

23 September 2011

www.gloryresources.com.au

Manager of Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2001

By E-Lodgement

Notice of Meeting

Please find attached the Glory Resources Limited (ASX Code: GLY) Notice of Meeting being dispatched to shareholders.

For further information please contact:

Jeremy King
Director
Tel: +61 (0) 438 333 104

Jason Bontempo
Director
Tel: +61 (0) 413 737 376

Company Background

Glory Resources is an Australian listed Exploration company which holds Platinum Group Element, Gold and base metal prospective tenure in Canada. The Company's flagship project, Onion Lake, is prospective for Copper-Nickel-Platinum Group Elements and is comprised of approximately 190km² of contiguous mining claims which are adjacent to Magma Metals (Canada) Ltd (ASX:MMW) Thunder Bay North Polymetallic Property (732,000 Pt equivalent resource). Glory holds the right to earn a 75% interest in the Onion Lake Project pursuant to a joint venture with TSX listed Benton Resources Limited.

In addition, Glory Resources holds a 100% interest in the Eagle Lake Project (prospective for Gold, Gold-Copper) and the Way Lake Project (prospective for Nickel-Platinum Group Elements). All projects are contained in the Lake Superior region in Canada, a known mineralised region with a history of mining which is serviced by excellent local infrastructure and a highly skilled mining workforce.

Glory Resources' executive team are focussed on deriving shareholder value from its existing suite of tenements, but also regularly review additional mining investment opportunities.

BOARD

Jason Bontempo
Jeremy King
Bernard Aylward

COMPANY SECRETARY

Emma McCormack

CORPORATE INFORMATION

Shares on issue	37.8m
Options on issue	15.2m
Cash	\$4.2m

REGISTERED OFFICE

945 Wellington Street
West Perth WA 6005

POSTAL ADDRESS

PO Box 1263
West Perth WA 6872

CONTACT DETAILS

Tel: +61 8 9322 7600
Fax: +61 8 9322 7602

SHARE REGISTRY

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153
Tel: +61 8 9315 2333

ASX CODE

GLY

GLORY RESOURCES LIMITED
ABN 38 142 870 102
(TO BE RENAMED CHRYSOS LIMITED)

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9.00am (WST)
DATE: 24 October 2011
PLACE: 35 Richardson Street, West Perth, Western Australia, 6005

This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting. Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 7600.

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CRITICAL DATES FOR SHAREHOLDERS

Event	Date
Announcement of Acquisition	18 August 2011
Dispatch of Notice of Meeting to Shareholders	26 September 2011
Lodgement of Prospectus ¹	13 October 2011
Cut off for lodging proxy form for Meeting	22 October 2011
Snapshot date for eligibility to vote at Meeting	22 October 2011
Suspension of the Company's securities from trading on ASX at the opening of trading	24 October 2011
Meeting to approve the change of activities and other matters	24 October 2011
Settlement of the Acquisition and issue of Shares under the Capital Raising	31 October 2011
Trading in securities reinstated by ASX (subject to satisfaction of Chapters 1 and 2 of the ASX Listing Rules). ² Normal T+3 trading commences	9 November 2011

Notes:

1. The Company intends to issue the Prospectus before the date of the Meeting.
2. Trading in securities will only be reinstated by ASX after the Company has completed the Acquisition and the Company has complied with Chapters 1 and 2 of the ASX Listing Rules. The Company will endeavour to minimise the period of suspension.
3. The above timetable is indicative only and may be varied by the Company in consultation with the ASX. Any changes will be released to the ASX.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

The Annual General Meeting of the Shareholders to which this Notice of Annual General Meeting relates will be held at 9am (WST) on 24 October 2011 at 35 Richardson Avenue, West Perth, Western Australia 6005.

Your Vote Is Important

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

Voting In Person

To vote in person, attend the Meeting on the date and at the place set out above.

Voting By Proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- a) post to Glory Resources Limited, 945 Wellington Street, West Perth, Western Australia, 6005; or
- b) facsimile to the Company on facsimile number +61 8 9322 7602,

so that it is received not later than 9am (WST) on 22 October 2011.

Proxy Forms received later than this time will be invalid.

CHAIRMAN'S LETTER

Dear Shareholder

I have pleasure in presenting what the Board of Directors believe is an exciting opportunity for our Company.

Glory Resources Limited (**Company** or **Glory**) is currently an Australian based mineral exploration company, targeting platinum group metals, copper, nickel and gold in the Thunder Bay area of Canada.

On 18 August 2011, the Company announced that it had signed an agreement with Cape Lambert Resources Limited (**Cape Lambert**) to acquire the Sapes gold project located in Sapes, Greece (**Sapes Project** or **Sapes**).

The Sapes Project is a high grade gold asset situated near the village of Sapes, north-eastern Greece.

The Sapes Project has:

- JORC measured resources of 647,000 oz of gold at an average grade of 8.9 grams per tonne;
- JORC indicated resources of 182,000 oz gold at an average grade of 14.9 grams per tonne;
- JORC proved reserves of 23,000 oz of gold at an average grade of 3.5 grams per tonne; and
- JORC probable reserves of 615,000 oz of gold at an average grade of 17.2 grams per tonne

The Sapes Project is based on mining the underground high-grade epithermal gold Viper deposit and a lower grade open pit St Demetrious deposit. Detailed information on the Sapes Project can be found in the Technical Report set out in Annexure A to this Notice of Meeting.

The Company's objective on successful acquisition of the Sapes Project is to efficiently progress environmental and mining permitting and advance the project to production.

The acquisition of the Sapes Project is subject to the satisfaction of a number of conditions, including approval from Shareholders, which is being sought at this Meeting.

The Board considers this to be an excellent opportunity for the Company to add a world class, advanced gold project to its asset portfolio. The Company intends to continue to pursue the development of its platinum group metals, copper, nickel and gold prospective assets in Thunder Bay, Canada.

I ask that you read the Notice of Annual General Meeting and attached Explanatory Statement carefully, and trust you will agree with the Board that this represents an outstanding opportunity for the Company.

Yours sincerely



Jason Bontempo
Executive Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders will be held at 9am (WST) on 24 October 2011 at 35 Richardson Street West Perth, Western Australia 6005.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders of the Company at 5.00 pm (WST) on 22 October 2011.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

The Explanatory Statement to this Notice of Meeting describes the matters to be considered at the Annual General Meeting.

Adoption of Annual Financial Report

To receive the Annual Financial Report, including Directors' declaration and accompanying reports of the Directors and auditors for the period ending 30 June 2011.

Non-binding Business

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company's Annual Report for the period ended 30 June 2011."

Short Explanation: The Corporations Act provides that a resolution that the remuneration report be adopted must be put to vote at a listed company's annual general meeting. The vote on this resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

Voting Exclusion: The Company will disregard any votes cast on Resolution 1 by or on behalf of a Restricted Voter. However, the Company need not disregard a vote if:

- a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- b) it is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

Ordinary Business

2. RESOLUTION 2 – RE-ELECTION OF MR JEREMY KING

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

“To elect Mr Jeremy King as a director of the Company who retires by rotation pursuant to the Constitution of the Company and being eligible offers himself for re-election.”

Short Explanation: in accordance with ASX Listing Rule 14.4 (rotation of directors) and the Company’s Constitution, one third of the Directors must retire by rotation at every Annual General Meeting. Accordingly, Mr King retires by rotation and being eligible for re-election, offers himself for re-election at the Meeting.

3. RESOLUTION 3 – RATIFY PRIOR ISSUE OF OPTIONS

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

“That, for the purposes of ASX Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, Shareholders approve and ratify the prior issue and allotment of 200,000 options with an exercise price of \$0.30 and an expiry date of 2 years from issue on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 3 by a person who participated in the issue and any of their associates. 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 proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. RESOLUTION 4 – APPOINTMENT OF AUDITOR

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

“That, for the purposes of section 327B of the Corporations Act and for all other purposes, BDO Audit (WA) Pty Ltd (ABN 79 112 284 787), having been nominated by a shareholder and consented in writing to act in the capacity of auditor, be appointed as auditor of the Company.”

5. RESOLUTION 5 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

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

“That, subject to the passing of Resolutions 6, 7 and 9, for the purpose of Listing Rule 11.1.3 and all other purposes, approval be and is hereby given for the ASX Company to make a significant change to the nature and scale of its activities as set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by any person who might obtain a benefit if Resolution 5 is passed (except a benefit solely in the capacity of a holder of ordinary Shares) and by any associate of that person or those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. RESOLUTION 6 – ISSUE OF CONSIDERATION SHARES AND DEFERRED CONSIDERATION SHARES TO CAPE LAMBERT RESOURCES LIMITED

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

“That, subject to passing of Resolutions 5, 7 and 9 for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue:

- a) 16,000,000 Consideration Shares;*
- b) such number of Shares equal to \$5,000,000 divided by a price per Share equal to the volume weighted average trading price of Shares on the 5 days before satisfaction of the grant of an operating permit (or equivalent) in respect of the Sapes Project; and*
- c) such number of Shares equal to \$5,000,000 divided by a price per Share equal to the volume weighted average trading price of Shares on the 5 days before satisfaction of the sale of the first 1,000oz of gold (or equivalent in the case of copper concentrate and / or silver metal) from the Sapes Project,*

to Cape Lambert Resources Limited (or its nominee) in consideration for the acquisition by the Company of 100% of the Sapes Project on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Cape Lambert Resources Limited and any of its associates or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. RESOLUTION 7 – ISSUE FOR PROSPECTUS CAPITAL RAISING

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

“That, subject to the passing of Resolutions 5, 6 and 9, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 200,000,000 Shares at an issue price of \$0.25 each raising up to a total of \$50,000,000 on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: The Company must issue a Prospectus in order to satisfy the requirements of Chapters 1 and 2 of the ASX Listing Rules and as a condition of the Company’s securities recommencing trading on the ASX following the Acquisition. The Prospectus will also facilitate the offer of the Shares to Australian investors referred to in Resolution 4. Please refer to the Explanatory Statement for details.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

8. RESOLUTION 8 – APPOINTMENT OF DIRECTOR

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

“That, subject to the passing of Resolutions 5-7 and 9, Mr Jeremy Wrathall be appointed as a Director effective immediately.”

Short Explanation: The Directors may at any time appoint a person to be a Director in accordance with the Constitution. Any Director so appointed holds office only until the next following annual general meeting unless appointed by shareholders.

9. RESOLUTION 9 – ISSUE OF OPTIONS TO BROKERS

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

“That, subject to the passing of Resolutions 5 - 7, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 5,100,000 Options each exercisable at \$0.25 each on or before 31 October 2014 on the terms set out in the Explanatory Statement.”

Short Explanation: The Company has agreed to issue Options to brokers who assist the Company in connection with the Capital Raising referred to in Resolution 7. The Company seeks Shareholder approval for the issue of the Options in accordance with ASX Listing Rule 7.1.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. RESOLUTION 10 – ISSUE OF OPTIONS TO MANAGEMENT, STAFF AND CONSULTANTS

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

“That, subject to the passing of Resolutions 5 – 7 and 9, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to allot and issue up to 5,700,000 Options, each exercisable at \$0.25 each on or before 31 October, 2014 on the terms set out in the Explanatory Statement.”

Short Explanation: The Company has agreed to issue Options to consultants who assist the Company in connection with the Capital Raising referred to in Resolution 7. The Company seeks Shareholder approval for the issue of the Options in accordance with ASX Listing Rule 7.1.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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 proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

11. RESOLUTION 11 – ISSUE OF OPTIONS TO MR BERNARD AYLWARD

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

“That, subject to the passing of Resolutions 5 – 7 and 9, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 800,000 Options to Mr Bernard Aylward (or his nominee) each exercisable at \$0.25 each on or before 31 October, 2014 on the terms and conditions in the Explanatory Statement.”

Short Explanation: Under the related party provisions of the Corporations Act (Chapter 2E) the provision of any financial benefit (which includes the granting of Options) to a related party requires Shareholder approval unless an exemption applies under the Corporations Act. The ASX Listing Rules require the Company to seek Shareholder approval prior to the issue of securities to a related party. Mr Bernard Aylward is a related party of the Company by virtue of the fact that he is a director of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Bernard Aylward (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Bernard Aylward (or his nominee) or an associate of Mr Bernard Aylward (or his nominee). Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution or the proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution or to abstain from voting.

12. RESOLUTION 12 – ISSUE OF OPTIONS TO MR JASON BONTEMPO

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

“That, subject to the passing of Resolutions 5 – 7 and 9, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 1,500,000 Options to Mr Jason Bontempo (or his nominee) each exercisable at \$0.25 each on or before 31 October, 2014 on the terms and conditions in the Explanatory Statement.”

Short Explanation: Under the related party provisions of the Corporations Act (Chapter 2E) the provision of any financial benefit (which includes the granting of Options) to a related party requires Shareholder approval unless an exemption applies under the Corporations Act. The ASX Listing Rules require the Company to seek Shareholder approval prior to the issue of securities to a related party. Mr Jason Bontempo is a related party of the Company by virtue of the fact that he is a director of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Jason Bontempo (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Jason Bontempo (or his nominee) or an associate of Mr Jason Bontempo (or his nominee). Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution or the proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution or to abstain from voting.

13. RESOLUTION 13 – ISSUE OF OPTIONS TO MR JEREMY KING

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

“That, subject to the passing of Resolutions 5 – 7 and 9, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 500,000 Options to Mr Jeremy King (or his nominee) each exercisable at \$0.25 each on or before 31 October, 2014 on the terms and conditions in the Explanatory Statement.”

Short Explanation: Under the related party provisions of the Corporations Act (Chapter 2E) the provision of any financial benefit (which includes the granting of Options) to a related party requires Shareholder approval unless an exemption applies under the Corporations Act. The ASX Listing Rules require the Company to seek Shareholder approval prior to the issue of securities to a related party. Mr Jeremy King is a related party of the Company by virtue of the fact that he is a director of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Jeremy King (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Jeremy King (or his nominee) or an associate of Mr Jeremy King (or his nominee). Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution or the proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution or to abstain from voting.

14. RESOLUTION 14 – ISSUE OF OPTIONS TO MR JEREMY WRATHALL

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

“That, subject to the passing of Resolutions 5 - 9, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to issue 1,500,000 Options to Mr Jeremy Wrathall (or his nominee) each exercisable at \$0.25 each on or before 31 October, 2014 on the terms and conditions in the Explanatory Statement.”

Short Explanation: Under the related party provisions of the Corporations Act (Chapter 2E) the provision of any financial benefit (which includes the granting of Options) to a related party requires Shareholder approval unless an exemption applies under the Corporations Act. The ASX Listing Rules require the Company to seek Shareholder approval prior to the issue of securities to a related party. Mr Jeremy Wrathall is a related party of the Company by virtue of the fact that he is a director of the Company.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Jeremy Wrathall (or his nominee) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and it is not cast on behalf of Mr Jeremy Wrathall (or his nominee) or an associate of Mr Jeremy Wrathall (or his nominee). Further, a Restricted Voter who is appointed as a proxy will not vote on this Resolution unless the appointment specifies the way the proxy is to vote on this Resolution or the proxy is the Chair of the meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note the Chair intends to vote any undirected proxies in favour of this Resolution. Shareholders may also choose to direct the Chair to vote against this Resolution or to abstain from voting.

15. RESOLUTION 15 – PARTICIPATION IN CAPITAL RAISING BY DIRECTORS – MR JASON BONTEMPO

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

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Jason Bontempo (or his nominees) to participate in the Capital Raising and, upon subscription, for the Company to issue and allot up to 2,000,000 Shares pursuant to the Capital Raising to Mr Jason Bontempo (or his nominee), a Director, on the terms and conditions set out in the Explanatory Statement.”

Short Explanation: Under the ASX Listing Rules an issue of securities to a related party requires prior shareholder approval. Mr Jason Bontempo, as a Director is a related party and wishes to participate in the Capital Raising referred to in Resolution 7. For the purposes of ASX Listing Rule 10.11, Shareholder approval is being sought to allow Mr Jason Bontempo to be issued Shares pursuant to the Capital Raising.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Jason Bontempo and any of his associates. However, the Company need not disregard a vote if it:

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

16. RESOLUTION 16 – PARTICIPATION IN CAPITAL RAISING BY DIRECTORS – MR BERNARD AYLWARD

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Bernard Aylward (or his nominees) to participate in the Capital Raising and, upon subscription, for the Company to issue and allot up to 2,000,000 Shares pursuant to the Capital Raising to Mr Bernard Aylward (or his nominee), a Director, on the terms and conditions set out in the Explanatory Statement."

Short Explanation: Under the ASX Listing Rules an issue of securities to a related party requires prior shareholder approval. Mr Bernard Aylward, as a Director is a related party and wishes to participate in the Capital Raising referred to in Resolution 7. For the purposes of ASX Listing Rule 10.11, Shareholder approval is being sought to allow Mr Bernard Aylward to be issued Shares pursuant to the Capital Raising.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Bernard Aylward and any of his associates. However, the Company need not disregard a vote if it:

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

17. RESOLUTION 17 – PARTICIPATION IN CAPITAL RAISING BY DIRECTORS – MR JEREMY KING

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Jeremy King (or his nominees) to participate in the Capital Raising and, upon subscription, for the Company to issue and allot up to 2,000,000 Shares pursuant to the Capital Raising to Mr Jeremy King (or his nominee), a Director, on the terms and conditions set out in the Explanatory Statement."

Short Explanation: Under the ASX Listing Rules an issue of securities to a related party requires prior shareholder approval. Mr Jeremy King, as a Director is a related party and wishes to participate in the Capital Raising referred to in Resolution 7. For the purposes of ASX Listing Rule 10.11, Shareholder approval is being sought to allow Mr Jeremy King to be issued Shares pursuant to the Capital Raising.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Jeremy King and any of his associates. However, the Company need not disregard a vote if it:

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

18. RESOLUTION 18 – PARTICIPATION IN CAPITAL RAISING BY DIRECTORS – MR JEREMY WRATHALL

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

"That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for Mr Jeremy Wrathall (or his nominees) to participate in the Capital Raising and, upon subscription, for the Company to issue and allot up to 2,000,000 Shares pursuant to the Capital Raising to Mr Jeremy Wrathall (or his nominee), a Director, on the terms and conditions set out in the Explanatory Statement."

Short Explanation: Under the ASX Listing Rules an issue of securities to a related party requires prior shareholder approval. Mr Jeremy Wrathall, as a Director is a related party and wishes to participate in the Capital Raising referred to in Resolution 7. For the purposes of ASX Listing Rule 10.11, Shareholder approval is being sought to allow Mr Jeremy Wrathall to be issued Shares pursuant to the Capital Raising.

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Jeremy Wrathall and any of his associates. However, the Company need not disregard a vote if it:

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

19. RESOLUTION 19 – SECTION 195 APPROVAL

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

"That, for the purposes of section 195(4) of the the Corporations Act and for all other purposes, Shareholders approve and authorise the Directors to complete the transactions contemplated in the Notice and the Explanatory Memorandum."

20. RESOLUTION 20 – CHANGE OF COMPANY NAME

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

"That, subject to passing of Resolutions 5 - 14, for the purpose of Section 157(1) of the Corporations Act and for all other purposes, approval is given for the name of the Company to be changed from Glory Resources Limited to "Chrysos Limited" on completion of the Acquisition."

Short Explanation: Approval is sought pursuant to section 157 of the Corporations Act to change the name of the Company to "Chrysos Limited". Please refer to the Explanatory Statement for details.

DATED: 22 SEPTEMBER 2011
BY ORDER OF THE BOARD

JEREMY KING
DIRECTOR

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Meeting to be held at 9am (WST) on 24 October 2011 at 35 Richardson Avenue, West Perth, Western Australia 6005.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. GENERAL

1.1 Background

Glory is a public company listed on the official list of ASX (ASX code: GLY).

Current operations

The Company is an Australian based mineral exploration company which holds Platinum Group Element, Gold and base metal prospective tenure in Canada. The Company's flagship project, Onion Lake, is prospective for Copper-Nickel-Platinum Group Elements and is comprised of approximately 190km² of contiguous mining claims which are adjacent to Magma Metals (Canada) Ltd (ASX:MMW) Thunder Bay North Polymetallic Property (732,000 Pt equivalent resource). Glory holds the right to earn a 75% interest in the Onion Lake Project pursuant to a joint venture with TSX listed Benton Resources Limited.

In addition, Glory holds a 100% interest in the Eagle Lake Project (prospective for Gold, Gold-Copper) and the Way Lake Project (prospective for Nickel-Platinum Group Elements). All projects are contained in the Lake Superior region in Canada, a known mineralised region with a history of mining which is serviced by excellent local infrastructure and a highly skilled mining workforce.

In April and May of 2011, the Company carried out a diamond core drilling programme on its Onion Lake project targeting Magma Metals style mineralisation. This programme was successful in hitting the correct rock type, prospective for PGM-Cu-Ni mineralisation in the region, and it has validated the aeromagnetic survey of the Company's land tenure in Canada. On the back of this successful phase 1 of drilling, the Company has designed a 12 month 7,000 metre drilling programme in respect of its Canadian assets which is scheduled to commence in mid September, 2011.

Sapes Project acquisition

As announced to ASX on 18 August 2011, the Company has entered into a binding heads of agreement (**Heads of Agreement**) with Cape Lambert Resources Limited (**Cape Lambert**). Pursuant to the Heads of Agreement, Cape Lambert will sell, and the Company will acquire, 100% of the Sapes Project.

Further details of the Sapes Project are set out in Section 1.3.

1.2 Heads of Agreement

The Heads of Agreement sets out the terms upon which the Company is to acquire the Sapes Project from Cape Lambert. The Heads of Agreement supersedes any and all previous correspondence, agreements or understandings between the Company and Cape Lambert and is the instrument pursuant to which the Company will acquire Scarborough Minerals Overseas Holdings Ltd, which through its wholly owned subsidiaries controls the Sapes Project.

The material terms of the Heads of Agreement are as follows:

- a) **(Conditions Precedent)**: settlement of the Heads of Agreement is subject to and conditional upon (*inter alia*):
- i. completion of due diligence by Glory on the Sapes Project and its holding companies, to the satisfaction of Glory Resources by no later than 15 September 2011 (**Due Diligence Satisfaction Date**);
 - ii. Glory Resources successfully completing a capital raising of no less than A\$42,500,000 through the issue of 170,000,000 Shares at an issue price of no less than A\$0.25 per Share;
 - iii. the parties entering into a comprehensive share sale agreement incorporating the terms and conditions contained in the Heads of Agreement;
 - iv. all relevant consents and approvals including (but not limited to) approval from the Greek government (if required) and authorities for the Acquisition being obtained on terms acceptable to Glory;
 - v. Glory obtaining all required Shareholder approvals to proceed with the transactions contemplated by the Heads of Agreement at a general meeting of shareholders; and
 - vi. if required, Glory re-complying with Chapters 1 and 2 of the ASX Listing Rules,
- (together, the **Conditions**). If the Conditions are not satisfied (or waived by Glory Resources) on or before 5.00pm (WST) on the Due Diligence Satisfaction Date in respect of the Condition in sub-clause (a)(i) above and on or before 5.00pm (WST) on 31 December 2011 (unless extended by the parties) in respect of the other Conditions, the agreement constituted by the Heads of Agreement will be at end and the parties will be released from their obligations under the Heads of Agreement. The parties undertake to use their best efforts to ensure that the Conditions are satisfied;
- b) **(Consideration)**: in consideration of the acquisition of 100% of the Sapes Project, the Company will:
- i. issue Cape Lambert 16,000,000 Consideration Shares (refer to Resolution 6); and
 - ii. pay Cape Lambert A\$32,500,000 cash (**Cash Consideration**),
- (together, the Settlement Consideration);
- c) **(Deferred Consideration)**: in addition to the Settlement Consideration, the Company has agreed to:
- i. the payment of A\$5,000,000 in cash upon the granting of an operating mining permit in respect of the Sapes Project or the issue of Shares (at a deemed issue price per Share equal to the volume weighted average trading price of Shares on the 5 days before satisfaction of such grant) (at the election of Glory) (**Permit Milestone**); and

- ii. the payment of A\$5,000,000 in cash or issue of Shares (at the election of Glory) upon the production of the first 1,000oz Au from the Sapes Project, or the issue of Shares (at a deemed issue price per Share equal to the volume weighted average trading price of Shares on the 5 days before satisfaction of this milestone) (at the election of Glory) **(Production Milestone)**,

(together, the **Deferred Consideration**).

- d) **(Settlement)**: settlement of the Heads of Agreement is to occur on that date which is 5 business days after the satisfaction or waiver of the last of the Conditions (Settlement);
- e) **(Options to Directors, Management, Staff, Consultants and Brokers)**: as an incentive to directors, management, consultants and brokers related to the Acquisition and the ongoing development of the Sapes Project the Company has agreed to issue up to 15,100,000 unlisted options to acquire Glory Shares exercisable at \$0.25 each within 3 years from the date of issue to employees and consultants to Glory and brokers who assist with the Capital Raising (on the terms and conditions set out in Schedule 1) (refer to Resolutions 9 to 14).

Cape Lambert has provided standard warranties and representations in favour of the Company in relation to the Sapes Project and its holding companies in the Heads of Agreement. The Heads of Agreement otherwise contains standard clauses typical for an agreement of this nature.

Notwithstanding the fact that the Heads of Agreement is legally binding on the parties, the parties agree to enter into a formal share sale agreement to more fully document the terms of the Acquisition which shall be in terms acceptable to the parties (acting reasonably) and which shall be consistent with the terms set out in the Heads of Agreement.

1.3 Overview of Sapes Project

The Sapes Project is principally comprised of Lease Contract No. 850 for the E5 Area located in Sapes, Greece.

The respective JORC resource and reserves statement for the Sapes Project is set out below:

Sapes Project JORC Resource Statement

Orebody	Category	Cut-Off Grade	Tonnes	Grades			Ounces of Gold
				Au (g/t)	Ag (g/t)	Cu (%)	
Viper	Measured	4.0	710,000	22.2	11.5	0.40	507,000
St Demetrios	Measured	1.0	730,000	3.5	3.2		82,000
Scarp	Measured	1.0	820,000	2.2	1.5		58,000
	sub-total		2,260,000	8.9	5.2	0.20	647,000
Viper	Indicated	4.0	280,000	19.5	9.0	0.35	176,000
St Demetrios	Indicated	1.0	50,000	2.6	2.8		4,000
Scarp	Indicated	1.0	50,000	1.7	1.1		3,000
	sub-total		380,000	14.9	7.1	0.30	182,000
Rounded	Total		2,640,000	9.8	5.5		830,000

**The Mineral Resource statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Ltd. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation" (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

In all cases, the Mineral Resources reported in this statement are inclusive of those Mineral Resources modified to produce Ore Reserves.

Sapes Project JORC Reserve Statement

Orebody	Category	Cut-Off Grade (g/t)	Tonnes	Grades			Ounces of Gold
				Au (g/t)	Ag (g/t)	Cu (%)	
St Demetrios**	Proved	1.0	200,000	3.5	5.2		23,000
	sub-total		200,000	3.5	5.2		23,000
Viper*	Probable	4.0	1,109,000	17.2	8.8	0.31	614,000
St Demetrios**	Probable	1.0	10,000	3.6	4.4		1,000
	sub-total		1,119,000	17.2	8.8	0.31	615,000
Rounded	Total		1,319,000	15.1	8.2	0.26	638,000

*The Viper Ore Reserve statement has been compiled by Mr Malcolm Dorricott of AMC Consultants Pty Ltd. Mr Malcolm Dorricott is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Malcolm Dorricott has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

**The St Demetrious Ore Reserve statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Ltd. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation" (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Ownership Structure

Following completion of the Acquisition, the ownership structure of the Sapes Project will be as follows:

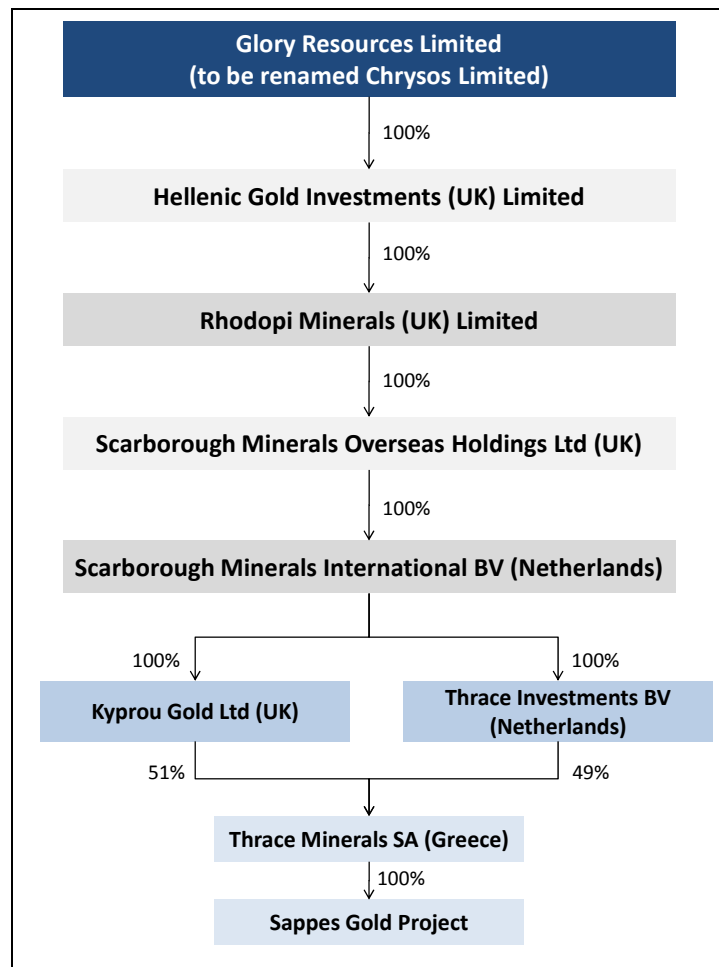


Figure 1: Post Acquisition Ownership Structure

Sapes Project Location

The Sapes Project is situated near the village of Sapes north-eastern Greece. The nearest major town is the Aegean port of Alexandroupolis approximately 30 km south east of the project area.



Figure 2: Sapes Project Location

Geology

The Sapes Project comprises three gold deposits; the main high grade Viper deposit which lies approximately 200m below the surface and the lower grade St Demetrios and Scarp deposits, which outcrop on the surface.

A map of the Sapes geology is set out below:

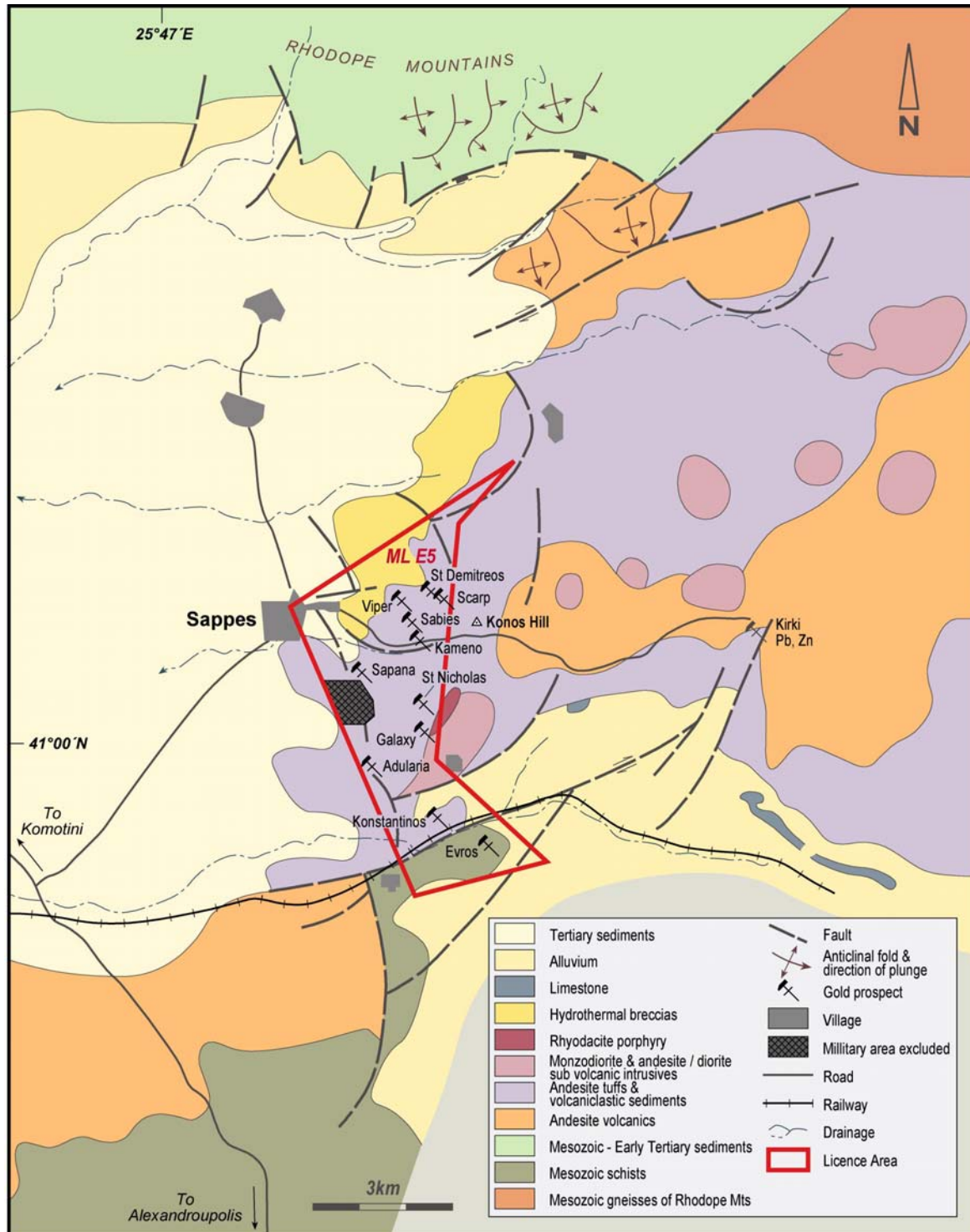


Figure 3: Sapes Project Geology

The main Viper deposit is interpreted to be sub-horizontal with an east to west orientation, has a strike length of 550m, a width of up to 130m and a thickness that reaches 60m. It is contained within a highly altered layer of volcanic ash, tuff and flow-margin crumble breccia lying between two andesitic lava flows. Although coarse-grained free gold has been observed in drill core from the Viper deposit, the majority of the gold occurs as intergrowths with a number of sulphide minerals. The Viper deposit remains open to the west.

The St. Demetrios and Scarp deposits are thought to be faulted extensions of the Viper deposit.

Technical Report

The Company has engaged an independent consultant to carry out a full technical review and report on the Sapes Project (Technical Report) which is set out in full in Annexure A. For further detail on the Sapes Project, please refer to the Technical Report. The Directors recommend that all Shareholders carefully read the Technical Report.

1.4 Re-compliance with Chapters 1 and 2 of the ASX Listing Rules

As the Company has no prior involvement in the gold industry, the acquisition of the Acquisition constitutes a significant change in the nature and scale of the Company's activities. On the basis that approval pursuant to Resolution 1 is obtained, the Company will seek to re-comply with the requirements of Chapters 1 and 2 of the ASX Listing Rules.

1.5 Impact of the Acquisition and Capital Raising on Capital Structure

The effect of the Acquisition and the Capital Raising (on an undiluted basis) on the capital structure of the Company (assuming \$50,000,000 is raised under the Capital Raising) can be summarised as follows:

Shares	Number
Shares on issue at the date of the Notice	37,816,179
Shares to be issued pursuant to Capital Raising (Resolution 7)	200,000,000
Consideration Shares to be issued to Cape Lambert (Resolution 6)	16,000,000
Total Shares	253,816,179

Options	Exercise Price	Expiry Date	Number
Options on issue as at the date of the Notice	\$0.30	31 March, 2013	200,000
	\$0.17	27 July, 2016	15,000,000
Broker, Management, Staff and Consultant Options to be issued pursuant to Resolutions 9 and 10 ¹	\$0.25	31 October, 2014	10,800,000
Board Options to be issued pursuant to Resolutions 11 to 14 ²	\$0.25	31 October 2014	4,300,000
Total Options			30,300,000

Notes:

1. The Company has agreed to issue these Options to brokers, management, staff and consultants who assist the Company in relation to the acquisition and development of the Sapes Project and the Capital Raising. These Options are issued on the terms and conditions set out in Schedule 1.
2. The Company has agreed to issue these Options to the Directors (or nominees) on completion of the Acquisition. These Options will be issued on the terms and conditions set out in Schedule 1.

1.6 Pro Forma Balance Sheet

An unaudited pro forma balance sheet of the Company following completion of the Acquisition and Capital Raising is set out as Schedule 2 of this Explanatory Statement.

1.7 Impact of the Acquisition on the Company

The proposed Acquisition will result in various advantages and disadvantages to the Company which Shareholders should consider prior to exercising their vote. Some of the key advantages and disadvantages are set out in section 1.8 and section 1.9 respectively.

1.8 Key Advantages of the Acquisition

The Directors consider that the key advantages to the Company and non-associated Shareholders of completing the Acquisition are as follows:

- a) the acquisition of the Sapes Project ensures the Company a resources and reserves inventory providing the foundation and substance for a future gold producer;
- b) the acquisition underpins the value proposition for the Company, which retains prospective PGM-Ni-Cu exploration potential in Thunder Bay, Canada
- c) the Acquisition provides an opportunity for the Company to diversify its current business operations;
- d) the potential increase in market capitalisation of the Company following completion of the Acquisition and the associated Capital Raising may lead to increased coverage from investment analysts, access to improved equity capital market opportunities and increased liquidity, which are not currently present; and
- e) the Acquisition complements the Company's existing exposure to precious metals by way of exposure to gold which is trading at or around historical highs.

1.9 Key Disadvantages of the Acquisition

The Directors consider that the key disadvantages to the Company and non-associated Shareholders of completing the Acquisition are as follows:

- a) there are many risk factors associated with the change in nature of the Company's activities, including sovereign risk, and risks associated with the requirement to obtain environmental and other regulatory approvals. These risks are set out in further detail in section 1.11;
- b) a significant future outlay of funds will be required which will increase funding pressure on the Company in order to continue exploration of the Sapes Project;
- c) current Shareholders will have their interests in the Company diluted by the Acquisition, Capital Raising and any further equity funding undertaken by the Company to develop the Sapes Project;
- d) there is no guarantee that exploration on the Sapes Project by the Company will result in the discovery of additional Mineral Resources;
- e) proposed project timelines may not proceed as expected; and
- f) the development of the Sapes Project is subject to a number of regulatory approvals in Greece, none of which are guaranteed to be obtained. The requirement to obtain these approvals increase the risks associated with developing the Sapes Project.

1.10 Use of funds raised from the Capital Raising

The Company intends to apply funds raised pursuant to the Capital Raising (\$50,000,000) as follows:

Use	Amount \$
Project Permitting	\$1,500,000
Mine Development	\$5,000,000
Sapes Exploration Programme	\$3,500,000
Cash Consideration payable to Cape Lambert	\$32,500,000
Capital Raising and transaction expenses	\$3,500,000
Working capital and general administration expenses	\$4,000,000
Total	\$50,000,000

1.11 Risks – change of activities

Shareholders should be aware that if the Resolutions are approved, the Company will be changing the nature and scale of its activities to a gold exploration and production company with operations in Greece, and which will become subject to various risk factors which do not necessarily apply to the Company at present. Shareholders should consider the Technical Report when considering the risks associated with the Acquisition. Based on the information available, a non-exhaustive list of risk factors associated with the Acquisition are as follows:

a) Greek Government Licenses and Approvals

The Sapes Project is located in north-eastern Greece. Mining operations are not as prevalent in Greece as other jurisdictions and risks exist in terms of Greek governmental approval for the various activities which an operating mine requires and the timetable associated with obtaining such approvals.

In particular, likely timetable for the process for environmental approvals for the Sapes Project is uncertain and may take longer than is advantageous to the Company.

Amongst other things, Greek government environment approval involves the Environmental Impact Assessment Study (EIA) being submitted to the Department in charge of Ministry of Environment, Energy and Climate Change (MOE) and it bring approved through a Joint Ministerial Decree (JMD) of the MOE and other Administrative Bodies, subject to the special conditions and characteristics of the project and the broader project area. The time for its approval is from 5 to 12 months (depending on local Community support, the way the EIA addresses the environmental terms of the Preliminary Environmental Estimation and Evaluation and the complexity of the Project).

Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, foreign currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety.

Failure to comply strictly with applicable laws, regulations and local practices relating to mineral rights applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

Outcomes in courts in Greece may be less predictable than in Australia, which could affect the enforceability of contracts entered into in respect of the Sapes Project.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Greece, the Directors may reassess investment decisions and commitments to assets in Greece.

b) Exploration and production risks

The business of gold exploration and production, project development and production involves risks by its very nature. To prosper, it depends on the successful development of gold reserves. Operations, such as design and construction of efficient recovery and processing facilities, competent operational and managerial performance and efficient distribution services are required to be successful. In particular, exploration is a speculative endeavour whilst production operations can be hampered by force majeure circumstances, engineering difficulties, cost overruns, inconsistent recovery rates and other unforeseen events.

The outcome of exploration programs will affect the future performance of the Company and its Shares. If, and when, the Company commences production, the production may be curtailed or shut down for considerable periods of time due to any of the following factors:

- i. disruptions to the transport chain being road and rail;
- ii. port infrastructure and ocean freight;
- iii. a lack of market demand;
- iv. government regulation;
- v. production allocations; and
- vi. force majeure.

These curtailments may continue for a considerable period of time resulting in a material adverse effect on the results of operations and financial condition of the Company.

Further, the exploration for and production of gold involves certain operating hazards, such as:

- i. failure and or breakdown of equipment;
- ii. adverse geological, seismic and geotechnical conditions;
- iii. industrial accidents;
- iv. labour disputes;
- v. adverse weather conditions;
- vi. pollution; and
- vii. other environmental hazards and risks.

Any of these hazards could cause the Company to suffer substantial losses if they occur.

The future exploration activities of the Company may not be successful. Unsuccessful exploration activities could have a material adverse effect on the results of operations and financial condition.

c) Resource estimates

Resource, reserve and other estimates of gold, copper and silver occurrences, including those contained in this Notice, are expressions of judgment based on knowledge, experience and industry practice. Often these estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates, including that gold mined may be of a different quality, grade or strip ratio from the estimates. Resource and reserve estimates are necessarily imprecise and depend to some extent upon interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to the estimates of gold reserves could affect its development and mining plans.

d) Title risk

Interests in mineral rights in Greece are governed by Greek legislation. The licence which grants the title to the Sapes Project is subject to compliance with certain requirements, including lodgement of reports, payment of royalties and compliance with environmental conditions and environmental legislation. Consequently, the Company could lose title to or its interest in the Sapes Project if these requirements are not met.

The Acquisition is subject to the Company acquiring control of a chain of entities that ultimately control Thrace Minerals SA, the holder of the licence which grants the title to the Sapes Project. Whilst these entities do not currently have any other assets, liabilities or operations outside of those associated with the Sapes Project, Glory will not be the registered licence holder and the preservation of title over the Sapes Project will be subject to the entities Glory proposes to gain control of through the Acquisition doing all things necessary to be in suitable standing to enable Glory to obtain beneficial title over the Sapes Project.

e) Environmental risk

The Company's operations in Greece will be subject to various regulations regarding environmental matters and the discharge of hazardous waste and materials. Development of the gold resources will be dependent on the project meeting environmental guidelines and gaining approvals by government authorities. Whilst the Company intends to conduct its activities in an environmentally responsible manner, risks arise in relation to compliance with these regulations and approvals. The introduction of more stringent regulations and conditions may also adversely affect the Company.

f) Gold price volatility

Upon completion of the Acquisition and subsequent development of the Sapes Project (if developed), the majority of the Company's revenues and cash flows are likely to be derived from the sale of gold or gold rich product. Therefore, the financial performance of the Company will be sensitive to the gold price. Gold prices are affected by numerous factors and events that are beyond the control of the Company. These factors and events include general economic activity, world demand, global political stability, costs of production by other gold producers and other matters such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar) as well as general global economic conditions and political trends.

If gold prices should fall below or remain below the Company's future costs of production for any sustained period due to these or other factors and events, the Company's exploration and any future production could be delayed or even abandoned. A delay in exploration or future production or the abandonment of the Company's project may have a material adverse effect on the Company's production, earnings and financial position.

g) Exchange rate risk

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of gold exposes the potential income of the Company to commodity price and exchange rate risks.

h) Unforeseen expenditure risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Notice. If such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

i) Additional requirements for capital

The Directors expect that the Company will have sufficient capital resources to enable the Company to achieve its initial business objectives upon settlement of the Acquisition.

However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or capital raisings. Additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its expansion and development programs. If the Company is successful in meeting its initial objectives with respect to the Sapes Project, then additional capital will be required to further develop its operations and pursue business opportunities.

j) Government policy changes and legal risk

Government action or policy change (in particular, by the Greek government) in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect the Company's operations and financial performance.

The Company's Greek operations will be governed by a series of Greek laws and regulations. Breaches or non-compliance with these laws and regulations can result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cashflows, growth prospects and share price of the Company.

These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cashflows, growth prospects and share price for the Company. The legal and political conditions of Greece and any changes thereto are outside the control of the Company.

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and the value of its Shares. In addition, there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

k) Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel.

In particular, the Company intends that the day-to-day management of the Sapes Project will remain with the existing senior management and key personnel, who have the experience and knowledge required to manage development and production in Greece. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these personnel cease their employment.

l) Competition

There is a risk that the Company will not be able to continue to compete profitably in the competitive industry in which it intends to operate. The potential exists for the nature and extent of the competition to change rapidly, which may cause loss to the Company.

m) Third party risks

The operations of the Company will require the involvement of a number of third parties, including suppliers, contractors and customers. Financial failure, default or contractual non-compliance on the part of such third parties may have a material impact on the Company's operations and performance. It is not possible for the Company to predict or protect itself against all such risks.

n) Management of growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy after completion of the Acquisition. The capacity of the new management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

o) Insurance

The Company will, where possible and economically practicable, endeavour to mitigate some project and business risks by procuring relevant insurance cover. However, such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover.

While the Company will undertake all reasonable due diligence in assessing the creditworthiness of its insurance providers, there will remain the risk that an insurer defaults in payment of a legitimate claim by the Company under an insurance policy.

p) Economic risks

General economic conditions, movements in interest and inflation rates, commodity prices and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- a) general political and economic outlook in Australia and Greece;
- b) interest rates and inflation rates;
- c) currency fluctuations;
- d) changes in investor sentiment toward particular market sectors (in particular iron ore);
- e) industrial and landowner issues and disputes; and
- f) terrorism or other hostilities.

q) International operations

Any potential future Greek operations of the Company's are subject to a number of risks, including:

- a) potential difficulties in enforcing agreements and collecting receivables through foreign local systems;
- b) potential difficulties in protecting rights and interest in assets;
- c) increases in costs for transportation and shipping; and
- d) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

Greece experiences economic, social and political volatility. As a result, the Company's future operations may be impacted by currency fluctuations, political reforms, changes in Greek government policies and procedures, civil unrest, social and religious conflict and deteriorating economic conditions. The likelihood of any of these changes, and their possible effects, if any, cannot be determined by the Company with any clarity at the present time, but they may include disruption, increased costs and, in some cases, total inability to establish or to continue to operate mining exploration or development activities.

r) Risks relating to the Change in Nature and Scale of Activities

The Acquisition constitutes a significant change in the nature and scale of the Company's activities and the Company needs to comply with Chapters 1 and 2 of the ASX Listing Rules as if it were seeking admission to the official list of ASX. There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation of its Shares on the ASX. Should this occur, the Shares will not be able to be traded on the ASX until such time as those requirements can be met, if at all.

s) No profit to date and uncertainty of future profitability

The Company has incurred losses in the past and it is therefore not possible to evaluate the Company's future prospects based on past performance. The Company expects to make losses in the foreseeable future. Factors that will determine the Company's future profitability are its ability to manage its costs, its ability to execute its development and growth strategies, the success of its activities in a competitive market, the actions of competitors and regulatory developments. As a result, the extent of future profits, if any, and the time required to achieve sustainable profitability, is uncertain. In addition, the level of any such future profitability (or loss) cannot be predicted and may vary significantly from period to period.

1.12 Board of Directors

Upon completion of the Acquisition, all the members of the current Board will continue to serve as Directors of the Company. In addition, Mr Jeremy Wrathall shall join the Board. A summary of Mr Wrathall's experience is set out below in section 9.

1.13 Resolutions

The Company is putting the Resolutions to Shareholders to seek approval for:

- a) adoption of remuneration report (non-binding) (Resolution 1);
- b) re-election of Mr Jeremy King (Resolution 2);
- c) ratify prior issue of options (Resolution 3);
- d) appointment of auditor (Resolution 4);
- e) a change of nature and scale of its activities (Resolution 5);
- f) the issue of the Consideration Shares and Deferred Consideration Shares to Cape Lambert (Resolution 6);
- g) the issue of Shares raising a total of up to \$50 million pursuant to the Capital Raising (Resolution 7);
- h) the appointment of Mr Jeremy Wrathall as a Director (Resolution 8);
- i) the issue of Options to brokers who assist the Company in relation to the Capital Raising (Resolution 9);
- j) the issue of Options to management, staff and consultants who assist the Company in relation to the Sapes Project and the Capital Raising (Resolution 10);
- k) the issue of Options to Proposed Directors (Resolutions 11 - 14);
- l) participation in Capital Raising by Directors (Resolutions 15- 18);
- m) Section 195 approval (Resolution 19); and
- n) the Company to change its name (Resolution 20).

Some of the Resolutions are conditional on other Resolutions being passed.

1.14 Plans for the Company if the Acquisition does not proceed

If the Acquisition does not complete, the Company will continue with the development of its Canadian assets in respect of which it is carrying out its second drilling programme due to commence in mid-September 2011.

1.15 Directors Recommendations

The Directors do not have any material interest in the outcome of the Resolutions other than as a result of their interest arising solely in the capacity of Shareholders of the Company.

Each of the Directors intends to vote their Shares in favour of the Resolutions. Based on the information available, all of the Directors consider that the proposed Acquisition is in the best interests of the Company and recommend that Shareholders vote in favour of the Resolutions. The Directors have approved the proposal to put the Resolutions to Shareholders.

2. RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING RESOLUTION)

In accordance with section 250R(2) of the Corporations Act, the Company must put a resolution that the Remuneration Report as set out in the Directors' Report be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors of the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

If at least 25% of the votes cast are against adoption of the Remuneration Report at the 2011 Annual General Meeting, and then again at the 2012 Annual General Meeting, the Company will be required to put a resolution to the 2012 Annual General Meeting, to approve calling an extraordinary general meeting (spill resolution). If more than 50% of Shareholders vote in favour of the spill resolution, the Company must convene an extraordinary general meeting (spill meeting) within 90 days of the 2012 Annual General Meeting. All of the Directors who were in office when the 2012 Directors' Report was approved, other than the Managing Director, will (if desired) need to stand for re-election at the spill meeting.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any share based compensation.

Voting

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair will use any such proxies to vote in favour of the Resolution.

Shareholders are urged to carefully read the proxy form and provide a direction to the proxy on how to vote on this Resolution.

3. RESOLUTION 2 – RE-ELECTION OF MR JEREMY KING

In accordance with ASX Listing Rule 14.4, no director of the Company may hold office (without re election) past the longer of 3 years and the third Annual General Meeting following their appointment. Further, in accordance with the Company's Constitution, at every Annual General Meeting, one third of the Directors for the time being must retire from office and are eligible for re-election.

Accordingly, Mr King retires by rotation and being eligible, offers himself for re-election.

Mr King is a corporate lawyer by background with over 12 years' experience in domestic and international legal, financial and corporate matters. He spent several years in London where he worked with Allen & Overy LLP and Debevoise & Plimpton LLP. He has extensive corporate experience, particularly in relation to cross-border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings. As a corporate advisor with Max Capital Pty Limited, he regularly advises a wide range of ASX listed public companies in respect of capital raisings and corporate issues. Mr King is also a non-executive director of Orca Energy Limited.

4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF OPTIONS

4.1 Introduction

On 30 March 2011 the Company issued 200,000 unlisted options exercisable at \$0.30 within 2 years of issue for geological consultancy work carried out in respect of the Company's Canadian assets.

Resolution 3 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of these Options.

4.2 ASX Listing Rules

ASX Listing Rule 7.1 requires that a listed company obtain shareholder approval prior to the issue of shares, or securities convertible into shares, representing more than 15% of the issued capital of that company in any 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made without shareholder approval under ASX Listing Rule 7.1, those securities shall be deemed to have been made with shareholder approval for the purposes of ASX Listing Rule 7.1.

4.3 Resolution 3 seeks Shareholder approval for, and ratification of the issues of securities set out below.

The Board believes that the ratification of these issues is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 3 as it allows the Company to ratify the issue of the Options and retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

By ratifying the issue under ASX Listing Rule 7.4, the Company will retain the flexibility to issue equity securities in the future of up to the 15% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

4.4 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification pursuant to Resolution 3.

- a) 200,000 options were issued and allotted to Mr Bernard Aylward as the Company's consultant geologist. At the time of issue of the options, Mr Aylward was not nor contemplated to be a related party of the Company;
- b) 200,000 options were issued and allotted on 31 March 2011;

- c) the exercise price of each of the options is \$0.30 each and the options expire 2 years after they are issued;
- d) the options issued will convert into all fully paid ordinary shares in the capital of the Company on exercise; and
- e) no funds were raised pursuant to the issue of the options (although funds will be raised to the extent that the options are eventually exercised, with any such funds to be used for working capital purposes of the Company).

5. RESOLUTION 4 – APPOINTMENT OF AUDITOR

In accordance with section 328B(1) of the Corporations Act, the Company has sought and obtained a nomination from a shareholder for BDO Audit (WA) Pty Ltd (ABN 79 112 284 787) (**BDO**) to be appointed as the Company's auditor. Under section 328B(3) of the Corporations Act, a copy of this nomination:

- a) has been sent to BDO; and
- b) is attached to this notice as Annexure B.

BDO has given its written consent to act as the Company's auditor subject to shareholder approval of this Resolution 4.

If Resolution 4 is passed, the appointment of BDO as the Company's auditor will take effect at the close of this Annual General Meeting.

6. RESOLUTION 5 – CHANGE TO NATURE AND SCALE OF ACTIVITIES

6.1 Background

The Company is required to seek Shareholder approval to its proposed change in nature and scale of activities.

Refer to Section 1.1 for a summary of the Company's current operations.

Assuming Shareholders approve Resolution 5, the Company must comply with Chapters 1 and 2 of the ASX Listing Rules.

6.2 Listing Rule 11.1.3

In summary, Listing Rule 11.1 provides that a listed company that proposes to make a significant change to the nature or scale of its activities must provide full details to ASX as soon as practicable and:

- a) provide to ASX information regarding the change and its effect on future potential earnings, and any information that ASX asks for;
- b) if ASX requires, obtain the approval of holders of its shares to the change; and
- c) if ASX requires, meet the requirements in Chapters 1 and 2 of the ASX Listing Rules as if the Company were applying for admission to the official list of ASX.

ASX may also suspend quotation of the shares until the company has satisfied the requirements of Listing Rule 11.1.

ASX has informed the Company that the proposed change in the nature and scale of activities will require:

- a) Shareholder approval; and
- b) compliance with the requirements set out in Chapters 1 and 2 of the ASX Listing Rules.

The Company is preparing a prospectus, as required by the ASX Listing Rules, to provide information about the Company and its business, and this will be lodged at ASIC before the Meeting as set out in the indicative timetable set out at the front of the Notice. The Prospectus will also facilitate the offer of the Shares to Australian investor referred to in Resolution 7.

If Resolution 5 is passed, the Company will have obtained, in compliance with Listing Rule 11.1.3, Shareholder approval to the change in the nature and scale of its activities to the extent described in this Explanatory Statement.

If Resolution 1 is not passed, the Company will not be permitted to change the nature and scale of its activities and the Acquisition will not proceed.

The passing of Resolution 5 is conditional upon, and subject to, Resolutions 6, 7 and 9 being passed by Shareholders. Therefore, if you wish to vote in favour of Resolution 5, you should also vote in favour of Resolutions 6, 7 and 9.

7. RESOLUTION 6 – ISSUE OF CONSIDERATION SHARES AND DEFERRED CONSIDERATION SHARES TO CAPE LAMBERT RESOURCES LIMITED

7.1 General

As set out in Section 1.2, in accordance with the terms and conditions of the Heads of Agreement, the Company has agreed to issue Cape Lambert:

- a) 16,000,000 Consideration Shares in part consideration for the acquisition of the Sapes Project; and
- b) such number of Shares equal to \$5,000,000 divided by a price per Share equal to the volume weighted average trading price of Shares on the 5 days before satisfaction of the Permit Milestone; and
- c) such number of Shares equal to \$5,000,000 divided by a price per Share equal to the volume weighted average trading price of Shares on the 5 days before satisfaction of the Production Milestone,

(items (b) and (c) above being **Deferred Considerations Shares**).

Resolution 6 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of the Consideration Shares and Deferred Consideration Shares to Cape Lambert in part consideration for the acquisition by the Company of 100% of the Sapes Project.

Approval under Resolution 6 is subject to the passing of Resolution 5, 7 and 9 (inclusive).

7.2 ASX Listing Rules 7.1

ASX Listing Rule 7.1 provides that the prior approval of the shareholders of a company is required for an issue of equity securities if the securities will, when aggregated with the securities issued by the company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of the 15% threshold is where the issue has the prior approval of shareholders in general meeting.

The effect of Resolution 6 will be to allow the Directors to issue the Consideration Shares and Deferred Consideration Shares during the period of 3 months after the Meeting (or a longer period if allowed by ASX), without using the Company's 15% placement capacity.

7.3 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Shares and Deferred Consideration Shares for the purpose of the Acquisition:

- a) the maximum number of securities to be issued pursuant to Resolution 6 is the aggregate of:
 - i. 16,000,000 Consideration Shares;
 - ii. such number of Deferred Consideration Shares equal to \$5,000,000 divided by a price per Share equal to the volume weighted average trading price of Shares on the 5 days before satisfaction of the Permit Milestone; and
 - iii. such number of Deferred Consideration Shares equal to \$5,000,000 divided by a price per Share equal to the volume weighted average trading price of Shares on the 5 days before satisfaction of the Production Milestone.
- b) the Consideration Shares and Deferred Consideration Shares will be issued as consideration for the acquisition by the Company of the Sapes Project as detailed in Section 1.2 of this Explanatory Statement;
- c) the Consideration Shares and Deferred Consideration Shares will be allotted and issued to Cape Lambert who is not a related party of the Company and Cape Lambert will not hold an interest of 20% or greater in the capital of the Company as a result of the Consideration Shares;
- d) the Consideration Shares and Deferred Consideration Shares will be issued for nil cash in consideration for the acquisition of 100% of the Sapes Project;
- e) the Consideration Shares will be issued on the settlement date of the Acquisition, and in any event not later than three months after the date of the Meeting (or such later date as permitted by any ASX waiver of the ASX Listing Rules) and it is anticipated that the Consideration Shares will be allotted on one and the same date;
- f) the Deferred Consideration Shares will be issued on the date that the Permit Milestone and Production Milestone is achieved (as applicable) and no later than 36 months after Shareholder approval as, as per a waiver granted to the Company by ASX should the Company elect to provide Deferred Consideration in the form of Deferred Consideration Shares. For illustration purposes only, the table below shows the number of Shares that would be issued using different prices following the application of the formula specified above in paragraph (a):

	Company Volume Weighted Average Share Price				
	\$0.17	\$0.20	\$0.25	\$0.30	\$0.35
Deferred Shares Issued	58,823,529	50,000,000	40,000,000	33,333,333	28,571,429
Dilution %	18.82%	16.46%	13.61%	11.61%	10.12%

1. The above table is illustrative only. It is provided in order for Shareholders to approximately gauge the potential dilutionary effect on their shareholding from the issue of Deferred Consideration Shares.
 2. The above table assumes:
 - the issue of shares pursuant to Capital Raising and Consideration Shares;
 - the successful completion of the relevant milestones linked to both tranches of the Deferred Consideration Shares;
 - the Company elects to pay the Deferred Consideration entirely by way of Deferred Consideration Shares and no cash component; and
 - no other equity raisings are completed by the Company prior to the issue of the Deferred Consideration Shares.
- g) the Consideration Shares and Deferred Consideration Shares will be issued on the same terms and rank equally in all respects with existing Shares; and
- h) no funds will be raised from the issue of the Consideration Shares and Deferred Consideration Shares as they are being issued in consideration for the acquisition of 100% of the Sapes Project.

7.4 Interests and Recommendations of Directors

Based on the information available, including that contained in this Explanatory Statement and the Technical Report, all of the Directors consider that the Acquisition and issue of Shares the subject of Resolution 6 is in the best interests of the Company for the reasons set out in Section 1.8.

Each of the Directors approved the proposal to put Resolution 6 to Shareholders and each of the Directors recommends that Shareholders vote in favour of Resolution 6.

7.5 Role of the Technical Consultant

The Technical Report has been provided to assist Shareholders in assessing the Sapes Project. The Directors recommend all Shareholders carefully read the Technical Report.

8. RESOLUTION 7 - ISSUE FOR PROSPECTUS CAPITAL RAISING

8.1 General

Resolution 7 seeks Shareholder approval for the allotment and issue of up to 200,000,000 Shares at an issue price of \$0.25 per Share to raise up to a total of \$50,000,000 (**Capital Raising**).

The Company intends to conduct the Capital Raising through the issue of a Prospectus, as part of its re-compliance with Chapters 1 and 2 of the ASX Listing Rules and Share Placement to overseas investors. The Prospectus will also be used facilitate the offer of Shares to Australian investors.

A summary of ASX Listing Rule 7.1 is set out Section 7.2 above.

Approval under Resolution 7 is subject to the passing of Resolution 5 and 6 (inclusive).

The effect of Resolution 7 will be to allow the Directors to issue the Shares pursuant to the Capital Raising during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's annual 15% placement capacity.

8.2 Technical Information Required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- a) the maximum number of Shares to be issued is 200,000,000 Shares;
- b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- c) the issue price of the Shares is intended to be no less than \$0.25 each;
- d) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- e) the Directors will issue the Shares to Australian subscribers pursuant to the Prospectus. Shares will also issued to overseas investors pursuant to a Share Placement. None of the subscribers will be related parties of the Company and no subscriber will hold an interest of 20% or greater in the capital of the Company as a result of the issue pursuant to the Capital Raising; and
- f) the Company intends to use the amounts raised from the Capital Raising as set out in Section 1.10.

Further details on the use of funds will be set out in the Prospectus that will be issued in respect of the Capital Raising.

9. RESOLUTION 8 – APPOINTMENT OF DIRECTOR

Article 13.3 of the Constitution allows the Company in general meeting to elect a Director, who shall be taken to have been elected with effect immediately after the end of that general meeting.

Mr Jeremy Wrathall is a mining engineer from the Camborne School of Mines with experience of underground mining in the South African gold mining industry. Mr. Wrathall is currently Managing Director of the Metals & Mining Investment Banking team at Renaissance Capital and is based in London.

Mr. Wrathall has extensive experience of investment banking having worked as a mining analyst, mining specialist salesman and mining investment banker over the last 23 years. In former roles he was the Global Head of Mining Equities at Deutsche Bank and Global Head of Mining Equity Sales at UBS. Prior to joining Renaissance Capital he co-founded and managed Haywood Securities UK Ltd and GMP Securities Europe, both of which were focussed on the metals and mining industry globally. He has extensive experience of evaluating and leading mining equity transactions across various markets: including London, ASX, TSX and JSE. Mr. Wrathall is a Fellow of the Institute of Materials, Minerals and Mining (IOM3).

10. RESOLUTION 9 – ISSUE OF OPTIONS TO BROKERS

10.1 General

The Company has agreed to issue to up to 5,100,000 Options to brokers who assist the Company in relation to the Capital Raising referred to in Resolution 9 (**Broker Option Placement**).

Resolution 9 therefore seeks Shareholder approval for the allotment and issue of the Options the subject of the Broker Option Placement.

None of the recipients pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 7.2 above.

Approval under Resolution 9 is subject to the passing of Resolution 5 - 7 (inclusive).

The effect of Resolution 9 will be to allow the Directors to issue the Options the subject of the Broker Option Placement within the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

10.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Broker Option Placement:

- a) the maximum number of Options to be issued is 5,100,000;
- b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
- c) the Options will be issued on the terms and conditions set out in Schedule 1;
- d) the Options will be issued for nil cash consideration (and no funds raised by their issue) as they are being issued in consideration for, and contingent on, the Company securing the Capital Raising; and
- e) the identity of the allottees is not yet known but the Options will be issued to brokers who assist the Company in connection with the Capital Raising. No allottee will be a related party of the Company.

11. RESOLUTION 10 – ISSUE OF OPTIONS TO MANAGEMENT, STAFF AND CONSULTANTS

11.1 General

The Company has agreed to issue to up to 5,700,000 Options to management, staff and consultants who assist the Company in relation to the acquisition and development of the Sapes Project.

Resolution 10 therefore seeks Shareholder approval for the allotment and issue of such Options.

None of the recipients pursuant to this issue will be related parties of the Company.

A summary of ASX Listing Rule 7.1 is set out in Section 7.2 above.

Approval under Resolution 10 is subject to the passing of Resolution 5 - 7 and 9.

The effect of Resolution 10 will be to allow the Directors to issue such Options within the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

11.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Consultant Option Placement:

- a) the maximum number of Options to be issued is 5,700,000;
 - b) the Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date;
 - c) the Options will be issued on the terms and conditions set out in Schedule 1;
 - d) the Options will be issued for nil cash consideration (and no funds raised by their issue) as they are being issued in consideration for, and contingent on, the Company securing the Capital Raising and completing the acquisition of the Sapes Project; and
 - e) the identity of the allottees is not yet known but the Options will be issued to management, staff and consultants who assist the Company in connection with the acquisition and development of the Sapes Project and the Capital Raising. No allottee will be a related party of the Company.
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12. RESOLUTIONS 11 TO 14 – ISSUE OF OPTIONS TO DIRECTORS

12.1 General

As stated in Section 1.2 above, the Company intends to issue up to 4,300,000 Options to Messrs Bernard Aylward, Jason Bontempo, Jeremy King and Jeremy Wrathall (**Directors**), being Directors of the Company on completion of the Acquisition (**Director Option Placement**).

12.2 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party. Messrs Bernard Aylward, Jason Bontempo, Jeremy King and Jeremy Wrathall (**Directors**) are considered to be related parties of the Company by virtue of the fact that they are Directors of the Company.

However, approval pursuant to Listing Rule 7.1 is not required in order to issue the Options to the Directors as approval is being obtained under ASX Listing Rule 10.11. The issue of the Options will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

The effect of Resolutions 11 - 14 will be to allow the Company to issue the Options to the Directors within the period of 1 month after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

12.3 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act. Section 210 of the Corporations Act states that Shareholder approval is not needed to give a financial benefit on terms that:

- a) would be reasonable in the circumstances if the public company or entity were dealing at arm's length; or
- b) are less favourable to the related party than the terms referred to in paragraph (a).

12.4 Technical information required by ASX Listing Rule 10.13 and section 219 of the Corporations Act

Pursuant to and in accordance with the requirements of ASX Listing Rule 10.13 and section 219 of the Corporations Act, the following information is provided in relation to the proposed grant of Director Options:

- a) the related parties are Messrs Aylward, Bontempo, King and Wrathall and they are related parties by virtue of being Directors of the Company;
- b) The Company is a junior listed company. The Company has limited funds, most of which are allocated to specific development activities. As a result, the Board has chosen to issue Options to the Directors as a component of the incentive portion of their remuneration in order to retain the services of the Directors and to provide incentive linked to the performance of the Company. The Board considers that the experience of the Directors will greatly assist the development of the Company. As such, the Board believes that the number of Options to be granted to the Directors are commensurate with their value to the Company.

Given the speculative nature of the Company's activities and the small management team responsible for its operation, it is considered that the performance of the Directors and the performance and value of the Company are closely related. As such, the Options issued will generally only be of benefit if the Directors perform to the level whereby the value of the Company increases sufficiently to warrant exercising the Options.

- c) the maximum number of Options (being the nature of the financial benefit being provided) to be issued to the Related Parties is:
 - i. 800,000 Options to Mr Bernard Aylward, or his nominee;
 - ii. 1,500,000 Options to Mr Jason Bontempo or his nominee;
 - iii. 500,000 Options to Mr Jeremy King, or his nominee; and
 - iv. 1,500,000 Options to Mr Jeremy Wrathall or his nominee.
- d) the Options will be issued to the Directors no later than 1 month after the date of the Meeting (or such later date as permitted by any ASX waiver of the ASX Listing Rules) and it is anticipated the Options will be issued on one date;
- e) the Options will be issued for nil consideration and accordingly no funds will be raised from the issue;
- f) the terms and conditions of the Options are set out in Schedule 1;
- g) the relevant interests of the Related Parties in securities of the Company are set out below;

Related Party	Shares	Options
Mr Bernard Aylward	Nil	1,200,000
Mr Jason Bontempo	1,000,000 ¹	3,000,000
Mr Jeremy King	15,000	1,000,000
Mr Jeremy Wrathall	Nil	Nil

Notes:

1. Includes 950,000 shares held by Mr Bontempo's spouse.

- h) the Company has internally valued each series of the Options to be granted to the Directors using the Black & Scholes Option Pricing Model ("**BSModel**"), which is the most widely used and recognised model for pricing options. The acceptance of this model is due to its derivation being grounded in economic theory. The value of an option calculated by the BSModel is a function of a number of variables and is rounded to the nearest one hundredth of a cent. The valuation has been completed in Australian \$.

The valuation of the Options has been prepared using the following assumptions:

Variable	Input
Share price	\$0.19
Exercise price	\$0.25
Risk free rate	4.90%
Volatility	80%
Expiry date	31 October 2014

The valuations reflected below do not necessarily represent the market value of the Options or the tax values for taxation purposes to the Option holder. The future value of the Options may be up or down on the values noted below as it will primarily depend on the future share price of a Share (for the next 3 years), and the time to expiry of the Options.

Based on the above assumptions, the Company has calculated an indicative value of the Options to be granted to the Related Parties is as follows:

Related Party	Value
Mr Jason Bontempo	\$136,500 (at \$0.091 per Option)
Mr Bernard Aylward	\$72,800 (at \$0.091 per Option)
Mr Jeremy King	\$45,500 (at \$0.091 per Option)
Mr Jeremy Wrathall	\$136,000 (at \$0.091 per Option)

Accordingly, the total value of the 4,300,000 Options to be granted to the Related Parties is \$197,800.

- i) the impact of passing Resolutions 11 - 14 on Messrs Bernard Aylward, Jason Bontempo, Jeremy King and Jeremy Wrathall's voting power in the Company, assuming they receive the full amount of the Options the subject of Resolutions 11 - 14 is set out in the following table:

Related Party	% voting power (existing, diluted)	% voting power (fully diluted, post-Acquisition)
Mr Jason Bontempo	7.5%	2.2%
Mr Bernard Aylward	2.3%	0.78%
Mr Jeremy King	1.9%	0.60%
Mr Jeremy Wrathall	Nil	0.59%

- j) details of the Related Party's base salaries or fees per annum (including superannuation), as applicable, and the total financial benefits to be received by them in this current period as a result of the grant of Options the subject of Resolutions 11 - 14 are as follows:

Related Party	Director's Remuneration	Value of Options	Total Financial Benefit
Mr Jason Bontempo	\$24,000 p.a	\$136,000	\$160,000
Mr Bernard Aylward	\$24,000 p.a.	\$72,800	\$96,800
Mr Jeremy King	\$36,000 p.a.	\$45,500	\$81,500
Mr Jeremy Wrathall	\$50,000 p.a. (proposed)	\$136,000	\$186,000

- k) in the event the Options are exercised by the Related Parties, the following amounts will need to be paid to the Company:
- i. \$375,000 by Mr Jason Bontempo;
 - ii. \$200,000 by Mr Bernard Aylward;
 - iii. \$125,000 by Mr Jeremy King and
 - iv. \$375,000 by Mr Jeremy Wrathall.

The Company will therefore receive \$1,075,000 from the Related Parties should all the Options the subject of Resolutions 11 - 14 be issued;

- l) if the Options issued to the Related Parties are exercised, a total of 4,300,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 253,816,179 to 258,116,179 (assuming that no other Options are exercised and no other Shares are issued other than the Shares the subject of the Capital Raising and the Consideration Shares) with the effect that the shareholding of existing Shareholders (following completion of the Acquisition) would be diluted by 1.67%;
- m) the market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time any of the Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company;
- n) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Meeting is set out below:

	Price	Date
Highest	33 cents	15 February 2011
Lowest	16.5 cents	5, 9 August, 2011
Last	17 cents	22 September, 2011

Each Director has an interest in the Resolutions under which Options will be issued to him and therefore believes it inappropriate to make a recommendation. Each Director recommends the issue of Options to each of the other Directors as it allows the Company to retain directors of high calibre and it aligns the interests of the Company and its Directors to maximise Shareholder value.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Options to the Directors as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Options to the Directors will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

13. RESOLUTIONS 15 - 18 – PARTICIPATION IN PLACEMENT BY DIRECTORS

Mr Jason Bontempo or his nominee currently holds 1,000,000 Shares and 3,000,000 Options in the Company and wishes to participate in the Placement. Shareholder approval is sought in Resolution 15 for the purposes of Listing Rule 10.11 to permit Mr Jason Bontempo or his nominee who is a related party of the Company as he is a Director to subscribe for and be issued up to 2,000,000 Shares.

Mr Bernard Aylward or his nominee currently holds 1,200,000 Options in the Company and wishes to participate in the Placement. Shareholder approval is sought in Resolution 16 for the purposes of Listing Rule 10.11 to permit Mr Bernard Aylward or his nominee who is a related party of the Company as he is a Director to subscribe for and be issued up to 2,000,000 Shares.

Mr Jeremy King or his nominee currently holds 15,000 Shares and 1,000,000 Options in the Company and wishes to participate in the Placement. Shareholder approval is sought in Resolution 17 for the purposes of Listing Rule 10.11 to permit Mr Jeremy King or his nominee who is a related party of the Company as he is a Director to subscribe for and be issued up to 2,000,000 Shares.

Mr Jeremy Wrathall or his nominee currently holds nil Shares and nil Options in the Company and wishes to participate in the Placement. Shareholder approval is sought in Resolution 18 for the purposes of Listing Rule 10.11 to permit Mr Jeremy Wrathall or his nominee who is a related party of the Company as he is a Director to subscribe for and be issued up to 2,000,000 Shares.

13.1 ASX Listing Rule 10.11

Listing Rule 10.11 provides, subject to certain exceptions, a listed company must not issue or agree to issue equity securities to a related party without the approval of shareholders.

If Resolutions 15 – 18 are passed, the Company will be permitted to accept subscriptions from and issue Shares to Messrs Jason Bontempo, Bernard Aylward, Jeremy King and Jeremy Wrathall, who are all related parties of the Company by virtue of them being Directors of the Company.

The Directors propose to participate in the Placement and subscribe for Shares pursuant to the Capital Raising. The purpose of Resolutions 15 - 18 is to seek Shareholder approval to allow the Company to issue Shares that Directors subscribe for pursuant to the Prospectus.

13.2 ASX Listing Rule 10.13

Listing Rule 10.13 sets out the matters which must be included in the notice of meeting convened to seek shareholder approval under Listing Rule 10.11.

For the purposes of Listing Rule 10.13, the following information is provided to Shareholders in relation to Resolutions 15 to 18:

- a) The Shares will be issued to Messrs Jason Bontempo, Bernard Aylward, Jeremy King and Jeremy Wrathall Directors of the Company or to their nominees.
- b) Up to 2,000,000 Shares will be subscribed for and issued to each of Messrs Jason Bontempo, Bernard Aylward, Jeremy King and Jeremy Wrathall or their respective nominees (Resolutions 15 to 18).
- c) The Shares will be issued on completion of the Placement and in any event no later than 1 month after the date of this Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- d) The Shares will be issued in exchange for consideration of no less than \$0.25 per Share. The Shares to be issued will be fully paid ordinary shares of the Company that rank equally with the Company's current issued Shares.
- e) The Company will raise a total of up to \$500,000 from the issue of the Shares to each Director. These funds will be used as additional working capital as set out in the Background section at paragraph 1 above.

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a “financial benefit” to a “related party” unless one of the exceptions to that section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

In accordance with section 210 of the Corporations Act shareholder approval is not required where a financial benefit would be reasonable if the parties were dealing on terms that are at arm’s length or are less favourable to the related party. In the current circumstances the Directors independent of:

- a) Mr Bernard Aylward in respect of Resolution 15;
- b) Mr Jason Bontempo in respect of Resolution 16;
- c) Mr Jeremy King in respect of Resolution 17; and
- d) Mr Jeremy Wrathall in respect of Resolution 18.

are satisfied that the Shares to be subscribed for pursuant to the Prospectus and subsequently issued to Messrs Bernard Aylward, Jason Bontempo, Mr Jeremy King and Mr Jeremy Wrathall will be issued on arm’s length terms. Therefore, the Directors independent of each of Resolutions 15 – 18 (as set out above) have concluded that Shareholder approval is not required for purposes of Chapter 2E of the Corporations Act.

14. RESOLUTION 19 – SECTION 195 APPROVAL

Section 195 of the Corporations Act essentially provides that a director of a public company may not vote or be present during meetings of directors when matters in which that director holds a material personal interest are being considered.

Some of the Directors may have a material personal interest in the outcome of Resolutions 11 to 14. In the absence of this Resolution 19, the Directors may not be able to form a quorum at directors meetings necessary to carry out the terms of Resolutions 11 to 14.

The Directors have accordingly exercised their right under section 195(4) of the Corporations Act to put the issue to Shareholders to resolve upon.

15. RESOLUTION 20 – CHANGE OF COMPANY NAME

Resolution 20 seeks Shareholder approval for the Company to change its name. Section 157 of the Corporations Act provides that a company may apply to change its name by the members of the company passing a special resolution to that effect.

It is proposed that the Company name be changed from Glory Resources Limited to “Chrysos Limited” with effect from the date of completion of the Acquisition to reflect the expanded focus of the Company to include gold exploration and development.

16. ENQUIRIES

Shareholders are required to contact the Company Secretary on +61 8 9322 7600 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

Accounting Standards has the meaning given to that term in the Corporations Act.

Acquisition means the proposed acquisition of the Sapes Project by the Company from Cape Lambert in accordance with the terms and conditions of the Heads of Agreement.

ASIC means the Australian Securities and Investments Commission.

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

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

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

Cape Lambert means Cape Lambert Resources Limited (ACN 095 047 920).

Capital Raising means the capital raising the subject of Resolution 7.

Closely Related Party has the meaning given to that term in section 9 of the Corporations Act.

Company or **Glory** means Glory Resources Limited (ACN 38 142 870 102) (to be renamed Chrysos Limited, subject to Resolution 18 being passed).

Consideration Shares means 16,000,000 Shares issued in part consideration for the acquisition of the Sapes Project in accordance with the terms and conditions of the Heads of Agreement.

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Director means a director of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Heads of Agreement means the heads of agreement between the Company and Cape Lambert for the sale and purchase of the Sapes Project as summarised in Section 1.2.

Key Management Personnel has the meaning given to that term in the Accounting Standards.

Meeting means the annual general meeting convened by the Notice of Meeting.

Notice of Meeting means this notice of Annual General Meeting, including the Explanatory Statement.

Option means an option to subscribe for a Share.

Optionholder means the holder of an Option.

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

Restricted Voter means Key Management Personnel and their Closely Related Entities.

Sapes Project means the gold project relating to Lease Contract 850 and contained within the A5 area in Sapes, Greece as further described in Section 1.3.

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

Shareholder means a holder of a Share.

Technical Report means the technical report prepared by Al Maynard & Associates Pty Ltd annexed to this Notice Meeting as Annexure A.

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

SCHEDULE 1 – TERMS OF OPTIONS

The Options entitle the holder to subscribe for Shares on the following terms and conditions:

- a) Each Option gives the Optionholder the right to subscribe for one Share.
- b) The Options will expire at 5:00pm (WST) on 31 October 2014 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- c) The amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).
- d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- e) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - i. a written notice of exercise of Options specifying the number of Options being exercised; and
 - ii. a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised,**(Exercise Notice)**.
- f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
- h) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
- i) The Company will not apply for quotation of the Options on ASX. The Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
- j) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- k) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- l) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the exercise price of the Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- m) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issues of the Options, the number of securities over which an Option is exercisable may be increased by the number of securities which the Optionholder would have received if the Option had been exercised before the record date for the bonus issue.

SCHEDULE 2 – PRO-FORMA BALANCE SHEET

Set out below is an unaudited consolidated balance sheet of the Company as at 30 June 2011, adjusted for estimated administration costs for the period 1 July 2011 to 30 August 2011.

	Notes	Glory 30 June 2011 (unaudited) \$	Acquisition of Sappes 30 June 2011 (unaudited) \$	Subsequent events \$	Pro-forma adjustments \$	Pro-forma after issue \$
Current assets						
Cash	2	1,907,425	621,314	2,200,000	14,000,000	18,728,739
Receivables		72,815	20,326	-	-	93,141
Inventories		143,250	-	-	-	143,250
Total current assets		2,123,490	641,641	2,200,000	14,000,000	18,965,131
Non-current assets						
Restricted cash		-	10,027	-	-	10,027
Property, plant and equipment		-	87,084	-	-	87,084
Exploration and evaluation expenditure	3	1,161,494	35,791,400	-	-	36,952,894
Total non-current assets		1,161,494	35,888,511	-	-	37,050,005
Total assets		3,284,984	36,530,152	2,200,000	14,000,000	56,015,136
Current Liabilities						
Accounts payable		49,592	32,530,152	-	(32,500,000)	79,744
Total current liabilities		49,592	32,530,152	-	(32,500,000)	79,744
Non-current liabilities						
Deferred tax liabilities		105,181	-	-	-	105,181
Provisions		-	-	-	-	-
Total non-current liabilities		105,181	-	-	-	105,181
Total liabilities		154,773	32,530,152	-	(32,500,000)	184,925
Net assets		3,130,211	4,000,000	2,200,000	46,500,000	55,830,211
Equity						
Share capital	7	3,710,095	4,000,000	2,200,000	46,500,000	56,410,095
Reserves		1,994,983	-	-	1,374,100	3,369,083
Accumulated losses	8	(2,574,867)	-	-	(1,374,100)	(3,948,967)
Total equity		3,130,211	4,000,000	2,200,000	46,500,000	55,830,211

Notes:

The above balance sheet assumes the following:

- the issue of 200,000,000 Shares at an issue price of 25 cents each pursuant to the Capital Raising to raise \$50,000,000;
- the payment of cash brokerage costs of approximately \$3,000,000;
- the acquisition of the Sapes Project by the issue of 16,000,000 Consideration Shares at a deemed share price of 25 cents each and a cash payment of \$32,500,000 (deemed combined value \$36,500,000);
- the payment of an estimated \$1,000,000 indirect costs relating to the Acquisition and all expensed;
- the issue of a total of 15,100,000 Options valued at \$1,374,000 using the Black Scholes Model with an exercise price of 25 cents, an estimated volatility of 80% and a life of 3 years; and
- the inclusion of the Sapes Project based on the fair value of the assets acquired with the excess of total consideration attributed to the evaluation and exploration of the Sapes Project.

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Australia

Australian & International Exploration & Evaluation of Mineral Properties

INDEPENDENT GEOLOGICAL REPORT

ON

THE SAPPES GOLD PROJECT,

GREECE

FOR

GLORY RESOURCES LIMITED

Authors: Allen J Maynard BAppSc(Geol), MAIG, MAusIMM

Gregory D Pooley PhD, MBA, MAusIMM

Company: Al Maynard & Associates Pty Ltd

Date: 3rd August, 2011

Revised: 23rd August, 2011

EXECUTIVE SUMMARY

This Independent Geological Report ("IGR") on the Sappes Gold Project, located in northeast of Greece has been prepared by Al Maynard & Associates Pty Ltd ("AM&A") at the request of Glory Resources Limited ("Glory", ASX code: GLY). This IGR is based upon all information available up to and including the 3rd August, 2011.

SAPPES GOLD PROJECT

Sappes Gold Project is a gold development project located in northeastern Greece approximately 30km northwest of the Aegean Sea port city of Alexandroupoulos, on a 20.1km² mining lease granted until 2023. The Project comprises three gold deposits, the main high grade 'Viper' deposit which is approximately 200m below the surface and the lower-grade St. Demetrios and Scarp deposits, which outcrop on the surface (Table 1). The Sappes deposits are typical high-sulphidation epithermal gold deposits that also contain silver and copper.

Table 1: Sappes Gold Project – Mineral Resource Statement, December 2010*.

Orebody	Category	Cut-off Grade	Tonnes	Grades			Ounces of Gold
				Au(g/t)	Ag (g/t)	Cu (%)	
Viper	Measured	4.0	710,000	22.2	11.5	0.40	507,000
St Demetrios	Measured	1.0	730,000	3.5	3.2		82,000
Scarp	Measured	1.0	820,000	2.2	1.5		58,000
	sub-total		2,260,000	8.9	5.2	0.20	647,000
Viper	Indicated	4.0	280,000	19.5	9.0	0.35	176,000
St Demetrios	Indicated	1.0	50,000	2.6	28		4,000
Scarp	Indicated	1.0	50,000	1.7	1.1		3,000
	sub-total		380,000	14.9	7.1	0.30	183,000
Rounded	Total		2,640,000	9.8	5.5	0.10	830,000

**The Mineral Resource statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Ltd. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation" (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

A Feasibility Study for the Sappes Gold Project is based on mining the small, underground high-grade epithermal gold Viper deposit and a lower grade open pit St Demetrious deposit. At the Viper underground mine it is planned to extract 1,109,000 tonnes of ore grading at 17.2 grams of gold per tonne (g/t Au). This material will be extracted using modern, drift and fill mining methods

and a subsequent cemented backfilling regime. Ore recovery will be maximised, with dilution from the hanging-wall and footwall estimated at 20%. The St. Demetrios deposit is a proposed open pit operation that is economic when treated on a marginal cost basis in conjunction with the Viper ore. It is planned to extract 210,000 tonnes grading 3.5g/t Au by open-pit methods.

Table 2: Sappes Gold Project – Summary of Ore Reserves, December 2010*.

Orebody	Category	Cut-off Grade	Tonnes	Grades			Ounces of Gold
				Au(g/t)	Ag (g/t)	Cu (%)	
St Demetrios**	Proved	1.0	200,000	3.5	5.2		23,000
	sub-total		200,000	3.5	5.2		23,000
Viper*	Probable	4.0	1,109,000	17.2	8.8	0.31	614,000
St Demetrios**	Probable	1.0	10,000	3.6	4.4		1,000
	sub-total		1,119,000	17.1	8.8	0.31	615,000
Rounded	Total		1,319,000	15.1	8.2	0.26	638,000

**The Viper Ore Reserve statement has been compiled by Mr Malcolm Dorricott of AMC Consultants Pty Ltd. Mr Malcolm Dorricott is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Malcolm Dorricott has consented to the inclusion in this report of the Matters based on his information in the form and context in which it appears.*

***The St Demetrios Ore Reserve statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Ltd. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation" (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

The Feasibility Study for the Project was first completed in 2001 by Thrace Minerals (Hellas) SA (Thrace) and later updated in 2003. In March 2010, Thrace requested consultants to review their previous work to confirm that the fundamentals were still appropriate and relevant, which was generally the case, and to update their reports to 2010 costs. These costs were further updated in September 2010. Capital and operating costs have been updated by the various consultants in the 2010 report. The project financials were updated by Thrace, using the cashflow model prepared by SRK Consulting (UK) Limited (SRK) in 2007.

The gold price per ounce has increased steadily from US\$747 September 2007 to approx. US\$1,320 in September 2010. The current escalating gold price of over US\$1,800 in August 2011 has created a significant change in the outcome of feasibility calculations recently presented by Thrace in this document.

SAPPES HISTORY

Following earlier exploration work undertaken by the Greek government geological survey organisation (IGME), the Greek Ministry for Industry, Energy and Technology, (now the Ministry of Development (MOD)), in April 1992, called for international tenders for the lease of State Mining Area E5, covering an area of approximately 20.1 km² near the town of Sappes in the Prefectures of Rhodope and Evros in Thrace, north eastern Greece (Figure 1).

Greenwich Resources plc (Greenwich), a United Kingdom based company, was successful in the tender and, on 11th February 1993, signed Lease Contract No 850 with the MOD. The Lease allows for the exploration and development of gold and other minerals found within the Lease area. The Lease is for a period of 30 years, renewable every 5 years at the discretion of the Lessee Company. The current 5-year renewal of the Lease is valid until 10/02/2013 with rights for extensions until 2023.

Since that time a number of mining and mineral exploration companies have contributed to the detailed definition of the Sappes gold ore bodies. On 17th July 1998, in order to consolidate activities into a single entity in Greece, the Lease was assigned to Thrace Minerals (Hellas) SA (Thrace), a company to be later owned 51% by Kyprou Gold Ltd and 49% by Thrace Investments BV, which were wholly owned by Greenwich. In June 2009, Cape Lambert acquired the assets of Copperco and hence became the ultimate owner of the Thrace.



Figure 1: Location of Sappes Project Regional Location Map

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The Directors
Glory Resources Limited
945 Wellington Street
West Perth WA 6005

23rd August, 2011

Dear Sirs,

1. Introduction

This report has been prepared by AM&A at your request to provide an Independent Geological Report for the Sappes Gold Project located in Greece as at 3rd August, 2011. The Sappes Gold project consists of one licence (Lease Contract No 850, valid until 10/02/2013) covering an area of 20.1km² held in the name of Thrace Minerals (Hellas) SA, a wholly owned subsidiary of ASX listed Cape Lambert Resources Ltd ("Cape Lambert"). Glory Resources Limited ("Glory") have entered into an agreement with Cape Lambert to purchase the Sappes Gold Project.

1.1 Scope and Limitations

This Independent Geological Report has been prepared at the request of the Board of Directors of Glory. The report has been prepared in accordance with the Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports ("Valmin code (2005)") and the JORC Code (2005) as adopted by the Australian Institute of Geoscientists ("AIG") and the Australasian Institute of Mining and Metallurgy ("AusIMM").

This Independent Geologist Report has been prepared on all information available as at 3rd August, 2011. The information presented is based on technical reports provided by Glory, supplemented by our own inquiries. At the request of AM&A copies of relevant technical reports and agreements were made available.

Glory will be invoiced and expected to pay a fee for the preparation of this report. This fee comprises a normal, commercial daily rate plus expenses. Payment is not contingent of the results of this report or the success of any subsequent public fundraising. Except for these fees, neither the writer nor his family nor associates have any interest neither in the property reported upon nor in Glory and/or Glory. Glory has confirmed in writing that all technical data known to the public domain is available to the writer.

1.2 Statement of Competence

This report has been prepared by Allen J. Maynard BAppSc(Geol), MAusIMM and Member of AIG, a geologist with more than 30 years in the industry and over 25 years in mineral asset valuation and Dr Gregory D. Pooley MAusIMM, MBA (40 years industry experience). The writers hold the appropriate qualifications, experience and independence to qualify as an independent "Expert" under the definitions of the Valmin Code. Between 5-8th August, 2011 Al Maynard conducted a field trip to the Sappes Project area in conjunction with Glory's Country Manager (Geologist Mr K Salonikis) and Glory Director – Geologist- Mr B Aylward. Selected cores from the core library were

viewed and visible gold was noted in places as described in the lithological logs. The terrain typically does not yield any useful observations regarding sub-surface mineralisation.

3. Background Information

3.1 Introduction

Glory Resources Limited (ASX:GLY) listed on the Australian Securities Exchange (ASX), on the 21st January 2011. Glory is based in Perth, Western Australia and is currently exploring three projects located in Ontario, Canada. In August 2011 the Company signed a Heads of Agreement with Cape Lambert to acquire the Sappes Gold Project.

3.2 Canadian Projects Summary – PGM-Ni-Cu and Gold Exploration

Onion Lake Project

Onion Lake Project is the most active of Glory's projects and consists of over 190km² of contiguous mining claims located in the Thunder Bay region of Ontario, Canada. The project is immediately adjacent to Magma Metals Ltd new Thunder Bay North PGM discovery (ASX: MMW). Magma Metals has delineated an initial 732koz PGM equivalent resource at its multi-million ounce potential Thunder Bay North project.

The project is a farm-in agreement where Glory can earn an up to a 75% interest in the OL Project by expending a minimum amount on the OL Project of an aggregate C\$3.6m within a 4 year timeframe on a staged basis. An additional 5% can be earned in connection with the funding of a BFS on the OL Project.

The Onion Lake Project is located within the North American Mid-Continental Rift – an emerging PGM-Cu-Ni province. This prospective geological setting is historically under-explored, but has been shown to host significant Cu-Ni-PGE mineralisation with exploration continuing to make new discoveries at the Rio Tinto Tamarack Ni-Cu prospect and the Eagle Ni-Cu-PGE deposit along with the Magma PGE-Ni discovery.

Glory has completed a maiden drill campaign in March 2011 consisting of six (6) diamond drill holes for 950m targeting geophysical anomalies identified from airborne magnetics.

Highlights of the drill program are:

- Discovery of mafic rock that may represent an extension to the Magma's ultramafic conduits.
- Wide zone of mafic rocks intersected in diamond drill hole OL-11-03 (over 50m width).
- Initial geochemical analysis demonstrates that the rock type is similar to the host rock of the Magma discovery.
- Immediate target area extending for over 4 strike kilometres has been defined by the program and follow up exploration work has already commenced.

The Company has committed to a new exploration program consisting of 5,000m of drilling and completing a detailed airborne magnetic survey. A budget of between \$1.25M and \$1.5M has been allocated for this program.

Eagle Lake Project

Eagle Lake Project is located 26 kilometres west southwest of the town of Dryden, Ontario, Canada and consists of 11 unpatented contiguous mining claims covering an area of approximately 2,400 ha. Glory is targeting shear-hosted gold mineralisation at Eagle Lake where prospector activity in the early 1900's confirmed the presence of gold mineralisation.

Previous exploration within the project area has identified two areas of gold mineralisation, the 'Fornieri' Occurrence and Manhattan Occurrence. A review of previous exploration activity highlights grab samples returning assay results from several grams of gold up to 2.37oz/t (72g/t) Au and drill holes assays ranging from below detection limits up to 3.05m at 3.58g/t gold (0.115 ounces gold per tonne over 10.0 feet).

Glory is planning a program of field mapping and sampling to evaluate the project and will be reviewing previous diamond drill core to determine mineralisation style and verify previous work.

Way Lake Project

The Way Lake project covers an area of 864 ha consisting of four unpatented mining claims located approximately 12km east-southeast of the town of Sioux Lookout, Ontario, Canada. The project is considered prospective for PGE mineralisation and Copper-Nickel mineralisation associated with ultramafic host rocks.

Historic exploration completed in the project area has identified ultramafic intrusives (Way Lake Intrusion) as well as andesite, ryodacite and dacite volcanics. Limited diamond core drilling has been completed within the project area, however sulphide mineralisation has been noted in drill logs potentially indicating the right chemical environment for the formation of PGE – Ni – Cu mineralisation.

Glory has undertaken a geological review, interpretation and targeting study to assist in the development of exploration programs for the Way Lake project. The initial exploration focus will be on geochemical sampling of the ultramafic bodies to define zones of PGE-Ni +/-Cu mineralisation with exploration planned for the summer field season.

3.3 General Information on Greece

Executive power is vested in the national government headed by the Prime Minister. The various government departments are headed by Ministers who collectively make up the Council of Ministers or Cabinet. National administration is structured on several levels. Below the national government are prefectures, each of which has a provincial capital city. Below the prefectures are the municipal towns and villages. Prefectures are grouped into larger geographic regions such as Thrace, Macedonia or Thessaly. There are also smaller groupings of prefectures comprising "supraprefectural administrations". Each region is administered by a Regional Secretary who is appointed by the national government. The head of each prefecture is called the Prefect (or Nomarch) while the heads of the towns and villages are called Mayors and Presidents of Community Councils respectively. The supra-prefectural administration is run by a President (known as a Super Nomarch).

The Super-Nomarchs, Nomarchs, Mayors and Presidents of the Community Councils are all elected every four years by means of general elections.

Regulatory Framework

Generally, the regulatory framework covering mining developments in Greece is fairly complex. The nature of the authorities involved range from the national government down to regional, prefectural and municipal authorities. At the local and prefectural levels, the extent of control depends largely on the size and importance of the prefecture and the availability of personnel seconded to it from the central government. Communities and municipalities are consulted by the prefectures and their role can be significant, especially in environmental matters. The principal law covering mining activities in Greece is the Mining Code, which is set down in Laws 210/1973 and 274/1976. In general, mineral rights are held by the government and administered by the Ministry of Environment, Energy and Climate Change (MEC). Project development is generally undertaken by private companies or individuals, who acquire the rights primarily through the leasing of the land by the MEC following a tendering process. Sub-leasing of any part of the lease contract is prohibited.

The Mining Code imposes restrictions on the acquisition of mineral rights by foreign (being non-EU) companies or individuals. Prior approval of the Council of Ministers is required for the acquisition of mineral rights or majority shareholdings in Greek companies holding such rights. Conditions may be attached to any such approval. The Project is located within a “border” area. These are areas of Greece that are close to the national borders and the approval of the Ministry of Defence is also required for the acquisition of mineral rights in these areas, irrespective of the nationality of the developer. Operating practices, including electrical regulations, operation of underground mines and occupational health and safety matters are regulated by the “Regulations on Mining and Quarry Works” (KMLE), which were initially enacted in 1984 and have been supplemented from time to time.

Protection of the environment in Greece is expressly provided for in Article 24 of the Constitution. The two key environmental laws that effect mineral developments are Law 998/1979, as amended by Law 3208/2003, which protects “forests and forested areas” (a relatively loose definition effectively applies this law to about 80% of Greece) and Law 1650/1986, as amended by Law 3010/2002 in compliance with EU Directives 97/11 & 96/61, which requires all mineral extraction applications to be accompanied by an environmental assessment. Pursuant to these laws, three key Joint Ministerial Decrees (numbers 11764/653/2006, 11014/703/F104/2003 and 37111/2021/2003) were promulgated by the Government to implement the EU Directives and regulate the application of these laws in practice.

The second decree requires that an Environmental Impact Statement (EIS) be approved before mineral development can commence. More particularly, the environmental process first consists of the preparation of a Preliminary Environmental Assessment Study (PEAS), which is reviewed and approved by MEC, following which the complete EIS is submitted to MEC. MEC distributes the EIS to the other competent Ministries of the central government for review and comments, and also sends the EIS to the local provincial capital for the Study, to be debated at a public hearing of the local prefecture.

Following the hearing, the EIS file is returned to MEC with the recommendation passed in the public hearing. Legally, this is only a recommendation to the central government and not a binding opinion, which means that MEC, once it collects the views from the other competent Ministries

(usually the Ministry of Agriculture, Ministry of Health, Ministry of Culture and Ministry of Defense), could recommend to the central government the issuance of a Joint Ministerial Decision (JMD), signed by the five (5) Ministers approving the environmental terms for the Project. However, although not legally binding, the opinion of the local prefectural council is politically critical and is taken into consideration by the central government before proceeding to the issuance of the JMD, since, in the case of negative opinion, it indicates an opposition by the local communities to the Project.

The third decree provides the basis of public and community input into the EIS approval process, while the first decree strengthens the rights of individuals and communities to have access to environmental information held by government and other public bodies.

Additionally, recently in the fall of 2009, the central government implemented two critical European Directives. The first is Directive 2006/21 regarding the management of waste from extractive industries, implemented by Joint Ministerial Decision No. 39624/2209/E103/2009, which regarding the presence of cyanide in a pond, sets a limit of 10 ppm at waste facilities that are granted a permit after 1 May 2008. The second is Directive 2004/35 on environmental liability with regard to the prevention and remedying of environmental damage. This Directive has been implemented in Greece by Presidential Decree No. 148/2009.

In parallel, there are various government departments that may impact on development through their responsibilities for other aspects of national governance. These include:

- The Ministry of Economy, Competition and Merchant Marine – responsible for the review and approval of various fiscal and financial incentives for new projects;
- Invest in Greece Agency – responsible for assisting foreign investors and for the review and evaluation of investment proposals for the above Ministry;
- Ministry of Finance – responsible for taxation and accounting matters;
- IGME (the government Geological Survey organisation) – responsible for technical advice to government;
- MEC – responsible for mineral resources and environmental matters;
- Ministry for Agriculture – responsible for the management of forest or forested areas;
- Ministry of Defence – responsible for the authorisation of mining activities in border areas;
- Ministry of Culture – responsible for the protection of antiquities;
- Ministry of Health – responsible for review of any aspects of the development that may impact on public health; and
- Regional authorities – involved in the permitting process, particularly on environmental matters at the regional and local level.

3.4 Government Licences and Approvals

Completed Approvals or Permits

The Lease Contract for the E5 area (Lease) required an initial exploration programme with a minimum expenditure of 1 billion drachma (approx. 2.9 million Euro). This was completed and the

required Final Report was submitted to MEC (formerly Ministry of Development - MOD) in February 1998. The Final Report, with its approved expenditure record, was approved in June 1998. Articles 4 and 97 of the KMLE requires that a Techno-Economic Study be prepared and submitted to the MOD for approval before the Project can enter its development phase. This study comprises a proposed development plan and sets out preliminary technical, process and economic parameters for the Project. This study was submitted in April 1998, finalised after discussion with the MOD for approval in April 1999, and approved by the MOD in June 1999. Previous environmental legislation required at the time of the submission to MEC (formerly the Ministry for Environment, Planning and Public Works - MOE) of a Pre-Approval Location Study (PAS).

This study is intended to ensure that a proper assessment has been made of the various alternative locations for Project facilities and must form the basis of the subsequent EIS. The PAS for the Project was submitted to the MOE in June 1999, with approval received in February 2000. Appeals against the PAS approval act, however, were filed by local communities and residents before the Council of the State in Athens (the Supreme Administrative Court in Greece), which were finally adjudicated, with Judgments 2170/2006 and 2171/2006 issued by the Court invalidating the approval act on the basis of a technical reason, due to a change of mining and processing method (exclusion of cyanide) between the PAS Study and the EIS submitted at the time to the Ministry of Environment. As a consequence of this, the new Law and government decrees mentioned in Section 1.3.2 above would now need to be followed.

Future Approvals or Permits

Thrace has submitted a PEAS in December 2010 for approval by MEC, according to the new law and government decrees. Following this, the complete EIS will be prepared and submitted in the procedure described above. Approval from the prefectural authority must be sought for the treatment and disposal of any industrial effluents, sewerage or any similar discharge. The prefectural authority must also approve the fire protection of the plant.

A permit to carry out mining works in a forested area must be sought from the local Forestry Commission, as the Project is located in a forested area. A Concession of Land to establish the mine and associated facilities in a forested area is required from the Ministry of Agriculture and the local Forestry Commission. Permits are also required from the Ministry of Defence (as the Project is in a "border" area), from the local Office of the Archaeological Authority (to avoid damage to any antiquities in the Project area) and from the local office of the National Tourism Authority. Planning permits will be required from the prefectural authority for the construction of plant and other buildings. Also, a permit will be required from MEC for the construction of the plant and for the electrical and mechanical installations for the Project.

Lease Contract - Bonds

The Lease was signed with the Greek Government, Ministry of Development (MOD at the time) on 11/02/1993 for a 30 year term (1993-2023), renewable every five (5) years at the sole discretion of Thrace (Art. 3 of the Lease).

The current 5-year renewal of the Lease is valid until 10/02/2013. The Performance Bond is valid until 11/02/2013, while the Facilities Bond is valid until 10/04/2013.

4. SAPPES GOLD PROJECT

4.1 Location, Access and Climate

Sappes is a gold development project located in northeastern Greece on a 20.1km² mining lease granted until 2023. The Project is located approximately 2km east of the village of Sappes, population 9,500 (2001 census), and is situated approximately 60km west of the Turkish border and some 35km south of the Bulgarian border. The regional setting of the Project area is shown in Figure 1.

The nearest major town is the Aegean port of Alexandroupolis, approximately 30km south east of the Project area. Alexandroupolis, population 70,000 (2001 census), is a sizeable port for coastal shipping. The regional capital of Komotini is approximately 35km northwest of Sappes. Access to the Project area is excellent with a major highway within 7km of Sappes and the narrow gauge railway line from Thessaloniki to Alexandroupolis passes through the southern part of the Lease. Access by air is to Alexandroupolis, from where there are daily flights to Athens.

The region's climate falls between the Mediterranean and Balkan (Southeastern Europe) Continental types. The average annual rainfall is 756mm, with peak rainfall occurring during the winter months. The average monthly maximum temperature is 29.2°C, in July, and the average monthly minimum temperature is 2.3°C, in February. The dry period starts from mid June and lasts until mid September.

4.2 Geological Setting

Regional Geology

The Sappes district is located on one of several subduction-related volcanic arcs that developed in the late-Mesozoic and early-Tertiary era in the "ocean" of Tethys, which separated the continental land masses of Africa and Eurasia. Continental collision led to the development of the Alpine Mountain fold belt, and continues today with anticlockwise rotation of central Turkey along the North Anatolian Transform Fault and an active volcanic arc in the southern Aegean Sea as evidenced on Santorini. The boundary of the continental land masses is marked by the arcuate Hellenic Trench extending northwest along the Adriatic coastline and eastward to the south of Cyprus.

The Sappes gold mineralisation is related to the Rhodope volcanic arc of Oligocene age (30Ma). This structure also hosts other very important epithermal systems both in Greece (Perama – 15 km south of Sappes and Pefka – east of Alexandroupolis) and Bulgaria (Krumovgrad, Madjarevo, Sedeftche and Obichnic), which are mainly high-sulphidation style. Figure 2 provides a summary of the major tectonic geological features and some of the significant recently-defined gold deposits in the eastern Mediterranean.



Figure 2: Major Tectonic Elements of the Region

The Rhodope volcanic arc also hosts intrusive related polymetallic mineralisation in the Kirki-Essimi area that earlier this century was exploited for lead and zinc. The majority of the other major gold deposits discovered in the eastern Mediterranean are either part of the present active arc, such as that at Milos in Greece, or mid-Tertiary back arc rift basins, such as Ovacik in Turkey. These are quartz-adularia epithermal deposits, associated typically with large banded chalcedonic-quartz lode structures.

The collision of the Eurasian and African plates during the Tertiary resulted in the development of subduction-related volcanic activity along an 800km long arc, which extended westwards from northern Turkey, under the Rhodope Massif and curved northwards towards Yugoslavia. At the same time, a number of structurally controlled basins, with a common east-west elongation, formed in areas of divergent stress, particularly along the southern and eastern margins of the Rhodope Massif and the Circum-Rhodope Belt. These became infilled with relatively undeformed Tertiary sediments with interlayered volcanics and volcanoclastics. The Oligocene volcanic sequence comprises andesites, dacites and rhyolites, which were emplaced as tuffs, volcanic breccias, and domes with rhyolite porphyries as dykes and granitoid stocks. A widespread series of Neogene and Quaternary sediments, comprising both terrestrial and marine facies, overlie the earlier formations, the deposition of which has been strongly controlled by a series of basins bounded by syn-sedimentary normal faults developed predominantly on NNE or NNW trends. Sediments within the Komotini basin, a graben structure directly to the west of Sappes, are thought to be in excess of 2,000m thick.

Sappes District Geology

The Sappes lease is situated close to the margin of the Kirki-Essimi and the Komotini-Sappes basins. The local geology consists of Mesozoic metamorphic rocks that crop out in the southern part of the Lease, which are unconformably overlain by a basal Eocene conglomerate containing well-rounded metamorphic clasts. These are in turn overlain by a sequence of Oligocene andesitic volcanics, volcanoclastics and sediments that cover much of the Lease area with the variable nature and distribution of these units reflecting the rapid facies variations within an andesitic strato-volcanic succession.

The volcanic centre is presumed to lie to the east and north east of the Lease and to be related to a north easterly trending zone of sub-volcanic rhyodacite and monzodiorite of Oligocene age, intruded by later quartz-feldspar porphyry and andesitic dykes. These intrusives extend into the south eastern part of the Lease and represent centres of volcanism.

True Quaternary alluvium representing the most recent in-filling of the Komotini basin covers the western edge of the Lease and is generally under cultivation. This Quaternary sequence obscures the graben-margin faults.

Extensive areas of the Lease have been affected by hydrothermal alteration. Siliceous alteration at surface is fairly common (especially at St. Demetrios, St. Nicholas and Sabbies) and includes quartz, alunite, diaspore, corundum, pyrite and gold.

Argillic-sericitic alteration is extensive and typically includes sericite, kaolinite, illite, diaspore, montmorillonite, albite, quartz, pyrite and may contain gold. Propylitic alteration is limited in its extent - at St. Demetrios and Viper it is found in pods or relict lenses generally within areas of argillic alteration.

More extensive zones of propylitised rocks are found in the northern part of the Lease away from the main areas of argillic alteration and mineralisation. The principal minerals present are chlorite, albite, zoisite, quartz, pyrite with adularia locally.

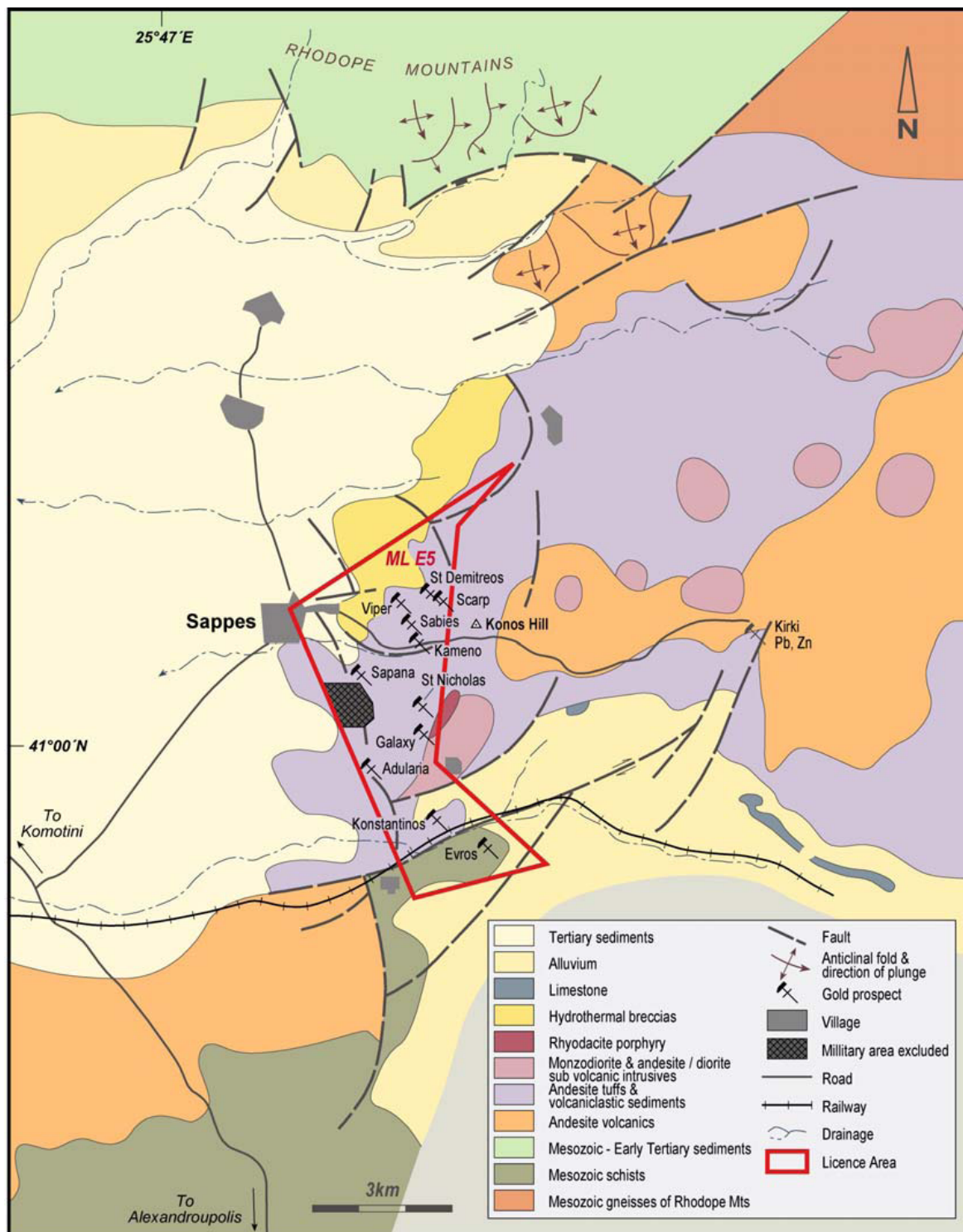


Figure 3: Geological Map of the Sappes District.

The area has been strongly faulted with structural trends varying from north-south as in the main Komotini-Graben margin fault, north westerly along which the Viper Vent Zone developed and east-west as marked by all the westerly draining valleys in the Lease area. All these faults are thought to be associated with acid-sulphate alteration and the mineralising processes. A younger suite of faults have a general north easterly trend, such as that between Viper and St. Demetrios,

which are considered post-mineralisation. The last major phase of faulting in the district is late-Tertiary in age, and consists of east-north-east trending right lateral shearing relating to the North Anatolian Transform Fault. A combination of the structural and magnetic data interpretation was used to select further exploration targets (refer Figure 4).

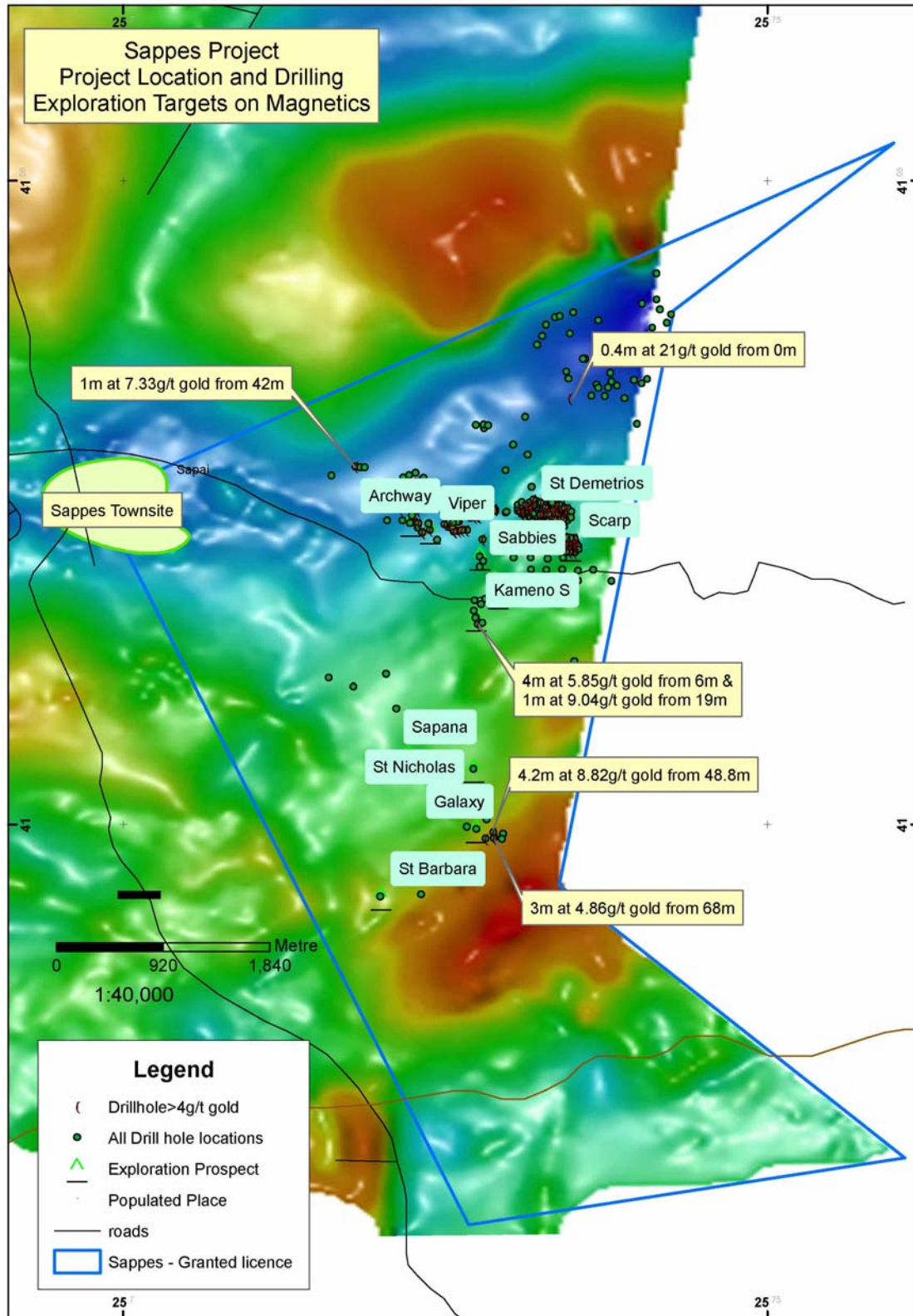


Figure 4: Sappes Drill Targets over Magnetics.

The geological setting of the Viper, St. Demetrios and Scarp deposits are discussed in detail as these are the most advanced of the prospects within the Sappes Gold project (Figure 5 - isometric view of the Viper, St. Demetrios and Scarp orebodies):

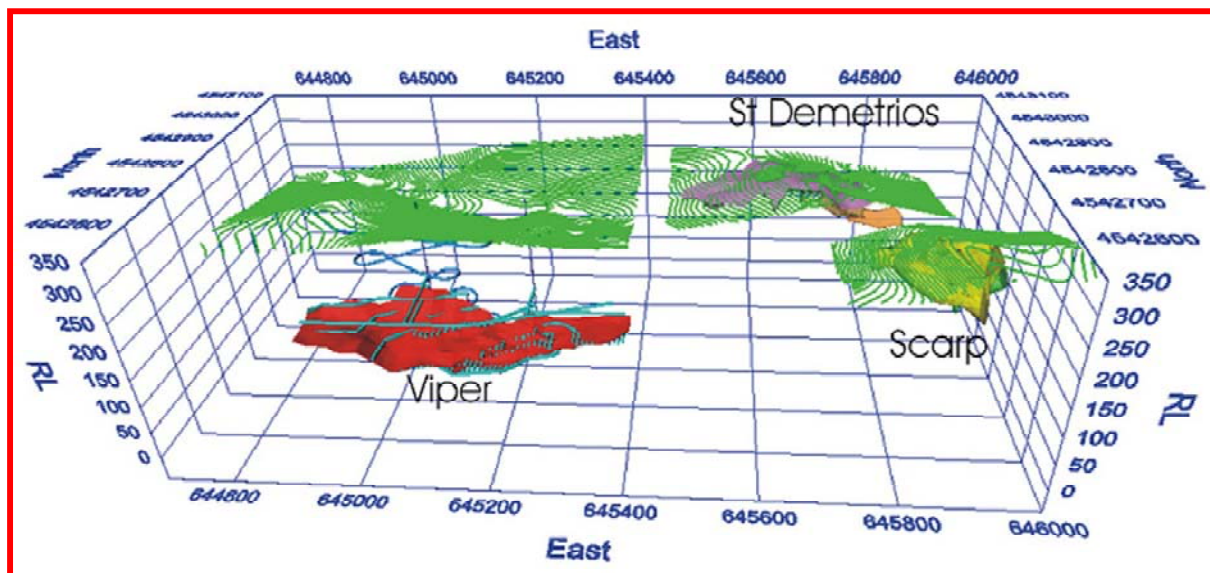


Figure 5: Isometric View of the Three Main Sappes Project Deposits.

The Viper Deposit

The Viper deposit is located in the north eastern part of the Lease, immediately to the south of the westerly draining valley known as Viper Creek, which marks the southern limit of the Silver Hills Conglomerate. The initial target for exploration at Viper was the north-westerly trending zone of discontinuous outcrops of silicified volcanic rocks. These outcrops extend for some 450m and mark what has been denominated the VVZ or “Viper Trend”. Originally these features were thought to be sinters, but following the drilling programme they have been interpreted as forming part of a steeply dipping fissure vent system, which was active until late in the history of the Sappes volcanic centre. The VVZ, together with the surrounding alteration halo, is broad, up to 150m across. It comprises an anastomosing system of generally narrow veins of amorphous silica and hydrothermal silica muds close to surface, with quartz and chalcedony veining at greater depth, plus silica-alunite, kaolinite/dickite and baryte veining within host volcanic rocks that have been strongly brecciated and for the most part are strongly silicified.

Rock chip sampling of the silicified outcrops showed that the geochemistry of the structure is not outstanding for gold, having returned low values with a maximum of 1.7g/t Au, whereas it is significantly enhanced for silver (from low up to 292g/t), lead (from low up to 1,460ppm), antimony (from low up to 2,150ppm) and barium (from <1.0% up to 5.2%). Drill intersections through the vent system demonstrate that the geochemistry is similar to about +100mRL, which varies from 100m to 160m below surface, beneath which level there is a change from a silver dominated system to a gold dominated system.

Viper Mineralisation

The Viper orebody has a known strike length of 550m, with the western extension remaining open as the most westerly borehole drilled to-date intersected the mineralised horizon. It is possible that the mineralisation is truncated or down thrown by another fault marginal to the Komotini-Graben, marked by one of the northerly draining valleys to the west of the Viper Hill.

The easterly limit of the Viper mineralisation is marked at surface by a south westerly trending valley that drains into Viper Creek from the col between St. Demetrios Hill and Silver Hills. This feature has developed along the line of a normal fault dipping to the west and with a downthrow to the west of some 250m. This has been interpreted to mean that Viper is a down faulted continuation of the St. Demetrios orebody. Both above and below the mineralisation are flat lying bounding faults along which movement probably occurred at various times during the development of the volcanic centre and the hydrothermal mineralising events.

The northerly and southerly limits of the gold mineralisation are not distinct with the boundaries in a north south direction varying from between 60m in the east to 130m in the west. The silicified horizon has been shown by the drilling to be more extensive than the boundary of the gold resource, indicating that the initial ground preparation event (flood silicification of porous lithological units) was not carrying gold into the system. The subsequent phases of brittle fracturing, which were associated with the introduction of gold into the system, appear to have occurred over a more restricted area. The thickness and grade of the gold-bearing mineralisation reduces towards the northern and southern margins of the gold resource outline.

Resources have been estimated for gold, silver, copper and other metals for the Viper orebody. Copper has significance, as the copper minerals contain the bulk of the non-gravity recoverable gold.

Various models have been proposed to explain the development of the Viper mineralisation. Originally, the Newcrest drilling programme at Viper was directed towards a steeply dipping target beneath the Viper Trend silicified outcrops. The zones of mineralisation intersected by those boreholes were interpreted as occurring within two steeply dipping epithermal vein systems.

A revision exercise was undertaken in early 1998 involving the re-logging of all existing core and with the benefit of additional mineralised intersections from step-out holes to the east of the Viper fissure vent system, a new model was proposed. It was confirmed that the main zone of Viper mineralisation occurs in all drillholes at about the same RL over a strike length of at least 500m and recognised that this zone is lithologically controlled, having developed within a horizon between two distinct andesitic lava flows.

The relatively flat-lying nature of the mineralised horizon, although it does have a gentle southerly dip, is apparent from the cross-sections through the Viper deposit. The Viper fissure vent system appears to cut across earlier phases of mineralisation in the flat horizon and gold concentrations have been carried to a higher RL within the vent zone, such as those occurring in quartz-chalcedony veins intersected by boreholes SD04 and SD08.

The earliest form of mineralisation recognisable comprises dark grey high-sulphidation flood silicification, with later phases resulting in medium to pale grey coloured silicification and the

development of silica-alunite, quartz-chalcedony, opaline, amethystine and comb quartz and finally kaolinite/dickite filling brittle fractures. Coarse-grained free gold associated with silica occurs rarely, as for example in intersections in boreholes DV36A, DV49 and DV68.

Gold is distributed throughout the mineralised horizon but within it the grades have been found to vary from 649g/t Au to below the resource cut-off grade of 4g/t Au. Coarse-grained free gold generally accounts for the bonanza grades, whereas the lower grade zones tend to occur where there is a concentration of late-stage fracturing with kaolin/dickite fill and associated argillic overprinting.

Locally gold occurs in the form of gold telluride (calaverite), but more commonly it is associated with sulphide minerals such as enargite and tetrahedrite (goldfieldite). Other sulphide minerals present in the mineralised horizon include pyrite, which is the most commonly occurring, with galena, sphalerite, chalcopyrite, intergrown chalcocite and covellite and bismuthinite.

The Viper orebody is interpreted to consist of a single lens to the east, dividing into two lenses going west. These two lenses are joined in the central area and finger out north and south as two distinct lenses. West of 645,000mE, the Viper lens enters the VVZ, where intersections are generally thinner and weaker. Hangingwall intersections are believed to be associated with the introduction of late mineralising fluids that both introduced and redistributed mineralisation centred on the VVZ.

St. Demetrios Deposit

The western margin of the St. Demetrios deposit lies some 120m to the east of the easternmost intersection in the Viper deposit the two being separated by the 040° trending normal fault described above. Underground mine workings, presumed to be for gold, with shallow tunnels and quarry-like faces, together with waste dumps of massive silica, were recognised at the prospect during an IGME exploration programme

The mineralisation at St. Demetrios, and also at Scarp, has generally been strongly oxidised due to its proximity to the surface. An irregular block of highly leached, vuggy silica-baryte-diaspore breccia (referred to as "spongy silica") is seen in outcrop at St. Demetrios. The zone is approximately 300m long by 100m wide and trends east-west. Drilling has shown that it is a fairly homogenous block, which is up to 45m thick and dips south at 10° to 20°. Beneath the spongy silica, drillholes intersected an argillised biotite-feldspar porphyry flow with a similar texture to that beneath the Viper mineralisation. A number of holes intersected a series of narrow, milky quartz-vein stockwork zones within the flow, some carrying highly sulphidic mineralisation with gold.

A sole fault has also been mapped around St. Demetrios and in the old underground workings. It has been seen in the footwall to be post-mineralisation, as the fault gouge was noted to contain clasts of chalcedonic and amethystine quartz. This implies that the fault that separates Viper from St. Demetrios is later than the sole fault that also occurs beneath Viper.

Table 3: Viper Prospect - Summary of Significant Drill Intersections.

Hole No	From (m)	To (m)	Width (m)	Grades			Comments
				Au (g/t)	Ag (g/t)	Cu (%)	
DV35	307.05	321.95	14.90	5.75	6.93	0.201	upper lens, stopped short of lower lens.
DV36	218.20	219.45	1.25	18.35	1.00	0.017	hangingwall ore
DV36	308.95	311.35	2.40	84.97	37.57	1.786	abandoned in ore
DV36A	310.00	336.60	26.60	63.44	14.74	0.294	upper lens
DV36A	343.00	347.00	4.00	19.28	1.23	0.277	lower lens
DV42	265.00	269.00	4.00	10.56	23.93	0.246	upper lens
DV42	278.00	289.00	11.00	10.97	2.90	0.140	lower lens
DV43	285.00	287.00	2.00	4.88	0.50	0.003	upper lens
DV43	300.00	301.00	1.00	6.72	0.50	0.002	lower lens
DV45	184.13	187.82	3.69	7.92	13.07	0.041	Viper lens in VVZ
DV46	287.00	292.00	5.00	46.56	2.20	0.562	lower lens
DV47	215.00	218.00	2.00	51.20	2.10	0.058	hangingwall ore
DV47	282.00	284.00	2.00	9.14	12.10	0.821	Viper in VVZ
DV48	269.00	271.30	2.30	5.36	15.10	0.275	Viper lens in VVZ
DV49	241.00	252.00	11.00	62.35	15.14	0.587	eastern end
DV50	269.00	270.00	1.00	36.68	2.20	0.044	stringer
DV50	275.00	276.00	1.00	10.95	31.50	1.929	stringer?
DV50	281.00	305.00	24.00	12.79	12.13	0.542	lower lens
DV51	238.50	241.00	2.50	13.26	16.35	0.139	hangingwall ore
DV51	254.00	258.00	4.00	24.34	13.84	0.732	hangingwall ore
DV51	293.00	309.20	16.20	29.41	12.33	0.390	Viper lens
DV52	286.15	309.00	22.85	40.84	10.70	0.715	Viper lens
DV54	305.00	318.00	13.00	23.80	9.16	0.664	Viper lens
DV55	259.00	263.25	4.25	19.59	3.16	0.410	eastern lens
DV56	266.25	270.00	3.75	69.26	8.40	0.066	eastern lens
DV57	262.00	264.00	2.00	34.47	16.91	0.044	hangingwall ore
DV57	294.40	308.00	13.60	10.68	2.87	0.272	Viper lens
DV61A	251.00	257.00	6.00	20.19	8.71	1.167	eastern lens
DV63	240.44	242.00	1.56	24.74	39.54	1.476	eastern most hole
DV65	244.00	252.00	8.00	42.56	28.43	0.038	Viper lens - north edge
DV68	291.00	306.60	15.60	38.62	28.00	0.641	Viper lens - north edge
DV68	312.33	313.00	0.67	4.71	5.40	0.067	footwall stringer
DV69	292.00	302.50	10.50	8.51	0.25	0.101	Viper lens - north edge
DV71	249.40	252.00	2.60	16.80	7.05	0.225	western most hole - Viper lens
DV74	141.00	142.50	1.50	11.45	60.80	0.131	Hangingwall ore
DV74	251.20	252.40	1.20	18.60	0.96	0.295	Viper lens in VV7
DV75	243.10	258.30	15.20	34.10	6.12	0.344	Eastern lens
SD04	161.00	164.00	3.00	22.09	11.07	0.037	VVZ hangingwall ore
SD04	241.00	255.00	14.00	8.98	9.33	0.044	VVZ/Viper lens
SD08	168.85	176.68	7.83	45.22	23.76	0.136	VVZ hangingwall ore
SD09	208.90	212.60	3.70	31.20	6.29	0.005	VVZ hangingwall ore
SD09	308.50	316.45	7.95	14.34	17.75	0.394	Upper lens
SD09	332.00	333.00	1.00	19.60	3.00	0.009	Stringers
SD09	339.01	340.35	1.34	8.86	32.33	0.402	Stringers
SD09	347.00	352.00	5.00	17.03	4.36	0.165	Lower lens
SD25	215.79	218.39	1.60	4.83	12.32	0.306	Viper lens in VVZ
SD30	245.00	248.00	3.00	11.24	9.33	0.137	Viper lens in VV7
SD32	274.00	275.40	1.40	7.61			Viper lens in VVZ

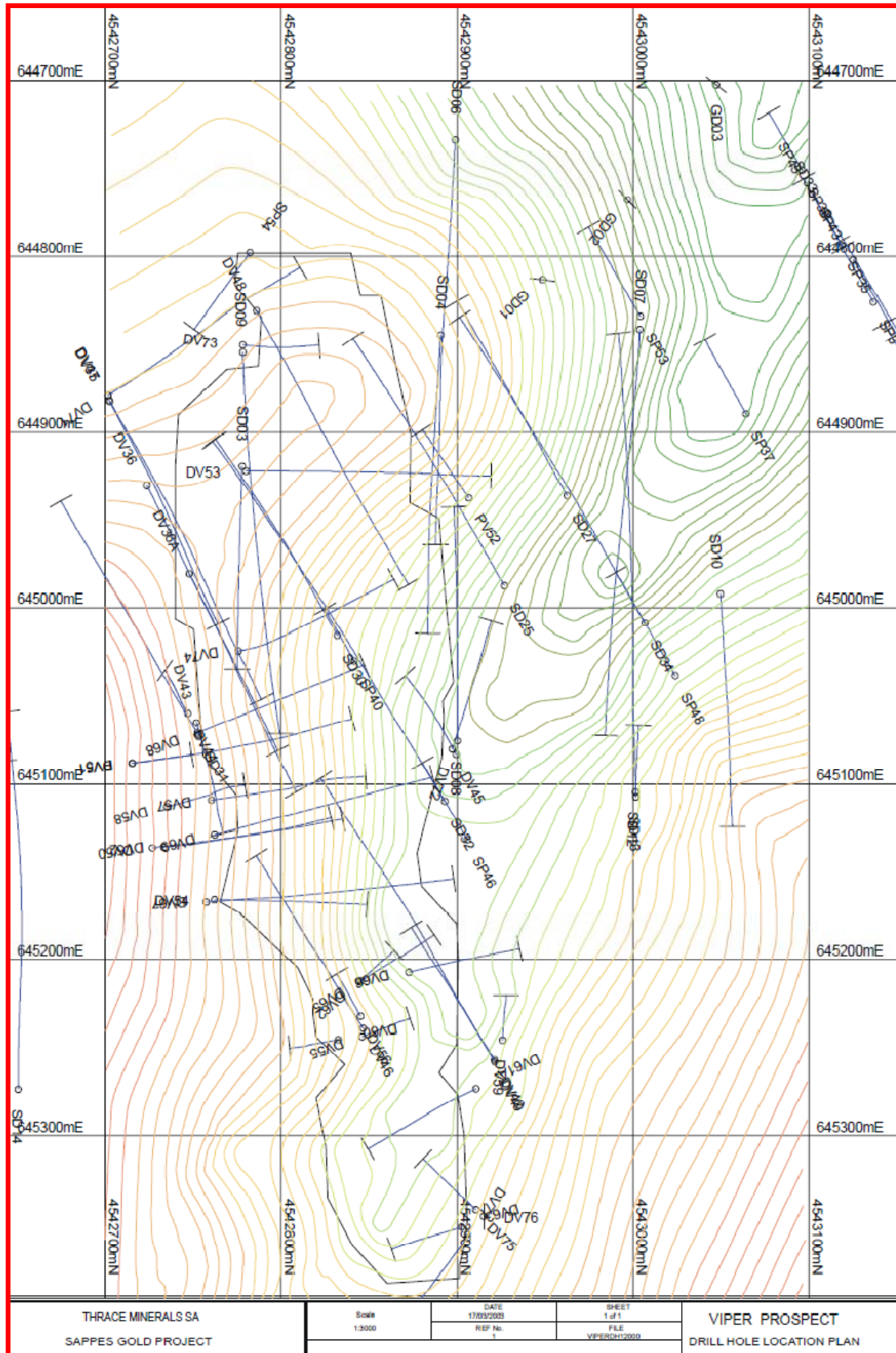


Figure 6: Viper Plan of Drill Holes showing Orebody Outline

Table 4: St. Demetrios Prospect - Summary of Significant Drill Intersections.

Hole No	From (m)	To (m)	Width (m)	Grades		
				Au (g/t)	Ag (g/t)	Cu (%)
DS38	35.70	55.00	19.30	4.85	3.16	0.016
DS41	5.60	10.80	5.20	5.35	3.40	0.003
DS41	19.50	26.40	6.90	2.56	3.22	0.069
IG01	0.00	9.00	9.00	3.81	18.79	0.012
IG05	1.00	7.00	6.00	2.10		
IG05	15.00	30.50	15.50	5.84		
IG12	0.50	5.00	4.50	2.27		
IG15	39.00	40.00	1.00	11.00		
IG15	39.00	51.50	12.50	11.16		
IG15	43.00	51.50	8.50	15.01		
IG16	2.00	10.00	8.00	2.52		
SD05	13.00	23.00	10.00	1.71	0.43	0.005
SD05	33.00	36.90	3.90	2.14	0.25	0.031
SD05	41.70	47.40	5.70	7.56	1.96	0.338
SD05	52.80	55.00	2.20	1.25	2.25	0.058
SD05	56.60	62.00	5.40	4.29	1.31	0.271
SP01	2.00	10.00	8.00	2.20	4.31	0.002
SP02	13.00	24.00	11.00	1.40	2.51	0.018
SP06	9.00	41.00	32.00	1.75	3.00	0.002
SP07	5.00	11.00	6.00	1.85	0.25	0.005
SP07	18.00	19.00	1.00	1.72	1.00	0.001
SP07	67.00	75.00	8.00	20.99	0.25	0.023
SP07	85.00	87.00	2.00	1.76	0.25	0.014
SP08	0.00	1.00	1.00	1.13	10.10	0.066
SP08	31.00	39.00	8.00	1.48	7.64	0.052
SP08	45.00	55.00	10.00	1.93	9.58	0.031
SP14	12.00	13.00	1.00	1.70		
SP14	25.00	27.00	2.00	1.66		
SP14	45.00	47.00	2.00	1.53		
SP14	69.00	76.00	7.00	3.35		
SP14	78.00	79.00	1.00	1.80		
SP14	88.00	89.00	1.00	1.54		
SP14	93.00	102.00	9.00	3.48		
SP17	0.00	27.00	27.00	7.02		
SP17	73.00	74.00	1.00	5.45		
SP18	46.00	66.00	20.00	3.40		
SP38	0.00	4.00	4.00	2.77		
SP58	0.00	5.00	5.00	1.51	0.25	0.002
SP58	0.00	5.00	5.00	1.51	0.25	0.002
SP58	15.00	26.00	11.00	2.39	3.74	0.028
SP58	15.00	26.00	11.00	2.39	3.74	0.028
SP59	1.00	16.00	15.00	1.54	0.59	0.001
SP62	1.00	4.00	3.00	1.75	0.40	0.002
SP63	0.00	1.00	1.00	2.90	2.60	0.022
SP63	33.00	37.00	4.00	1.10	6.08	0.034
SP65	0.00	2.00	2.00	2.28	1.95	0.008
SP67	0.00	1.00	1.00	2.67	3.60	0.005
SP69	4.00	17.00	13.00	2.35	0.76	0.006
SP69	31.00	32.00	1.00	2.75	0.25	0.006
SP71	10.00	17.00	7.00	2.47	0.50	0.001
SP71	10.00	17.00	7.00	2.47	0.50	0.001
SP71	42.00	46.00	4.00	1.73	0.28	0.035
SP71	42.00	46.00	4.00	1.73	0.28	0.035
SP72	41.00	53.00	12.00	6.19	2.81	0.154
SP72	41.00	53.00	12.00	6.19	2.81	0.154
SP74	5.00	16.00	11.00	1.74	0.14	0.001
SP74	5.00	25.00	20.00	1.42	0.17	0.001
SP74	23.00	25.00	2.00	1.62	0.45	0.001
SP74	33.00	34.00	1.00	2.57	5.60	0.002
SP74	33.00	34.00	1.00	2.57	5.60	0.002
SP75	14.00	16.00	2.00	1.69	0.75	0.001
SP75	28.00	32.00	4.00	1.92	0.10	0.003

Table 3 (cont.)

Hole No	From (m)	To (m)	Width (m)	Grades		
				Au (g/t)	Ag (g/t)	Cu (%)
SP76	41.00	45.00	4.00	1.11	0.80	0.007
SP76	53.00	59.00	6.00	1.79	0.33	0.150
SP82	0.00	1.00	1.00	8.44	2.30	0.003
SP82	6.00	10.00	4.00	1.11	0.10	0.005
SP84	1.00	7.00	6.00	2.52	2.45	0.011
SP84	1.00	7.00	6.00	2.52	2.45	0.011
SP85	1.00	31.00	30.00	3.47	1.76	0.020
SP85	1.00	31.00	30.00	3.47	1.76	0.020
SP85	41.00	43.00	2.00	2.00	0.60	0.026
SP85	41.00	43.00	2.00	2.00	0.60	0.026
SP87	0.00	1.00	1.00	1.20	2.10	0.002
SP87	32.00	35.00	3.00	1.85	13.43	0.005
SP88	0.00	10.00	10.00	2.10	7.71	0.003
SP89	0.00	13.00	13.00	4.70	4.51	0.004
SP89	0.00	13.00	13.00	4.70	4.51	0.004
SP90	0.00	25.00	25.00	2.47	1.84	0.010
SP90	31.00	33.00	2.00	1.05	1.60	0.014
SP90	38.00	41.00	3.00	1.83	4.13	0.148
SP90	45.00	55.00	10.00	21.99	3.43	0.009
SP91	0.00	13.00	13.00	1.57	0.59	0.002
SP91	65.00	66.00	1.00	10.16	2.40	0.244
SP112	5.00	14.00	9.00	2.58	10.32	0.003
SP115	0.00	5.00	5.00	3.09	6.36	0.002
SP115	28.00	29.00	1.00	2.84	1.80	0.003
SP116	0.00	17.00	17.00	6.17	12.02	0.013
SP117	0.00	3.00	3.00	1.50	4.23	0.003
SP118	0.00	6.00	6.00	3.69	5.25	0.003
SP119	0.00	2.00	2.00	2.77	2.50	0.002
SP120	0.00	14.00	14.00	3.44	3.86	0.003
SP120	47.00	49.00	2.00	12.99	0.75	0.002
SP122	0.00	18.00	18.00	1.43	0.57	0.002
SP122	24.00	42.00	18.00	1.65	5.22	0.122
SP124	57.00	59.00	2.00	12.83	9.20	0.023
SP125	75.00	85.00	10.00	4.08	1.91	0.042
SP130	0.00	2.00	2.00	2.35	0.95	0.004
SP130	26.00	52.00	26.00	3.61	7.84	0.180
SP131	0.00	17.00	17.00	4.61	4.97	0.004
SP132	0.00	3.00	3.00	3.63	6.13	0.005
SP132	21.00	38.00	17.00	2.19	10.91	0.172
SP133	0.00	8.00	8.00	3.27	1.86	0.003
SP138	0.00	2.00	2.00	3.14	5.80	0.004
DS78	0.00	14.00	14.00	2.51	7.39	0.015
DS79	0.00	1.90	1.90	6.90	7.32	0.002
DS79	5.20	10.30	5.10	5.79	12.65	0.003
DS80	0.00	18.20	18.20	6.85	40.33	0.015
DS81	0.00	14.00	14.00	8.79	10.81	0.002

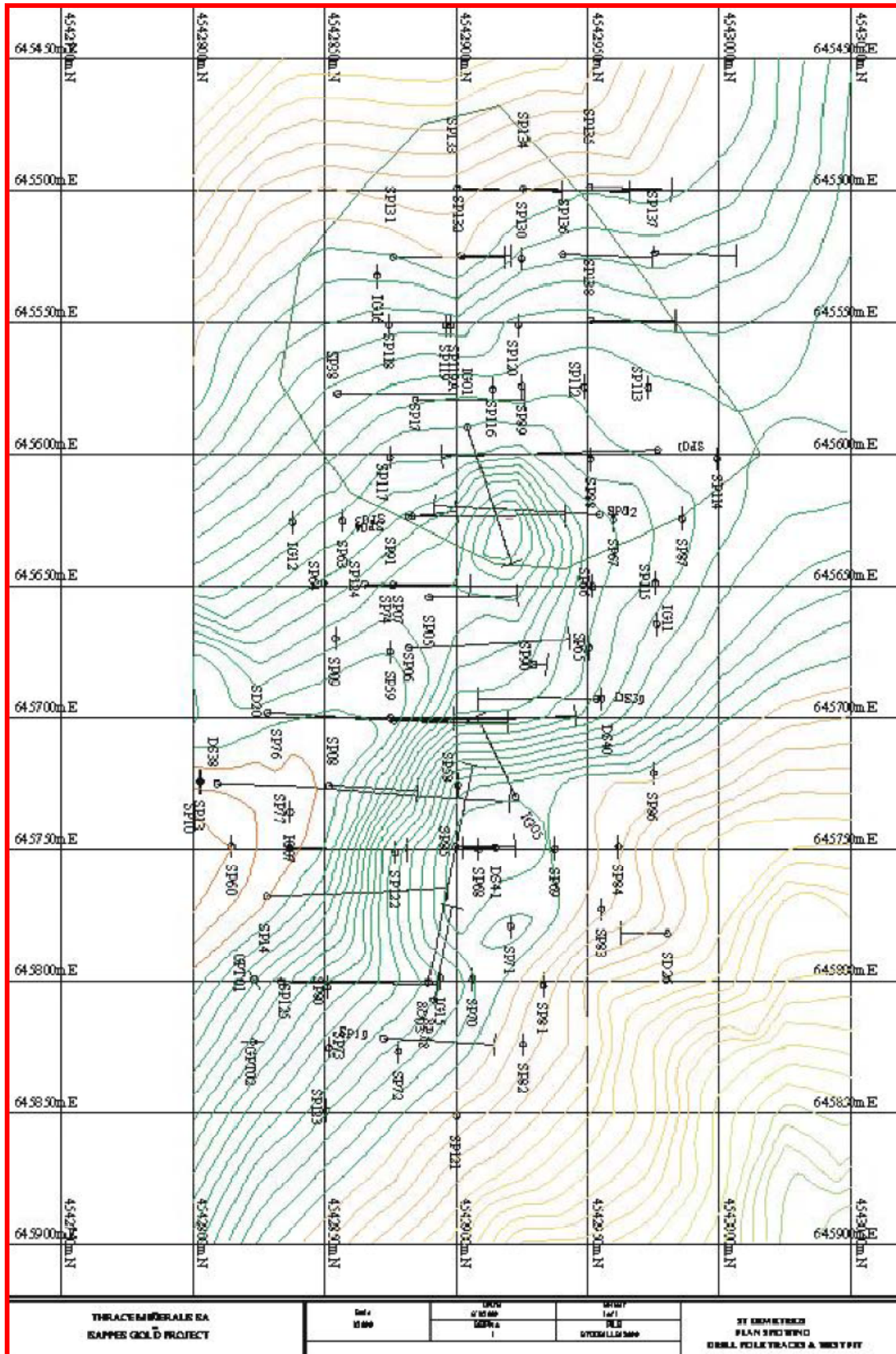


Figure 7: St. Demetrios Plan of Drill Holes with West Pit Design Outline.

Scarp Deposit

The Scarp deposit is located approximately 250m southeast of St. Demetrios. These two deposits are separated by a normal fault trending at about 20° with a downthrow to the west of some 30m and dextral strike-slip displacement of Scarp by some 250m. The fault zone is marked by a fractured silica shoulder, which forms scarp topography, and hosts several ancient workings presumed to have been for gold. Mineralisation is almost certainly of the acid-sulphate type similar to St. Demetrios, with remnants of an upper flat-lying porous silica cap. Beneath the silicified-mineralised horizon, drill holes intersected a biotite-feldspar porphyry flow, with similar texture and composition to that beneath both the St. Demetrios and Viper mineralisation.

Table 5: Scarp Prospect - Summary of Significant Drill Intersections.

Hole No	From (m)	To (m)	Width (m)	Grades		
				Au (g/t)	Ag (g/t)	Cu (ppm)
DS37	1.50	5.00	3.50	4.04	1.79	125
DS37	10.00	11.00	1.00	3.51	2.20	181
DS37	46.00	48.00	2.00	1.96	1.60	45
DS37	53.00	82.00	29.00	4.11	3.58	58
SP92	14.00	17.00	3.00	1.50	0.47	48
SP97	28.00	37.00	9.00	1.15	1.44	74
SP97	53.00	73.00	20.00	1.80	1.19	19
SP98	12.00	15.00	3.00	1.36	1.03	37
SP98	35.00	62.00	27.00	1.89	1.21	22
SP99	0.00	20.00	20.00	2.20	0.75	63
SP99	69.00	72.00	3.00	1.44	0.37	15
SP100	3.00	10.00	7.00	1.68	0.10	46
SP100	13.00	15.00	2.00	1.23	0.20	45
SP100	18.00	20.00	2.00	1.21	0.45	12
SP101	1.00	12.00	11.00	1.47	1.14	51
SP101	38.00	43.00	5.00	1.71	1.18	105
SP101	46.00	50.00	4.00	1.26	1.50	105
SP101	72.00	79.00	7.00	1.86	0.24	24
SP101	82.00	88.00	6.00	1.53	0.27	25
SP104	4.00	18.00	14.00	2.93	0.94	50
SP104	30.00	75.00	45.00	2.57	2.68	100
SP106	41.00	53.00	12.00	2.23	0.83	21
SP106	58.00	69.00	11.00	2.82	0.51	38
SP126	0.00	13.00	13.00	1.91	1.02	32
SP127	1.00	32.00	31.00	2.40	0.93	33
GPT3	4.10	11.00	6.90	2.75	2.67	78
GPT3	14.00	22.00	8.00	1.53	1.14	37

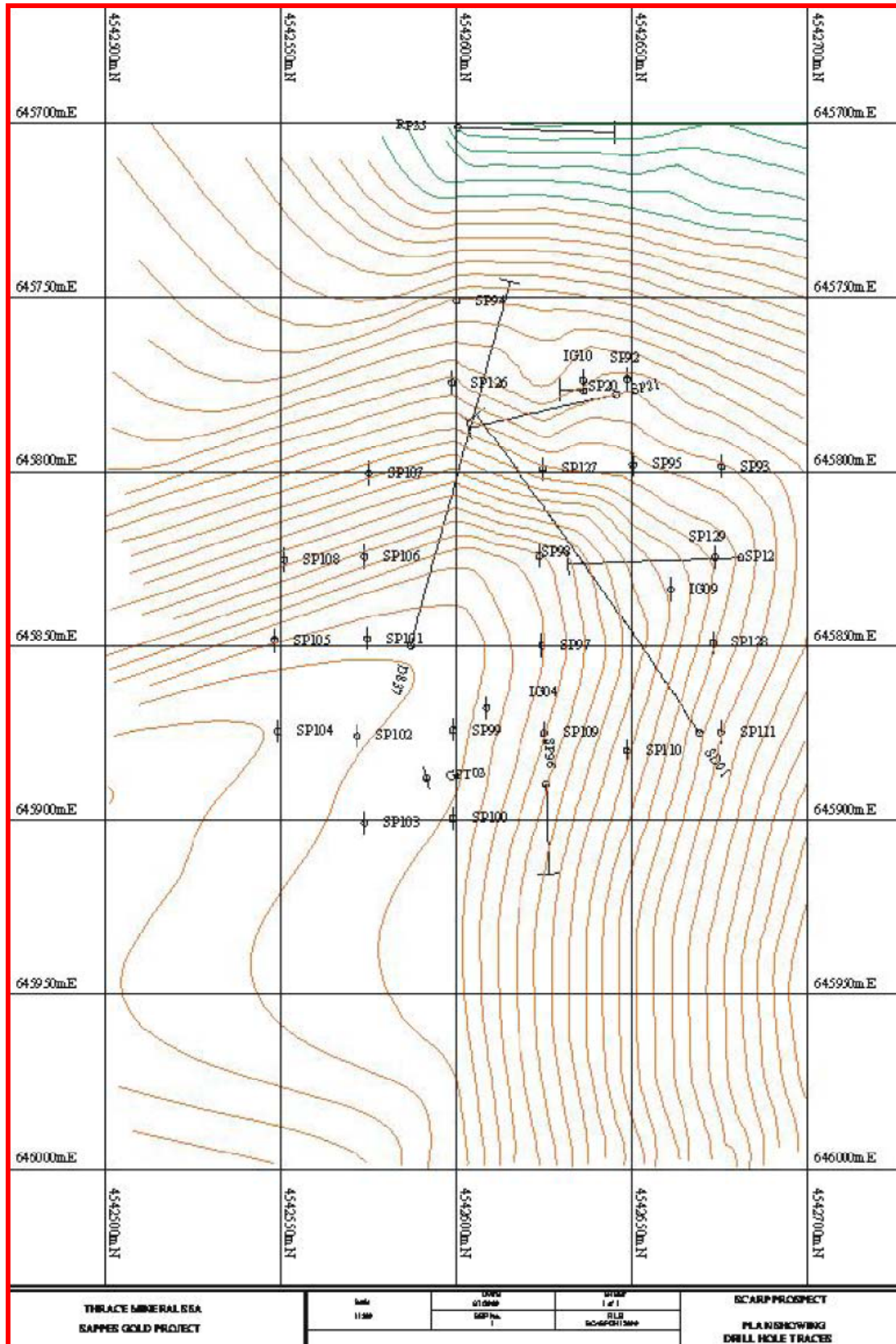


Figure 8: Plan of Drill Holes - Scarp.

4.2 Grade Estimation of the Sappes Gold Deposits

Thrace estimated the size and quality of the Sappes deposits as part of a Mineral Resource Estimate, which were audited by SRK in 2003 and then again in 2007. The Viper deposit contains the bulk of the Mineral Resources and presents the most challenges in terms of producing an estimate. Areas considered in all estimates are discussed in detail to allow a fuller understanding of the issues addressed.

Orebody Boundary Selection

Viper

Viper is interpreted to be a high grade gold orebody within a more permeable zone between two distinct andesitic lava flows. There is strong evidence of at least two major stages of gold mineralisation and redistribution of gold and other elements. The highest gold grades are associated with elevated copper grades in the earlier mineralisation type and with lead and zinc in later mineralisation overprinting the earlier copper-gold mineralisation. Copper-gold ore also varies from enargite-tetrahedrite associations to more chalcopyrite rich zones with low associated arsenic grades (such as in the east). Silver grades generally increase with elevation within the system and show evidence of redistribution during later mineralising events, particularly within the cross cutting VVZ. High grade visible gold is seen within the VVZ up to 120m above the main orebody. This visible gold is within quartz-chalcedony veins and generally has low copper grades. However, there are also high grade copper-gold “stringers” above the interpreted ore-zone.

To define the “Viper Ore Body” a number of methods were assessed, including purely geological criteria, considered to be the best method, assay boundary and a cut-off grade sub-set within a larger block model. These three methods are discussed below:

- **Geological boundary.** The complex overprinting of mineralisation and the redistribution of elements make it difficult to generate a reliable, defensible simple geological shape (based solely on lithology and alteration) that could be called the orebody using the surface diamond drilling alone. It may be that with more detailed underground drilling a purely geological outline may be more definable and defensible.
- **Assay boundary.** The next best alternative is to try and define an orebody shape using the assay data; this could be refined to a multi-element selection criteria if found to be warranted. The selection of a gold grade to be used is based on looking at the downhole distribution of gold grades and picking a grade at which the gold content increased dramatically. This grade should be within the range of expected marginally economic ore, which is ore that would normally be economic to mine if assigned only the incremental costs of mining and treatment.
- **Cut-Off Grade Sub-set boundary.** Some previous resource estimates have been generated using an interpreted mineralised envelope based on a +0.5 g/t gold content. This envelope included mineralisation related to remobilised and late-stage mineralisation in the VVZ and isolated stringers and veins not directly related to the main ore zone. This had the effect of spreading the mineralisation over a greater vertical extent. Using a block model to generate

an orebody within this envelope and then only selecting the portion of the block model above a “cut-off-grade” was attempted. In one case the total orebody generated by this method was 5.2 million tonnes at 5.2 g/t gold.

The current Mineral Resource estimate was based on first placing a hard boundary around the interpreted outline of the Viper mineralisation. This outline used both the re-logging and reinterpretation of the drill core and the observation that a 4.0g/t Au cut-off produced a consistent ore shape that conformed to the revised interpretation that the orebody is flat-lying. Drilling conducted in late 1998 and 1999 extended the known extent of Viper mineralisation 200 m to the east and has firmed up the northern and southern limits of the ore zone. This drilling was done after a shape had been generated and confirmed the interpretation. Closer spaced diamond drilling planned to guide the final ore development will no doubt alter the shape again, but it is not expected that this additional drilling will indicate that the current shape is significantly in error.

Intersection selection for orebody shape generation was based on the following criteria:

- Drill hole intersections were first selected based on a 4.0g/t Au intersection selection cut-off on the raw assay data;
- These intersections included a maximum of 2 metres of internal waste material, unless there was a compelling reason to include sub 4g/t mineralisation in the intersection;
- Isolated high grade single or grouped samples in the hanging-wall of the main flat mineralised zone were not included in the main intersection if they caused a rapid expansion in thickness; they were interpreted to be high grade stringers; and
- Similarly high grade samples in the footwall or, in some cases, between the interpreted two flat lenses of mineralisation were rejected.

Once these intersections were chosen, an interpreted hard boundary was placed around sections spaced at 20m easting intervals from 644,800mE to 645,380mE. These shapes were smoothed to form a consistent shape. Once the outlines were produced, they were linked to form a 3-dimensional wireframe shape. This shape was then intersected with the 2 m composite assay database and a code assigned to each composite. This assignment was then checked manually to ensure that the selection had occurred correctly. Composite samples on the edges of the orebody with less than 4.0g/t Au but lying inside the wireframe shape were coded into the orebody. Grades within the wireframe shape were then calculated using the coded 2 metre composites.

The following statistics are relevant across the 4g/t Au boundary:

- Average grade of 2m sample above boundary 1.1g/t Au
- Average grade of lowest grade first 2m sample within ore 8.5g/t Au
- Average grade of first lowest grade raw sample within ore 10.7g/t Au
- Average grade of 2m ore samples – unweighted 25.8g/t Au

- Percent of first 2m composite samples 4g/t to 5g/t Au 19%
- Percent of first assays (raw data) 4g/t to 5g/t Au 10%
- Average grade of 2m sample below ore boundary 1.4g/t Au

Table 6: Dilution and Ore Sample Grades, Viper Mineralisation Boundary Interpretation.

Drill Hole	2m composite data					Lowest grade first sample Au g/t
	Dilution	First ore	next	next	next	
	Au g/t	Au g/t	Au g/t	Au g/t	Au g/t	
DV 35	0.66	6.4				16.6
DV 36	0.28	29.0				7.8
DV 36A	0.22	4.1	30.1			7.6
DV 42	1.93	5.5				4.8
DV 45	0.49	7.1				11.0
DV 46	1.08	4.0	5.4			5.2
DV 47	1.31	9.1				4.3
DV 48	0.68	4.8				8.1
DV 49	0.18	8.3				15.6
DV 50	1.41	5.6	13.0			8.5
DV 51	0.34	13.1				24.2
DV 52	1.01	6.1				5.9
DV 54	0.94	8.0				13.7
DV 55	1.86	10.3				20.4
DV 56	1.26	9.0				8.0
DV 57	0.23	5.0	7.0			6.0
DV 61A	1.05	8.4				16.4
DV 63	1.53	20.6				14.0
DV 65	2.28	8.5				15.7
DV 68	0.38	18.6				4.5
DV 69	3.23	7.6				8.0
DV 71	0.64	6.6				11.1
DV 74	0.66	4.5	7.9			17.2
DV 75	0.6	4.9	4.9	3.8	13.6	9.1
SD 4	2.98	5.0	3.8	3.6	7.1	6.6
SD 9	0.47	5.1	5.9	10.5		13.1
SD 30	3.1	7.1				9.0
SD 32	1	5.6				7.4
Average	1.14	8.50	9.7	6.0	10.4	10.7

During the reserve estimation process the boundary was defined on the raw assay data, however, the grade was defined from the composite data, as equal sample lengths are required before grades can be assigned. This has the effect of randomly diluting the outer 2 m composite depending on where the odd and even drill hole depths occurred. Compositing was done to 2 m even down hole depths. This has the effect of lowering the grade, as some material outside the boundary is dragged in to make up 2 m sample lengths.

St. Demetrios

The St. Demetrios ore outlines were interpreted on 25 m north-south sections, based on a 1 g/t Au outline. Intermediate sections were interpreted to allow termination of the wireframe shape at the western end of the orebody, where the orebody end is determined by topography and in the centre where the orebody is divided into a western and eastern zone under the prominent silica

breccia knob. What appear to be lower ore zones in the footwall of the main silica sheet mineralisation had individual wireframe shapes generated, and were interpreted to form flat lying sheets rather than steep stockwork zones as previously interpreted. There is strong evidence that St. Demetrios and Viper are the same orebody, offset by late-stage faulting during caldera collapse and therefore should have similar ore shapes. Scarp can also be interpreted to be an offset of St. Demetrios, however the evidence for this is not as strong. Intersection selection at St. Demetrios and Scarp included zones of below cut-off grade material and not sampled zones at the surface, if this was likely to be taken as ore during initial mining.

To preserve the ore shape, below cut-off grade waste gaps of up to 7 m were included in long intersections, as were tails of intersections that did not meet strict both ways carrying criteria. This has the effect of lowering the grade and increasing the tonnes in a more robust ore shape.

Element Correlations

Minor element correlations were examined separately for the populations of the two early drilling phases. There was no strong correlation evident. Perceptible correlations shared between the two drilling campaigns were as follows:

- Gold is weakly correlated with silver and copper;
- Antimony is weakly correlated with silver, copper, lead and arsenic;
- Barium appears negatively correlated with depth downhole; and
- Core recovery is not correlated with any element, positively or negatively.

Based on the details of the resource blocks there is a strong support for the remobilisation of gold and late stage mineralisation in the Viper Vent Zone. This is highlighted mainly by the copper, lead, zinc and arsenic distribution. Copper grades are highest to the east, whereas lead values are 1,000 times lower and zinc 20 times lower than the ore near the Viper Vent Zone. Copper values to the east are twice those in the lower southern section of the orebody to the west and 15 times higher than higher elevation ore-zones along the northern limit of the orebody to the west. Arsenic associated with both enargite, and in pyrite, shows a marked ratio change from a copper: arsenic ratio of 20:1 in the east to 2.2:1 in the central zone of the orebody, reflecting the observation that there is more chalcopyrite in the east.

Gold Distribution Statistics – High Grade Cut Factor

Viper is recognised as a high grade high-sulphidation epithermal gold/copper deposit with overprints of low-sulphidation mineralisation. Log normal cumulative frequency plots (Figures 9 to 14) on both the raw sample data and the 2m composites show a distinct high grade population above 50g/t Au. This population represents 13% of the composite sample data within the interpreted Viper orebody. These assays are consistent with sections of quartz-sulphide mineralisation logged as ore zones. Raw sample data from these intervals range up to 649g/t Au and raw samples assaying greater than 100g/t Au (~ > 50g/t on 2 m composites) are found in 11 of the 32 holes that intersect the Viper orebody.

In total, there are 21 intervals over 100g/t Au, including seven intervals over 300g/t Au out of a total number of 304 assays of over 4g/t Au. High grades are not due to selective coring of quartz, as 18 of the 21 samples gave recoveries greater than 97%. Most high grade sample lengths are 1m, with a minimum of 0.5m and a maximum of 1.3m, down hole. Holes with high grade samples are distributed throughout the Viper orebody east of 645,000mE. Ten of the 23 intersections that make up the Mineral Resource estimate in this area contain samples over 100g/t Au, however they do not appear to be restricted to one area.

Cumulative frequency plots show a distinct bend in the distribution of assays at the high grade end of the distribution. This occurs both in the raw data (Figure 9) and the 2m composites. A second plot was undertaken removing the high grade end of the distribution, as it appeared that there was a change in slope at about 300g/t Au. By selecting only samples below 285g/t Au, the distribution was found to fall on a straight line (Figure 10).

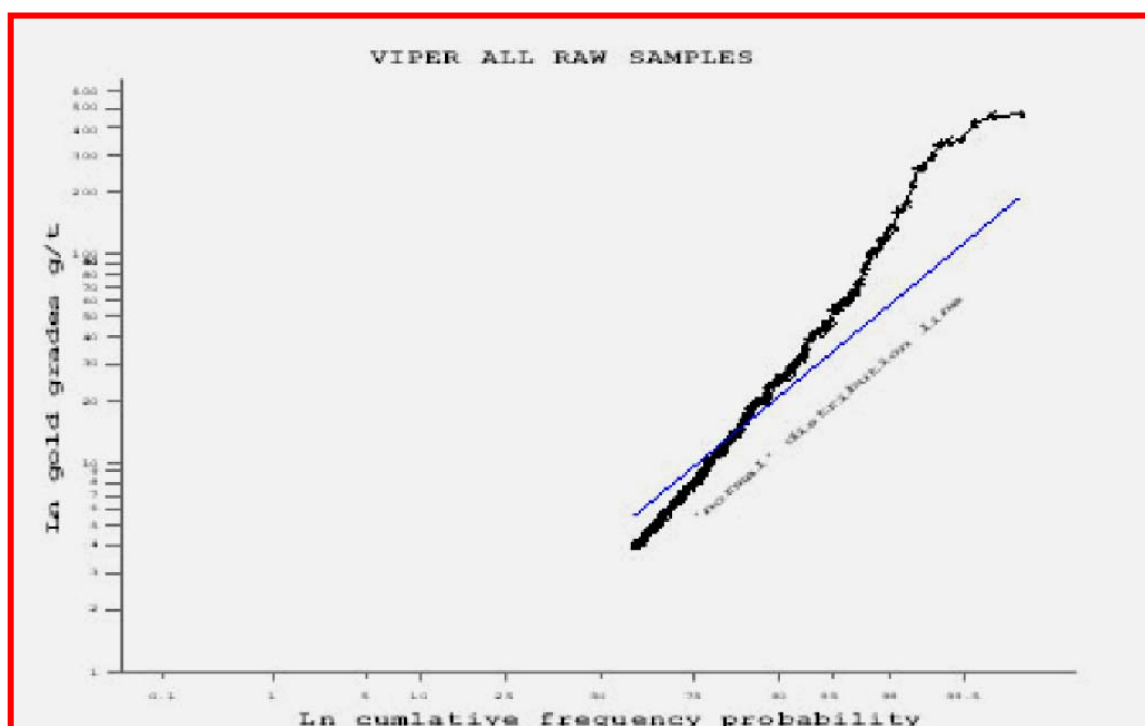


Figure 9: Cumulative Probability Plot Raw Gold Samples within Viper Orebody.

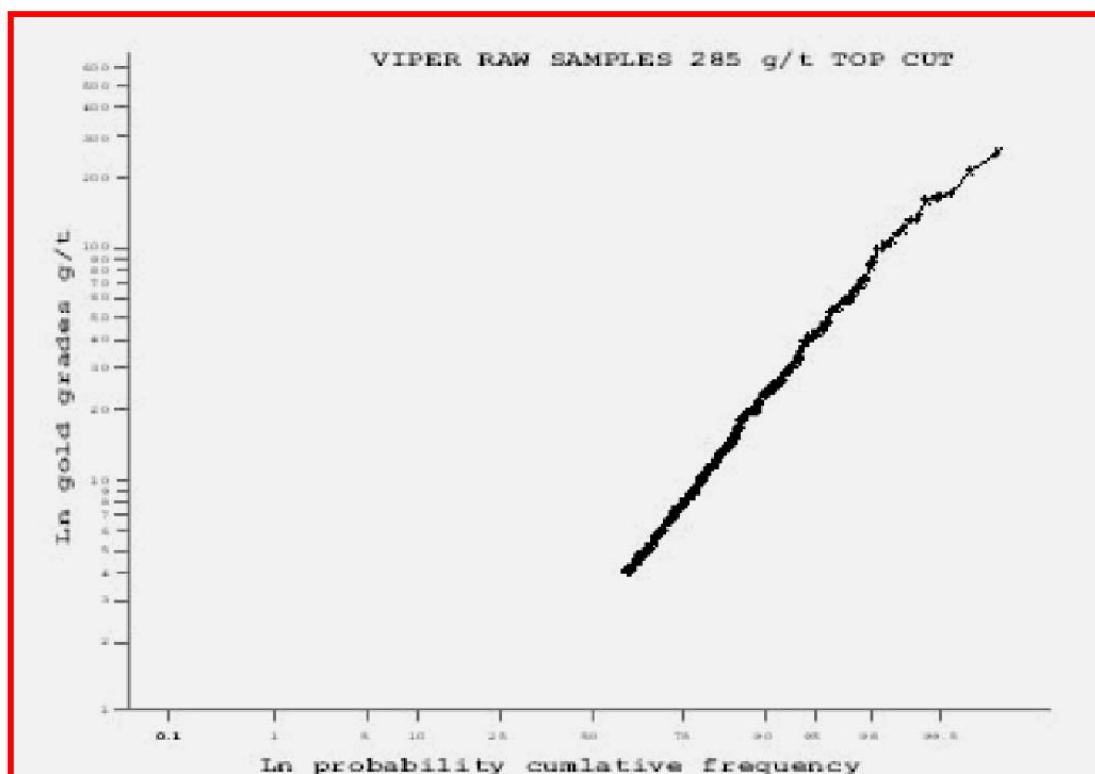


Figure 10: Cumulative Frequency Plot of All Raw Samples below 285 g/t Au.

Figure 10 indicates that the raw samples did not include marked highly anomalous values up to about 285g/t Au. However, as these were raw samples on unequal length, the statistics were next run using 2m composites. Composites were found to exhibit similar trends to the raw data, after making allowance for the smoothing effect of compositing. This reflected that the normal sample interval was 1m and that few short interval high grade samples were in the database. The results are shown in Figure 11.

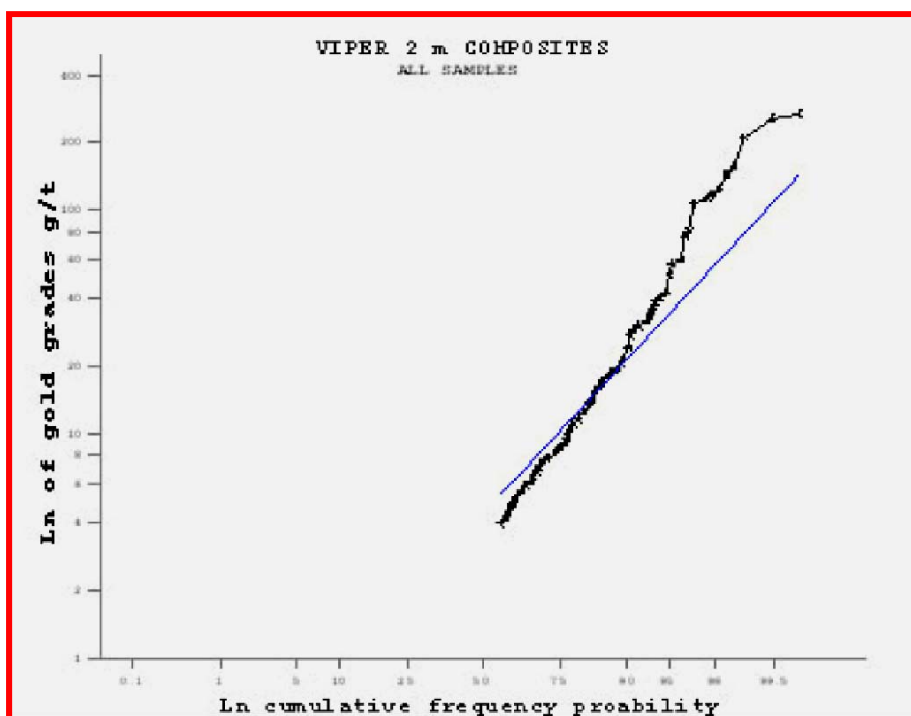


Figure 11: Cumulative Frequency Probability Plot 2 m Composites.

The consistent trend of the high grade "tail" suggests that it is a real feature of the orebody and not due to a "nugget effect". It may be related to a high grade mineralising event or structural control feature within a relatively lower grade zone of mineralisation. Plotting only the samples that fell within the orebody shape produced a similar distribution as shown in Figure 12.

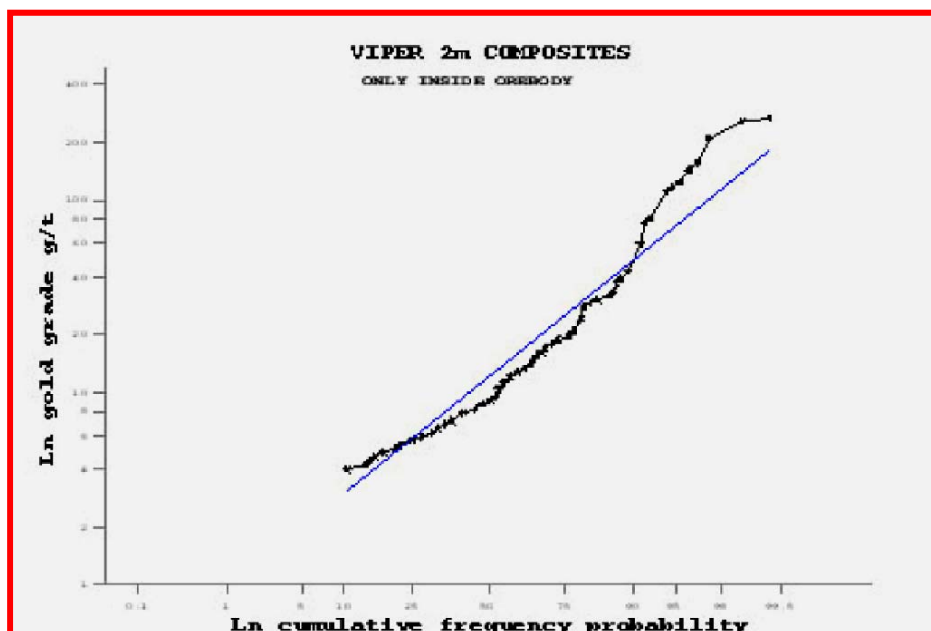


Figure 12: Cumulative Frequency Probability Plot - 2m Composites Inside Orebody.

To assess the evidence for a high grade population, the composites were divided into two populations at the 40g/t composite cut-off. A probability plot using only composites inside the Viper ore shape and above 40g/t Au was then calculated. The results are set out in Figure 13.

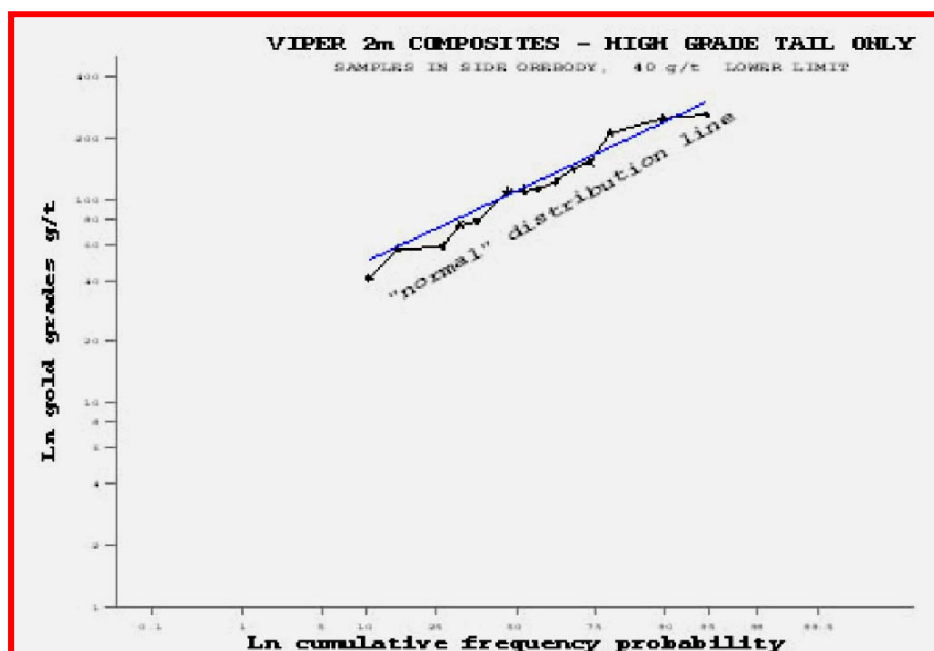


Figure 13: Cumulative Frequency Probability Plot High Grade Composites.

A similar plot using only the lower grade end of the 2 m composite population is shown in Figure 14.

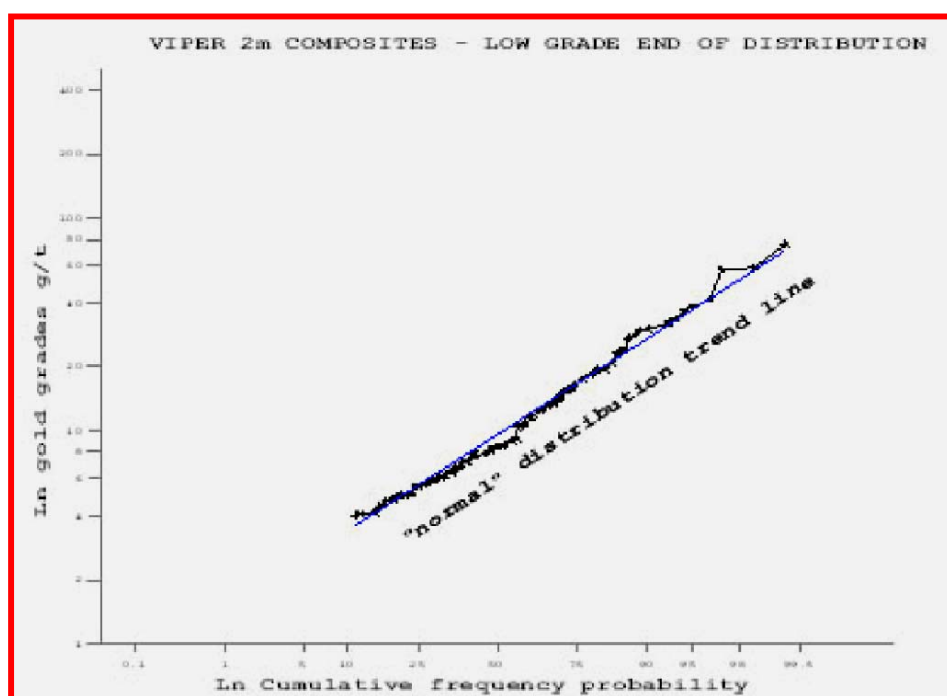


Figure 14: Cumulative Frequency Probability Plot Lower Grade Composites.

These plots indicate that two populations of samples exist: a high grade one that could commence as low as 40g/t Au, and a lower grade one that could be extended to overlap the high grade population up to 90g/t Au. Ideally, each population should be modelled and interpreted as separate ore zones. However, due to the complexity of the orebody, the uncertainty of joining high grade zones and the numerous assumptions that would have to be made, a traditional high grade cut was selected instead. To limit the influence of such high grade samples on the calculation of block grades, the cut was applied to the 2m composites prior to estimation of block model grades.

The cut was applied at 130g/t Au, which is about the 95 percentile in the 2metre cumulative sample distribution. This cut is equivalent to about a 275g/t Au cut on the raw data, after allowing for the addition of neighbouring samples during accumulation. Above 300g/t the raw sample data shows a distinct break in trend. The cut to 130g/t Au affected six of the 2m composites. Suggestions of cuts at much lower values had been made by BDA, who recommended that a cut should be made "at a level around 50-75g/t Au." BDA also recommended a cut be made to the raw data, which would be an even more severe cut on the composite data. These recommendations were not followed, as the cut value was largely based on experience gained in lower-grade open pits in Western Australia, where cuts are usually made at about 10 times average grade. For high grade orebodies, such cuts have been found to be overly severe. Also, raw data should not be cut as samples then have different support (length). Samples should, in theory, be cut on true width composites of equal length. A cut at 50g/t Au would have affected 14% of the composite data set and would have been at only 1.6 times the raw average grade.

In contrast to the BDA cut, another independent technical assessment of the Viper Mineral resource estimate on data up to November 1998 by SRK (UK) considered an upper cut of 160 g/t Au to be most appropriate. From experience in high grade mines, such as the Granites in the Tanami Desert of the Northern Territory in Australia, cuts are made at higher levels based on sample distribution statistics, and each sample type has different levels of cuts applied partly to compensate for sample bias in some media. At the Granites mine no cut is applied to data up to 500 g/t Au, as they are considered to be part of the sample population. Samples over 1,000g/t Au were considered to be outliers and where cut, there were no samples between 500 g/t and 1,000 g/t Au.

Compositing

Composite lengths of 2m down hole was considered appropriate, as this is the smallest composite length that will accommodate all raw sample lengths without artificially shortening intervals. This minimised the bulking up effect and allowed for greater definition of high grade zones than previous estimates made on 5m composites. Composites longer than 2m tend to hide high grade values in the data set and also tend to spread the grade out artificially. As holes are steep and intersect a flat lying orebody, the true width effect is minor and has been ignored. Composites were calculated for values in the "699_assays" database. The fields of the composites were:

Rec%	Au1	AuAve	AuAv*REC	Ag	Cu	Pb	Zn	As	Sb	Ba
-------------	------------	--------------	-----------------	-----------	-----------	-----------	-----------	-----------	-----------	-----------

Rec% was not used to calculate $AuAv \cdot REC$, as this was a field composited from the original sample intervals. Au1 is the original assay result, AuAve the average of repeat assays and $Au1, AuAv \cdot REC$ is the AuAve figure multiplied by the recovery and divided by 100. All figures are in parts per million unless otherwise indicated. These were used to compile the "600 V COMP" database which was used for all estimations. As small block sizes were used, it was also considered appropriate to have composite intervals smaller than or equal to the minimum block dimension.

Three composite grades were calculated for gold:

- **AuAve:** Uncut average grades, with lost material assigned at the average grade of the sample in which they would have otherwise been included. That is 100% recovery assumed for samples with less than 100% recovery and zero recovery intervals ignored. Holes with no recovery data were assigned 100% recovery where sample data existed, which was only one hole SD04
- **AuCut1:** Average samples cut to 130g/t Au, with all lost material assigned at the average grade for that sample interval and zero recovery intervals ignored
- **AuCut2:** Lost material assigned zero grade with the composites then cut to a maximum grade of 130g/t Au

Mineral Resources were estimated on each composite set to determine the effect of these factors on the overall grade of the estimate. The result, using identical search criteria and shapes, is shown in Table 6, which shows that the cut factor used on high grades has the greatest influence on the average grade, reducing the average by 3.7g/t Au or 14%. The finalised Mineralised Resource Estimate has used the Au Cut 2 composites to calculate grade.

Table 7: Composite Grade Calculations

Method	Grade of Measured and Indicated Resource
Uncut and average grade	27.2 g/t Au
130 g/t Au cut and average grade	23.5 g/t Au
130 g/t Au cut and zero grade	22.1 g/t Au

Investigations of more severe cuts could be made as part of any risk assessment of the project.

Other Metals

There was no special treatment of the other metals estimated for Viper. Most of these are considered deleterious elements and as such no cutting of high values has been attempted. Only silver and copper are of value, but neither have significant positive economic impact on the project.

4.3 Geostatistics of the Sappe Gold Deposits

Variography was attempted on the composite data set inside the plus 4g/t Au envelope. However, only a valid down-hole variogram could be produced. Across and along strike variograms showed a distinct drill hole spacing effect due to the drill hole spacing at about 30m. Because of the lack of short-range samples in these planes, a suitable variogram that has meaning could not be derived. Previous estimates using variography produced large nugget to sill ratios of 0.7 (1997) and 0.56 (1998) and used all composite samples over 0.3g/t in a broad low grade envelope around the Viper orebody.

Variograms with flat plans all showed hole effects at the drill spacing and only the downhole variograms had good structure. Mineralisation not related to the flat high grade Viper orebody was included in the set used to generate the variograms, a step of questionable validity if the orebody is a distinct geological unit.

To achieve the better variogram in 1998, 5m composites were used. Logically, the longer the composite length the lesser the nugget effect, which is compensated for by having less pairs. In a confined thinner orebody there would be insufficient composites to produce a meaningful variogram. Following the failure to produce meaningful variograms, an inverse distance squared method of grade assignment was selected. This method is the best approximation of a kriging method and is frequently used when a valid and meaningful variogram cannot be produced, which is frequently the case in high grade gold orebodies assessed with diamond drill holes.

Ellipsoid Search Parameters - Viper

Search parameters for the flat Viper orebody were determined as follows:

Azimuth	Plunge	Range	
90°	±0°	50 m	Strike
180°	-10°	35 m	Dip
-90°	10 m	Thickness	

This search ellipse allowed overlap between the drill holes in the main Viper ore zone along strike and across strike. The downhole range is well supported by variography. Gaps exist west of 645,000mE in the Viper Vent Zone and in the east where the drilling thins out leaving an interpreted "neck" zone in the orebody, for which no block grades were estimated. This can be seen in Figure 15, where the cross sectional outlines are shown. This zone could be estimated as Inferred Resources using a larger search ellipse, however this step was not undertaken as some conservatism was warranted within the ore shape to allow for the unexpected.

4.3 Viper Deposit Mineral Resource Model

Block Model

Block dimensions selected were 5 m (E-W) x 5 m (N-S) x 2 m (vertical) filling a rectangular box covering the full extent of the Viper orebody.

Block Grades

Block gold, silver, copper, lead, zinc, arsenic and antimony grades were estimated by the inverse distance squared weighting method (IDSW) using a Micromine software package. Only the 2 m composite samples that fell within the three-dimensional wireframe model, generated from the interpretation of 20m cross sections throughout the orebody from 644,800mE to 645,360mE, were used to assign grades into the block model for Viper.

The block model was then intersected with the wireframe model and all blocks that fell within the wireframe model were assigned a block-factor code. Blocks which were not fully within the wireframe model were subdivided to a minimum size of 2.5 x 2.5 x 1m, or one eighth of the original block size. Thus the minimum block factor assigned was 0.125 and the maximum 1. Also assigned to the block model were the number of samples used to calculate the grade and the standard deviation of the estimated average grade. In the general isometric view of the Viper orebody shown in Figure 15, the Measured and Indicated Mineral Resources mostly lie to the east of 645,000mE, extending from the VVZ. This is also evident in Figure 15.

Mineral Resource Classification

Location of the high grade intercepts obtained in drilling undertaken after the flat nature of the Viper mineralisation was recognised have been remarkably predictable, based on the concept of flat lying, virtually stratabound, gold mineralisation, between an overlying “hornblende porphyry” flow and an underlying “biotite porphyry” flow. This predictability of the position of high grade gold intercepts substantiates the confidence level of the Mineral Resource estimate.

East of the VVZ, the Viper orebody is consistently high grade and very predictable in location. There appear to be at least two lenses of ore that have been interpreted to merge between 645,020mE and 645,120mE, to form an ore zone with a maximum thickness of about 25m. Further east, a single high grade ore zone exists, which has a maximum thickness of 15m as indicated in hole DV75. All ore east of the VVZ, from about 645,000mE has been classified as Measured and Indicated Resources. Blocks within the Measured Mineral Resource have had their grade estimated by more than 7 individual composite samples. Figure 15 shows the distribution of the Measured and Indicated Mineral Resource blocks.

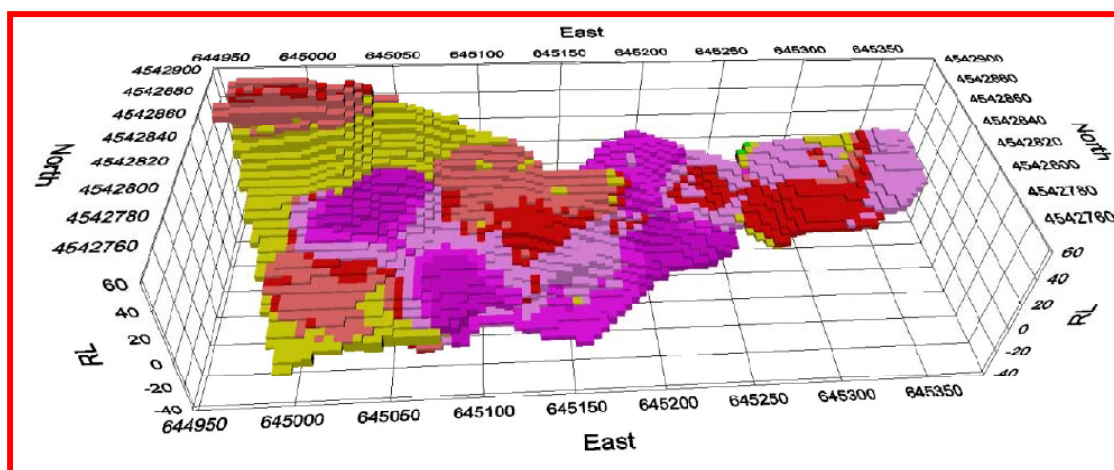


Figure 15: Viper Measured and Indicated Mineral Resources

Note: Grades are: dark purple >30g/t Au; light purple 15-30; red 10-15; orange 7-10; yellow 4-7; green 2-4; blue 0-2.)

Average drill hole spacing between centres in the area classified as Measured Mineral Resource is 30m. The maximum distance to the nearest intersection is 40m and a maximum distance between "triangular" intersections is 60 metres, meaning that no ore-block is more than 30m from a drillhole intersection. Indicated Mineral Resources have intersection spacings at an average of 38m. A maximum distance to the nearest intersection is 40m and the maximum distance between intersections is 80m in the east, where the ore block model "necks" out.

Indicated Mineral Resources tend to fringe the Measured Mineral Resources and the maximum distance from any indicated ore block to a drillhole is 40m. Where the VVZ crosscuts the Viper orebody, the ore grade intersections are both thinner and lower in grade. They are also not as predictable in terms of location as the ore further to the east. Ore grade intersections within the VVZ often occur within a thick interval of anomalous or low-grade (0.5 to 4g/t Au) gold mineralisation. These factors make the reliability of continuity between intersections less certain.

Thus the Mineral Resources in this area are classified as Inferred. Hole DV71 intersects the Viper orebody further west than any other hole. This intersection is 2.6m at 16.8g/t Au and appears to be west of the VVZ. It is classified as Inferred Resources, as this area requires further drilling to confirm the continuation of Viper further to the west.

There has been no resource estimation made for the numerous high grade gold intersections in the hanging-wall of the Viper flat orebody within the VVZ, due to the uncertainty of orientation and continuity of these intersections. Thin intersections around the Viper flat orebody have also been excluded from the Mineral Resource estimation even though they could be "carried" into the Viper intersections at over 4g/t Au. These thin, single sample intersections are believed to be narrow veins or shears above, between and below the main Viper flat lenses. Again, their orientation and continuity cannot be established from the surface drilling so they have been excluded from the estimation.

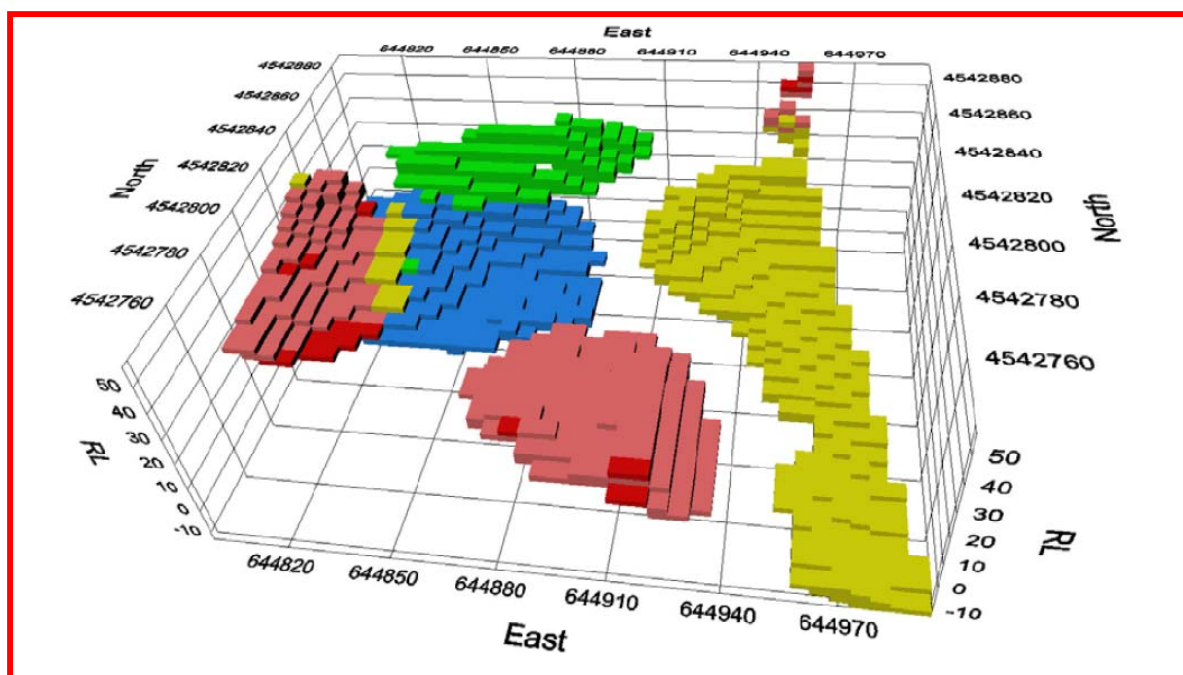


Figure 16: Inferred Mineral Resource Blocks in Viper Vent Zone.

Note: refer Figure 15 for legend - blank areas have no grade assigned as they are outside the search radius.

Previous Viper Reports

Mineral Resource reports were produced by Greenwich by querying the block model for reports of all blocks with a block factor greater than zero. These reports were classified into Mineral Resource categories based on their location and the number of composites used to assign a grade to the block with a Mineral Resources estimated by Greenwich on the basis described above at a 4g/t Au intersection cut-off grade:

Table 8: Viper Mineral Resource

	Tonnes	Gold Grade (g/t Au)	Contained oz Au	Silver Grade (g/t Ag)	Copper Grade (%)
Measured	711,000	22.2	508,000	11.5	0.40
Indicated	278,000	19.5	174,000	9.0	0.35
Inferred	81,000	5.9	15,000	10.5	0.2
Total	1,070,000	20.3	700,000	10.8	0.38

Table 9: Viper Measured and Indicated Mineral Resource by Level, Interval and Zone

Sappes Gold Project, Greece - Appraisal for Glory Resources Ltd

Location	EastSTART	EastEND	RLbottom	RLtop	Volume m3	Tonnes	AuCut g/t	Ag g/t	Cu ppm	Pb ppm	Zn ppm	As ppm	Sb ppm
Upper West	644950	645000	45	100	2,884	7,209	9.23	7.03	402	259	70	117	60
	644950	645000	40	45	1,601	4,003	8.26	8.91	435	328	88	120	65
	644950	645000	35	40	882	2,205	6.95	10.59	445	348	101	125	68
	644950	645000	30	35	1,227	3,066	5.05	13.59	401	273	105	129	66
	644950	645000	25	30	652	1,629	4.76	3.87	1,358	2,618	126	506	112
	644950	645000	20	25	1,028	2,569	4.50	2.81	1,418	3,603	149	513	116
	644950	645000	15	20	619	1,548	4.49	2.75	1,410	3,435	143	515	116
	644950	645000	10	15	1,347	3,368	5.34	2.61	1,403	2,592	137	532	117
	644950	645000	5	10	647	1,616	11.19	9.46	2,369	1,790	615	743	174
	644950	645000	0	5	1,004	2,509	6.97	19.95	3,713	1,730	737	853	556
	644950	645000	-5	0	645	1,613	9.13	16.85	4,535	3,278	757	1,016	666
	644950	645000	-10	-5	902	2,255	7.95	13.13	7,131	8,086	909	1,390	910
	644950	645000	-15	-10	88	219	6.86	12.10	8,205	10,000	976	1,542	1,005
sub-total					13,523	33,806	7.23	8.95	1,714	1,931	266	449	211
Upper	645000	645220	45	100	1,682	4,204	8.71	8.06	429	320	82	119	64
	645000	645220	40	45	1,550	3,874	7.26	10.97	428	295	98	145	61
	645000	645220	35	40	1,362	3,404	6.52	11.99	422	241	109	205	54
	645000	645220	30	35	2,550	6,374	6.11	12.91	394	166	116	278	42
	645000	645220	25	30	2,199	5,498	6.37	11.11	506	98	111	383	41
	645000	645220	20	25	4,412	11,029	5.73	5.97	664	72	84	432	54
	645000	645220	15	20	4,149	10,371	23.37	3.31	885	455	386	329	77
sub-total					17,901	44,753	10.43	8.06	596	231	165	309	58
Main	645000	645220	10	15	11,082	27,705	30.11	12.17	2,777	989	809	757	177
	645000	645220	5	10	10,927	27,316	26.55	15.44	3,846	1,018	802	1,040	241
	645000	645220	0	5	27,988	69,970	20.57	15.76	3,880	850	567	1,190	275
	645000	645220	-5	0	29,719	74,298	18.06	14.13	3,803	787	462	1,260	293
	645000	645220	-10	-5	61,535	153,836	20.80	12.29	3,743	1,054	488	1,197	296
	645000	645220	-15	-10	48,001	120,003	20.26	9.86	3,358	917	392	1,137	234
	645000	645220	-20	-15	47,077	117,693	21.46	9.50	4,039	856	214	1,403	215
sub-total					236,328	590,820	21.15	12.02	3,707	924	450	1,205	256
Keel	645000	645220	-26	-20	26,746	66,865	30.70	11.45	5,022	709	143	1,741	262
	645000	645220	-32	-26	18,683	46,708	29.03	8.38	4,624	202	127	1,714	332
	645000	645220	-50	-32	19,058	47,645	28.82	5.25	3,681	138	167	1,214	422
sub-total					64,487	161,218	29.66	8.73	4,510	393	146	1,578	329
Eastern	645220	645230			4,443	11,108	34.12	7.89	2,722	35	98	1,791	168
	645230	645240			3,977	9,941	30.57	5.06	2,555	37	109	1,821	177
sub-total					8,420	21,049	32.44	6.55	2,643	36	103	1,805	172
	645240	645250			3,609	9,023	30.97	4.43	2,475	38	113	1,837	178
	645250	645260			2,984	7,459	26.77	3.70	3,180	40	124	1,817	189
	645260	645270			2,413	6,031	16.50	3.65	4,510	35	121	1,460	173
	645270	645280			3,559	8,898	19.36	8.16	6,924	17	49	575	130
	645280	645290			3,945	9,863	16.60	7.64	6,281	13	40	308	115
	645290	645300			4,631	11,578	16.19	7.32	5,843	14	41	302	112
	645300	645310			5,310	13,274	16.49	7.25	5,666	14	41	317	113
	645310	645320			5,979	14,946	17.11	7.19	5,330	15	40	350	113
	645320	645330			6,038	15,095	17.14	6.95	4,816	15	41	357	107
	645330	645340			4,987	12,468	16.68	7.33	4,672	14	45	331	100
	645340	645350			3,914	9,784	15.70	10.55	5,308	12	46	271	89
	645350	645360			3,089	7,723	16.98	22.60	8,576	9	37	238	86
	645360	645370			2,393	5,981	19.62	29.87	11,140	9	27	269	97
	645370	645380			1,847	4,618	20.55	31.50	11,747	10	22	282	101
	645380	645390			389	973	20.55	31.50	11,747	10	22	282	101
sub-total					55,084	137,710	18.59	9.84	5,816	17	53	561	119
TOTAL					395,742	989,355	21.46	10.78	3,900	696	318	1,122	237

Table 10: Viper Identified Mineral Resources by Block Grade Ranges

Sappes Gold Project, Greece - Appraisal for Glory Resources Ltd

FROM g/t	TO g/t Au	VOLUME m3	TONNES	Au g/t	Ag g/t	Cu ppm	CUM_VOL	CUM_TONNES	Au g/t	Ag g/t	Cu ppm	Type
45	10000	24,155	60,386	57.02	16.63	3,727	24,155	60,386	57.02	16.63	3,727	All
30	45	64,763	161,908	37.01	15.8	4,482	88,918	222,294	42.45	16.05	4,277	All
15	30	146,642	366,605	21.51	11.0	4,824	235,560	588,899	29.41	12.93	4,618	All
10	15	72,954	180,628	12.51	8.05	4,091	300,514	771,204	25.41	11.70	4,400	All
7	10	68,170	170,425	8.49	7.1	1,757	370,084	941,709	22.35	10.93	3,994	All
4	7	43,424	108,560	5.68	8.7	2,212	420,108	1,050,269	20.63	10.71	3,820	All
2	4	2,357	5,891	3.50	8.4	2,148	422,464	1,056,160	20.53	10.70	3,811	All
0.1	2	5,818	14,544	1.70	14.7	415	428,282	1,070,704	20.28	10.76	3,764	All
45	10000	11,984	29,960	52.29	16.96	4,095	11,984	29,960	52.29	16.96	4,095	Measured
30	45	55,539	138,846	36.74	17.18	4,540	67,523	168,806	39.50	17.14	4,461	Measured
15	30	125,310	313,274	21.59	10.54	4,600	192,832	482,080	27.86	12.85	4,551	Measured
10	15	48,661	121,651	12.41	8.92	3,653	241,493	603,731	24.75	12.06	4,370	Measured
7	10	35,606	89,014	8.55	8.13	2,260	277,098	692,745	22.67	11.55	4,099	Measured
4	7	7,470	18,674	6.06	0.26	2,249	204,560	711,419	22.23	11.47	4,051	Measured
45	10000	12,171	30,426	61.69	16.30	3,364	12,171	30,426	61.69	16.30	3,364	Indicated
30	45	9,225	23,061	38.63	7.69	4,132	21,395	53,488	51.74	12.59	3,696	Indicated
15	30	21,333	53,331	21.03	14.05	6,142	42,728	106,819	36.41	13.32	4,917	Indicated
10	15	23,591	58,976	12.70	6.23	4,994	66,318	165,795	27.98	10.80	4,944	Indicated
7	10	21,970	54,925	8.26	4.60	1,224	88,288	220,720	23.07	9.26	4,018	Indicated
4	7	22,824	57,060	5.70	7.98	1,536	111,112	277,780	19.50	9.00	3,517	Indicated
2	4	63	156	3.36	0.79	90	111,175	277,936	19.49	8.99	3,515	Indicated
45	10000	24,155	60,306	57.02	16.63	3,727	24,155	60,306	57.02	16.63	3,727	Measured and Indicated
30	45	64,763	161,908	37.01	15.83	4,482	88,918	222,294	42.45	16.05	4,277	Measured and Indicated
15	30	146,642	366,605	21.51	11.05	4,824	235,560	588,899	29.41	12.93	4,618	Measured and Indicated
10	15	72,251	180,628	12.51	8.05	4,091	307,811	769,526	25.44	11.79	4,494	Measured and Indicated
7	10	57,576	143,939	8.44	6.78	1,864	365,386	913,465	22.77	11.00	4,080	Measured and Indicated
4	7	30,294	75,734	5.79	8.05	1,714	395,680	989,199	21.47	10.78	3,901	Measured and Indicated
2	4	63	156	3.36	0.79	90	395,742	989,355	21.46	10.77	3,901	Measured and Indicated
10	15	703	1,758	11.97	6.89	1,739	703	1,758	11.97	6.89	1,739	Inferred
7	10	10,595	26,486	8.75	8.94	1,174	11,298	28,244	8.95	8.82	1,209	Inferred
4	7	13,131	32,828	5.42	10.40	3,592	24,428	61,070	7.05	9.59	2,371	Inferred
2	4	2,294	5,735	3.50	8.05	2,204	20,722	60,805	0.75	9.50	2,350	Inferred
0.1	2	5,818	14,544	1.70	14.71	415	32,540	81,349	5.85	10.51	1,981	Inferred

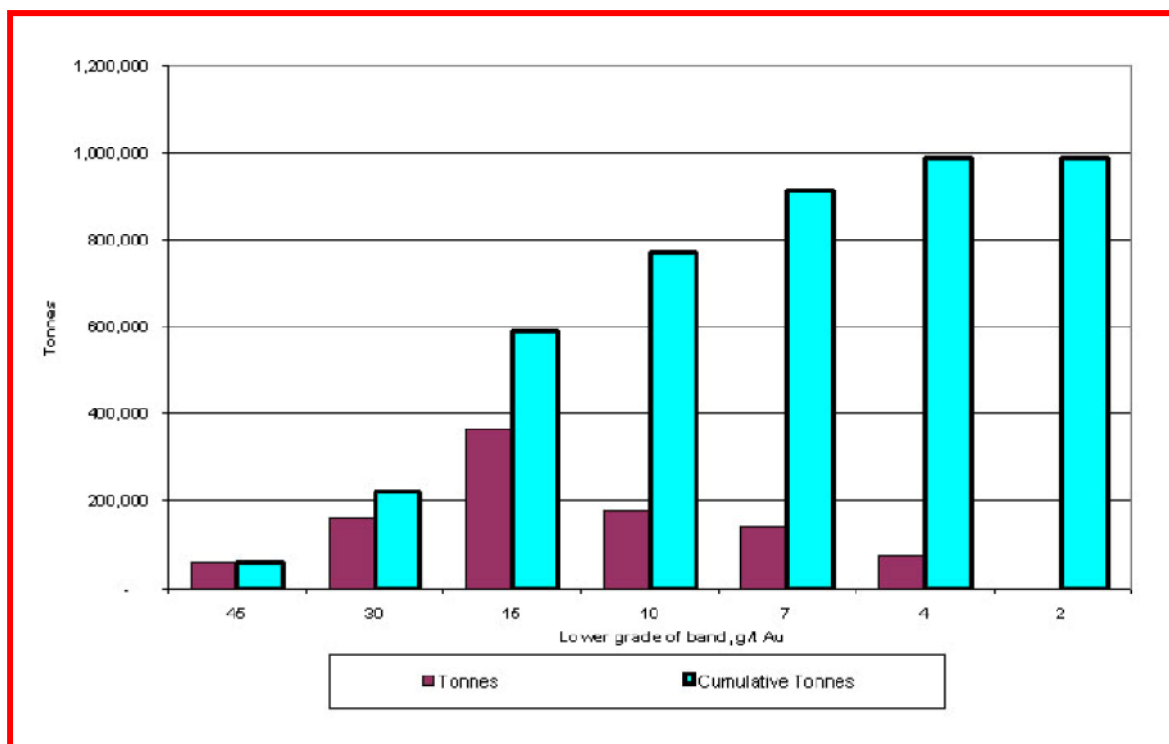


Figure 17: Viper Grade Tonnage Chart (Measured and Indicated Mineral Resources)

4.4 St. Demetrios Deposit Mineral Resource Model

Block Model

The block model for St. Demetrios used the same size blocks and sub-blocks as used for Viper.

Block Grades

Greenwich estimated block grades for only gold, copper and silver, as the other elements were insignificant and occur as oxide rather than sulphide minerals. The St. Demetrios Mineral Resource was estimated using the following criteria:

- Intersection cut-off of 1 g/t Au;
- The bulk density used was based on average of samples measured from four diamond drill holes. A figure of 2.27 t/m³ was used. Previous calculations had used 2.5 t/m³; and
- Block model calculated using the 1 m samples coded into the wireframes.

Block parameters used:

- 5 x 5m north and east; and
- 2m in depth.

Search parameters used:

- 35m east-west horizontal;
- 24.5m north-south horizontal (70% of east-west search);
- 7m vertical;
- Eight sectors; and
- Maximum of 5 samples per sector.

Interpreted Ore Zones

Previous estimates have interpreted St. Demetrios to consist of an upper flat lying silica cap orebody with deeper steep stringer feeder zones, which is a classic epithermal orebody interpretation. However, re-interpretation for the current Mineral Resource estimate has the ore occurring as being predominantly flat-lying sheets in a wide shear or fault-bounded block, with mineralising fluids having moved laterally rather than vertically through a zone of pre-existing fractured rock between two porphyry flows.

Four separate wireframe shapes were defined for St. Demetrios, STDTOP, STDMID, STDMIDW and STDLOWER.

STDTOP - covered the continuous surface siliceous cap mineralisation and contained the largest resource;

STDMID - is interpreted to be a flat zone of mineralisation sitting beneath STDTOP at the eastern end and separated by low grade mineralisation, at lower cuts offs these zones would combine to form one ore zone;

STDLOWER - is interpreted to be a zone of ore beneath STDMID and running further to the east past the eastern end of STDTOP. At its western end it would combine with STMID at lower cut-off grades; and

STDMW - is a small zone of sulphide ore sitting beneath STDTOP to the west.

Previous St. Demetrios Reports

After merging the wireframe shapes with the individual block models, reports were generated by Greenwich. Measured Mineral Resources contained blocks estimated by more than 7 composites and Indicated Mineral Resources 3 to 6 composites. Due to the relatively close spacing of the drilling on 25m centres, the bulk of the resources are classified as Measured. Eight sub-blocks were used to define the edges of the block models where they intersected the wireframe shape.

Table 11: St. Demetrios Mineral Resources, Greenwich 2003.

St Demitrios Mineral Resource					
Description	Tonnes	Gold g/t	Silver g/t	Copper ppm	Ounces
STDTOP					
Measured	548,000	3.0	3.5	46	52,056
Indicated	42,000	2.5	2.9	56	3,401
Measured and Indicated	590,000	2.9	3.4	47	55,457
STDMID					
Measured	115,000	5.0	2.4	523	18,549
Indicated	2,500	4.5	2.2	208	357
Measured and Indicated	117,000	5.0	2.4	516	18,906
STDLOWER					
Measured	54,700	5.7	0.9	699	10,040
Indicated	1,430	3.3	0.9	904	150
Measured and Indicated	56,100	5.6	0.9	705	10,190
STDMIDW					
Measured	12,700	3.4	7.7	1,861	1,381
TOTAL					
Measured	730,000	3.5	3.2	202	82,026
Indicated	46,000	2.6	2.8	91	3,908
Measured and Indicated	776,000	3.4	3.2	195	85,934

The final figure in terms of contained ounces is almost identical to the figure calculated in 1997, although the grade is higher reflecting the higher cut-off and tighter boundaries applied using a wireframe shape. Of interest is the increase in copper content in the ore for the deeper ore zones STDMID, STDLOWER and STDMIDW. These zones are where more sulphides are present indicating that oxidation of STDTOP has removed copper. As a cross check, the grade was calculated using the same wireframe shape for STDTOP using three methods:

- Inverse distance search using $1/d^2$;
- Cross-section; and
- Normal kriging.

As the shape for the IDSW and Kriging calculations are the same, only the grade variation is relevant. Tonnages for the cross sectional method are higher, due to a spread of ore beyond the ends of the wireframe used for the other methods and general limitations with the method.

Table 12: Comparison of Calculated Grades - St. Demetrios.

Method	IDSW	IDSW #2	Kriged	Cross-Section
Grade (g/t Au)	2.84	2.88	2.7	2.83

This cross check showed that the Kriged model produced the lowest grade due to the use of an unconstrained block model. However, the overall estimate could be said to be within 0.2g/t Au of 2.9g/t Au or less than +/-10% of 2.9g/t Au. As only a small amount of open pit ore was required to meet the needs of the first 5 years of ore treatment, an estimate was made for the higher grade western end of STDTOP resource.

Table 13: Measured and Indicated Mineral Resource STDTOP West End Only.

Category	Tonnes	Au g/t	Ag g/t	Cu ppm
Measured	198,900	4.2	5.9	41
Indicated	20,700	4.2	4.9	37
Total	219,600	4.2	5.8	41
Rounded Total	220,000	4.2	5.8	40

The above western Mineral Resource was used to design a small open pit on the western end of the St. Demetrios orebody. This pit would only mine upper ore zone STDTOP, but would also have the ability to be extended further to the east to access the remainder of STDTOP, STDMID and STDLOWER.

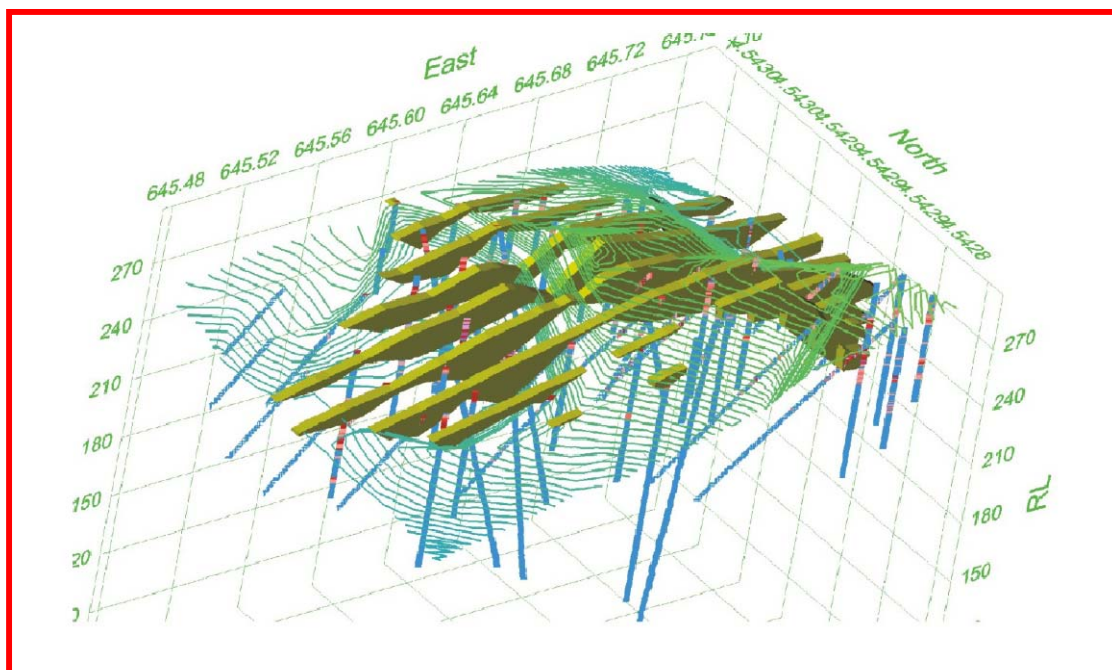


Figure 18: Isometric view of the St. Demetrios STDTOP Orebody showing stacked long sections and contours of proposed west pit.

4.5 Scarp Deposit Mineral Resource Model

Scarp Mineral Resources were estimated using similar criteria to St. Demetrios. Drilling was carried out on 25m centres in the main using vertical holes. A number of angle holes were also drilled. There is no plan to mine and treat Scarp ore during the life of the current project. Should the economics of mining and treating lower grade orebodies improve, Scarp could be mined with relative ease as it outcrops as a prominent ridge.

Interpreted Ore Zones

Interpretation of the Scarp mineralisation followed a similar broad shape profile to St. Demetrios, based on the assumption that if Scarp is a fault continuation of St. Demetrios then the shapes should be the same. At Scarp, two wireframe shapes were needed to capture the mineralisation, however the upper shape SCART has a flat U shape, with the join in the U being to the north and the two limbs to the south. This could be a continuation of STDTOP and STD MID joined together. The second shape SCARPL sits below SCART and is open to the east. This could be a continuation of STDLOW. Scarp has only been drilled over a 120 m strike length and could continue to the east beneath a prominent ridge. It outcrops to the west where it intersects the Scarp face, but seems to have been closed off to the north and south by drilling.

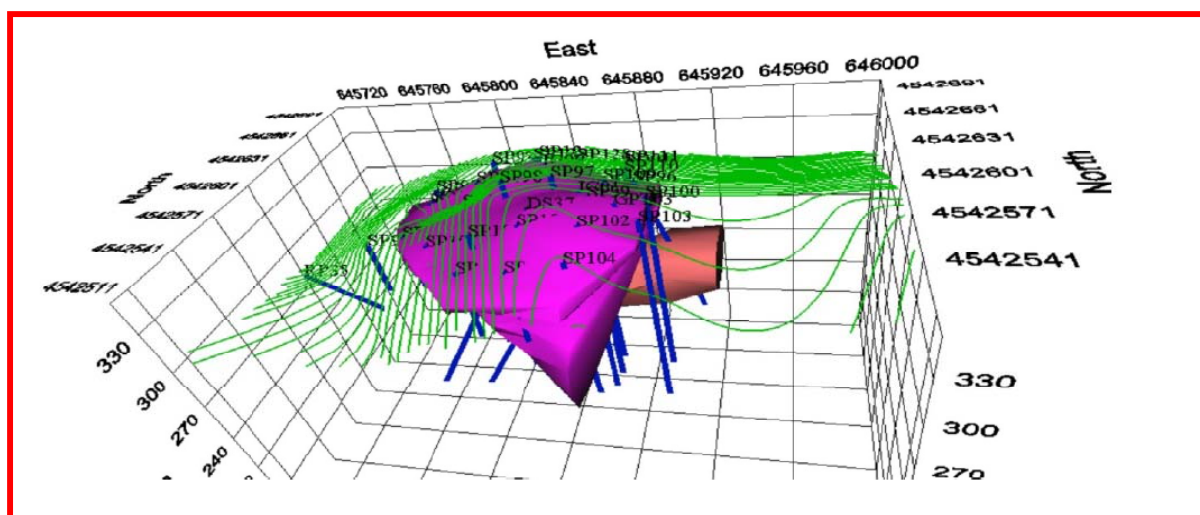


Figure 19: Isometric View of Scarp Looking North West

Note: Legend: Green – contours; blue - drill holes; purple – the SCARTop surface, red – the SCARLower surface.

Previous Scarp Reports

The Scarp block models were intersected by the two wireframe shapes and individual blocks coded with the wireframe code in which they fell. Sub-blocking for partially intersected blocks was as for St. Demetrios. Report files were produced by Greenwich by querying all blocks with block factors greater than zero and tabulating them depending on their wireframe code. Measured Mineral Resources were confined to blocks estimated by more than 6 samples, whereas Indicated Mineral Resources were estimated by 3 to 6 samples.

Table 14: Scarp Mineral Resources, Greenwich 2003

Category	Tonnes	Grades			Ounces Gold
		Au g/t	Ag g/t	Cu ppm	
Measured	817,300	2.2	1.5	48	57,049
Indicated	47,500	1.7	1.1	39	2,624
Total	865,000	2.15	1.4	48	59,672

The 2003 Scarp Mineral Resource estimate contains slightly less tonnages than the previous 0.5g/t cut-off Mineral Resource calculated in 1997, but the grade is higher and the gold content greater. This implies that the IDSW model, and the tight confinement of grades, has produced a higher grade than would be expected for an unconfined model.

Should mine planning take place on Scarp, the dilution expected during mining would be significant due its complex shape. Rates should be about 35%, producing a mineable grade of around 1.7 g/t Au. These estimates will need refinement at the time of mine planning.

4.5 Audited Mineral Resource Statement

The Audited Mineral Resource Statement was originally audited and prepared by SRK on behalf of Thrace and recently reviewed for Thrace for the updated Feasibility Study December 2010. In deriving the updated estimates, SRK has reviewed both the original and basis of the estimates and a draft of this revised Feasibility Study and considers the original estimates still valid for incorporation without any material changes. Notably, no additional exploration work had been undertaken that would warrant any change to the mineral resource estimates as presented and the feasibility study confirms that these mineral resources still have potential to be mined economically and can therefore be reported as such. In addition, while the operating costs and gold prices have changed substantially since SRK produced its audited ore reserve statement for St Demetrios, and while therefore this pit warrants re-assessment to better maximise the ore reserve, SRK is confident that the ore reserve as reported remains economic and can therefore be reported as such.

SRK's statements have been reported using the terms and definitions as set out in the *2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves* (the JORC Code) as published by the Joint Ore Reserves Committee (JORC) of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. SRK's statements are based on site visits to Sappes between January 2001 and July 2003, a review and, where appropriate, modification of estimates and classifications of resources and reserves derived for Sappes as part of the Feasibility Study previously prepared for this, discussions with the directors, employees and consultants of Thrace and finally a review and, where appropriate, modification of the technical-economic projections derived as part of a Feasibility Study for Sappes, inclusive of projected future operating costs, capital expenditures and reserve depletion schedules.

The mineral resource estimate produced by Greenwich for Viper is solely based on 44 DDH drillholes while the Mineral Resource estimates produced for St Demetrios and Scarp are largely based on RC drilling supplemented by 29 DDH drillholes in the case of St Demetrios and 7 in the case of Scarp. Measure and Indicate Mineral Resources for the Project are summarised in Table 14.

Table 15: Measured and Indicated Mineral Resource Statement September 2010*

Orebody	Category	Cut-Off Grade	Tonnes	Grades			Ounces of Gold
				Au (g/t)	Ag (g/t)	Cu (%)	
Viper	Measured	4.0	710,000	22.2	11.5	0.40	507,000
St Demetrios	Measured	1.0	730,000	3.5	3.2		82,000
Scarp	Measured	1.0	820,000	2.2	1.5		58,000
	sub-total		2,260,000	8.9	5.2	0.20	647,000
Viper	Indicated	4.0	280,000	19.5	9.0	0.35	176,000
St Demetrios	Indicated	1.0	50,000	2.6	2.8		4,000
Scarp	Indicated	1.0	50,000	1.7	1.1		3,000
	sub-total		380,000	14.9	7.1	0.30	183,000
Rounded	Total		2,640,000	9.8	5.5	0.10	830,000

**The Mineral Resource statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Ltd. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation" (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

In all cases, the Mineral Resources reported in this document are inclusive of those Mineral Resources modified to produce Ore Reserves.

4.6 Proposed Mining Operation

The Project is based on mining the small, underground high-grade epithermal gold Viper deposit and a lower grade open pit St Demetrious deposit. At the Viper underground mine it is planned to extract 1,109,000 tonnes of ore grading at 17.2 grams of gold per tonne (g/t Au). This material will be extracted using modern, drift and fill mining methods and a subsequent cemented backfilling regime. Ore recovery will be maximised, with dilution from the hanging-wall and footwall estimated at 20%. Mining services to the Project will be provided by a mining contractor well proven in underground mining techniques and experience relevant to the Project.

Viper mine access will be by a decline and ore will be hauled by articulated low profile dump trucks to the process plant. Excavation of the decline will be a critical task in the production of gold. Due to the flat lying nature of the orebody, 95% of the winnable ore is located in the last 27% of the vertical extent of the decline. Ventilation will be by intake and exhaust raises with utilisation of the decline as an intake airway. The geotechnical conditions within the mine range from good to extremely poor, but are predominantly poor to fair. The mine plan and costs allow for the use of all necessary ground support, including cable bolting, meshing and reinforced fibre shotcreting.

The St. Demetrios deposit is insufficient to support a project in its own right. However, the resource becomes economic when treated on a marginal cost basis in conjunction with the Viper ore. It is planned to extract 210,000 tonnes grading 3.5g/t Au by open pit methods. Ore will be hauled from the pit to the process plant, where it will be mixed with the Viper ore. The St. Demetrios ore will also assist in improving the grinding profile of the head feed.

Ore will be crushed and ground before passing through a gravity circuit and on to a copper flotation plant producing a copper - gold concentrate for sale. The gravity concentrate will be smelted on site to produce gold doré. Metallurgical testwork has identified that the Viper orebody contains small amounts of copper and arsenic minerals, which will report to the copper concentrate.

The treatment plant will have the following components:

- Crushing and Grinding Circuit;
- Gravity Recovery Circuit; and
- Flotation Circuit.

Approximately 40% of the tailings will be classified, mixed with cement and relocated underground as backfill. The remaining tailings will be pumped to a dedicated Tailings Management Facility (TMF), designed to provide safe storage within statutory limits.

The Project will support the local economies, with the majority of labour being sourced locally. Particular attention will be paid to sensitive cultural and religious issues.

A summary of the key Project data is included in Table 15.

Mining the Deposits

Mine development will be undertaken at the Viper and St Demetrious deposits. Underground mine planning has been undertaken to comply with the KLME as applicable in March 2003, which restricted the void height to 10m. Subsequent amendments to the KLME will allow revision of the proposed mining method at the Viper mine, which will be reviewed during the future detailed design of the mine.

A number of previous mining studies were conducted leading to the original bankable feasibility study in 2001. In 2003, AMC reviewed and updated the Sappes Mining Study (SMS) including geotechnical aspects, decline optimisation, backfill and ventilation studies.

In late 2010, AMC made a further update of the SMS, which included a review of the mine reserves at a lower cut-off grade to match the 2010 gold price and updating the mine capital and operating costs.

The Viper mine has a pre-production development phase of 19 months, followed by 84 months of production at an annual rate of up to 173,000tpa, producing just over 1,100,000 tonnes of ore at a grade of 17.2g/t of gold. The Viper mine will be developed utilising decline access with truck haulage of ore to the process plant on surface. Mining will be fully mechanised and trackless, utilising Drift and Fill stoping with cemented tailings hydraulic backfill.

Table 16: Project Summary.

Description	Result
Ore Mined (t)	1,316,775
Head Grade (g/t)	15.1
Ore Milled (t)	1,316,775
Head Grade (g/t)	15.1
Recovery (%)	80
Gold Produced (oz)	509,538
Silver (oz)	249,801
Copper Produced (t)	3,026
Site Operating Costs (US \$m)	151.3
Total Operating Costs (US\$m)	162.9
Total Cash Cost per Ounce (US\$/Oz)	474.30
Capital Expenditure (\$m life of mine)	102,691
NPV (Before Tax) (US\$ '000)	158,591
IRR	38.5%
NPV (After Tax) (US\$ '000)	112,350
IRR	31.6%

The lower grade St. Demetrios deposit orebody will be mined by a shallow open-pit to provide supplementary mill feed, to smooth out the overall production rate to 200,000tpa and to ensure the mill is utilised to its full capacity. The actual production rate will be flexible to dovetail with the supply of ore from the underground mine. The underground mining contractor will also operate the open-pit. Key mining data for the Project are summarised in Table 16.

Table 17: Key Mining Data Summary.

Description	Result
Decline Access (waste)	1,788 m at 1 in 7 gradient
Exploration Drive & Cuddies (waste)	667 m
Level Development (waste)	703 m
Other Development (ore)	146 m
Alimak Rising (Exhaust Ventilation)	260 m
Alimak Stripping (Exhaust Ventilation)	183 m
Alimak Rising (Second Egress)	278 m
Ladderway Installation (Second Egress)	278 m
Underground Infill Diamond Drilling	9,100 m
Underground Ore Mined	1,109,000 t
Average Grade	17.2 g/t Au
Open-pit Ore mined	208,000 t
Average Grade	3.5 g/t Au
Waste Hauled to Temporary Dump	276,000 t
Waste Backfilled	200,000 t
Pastefill Placed	440,000 m ³

Viper Underground Mine

The Viper underground mine will be accessed via a decline with an arched profile and a gradient of 1 in 7. The decline will be mined from a portal near the Viper Creek to a vertical depth of 150m using auxiliary ventilation. Two ventilation raises will then be established to surface. The Western Ventilation Raise (WVR) will be used as a temporary return air raise for development of the exploration drive and the lower decline. It will eventually be equipped with a ladder way to serve as an escape raise and fresh air intake. The Eastern Ventilation Raise (EVR) will be equipped with a permanent exhaust fan to provide a primary ventilation circuit for production.

Access crosscuts from the lower decline will connect to the production levels in the Upper, Main and Keel zones. The Eastern zone will be accessed by an incline from the lower decline. Return air and escape raises from the bottom of the lower decline will be mined. Truck loading bays, sumps and a pump station will be mined as required from the lower decline. A view of the access development is shown in Figure 20.

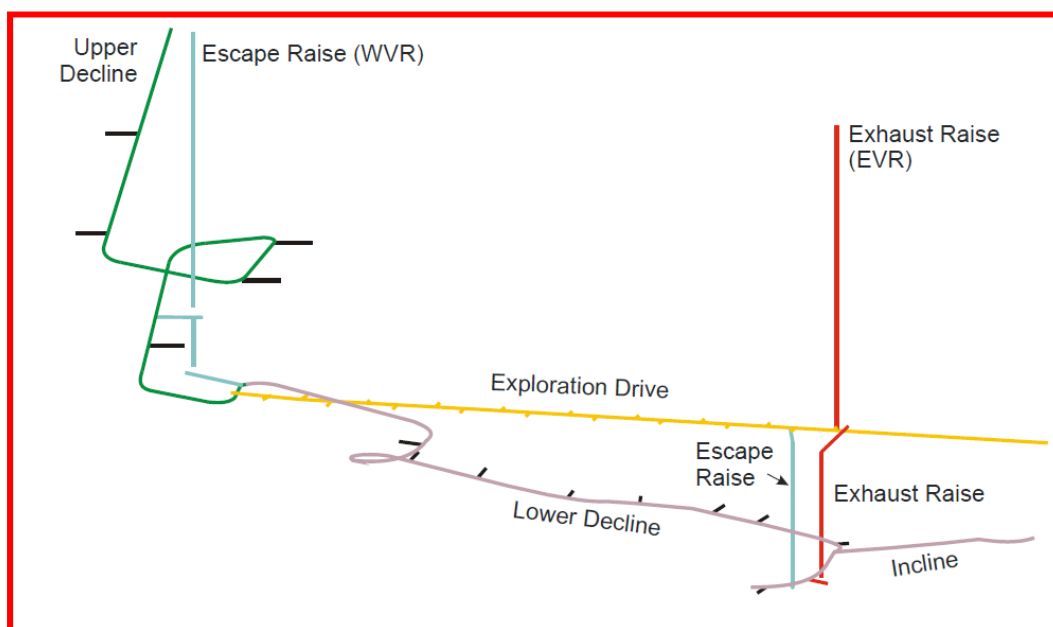


Figure 20: Schematic of Viper Access Development.

The proposed stoping method is bottom up Drift and Fill with 5 m high panels, 4 m to 6 m wide depending on ground conditions. Once a panel has been mined, it will be filled primarily with paste fill and some backhauled waste rock. Once the fill has cured sufficiently, mining of the adjacent panel commences. Panels will be mined at a gradient just steeper than the fill angle of the paste-fill (approx 3° or 1 in 20) to facilitate tight filling and prevent the formation of extended backs, thereby limiting back relaxation and preventing subsidence.

To maximise the production rate, the orebody has been divided into five zones, four of which will be mined simultaneously as shown in Figure 21. The small Pillar Zone will be recovered towards the end of the mine life.

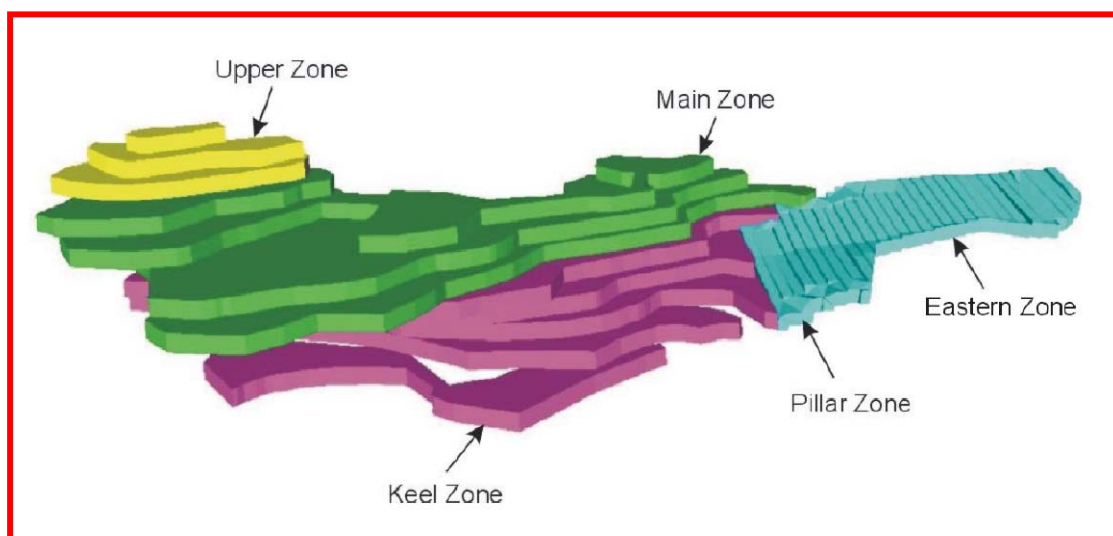


Figure 21: Long Section Showing Mining Zones.

A detailed analysis of the mining cycle has been conducted for the decline and the various production zone layouts to determine realistic advance rates. The Life of Mine (LOM) schedule is summarised in Figure 22.

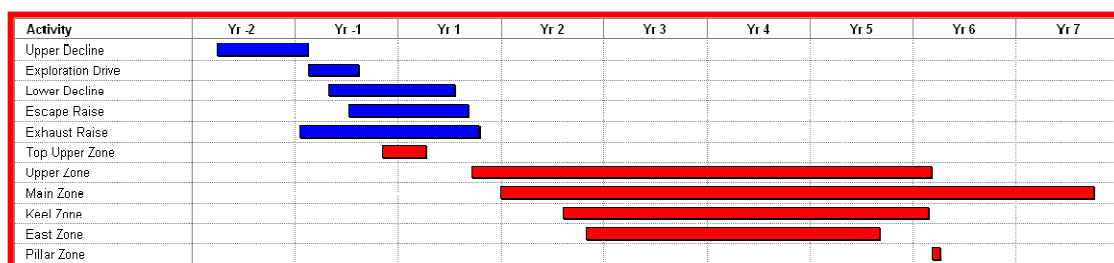


Figure 22: Viper LOM Schedule.

The mine will be mechanised with diesel powered trucks and loaders and electric-hydraulic jumbo drills. Other equipment includes a shotcrete unit for ground support, a grader for road maintenance, service and personnel vehicles. Underground mining by an experienced contractor employing local personnel, with some key positions filled, at least initially, by specialist expatriate labour. A four panel crew roster will be utilised to provide for 3 x 8 hour shifts per day, six days a week. This will eliminate the heavy penalty rates for Sunday working.

St. Demetrious Mine

The lower grade St. Demetrios orebody will be mined by a shallow open-pit to provide supplementary mill feed to smooth out the overall production rate and to ensure the mill is utilised to its full capacity. The actual production rate will be flexible to dovetail with the supply of ore from the underground mine. The underground mining contractor will also operate the open-pit. During the five-year production life of the Project, over 200,000 tonnes of ore will be extracted from the pit at a grade of 3.5g/t of gold.

The orebody outcrops at the surface and can be accessed at each bench level without the removal of significant waste. Ore will be trucked to the process plant run-of-mine (ROM) pad and waste will be transported to the temporary waste dump for use in road surfacing and the underground backfilling program. Benches will be developed vertically at 10 m intervals with sub-bench heights of 5 m to suit the underground equipment profile and then developed to the full bench height. Berms will be 5m wide with batter angles of 60°, due to the competent nature of the orebody. As the production requirements are modest and the ore is oxidised by nature, it is envisaged that blasting at St Demetrious will only occur a maximum of twice per month. This will assist attenuation of blast vibration and dust production.

Broken ore and waste will be loaded into diesel powered dump trucks and taken to the process plant ROM pad or the waste stockpile area. The equipment used will be the fleet identified in the underground mining programme. A water truck will be used to suppress dust produced from the operations.

4.6 Mine Reserves

Viper Ore Reserves

To estimate the Viper Reserves, AMC cut the block model west of 645,220mE into 5m thick horizontal slices to reflect the height of the proposed drift and fill panels. East of 645,220mE the block model was cut into vertical slices, 4m wide to reflect the proposed panel width in the thinner Eastern zone. A 4 g/t Au boundary was then applied at the mid height of these slices. Ore blocks (in the Keel and Eastern zones) requiring “intensive support”, according to the AMC Geotechnical Report, were excluded. The remaining ore slices are shown in Figure 23. Everything inside these outlines was defined as panel material (Figure 24), including dilution (Figure 25).

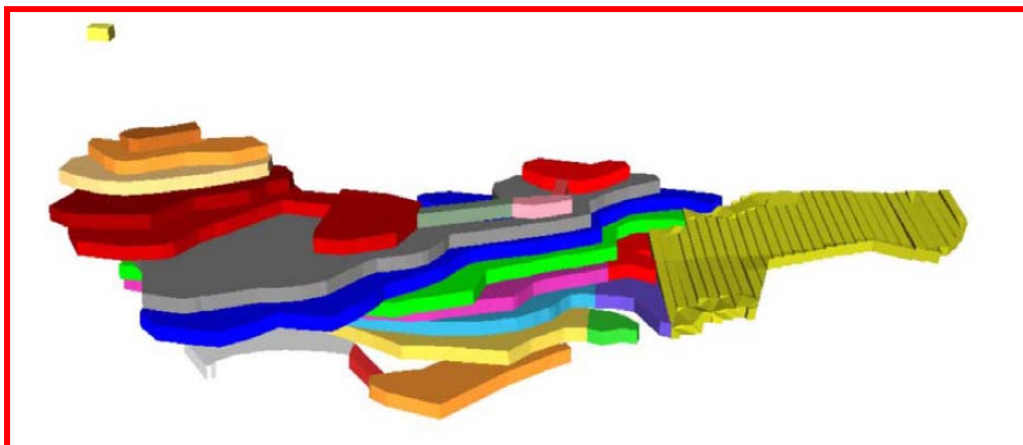


Figure 23: Orebody Sliced Using a 4 g/t Au Cut-off Grade.

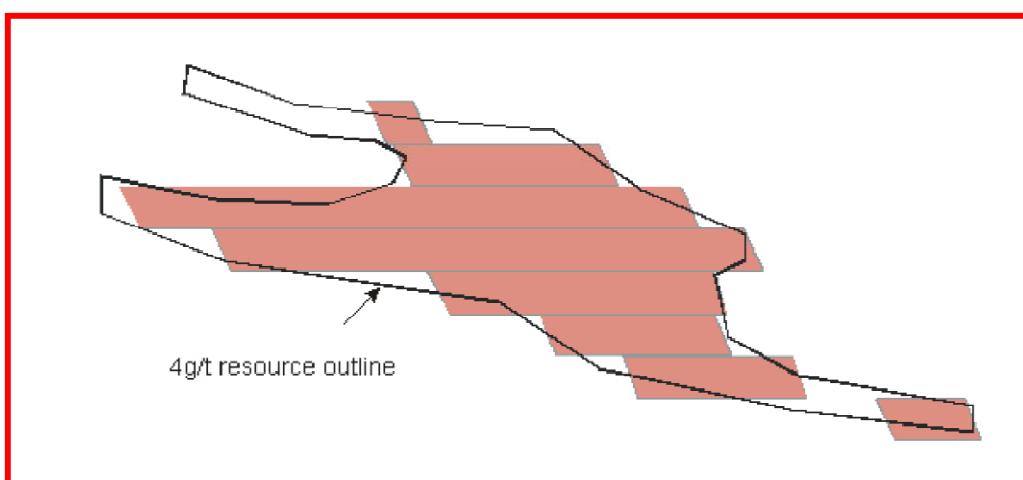


Figure 24: Typical Cross Section Showing Panel Material.

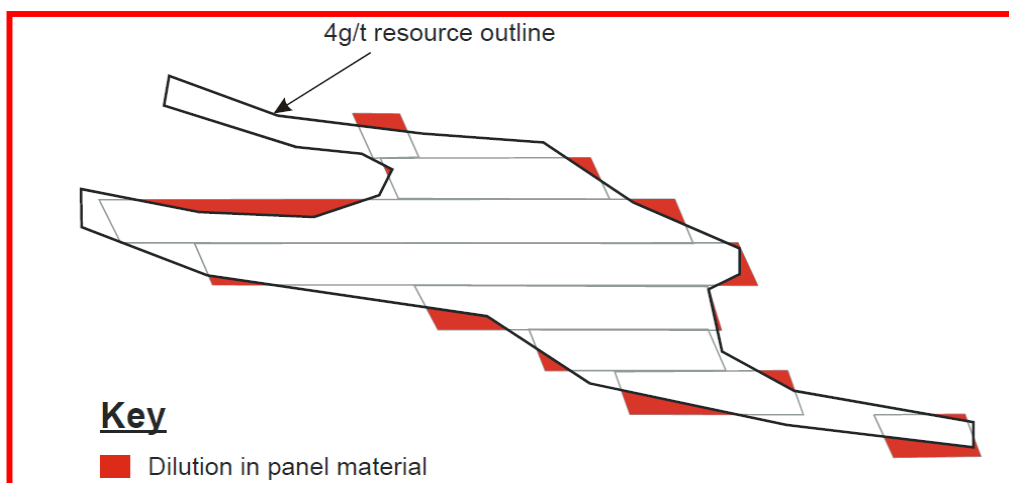


Figure 25: Typical Cross Section Showing Dilution in Panel Material.

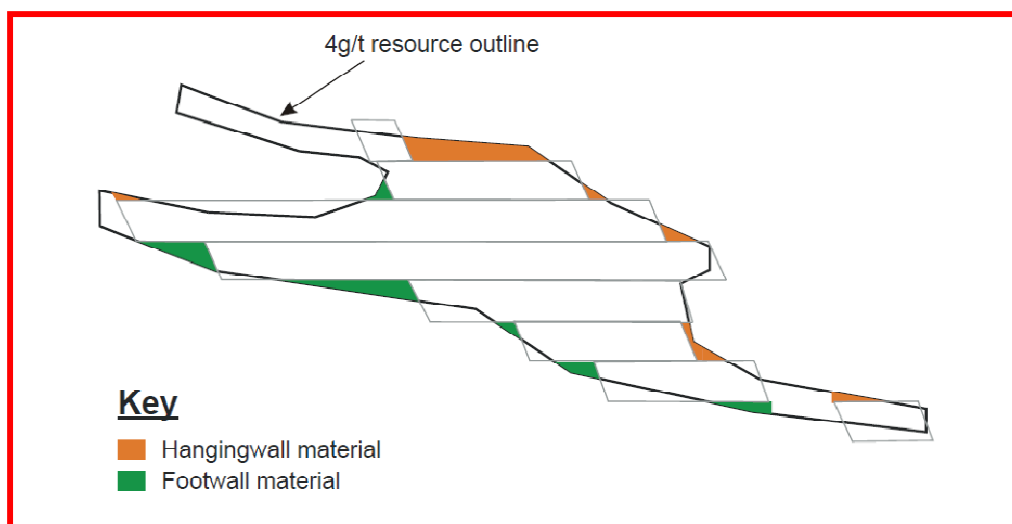


Figure 26: Typical Cross Section Showing Hangingwall and Footwall Material.

Backfill dilution at zero grade was applied at a rate of 5% to all the recoverable ore (panel material + hanging wall material + footwall material) and an overall mucking recovery rate of 95% applied to this total. A small, isolated block of ore just below the cut-off grade (after dilution) at +45mRL was excluded.

St Demetrious Ore Reserves

The St Demetrious ore reserve was determined by assuming total recovery of the resource and applying dilution at a rate of 20% containing 0.3g/t Au.

Summary of Ore Reserves

A summary of the calculated Ore Reserves is shown in Table 17.

Table 18: Summary of Ore Reserves.

Orebody	Category	Cut-Off Grade (g/t)	Tonnes	Grades			Ounces of Gold
				Au (g/t)	Ag (g/t)	Cu (%)	
St Demetrios**	Proved	1.0	200,000	3.5	5.2		23,000
	sub-total		200,000	3.5	5.2		23,000
Viper*	Probable	4.0	1,109,000	17.2	8.8	0.31	614,000
St Demetrios**	Probable	1.0	10,000	3.6	4.4		1,000
	sub-total		1,119,000	17.1	8.8	0.31	615,000
Rounded	Total		1,319,000	15.1	8.2	0.26	638,000

**The Viper Ore Reserve statement has been compiled by Mr Malcolm Dorricott of AMC Consultants Pty Ltd. Mr Malcolm Dorricott is a member of The Australasian Institute of Mining and Metallurgy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Malcolm Dorricott has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

***The St Demetrious Ore Reserve statement has been compiled by Dr Mike Armitage of SRK Consulting (UK) Ltd. Dr Mike Armitage is a member of the Institute of Materials, Minerals and Mining which is a "Recognised Overseas Professional Organisation" (ROPO) included in a list promulgated by the Australian Stock Exchange (ASX) from time to time and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Mike Armitage has consented to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

4.7 Processing Plant

Metallurgical Testwork

The purpose of the metallurgical testwork was to develop the process concept, plant design performance parameters and to provide/confirm design information for the engineering and construction phase of the Project.

Testwork was first conducted at the Australian laboratory of Ammtec in 1999, which demonstrated that a high-grade copper-gold concentrate, with copper grades in excess of 18% and gold grades in excess of 1000 g/t, could be produced. This gave acceptable metal recoveries from samples of Viper ore using 2 to 3 stages of cleaning. At that time, losses of gold from the concentrate were not critical since all tailings, both rougher and cleaner tailings, reported to the tailings cyanidation system and were therefore recovered to doré.

During 2000, further flotation testwork was conducted at the laboratory of Lakefield in Canada. Flotation testwork was performed on five Viper composites and the St Demetrios samples. During the various stages of the Lakefield testwork, flotation tests on a bulk sulphide concentrate investigated flotation cleaning to produce a high gold content, medium grade copper concentrate.

This work indicated that concentrates with analyses similar to those produced by the Ammtec work could be produced by cleaning the rougher concentrate. The testwork also demonstrated that production of a rougher concentrate from Viper ore results in rougher tails with a greatly reduced sulphide content (<1% S) and a tailings stream with a greatly reduced capacity for the generation of acid by sulphide oxidation. Further testwork conducted later at Lakefield demonstrated that the rougher concentrate could be re-cleaned to produce a concentrate grading 18 to 26% copper and in excess of 1,000g/t gold, using a three stage cleaning circuit.

Process Flow Sheet

Various processing alternatives have been investigated as part of the Feasibility Study process. The alternatives have included gravity, froth flotation, direct cyanidation, pressure leaching and carbon recovery systems. Cyanidation was eventually excluded from the flowsheet, due to environmental and permitting reasons. Based on the results of the testwork, the following gold recoveries were selected for design and costing purposes:

- (i) 15% gold recovery to gravity concentrate;
- (ii) 65% gold recovery to a cleaner flotation concentrate; and
- (iii) 80% overall gold recovery from ROM ore.

The following parameters were also selected for the recovery of copper and copper grade of the flotation concentrate.

- (i) 18% copper concentrate grade
- (ii) 88% copper recovery to flotation concentrate

The developed process flowsheet comprises conventional single-stage crushing, followed by variable speed semi-autogenous grinding (SAG) milling, with discharge through a high efficiency gravity circuit. Gravity tailings will be processed through a flotation circuit, initially producing a rougher copper-gold concentrate. This concentrate will then undergo regrinding prior to further flotation concentrating. The final concentrate will be processed through a conventional thickener, filtered and then bagged ready for transportation offsite for copper and gold refining. Gravity gold concentrates will be further upgraded prior to smelting to produce gold doré bars onsite. A schematic process flowsheet is shown in Figure 10.



for tailings storage. During the original study in 2001, Scott Wilson evaluated several options for tailings management, being:

- Dry tailings disposal;
- Paste/thickened tailings disposal; and
- Slurry disposal.

The option selected at the time, and updated in March 2010, was the slurry disposal option. This was considered the most appropriate option for the site, given the topography and weather in the region. In June 2010, however, after discussions with the MEC, it was made clear that the preference of the MEC was for dry tailings disposal. Following this, Scott Wilson were requested to update the study for dry tailings disposal. It is important to note that the Scott Wilson report was originally based on a production capacity of 290,000tpa, using a hydraulic backfill disposal method at the mine and slurry disposal for tailings management. Whilst the mine production has been subsequently reduced to 200,000tpa capacity, and a change to paste-fill disposal for the mine and dry tailings deposition, the TMF design has been left as originally designed, as this will provide for future capacity in the event of increased mine life. A decision on the final height of the embankment can be made during production, as it is proposed to raise the embankment during the life of the mine.

The TMF has been designed to feasibility level in accordance with the recommendations of the International Commission on Large Dams (ICOLD) and other International Standards. The selected option followed a review of possible TMF sites and management methods and resulted in selection of the Zestorema creek area as the optimal site for development of the TMF.

This site is suitable for the planned operational methods of the mine and process plant, meets the environmental requirement for a safe and secure facility and provides flexibility for possible future expansion of the TMF. The site had been pre-approved by the Greek government (Ministries of Environment and Development) following a review of the company's Pre-Approval Study (Decision No 3330/591/10-02-200).

Infrastructure

In addition to the process plant, general buildings to support the operation include; a warehouse, workshop, laboratory, ablution block and medical facility. The installed electrical load capacity for the operation is 4.6 MW, with a predicted peak load of some 3.6 MW. The largest single unit will be the SAG mill motor, rated at some 1.2 MW. The electrical supply will be sourced from the Public Power Corporation via a new 20 kV line to be constructed from the town of Sappes. Standby emergency power will be provided by a 800kVA skid mounted diesel generator, which will supply critical units in the event of power failure.

Process water will be supplied from the main water storage, which will be made up primarily from precipitation. Potable water will be produced on site via a water treatment plant. Sewerage control will be through septic tanks. Plant air for the filters and general plant use will be supplied by dedicated compressors, which will also supply high quality instrument air. Diesel and liquid petroleum gas will be stored onsite in 5000 and 7500 litre tanks respectively.

A comprehensive security system will be installed to include surveillance cameras, time lapse video recorders, passive motion detectors, and keypad door access. Additional security systems covering transportation of copper-gold concentrate offsite may also be required, and have been allowed for in the operating cost estimates.

4.8 Environmental Considerations

Environmental Studies for the EIS

A wide range of environmental studies have been, or will be, conducted and/or updated in order to assess baseline environmental conditions, identify potential impacts and develop mitigation measures to minimise impacts. A summary of key study areas is provided below:

- Waste Management Plan (according to Directive 21/2006);
 - Update of Water Resources data with the results of new water sampling campaigns;
 - PM10 measurements campaigns;
 - Revised air quality assessment study;
 - Waste rock geochemistry (already available);
 - Application of EN 12457 test for the environmental characterization of ores and mine wastes and tailings (already available);
 - Update of the flora baseline survey study;
 - Tailings geochemistry, geotechnical properties and characterisation according to acid forming potential (already available);
 - Tailings dam site optimisation and design (already available);
 - Hydrogeology (already available);
 - Seismic hazard analysis (already available);
 - TMF Seepage assessment and seepage transport modelling;
 - Risk Assessment Study and Embankment breakout study (based on Directive 21/2006 and Directive SEVESO II);
 - Social cost benefit study of the Sappes Project;
 - Review of Concentrate Sale Options (already available);

Preparation of the PEAS has been co-ordinated by environmental consulting firms Echmes and Enveco S.A., with assistance from Thrace and specialist sub-consultants where appropriate. The final EIS submission will be co-ordinated by the same environmental consultants who have extensive experience directly with the Sappes Gold project and other mining projects within Greece.

Potential Environmental Issues and Proposed Mitigation Measures

The area in which the main Project facilities will be constructed is predominantly rural. Agricultural activities are centred on the grazing of sheep and goats, with some forestry and cultivation also practised. A land-use change will occur in the areas where mine landforms and infrastructure are to be constructed. Following mine closure, a large proportion of these areas will be rehabilitated to a condition capable of supporting a low intensity grazing land use (i.e. the change will be temporary). There will, however, be some permanent loss of grazing land in the small areas of the St. Demetrios open-pit and the Viper underground mine portal, as it is not practicable to rehabilitate these back to their pre-mine condition. Notwithstanding this, the change in land use is not expected to affect considerably the animal husbandry sector. The Project is expected to provide the following socioeconomic benefits:

- Provision of approximately 180 direct jobs and 200 indirect jobs within the local area;
- Employment and training opportunities for the local population, with approximately 90% of all employees expected to come from the broader Project area;
- Use of local contractors and sub-contractors during construction and operations;
- Use of local professionals for the preparation of studies and other services;
- Generation of revenue by taxation and royalties from construction and mining activities over a five-year period, with the potential for subsequent development of other local mining if ongoing exploration is successful;
- Improved infrastructure facilities that can potentially be utilised by the wider community once mining ceases, such as the water storage dam and access roads; and
- The construction of a water dam, which will be available for general irrigation and fire fighting purposes after the Project closes.

Surface Water and Groundwater

Construction of mine landforms will involve some disturbance within the Zestoremma Creek and Magarades Creek catchments (approximately 10.4% and 2.7% of the total area of these catchments respectively). The existing water quality in these creeks is generally poor and unsuitable for human consumption, due to naturally elevated metal concentrations in the soils and rocks of the area. In order to limit the potential for further contamination of existing surface water resources during mining operations, potentially contaminated surface water within the mine disturbance areas will be collected using a network of diversion bunds/channels and collection storages. During the operational phase of the Project, all potentially contaminated water on the

site will be contained. Sources and disposal/treatment strategies for potentially contaminated surface water are:

- Underground water pumped from the Viper mine to the process plant and/or TMF;
- Surface water that collects in the St Demetrios open-pit pumped to the TMF;
- Surface water that drains from the temporary waste rock stockpile, collected in a water holding pond and then pumped to the TMF;
- Surface water that drains from the processing plant area, collected and either used in the processing circuit or pumped to the TMF; and
- Waste water generated from the on-site septic systems, collected periodically by a contractor and transferred to the Alexandroupolis wastewater treatment plant.

Other environmental protection measures that have been incorporated into the design of the processing plant, in order to further reduce the potential for environmental impacts on water resources, include:

- the exclusion of cyanidation in processing, thus avoiding the deposition of any cyanide species in the TMF;
- the collection of almost all the sulphides in the scavenger tail and the segregation of this material, for safe disposal in the cemented backfill for the primary stopes, thereby reducing the amount of sulphide deposited in the TMF and ameliorating the tailings geochemistry;
- the mixing of fine limestone with the tailings in order to minimise the potential for acid generation; and
- the use of cemented backfill, which not only maximises the mine recovery factor but also reduces the size of the TMF footprint.

Hydrogeological investigations and pump testing of existing groundwater boreholes indicate that the groundwater resources that occur in the Project area are limited. Where groundwater has been encountered it is typically associated with fractures or faults. The investigation also found that groundwater in the area is generally not suitable for potable or irrigation purposes, due to naturally occurring low pH and high concentrations of metals and sulphate ions.

Management strategies will be applied at the various mining locations to mitigate groundwater contamination and will generally include pumping any potentially contaminated waters to the TMF.

Air Quality, Noise and Vibration

A predictive air quality study was conducted for the project as part of the original EIS. The study found that predicted total suspended particulate (TSP) and PM10 (suspended particles less than 10µm in diameter) levels at the nearby refugee settlement area and Sappes town will not exceed limits set by the applicable Greek legislation.

A simulated noise model was used to predict and evaluate noise emissions and vibration (air blast and ground) from the Project, and in particular any effects on the nearby settlements. Simulations were conducted for the developmental and operational phases of the mine. The noise modelling and impact assessment conducted as part of the original EIS concluded that although increased noise levels will occur in the vicinity of the mining operation, predicted levels at the nearest potentially affected settlements will be less than the legislated noise limit of 50dB(A) during the development and operational phases of the Project.

Flora

Many of the original forest plant species that normally would have been found in the Project area have been cleared or significantly degraded as a result of a long history of agricultural use (both grazing and forestry). Vegetation surveys conducted for the original EIS have found that although large numbers of plant species were recorded (some 122 species in the 1997 and 2000 surveys), deciduous oak trees and hard-leaved shrubs generally dominate existing plant communities. No endemic, protected or endangered plant species were recorded in the Project area during the surveys.

Fauna

Fauna in the Project area comprises small vertebrates, birds, reptiles and amphibians. As the vegetation communities found at the Project site also occur widely in the region, a similar fauna habitat is available in adjacent areas. It is anticipated that the majority of bird species and larger, more mobile vertebrate species will move from the mine disturbance areas to adjacent habitats. Some local decreases in the populations of smaller, less mobile fauna species is predicted as a result of the development of the Project, however, these impacts are not considered to be significant.

Environmental Monitoring and Management System

Thrace has undertaken baseline environmental monitoring of the Project area, under guidelines set down by the State. An operational monitoring programme is scheduled to commence a few months before the development period of the Project and will end five years after the completion of the environmental rehabilitation plan. The objectives of the proposed operational monitoring programme include:

- To demonstrate that environmental protection measures implemented during the construction, operational and rehabilitation phases of the Project are effective;
- To detect, report and rectify potential management issues promptly and effectively;
- To measure environmental impacts and compare them with those predicted in the EIS.

Thrace will also undertake to assist the local authorities to discharge its responsibilities for environmental monitoring, by contributing to the co-funding of an independent control mechanism.

Rehabilitation and Mine Closure Monitoring Programme

A rehabilitation and mine closure monitoring programme will be used to assess the physical, chemical and biological characteristics of rehabilitated areas prior to and following cessation of mining activities at the site. The programme will be based on the operational monitoring programme and will make use of equipment and facilities established during the mine life. The database of monitoring data acquired during the operational phase of the Project will form the basis of this programme, particularly growth characteristics of areas progressively rehabilitated during the mine life.

It is estimated that it will require some five years of site rehabilitation and environmental compliance monitoring to demonstrate successful rehabilitation, in terms of self-sustaining vegetation cover, water quality and physical stability of slopes and structures. Should the five years objective not be achieved, the Company will provide a plan, which will identify the measures to be undertaken to improve the performance of the works. It is expected that the Project will provide a monitoring provision to local government, to undertake the long-term monitoring program.

Rehabilitation and Closure Concepts

The original EIS includes a conceptual closure and rehabilitation plan for the Project. The four key objectives of the plan are summarised below:

Table 19: Conceptual Closure and Rehabilitation Plan.

Criteria	Description
Health and Safety	Activities must be undertaken in a manner that complies with relevant health and safety regulations
Geotechnical Stability	All residual mine landforms and infrastructure must be left in a condition that is safe for the public health, safety and immediate environment
Chemical Stability	All remaining materials on the site must not present hazards for future users of the project area
Biological Stability	Rehabilitation of disturbed areas must consider future land uses and should aim to re-establish safe and stable biological conditions that encourage natural restoration and the development of biodiversity
Topological adaptation	The restoration and rehabilitation of the intervention area should harmonically drive to its topological configuration with the physical characteristics of the unaffected area.

The conceptual closure and rehabilitation plan will be revised and updated at intervals during the Project life. A final Closure Plan is to be prepared two years prior to the cessation of operations.

5. Conclusions

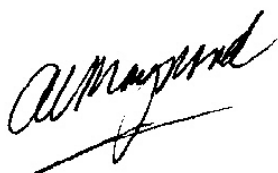
The Sappes Gold Project has undergone extensive exploration successfully leading to JORC Code compliant Mineral Resource and Reserve Estimates being prepared by competent persons, namely SRK Geological Consultants and others who have reviewed the data and conclusions.

A preliminary environmental report was prepared and accepted and the final environmental studies will begin after completion of the fund-raising by Glory.

It is anticipated the final environmental study will be well-accepted as there is now no longer any plan to use cyanide as part of the metallurgical recovery process.

During the site visit the author noted a high degree of 'keenness' by the local populace anticipating work to begin as it would mean employment for some of them. It is also noted that the Company is very aware of the contribution the locals can make to the work force.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Allen J Maynard', with a stylized flourish underneath.

Allen J Maynard

BAppSc(Geol), MAIG, MAusIMM.

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ANNEXURE B – AUDITOR NOMINATION

Nomination from a shareholder for the appointment of BDO Audit (WA) Pty Ltd ABN 79 112 284 787 as Auditor the subject of Resolution 4

1 September 2011

The Company Secretary
Glory Resources Limited
945 Wellington Street
West Perth WA 6005

Dear Ms McCormack

NOMINATION OF BDO AUDIT (WA) PTY LTD AS AUDTOR OF GLORY RESOURCES LIMITED

I, Rebecca Louise Sandford, being a shareholder of Glory Resources Limited, hereby nominate BDO Audit (WA) Pty Ltd of 38 Station Street, Subiaco, Western Australia 6008 for appointment as auditor of Glory Resources Limited at its 2011 Annual General Meeting.

I consent to the distribution of a copy of this notice of nomination as an annexure to the Notice of Meeting and Explanatory Statement for the 2011 Annual General Meeting of Glory Resources Limited as required by section 328B (3) of the Corporations Act 2001.

Yours faithfully



R L Sandford

ANNUAL GENERAL MEETING – PROXY FORM
APPOINTMENT OF PROXY
GLORY RESOURCES LIMITED (ACN 38 142 870 102)

I/We

of

being a member of Glory Resources Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

OR

the Chair of the Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Meeting to be held at 9.00am (WST), on 24 October 2011 at 35 Richardson Avenue, West Perth, Western Australia, and at any adjournment thereof.

This proxy is to be used in respect of _____% of the ordinary shares I/we hold.

Important for Resolutions 1 and 10 to 15 - If the Chair of the Meeting is your proxy or is appointed as your proxy by default

By marking the box below, you are directing the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 1 and 10 to 15 as set out in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 1 and 10 to 15 the Chair of the Meeting will not cast your votes on Resolutions 1 and 10 to 15 and your votes will not be counted in computing the required majority if a poll is called on these items. If you appoint the Chair of the Meeting as your proxy you can direct the Chair how to vote by either marking the boxes below (for example if you wish to vote against or abstain from voting) or by marking this box (in which case the Chair of the Meeting will vote in favour of Resolutions 1 and 10 to 15).

The Chair of the Meeting intends to vote all available proxies in favour of Resolutions 1 and 10 to 15.

☐

I/We direct the Chair of the Meeting to vote in accordance with the Chair's voting intentions on Resolutions 1 and 10 to 15 (except where I/we have indicated a different voting intention) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 1 and 10 to 15 are connected directly or indirectly with the remuneration of a member of Key Management Personnel and/or even if the Chair has an interest in the outcome of these items and any votes cast by the Chair, other than as proxy holder, would be disregarded because of that interest.

Voting on Business of the Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2– Re-election of Mr Jeremy King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Ratify Prior Issue of Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Change to Nature and Scale of Activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Issue of Consideration Shares and Deferred Consideration Shares to Cape Lambert Resources Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 – Issue for Prospectus Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 – Appointment of Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 – Issue of Options to Brokers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10 – Issue of Options to Management, Staff and Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11 – Issue of Options to Mr Bernard Aylward	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12 – Issue of Options to Mr Jason Bontempo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13 – Issue of Options to Mr Jeremy King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14 – Issue of Options to Mr Jeremy Wrathall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 15 – Participation in Capital Raising by Directors – Mr Jason Bontempo	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 16 – Participation in Capital Raising by Directors – Mr Bernard Aylward	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 17 – Participation in Capital Raising by Directors – Mr Jeremy King	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 18 – Participation in Capital Raising by Directors – Mr Jeremy Wrathall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 19 – Section 195 Approval	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 20– Change of Company Name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

GLORY RESOURCES LIMITED

ACN 38 142 870 102

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at a general meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members must sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - a) post to Glory Resources Limited, 945 Wellington Street, West Perth, Western Australia, 6005; or
 - b) facsimile to the Company on facsimile number +61 8 9322 7602, so that it is received not later than 9.00am (WST) on 22 October, 2011.

Proxy forms received later than this time will be invalid.