or within similar localities where limited evidence is available; and
- Capitalisation of an estimated net rent.

### Highest and Best Use

This valuation is based on the highest and best use of the property which is considered to be its current as offices with ample storage.

The highest and best use has been determined considering the most probable use that is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued.

### Rationale

We have researched sales and market activity pertaining to similar properties in accordance with the following criteria.

Information researched is as close to the date of valuation as possible and adjustments for tenancy area, zoning, location and shape have been made in order to determine a relevant comparison. Additional evidence may have been reviewed and, if so, record of these will be maintained separately by Independent Valuers of Western Australia.

As a consequence of the Privacy Act 1988 (Cth), there may be some information of confidential supporting evidence which is not published in this report. Details of all such sales and rentals are retained on file and can only be produced if needed by a court of law or for any other lawful purpose.



## Sales Comparison

With regard to sales of similar properties, adjustments for variations in area, zoning, location and shape are made in order to determine fair market value levels and make comparisons relevant.

Relevant sales are as follows:

| <b>Address</b>                     | <b>Sold</b> | <b>Date</b>    |
|------------------------------------|-------------|----------------|
| 43 MacMillan Street, Victoria Park | \$480,000   | September 2009 |

### Comments

Development on the 287 m<sup>2</sup> site comprises a shop residence dating to the 1920's which has been renovated and extended. Zoned 'Residential R40' a deli is operated from the front portion of the property with the residence to the rear. Analysis discloses a site rate of \$1,672 per m<sup>2</sup>.

| <b>Address</b>                          | <b>Sold</b> | <b>Date</b> |
|---|-------------|-------------|
| 53 Carnarvon Street, East Victoria Park | \$450,000   | July 2009   |

### Comments

Development on the 304 m<sup>2</sup> site comprises a shop residence dating to the 1920's. Zoned 'Residential R40' the shop is trading and the residence at the rear appears to date to the 1970's. Analysis discloses a site rate of \$1,480 per m<sup>2</sup>.

| <b>Address</b>                 | <b>Sold</b> | <b>Date</b>  |
|--------------------------------|-------------|--------------|
| 1 Harper Street, Victoria Park | \$1,386,000 | October 2009 |

### Comments

Development comprises the former TAB agency located between Shepperton Road and Albany Highway. The northern boundary adjoins a right-of-way which provides access to the Town of Victoria Parks offices and the Broken Hill Hotel. The property is zoned 'Commercial' and construction dates to 1979. The transaction may contain an element of special value as the property was effectively acquired by an adjoining owner namely the Town of Victoria Park which owns the property on the northern side of the right-of-way. After deducting provision for GST a sale price of \$1,260,000 is disclosed which equates to \$2,620 per m<sup>2</sup>.

| <b>Address</b>                       | <b>Sold</b> | <b>Date</b> |
|--------------------------------------|-------------|-------------|
| 341 Albany Highway,<br>Victoria Park | \$2,250,000 | May 2010    |

### Comments

Development on the 728m<sup>2</sup> site comprises two showrooms occupied by tenants selling musical instruments and associated merchandise. The older style shops have been extended through to the rear boundary and are of brick and fibre cement (asbestos reinforced) construction. Appearing to occupy the entire site a public car park is located on the western side of the right of way adjoining the rear boundary. The properties are located in the core of the Victoria Park retail area approximately 40 metres south of King George Street. As such they have far greater commercial appeal than the subject property which is reflected in the site rate of \$3,091 per m<sup>2</sup> inclusive of improvements.



|   |                    |                |
|---|--------------------|----------------|
| <b>Address</b>                            | <b>Under Offer</b> | <b>Date</b>    |
| 989 Albany Highway,<br>East Victoria Park | \$850,000          | September 2010 |

**Comments**

Located on the corner of Baillie Avenue the site has an area of 549m<sup>2</sup>. Zoned "Residential/Commercial" improvements include a house dating to the 1960's which has been converted into offices. Accommodation comprises 7 offices, reception, kitchen, bathrooms, patio and detached double garage. Good street parking is provided on Baillie Street while on-site parking is limited. We consider the Albany Highway address and commercial profile to be superior while it has similar utility and appeal to the subject property and analysis discloses a site rate of \$1,548 per m<sup>2</sup> inclusive of improvements.

|                                      |             |              |
|--------------------------------------|-------------|--------------|
| <b>Address</b>                       | <b>Sold</b> | <b>Date</b>  |
| 955 Albany Highway,<br>Victoria Park | \$760,000   | January 2010 |

**Comments**

The 544m<sup>2</sup> property has a narrow frontage and is occupied as motor vehicle repairs workshop. Development comprises a workshop of brick construction dating to the 1930's on the frontage and metal deck clad canopy and shed at the rear. The workshop is operational and a right of way adjoins the rear boundary. Currently accessed to the rear of the property is via the right of way through the property adjoining the eastern boundary. Zoned Residential R30" analysis discloses a site rate of \$947 per m<sup>2</sup>.

|                                      |             |               |
|--------------------------------------|-------------|---------------|
| <b>Address</b>                       | <b>Sold</b> | <b>Date</b>   |
| 979 Albany Highway,<br>Victoria Park | \$1,150,000 | November 2009 |

**Comments**

The property comprises Lots 3 and 4 on Plan 2010 having a combined area of 1,214m<sup>2</sup>. Previously operated as a car yard the property is vacant and improvements comprise a bitumen paved yard to the front of the property. Older style low truss office warehousing is located at the rear of the property. Zoned "Residential Commercial" analysis discloses a site rate of \$947 per m<sup>2</sup>. While being aware there is potential to utilise the previous approval/use for commercial purposes the viability and appeal of car yards in Victoria Park has declined over recent years.



| Address                 | For Sale    | Date    |
|-------------------------|-------------|---------|
| 116 Parry Street, Perth | \$1,150,000 | Current |

**Comments**

Development on the 455m<sup>2</sup> site comprises a house converted to offices having an area of 210m<sup>2</sup>. The property is not included on the Town of Vincent Heritage Inventory and is offered to a sale with vacant possession. Parking is provided for 8 cars on the property which is conveniently located approximately 1km north of the Perth CBD. Analysis conclusive of improvements discloses a rate of \$2,572 per m<sup>2</sup> exclusive of GST.

**Direct Market Comparison**

The first two properties discussed above are in Victoria Park and East Victoria Park and are zoned residential and have a "shop residence" approval similar to the previous approval for the subject property which is now "office". Both are relatively small having site areas of 287m<sup>2</sup> and 304m<sup>2</sup> and the locations are secondary lacking profile by comparison with the corner of Berwick Street and Mackie Street. They are operated as Deli's and site rates of \$1672 per m<sup>2</sup> and \$1480 per m<sup>2</sup> are disclosed.

The property at 1 Harper Street is significantly superior having a commercial zoning and being located in a commercial precinct. A similar comment is appropriate for 341 Albany Highway, Victoria Park and comparison is inappropriate.

The commercial profile in the vicinity of 955, 979 and 989 Albany Highway through East Victoria Park is disjointed and lacks profile compared to Victoria Park but stronger than the corner of Mackie Street and Berwick Street. The subject property is superior to 979 Albany Highway which is affectively a development site and 955 which is an internal lot on which an older style workshop is erected and sold for \$760,000. The workshop is operational and a right of way adjoins the rear boundary. Currently accessed to the rear of the property is via the right of way through the property adjoining the eastern boundary.

Accommodation at 989 Albany Highway has an area of 250m<sup>2</sup> comprising 7 offices, reception, kitchen, bathrooms, patio and double garage compared to the subject property which comprises 136m<sup>2</sup> of offices with the main building having an area of 214m<sup>2</sup> inclusive of amenities and storage. The subject property has a larger site area of 632m<sup>2</sup> compared to 549m<sup>2</sup> at 989 Albany Highway which has good kerbside parking on Baillie Avenue. After acknowledging the variations and layout the two properties are considered to have a similar level of utility and value but the location at 989 Albany Highway, East Victoria Park is a superior while site area is smaller.

Applying rates of \$1300 per m<sup>2</sup> and \$1400 per m<sup>2</sup> reveals a range of \$821,600 to \$884,800. Acknowledging the zoning with approval for offices, surrounding use and development in the vicinity of the subject property is of a residential nature compared to the commercial zoning a rate distinctly lower than the Albany Highway and Harper Street Victoria Park is appropriate. A rate between those disclosed for 955(\$1,397 per m<sup>2</sup>) and 989 (\$1,548 per m<sup>2</sup>) Albany Highway, East Victoria Park is appropriate. Adopting a rate to the lower end of the range of \$1,400 per m<sup>2</sup> discloses \$884,800.



### **Capitalisation of Net Income**

We have apportioned rents to the various components of the property having regard to the layout, quality of accommodation together with the ample parking and consider the market rental is in the order of \$56,000 - \$63,000 per annum net. The demand for commercial investment property having a value of up to \$2,000,000 remains strong with yields being competitive and in the order of 7%. We consider an appropriate yield to be at 7.25% reflecting the nature of the zoning together with the office approval. Capitalising the estimated rentals at 7.25% discloses a range of \$769,000 to \$866,000 which confirms the value of \$850,000 assessed using the sales comparison approach.

### **Conclusion**

Our range of values is summarised as follows;

Direct Comparison \$850,000 and \$884,800

Capitalisation Approach \$769,000 to \$860,000 adopt \$850,000

Market Value subject to vacant possession \$850,000

The property is well suited for use by a mining or exploration company similar to the current owner providing functional offices together with storage for equipment and on-site parking for vehicles. The approval to occupy the property as "offices" enhances its appeal in the broader market in the event the property is to be sold to a variety of occupiers including surveyors, engineers, contractors and builders. In this situation we consider it primarily appeals to an owner-occupier and a direct comparison with 989 Albany Highway is the primary and relevant indicator of value.



## **VALUATION CERTIFICATE**

Acting under instructions from Mark Killmier of Iron Mountain Mining Limited, Independent Valuers of Western Australia has undertaken a valuation of 113 Mackie Street, Victoria Park. This Valuation Certificate forms part of the report and should not be used or read independently of it.

### **Valuation "As Is"**

We certify that it is our considered opinion that the fair market value of the subject property with vacant possession as at 20 September 2010 is the sum of:

**\$ 850,000.00**

**(Eight Hundred and Fifty Thousand Dollars)**

**\$935,000**

**(Nine Hundred and Fifty Thousand Dollars)**

### **Valuer Certification**

The Valuer signing this report certifies that the property as described herein was inspected personally and the Valuer has personally prepared this report.

The Managing Director's authority for issue certifies that this valuation is issued by Independent Valuers of Western Australia. The Managing Director may not have personally inspected the property.

### **Valuer's Interest**

The Valuer confirms that they do not have a pecuniary interest that would conflict with the proper valuation of the above property and, furthermore, this position will be maintained for the duration of the appointment.

### **Exclusivity**

This report has been prepared for the private and confidential use of the **Iron Mountain Mining Limited** to whom it is addressed and parties to whom liability has been extended (if any) and should not be reproduced, either wholly or in part, or relied upon by third parties for any use without the express authority of Independent Valuers of Western Australia. No responsibility will be accepted for photocopied signatures.



**Limitation**

Neither the whole, nor any part of this valuation or any reference thereto may be included in any published documents, circular or statement or published in part or full in any way, without written approval of the form and context in which it may appear.

**Currency**

This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). Independent Valuers of Western Australia does not accept liability for losses arising from such subsequent changes in value. Without limiting the generality of the above comment, Independent Valuers of Western Australia does not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of three (3) months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

**INDEPENDENT VALUERS OF WESTERN AUSTRALIA**

**VALUER**

Peter Murphy AAPI  
Certified Practising Valuer  
Licensed Valuer 487 (WA)

**AUTHORISED FOR ISSUE BY**

Mark Houlahan FAPI  
Managing Director  
Certified Practising Valuer  
Licensed Valuer 485 (WA)



## **APPENDIX 1: QUALIFICATIONS AND DEFINITIONS**

### **"As Is" Valuation**

A valuation that provides the current market value of the property as it currently exists rather than the value of the proposed development.

### **"As If Complete" Valuation**

A valuation that assumes the proposed development to be in a completed state as at the date of valuation and reflects current market conditions at the date of valuation.

It is assumed that it will be completed to a minimum standard and finish (including fit out and landscaping) commensurate with typical properties within the locality and in accordance with the plans, specifications and information provided by or on behalf of the client.

Should the property subsequently be sold in an incomplete state, the right to review this valuation is reserved.

### **"Proposed Development"**

Any planned development or redevelopment of a property, including building improvements or modifications which are proposed, approved or under construction on the property (but does not include a planned development or redevelopment of a single dwelling residential property for residential use) where the value of the proposed or planned development is estimated to be \$50,000 or more when complete.

### **Highest and Best Use**

In accordance with the Australia and New Zealand Valuation and Property Standards, the highest and best use has been determined considering the most probable use that is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued.

### **Measurement**

Measurement has been undertaken in accordance with standards set out by the Property Council of Australia.

In the case of Strata Titled properties, the measurements shown in the Strata Plan have been adopted for valuation purposes.

### **Title Search**

Although the search of the Title was made as close as reasonably possible to the date of valuation, some transactions may have occurred in the intervening period. This valuation is based on the assumption that there are no significant changes to the Title in this period. However, should changes occur, the right to review this valuation is reserved.

### **Building Approvals**

It is assumed that any improvements upon the property comply in all material respects with any restrictive covenants affecting the site and have been built and are occupied and being operated, in all material respects, in full compliance with all requirements of the law, including all zoning, land-use classification, building, planning, fire and health by-laws (including asbestos), rules, regulations, orders and codes of all authorities and that there are no outstanding requisitions.

### **Asset Inclusions and Exclusions**

This valuation includes fittings and chattels that form part of the building such as heating and cooling equipment, lifts, sprinklers, lighting, fixed floor coverings, curtains, dishwashers etc, that would normally pass with the sale of the property, but excludes all items of plant, machinery, equipment, partitions, furniture and other such items which may have been installed or are used in connection with the occupation of or business carried on at the property.

Fittings and chattels installed by the occupant are excluded from this valuation.



### **Searches and Requisitions**

Whilst every reasonable care has been taken during the valuer's inspection of the property and in making relevant enquiries, a Written Flood Search, Written Town Planning Certificate, Special Inspection Search by the Local Authority Building Department, Structural Survey by an Architect or Engineer, or Identification Survey by a Licensed Surveyor have not been undertaken or requested. In the absence of these formal searches or enquiries, it is assumed that the results of any such searches would not disclose any matters significantly affecting the value of the property.

### **Security Recommendation**

In accordance with the Australia and New Zealand Valuation and Property Standards, a security recommendation has not been made as to the suitability of the security as this is a commercial decision for the lender which may not only be based on the content of this report, but may also extend to factors beyond the property itself. It is not normally appropriate for the Valuer to recommend a loan to value ratio (LVR) or percentage to advance.

### **Assignment of Valuation**

Should this valuation be subject to assignment, confirmation, reissue or other act, the signing valuer(s) has/have not reinspected the property nor undertaken further investigation or analysis as to any changes since the initial valuation and accepts no responsibility for reliance upon the initial valuation other than as a valuation of the property as at the date of the initial valuation.

### **Financial Advice**

Please note that information supplied in this valuation is not given as financial advice and the valuer does not hold himself out to be a Financial Advisor. Any reference to financial returns is part of the valuation process only and indicates the relationship of income earning potential to a property's value. If financial advice is required (including the suitability of the security for mortgage lending purposes), the opinion of a qualified financial advisor should be sought.

### **Privacy**

From 21 December 2001, the private sector amendments to the *Privacy Act 1988* (Cth) (the "Act") became operative. In accordance with the Act, information supplied is now regarded as private information. Information collected for one purpose may only be used for a secondary purpose if that purpose is related and could be reasonably expected.

In this context, all private information contained within this report is for the private and confidential use of the client for whom the report has been prepared and Independent Valuers is not able to give permission for the information to be published by a third party. If you are a business and use personal information or aggregate such and any other information with that obtained from Independent Valuers of Western Australia, it is your responsibility to conform to privacy legislation.

All data and analyses produced by Independent Valuers of Western Australia are provided on the condition that it is the responsibility of the receiver of such information to conform to privacy legislation. This Office is not able to give permission for the information to be divulged to or published by a third party.

### **Letting Up**

Where an income producing property is either occupied by the current owner or is vacant, a cost to achieve new occupancy (letting) will be incurred upon sale or transfer. This letting-up cost is accounted for in the capitalisation approach as a deduction from the capitalised amount. Costs are considered in three (3) areas, these being:

- Loss of income (rent) during the letting up period;
- Payment of outgoings such as rates and taxes and electricity and water supply charges which are normally the responsibility of a tenant during the letting up period; and
- Letting fee.

The letting up period will vary in depending on the level of market activity and demand in the immediate locality. Where a property is rented at the date of valuation and there is reasonable expectation that the lease will continue with a change of ownership, accordingly no letting-up allowance is made. A deduction for letting-up costs on residential properties is not considered appropriate as this style of property is not generally purchased for its income producing potential.



### **Statutory Valuations**

Landgate's Valuation Services division undertakes valuations for rating and taxing purposes. Unimproved Values are made annually state wide and Gross Rental Values are completed every three years within the metropolitan region and on a regular rotational basis in country towns generally at around 4 year intervals.

Values are determined by use of 'mass valuation' techniques and are not determined individually. These values are not intended to be relied upon as an assessment of current market value.

### **Elements of the Risk Analysis**

|                              |  |
|------------------------------|--|
| Location & Neighbourhood     | This Risk Rating reflects an overall rating for these two aspects.   |
| Land (Incl Planning & Title) | Land in this instance refers not only to the land physically, but also to access, services, planning and title.  |
| Environmental Issues         | This aspect of the Risk Analysis covers a range of environmental issues including contamination (refer to Environmental Issues heading).   |
| Improvements                 | This aspect refers to all improvements, whether the main building or ancillary improvements (and for a TBE (To Be Erected) - Proposed Dwelling, Extensions or Renovations, would include concerns about aspects of the project or tender).   |
| Reduced Value next 2-3 yrs   | This Risk Rating is an indication of the level of risk of this property reducing in value over the next 2 3 years. It is a forward-looking summary rating taking into account aspects affecting, or likely to affect, the value of the property. The assessment is made on the basis of information that is common knowledge and/or readily ascertainable in the market and having regard to reasonably foreseeable events as at the date of the assessment. The rating cannot be expected to reflect information that was not common knowledge, or conditions, events or circumstances that occur subsequently or unexpectedly. |
| Market Volatility            | This aspect reflects the risk of significant adverse impact on the value of the property of the market changing direction rapidly. While this will reflect historical performance, reasonably foreseeable events should also be taken into account.  |
| Local Economy Impact         | This aspect reflects the extent to which a significant change in the local economy is impacting adversely and/or the risk that it may impact adversely on the value of the property in the 2-3 year time frame.  |
| Market Segment Conditions    | This aspect reflects the extent to which the condition of the market in this particular market segment is impacting or may impact adversely on the property.   |

### **Sale and Ownership Data**

This valuation relies on information supplied to Independent Valuers of Western Australia by the State Government's Landgate office through a private supplier and the right to amend this report is reserved should this information prove incorrect.

Although all comparison properties are inspected, physical internal inspection is generally not possible and information provided by the selling agent and/or Landgate's summary of property description is relied upon to assist in making fair comparisons.

### **Authorisation for Issue**

This valuation is authorised for issue by the Managing Director or Acting Managing Director. This authority indicates that the valuation is made under the umbrella of Independent Valuers of Western Australia, but does not imply that the Managing Director or Acting Managing Director had direct input into the valuation or undertook a supervisory role.



# APPENDIX 2: CERTIFICATE OF TITLE

WESTERN AUSTRALIA

REGISTRATION NUMBER: 16/P2796

REGISTERED DATE: 2 8/3/2007

SECTION: 787 PLAN: 124

**RECORD OF CERTIFICATE OF TITLE**  
UNDER THE TRANSFER OF LAND ACT 1983

The record described in this certificate is the registered proprietor of an estate in fee simple in the land described below subject to the rights, interests, and encumbrances contained in the original plans of a grant issued to the land and any amendments thereto and which have effect in the second schedule.

*Robert*  
REGISTRAR OF TITLES



### LAND DESCRIPTION:

LOT 16 ON PLAN 2796

### REGISTERED PROPRIETOR: (FIRST SCHEDULE)

FRANIUM OIL AND GAS LTD OF 160 CRAWFORD ROAD, INGLEWOOD  
(CK101575) REGISTERED 26 FEBRUARY 2007

### LIMITATIONS, INTERESTS, ENCUMBRANCES AND NOTIFICATIONS: (SECOND SCHEDULE)

Warning: A search of the land title records has been conducted and no other registered interests have been identified. The land is shown as being free of any other registered interests.

END OF CERTIFICATE OF TITLE

### STATEMENTS:

The statements set out below are provided to be read in conjunction with the original plans of a grant and the relevant legislation in force at the time of registration of the certificate.

|                          |                              |
|--------------------------|------------------------------|
| SKETCH OF LAND:          | 787-124 (16/P2796)           |
| PREVIOUS TITLE:          | 591 175                      |
| PROPERTY STREET ADDRESS: | 113 MACKIE ST, VICTORIA PARK |
| LOCAL GOVERNMENT AREA:   | TOWN OF VICTORIA PARK        |





### APPENDIX 3: TOWN OF VICTORIA PARK BUILDING LICENCE

Bany Hill B311 B164  
Building Surveyor  
File Ref: MACKIE 13 06/0865



16 November 2007

Uranium Oil and Gas Ltd  
160 Crawford Road  
INGLEWOOD WA 6052

Dear Sir/Madam

NO 113 (LOT 18) MACKIE STREET, VICTORIA PARK WA 6100 - BA  
06/0865

Enclosed herewith, for your information only, are the conditions of approval  
relevant to:

B/A 06/0865 - INTERNAL ALTERATIONS TO SHOPHOUSE FOR OFFICE  
USE

Yours faithfully

  
**MAX JONES**  
MANAGER ENVIRONMENTAL  
HEALTH & BUILDING SERVICES

For more facts about the Town, visit our website [www.vp.wa.gov.au](http://www.vp.wa.gov.au)  
Telephone: (08) 9311 4331  
Facsimile: (08) 9311 4161  
18% 77 201 656 730



### TOWN OF VICTORIA PARK

**BUILDING LICENCE NO. 08/0885**

**DATE ISSUED: 16 November 2007**

#### CONDITIONS OF APPROVAL

- 1 All building works including footings to be carried out under this building licence are required to be contained within the boundaries of the subject lot.
- 2 This is a building approval only. It is your obligation to satisfy all other relevant regulatory and statutory requirements and obtain all other necessary permits and approvals. The advice set out in this document is not, and is not intended to be, an exclusive list of the matters that you need to attend to or refer to.
- 3 These drawings are approved subject to Compliance with the Building Regulations 1999, Building Code of Australia 2007 Volume 1 or Volume 2 (BCA) and all relevant Acts, Regulations and By-Laws and any conditions as listed below.
- 4 A copy of the approved plans is required to be submitted to the Water Corporation for their approval prior to commencement of work.
- 5 Comply with notations marked as red on approved plans.
- 6 Any excavation or filling greater than 150mm below or above existing ground levels is to be retained along any boundary by a retaining wall system designed by a practicing Structural Engineer which must be approved by the Manager Environmental Health & Building Services prior to construction of the wall.
- 7 Please advise Council's Building Services Section when work commences and when work is complete.
- 8 No alterations to existing dividing fences may be carried out until adjoining owners have been consulted in accordance with the provisions of the Dividing Fences Act 1981. A temporary fence may be necessary to maintain privacy and security in the event of an existing fence being removed.
- 9 The street verge is not to be used for storing Building Material and is to be kept clear at all times during construction. Approval must be obtained from Council's Technical Services prior to any materials being stored on the verge. Failure to adhere to this condition may result in an infringement notice being issued.
- 10 Existing Ground levels at lot boundaries are to remain unaltered or alternatively any fill or excavation required as a result of any alteration to these levels is required to be retained to the satisfaction of the Manager of Building. Details of proposed retaining walls to be submitted prior to commencement of any work.
- 11 Existing walls and buildings must not be undermined so as to cause any damage to adjoining property.
- 12 Aluminium frames to comply with A.S. 2047 and 2048 - 1977.
- 13 A full glass panel or door that a person might be likely to walk through shall be marked on its surface in such a manner as to render the glass plainly distinguishable.
- 14 Flexible ducting - Air-handling ductwork - Rigid and flexible ductwork in the building must comply with the fire hazard properties set out in AS4254.
- 15 The door of every fully enclosed water closet shall open outwards or be readily removable from the outside.
- 16 Where partitions interfere with existing air conditioning design performance, the necessary adjustments are to be made to the satisfaction of the Manager Environmental Health & Building Services.
- 17 Provide access, parking and sanitary facilities for the Disabled in accordance with Part D3 of the Building Code of Australia - Access for People with Disabilities, AS1428.1 and AS1428.4 (Tactile Indicators).
- 18 Exit signs must comply with Part 6A of the B.C.A. and AS 2293.
- 19 Access to and Facilities for people with Disabilities Must be provided to and within the building and comply with A.S. 1428.1 and Part D3 of the B.C.A.

*20/11/07*

1. This document is a copy of the original document held by the Town of Victoria Park. It is not to be used for any other purpose.



**BUILDING LICENCE NO. 06/0868**

**DATE ISSUED: 16 November 2007**

**BUILDING CONDITIONS CONTINUED**

- 20 The building owner/developer is hereby notified that in addition to the disabled access and facility requirements of the Building Code of Australia, it is the responsibility of the developer to ensure the development complies with the Disability Discrimination Act 1982. Further information may be obtained from the Disability Services Commission.
- 21 Unless it can be shown that adequate measures have been taken to control the builders waste on the site, the builder may receive an infringement notice and/or be prosecuted under the provisions of the Litter Act 1979 for any building waste/litter that is stored to be placed, put, left, dropped, thrown or blown onto the verge or from the site.  
It is an offence under the Litter Act 1971-1981 to allow or cause to allow litter of any kind to be deposited on any land by either being placed, put, left, dropped, thrown there or allowed to be carried there by action of the wind. PENALTY \$500.00

If you are dissatisfied with any of the following conditions you may apply to the State Administrative Tribunal for a review under section 374 of Local Government (Miscellaneous Provisions) Act 1995

**(END OF BUILDING CONDITIONS)**

**TECHNICAL SERVICES CONDITIONS**

- 22 The levels at the street alignment including any driveways shall match the existing footpath levels.
- 23 Stormwater shall be discharged into soakwells or by any other approved method on property. If soakwells are utilized, soakwells shall have a minimum storage capacity in m<sup>3</sup> equal to runoff area in m<sup>2</sup> x 0.25 for disposal of stormwater runoff from the combined roof and paved areas. Stormwater drainage to comply with the Town's Stormwater drainage requirements for residential and commercial developments/guestines.
- 24 Car parking bays, internal driveways and vehicle manoeuvring areas to be designed in accordance with AS2890.1-1993 parking facilities Part 1, Off Street Parking. The Town's 85 percentile car turning template standard (Drawing No. EN626) can be used to design non-standard vehicle manoeuvres.
- 25 The street verge between the kerbline and the property boundary is to be landscaped, reticulated and maintained to the satisfaction of the Executive Manager Technical Services.
- 26 All stormwater gutters depicted on the approved plans shall in no way be covered by any paving materials and shall be of such a design that they are conducive to cycling manoeuvres.

1. This is the PLD. Do not apply WA Planning Reg. Sub-344/113. Refer to those on Office Use doc.



**BUILDING LICENCE NO. 06/0865**

**DATE ISSUED: 16 November 2007**

**HEALTH CONDITIONS**

- 27 The proposed development is satisfactory to the Health Services subject to compliance with the following legislation (as amended):
  - Health Act 1911,
  - Occupational Safety & Health Act and Regulations,
  - Sewerage (Lighting, Ventilation & Construction) Regulations 1971,
  - Town of Victoria Park Health Local Law 2033,
  - Metropolitan Water Supply, Sewerage and Drainage Board By-laws 1981;
  - Health Act (Carbon Monoxide) Regulations;
  - Health Act (Air Handling and Water Systems) Regulations 1994,
  - Environmental Protection (Noise) Regulations 1997
  - Treatment of Sewage & Disposal of Effluent & Liquid Waste Regulations,
  - Perth Metropolitan Region Sewerage Policy 1982
- 28 The premises and any sanitary facilities are to be ventilated in accordance with AS 1668.2 - 2002 "The use of Ventilation and Airconditioning in Buildings", the Building Code of Australia and the Sewerage (Lighting, Ventilation and Construction) Regulations 1971
- 29 Mechanical ventilation only - filtered through roof to external air or discharged via air exhaust fan through the gable
- 30 Sound levels created are not to exceed the provisions of the Environmental Protection (Noise) Regulations 1997
- 31 The air condition system is to be located in such a position so as not to cause a noise problem to occupants of surrounding properties. An information sheet for regarding the installation of air conditioners is enclosed

All construction work must be carried out between the hours of 7:00 am and 7:00 pm Monday to Saturday excluding Public Holidays

All construction work is to be carried out in accordance with Control of Environmental Noise Practices set out in Section 6 of AS 2436 - 1991 - Guide to Noise Control on Construction, Maintenance and Construction Sites

All equipment used on the site must be the quietest reasonably available

At least 24 hours before the commencement of construction, construction contractor or owner/occupier of the construction site must give written notice of the proposed work to the occupiers of all premises at which noise emissions received were likely to fail to comply with the standard prescribed under Regulation 7 of the Environmental Protection (Noise) Regulations 1997

All construction work outside the nominated working hours will require an application in the form of a Noise Management Plan

A Noise Management Plan is to include, but is not limited to:

- (a) Details of and reasons for construction work on the site that is likely to be carried out other than between 7:00 hours and 19:00 hours on any day which is not a Sunday or Public Holiday
- (b) Details of and the duration of activities on the construction site likely to result in noise emissions that fail to comply with the standard prescribed under Regulation 7 of the Environmental Protection (Noise) Regulations 1997
- (c) Predictions of noise emissions on the construction site
- (d) Details of measures to be implemented to control noise (including vibration) emissions
- (e) Procedures to be adopted for monitoring noise (including vibration) emissions
- (f) Complaint register procedures to be adopted

An application form in the form of a Noise Management Plan needs to be lodged with the Town of Victoria Park attention to the Manager Environmental Health and Building Services - Locked Bag No 437 Victoria Park WA 6979.



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## APPENDIX 4: INSTRUCTIONS

**Peter Murphy**

**From:** Mark Kilmier [mkilmier@ironmountainmining.com.au]  
**Sent:** Thursday, 23 September 2010 2:07 PM  
**To:** Peter Murphy  
**Subject:** RE: Mackie Street Victoria Park

Thanks Peter I appreciate it

Regards

**Mark Kilmier**

*Company Secretary and Chief Financial Officer*

- ◆ Iron Mountain Mining Limited (ASX:IRM) ABN 62 512 974 459
- ◆ Rex Hays Resources Limited (ASX:HYR) ABN 35 100 796 756
- ◆ United Grocers Limited (ASX:UGL) ABN 45 115 803 005
- ◆ Inco Nickel Limited (ASX:INL) ABN 61 125 368 658
- ◆ Acta-Style Limited (ASX:ACV) ABN 14 086 778 476

PH: (61) 9225 6475 Mob: (61) 4 605 803 Fax: (61) 9225 6474  
 E: [mkilmier@ironmountainmining.com.au](mailto:mkilmier@ironmountainmining.com.au)  
 Level 7, 231 Adelaide Terrace, Perth WA 6000  
 Postal: PO Box 3235 236 Adelaide Terrace, Perth WA 6002

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Iron Mountain Mining Limited is a company of Iron Mountain Mining Limited. Iron Mountain Mining Limited is a company of Iron Mountain Mining Limited. Iron Mountain Mining Limited is a company of Iron Mountain Mining Limited. Iron Mountain Mining Limited is a company of Iron Mountain Mining Limited.

Please consider the environment before printing this e-mail

**From:** Peter Murphy [mailto:peter@vwa.com.au]  
**Sent:** 23 September 2010 12:48  
**To:** Mark Kilmier  
**Subject:** RE: Mackie Street Victoria Park

Mark

I will inspect the property Friday Morning and update the report and comment on the approved use "offices". Delivery indicated middle of next week

Mark Peter Murphy

**From:** Mark Kilmier [mailto:mkilmier@ironmountainmining.com.au]  
**Sent:** Tuesday, 21 September 2010 3:20 PM  
**To:** Peter Murphy  
**Cc:** Carol Murphy  
**Subject:** FW: Mackie Street Victoria Park



13/9/10

We have obtained the attached copy of the contract approval from the bidder who completed the operations. Please  
include this in your valuation, both in the narrative and attachments if appropriate

Thanks for your prompt assistance with this.

Regards

**Mark Killmier**

**Company Secretary and Chief Financial Officer**

- ✦ Iron Mountain Mining Limited (ASX:IRM) ABN 62 117 614 451
- ✦ Red River Resources Limited (ASX:RRV) ABN 35 100 281 754
- ✦ United Onions Limited (ASX:UOG) ABN 45 115 881 005
- ✦ Falcus Nickel Limited (ASX:ENL) ABN 61 127 364 658
- ✦ Adhionite Limited (ASX:ADN) ABN 14 086 774 474

Ph: (08) 9226 6475 Mob: 04 14 505 812 Fax: (08) 9226 6474  
E: [mkillmier@ironmountainresources.com.au](mailto:mkillmier@ironmountainresources.com.au)  
Level 7, 231 Adelaide Terrace, Perth WA 6000  
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Please consider the environment before printing this e-mail.

From: P & J Homes [<mailto:contactus@pjhomes.com.au>]  
Sent: 21 September 2010 15:21  
To: Mark Killmier  
Subject: Mackie Street Victoria Park

Mark

Copy of letter from Town of Victoria Park and conditions of approval documentation

Hope this is of assistance. If you need any further information, please contact us

P & J Homes  
2011 Wetherill Road  
Turin Hill WA 6090

Tel: (08) 9344 4144  
Fax: (08) 9440 1233  
Email: [contactus@pjhomes.com.au](mailto:contactus@pjhomes.com.au)

Information from ESET NOD32 Antivirus, version of virus signature database 5465 (2010/09/20)

**UNITED OROGEN LIMITED**  
**ACN 115 593 005**

# Proxy Form

**1 SHAREHOLDER** 

Name, address and daytime telephone number of shareholder of United Orogen Limited.

Name .....

Address .....

.....

Daytime phone no. ....

**2 APPOINTS** 

If you appoint the Chairman as your proxy, but do not wish to direct your proxy how to vote on a Resolution, you must place a mark in the box below headed "Proxy's Discretion" in respect of that Resolution. By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

Insert here the name of the person you wish to appoint as proxy; **shareholders cannot appoint themselves.**

Name of proxy – please print

.....

If you appoint the Chairman as your proxy, but do not mark any box, the Chairman will be unable to exercise your proxy vote.

**OR**, if no person is named, the **Chairman** of the meeting to vote in accordance with the following directions or, if no directions have been given, as the Proxy (other than the Chairman) sees fit at the General Meeting of the Company to be held on **27 May 2011** commencing at **11 am** (WST) and at any adjournment thereof.

If you appoint the Chairman as your proxy and place a mark in any box below headed "Proxy's Discretion", the Chairman intends to exercise your proxy to vote in favour of that Resolution.

**3 SIGNATURE OF SHAREHOLDER(S)** 

All single or joint holders of shares must sign this form.



Signature

Signature

Signature

Date

or in the case of a company

The **COMMON SEAL** of the company is affixed in accordance with its constitution in the presence of:/Executed by the company by its duly authorised officers in accordance with sub-section 127(1) of the Corporations Act 2001:\*

.....

Signature of Director

.....

Name of Director (Print)

.....

Signature of Director/Secretary

.....

Name of Director/Secretary (Print)

or signed by .....

under Power of Attorney on behalf of the company.

\* *delete as appropriate*

This proxy form must be signed by the shareholder and, in the case of joint shareholders, by each of the joint shareholders. In the case of a corporation, this proxy form must be executed in accordance with section 127 of the Corporations Act 2001. In the case of a Sole Director/Secretary company, please indicate "Sole Director". If this proxy form is signed under Power of Attorney the original Power of Attorney (or a copy certified as a true copy by statutory declaration) must be forwarded with the proxy form.

**4 PROXY'S VOTING INSTRUCTIONS (OPTIONAL)**



|   | FOR                  | AGAINST              | ABSTAIN              | PROXY'S DISCRETION   |
|---|----------------------|----------------------|----------------------|----------------------|
| 1. Sale of 113 Mackie Street, Victoria Park | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 2. Sale of mining tenements                 | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |
| 3. Grant of options to Noel Taylor          | <input type="text"/> | <input type="text"/> | <input type="text"/> | <input type="text"/> |

If you wish to direct your proxy how to vote, place a mark on the appropriate box. If a mark is placed in a box, your total shareholding will be voted in that manner. You may, if you wish, split your voting direction by inserting the number of shares you wish to vote in the appropriate box. The direction will be invalid if a mark is made against more than one box for a particular item, or, if you have split your direction, if the total shareholding shown in "FOR", "AGAINST", "ABSTAIN" and "PROXY'S DISCRETION" boxes is more than your total shareholding on the share register. Each person who attends the meeting is entitled to one vote only on a show of hands. A person who holds proxies for more than one shareholder cannot vote on a show of hands if he or she holds proxies directing him or her to vote both for and against a resolution.

**5 APPOINTMENT OF A SECOND PROXY (OPTIONAL)**

If you want to appoint two proxies you may state here the percentage of your voting rights applicable to this proxy form. If you do not specify a particular percentage, each proxy is entitled to exercise 50% of your voting rights applicable to this proxy form.

%

A shareholder is entitled to appoint up to two persons (whether shareholders or not) to attend the meeting and vote as proxies. If you wish to appoint two proxies please either photocopy the proxy form or telephone Mr Mark Killmier on ++618 9225 6475 to obtain a second form. Both forms should be completed with the nominated percentage of your voting rights on each form. Please return the proxy forms together.

**Important Information**

**Deadline for Receipt of proxies** To be effective, a completed proxy form together with the power of attorney (if any) under which it is signed, must be received by the Company at its registered office or Company office, Level 7, 231 Adelaide Terrace, Perth not less than 48 hours before the appointed time of the General Meeting ie. no later than 10 am WST on 26 May 2011.

**Destination of Completed Proxy Form** Once the Proxy Form is completed and all details checked by you, the form is to be sent or delivered to the Company's office at Level 7, 231 Adelaide Terrace, Perth WA 6000 or sent by facsimile to the registered office on ++ 618 9225 6474.

**For Further Information** If you need any further information about this form or attendance at the Company's General Meeting, please contact Mr Mark Killmier, Company Secretary, on ++ 618 9225 6475.